

Sustainability Report 2019  
Textile design that moves the world



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Introduction to Kvadrat

# Reporting on CSR

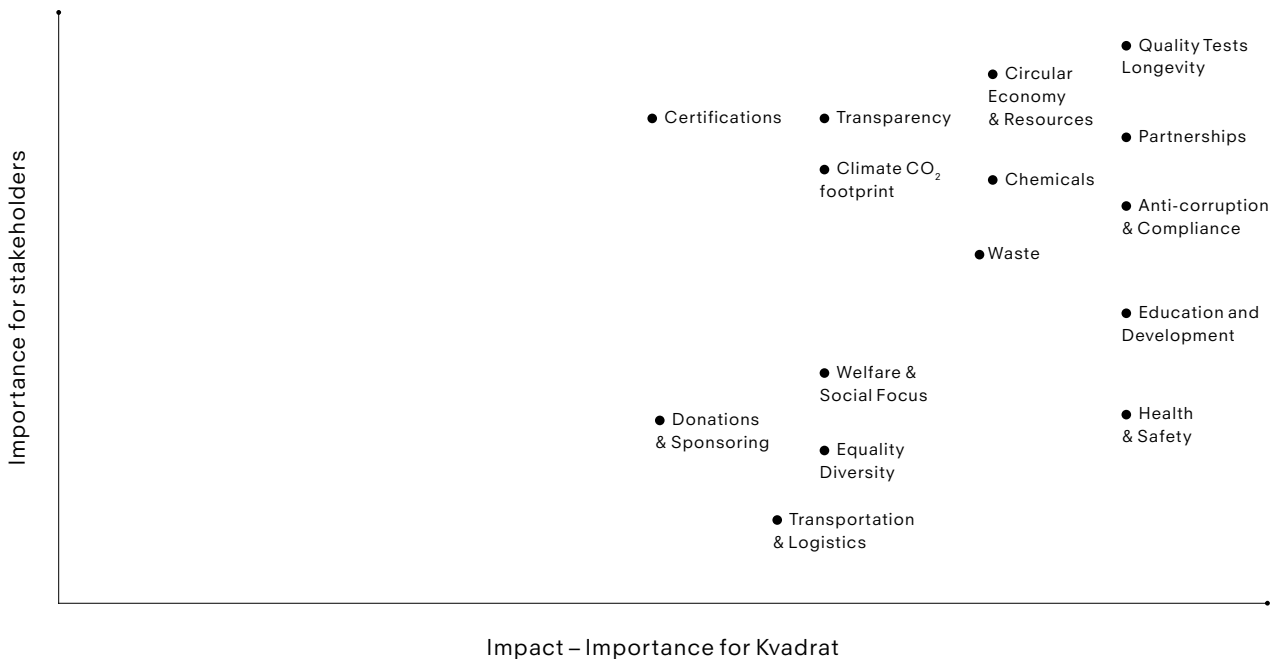
This report covers activities, data and objectives for Kvadrat A/S<sup>1</sup> and addresses the requirements outlined by the Danish Financial Statements Act § 99a & 99b on reporting of corporate social responsibility (CSR). Kvadrat is a member of UN Global Compact and this report represents our COP (communication on progress), containing information about our activities and developments according to the ten principles of the UN Global Compact. We support the 17 UN Sustainable Development Goals (SDGs) as well as the general UN goals and principles.

We believe that through our Code of Conduct and work on topics concerning the environment and social responsibility, our business incorporates and supports the 10 principles set out by the UN Global Compact. With our support for the UN Global Compact, we aim to move the agenda concerning our performance related to human rights, labour rights, the environment and anti-corruption forward. We will continue our work in these areas and report on progress annually.

Our Sustainability Report (our COP) is published every year in April. The first COP was issued in 2014, a year after Kvadrat joined the UN Global Compact. This report covers the 2019 financial year from 1 January 2019 to 31 December 2019 and is published in April 2020.

The materiality of topics in this report was chosen through a materiality analysis in which sustainability topics were assessed in terms of their importance to stakeholders and how they impact on Kvadrat.

## Materiality Analysis



Important stakeholders for Kvadrat include among others: employees, customers, suppliers, the boards, subsidiaries, media, designers and NGOs as well as industry associations.

<sup>1</sup>Includes Kvadrat Holding A/S and includes activities on Kvadrat Group level.

## Foreword by the CEO

2019 was an exciting year for Kvadrat during which we acquired the Dutch high-performance textile and roller-blind manufacturer Verosol. Known for its innovative approach, Verosol is the leading supplier of aluminised textiles. We are very pleased to have these technical textiles in our new roller-blind brand range, Kvadrat Shade: not only do they contribute in terms of user-friendly technology and aesthetics, but they also add indoor environmental-quality properties to spaces. Furthermore, in September we were able to announce a collaboration with the Swedish bed-linen company Magniberg, which will be a part of Kvadrat Group from 2020. Besides creating growth, 2019 was a year dedicated to ensuring organisational 'strong bones'. We have been looking inwards at our processes and have updated the company foundation to ensure a sustainable business in relation to our growth and future targets.

Sustainability is an issue we have been addressing for decades, and in recent years the global effects of climate change and its consequences for all of us have become increasingly evident. We are obliged to act and to do our utmost to develop sustainable solutions. Sustainability requires companies not only to acknowledge the common issues we are facing but also to innovate and execute in order to keep their license to operate in the future. Therefore, we have initiated activities that contribute to a more sustainable future by addressing impacts connected with climate change, resource scarcity, people and health.

At Kvadrat we do not want just to follow the agenda of sustainability in the textile industry; rather, we strive to lead it. We believe the impact on the environment of the textile industry needs to be solved by a proactive and innovative approach through which companies will be ready to invest in future solutions, change business models and create valuable partnerships in order to solve common challenges. Therefore, we collaborate with researchers, students, companies and organisations to share knowledge and push the agenda. We find these collaborations extremely valuable and have seen how different mind-sets and points of view can create synergy and exciting initiatives.

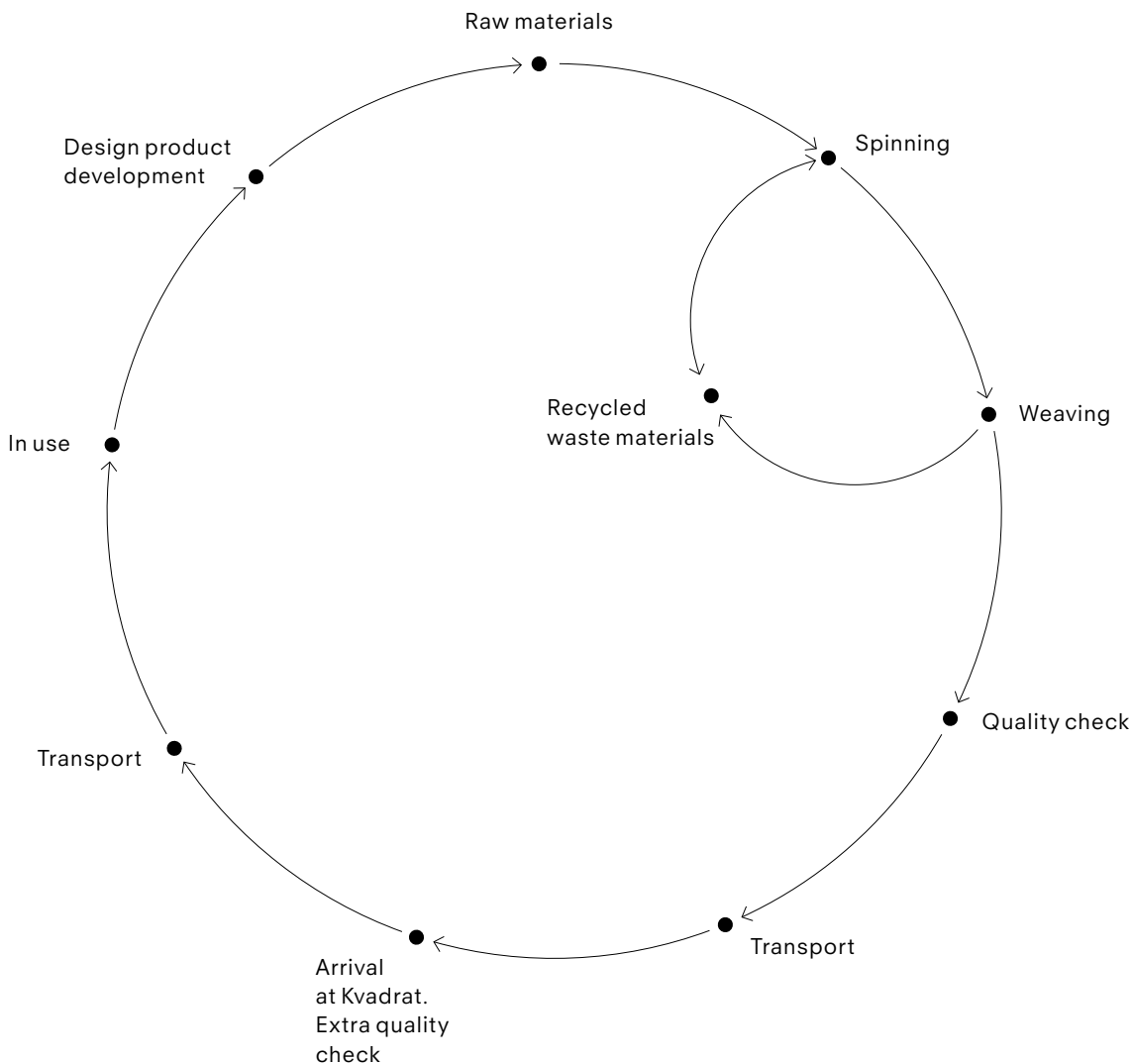
With this report we want to express our continued support for the UN Global Compact and to communicate the progress we have made and our objectives relating to all 10 principles. We view the 17 UN Sustainable Development Goals as being an important tool with which to reach common targets and, in this report, we identify which goals we contribute to through our activities and initiatives. We wish to continue our focus on development and improvements within resource efficiency and circularity, reduction of environmental impacts, valuable partnerships and product development, great work environment and continuous close collaboration with suppliers on environmental and social topics.

Anders Byriel, CEO Kvadrat

## Business model

We produce high-quality textiles and textile-related products for architects and end-users, industry segments and private consumers for use in public spaces and interiors. Our headquarter, including a warehouse, is located in Ebeltoft, Denmark. Additionally, we have eight brands and 39 sales offices and showrooms around the world. We work with selected designers to develop our innovative products, while colleagues at the warehouse carry out continuous quality control and ship the textiles to our customers around the world.

We strive to work in close collaboration with our own production sites and external suppliers to ensure the best possible quality. In doing so, we work with skilled selected partners who honour the craftsmanship of textiles, and these are either acknowledged suppliers or even own production sites. Incorporated subsidiaries contribute to our assortment of rugs, curtains, upholsteries, accessories, acoustic products, roller blinds and upcycled textile boards and felts.





# kvadrat

SAHCO

KINNASAND

kvadrat soft cells

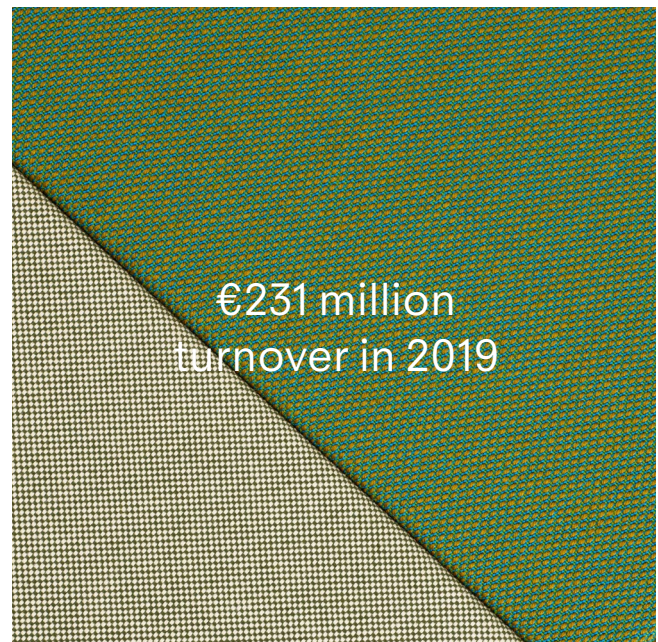
kvadrat shade<sup>2</sup>

KVADRAT/RAF SIMONS

MAGNIBERG<sup>3</sup>

Verosol

Really.



<sup>2</sup>Kvadrat Shade was launched Q4 2019 and data for Shade will therefore be presented in the 2020 report

<sup>3</sup>Magniberg will be part of the Kvadrat Group from 2020





## Textile design that moves the world

In this report we have outlined three main subject areas covering nine points of focus within CSR and sustainability. It's gathered under the headline "Textile design that moves the world" as we always strive to create colours, textures and designs that create emotional and aesthetic value to a space. At the same time we want to ensure a responsible and sustainable approach to the production, use and after-life of textiles, and we therefore strive to move the world forward by pushing the agenda and accelerating sustainability.

**One Planet:** this first part of the report covers environment-related issues.

The chapter **Climate** covers impacts and activities connected to emissions, and fossil-based energy and fuel, with goals focusing on innovation and development that will lead to a reduced CO<sub>2</sub> footprint.

**Quality** looks at our testing and strict requirements relating to quality, substances and animal welfare, as well as addressing standards, labels and declarations.

The chapter on **Resources** relates to the global challenge of resource scarcity and how we address our impact through choice of raw materials, innovation, sourcing, material processing and production, as well as applying the principles of the circular economy.

**Driven by People** – this section covers people-related internal actions.

The chapter **Learning & Development** describes how we introduce and implement our culture, values and expectations through formalised on-boarding sessions, education and personal development.

**Health & Safety** explains how we address impacts relating to sickness, injuries and well-being.

**Equality & Diversity** – this section introduces data on gender equality and an explanation of how we have tried to create an equal and diverse workplace.

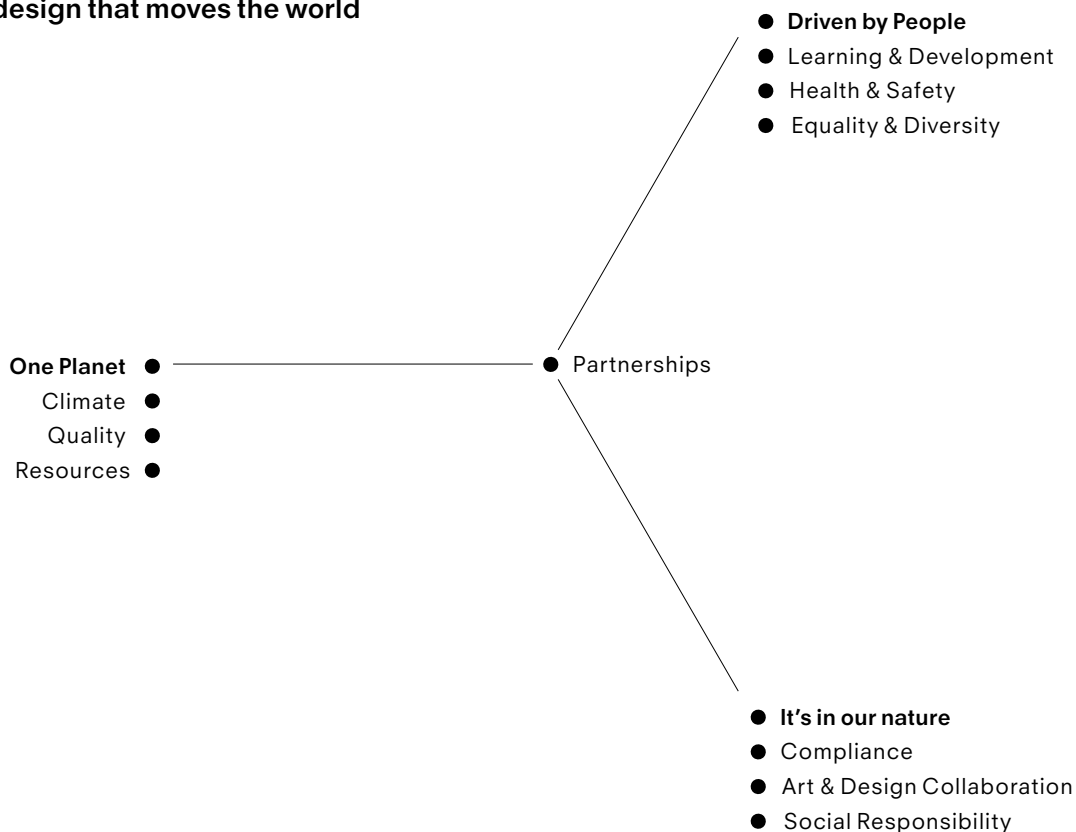
**It's in our Nature** – covers topics that are deeply connected to our DNA, such as ensuring proper and responsible business conduct, our commitment to social responsibility, as well as our work in pushing boundaries in the use of fibres and textiles through creative collaborations that support artists and designers globally.

The chapter on **Compliance** covers impact areas and activities relating to proper business conduct, anti-corruption, human rights and labour rights, and supply chain management.

**Art & Design Collaboration** presents art and design collaborations in 2019.

The **Social Responsibility** chapter describes how we have supported society, organisations or individuals through donations and sponsoring.

### Textile design that moves the world



## CSR policy

We consider sustainability to be a key parameter for a strong business by integrating it into our strategy and business DNA. Not only does it ensure future reference, it also creates shared value both for stakeholders and Kvadrat. Our responsible business conduct and focus on sustainability has already created results that have taken Kvadrat ahead of the game in terms of innovation and design, as well as securing the business through the value chain and strengthening the ties between the company and its stakeholders.

In signing the UN Global Compact in 2013, Kvadrat committed itself to supporting the ten principles regarding human rights, labour rights, environment and anti-corruption. The standards we adhere to provide us with a framework for continually reducing the environmental footprint of our production and internal processes, efficient and responsible use of raw materials, and creating a secure and healthy environment for employees as well as a proactive approach to responsible business conduct and compliance.

We support and respect the protection of internationally proclaimed human and labour rights. We are strongly opposed to any kind of corruption, including extortion and bribery. All suppliers must commit to and sign our Code of Conduct, which is aligned with relevant legislation, international conventions and the ten principles in the UN Global Compact. Furthermore, we expect suppliers to regularly document how they are meeting our requirements. Our suppliers also adhere to our strict requirements for quality and substance and together we continuously look for sustainable production or substance alternatives to further reduce our environmental impact.

## The sustainable journey

1968  
Kvadrat founded

1992  
Kvadrat headquarters in Ebeltoft is certified according to the international standard ISO 9001

1997  
Kvadrat headquarters in Ebeltoft is certified according to the international standard ISO 14001

2004  
The upholstery textiles Hallingdal and Molly receive the EU Ecolabel certificate.

We cease mothproofing our woollen products to protect the workers involved in the process and to prevent potential contamination of waste water.

2007  
A large number of the textiles from the collection receive the GREENGUARD® Gold certificate. This certification is awarded to products that meet strict emission levels of pollutants and therefore secure indoor air quality.

2008  
Kvadrat headquarters in Ebeltoft achieves health certification from Dansk Firmaidrætsforbund (Sports Confederation of Denmark). This covers our approach to diet, smoking, alcohol, exercise and stress.

2010  
More textiles from the collection receive the EU Ecolabel certificate.  
  
Kvadrat headquarters is 100% fuelled by renewable energy.

2011  
Kvadrat expands local charity initiatives and donations to art projects and international charity programmes.

2012  
Kvadrat wins award for being 'the healthiest company in Denmark'.

2013  
Kvadrat introduces Life-Cycle Assessment (LCA).  
  
Kvadrat joins the UN Global Compact

2014  
Launch of Revive, an upholstery textile made from 100% recycled plastic bottles.

2017  
The canteen at Kvadrat's headquarters is ReFood certified, thanks to the focus on reducing food waste.

Launch of the brand Really, introducing Solid Textile Board and Acoustic Textile Felt made from upcycled woollen and cotton-based textile waste.

2018  
Really wins Design of the Year at Bo Bedre Design Awards for Bibliothèque, a furniture shelving system designed by the Swedish architecture and design studio Claesson Koivisto Rune.  
  
Launch of Re-wool, an innovative upholstery textile made of 45% recycled post-industrial waste wool fibres.

2019  
Launch of Patio, a durable outdoor textile developed with water-repellent properties and avoiding any use of PFC chemicals.  
  
Kvadrat signs up for Ecovadis sustainability rating and receives Gold level recognition.  
  
Kvadrat wins EY Entrepreneur of the Year Denmark.

# Policies, risk and actions<sup>4</sup>

## One Planet

<p><b>Topic</b> Environment</p> <p><b>Policy</b> Continually reducing the environmental impact of our production and internal processes; efficient and responsible use of raw materials.</p> <p><b>Action</b> We will document our CSR initiatives by committing to the UN Global Compact and issuing this report.</p> <p>We will foster close collaborations with suppliers and work on reducing the environmental footprint throughout the supply chain.</p> <p>We want to increase the number of textiles certified according to the EU Ecolabel.</p>	<p>We will bring new products to market that address the circular economy. We recognise waste as a resource and will continue to work with circular business models to create recycled and upcycled solutions within the textile industry.</p> <p>We pledge to continue to monitor our textiles for unwanted substances, measure our consumption of energy and water, as well as participate in external sustainability work.</p> <p>We will measure our climate-related impacts and focus on reduction of CO<sub>2</sub> footprint through optimisation of processes and innovations in new technology.</p> <p><b>Risk</b> When evaluating environmental impacts in textile production, most</p>	<p>impacts are to be found in the supply chain, including energy and water consumption, responsible sourcing and efficient use of raw materials and waste (circular economy). Chemicals are within the limits set out in relevant legislation.</p> <p><b>Procedure</b> Besides being ISO 14001 and ISO 9001 certified, all departments submit quarterly reports on their activities, including risk assessments and initiatives that can ensure product quality and innovation. This will in turn contribute to the reduction of negative environmental impact. Although many textiles have already received the EU Ecolabel certificate, we regularly conduct tests to ensure environmentally friendly production processes and to check chemical content. We are in frequent dialogue with our</p>	<p>suppliers, and through visits, questionnaires and follow-up meetings, we evaluate risk-related topics and potential sustainable developments. This is done to ensure compliance with the standards set out in our Business Partner Code of Conduct and to set common goals for sustainable development to guarantee progress and continuous improvements.</p> <p><b>Results and objectives</b> Pages 48–49</p>
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## Driven by People

<p><b>Topic</b> Social and employee conditions</p> <p><b>Policy</b> Growth depends on the right people. Whatever level employees are at, we strive to instil a strong balance between performance, behaviour and learning, and to create a secure and healthy environment.</p> <p><b>Action</b> We must ensure both professional and personal development, so that we are well-equipped to deal with future demands and tasks. We have introduced formalised on-boarding programmes. Employees discuss learning and</p>	<p>performance with their manager twice a year, setting goals and evaluating performance. Employees are offered relevant courses and workshops, as well as cultural and social events. Gender equality and diversity are in focus to ensure strong teams. Health and safety committees meet to develop initiatives that will ensure a healthy and safe work environment, while evaluating risks and areas of improvement.</p> <p><b>Risk</b> Employees must be educated and supported in their development to ensure well-being, motivation and the ability to solve the tasks of the future. As a growing company, we</p>	<p>risk not being able to attract the workforce that is required. We need to be fit for the future, ensuring strong, collaborative teams, where we focus on equality, diversity, well-being, education, health and safety.</p> <p><b>Due diligence</b> Along with the performance and learning conversations, our HR department has developed procedures to ensure that employee satisfaction surveys are carried out and followed up by department meetings and goal-setting. Workshops and courses are offered to ensure continuous education and development of competencies.</p>	<p>Health and safety committee regularly meets to evaluate risks and implement improvements. In the recruiting process, the HR department follows guidelines to ensure coherence and fair evaluation of all candidates.</p> <p><b>Results and objectives</b> Page 58</p>
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## It's in our Nature

<p><b>Topic</b> Human and labour rights and anti-corruption</p> <p><b>Policy</b> We support and respect the protection of internationally proclaimed human and labour rights. We are strongly opposed to any kind of corruption, including extortion and bribery. All suppliers must commit to and sign our Code of Conduct, which is aligned with relevant legislation, international conventions and the ten principles of the UN Global Compact.</p> <p><b>Action</b> All suppliers must commit to and</p>	<p>sign our Business Partner Code of Conduct. We visit all suppliers on a regular basis to maintain a close dialogue and ensure continuous development. A Corporate Compliance Officer will be hired in 2020, ensuring due diligence and actions to safeguard compliance with law and internal guidelines.</p> <p><b>Risk</b> The majority of our textiles are produced in Europe – primarily in England, Norway and the Netherlands. We require all suppliers to respect and comply with human and labour rights, as well as anti-corruption practices.</p>	<p>Many of our rugs are handmade in India and Nepal, in communities where many generations have worked in this traditional craft, and we value the specialised craftsmanship and quality of the rugs that are made through these collaborations. As countries, Nepal and India are traditionally rated as risk areas when it comes to corruption and human and labour rights. Therefore, we make extra efforts to ensure compliance by frequent visits, interviews and meetings, just as we have strict requirements when it comes to the choice of new suppliers.</p>	<p><b>Due diligence</b> All suppliers must commit to and sign our Business Partner Code of Conduct. To follow up, we regularly visit our suppliers, conduct interviews, schedule meetings and make shared development plans to ensure responsible production and consistently high quality.</p> <p><b>Results and objectives</b> Page 61</p>
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<sup>4</sup>Related to the requirements outlined in the Danish Financial Statements Act § 99a & 99b about reporting on corporate social responsibility (CSR).



In it together  
Our brands and sustainability

Kvadrat has for decades worked with a responsible approach to our business. In recent years we have experienced a growth in the Kvadrat family through acquisitions, reaching new markets, cultures and product categories. Through dialogue, knowledge sharing and training we strive to ensure a common understanding of Kvadrat's culture, values and strategy. This also means that we are focusing on integrating a strategy and common understanding of responsible business conduct and sustainable development for all our brands.



## Kvadrat Soft Cells

Kvadrat Soft Cells creates fully customisable, high-performance acoustic panels characterised by aesthetic excellence and exceptional versatility. We are dedicated to push the aesthetic and technological boundaries of acoustic solutions. Reflecting this, Soft Cells acoustic panels set the benchmark for sustainability, flexibility and durability. The Soft Cells product contains an aluminium frame embracing an acoustic absorbent made of mineral wool which is covered in Kvadrat textiles, creating an acoustic solution for walls and ceilings.

## Resources

### Respecting resources

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The mineral wool used for Soft Cells' acoustic properties contains 38.4% recycled content based on post-consumer glass and post-production window glass waste.

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From January 2020, the waste cut-offs of mineral wool have been ensured a second life as they are bought by a recycler. As a result, we estimate that mineral wool waste reduction in the first six months of 2020 to be 2.4 ton. We would like to increase the amount of recycled material in textiles, but this has an effect on flame-retardant properties and therefore we follow the flammability testing and quality closely to learn and develop within that area.

We are in a project with our brand Really, we are looking into how our textile waste can be upcycled into Really solid boards or acoustic felt. In this way we will be able to reduce waste in one brand and use it as a resource input in another, ensuring a more circular handling of waste.

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The aluminum frame contains 44% recycled material.

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We are continuously looking into possibilities for increasing the recycled content in our product categories, but, as we set strict requirements on standards, quality and flexibility, it has so far only been possible to reach a recycled material level corresponding to almost half of the frame. In terms of afterlife, the aluminum frame is 100% recyclable, just as all aluminum waste from the frame production is recycled, equivalent to 11.3 tons.






## Quality

### Documented quality

Soft Cells products have an Environmental Product Declaration which is third party-verified and describes the environmental footprint of the product throughout its life cycle. The products have also been tested for emissions and have received Eurofins Indoor Air Comfort Gold certification. Flammability and acoustics are tested to document performance. The acoustic properties of Soft Cells enhance indoor environments and well-being, helping to create spaces with great acoustics and aesthetics; they comply with restrictions set on substance emissions and with REACH regulation, thereby safeguard a good indoor air environment. Soft Cells panels are fully documented, which can help with gaining credits for green building standards such as LEED, WELL, BREEAM and DGNB.

Because we set strict requirements on the use of compounds and have a proactive approach to substances, we have also looked to avoid PVC-based tracks, even though they are legal. We believe there are better, environmentally friendly alternatives on the market. A PVC-free track solution has been developed and will be an option from 2020.



SDG	UNGC Principle	Activity	Objective
 12 Responsible consumption and production	7-8	Set up agreement with recycling scrapper who buys and collects the waste and recycles it for new uses.	Reduce acoustic absorbent mineral wool waste 100% in 2020.
 12 Responsible consumption and production	8-9	Introduce the option of recycled content in the Soft Cells textile offering.	Textile offering with recycled content in 2-3 products by Q3 2020.
 12 Responsible consumption and production	8-9	Together with Really we evaluate qualities of textile waste products and make collaboration project to upcycle waste into Really acoustic felt for potential use in Soft Cells acoustic solutions.	Circular solution for textile waste: 80-100% of textile waste should be recycled by end of 2020. The waste should be integrated in a new flame-retardant acoustic felt to partially replace mineral wool in 2021.
 3 Good health and well-being	7-8	Besides the continued compliance with REACH, we will also ensure there is no PVC in our products by avoiding PVC tracks in our product range.	To offer PVC-free tracks as an addition to our aluminum frames from 2020.
 13 Climate action	8	Collect and screen data of energy consumption.	Look into possibilities to change and increase amount of renewable energy by 2021.



## Kinnasand and Kvadrat rugs

Kinnasand produces subtle yet clear contemporary design for private homes and public spaces. In doing so, the company draws on over 200 years' experience of producing unique, high-quality textile curtains and carpets. These visionary products are characterised by individuality and attention to detail. Made from the very best materials, they are crafted by the world's most accomplished weavers using state-of-the-art technology. The rug collection is largely handmade and emphasises the art of knotted and woven rugs. Each item is unique and custom-made by skilled workers employing traditional craftsmanship and using the finest materials.

## Climate

### Decreased CO<sub>2</sub> Footprint

To reduce CO<sub>2</sub> footprint, our brands Kinnasand and Kvadrat Rugs in Westerstede, Germany, are from January 2020 100% covered by renewable energy in both the administration and warehouse.

Furthermore, to support a reduced CO<sub>2</sub> footprint Kinnasand has introduced company bicycles instead of company cars. The bicycles can be used by all employees for errands in the neighbourhood and for travelling between warehouses.

On a broader scale, Kinnasand together with other Kvadrat brands will investigate how to optimise shipments with regard to efficiency and environmental footprint.

Kvadrat Rugs has optimised through consolidated shipments from India and Nepal, reducing its footprint by combining the transportation of rugs from our suppliers – so instead of receiving numerous small deliveries, we instead receive a single large delivery.

## Resources

### Recycled content

Using waste as a resource is a solution that addresses future global issues, and so exploration of circular business models is highly prioritised both in packaging and product development. The Kinnasand LAB project, Scrap CMYK by Rikako Nagashima, was the winner of the fabric category in the 2019 Elle Deco International Design Awards.

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The collection is made of 100% recycled polyester from post-consumer plastic bottles.

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The collection is among the first products to address circularity. We will continue develop textiles and rugs with a focus on using the waste of today as the raw material of tomorrow.

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The sale of Scrap CMYK in 2019 has reduced plastic waste by around 400kg – almost 9,000 bottles

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We see many opportunities in using waste as a resource input material for new products. We are therefore looking into different designs, materials and circular business models to support circularity within rugs and curtains.

Furthermore, we have also focused on 100% mono materials such as hemp, Tencel, wool and recycled polyester. The new 2020 collection will thus be solely based on what are currently considered to be materials designed for circularity.






Within packaging we have been looking into recyclable material and certified content, while the majority of cardboard we use is FSC certified.

# Compliance

## Craftsmanship and innovation

Our rugs, made in Nepal, India and the Netherlands, are crafted by skilled people who stay true to their traditional craftsmanship and heritage in terms of know-how, attention to detail and quality.

We visit and engage with our partners continuously through the year and set sustainable development targets together with our suppliers to ensure sustainable development, quality and compliance. All suppliers have to sign our Business Partner Code of Conduct. Our visits bring home to us the pride our partners take in this beautiful craftsmanship of weaving, knotting and tufting rugs. It is evident to us that they take responsibility and show respect for their colleagues and employees, respecting the protection of internationally proclaimed human rights and labour rights.

SDG	UNGC Principle	Activity	Objective
 12 Responsible consumption and production	7-8	Design for circularity and researching different methods and materials.	By 2021-23 to develop products supporting circularity.
 12 Responsible consumption and production	7-8	Look into more sustainable packaging.	By 2021 to ensure FSC-certified cardboard material or recycled content, recyclable plastic packaging and look into recycled plastic.
 12 Responsible consumption and production	7-8	We are engaged in a certification process to receive Greenguard Gold and to get EPD's and HPD's for textiles used in green building projects.	To receive GREENGUARD Gold on 1 March 2020. To have Health Product Declarations (HPDs) and Environmental Product Declarations (EPDs) in April 2020.
 13 Climate action	7-8	Get the administration and warehouse at Kinnasand covered by renewable energy through green certificates.	By January 2020 energy demands to be 100% covered by renewable sources.
 8 Decent work and economic growth	1-6	Create a close dialogue with suppliers and agree on sustainable development goals.	To not only be compliant but to grow and accelerate sustainability together with our suppliers.



## FEBRIK

FEBRIK is a rather recent addition to the Kvadrat family, joining us in 2018 having been founded just ten years earlier in the city of Tilburg, Netherlands. FEBRIK specialises in knitted textiles and is known for its versatile collection, innovative approach and collaborative attitude. FEBRIK challenges designers and architects not merely to “think textiles” as a last step in the design process, but to use them as a springboard for their interiors concepts and industrial designs. Thanks to its in-house design department, FEBRIK is able to produce top-notch quality textiles for the commercial market utilising the latest technical advances and to continuously improve its performance on sustainable development.

## Resources

### **Water is life**

In 2002 the factory that now produces FEBRIK knitted textiles was established. A parameter in its establishment was an energy-efficient respect for water as a resource, ensuring that processes reduced water consumption by 30% compared to conventional facilities. Instead of using the old method of consuming tap water in production processes, a more natural solution was introduced that used collected rainwater and groundwater. Furthermore, in the washing process the machinery is able to re-use the last rinsing bath for the first bath of a new batch, thus reducing water footprint.

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The production facility has been optimised using 30% less water than conventional production facilities and uses rainwater in the processes

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### **Circularity project**

A project that set out firstly to investigate how to donate surplus textiles and textile waste to student projects and to social and environmentally related recycling projects. Together with the Kvadrat brand Really, we also investigated how to use our textile waste as an input resource in Really products. This is being done in collaboration with well-known designers going to showcase their work at the Salone del Mobile in Milan. We expect this project to add some technical know-how and understanding of the qualities of our waste textiles and the kind of second-life scenarios and designs we can expect to develop through joint partnerships. As we continue to look into innovative and responsible ways to create value in our textile waste, we will evaluate the Milan project and use these findings in integrating circularity even further.

## **Climate**





### **Heating water with surplus energy**

After the washing process the textiles are getting dried and fixated in the right width in a heating process. This naturally uses a big amount of energy and the heat released from this energy are absorbed and delivered to a prior water-based production stage using the released energy from the heating process to heat up water. This closed energy system contributes to a total saving of 77,112 m<sup>3</sup> of natural gas per year<sup>5</sup>.

### **Social responsibility**

Some of the surplus textile and textile waste is donated to local universities, and design schools as well as to socially responsible projects such as social economy organisations that offer a safe and caring workspace for vulnerable people to meet and make accessories, bags and other items.

<sup>5</sup>Based on 280 m<sup>3</sup> of water intake per day

SDG	UNGC Principle	Activity	Objective
 12 Responsible consumption and production	7-8	Partnership with Really and designers to create second life for wasted textiles.	To evaluate the findings of the Really project launched at the 2020 Milan Salone. To evaluate the cause of waste by 2021; how it can be reduced; and what circular business models can be implemented to create new life cycles for textile waste.
 12 Responsible consumption and production	7-9	Research waste qualities and how to add second life through recycling or upcycling of fibres.	To investigate possibilities of using alternative material or textile waste in new materials supporting circularity.
 12 Responsible consumption and production	7-8	Look into water processes and possibilities for decreasing water use even further.	By 2021 to have analysed and evaluated potential scenarios and investment costs for further reduction in water consumption.
 12 Responsible consumption and production	7-8	We are engaged in a certification process to receive GREENGUARD Gold and to get EPDs and HPDs for textiles used in green building projects.	To receive GREENGUARD Gold on 1 March 2020. To have Health Product Declarations (HPDs) and Environmental Product Declarations (EPDs) in March 2020.



## Sahco

Exquisite taste, elevated quality and a refined sense of luxury – these are the principles on which Sahco was founded. Since 1831 Sahco has served the needs of a cosmopolitan clientele who demand elegant, contemporary design of the best possible quality.

## Resources

### **Packaging – the outside counts too**

To ensure the minimum impact in terms of packaging we consider every element in relation to raw material and recyclability. Therefore, all plastic and paper-based packaging is recyclable. We have also changed most of the packaging from heavy cardboard boxes to durable plastic bags, which will reduce CO<sub>2</sub> emission during travel due to the reduced weight of the freight. The plastic bags we use are recyclable. To reduce plastic where possible, we are also looking at exchanging address-label stickers for a version without any plastic base; at the same time, we are investigating the option of a paper-based envelope for delivery notes attached to packages instead of the plastic-based version currently used.



## Recycled cotton

As a result of the focus on resources and circularity we will

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launch two new luxurious products in 2020 containing recycled cotton, called Moiré and Nazca.

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Using recycled cotton will reduce the environmental footprint of the textile not only in terms of taking raw material processing out of the equation, but also by showing respect for scarce resources such as water – cotton is a water-intensive crop. We will continuously develop textiles addressing sustainability through high quality and longevity, raw material consideration and responsible production.

### It all starts from the inside

At Sahco we also wish to show our commitment to environmentally friendly solutions by making it visible in our employees' workspace. The changes have created a dialogue and a consciousness within the team about CSR-related topics – seen in the avoidance of plastic cups when drinking tap water and instead using a glass. Lunch is now delivered in bio-cardboard boxes rather than aluminium-foil boxes, and our colleagues are served organic and vegan dishes throughout the week. Exchanging conventional milk for organic milk, ensuring fair prices for farmers, might in the sustainability context seem a small thing, but it nonetheless serves as an inspirational driver, encouraging the team to think responsibly and sustainably not only in their breaks but in all processes relating to their work, too.

SDG	UNGC Principle	Activity	Objective
 12 Responsible consumption and production	7-8	Continuously ensure quality and look into raw material impacts in the choice of materials.	Launching two textiles, Moiré and Nazca, that contain recycled cotton in 2020.
 12 Responsible consumption and production	7-8	We are engaged in a certification process to receive GREENGUARD Gold and to get EPDs and HPDs for those textiles used in green building projects.	To receive GREENGUARD Gold on 1 March 2020 for textiles used in Contract segment. To have Health Product Declarations (HPDs) and Environmental Product Declarations (EPDs) in March 2020 for textiles used in the Contract segment.
 12 Responsible consumption and production	7-8	Investigate possibilities for more environmentally friendly packaging.	To use FSC-certified cardboard material from 2021 and look into possibility for recycled content in plastic packaging.
 13 Climate action	7-8	Looking into renewable energy sources for the Sahco facility.	Sahco covered 100% by renewable energy green certificates from 2021.



## Really – a circular paradigm

Really is a company responding to the urgent global issue of textile waste. Really upcycles end-of-life textiles to create materials that challenge the design and architecture industries to rethink their use of resources and to design with a circular economy in mind.

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Really produces solid textile boards and acoustic felt made from upcycled textile waste produced in Denmark without using water, dye or chemicals

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## Resources

Solid Textile Board and Acoustic Textile Felt by Really are high-quality engineered board and felts made from end-of-life cotton and wool sourced from the fashion and textiles industries and households. The manufacturing does not involve the use of dyes, water or toxic chemicals and generates only recyclable waste. The material used can eventually be re-granulated and formed into new boards. As a champion of circular design, Really encourages innovative concepts that prolong the lifespan of textile resources.

Textiles infiltrate every aspect of our lives. 95% of the textiles we use have the potential to be recycled, but only 25% actually are. Much of the world's textile waste is burnt or consigned to landfill with all the

problems this causes. With Solid Textile Board and Acoustic Textile Felt, Really launches its first products tapping into the potential of textile waste; it takes a readily available waste stream of natural fibres – in this case end-of-life textile – and redefines its use, transforming it into a new raw material and inviting designers to turn it into something interesting. A Really solid textile board measures 3.0m x 1.1m and contains 20.6 kilos of textile waste corresponding to approximately 100 T-shirts per solid board.

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The sales of Really in 2019 have reduced  
textile waste by 41.3 tons.







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## Really – the circular solution for fashion

Besides our standard assortment of wool and cotton boards and felts, we have also engaged in partnerships within the fashion industry to support the circular use of textiles. In 2019 we increased the engagement relating to our COM concept (Customer's Own Material) in which we pushed the boundaries of what kind of fibres we can upcycle. Together with clients like Nike we succeeded in making beautiful boards of polyester textiles.

These collaborations are valuable in order to create circular solutions for textile waste on a larger scale and to get a better insight into how we can work with different fibres. We have also looked into new fibres internally in our Kvadrat supply chains to strive for circularity for Kvadrat brands and to develop future possibilities.

Our ambition is a no-waste solution. Really's products are recyclable and can be transformed into new boards again – after a product's second life has ended. Really's real task is to challenge and transform mindsets, creating the desire to change wasteful habits and making it feasible for designers and manufacturers to take a new approach to materials on an industrial scale.

SDG	UNGC Principle	Activity	Objective
 12 Responsible consumption and production	7-9	Increased production of units of felt and solid board.	By producing and selling Really, to reduce textile waste in the industry by 100 tons by 2021.
 12 Responsible consumption and production	7-9	Through a partnership with Kvadrat brands develop a circular solution for their waste.	By 2021-22, to look into how Really's competencies can add value to Kvadrat brands in our race towards circularity, making 1-2 new input materials for the brands' product development.
 12 Responsible consumption and production	7-9	Collaborations with fashion industry and other textile related brands.	To be a circular solution and close partner in the textile industry offering COM products.
 12 Responsible consumption and production	7-8	Continuous focus on transparency and documentation.	To get Global Recycled Standard (GRS) certified by 2021.
 17 Partnerships for the goals	7-9	Collaboration with PhDs, students and organisations related to fibres, colour and product development.	Reduce textile waste further by introducing new products and fibres relevant for clients.
 13 Climate action	7-8	Getting the production site covered by renewable energy.	By January 2022 to be 100% covered by renewable energy.



One Planet



## Kvadrat headquarters – nature and art combined

Kvadrat's headquarters is located in 60,000 square metres of countryside in Ebeltoft, Denmark. The landscape has been made into a permanent, ever-evolving piece of art by landscape architect Günther Vogt and contemporary artist Olafur Eliasson. It features a combination of groomed gardens and untamed, natural habitat, and encompasses five unique pieces by Olafur Eliasson, 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, while supporting local biodiversity.



## Discussion

### **Climate change and science-based targets**

In 2019 climate change was the paramount issue of debate. The topic, research, documentations and suggestions for solutions have been raised throughout recent history, e.g. the 1987 Brundtland report<sup>6</sup>, and COPs from 1995 to the present. The effect of global warming in recent years has shown its ugly face through extreme weather causing environmental, economic and human damage around the world, raising awareness and anxiety among global citizens. The World Economic Forum's Global Risk Report (2019) and the IPCC report on global warming and 1.5 degrees scenario both clearly show the current risks we are facing, ranking climate change

<sup>6</sup>Brundtland report: <http://www.un-documents.net/wced-ocf.htm>

<sup>7</sup>IPCC: <https://www.ipcc.ch/sr15/>

World Economic Forum Global Risk Report:

<https://www.weforum.org/reports/the-global-risks-report-2019>

as the most threatening risk globally; they also state what action can be taken to reduce the catastrophic consequences of global warming. This issue is not a quick fix that can be solved only by offsetting. Companies need to measure their emissions-related activities in the entire supply and value chain in order to know their actual impact in different geographic scenarios.

We need to be able to set goals and implement initiatives and optimisations reducing these impacts in our processes in relation to the Paris Agreement and the 1.5 degrees scenario. We should therefore prioritise measuring, then reduction and if necessary compensation. This is also why, in 2020, we are screening our activities to measure actual impact with reference to the Greenhouse Gas Protocol and the methods, scope and definitions of the Science Based Targets. Our objective for 2020 is to commit to the Science Based Targets initiative and to set targets based on our identified impacts.

### **Scarcity of resources – where to focus?**

Overconsumption, a growing global population and climate change are some of the elements contributing to the decreasing amount of resources available. Each year Global Footprint Network marks Earth Overshoot Day<sup>8</sup> to visualise overconsumption: in 2019 we reached that day on 29 July, meaning we were using up nature's resources 1.75 times faster than the planet's ecosystems could regenerate them.

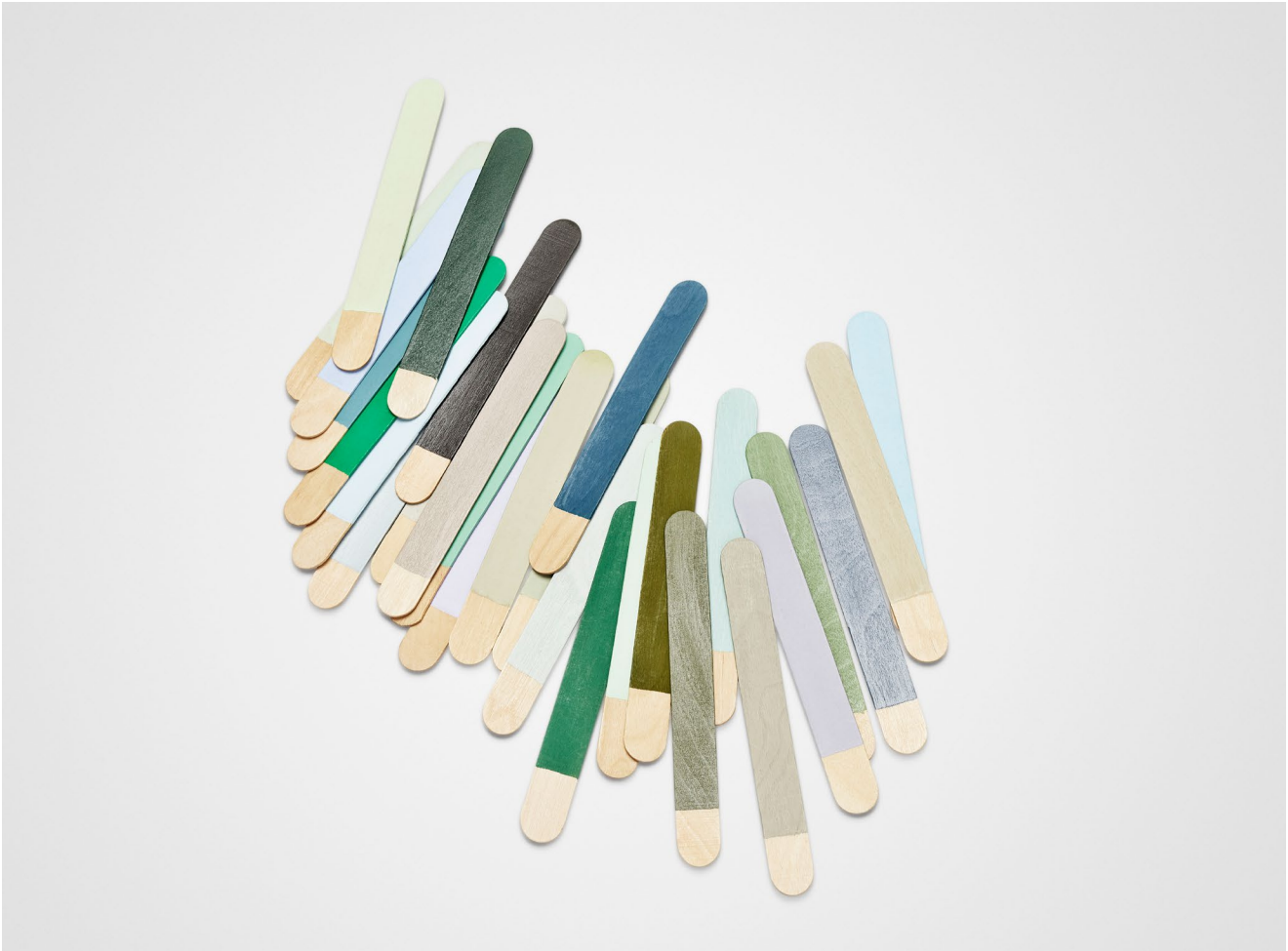
We reflect upon impacts when investigating different setups and use the circular economy prioritisation list when working with waste as a resource: Rethink, Reduce, Reuse, upcycle, recycle, etc. We consider whether biodegradability is the way to go or whether re-using, upcycling or recycling a product may be better in terms of respecting the available resources on Earth.

This is why we have prioritised technical cycles instead of biological cycles. We are all aware that to make a textile means using a lot of resources – fibres, energy, water, etc. Therefore it makes no sense to us in an afterlife scenario to put the textile in the ground and let it biodegrade and disappear; instead we should respect the resources used to make this textile and through re-use, upcycling or recycling make sure that it creates value in further life cycles. To ensure the least impact, considerations such as transport and logistics, efficiency, sorting qualities and renewable energy are also relevant when we look to create not only circular but also sustainable solutions.

This said, we are not opponents of biodegradable fibres – we actually use a lot of natural biodegradable fibres, such as wool. We just want the resources to be used in the most sufficient way creating most value, not ending up in a biological cycle where it biodegrades and disappears as nutrients into the soil. In our search for alternative fibres we consider recycled options instead of virgin fossil-based polymers. Just as we consider processes and impacts related to natural fibers and synthetic bio-fibres to ensure they are not from potential feedstock etc.

<sup>8</sup> Global Footprint Network - Earth Overshoot Day: <https://www.overshootday.org/>





## Climate

### **Kvadrat**

We are aware of the responsibility we all share in reaching the goals set by the Paris Agreement and the aspiration to limit global temperature rise to 1.5 degrees. As mentioned in the previous chapter setting out our thoughts on the sustainability debate, 2020 will be the year we conduct a thorough screening and monitoring of our impacts and set science-based targets to reach a common goal. We take very seriously our responsibility as a company not to push global warming further.

### **Driven by renewable energy**

To support reduction of emissions and the current development within transportation run by renewable fuels or energy we have decided all new leased company cars from January 2020 must be either electric or hybrid. We have already established 10 EV charging stations 2 at our guest parking and 8 at our company parking area supplied with renewable energy. Today our leased car fleet counts 40 cars which in 2019 consumed 58,253.00 litre diesel and 7,290.00 litre petrol.

Consumption at Kvadrat HQ	2018	2018 consumption per employee <sup>9</sup>	2019	2019 consumption per employee <sup>10</sup>
Electricity (kWh)	430,001	2,606	445,430	2,420
Heat (kWh)	644,680	3,907	565,990	3,076
Water (m <sup>3</sup> )	1,016	6.15	1,088	5.92

Since 2010 our headquarters have been 100% covered by renewable energy.

The figures for energy, water and heating consumption in 2019 show a slight increase; this, of course, could be the effected of weather conditions. We believe the increase in new colleagues at our headquarters also played a part and, when comparing the numbers based on energy consumption per employee, there is actually a decrease. As the building is newly renovated and complies with the Danish energy labeling just as all consumption is carefully monitored, we must conclude that the increase is acceptable and is controlled.

### Transport and logistics

We aim to manage distribution of deliveries to customers in the most environmentally efficient way. This means that we work with direct deliveries and strive to have fully loaded trucks and vans as well as looking into geographical delivery to create the most effective routes. We primarily use transport services from logistics and transportation suppliers who take a proactive approach to their CSR activities and environmental impact. Such suppliers educate their drivers in eco-driving and work with the latest technology to ensure effective logistics and reduced CO<sub>2</sub> emissions.

Furthermore, we keep a constant focus on reducing our CO<sub>2</sub> emissions when it comes to travel. Video conferences are widely used, which means that car or air travel can be avoided.

<sup>9</sup>Number of employees at HQ ultimo 2018: 165

<sup>10</sup>Number of employees at HQ ultimo 2019: 184

# Quality

## **Animal welfare policy**

Good quality wool and animal welfare are closely linked and together with our corporate values and responsible approach to our business, we require that our wool suppliers follow our code of conduct and comply with animal welfare regulations. The farmers shall comply with national animal welfare legislation as well as respect the specifications for wool-sheep welfare set out by the IWTO (International Wool Textile Organization). Kvadrat does not use wool from sheep that have been subjected to mulesing.

Our business partners must manage all significant potential and actual adverse impacts on animal welfare. Materials derived from animals used in products delivered to the Kvadrat Group, such as wool, must be from animals that are treated in line with all applicable animal welfare legislation and ensure that the Five Freedoms of animal welfare are provided:

- 1 Freedom from hunger or thirst by ready access to fresh water and a diet to maintain full health and vigour.
- 2 Freedom from discomfort by providing an appropriate environment, including shelter and a comfortable resting area.
- 3 Freedom from pain, injury or disease by prevention or rapid diagnosis and treatment.
- 4 Freedom to express (most) normal behaviour by providing sufficient space, proper facilities and company of the animal's own kind.
- 5 Freedom from fear and distress by ensuring conditions and treatment which avoid mental suffering.

**Traceability:** The business partner must source wool which can be traced back to the country and origin, such as listed groups of wool growers or to the exact farm.

**Environment:** The wool must be sourced from farmers who support practices that ensure the environmental sustainability of the land and resources.

**Social responsibility and ethics:** The business partner must source wool from farms that comply with human and labour rights, follow national legislation and meet health and safety regulations. All employees at the farm connected to husbandry and the shearing procedures of the animals must undergo training focused on responsible handling of animals and shearing procedures. Farmers and their staff must comply with national law concerning animal welfare, including, but not limited to, husbandry regulations, shearing practices, handling of livestock, nutrient management and transportation.



### **ISO 9001 and ISO 14001**

In 1992, Kvadrat received the ISO 9001 certificate for quality management. In 1997, the ISO 14001 certificate was added, which focuses on the environmental management of all processes in our company. These ISO standards require an established quality and environmental management system, ensuring that we meet customer requirements whilst continuously optimising our processes to their benefit. With the ISO 14001 and ISO 9001 management systems and certifications, we demonstrate that we, as a company, have the ability to:

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

Below is a brief overview of the way it influences our behaviour:

- We follow our obligation to comply with legislation and other regulatory requirements.
- We aim to promote transparency and dialogue between our company and its stakeholders.
- We require that our suppliers constantly explore environmentally sound disposal options for the process waste they may have.
- We maintain a consistent focus on training to motivate employees to perform their jobs with respect for the environment.
- We aim to develop processes with minimal environmental impact.
- In our production, we consistently concentrate on optimising our use of resources, whilst minimising the generation of waste.

The two standards require an internal audit as well as an independent third-party audit. This is conducted once a year and the certificates are renewed every third year. Recently, the ISO standards have been updated, which coincided with our need to have the certificates renewed. The certificates are available on our website.

### **Quality – Built to last**

Reflecting our commitment to the environment, quality and longevity, all our fabrics are tested by independent test institutes to meet the textile requirements of the different markets concerning abrasion, pilling, fastness to rubbing, lightfastness and flammability. Kvadrat upholstery and curtain textiles come with a quality guarantee up to 10 years.<sup>11</sup>

### **EU Ecolabel<sup>12</sup>**

We seek to document our focus on quality, and environmental concerns, by getting our textiles certified or labelled. The EU Ecolabel helps customers to identify products and services that have a reduced environmental impact. It evaluates everything from the extraction of raw material through to production, use and disposal. We have chosen to apply for EU Ecolabel certification for a number of our woollen woven textiles and in 2018, 28 out of 53 woollen textiles (52.8%) was EU Ecolabel certified. This number has increased by 9 new textiles receiving the label in 2019 meaning 37 of our woollen woven textiles are certified out of 57 (64.9%) a 12 % increase from the year before.

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64.9% of our woollen woven textiles  
are now EU Ecolabel certified

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75% of the Kvadrat upholstery textiles  
sold in 2019 were EU Ecolabel certified

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Our main reason for choosing to reach the strict requirements of EU Ecolabel is that our values correspond with the demands of the EU Ecolabel as it evaluates the product from 'cradle to grave' and focuses on the environmental impact in all production stages, chemical content, quality and long lifespan. Finally, we believe that choosing the EU Ecolabel sends a strong and transparent message to our customers, as the label is not privately owned but instead represents an EU initiative established in 1992 and is a third-party certified Type I ISO 14024 certification.

<sup>11</sup>Go to the company page of the brand and product to see the exact years of warranty.

<sup>12</sup>EU Ecolabel certifications are primarily awarded to Kvadrat's upholsteries, although all textiles need to comply with EU Ecolabel dye restrictions no matter what the brand.

## **GREENGUARD® Gold**

GREENGUARD® certification verifies that chemical and particle emissions emitted by building products and materials fall within the acceptable indoor air-quality pollutant thresholds.

GREENGUARD Gold follows the standard: California Department of Public Health (CDPH) Standard Method V1.2-2017. A large number of our textiles carry GREENGUARD® certification.

It is not possible to apply LEED certification to textiles, as LEED is a building certification. However, the US-developed GREENGUARD® is accepted by LEED and the majority of other green building standards.

In 2019 we began a certification process for all textiles targeted at the contract segment not only within the Kvadrat brand but also within FEBRIK, Sahco, Kvadrat Shade and Kinnasand.

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From March 2020 all brands having textiles directed to the contract segment will be GREENGUARD Gold certified.

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## **LCA (Life-cycle Assessment)**

LCA highlights environmental impact throughout the lifetime of a product. Working with LCA means that all the environmental impacts from the different manufacturing phases have been evaluated. This evaluation is generally split into five phases:

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

Life-cycle assessment enables us to provide our customers with information about the environmental impact of our products. From the same system, we can also provide an EPD (Environmental Product Declaration)<sup>15</sup>, which is often requested in projects related to green building standards, where this kind of declaration can support the client in receiving credits.

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 and EPD follows the principles of the ISO 14040 standards for life-cycle assessment. Data are from internationally recognised LCA databases, combined with literature sources and knowledge from Kvadrat and our suppliers. The model is based on the standard EN15804 and is structured according to the EU's model for product environmental footprint (PEF).

<sup>15</sup>Our EPDs follow recognised standards and the data platform has been developed by a third party. The EPDs are not third party-verified.

## Requirements for substances

Our suppliers<sup>14</sup> have all confirmed that they fulfil their obligations according to REACH, as well as all other required standards. They also confirm that they have made the necessary pre-registrations for chemicals that require registration. In addition, we impose strong standards on our suppliers, which in some areas go beyond existing legislation:

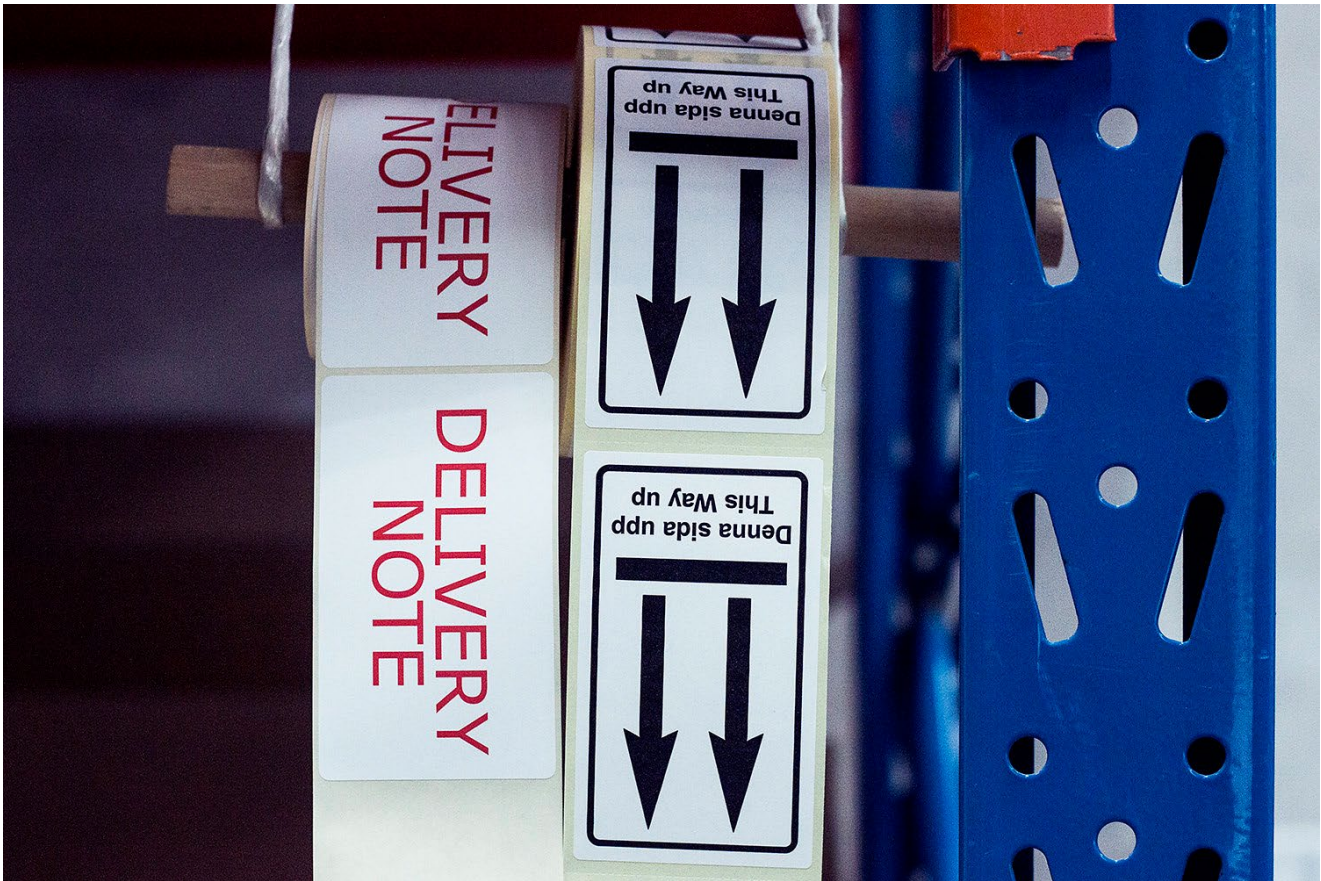
- Our suppliers must comply with relevant legislation, also the requirements of REACH.
- Suppliers must comply with ECHA requirements and take into account the list of substances of very high concern (SVHC), that can be critical to health or the environment. The ECHA candidate list is updated continuously.
- We only use dyes that comply with EU Ecolabel requirements, including AZO and heavy metal dye restrictions.
- In general, we do not use halogen-based flame retardants (inc. brominated and chlorinated).
- Our collection does not contain any PVC (polyvinyl chloride).
- In general, we do not use PFCs (perfluorinated compounds).
- Woollen products are not mothproofed.

Generally<sup>15</sup>, we do not apply halogen-based flame-retardant treatments or PFC stain- and water-repellent coatings. These substances do not support our sustainable policy and are often applied unnecessarily. If the natural properties of the textile's raw material meet the requirements and expectations for the intended purpose, we do not recommend further treatments.

The majority of our polyester textiles are inherently flame-retardant polyester, either Trevira CS or polyester FR. This ensures that no additional flame-retardant treatments are necessary, ensuring that there is no negative impact on indoor environments or health.

<sup>14</sup>We will seek to implement Kvadrat's requirements for substances in those collaborations and subsidiaries where it is relevant and creates value to our stakeholders. As we keep growing and developing new products, this will be a continuous integration and improvement.

<sup>15</sup>Only if a client specifically requires a flame-retardant finish or stain-repellent treatment on the textile can we arrange for this to be applied. We always advise that treatments should not be used if they are not necessary and that treatments can be harmful to the environment and health.



## Resources

### Packaging – the outside counts too

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We use as little packaging material as possible and all our packaging plastic and cardboard is recyclable.

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Packaging material is either re-used for the shipment of our products or collected by a professional recycling company and used for the production of new material.

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Our cardboard boxes and cardboard tubes are made of recycled material and are FSC (Forest Stewardship Council) certified.

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FSC-certified forests must be managed to the highest environmental, social and economic standards. Trees that are harvested are replanted or allowed to regenerate naturally. The forests must be managed with respect for the environment, the wildlife and the people who live and work in them.



## Waste and sorting

We have been able to reduce the amount of waste in paper and plastic even though we have experienced growth and a rising number of orders. This could be explained by our efforts on recycling plastic and cardboard coming into the facility and using it again when shipping orders out of the facility. There is an increase in waste in the Other category, which may either be caused by the growing number of employees generating waste or by waste not being sorted correctly – but as we are monitoring the waste this seems less likely. All waste is sorted and both plastic and paper/ cardboard are recycled.

Waste in tons	2017	2018	2019
Paper/cardboard	55.83	54.83	53.92
Plastic	11.17	12.88	11.43
Other	21.99	19.65	22.52

## Materials

Within our product development, we prioritise high-quality products with a reduced environmental impact, and we continuously search for the best possible alternative production methods, materials, new developments, optimisations in production and new life-cycle scenarios.

Using the best raw materials is our starting point. Reflecting this, most of the textiles in our collection are made from wool, polyester and Trevira CS, along with smaller amounts of cotton and viscose. There is a limited amount of raw material available worldwide, and therefore it is our responsibility to look into innovations that reduce the use of raw materials and to develop processes in which recycled materials can substitute for virgin materials and where natural fibres and synthetic bio-fibres can replace fossil-based polymers. As a brand with a strong focus on high quality, we also meet the demand of resource efficiency by creating textiles and textile-related products with a long lifespan and which, in the long run, have less impact on the environment.

Below is a brief overview of the environmental and functional benefits of the raw materials we use.



## Wool

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Wool is a natural, biodegradable fibre.

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It is also renewable in the sense that sheep can be sheared multiple times as an endless source of fibre and, at the same, they take care of the land by enjoying a free range of terrain for grazing all year round. The farmers take care of the sheep's health and shear the heavy wool off in the warm seasons to collect the wool. The wool used in our products comes primarily from New Zealand and Australia, from sheep who have not been subject to mulesing.

Wool is naturally flame retardant, which means that chemical treatment is generally unnecessary<sup>16</sup>. This contributes to a cleaner indoor environment. Only biodegradable detergents and spinning oils are used in the scouring and spinning. In addition, waste fibres are, as far as possible, gathered and recycled by other industries.

<sup>16</sup>We only put woollen textiles through flame-retardant treatment if the project requires a certain level of fire-safety standard. Otherwise, our standard collection is never treated with flame-retardant chemicals as it can have a negative impact on the environment and health, and in many cases is unnecessary.

Functional benefits:

- Very comfortable due to its ability to absorb and release moisture
- Very good abrasion performance
- Low pilling
- Very good lightfastness
- Elastic fibres ensure that the textile is flexible to work with and will not crease

Environmental benefits:

- Biodegradable
- Long lifespan, ages well
- A natural, renewable resource
- Naturally stain resistant, so chemical treatment is not necessary
- Naturally flame retardant, so chemical treatment is not necessary
- GREENGUARD® Gold certified
- Many of our woollen textiles are EU Ecolabel certified

### **Polyester**

We produce textiles using polyester, polyester FR and Trevira CS. The majority of curtains and many of our upholstery textiles from this part of the collection contain inherently flame-retardant polyester, either Trevira CS or polyester FR. As a result, the textiles do not require additional chemical flame-retardant treatment, which ensures that they have no negative impact on indoor environments or health. Polyester textiles are durable and economical to maintain. Furthermore, the yarns are hypoallergenic.

Polyester functional benefits:

- Good abrasion performance
- No pilling
- Good lightfastness
- Can be washed at 60 degrees  
(if used for curtains or loose covers)

Environmental benefits:

- Hypoallergenic yarns provide a cleaner indoor environment for people who suffer from allergies
- Dries fast
- Shorter production processes
- Some of our unique polyester textiles are inherently flame retardant, so no chemical treatment is needed

Recycled post-consumer plastic bottles can be made into polyester yarns, which in turn can be used in the production of textiles, thereby contributing to the reduction of plastic waste. Our Revive upholstery textiles are a good example of this. Thirty plastic bottles are used to make 1 metre of Revive and in 2019 plastic waste was reduced by more than 1.8 million plastic bottles, which were all used to produce the volumes of Revive 1 and 2 that were sold during the year.

## Project extract 2019

### **Re-wool**

Re-wool design by Margrethe Odgaard is partly made by re-using woollen waste fibres from Kvadrat's yarn spinners in the UK. The fibres used for the recycled content are spills from multiple spinning processes of yarns in all kinds of colours. Mixing fibres in these multiple colours will always result in a dark grey shade. To ensure aesthetic quality, a yarn made from new wool dyed in vivid colours is added in the weft, while the yarn in the warp, made from waste fibres, pays tribute to the natural look of recycled wool.

As the textile contains 45% recycled woollen waste fibres, we reduce the environmental footprint since the processes for farming sheep, transport, scouring and dyeing the wool have been taken out of the equation for this part of the content. Re-wool is a great example of how we continuously develop more sustainable solutions in close collaboration with our suppliers and, in this case, are able to reduce leftover material at the yarn spinner. Waste has been used as a resource to create a beautiful, long-lasting new product. The sales of Re-wool in 2019 led to 6.2 ton woollen waste fibres being given a second life and recycled for a valuable purpose. These amounts have replaced virgin wool and thus are shown to be a sustainable alternative for a circular future.



### **Kvadrat Shade**

Our new roller blind brand Kvadrat Shade was launched in November 2019. It's an aesthetic, versatile roller blind solution which enhances the visual, acoustic and thermal comfort of a space. The Kvadrat Shade roller blind solution is designed by Ronan & Erwan Bouroullec. Crafted from durable, premium-quality materials and backed by best-in-class support, it offers the perfect combination of flexibility, functionality and aesthetic excellence. Large windows, hard surfaces and open-plan zones – common features of contemporary architecture – can reduce thermal comfort and amplify noise.

With Kvadrat Shade roller blinds, you can meet these challenges, create the optimal indoor climate and increase well-being and productivity in every space you design. The longer the lifetime of the solution, the lower the environmental impact. Our textiles are made from top-quality, PVC-free materials. Like the other components of the system, they are built to last. Our metallised textile offering, produced by Verosol, ensures the best insulation for your building and contributes significant savings in energy costs and CO<sub>2</sub> reduction. Our roller blinds prevent heat entering your premises, and stop heat from escaping through uncovered windows in the winter, thereby reducing the heat gain into a building by 50% or more. On our website you can use the energy saving calculator to visualise the energy savings and CO<sub>2</sub> reduction based on your space and choice of roller blinds. Our roller blinds are EPD third party certified, GREENGUARD Gold certified and have Health Product Declaration (HPD) to support with credits within green building schemes such as LEED, WELL and BREEAM.

## **Hemp Project**

Together with other stakeholders, Kvadrat joined the Environmental Technology Development Programme (MUDP) for development of sustainable hemp textiles in 2017. The programme was initiated by the Danish Ministry of Environment and Food – The Environmental Protection Agency (EPA). The MUDP supports the development of technologies, processes and/or services within environmental technology, and focuses on innovative projects that create value for society.

The objective of the project is to improve the chances of producing sustainable hemp textile in the Nordic region. At Kvadrat, we are interested in creating innovative production methods as well as looking into alternative environmentally friendly materials and resources. That is why we are engaged in this project, as hemp is known for its potential in terms of low input of chemical substances, water usage and ability to be grown organically with great yield potential. Plus, you can use the entire plant for both food and textile fibres. The project focuses on the entire value chain from farming to harvest, design, textile production and circularity.

## **Circularity**

In collaboration with innovation network Lifestyle & Design Cluster and PhD student Astrid Larsen of The Royal Danish Academy of Fine Arts, Schools of Architecture, Design and Conservation, we are investigating the take-back of textiles and how fibres and textiles can be integrated in new product life cycles and under which circumstances. Through network meetings with Lifestyle & Design Cluster, we wish to share ideas and knowledge, and through the PhD research to gain a wider knowledge of the properties of hemp fibre and the possibilities in terms of circularity.

## **Suppliers**

We strive to build long-term relationships with our suppliers. These are rooted in a shared commitment to enhance quality, reduce the impact on the environment and focus on social responsibility. We like to work with a limited number of suppliers in order to build valuable partnerships that contribute to transparency, good quality, dialogue and responsible development. We have part or entire ownership of five suppliers. They are: Convert, producing Really textile solid boards and acoustic felts in Denmark; Wooltex, producing the majority of our woollen upholstery and screen textiles in the United Kingdom; Innvik, producing woollen upholstery textiles in Norway; and two Netherlands-based companies – Gaudium, producing polyester and Trevira CS textiles, and Verosol, which specialises in metallised roller blinds.

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74.5% of our Kvadrat designed upholstery textiles are delivered from Innvik, Wooltex and Gaudium in which we have part ownership.

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To ensure we all work towards common goals, we follow the performance of our suppliers very closely. We conduct continuous assessments of their performance, which we follow up with revised action plans during the year. We make visits to their production sites, as well as to some of their essential sub-suppliers, so we are able to create the best action plan, dialogue and top-performing products. Furthermore, we invite suppliers to participate in seminars to discuss and explore new ways to reduce our environmental impact and enhance sustainability and quality. The majority of our suppliers are located in Europe.

Before we enter into a partnership with new suppliers, they must sign a document where they commit to effectuate our Code of Conduct, which contains the elements set out in the ILO convention, the ten principles of the UN Global Compact, UK Modern Slavery Act, as well as essential international guidelines and law. These include: no forced labour, legal compliance, no child labour, non-discrimination, freedom of association, workplace health and safety, conditions of employment and work, anti-corruption, animal welfare and a responsible environmental approach. Once we have entered into a collaboration, we expect our suppliers to meet the concrete demands we put forward concerning products and production processes, environment and working environment. Importantly, we require that suppliers regularly document their performance in these areas.



## Environmentally friendly production

### **Wooltex**

Our partner supplier Wooltex has insured all the production processes and upgraded its machinery. The new machines use much less energy and water. The new dyeing machines use only a few litres of water per kilogram of wool in comparison to 20 litres previously. Some 85% of the water used in the process is recycled. The closed system of machines reduces energy and heat loss in the production process and recycles the chemicals.

During the winding process, new robot technology enables loose yarn ends to be connected to one long thread of yarn. This optimises the use of yarn in the production process and reduces the amount of broken yarn that ends up as waste. Last year, this technology ensured re-use of 46.7 tons of yarn – this reduced waste and at the same time optimised production.

Once woven, textiles need to be cleaned and destressed to ensure continuity in quality and in the way the textiles respond when handled around furniture designs. This is traditionally done in wet processes, but new technology has allowed Remix and Steelcut Trio to be run through a dry process, thereby saving water.

Dyeing processes have been optimised by recycling water to save water resources. All waste water is cleaned and 50% of the water is actually recycled and used in the dyeing process once again.





### **Innvik**

Our Norwegian supplier takes its name from the valley close to which it is located. Amid the beautiful surroundings of the inlet of Nordfjorden, Innvik looks out from a hillside with views over the mountainous landscape. Innvik has a long history of making quality textiles. Being immersed in the landscape has many advantages that in various ways have contributed to the renewable energy used by the facility. In the beginning and in the years after Innvik's foundation, water from the mountains running into the bay of Nordfjorden supplied the textile manufacturer with the hydropower required to run its machines. To improve the environmental profile and reduce its carbon footprint,









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Innvik has engaged in a governmental energy efficiency programme for the past three years, resulting in an impressive 60% energy reduction compared to 2016. The initiative does not end there: Innvik has the ambition to be covered 100% by renewable energy by 2021

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thus reaching its goal of being carbon neutral. To support this sustainable vision, Innvik is investing in a bioenergy project, where a close connection to nature will create shared value and renewable energy. The project will see natural forest waste, such as tree branches, top and roots, processed at Innvik's own bioenergy facility, contributing to carbon-neutral gas and energy, rather than rotting in nature and releasing carbon dioxide.

## Progress & objectives

SDG	UNGC Principle	Year	Objective	Activity
 12 Responsible consumption and production	8-9	2019	Increase number of woollen textiles certified with EU Ecolabel. Our vision is that 90% of woollen products will be EU Ecolabel certified.	Nine woollen products received the EU Ecolabel in 2019. Now 64.9% of our woollen textiles are EU Ecolabel certified, a 12% increase compared to last year.
 17 Partners for the goals	7-9	2019/20	Through partnerships accelerate sustainability and reduce environment-related impacts.	Through the SDG Accelerator programme we have been joining forces with water filtering company Aquaporin to research the potential of closed-loop water systems and filtering system.
 6 Clean water and sanitation				
 12 Responsible consumption and production	9	2018/2010	Remove or substitute chemical substances that we find critical in relation to health and the environment. Keep having a proactive approach to substances used.	Intensified our requirements of PFC and FR treatments. For flame-retardant treatment, we have banned the entire chemical group of halogen-based flame retardants, including brominated and chlorinated treatments in our standard collection. For those clients requiring a treatment, we are looking into more environmentally friendly alternatives.
 3 Good health and well-being				
 17 Partners for the goals	7-8	2019/20	Set and achieve common goals for top ten suppliers.	Overview of current status and sustainable activities and opportunities through assessment, visits and interviews with suppliers to ensure a sustainable focus in the supply chain.
 12 Responsible consumption and production	8-9	2019/21	Investigate possibilities of integrating post-consumer textile waste in new textiles and products.	Screening markets, investigating fibre properties and visiting potential suppliers.
 12 Responsible consumption and production	8	2019/20	Investigate, plan and test at least two scenarios that meet our ambition of increased circularity in our value chain.	Focus on textile-waste streams and find solutions together with suppliers and subsidiaries for recycling or upcycling of textile waste. FEBRIK and Soft Cells are in collaboration with Really.

SDG	UNGC Principle	Year	Activity	Objective
 12 Responsible consumption and production	8-9	2020	All polyester textiles non-FR developed from 2020 must contain 100% recycled polyester from post-consumer plastic bottles.	Develop innovative products with a sustainable profile.
 13 Climate action	7-8	2020/21	Become a member of Science Based Targets initiative by end of 2020 and set targets to meet the requirements set in the Paris Agreement and the 1.5 degrees scenario.	Data collection, workshops and partnering up with data platform provider and SBTi advisor in 2020.
 12 Responsible consumption and production	8-9	2020/22	Increase amount of recycled material or alternative environmentally friendly raw materials in our textiles production.	Reduce our environmental impact in terms of the materials used in our textiles. Develop more sustainable solutions without compromising the quality of our products.



Driven by people



## Learning & Development

### **Employee policy**

Our employees are our key resource and fulfil an important role in our journey to success. We need to work proactively to take the best care of our workforce and prepare for future growth, market and employee expectations. As an employer, we have a responsibility to ensure a safe and healthy working environment and to create initiatives that support the competencies of our employees and create motivation, happiness and creativity.

At Kvadrat, we believe that growth depends on our employees. Our employees should be empowered with a high degree of responsibility and given the opportunity to perform in groups and as individuals. We know that we must ensure both professional and personal development, so all employees are equipped to deal with future demands and tasks. We aim to maintain an attractive workplace, to create good facilities and to act with a high degree of social responsibility towards all of our employees. Finally, we wish to actively contribute to creating a healthy balance between work and family lives for our employees.

### **Employee satisfaction worldwide**

Once a year, we carry out a global employee satisfaction survey. The results of these surveys are very positive, showing that our employees are very satisfied. Our objective for 2020 is a total score of 77 points (on a scale from 1 to 100), which matches the actual result for the 2019 survey. It is a small drop from 79 points the previous year, but taking the growing number of employees from acquisitions into account, a small

decrease was expected. We are happy with the result and the high response rate of 94%. Our target for next year is 95%. We will strive to keep up a high score on employee satisfaction supported by activities described in the chapters below.

The survey results are presented to all employees and followed up by dialogue meetings in all units. The outcome of these dialogue meetings are action plans with initiatives, which both employees and managers believe will enhance employee engagement and satisfaction. The purpose is to have healthier, happier employees, which inevitably will have a positive effect on the bottom line, the customer experience and contribute to a sustainable business.

### **Performance and Learning Conversations**

Education, learning and development are some of our most essential leadership principles. We put a lot of effort into executing this in order to meet our common goals to realise the full potential of our teams. This is why learning and education are incorporated and play an important part in our performance and learning conversation (PLC), which takes place twice a year for all employees. The PLC is a dialogue between employee and manager. Together, they identify competencies and potential for further development. The content of the conversations and the plan for further development are described in the employee's development plan, which is part of the PLC template. To support the development of competencies in each individual, Kvadrat offers a variety of different learning activities, such as our internal education programme, Kvadrat Academy, which offers several courses and training customised to meet the needs of the many different specialist fields within Kvadrat.

### **Introduction & Kvadrat culture**

All new employees at Kvadrat are invited to join Kvadrat General on-boarding, which is an online learning programme that introduces Kvadrat to new colleagues. Besides this, new colleagues receive a welcome parcel and an introduction and on-boarding plan so that they can get started in the best possible way. On our digital learning platform LEARN, new employees can learn about Kvadrat, our products and our business. New colleagues will be assigned a mentor, who will help them in understanding the culture at Kvadrat. We measure how satisfied our new colleagues are with their on-boarding after 180 and 360 days at Kvadrat.

## Health & Safety

### Health

As our employees are the key resource in our success, we want to support them by offering activities that contribute to good health. The various activities can inspire and motivate our employees to adopt a healthy lifestyle through information, motivation and concrete actions. For instance, we serve healthy food in the canteen every day. The majority of the food is vegetables or fruit and up to 75% of the food we serve is organic. In addition, all our employees are offered a free health check every other year. We also have free gym facilities, yoga and outdoor exercise, and we offer massage treatment. Thanks to our focus on health, we have increased social interaction and relations across departments through sports and joint exercises.

Sick rates	2017	2018	2019
Days of sickness absence as a percentage <sup>18</sup>	1.35%	1.68%	1.55%

Kvadrat A/S has a relatively low sick rate, but as we are taking on an increasing number of new colleagues due to growth and acquisitions, we have re-evaluated our goal and adjusted it to be a maximum of 3.00% days of absence due to sickness. We are continuously striving to reduce the sick rate and have launched a number of initiatives, including developing a process to review stress and ensure a healthy indoor environment and a variety of outdoor activities. We have also invited all managers for a seminar concerning welfare and stress and established a plan and process to handle issues such as stress in the most appropriate way to ensure the well-being of our employees. We take the issue of stress very seriously and, besides educating managers, we have established a team of 'no-stress ambassadors' to make it easier for colleagues to address stress if they feel the symptoms or they are concerned about a colleague. How to avoid and be aware of stress symptoms is explained on our intranet and at employee meetings. We do our utmost to emphasise that we all need to take care of each other and that we have taken a position against stress.

### Safety

At Kvadrat, we have a health and safety committee made up of representatives from different departments which oversees and monitors overall health and safety, recommends improvements and ensures effective communication and implementation of safety procedures.

All work-related injuries are registered. In 2019 two work-related injuries were reported – one less than the previous year. Even though the number of injuries is low and we experienced a decrease this year, we have an overall objective of zero injuries. The risk of injuries has been evaluated by the committee and improvements have been

<sup>18</sup> The number relates exclusively to long-term sickness, which is defined as absence due to sickness for over one month. The days of absence caused by sickness in percentage terms, including employees with long-term sickness, was 2.54% in 2019.

communicated to relevant staff. A safety manual has been written to outline safety behaviour at the warehouse and administrative facility. In the warehouse, yellow markings show where you are allowed to walk and there is a focus on making the workspace clean and tidy.

To increase safety in the warehouse we have installed Blue Spot devices on all new forklift trucks, which represent 80% of our forklift truck fleet. The Blue Spot solution is a blue LED spot lamp used as an additional safety aid to increase the visibility of moving trucks for pedestrians working in the busy warehouse environment. The blue spot projects a bright blue beam 25 metres ahead to alert other employees that a forklift truck is approaching so that collisions and injuries can be avoided.

In 2019 we opened a new walkway connecting the administrative offices with the warehouse, making a safe path separated from the forklift trucks. This has resulted in fewer pedestrians in the area where the forklift trucks operate.

A suitX, a robotic exoskeleton that eases lifting manoeuvres, has been tested and will be evaluated in 2020. Furthermore, to ensure safety when lifting, all textile rolls have been reduced to a weight of 15kg.

For colleagues who cycle to work, we have established a cycle path and signage to increase awareness of traffic.





## Equality & Diversity

### **Diversity**<sup>19</sup>

We believe that a broadly composed employee and management team ensures more nuance and wider perspectives, and provides for a wider spectrum of competences. This increases the quality of our approach to tasks and decision-making and thus benefits Kvadrat's 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. For several years, we have been focusing on increasing the number of women on the board of Kvadrat A/S. The goal was to have at least 15% women on the board. On the board of Kvadrat A/S, 1 out of 5 was a woman in 2019 (20%), whereas our goal for Kvadrat Holding is different as it primarily consists of the group of owners and will change as new generations join or new external members change the diversity. The number of women in Kvadrat Holding is 1 out of 9 (11%)<sup>20</sup>. Hence, the goal has only been reached on the board of

<sup>19</sup> Related to the requirements set out in the Danish Financial Statements Act § 99b about reporting on equality and gender under-representation.

Kvadrat A/S. Nevertheless, the executive management of directors in Kvadrat A/S has increased the number of female executives from 1 to 3 in the previous year and, from March 2020, another female executive will join, and thereby even out the gender composition to an acceptable level. For 2019, 37.5% of the executive management of directors are women.

### Goals for diversity in management

We measure gender distribution in management, i.e. the percentage of men and women at management level. We strive for a 50/50 distribution of men and women, while a plus/minus margin of 10% is considered acceptable.<sup>21</sup> The small decrease in the representation of women in management in 2019 is due to more subsidiaries having been integrated into the company, bringing with them relatively more male managers – however, the result lies within our margin of acceptability.

Total number employees 2019	Men	Women
981	444	537

Diversity managers	Men	Women
2017	56.7%	43.4%
2018	56.3%	43.7%
2019	56.4%	43.36%

Kvadrat is an international company and we want our management to reflect the world we operate in. We want a broad range of employees based on experience and competences. We achieve this by having employees of different ages and with different seniority.

Cultural background & seniority	2019
Internationality – cultural background other than Danish	64.9%
Seniority entire group	7.7 years
Seniority managers	12.7 years






In order to achieve our goals on diversity in management and the employee team, we are aware and respect areas like competencies, personality, gender, age, cultural background and seniority 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 values of diversity 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.

<sup>20</sup> Kvadrat Holding A/S has not reached a more even gender distribution as there has not been a change in board members in this financial year.

<sup>21</sup> The Danish Business Authority estimates an acceptable equal distribution is 60/40, either 40% women or 40% men in managing positions.

We do so, for example, via the Kvadrat Academy, where we offer learning and development to Kvadrat managers and employees. This is always followed up by a satisfaction survey rating from 1 to 10: the goal is always to achieve at least 8. In our internal processes, we make sure to apply diversity as a guiding principle when we appoint and develop future Kvadrat management.

## Progress & objectives

SDG	UNGC Principle	Year	Activity	Objective
 3 Good health and well-being	1	2019/20	<p>Kvadrat will continue to offer different activities that support the health and well-being of staff.</p> <p>Outdoor fitness and introduction to fitness equipment have been offered together with cycling and running events.</p>	To continue to offer at least two different work-out programmes within training facilities and activities.
 3 Good health and well-being	1	2019/20	Focus on healthy and organic food.	To sustain the high level of vegetable-based food at the daily lunch buffet as well as to maintain the 2017 level of 75% or increase the proportion of organic food and ingredients served at Kvadrat.
 3 Good health and well-being	1-2	2020	<p>Continuous focus on employee well-being and development through annual questionnaire.</p> <p>Performance &amp; Learning Conversation, Kvadrat Academy and Learning2Go.</p>	<p>Maintain or improve previous years' ratings on employee satisfaction above a 77 score.</p> <p>The frequency of PLC shall be executed twice a year.</p>
 3 Good health and well-being	1-2	2019/20	<p>The health and safety committee will look into activities which can reduce the risks of work-related injuries as well as develop activities that ensure a good work environment.</p> <p>Reduction in work-related injuries from three in 2018 to two in 2019.</p>	Work-related injuries shall be less than the previous year, with an overall goal of zero injuries.
 5 Gender equality	6	2018	<p>As a result of our growth, we are continuously increasing our workforce. We will keep focusing on diversity and elimination of discrimination.</p> <p>37.5% women in the board of directors. Diversity management: men 51.4% and women 48.6%, increase since last year in female managers.</p>	<p>To maintain at least 15% representation of women on the board of directors.</p> <p>The gender distribution on management level is now close to our 50/50 goal. We will continue to work on meeting our goals within the acceptable margins.</p>



It's in our Nature

## Compliance

### **Compliance and risk assessment**

As a company working on a global scale, we have to integrate our values and sustainable focus in all the markets we operate in. Our business will continuously focus on how to develop a positive impact on our surroundings and how to improve it. The risks related to different markets vary depending on the country's political situation, cultural history and other factors. We seek to ensure compliance through close dialogue with our suppliers and a focus on close long-term collaboration with a limited number of suppliers, which supports efficient development opportunities and transparency. Furthermore, all suppliers need to sign our supplier contracts with our requirements and Business Partner Code of Conduct, which integrate human and labour rights, environmental standards and anti-corruption as crucial areas that need to be respected and heeded. These areas are material risks, which we will comply with through procedures described in this chapter. We will continuously visit our suppliers and address potential risks as well as activate development plans to ensure compliance and sustainable development.

### **Human and labour rights**

It is essential for our business that we and our suppliers contribute to a healthy and safe work environment and comply with human and labour rights. Therefore, we address human and labour rights in our CSR policy and suppliers have to sign and comply with our Business Partner Code of Conduct where these topics are addressed. We continuously visit suppliers' sites and through close dialogue with our suppliers we address potential risks and activate plans for improvements.

### **Anti-corruption**

Working against corruption is integrated in our CSR policy as well as our Business Partner Code of Conduct. In 2018, we revised our Code of Conduct to integrate essential points from the UK Bribery Act and Danish law against corruption, along with human and labour rights principles, and environmental and animal welfare requirements. This Code of Conduct was introduced to suppliers in 2019. We also formulated a new internal anti-corruption policy, which will be presented to employees in 2020/21. Risk assessment will be our tool to evaluate the areas of high concern so that we can put our efforts into these areas and, together with our stakeholders, handle issues systematically to avoid the risk of corruption in the supply chain.

### **General Data Protection Regulation (GDPR)**

On 25 May 2018, the GDPR regulation was enforced and all organisations and companies need to ensure data protection by having procedures in place to secure personal data. Kvadrat has prepared for this enforcement and besides informing employees in how to distinguish and estimate what sensitive personal data, we have also initiated a process to screen potential risk areas. To ensure the procedure is followed and to create awareness in the company, we have hired an external partner so as to ensure that all acquisitions comply with law

and benchmark our expectations. Moreover, in 2020 we are hiring a Corporate Compliance Officer to safeguard as we are growing that guidelines are followed, employees are educated and we are updated on our due diligence to ensure compliance.

## Progress & objectives

SDG	UNGC Principle	Year	Activity	Objective
 <b>8</b> Decent work and economic growth	1-10	2019/20	Code of Conduct updated.	To update Code of Conduct and send to all current suppliers to be signed. Present all details to ensure common understanding of the content.
 <b>16</b> Peace, justice and strong institutions	10	2020/21	Policy against corruption and implementation will follow in 2021.	To implement an anti-corruption policy applicable for Kvadrat A/S
 <b>16</b> Peace, justice and strong institutions	10	2020/21	Courses in anti-corruption and compliance.	To educate all relevant employees and managers who have contact with suppliers.
 <b>17</b> Partnerships for the goals	1-10	2019/20	Dialogue and action plans with suppliers in order to comply with UN Global Compact's 10 principles	Meetings and action plans for Kvadrat's top ten suppliers in order to ensure compliance and create shared value.

## Art & Design collaboration

### **Kvadrat – a design culture**

We are an internationally renowned and progressive design company, committed to continuously pushing the boundaries of aesthetic, creative and technological advancement in textile design. The world's most accomplished architects, artists, designers, furniture manufacturers and retailers are our clients. Together, we bring warmth, tactility and colour into public spaces and domestic homes. We consider ourselves a design culture, who integrate creativity and design in our daily work and way of thinking. This also affects our relation to society and partners in the way we interact and contribute with know-how, financial or material support and added cultural value. Being able to use our expertise to support society, either locally or globally, through cultural and artistic experiences, creates value for us as a company. We evaluate all potential sponsorships in terms of shared value and to ensure the best match and opportunities for collaboration. We find it most valuable to support organisations and projects that are in some way related to our core business values and stakeholders, in order to be able to add value to the partnership or sponsorship and activate it in the most efficient and proper way.

As design culture is an important part of our DNA, we find it essential to keep inspiring our employees. Therefore, we invite employees to cultural events a minimum of twice a year. In 2019, Kvadrat A/S invited employees to a variety of cultural and social events. Some were excursions, taking an architectural tour at the Bjarke Ingels-designed Tirpitz museum at Blåvand and then going to the UNESCO World Heritage-listed Wadden Sea in Jutland and the Wadden Sea Center, a building by architect Dorte Mandrup, before ending the trip in Vejle at the Fjord House, an iconic new building on the harbour by the Danish-Icelandic artist Olafur Eliasson. An active family day as well as evening golf events and running in Ree Safari Wildlife Park have been among the social events supporting teamwork and culture. In spring, the biennial trip took employees to Barcelona with a focus on shared experience, architecture, culture and design.

### **Art projects and sponsoring**

In January 2019 at the New Museum in New York, the Frost and Divina MD textiles were part of a solo exhibition by Adelita Husni-Bey, presenting a new site-specific installation that incorporates some of her most significant films to date as well as the premiere of a major new work, titled Chiron. In her practice, Husni-Bey makes use of non-competitive pedagogical models to organise workshops and produce publications, radio broadcasts and archives that form the basis of her exhibitions and films.

In February 2019, the Kunsten museum in Aalborg, Denmark, mounted SOLO, a major show of work by Rita Kernn-Larsen, a luminary of 1930s surrealism. The exhibition featured dreamy, alluring scenarios and mysterious figures from the artist's later years – landscapes, quirky collages and ceramic works. The exhibition was curated by the contemporary artist Kirstine Roepstorff, who created a space for the show designed as a vibrant encounter with the works using the textiles Daybreak and High Sky.



From February to September 2019, our textiles Remix, Casa, Steelcut Trio and Soft Cells were integrated into an exhibition of work by Pipilotti Rist at the Louisiana Museum of Modern Art in Humlebæk, Denmark. The first major presentation in Scandinavia of this Swiss artist's work was a blast of colours, immersive images and sensuous dreamscapes.

Broken Nature was a thematic exhibition at the XXII Triennale di Milano in March 2019 to which we donated the textiles Zulu and Dawn. Broken Nature highlighted the concept of restorative design and studied the state of the threads that connect humans to their natural environments. In exploring architecture and design objects and concepts at all scales and in all materials, Broken Nature celebrated design's ability to offer powerful insights into the key issues of our age, moving beyond pious deference and inconclusive anxiety, by turning its attention to human existence and persistence.

Furthermore, we support art through sponsorship of the Aros Art Museum in Aarhus, Skagen's art museum, Kulturhuset, Glasmuseet in Ebeltoft and art projects as mentioned above.





## Social Responsibility

### **Supporting socially responsible projects**

Besides donating textiles to local charities and art projects, we have decided to donate some of our textiles to social economic companies.

Zendoo is re-using donated Kvadrat textiles to not only make new products out of surplus textiles and textile waste, but also to facilitate a meeting place for citizens who need the tools and input to prepare for the labour market.

Lakridsen in Randers is a creative community centre that receives Kvadrat textiles which it uses to join people in dialogue, social interaction, textiles and needlework.

Liva Rehab is an organisation that supports women who are victims of sexual abuse or who have been working in the sex industry. We have donated textiles to help committed volunteers establishing creative workshops in Copenhagen and Aarhus, where products made from our textiles are sold. The profits are spent directly on working with the users as well as preventing the harmful effects of prostitution.

Blåhvalen Hats is an organisation we came across after some of our colleagues watched the local news with the topic of fantastic communities: different organisations and communities were nominated to win a prize. In the show, volunteers described how much enjoyment they derive in their small community of Hevring from meeting in their local arena to make theatre entertainment for the people of the village. In the TV interview they mentioned that if they won the prize, they would use the money for a stage curtain. We thought this should not be necessary: we'd be happy to donate textiles for such a curtain so that they could spend the money on other essentials, adding value to the small community.

We support the local community by attracting visitors to the city of Ebeltoft, as well as by supporting local cultural activities. This year we have, among other things, supported activities in the city centre: Ebefestival, a local festival; Stafet for Livet, a charity run to beat cancer, where employees and their families could join and run and Kvadrat donated the amount to the facilitator Danish Cancer Society (Kræftens Bekæmpelse). We also support the Danish Hospitals Clowns who cheer up hospitalised children all over Denmark, creating a space of joy and hope for the children and their families.

## Progress & objectives

SDG	Year	Activity	Objective
 17 Partnerships for the goals	2019/20	Donating and sponsoring textiles and know-how.	To contribute to social responsibility and create value by donating or sponsoring textiles for charity.
 17 Partnerships for the goals	2019/20	Financial partnerships and sponsorships.	Continuous support of the local community in Ebeltøft and neighbouring municipalities. To add value locally and expand opportunity to experience art for a wider audience.

## UN Global Compact Index

UN Global Compact Principle			Activity	Page
Principle 1	Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights; and	Reporting on CSR CSR policy Compliance and risk assessment Human and labour rights	5,11, 13,61
Principle 2		Make sure that they are not complicit in human rights abuses.		
Principle 3	Labour Rights	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Reporting on CSR CSR policy Employee policy Health Safety	5,11, 13,61
Principle 4		the elimination of all forms of forced and compulsory labour;	Diversity Compliance and risk assessment	
Principle 5		the effective abolition of child labour; and	Human and labour rights	
Principle 6		the elimination of discrimination in respect of employment and occupation.		
Principle 7	Environment	Businesses should support a precautionary approach to environmental challenges;	Reporting on CSR CSR policy Environment	5,11,13, 50-51
Principle 8		Undertake initiatives to promote greater environmental responsibility; and		
Principle 9		Encourage the development and diffusion of environmentally friendly technologies.		
Principle 10	Anti-corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	Reporting on CSR CSR policy Anti-corruption and competition law	5,11,13, 61,62



COMMUNICATION ON  
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.