

# SUSTAINABILITY REPORT 2019/2020

**ege**

**Bentzon** Carpets

**HAMMER**  
CARPETS

carpetconcept 

# ABOUT THE REPORT



Welcome to ege Group's new Sustainability Report. This year, the Sustainability Report is published in a new format. The title has been changed, the focus has been adjusted and the content looks different. We look forward to presenting the Sustainability Report to you.

The report covers the financial year from 1 May 2019 to 30 April 2020 and includes the entire ege Group, comprising four brands: Ege Carpets (formerly egetæpper), Hammer Carpets, Bentzon Carpets and Carpet Concept. The report was previously based on the seven focus areas set out in the CSR standard, DS 49001, in accordance with which Ege Carpets' production sites hold certification. Going forward, we will instead focus more individually on the areas on which the individual brands concentrate in their sustainability and social responsibility work.

The report still includes our statutory Corporate Social Responsibility Report, cf. Section 99a of the Danish Financial Statements Act, and firm of auditors EY has ensured that the report is in compliance with the Act. The report also serves as our Communication on Progress report for the UN Global Compact.

The figures in the Sustainability Report have not been verified by a third party. In the long term, we would like all figures to be externally verified. Until then, we emphasise that we devote a lot of internal work to verifying the figures for the individual brands.

This year, we have faced challenges with a number of the figures in the report, since Ege Carpets has changed ERP system, with the consequence of a delay in the registration of consumption data. This year, some of the statements from Ege Carpets are therefore based on different sources than usual and it may be the case that the data is subject to a degree of uncertainty. The report therefore has a smaller data base than usual.

**Questions concerning the Sustainability Report can be addressed to:**

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<sup>1</sup> See Annex 1 for further details of Section 99a.

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# NEW PATHS IN 2020

**We have embarked on a new decade and looking back on the past decade, we can see that we have come a long way. We can also proudly say that we are by no means finished yet. Our new goal towards 2030 is to create a sustainable future – one carpet at a time.**

As we embark on 2020, we have reached the deadline for a number of the goals we have spent the last many years on working to achieve. So it is now time to draw a line in the sand, see how far we got and define where we are going from here. In many ways, we are therefore starting over, with new goals and with 2020 as the new base year. We're looking forward to the journey this will take us on, even though it will undoubtedly also bring great challenges.

The last financial year entailed some major upheavals. Some of these were of our own choosing, such as changing ERP system in Ege Carpets, which entailed changes in many internal workflows, while we are still settling into the new organisation structure that was introduced on 1 May 2018.

Other challenges came from outside, such as Brexit and the Covid-19 virus, which in the course of no time turned the whole world upside down and put the normal game rules out of action. We have sought to navigate these challenges in the best possible way without compromising on our aim to be a socially responsible company. We owe a huge vote of thanks to all the employees who have shown a great willingness to help the company in the best possible way as we navigated the challenges we faced.

It has been a difficult year for everyone, which makes it all the more pleasing that, despite these external events, we can also look back on a year in which the ege Group in many ways took a quantum leap forward in our sustainability work. Ege Carpets undertook a complete Cradle to Cradle certification of all carpets for the contract market, thereby making the choice that their carpets must always be sustainable. No other carpet manufacturers hold Cradle to Cradle certification of the entire range.

This was also the year in which a new sustainability strategy was adopted by Ege Carpets. This strategy will have a very great impact on the entire Group going forward, since in view of its size and revenue Ege Carpets is a leading player in the ege Group. In the longer term, the direction set by Ege Carpets will also set the course for the other brands. This is good news for us as a Group, but also for the society in general.

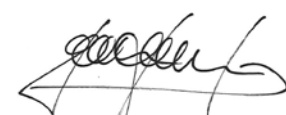
During the past year we became involved in the Danish government's work on climate change when CEO John Vestergaard was nominated as vice chairman of the government's Climate Partnership for production companies. Through the Climate Partnership, we are helping to set the direction for how production companies can contribute to reducing Denmark's CO<sub>2</sub> emissions by 70% before 2030. This is a role that we take very seriously and to which we attach great importance. Consequently we have decided, that the ege Group will be carbon neutral in 2030.

We experience constantly increasing demand for good CSR stories. Our work on the UN Sustainable Development Goals draws a lot of interest from many sides, ranging from students to companies and public authorities. It is an honour to be invited to give presentations on this and many other important issues within the circular economy and the sustainable agenda. This bears witness to how society deems it necessary to take responsibility. One of our most important messages in these presentations is always that, together and individually, we must each dare to make a difference. This is how we can achieve the most.

Our aim is still to be the world's best carpet manufacturer when it comes to CSR. This Sustainability Report shows how we are dedicated to achieving this goal. The four brands in the Group are at different stages of the CSR journey, but they are all making dedicated efforts to achieve the same agenda. We hereby encourage everyone to join us on the journey towards a sustainable future.

Herning, 2. juli 2020

  
CEO John Vestergaard

  
CCO Svend Aage Færch Nielsen

# BRANDS IN THE EGE GROUP



Since it was founded in 1938, Ege Carpets has very successfully focused on modern technology that makes it possible to deliver any design with the shortest delivery time in the industry.

The tufted and woven carpets available in both standard and special designs are sold primarily to hotels, offices, the health-care sector, institutions and the transport sector.

Ege Carpets produces carpets in Herning and Gram, as well as yarn in Lithuania. This year's production totalled 6,546,420 m<sup>2</sup> of carpets.

The Group owns 100% of Ege Carpets, which is headed by Executive Directors Morten Skibsted, Mads Lindegaard and Jørgen Kring Jensen.

## Bentzon Carpets

Bentzon Carpets has had great success with the production of exclusive, stylish flat-woven carpets for the residential and contract segment. They hold a strong market position in Europe in particular.

Bentzon Carpets produces all of its carpets in Røjle, near Middelfart, where the head office and factory are located together. This year's production totalled 1,631,202 m<sup>2</sup> of carpets.

The company was founded in 1976, and as of 1 May 2020, the Group took over full ownership. Bentzon Carpets is headed by Executive Director Tage Bajlum.



Founded in 1948, Hammer Carpets is known for creating beautiful Colortec and Graphic carpets for luxury hotels and the cruise liner industry.

With its special focus on four- and five-star hotels and the entire marine segment, the company has found a niche in which they command a strong position.

Hammer Carpets produces all of its carpets in Herning, where the head office and factory share the same location. This year's production totalled 668,273 m<sup>2</sup> of carpets.

The Group owns 51% of Hammer Carpets. A full takeover must take place by no later than 1 October 2021. Hammer Carpets is headed by CEO Tom Møller Jørgensen and Executive Director René Dupont.



Carpet Concept, founded in 1994, are experts in flat-woven carpets for the commercial segment. In Germany in particular, they are strong market leaders within office premises.

Carpet Concept produces the carpets in Münchenbernsdorf, while the head office is located in Bielefeld. This year's production totalled 231,864 m<sup>2</sup> of carpets.

The Group owns 75% of Carpet Concept. A full takeover must take place by no later than 1 December 2021. Carpet Concept is headed by CEO Thomas Trenkamp and Executive Director Matthias Quinkert.

# THE GROUP IN FIGURES

M <sup>2</sup> OF CARPETS PRODUCED	9,077,759 M <sup>2</sup>
KG OF YARN PRODUCED	774,733 KG
REVENUE	DKK 1,155,779,000
PRODUCTION SITES	6 PRODUCTION SITES
SUBSIDIARIES	11 SUBSIDIARIES
NUMBER OF EMPLOYEES	693 EMPLOYEES
NATIONALITIES	29 NATIONALITIES
SENIORITY	9.9 YEARS
ACCIDENTS LEADING TO ABSENCE	17 ACCIDENTS
SUPPLIERS	110 SUPPLIERS
WATER*	91,896 M <sup>3</sup>
ENERGY*	47,521 MWH
CO <sub>2</sub> EMISSIONS	8,889 TONNES



\* Water and energy are based on the consumption at the production sites.

# UN SUSTAINABLE DEVELOPMENT GOALS



With each passing year, it becomes more and more apparent that the planet is under pressure. During the past year we have seen climate change lead to forest fires on an unprecedented scale. We have seen floods that we could not have imagined just a few years ago. In turn, megacities around the world have run out of clean drinking water, and various industries are beginning to report that important commodities such as oil and sand will soon become scarce resources. Now is the time for action.

Fortunately, in 2015, the UN drew up a clear roadmap for how we can curb the negative development by 2030. This roadmap is called the UN Sustainable Development Goals, and we have implemented these goals in our business strategy. As a company, we work with a large number of the Sustainable Development Goals, but we have selected three specific goals as our primary focus because we assess that this is where we can make the greatest difference. Other companies and other players focus on other Sustainable Development Goals whereby they can make a difference, so that together we can ensure that all of the Sustainable Development Goals are addressed over time.

The three Sustainable Development Goals we have chosen can be linked directly to our strategy and core activity: the production and sale of carpets.

## **Sustainable Development Goal no. 12: Responsible Consumption and Production**

We are dedicated to the concept of the circular economy at Ege Carpets' production sites, which have the most energy- and resource-intensive processes in the Group. Through the Cradle to Cradle product certificate, we work to create sustainable products that entail less waste and more recycling, while protecting water resources during production, using renewable energy, and ensuring that the company takes social responsibility.

All of Ege Carpets' carpets for the contract market are Cradle to Cradle certified, and Carpet Concept is also expanding their share of Cradle to Cradle certified carpets. The extensive requirements to achieve certification affect the entire Group, as this is the basis for the joint procurement strategy. We are thereby making a contribution, at a high level, to creating more responsible consumption and production.

## **Sustainable Development Goal no. 14: Life Below Water**

Plastic waste is one of the world's major challenges. Plastic is degraded very slowly and poses a major threat to the environ-

ment. Marine life, in particular, suffers from the large quantities of plastic waste that often end up in the world's oceans. For us, however, plastic waste is an important resource that we can use in our carpets. Used fishing nets and other industrial nylon waste can be regenerated as yarns that are perfect for the carpet industry, and used plastic bottles can be recycled in felt backings for our carpets.

A very large proportion of the Group's carpets therefore contain regenerated plastic waste. This is good for marine life, while also reducing CO<sub>2</sub> emissions from the production process, since it is less energy-intensive to process plastic waste than virgin materials. This year, we used a total of 3,037.5 tonnes of plastic waste in our carpets. This is helping to alleviate the problem of plastic in the world's oceans.

## **Sustainable Development Goal no. 7: Affordable and Clean Energy**

In contrast to the two other Sustainable Development Goals, this goal cannot be linked directly to our core activity. We have nonetheless chosen this goal because we consider it so important that we have worked with this area on a dedicated basis for a number of years.

Many years ago, we entered into a Climate Partnership with Ørsted and decided to invest in renewable energy to cover our electricity consumption. Every year, we buy GO certificates from offshore wind turbines equivalent to the number of MWH we consumed during the year. We started with Ege Carpets' production sites, but now all Danish facilities in the Group have been rolled into the agreement, while the foreign facilities purchase green energy by other means. We have also started phasing in biogas, to replace natural gas. The goal is, as far as possible, to end up with 100% renewable energy throughout the Group.

We give clear priority to working with the UN Sustainable Development Goals. We have decided specifically that whenever we face a choice, we must choose the solution that best supports one of the three aforementioned Sustainable Development Goals, if this is economically viable. This often makes the decision easy.



**100% renewable energy**

All of our production units are investing in renewable energy to cover their electricity consumption.

**49 tonnes of cardboard cones recycled**

Yarn is delivered on cardboard cones. The cardboard cones from all of the Group's Danish production sites are sent for recycling or returned to the supplier.

**81% recycled cardboard in tile boxes**

Carpet tiles are packed in cardboard boxes containing 81% recycled cardboard. This year we used 47 tonnes of cardboard boxes in total.

**17.8 million used plastic bottles in tile backing**

Ecotrust is our own patented felt backing, consisting of 100% recycled plastic bottles. All carpet tiles are supplied with the Ecotrust backing. This year, we used 889 tonnes of Ecotrust backing.

**220 tonnes of used polyester in white felt backing**

On some of the carpets, Hammer Carpets uses a white felt backing, which consists of 80% regenerated polyester fibre.

**4,573 pallets for recycling**

Ege Carpets and Hammer Carpets sell used disposable pallets to companies which ensure that the pallets are recycled. Pallets that are not suitable for recycling are chipped and incinerated.

**485,000 labels on Oekotex fabric**

All carpets from Ege Carpets are delivered with a fabric label on the back, giving details of quality, design and labelling schemes. All labels are Oekotex certified.

**88% of residual dye constantly recirculated**

At Ege Carpets in Herning, dyes are recirculated in the dyeing plant. This year, we recirculated 1.4 tonnes of pure dye and 6.3 tonnes of chemicals in this way.

**15,452 m<sup>3</sup> recirculated water**

At Ege Carpets' production facilities, we clean and reuse the water from selected production processes.

**79 tonnes of carpet offcuts reused**

Ege Carpets sends carpet offcuts from production to France, where they are reused as a substrate in equestrian tracks. This year we dispatched 78,992 kg of offcuts.

**1,729.5 tonnes of yarn created from used fishing nets**

A large proportion of the Group's products are made from ECONYL<sup>®</sup> yarn that consists of regenerated fishing nets and other industrial nylon waste.

**28% biogas in production**

Ege Carpets is in the process of switching from natural gas to biogas at the production facilities. This year, 8,248 m<sup>3</sup> was purchased.

**44 tonnes of residual yarn recycled**

Ege Carpets collects and returns residual yarn from all of the Group's Danish production sites and sends the yarn back to the supplier for recycling.

**90% recycled material in carpet base**

When carpets are produced, the yarn is tufted down into a carpet base. Two types of carpet base from Ege Carpets consist of 90% recycled industrial waste. This year, we used 269 tonnes of recycled carpet base.

**1,103 tonnes of thickener recycled**

The water from the washing process in the dyeing plant at Ege Carpets in Herning is cleaned every year, when we extract thickener from the water and recycle it.

**100% recycled plastic in carpet tubes**

The Danish brands only use carpet tubes made from 100% recycled plastic. This year we purchased 718 km of carpet tubes.

**1,877 MWh of heat is recirculated**

Ege Carpets collects the surplus heat from the Danish production sites and sends it out into the district heating system. This is equivalent to heating 122 houses.

**15.5 tonnes of shredded yarn waste recycled**

Every year, we send yarn waste from the Litspin yarn factory to Belgium, where it is recycled 100%.

**58 tonnes of plastic packaging is recycled**

Raw materials are delivered on pallets wrapped in plastic foil. All of the plastic foil is collected and sold to a Danish packaging manufacturer, for recycling as new plastic packaging.

**100% Cradle to Cradle certified**

All contract carpets from Ege Carpets are Cradle to Cradle certified. We are the only carpet manufacturer in the world with a 100% Cradle to Cradle certified range.

**80% recycled cardboard in carpet tubes**

Carpet Concept uses cardboard carpet tubes. 80% of the cardboard is recycled cardboard. Carpet Concept used around 10 km of carpet tubes this year.

# STATUS OF 2020 GOALS

**We continuously set new goals within sustainability and social responsibility, and a number of these had 2020 as the deadline. Now, we are assessing our status and drawing a line in the sand. We did not achieve every one of our goals, but we came a long way in every area.**

## **100% RENEWABLE ENERGY**

It has been several years since we achieved the goal of 100% renewable electrical energy at the Danish production sites, through investment in GO certificates from offshore wind turbines. At the foreign production sites, we purchase renewable energy from different sources. In Lithuania, we are already 100% covered when it comes to green energy, and in Germany we expect to achieve this during 2020.

## **CRADLE TO CRADLE FOR ALL CARPETS FROM EGE CARPETS**

During the last five years, Ege Carpets achieved Cradle to Cradle certification of all of its contract carpets at Bronze level. No other carpet manufacturer has matched this achievement. The goal now is to achieve Platinum level for all carpets by 2030.

## **ZERO ACCIDENTS LEADING TO ABSENCE**

Despite determined efforts to bring the number of accidents leading to absence down to zero, this has not been achieved. We have had considerable focus on safety, training, risk assessments and safety walks, etc., but the number of accidents is unchanged. Going forward, we are therefore introducing more restrictions and greater focus on mindset. The goal is still zero accidents leading to absence, but without any new deadline being set.

## **70% MORE APPRENTICES AND TRAINEES**

Great efforts have been made to recruit new trainees and apprentices very year, but we have to face the fact that there is a natural limit to how many positions at the required professional level we can realistically establish. It was not possible to achieve the goal. Going forward, we have set a new Group goal of a minimum of 14 trainees/apprentices at a time. This corresponds to 40% more apprentices/trainees compared to the original number.

## **IMPLEMENT THE UN GUIDING PRINCIPLES**

Through the Group's supplier management system and Code of Conduct, we impose strict requirements on all of our suppliers. One of the requirements is for the supplier to implement the UN Guiding Principles and to ensure, through due diligence<sup>2</sup> processes in their value chain, that the entire chain meets our requirements. We have now achieved the acceptance of 98% of our suppliers, so that we consider the goal to have been achieved.

## **50% REDUCTION OF CO<sub>2</sub> EMISSIONS**

Last year, we already achieved the goal of a 53% CO<sub>2</sub> reduction compared to 2007. This year, we achieved a 67% reduction compared to 2007. We are now setting a new Group target to reduce CO<sub>2</sub> emissions by 100% in 2030, and thus becoming carbon neutral.

## **REUSE AND RECYCLING OF USED CARPETS**

It proved to be impossible to achieve the goal for recycling of used carpets before 2020. There are no systems for the collection of carpet waste and furthermore, the structure of the carpets impedes recycling. European carpet manufacturers work with, among others, the European Carpet and Rug Association (ECRA) and suppliers to find solutions. We also work with DTU (the Technical University of Denmark) and carpet organisations in both the USA and the UK on possible solutions for existing products on the market, and we work with educational institutions to develop new carpet structures that are suitable for recycling. We expect both elements to have been developed by 2030 at the latest.

<sup>2</sup> Read more about due diligence on page 49



# EGE GROUP – RESULTS

**Despite the tough start to 2020 suffered by the entire world, due to the Coronavirus crisis, the ege Group remains a strong Group. We work to achieve our goals based on a vision of global leadership within innovative and sustainable flooring solutions.**

The four brands in the Group have considerable freedom to choose their own path within their sustainability work, while the ege Group sets the overall framework. This includes, among other things, a common CSR policy, joint supply chain management and a shared climate focus.

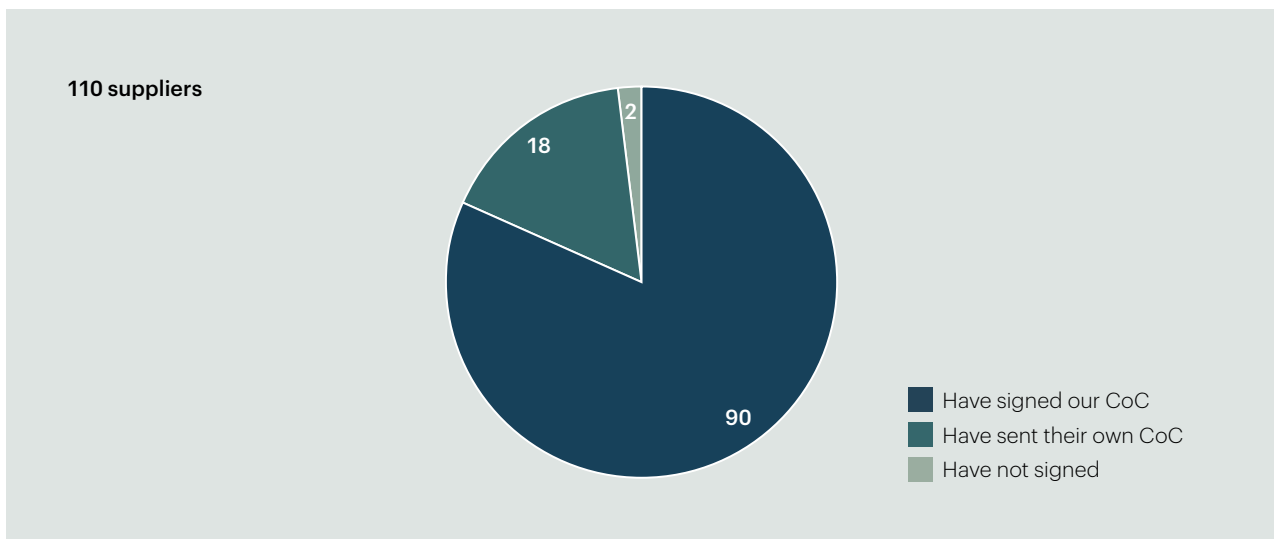
### **CSR policy sets the game rules for everyone**

The basic premise of the ege Group's CSR policy is that we comply with all legislation, as well as the international conventions to which we are subject, including the European Convention on Human Rights and the Rio Declaration on Environment and Development. With the policy, we also wish to contribute to achieving the UN Sustainable Development Goals and the UN Global Compact, which we actively support. All employees worldwide have been presented with the CSR policy, to ensure that everyone in the Group is familiar with the game rules.

### **Strict supply chain management according to the UN Guiding Principles**

Supply chain management is particularly important when it comes to sustainability, because by far the largest share of environmental impacts in the value chain occurs before the raw materials arrive at our production sites. The same applies to risks associated with human rights and corruption. We have therefore implemented a strict supply chain management system for the Group, which is based on the UN Guiding Principles.

The system requires all suppliers to sign a comprehensive Code of Conduct (CoC) that, among other things, requires them to focus on human rights, good working conditions, sustainability, reuse and recycling, CO<sub>2</sub> reductions, the circular economy, animal welfare



and anti-corruption. We also require suppliers to comply with national and international legislation and international conventions, including the European Convention on Human Rights, the Rio Declaration on Environment and Development, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Suppliers are also encouraged to contribute actively to achieving the UN Sustainable Development Goals and to endorse the UN Global Compact. The Code of Conduct sets the specific requirement that in his own value chain the supplier must set the same requirements as stipulated in our own Code of Conduct. Besides signing our Code of Conduct, suppliers must complete a comprehensive self-assessment, giving us a good basis for the risk assessment of each supplier.

We have now come so far in the process that we consider the supply chain management system to be fully implemented. 110 suppliers have been asked to sign the Code of Conduct, and 90 of them have signed. 18 have not signed, but have instead sent their own Code of Conduct, which we have approved. Two still remain to sign the Code of Conduct. This corresponds to acceptance by 98% of the suppliers.

### **Climate action continues**

Last year, we already achieved our ambitious 2020 climate goal by reducing CO<sub>2</sub> emissions by 53% compared to 2007. We are therefore now wiping the slate clean and setting an ambitious new goal.

From 2020 to 2030, ege Group will reduce CO<sub>2</sub> emissions by 100% through investment in renewable energy and energy saving projects in all brands, as well as in new technology and biogas in selected brands. That will make us carbon neutral. We also expect a significant CO<sub>2</sub> reduction related to freight transport of carpets out to customers.

We look forward to starting the work of further reducing our CO<sub>2</sub> emissions, as this is an important issue for us. We are therefore pleased that the Danish government has also raised its ambitions in this area. In 2019, the Danish government set up 13 climate partnerships to focus on reducing Denmark's CO<sub>2</sub> emissions by 70% up to 2030. We are proud that John Vestergaard, CEO of ege Group, was invited to be vice-chairman of the Climate Partnership for production companies. The Climate Partnership gives us the opportunity to contribute to setting the overall agenda for production companies, where we will focus in particular on ensuring that high ambitions are set, and provides for small and medium-sized enterprises to also be consulted and included in future solutions.

### **Sustainability strategy in Ege Carpets affects the rest of the ege Group**

In 2019, Ege Carpets was one of four brands in the Group to adopt a new sustainability strategy that applies from 2020 to 2030. The overall strategy is to produce sustainable carpets by converting waste into resources in closed-loops, while staying CO<sub>2</sub> positive.

Even though the sustainability strategy is solely developed by Ege Carpets, the strategy affects the entire ege Group, since procurement, supply chain management and product development are to a great extent managed centrally within the Group, based on the new goals from the sustainability strategy. Going forward, the strategy will thus have a positive impact on the development of the entire Group, which is something that we welcome. Read more about the goals on pages 18 to 20.

# SHORT EXCERPTS FROM THE EGE GROUP'S CSR POLICY

## Human rights

We will respect and support international human rights, whether they be civil, political, economic, social or cultural rights.

## Discrimination

We are opposed to differential treatment and discrimination, and will ensure that our employees and partners have equal opportunities.

## Diversity

We will promote diversity in the workplace and work to increase the number of women in managerial positions. We will recognise each other's differences and qualifications.

## Equal opportunities

We will ensure that our employees can use their skills in the best possible way, regardless of gender, ethnicity, religion, political views, age, disability, sexual orientation, etc.

## Coercion and harassment

No form of corporal punishment, mental and physical coercion or harassment is permitted within the ege Group. Bullying will not be tolerated.

## Child labour

Child labour is prohibited. The minimum age of employment may not be lower than 15 years.

## Employment conditions

We will ensure good employment conditions for our employees, and in countries where collective agreements are customary, we will ensure compliance with such agreements as a minimum.

## Working environment

We will ensure a healthy and positive working environment for our employees and constantly seek to improve working conditions. We will work for inclusion and health-promoting activities.

## Environmental impacts

Through determined action and by setting environmental objectives, we will work to prevent and reduce our environmental impacts.

## Reuse and recycling

We will work to increase reuse and recycling, as well as to reduce waste.

## CO<sub>2</sub> emissions

We will reduce the company's CO<sub>2</sub> emissions and thereby reduce our climate impact.

## Anti-corruption

We have zero tolerance for corruption and bribery in the ege Group, and corruption and bribery cannot be graduated.

## Supporting local communities

We will become involved in the local communities where our products are manufactured and where we have subsidiaries.

## Sustainable consumption

We will promote sustainable consumption through supply chain management, labelling schemes and certifications, as well as through product information and product declarations.



# WALK THE TALK: EGE GROUP GOAL

Carbon neutral by 2030, e.g. through investment in renewable energy, biogas, energy saving projects and new technology.

The aim is that by 2022, the ratio of female managers must reflect the general gender breakdown for employees.

Across ege Group and the four brands, at least 14 trainees/ apprentices must be employed.

Towards 2022, all brands in the Group must work to increase reuse and recycling.

Towards 2022, all brands in the Group must work to minimise the waste of surplus materials.

Towards 2022, all brands in the Group must investigate opportunities within renewable energy, in order to achieve investment in relevant projects.

Towards 2022, all brands in the Group must work to phase out chemicals and hazardous materials, wherever possible.

Towards 2022, all brands in the Group must work to reduce the number of accidents and injuries by adopting better safety practices.

Towards 2022, all brands in the Group must launch initiatives for a better physical and psychosocial working environment.



# EGE CARPETS – RESULTS

**We are incredibly proud of the new sustainability strategy adopted by Ege Carpets, in which we pledge that our objective is to design beautiful carpets for a sustainable future.**

This way of thinking is nothing new for us. We have actually focused on environmental work for more than 20 years, since we achieved environmental certification in 1996. Every year since then, we have worked with environmental policies and ambitious objectives, in order to improve our efforts. The new aspect for us is to take the step of regarding sustainability as a fundamental objective for our core business. In view of this watershed development, in this year's report we have a strong focus on the content of the new sustainability strategy, which runs from 2020 to 2030.

The strategy is based on the three Sustainable Development Goals with which we are working, and sets out four overall objectives:

- Sustainable carpets
- Turning waste into resources
- Closed loops
- Carbon positive

Our aim to contribute actively to a sustainable future through our core business, which is carpets, makes the goals the most ambitious we have ever set. Our view is that it is not sufficient to set out objectives to stop the negative development. Instead, we will set objectives that contribute positively to global development.



### Sustainable carpets

For us, sustainable carpets are carpets that live up to the Cradle to Cradle vision. Ege Carpets has already achieved the 2020 goal, with certification of all contract carpets at Bronze level, and the goal is to achieve Gold by 2025, and Platinum – the top level – by 2030. Currently, only one product in the world is certified at Platinum level.

We are also increasing the proportion of recycled materials in the carpets. The greenest carpets from Ege Carpets are currently made with a felt backing consisting 100% of used plastic bottles, and with ECONYL® yarn originating from regenerated fishing nets and other industrial nylon waste. Nonetheless, these carpets consist of only around 46% recycled material. The rest are virgin materials, which we need to replace, so that an even larger proportion of recycled materials is used. The goal is to achieve 75% recycled materials in 2030.

2020 goal	2025 goal	2030 goal
All our contract market carpets are Cradle to Cradle Certified™	All our contract market carpets are Cradle to Cradle Gold Certified™	All our contract market carpets are Cradle to Cradle Platinum Certified™
Map current volume of recycled raw materials and possibilities	In average 50% of all raw materials are recycled*	In average 75% of all raw materials are recycled*

\*Based on raw materials across carpet types.

### Turning waste into resources

When we can use regenerated materials in our carpets, we are transforming waste into resources, and thereby keeping valuable materials in circulation. Currently, 32% of Ege Carpets’ carpets are made from ECONYL® yarn, which is a recycled material. The yarn is also a renewable material in woollen carpets. By 2030, the goal is for all carpets from Ege Carpets to be produced with yarn made from recycled or renewable materials.

We also have focus on our own waste. We are already skilled at sorting waste at all our production sites, but we need to become even better at ensuring that all the waste can be recovered. We start up gently by focusing on food waste in the canteen, and will then gradually address other areas where there are waste fragments that are not sent for recycling or reuse. The aim is for all of our waste to be reused, recycled or composted by 2030. However, this also requires that technologies for the recycling of all types of waste are developed before 2030. This is not yet in place.

2020 goal	2025 goal	2030 goal
50% of all our carpets are produced with yarn from recycled or renewable materials	75% of all our carpets are produced with yarn from recycled or renewable materials	All our carpets are produced with yarn from recycled or renewable materials
All internal waste is sorted accordingly	All production waste is reused, recycled or composted*	All waste is reused, recycled or composted*

\*If appropriate technologies exist.

### Closed loops

This leads us to the goal of closed loops, whereby all materials can continue to circulate without ever becoming waste. In this respect, the biggest issue in our industry is definitely carpet waste. Today, carpets are incinerated after use. In some countries they are even deposited as landfill, which is a very poor solution. Instead, opportunities must be created for used carpets to be recycled. To make

this possible, facilities must be established all over the world where used carpets can be delivered and shredded for recirculation as new raw materials. When this is possible, the used carpets will gain real value because the components can be reused, so that the carpets owners can earn money by returning them for recycling.

This also requires that we are able to develop carpets that actually have a value after use, because the carpet's components can be separated and used again. This is not the case today. Carpets are highly complex products with more than 200 constituent substances that are glued well and thoroughly together. In the future, we need to develop carpets with component substances that are easy to recover, so that the components can be reused, recycled or composted.

We are dedicated to solving the challenge of developing carpets that can be separated into different components after use, and to do so before 2030. On the other hand, we do not have the opportunity ourselves to establish facilities to ensure the recycling of used carpets, since we do not have expertise in this area. But we do cooperate with partners who would like to achieve a solution to this. We can also see how the EU is beginning to make recommendations for carpet waste to be recycled in the future, and we expect that coming new legislation will speed up the establishment of such recycling facilities.

2020 goal	2025 goal	2030 goal
We offer customer guidance on responsible disposal of used carpets	There is a give-back system as standard on at least five of our primary markets achieved through establishment of recycling facilities and partnerships	A sellback system for used carpets is established
We have developed a recyclable carpet (mono-product)	100% recycling and reuse of all components in a carpet from Ege Carpets	All carpets from Ege Carpets are recyclable, reusable or compostable

### Carbon positive

The final goal concerns becoming carbon positive. Here, we are already well on the way with 100% renewable energy, which concerns our electricity consumption and the ongoing phasing-in of biogas as a substitute for natural gas. This will ensure us carbon neutrality when the phasing-in is completed. In order to become carbon positive, we then just need to invest in a form of technology that can produce energy. We see no problem in achieving this goal by 2030.

On the other hand, we are challenged by the climate impact of transporting carpets out to customers. The carpets are primarily manufactured in Denmark, but are sold globally, resulting in increasing CO<sub>2</sub> emissions from transport, in line with our business growth. Our goal is carbon neutral transport by 2030, but in this respect we depend on the development of new technology. Meanwhile, we are tightening our supplier requirement concerning carbon neutral solutions and are working to change our customers' mindset in terms of the expectation that everything is delivered as soon as possible, since longer delivery times make it possible to reduce the climate impact.

2020 goal	2025 goal	2030 goal
We phase-in biogas	100% green electricity and biogas in production facilities	We are net positive producer of green energy
We map emissions and begin to phase-in carbon neutral company cars and vans	Carbon neutral road transport* We purchase and lease only carbon neutral company cars and vans	All our transport (road, rail, sea and air) is carbon neutral*

\* Transport from Ege Carpets to customers.

There is no doubt that the new sustainability strategy sets us a very big task, but we are not afraid of ambitious goals. In our experience, we can achieve far more by choosing to be so ambitious, and the world needs all of us to move in a more sustainable direction.

We look forward to the results created by the strategy. It is important to emphasise, however, that we continue to face many challenges in our work. We have embarked on a journey that will never end, because the final destination is constantly shifting, as the global situation changes. There is no doubt that there are easier paths to take, but long ago we made the choice that we want something different, which is to make a positive difference in the world through our carpets. On the following pages we present the result for the year under each goal.

## Sustainable carpets – Results

The goal concerning sustainable carpets to a great extent concerns the constituent substances in the carpets, but also the company's general sustainability performance; how we work with sustainability in the supply chain, raw materials and processes, and in the strategy.



### 100% Cradle to Cradle certified

On 1 January 2020, we achieved the first major milestone on the road to sustainable carpets. In just five months, we succeeded in having all of our carpet series for the contract market assessed and approved at Bronze level under Cradle to Cradle's extensive product standard. This makes us the first carpet manufacturer in the world with a 100% Cradle to Cradle certified range, and there are only three other companies worldwide that hold more Cradle to Cradle certificates than we do.

Cradle to Cradle is one of the most difficult product certifications to achieve. The aim of Cradle to Cradle is for product manufacturing to have a positive, rather than a negative, impact on our planet. This imposes strict requirements concerning the raw materials, the manufacturer, the suppliers and the processes used during manufacture, use and disposal.

The full certification of the entire range has made Cradle to Cradle the standard at Ege Carpets. This is not an extra option for the customer to take or pay for, so that in this way we are ensuring that the customer always gets a sustainable carpet. Instead, the customer can concentrate on opting for the right design and quality. Our next Cradle to Cradle milestone is to achieve Gold level for all carpets by 2025.

### Awards for sustainability

This year, we have been privileged to win two awards for our sustainability work. In 2019, we received the Circularity City Product Award from EIT Climate-KIC, in collaboration with a number of organisations that focus on sustainability and innovation. The award was given to the most sustainable product in the construction industry, which was our ReForm Memory Ecotrust carpet tile. The carpet tile is made from regenerated yarn from used fishing nets and other industrial waste, and the backing is made from used plastic bottles. The jury was particularly impressed with the circular approach to resources in the tile's production and after-use phase. They were also impressed that since 2007 we have reduced our CO<sub>2</sub> emissions by 53%.

In 2020, we received another award, which was at least just as great an honour: the Sustainability Leadership Award for Small to Medium Enterprises from EcoVadis. EcoVadis is a worldwide rating agency that specialises in assessing companies according to their social responsibility work. Customers are typically investors and international companies wishing to ensure that their suppliers take a serious approach to working with sustainability and social responsibility. The assessment is based on a comprehensive documentation process that gives the rating a very high degree of credibility. EcoVadis has assessed more than 65,000 companies. We are at

the top of the league with a Gold score and a “99% percentile” ranking, which means that Ege Carpets' score is higher than 99% of all the companies assessed by EcoVadis.

### **Optimised production processes**

We have a large production apparatus and work constantly, year by year, to optimise the production processes in order to reduce our consumption of energy, materials, resources, time and money.

Before the production of a carpet is started up, one or more samples are always sent to the customer, who approves the pattern and colours. During the past year, we introduced smaller sample sizes. The large samples, so far measuring 100x100 cm, have been halved to 50x100 cm, while the smaller samples have also been reduced. The new sizes entail several advantages. In many cases, we can halve the consumption of materials, and in other cases there is now space to insert two different colour positions on the same 100x100 cm sample, thereby saving a number of sample consignments. This helps reduce the CO<sub>2</sub> emissions related to the transport of samples. Overall, the reduced weight of the sample sizes and fewer consignments has reduced CO<sub>2</sub> emissions from sample consignments by 15%.

When we plan the production of a carpet, a little extra is always added for safety's sake. On an annual basis, this results in a large amount of waste, which we would like to avoid. We are therefore engaged in optimising the planning process, to ensure that as little surplus material as possible is produced. It is important, however, that enough carpet is still produced for the laboratory to be able to carry out the necessary tests. We need to strike the right balance to find precisely the right size and we have not completed this project yet.

Most carpets from Ege Carpets are produced as natural-white tufted carpets, and then dyed in a large dyeing plant that injects dye into the carpet's pile. This offers unique opportunities for freedom of design, as the 40,000 individually controlled nozzles in the high-precision dyeing system can dye any pattern that is required. A number of customers require plain-coloured carpets, however, and previously some of these carpets were run twice through the dyeing plant, to ensure thorough dyeing. Thanks to a combination of better recipes, better dyes and better technology, we now only need one dyeing run of most of our carpets that were previously dyed twice. These carpets, which now only need to be dyed once, account for 24% of the total production at our factory in Gram. We still use the same amount of dye, but have halved energy consumption and reduced water consumption in the dyeing process, while releasing working hours that can be spent on other processes. In 2019/2020, we saved 1,373 MWH of electricity and 2,720 m<sup>3</sup> of water by using one single dyeing run.

### **Turning waste into resources – Results**

The goal of turning waste into resources ensures that valuable materials are kept in circulation, while - in many cases - profiting from this business. A key aspect is that money can be earned from selling waste, rather than paying for its disposal.

#### **Surplus yarn and cardboard cones are recycled**

Every loom used to make our carpets is fed with yarn from between 850 and 1,980 yarn cones. Since the length of the yarn on an individual cone may vary a little, the cones are never run completely empty. Previously, the almost empty yarn cones were sent for incineration, but in 2018 we established a unique production line in Gram, staffed by employees who are engaged on special terms, due to their reduced working capacity. Their task is to unwind the residual yarn, which we sell back to the supplier or send for recycling in other ways. This year, for the first time, we ran at full capacity on the line throughout the year, resulting in the recycling of 44 tonnes of yarn. The empty yarn cones, made from cardboard, are sold for recirculation as recycled cardboard, paper and egg trays. In this way, we ensured the recycling of 49 tonnes of cardboard cones this year.



#### **Mixed residue becomes insulation**

Carpet production generates a lot of mixed residue in the form of fluff and scraps of yarn, fibres and ground tissue. Instead of sending this residue for incineration, we sell it to a company in Belgium that specialises in recycling this type of residue for incorporation into new materials, e.g. in the furniture industry and as insulation material in the automotive industry. In 2019/2020, we sold 24,286 kg of mixed residue for recycling.

#### **Carpet offcuts used in equestrian tracks**

To ensure that all carpets have a completely straight and clean-cut edge, they are produced with 7 cm of surplus material on each side, which is trimmed off in the final stage of the production process. This gives the customer a fine, uniform carpet. On an annual basis, this results in around 300 tonnes of carpet offcuts that were previously sent for incineration. Last year, however, we partnered with a company in France, so that our carpet offcuts now end up as Fibretrack substrate for equestrian surfaces. The offcuts are processed and mixed in the sand for the equestrian surfaces, which extends the substrate's lifetime and turns the offcuts into a product that is put to good use. The offcuts comprise around 2% of the substrate and replace wax treatment of the sand.

In 2019/2020 we sold 78,992 kg of offcuts for recycling in equestrian tracks. An outdoor equestrian track typically has a lifetime of 20 years if the material is continuously replaced and supplemented. The material that is removed, which consists of sand and carpet offcuts, is subsequently reused for roads or smaller riding tracks. The removed material is not deposited in landfills.

#### **Heated water is used for cleaning**

For many years we have collected, cleaned and reused a large proportion of the water from the dyeing plant at our production sites in Herning and Gram. A new aspect is that we have now also begun to collect hot water at a temperature of 40°C from the backing line in Gram and used it for cleaning of the dyeing plant. On a daily basis, we use around 4 m<sup>3</sup> of the heated water in the cleaning process. This gives annual savings of 864 m<sup>3</sup> of water for the cleaning process, and we also save energy because we no longer have to heat the water.

We generally have the ambitious objectives to recirculate 70% of the water in the washing process at the dyeing plant in Herning, and 50% of the water in the dyeing plant in Gram. In the last few years we have fallen below the expected level in Herning, which was also the case this year, when we only recirculated 47% of the water<sup>3</sup>. The explanation is that we have run a number of trials to ensure that we can make optimum use of the water in the long run, and these trials have required higher consumption of water. Since the total water consumption in the dyeing plant has been higher than normal, the percentage share of recirculated water has decreased. In Gram, we recirculated 40% of the water this year, which is slightly less than last year. One reason is that the purification plant was out of operation for a period of time.

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<sup>3</sup> Since the meter was out of service for five months, the figure is an estimate based on the average consumption during the other months.

### **Leftover food used to produce biogas**

The canteen at Ege Carpets in Herning offers both cold and hot dishes to employees every day. Despite considerable efforts to reuse leftover food, many kilos of food waste are thrown out every month. We have therefore now partnered with DAKA ReFood to collect food waste, which they use to produce biofuel. During 2020, we will also launch an information campaign and provide better sorting options when meals are served, in order to focus on encouraging employees to avoid food waste. Since the start of the cooperation with DAKA ReFood in January 2020, we have sent 356 kg of leftover food for recovery as biofuel. In practice, this results in a CO<sub>2</sub> reduction of 254 kg.

### **Closed loops – Results**

The goal concerning closed loops is closely related to the goal of sustainable carpets and turning waste into resources. Yet the overriding issue concerning closed loops is how to ensure the recycling of the many millions of used carpets worldwide that are discarded every year.

#### **From carpet waste to usable materials**

We will persist in our efforts to find solutions for the recycling of used carpets. In the last few years, we have openly described the challenges in establishing a well-functioning take-back system, because there are no coordinated collection options for used carpets and also because there are no waste treatment facilities that can handle carpet waste for recycling.

We can now see that accounts of solutions that work at the local level are beginning to emerge in a few countries, with companies that are successfully processing a certain type of carpet waste. This is good news, even though there is still a long way to go before shared solutions can be found at European or global level.

We are taking three different approaches to this task. First of all, we are participating in more and more groups and networks, both in Denmark and internationally, in order to find solutions. We are also exploring local opportunities, including meetings with the municipality to promote the collection of waste carpets. We are a member of the European Carpet and Rug Association (ECRA), and ege Group's CCO, Svend Aage Færch Nielsen, is vice-chairman of the board. Here, we are working at the highest level to introduce common requirements for the recycling of carpets in Europe.

We have also embarked on a project with the Danish Technological Institute and Convert entitled "Carpet-Zero Waste – upcycling and recycling of used carpets via take-back schemes". The project is part of the Danish Environmental Technology Development and Demonstration Programme (MUDP), from which it receives funding. MUDP is a programme that helps Danish companies develop innovative technological solutions to societal problems. The aim of the project is to apply research and development to the utilisation of waste fractions from carpet production for sustainable new products.

Finally, we are working on the development of a completely new carpet structure, which will make it easier in the future to separate the various materials in used carpets for recycling. In this area, we are working from several different angles that seem promising, although this is still on a trial basis.

### **Carbon positive – Results**

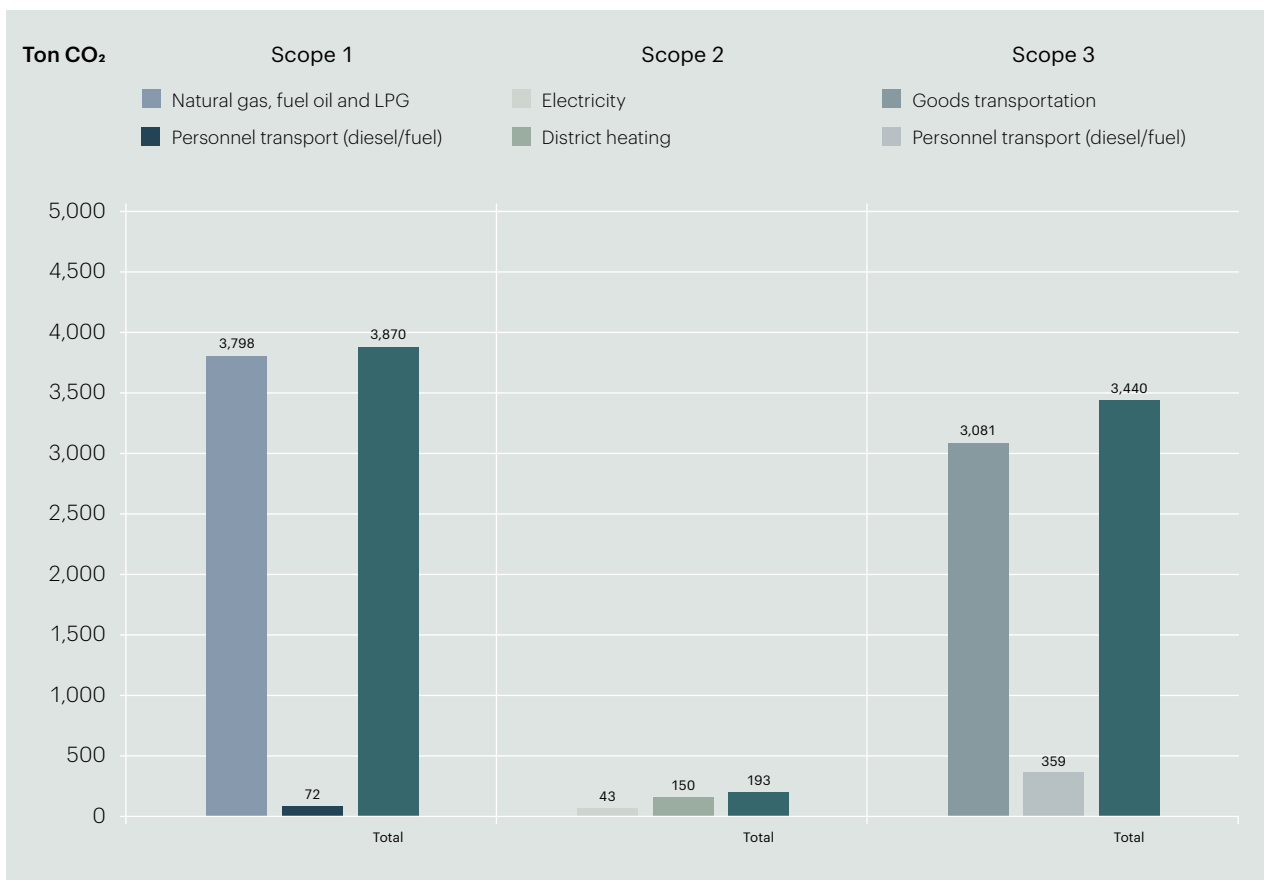
At Group level, ege Group has the goal of being carbon neutral in 2030, while in Ege Carpets we have set the bar even higher, with the goal of being carbon positive.

#### **Greenhouse gas accounts for Ege Carpets**

At Group level, we have published greenhouse gas accounts every year since 2010. Going forward, Ege Carpets will also publish separate greenhouse gas accounts which solely present CO<sub>2</sub> data concerning Ege Carpets' activities. Since the goal is to become carbon positive, no base year for comparison is established in these greenhouse gas accounts. The goal is solely to continuously reduce our emissions until we are below 0 in Scope 1 and 2, and until we reach 0 in Scope 3.

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<sup>4</sup> See Annex 2 for further details of the greenhouse gas accounts.



### Carbon neutral transport

While we aim to become carbon positive in Scope 1 and 2, the goal in Scope 3 is to become carbon neutral. This is because Scope 3 concerns the transport of carpets out to customers. The freight transport of carpets is outsourced to external haulage contractors, freight and shipping companies, so that we do not have full control of the conversion process. As from 2020, it is a requirement in our supplier Code of Conduct that haulage contractors must, as a minimum, use EURO-6 classified<sup>5</sup> lorries. We have also added requirements concerning CO<sub>2</sub> emissions in tender documents for the various carriers.

In order to involve customers in the achievement of this goal, we have also introduced the opportunity to choose a greener transport solution by accepting a slightly longer delivery time for the carpets. Longer delivery times will help optimise logistics planning, and it will, for example, be possible to deliver some carpets by lorry that might otherwise have been consigned by air freight in order to be delivered within the deadline. Just one or two days' additional delivery time also makes it possible to include more carpets in each consignment, and plan a better route, covering fewer kilometres, and with lower fuel consumption. It will be exciting to see how customers respond to this new opportunity.

### Social measures – Results

Even though sustainability is the overriding theme of our work, we also have a very strong focus on the other aspects of social responsibility. Safety, the working environment, well-being, charitable work and knowledge sharing are part and parcel of our everyday work, for the benefit of our employees and the local community.

#### ege Go2Work

Since November 2018, ege in Gram has run a unique collaboration project with Haderslev Municipality and Beskyttet Beskæftigelse

<sup>5</sup> Lorries are type-approved according to a Euronorm on a scale of 1-6, where 6 is the best, with a lower environmental impact.





(Sheltered Employment) Diagergård on a special production line we call ege Go2Work. Only employees with special needs are engaged for this work. Some of them are Diagergård residents with mental health challenges, impaired functional abilities or social issues. Others are participants in a skills clarification programme via the Job Centre in Haderslev Municipality. They include people who have a stress-related affliction or have suffered an occupational injury.

The production line activity is to unwind residual yarn from almost empty yarn cones and send both yarn and cones for recycling. The yarn cones are collected from all of the Group's Danish production sites. The production line has a simple set-up with only a few machines and with manual workstations. This facilitates a varied working day and enables employees to choose the type of work they would like to perform. Some of them prefer a shielded workstation where they can manually remove the residual yarn from the cardboard cones, while others can handle cooperation on operating a machine that unwinds the yarn.

In 2019/2020, 14 employees were employed at ege Go2Work. Of these, two employees have moved on to jobs on ordinary terms, while one employee has been approved for a job on flexible terms. Currently, there are five employees engaged in this work. A new aspect is that we have begun to give local associations, such as the local scouts, the opportunity to earn money for the association by working at ege Go2Work during weekends.

#### **Top-notch emergency measures**

We have held working environment certification since 2006, and therefore have a well-developed emergency management system, with safety ambassadors in all production departments, a large team of trained first responders and employees who are trained in fire prevention measures. There are defibrillators at our production sites and safety is the first item on the agenda at all production meetings. This year, this emergency measure proved its worth when an employee fell ill and collapsed with cardiac arrest. Our skilled first responders saved the employee's life by using the defibrillator and CPR; while expertly directing the ambulance on the route from the main road and into the heart of our building. There are no words to describe the fantastic efforts made that day to save a colleague's life.



### **Continue strong focus on safety**

Even with a well-functioning emergency management system, every year we unfortunately still see occupational accidents that could have been avoided. The primary cause of occupational accidents is that we are too busy, or forget to take care and follow the safety rules. It has therefore now been decided to draw up a set of guidelines with specific restrictions in the event of breaches of the safety rules. The intention is to increase transparency and emphasise the importance of compliance with the safety rules. An occupational injury or accident can have long-term consequences for the employee concerned, and for the company, so that it is in everyone's interest to avoid occupational accidents. To prevent accidents, we have also implemented stricter rules concerning safety shoes in production, workwear with visible luminous markings, and rules requiring visitors to production halls to wear hi-viz jackets.

### **Break exercise programme using elastic resistance bands**

We have many different health programmes for our employees, ranging from health insurance and dental insurance to access to inexpensive physiotherapy and chiropody. A new initiative this year is the opportunity for an online break exercise programme using elastic resistance bands, during working hours. Employees with access to a computer receive a daily email reminder to take a break in order to take a physical exercise programme. Clicking on a link in the email opens a short programme designed to stretch the various large muscle groups. Production teams who do not have access to a computer can instead get inspiration from a series of posters which display images and descriptions of the various exercises. 50 employees have signed up for the daily email scheme.



### **Inspiration at all levels**

Society at large is taking a lot of interest in our work on the circular economy, UN Sustainable Development Goals, climate change and sustainability. During the year we were invited to share our experience with many different people, ranging from the top political level to municipal politicians, business leaders, network groups and students in many types of higher education. Among other things, we had the honour of being invited to take part in a panel discussion on climate change for the C40 Mayor Summit in Copenhagen and had the pleasure of evaluating a business class group exam on the Sustainable Development Goals.

We also experience how more and more executive directors and municipalities are contacting us to learn from our experience, before their own organisations embark on a green transformation process or begin to work on the Sustainable Development Goals. It is wonderful to witness the growing interest in issues that are of vital importance to ensuring our common future. We are always pleased to be invited to share our experience, even if attending so many different events can require a lot of work.

# WALK THE TALK: EGE CARPETS' GOALS

By 2030, all contract carpets must be Cradle to Cradle certified at Platinum level.

By 2030, an average of 75% of all raw materials in contract carpets must have been recycled.

By 2030, all contract carpets must be produced with yarn from regenerated or renewable materials.

By 2030, all of our waste must be reused, recycled or composted (if appropriate solutions exist).

By 2030, customers must be able to sell used carpets for recycling.

By 2030, it must be possible to recycle, reuse or compost all contract carpets.

By 2030, we will be carbon positive in Scope 1 and Scope 2 of the greenhouse gas accounts.

By 2030, all transport of carpets out to customers must be carbon neutral.

A focus on safety, in order to ensure zero occupational accidents and injuries leading to absence.

# KEY FIGURES FOR EGE CARPETS



## 100% renewable energy



## Water



## Materials



## Waste

2018/2019				
Per m <sup>2</sup>	1.48 KWH	15.9 ltr.	3.13 kg.	0.31 kg.
Total	9,683,274 KWH	103,733,000 ltr.	20,433 tonnes	2,029 tonnes
2019/2020				
Per m <sup>2</sup>	1.61 KWH	13.7 ltr.	3.19 kg.	0.33 kg.
Total	10,553,951 KWH	89,951,000 ltr.	20,887 tonnes	2,185 tonnes



## Biogas



## Recycled water



## Recycled materials



## Recovery

2018/2019				
Per m <sup>2</sup>	0.82 KWH	2.32 ltr.	0.43 kg.	0.03 kg.
Total	5,390,654 KWH	15,157,000 ltr.	2,800 tonnes	234 tonnes
2019/2020				
Per m <sup>2</sup>	1.26 KWH	2.36 ltr.	0.53 kg.	0.04 kg.
Total	8,247,965 KWH	15,452,000 ltr.	3,492 tonnes	300 tonnes



## Employees\*



## Managers



## Salaried/hourly paid employees

<b>2018/2019</b>	301	159	49	21	254	206
<b>2019/2020</b>	292	158	52	21	262	188

\* Employee figures also include employees in subsidiaries.



## Absence due to illness\*



## Occupational injuries and accidents\*



<b>2018/2019</b>	2.6%	3.3%	10	601 hours lost
<b>2019/2020</b>	2.5%	3.4%	9	1,381 hours lost

\* The figures for absence due to illness do not include long-term absence due to illness exceeding 30 days and do not include figures for subsidiaries.

\* The figures concern notified occupational injuries and the figures do not include figures for subsidiaries.

**NB:** In many cases, Ege Carpets undertakes dyeing and application of backing to carpets and tiles, as well as cutting into tiles, for the other brands in the Group. This is reflected in the consumption figures.



# THE LITSPIN YARN FACTORY – RESULTS

**In 2012, Ege Carpets acquired the UAB Litspin yarn factory in Lithuania. Since then, the yarn factory has been modernised and adapted to our needs, transforming it into a well-functioning production unit that manufactures our high-quality woollen yarns.**

Like our other production units in Herning and Gram, Litspin holds both ISO 9001 quality management certification and ISO 14001 environmental certification. This means that many good initiatives are underway, and on the environmental side we are engaged particularly with renewable energy, recycling and reuse.

## **100% renewable energy**

In line with the Danish production sites, we purchase renewable energy to cover our electricity consumption. The energy comes from a mix of rivers, wind turbines and solar power systems. We are still considering whether to invest in an on-site solar power system in the longer term, since it is not possible to invest in natural gas or biogas in the area. In production, we follow the plan to switch all lighting to LED within a few years. So far, we have replaced 60% of the lighting, which has resulted in a saving of 6.5 MWH.

## **Many initiatives to ensure reuse and recycling**

We are always looking for new ways to recycle and reuse waste and surplus materials. Every year, we send 15.5 tonnes of yarn waste to Belgium, where it is 100% recycled. Metal waste from raw material bales is reused, and plastic and cardboard are also recirculated, while carding waste is sent for incineration at CHP stations. This year we have entered into new cooperation agreements whereby high-quality carding waste is now sold to a local textile company that will recycle it by mixing it with new wool. This year, we sold them 5 tonnes of carding waste. We donate flawed yarns to orphanages for use in their work with the children.

## **Social initiatives increase productivity**

This year we introduced several different employee benefits that contribute to increased job satisfaction and can also augment productivity. Flexible working hours have been introduced in selected departments, enabling employees to exercise a greater degree of personal freedom in the planning of their working days. In production, we have introduced small rewards for good results on a weekly basis for the employees of a department that has performed well. All Litspin employees are also covered by a health insurance scheme that covers healthcare expenses of up to EUR 200 annually, plus 80% of the cost of medical treatment at private clinics.

## WALK THE TALK: LITSPIN GOALS

By 2022, all lighting must be replaced with LED lighting.

As from 2020, all employees will be offered performance appraisal interviews.

The use of higher-quality wool will reduce wool waste by 2-4%.

An employee satisfaction survey will be conducted in 2020.

Continuous support of the local community, culture and education.



# KEY FIGURES FOR LITSPIN



## 100% renewable energy



## Water



## Materials



## Waste

2018/2019				
Per kg. garn	1.94 KWH	1.41 ltr.	1.1 kg.	0.04 kg.
Total	1,717,035 KWH	1,248,000 ltr.	971 tonnes	35 tonnes
2019/2020				
Per kg. garn	2.16 KWH	0.93 ltr.	1.1 kg.	0.04 kg.
Total	1,678,959 KWH	719,000 ltr.	861 tonnes	32.5 tonnes



## Biogas



## Recycled water



## Recycled materials



## Recovery

2018/2019				
Per kg. garn	0 KWH	0 ltr.	0.03 kg.	0.01 kg.
Total	0 KWH	0 ltr.	27.5 tons	16 tons
2019/2020				
Per kg. garn	0 KWH	0 ltr.	0.02 kg.	0.02 kg.
Total	0 KWH	0 ltr.	21.5 tons	20.7 tons



## Employees



## Managers



## Salaried/hourly paid employees

2018/2019	22	28	3	3	6	44
2019/2020	20	30	3	3	4	46



## Absence due to illness\*



## Occupational injuries and accidents\*

2018/2019	1.0%	3.0%	3	656 hours lost
2019/2020	0.5%	1.2%	0	0 hours lost

\* The figures for absence due to illness do not include long-term sick leave exceeding 30 days.

\* The figures concern notified occupational injuries and accidents leading to absence.

# HAMMER CARPETS – RESULTS

**Social responsibility has always been part of our DNA, because, as a company, we believe that there should be room for everyone. During the last few years, sustainability has come to play an equally important role in our business.**

Even though we are a minor carpet manufacturer in global terms, we have a great wish to contribute positively to the world around us. We do this by optimising our own processes and products, and also by supporting customers in thinking sustainability into their business. In 2018, we took a dedicated structured approach to environmental management by achieving ISO 14001 certification, which has systematised our efforts. This has a clear impact on our everyday work, and reuse and recycling in particular have become visible in production.

## **New ISO 9001 certification on the way**

The next step will be ISO 9001 certification of our quality management system. Achieving ISO 9001 certification is a major task, because all of the ingrained processes and procedures that we follow must be described, systematised and optimised wherever possible. Solving this puzzle requires the involvement of the entire company. Now, we are close to achieving the goal, however, and we are pleased that we will soon be able to add another ISO stamp of approval for our company.

## **100% renewable energy**

On 1 January 2019, we achieved our 2020 goal of covering 100% of our electricity consumption with renewable energy. Via the Group's climate partnership with Ørsted, we buy GO certificates from offshore wind turbines, which helps reduce our CO<sub>2</sub> footprint. Long before this, however, we were already focused on reducing our energy consumption, including by switching to LED lighting, insulating buildings, and upgrading roofs and windows. Last year, we requested Ørsted to conduct an energy review in order to spotlight potential improvements, but they did not find any improvement opportunities. It is good to know that we have done our best in this area.

## **Reduced consumption of materials**

Our primary segments are marine, hotels and restaurants. Here, the carpets often have to be installed in special dimensions that do not match the standard widths of 4 and 5 metres. While the looms can be adjusted to produce narrower widths, the carpet base lying between the front and back of the carpet is only available in 4- and 5-metre widths. This makes it necessary to apply yarn across the full width of the carpet base, among other things to keep the carpet tautly extended in the machine during the backing production process. In the past, this has resulted in considerable materials wastage, because we were obliged to weave the carpets in standard widths, even though the finished carpet had to be narrower. We have nonetheless achieved a solution that ensures a higher recycling ratio and also less materials wastage. The part of the carpet that is not to be used is woven in a basic herringbone pattern using residual yarn from our own production. There is a gap of 4-5 cm between the yarn rows in the herringbone pattern, which significantly reduces the consumption of materials. The solution means that, for a carpet with a width of 3 metres, for example, we reduce the consumption of materials by up to 25%, thereby significantly reducing materials wastage.

## **Pre-cut benefits both customers and the environment**

A cruise liner can be fitted with up to 150,000 m<sup>2</sup> of carpets. Fitting carpets on board a cruise liner in service, or while it is docked, can present challenges due to time and space constraints. We therefore specialise in providing flexible solutions whereby the carpets delivered are pre-cut in the required special measurements. This presents many advantages for our partners: The fitting time is reduced significantly, since the pre-cut carpets only need a little trimming at the edges, and there is less wastage and thereby less residue for our partners to dispose of, after fitting is completed.

The environmental aspect of the story is at least just as good. In conjunction with the production planning of carpets in special measurements, our designers focus on placing the carpets in special measurements as if they were pieces of a puzzle, in the full woven width, thereby achieving optimised utilisation of the materials. This reduces both the consumption of materials and the amount of waste in production. The CO<sub>2</sub> emissions as a consequence of freight transport are also reduced, because pre-cut carpets can be packed more tightly in the containers, thereby requiring fewer containers for transport. Due to the great success of the pre-cut solution, we are now expanding our services to also make them available to our hotel and restaurant partners.



### **Plastic bottles in almost every backing**

Most of our carpets are delivered with a white felt backing, which on average comprises 77% used plastic bottles. This annually amounts to 572,828 m<sup>2</sup> of backing, of which most is recycled plastic that might otherwise risk ending up in the ocean. Furthermore, all carpet tiles have a felt backing consisting of 100% used plastic bottles. We are thereby making a very active contribution to UN Sustainable Development Goal no. 14: Life Below Water. This is naturally important for a company whose largest customer segment is marine-based.

### **Increased focus on reuse and recycling**

We are constantly seeking out new ways of recycling our waste. Since 2019, we have collaborated with a company that buys our used pallets. The pallets are sold on as recycled pallets, either directly or after having been repaired. The pallets that cannot be salvaged are sawn up, after which the usable parts are recycled, while the rest is converted into woodchips. The nails from the pallets that are cut into woodchips are re-smelted into new products. This year, we sold 3,618 pallets for recycling. No pallets are scrapped.

Our used yarn cones, which always contain a little leftover yarn, are sent for recycling in Gram, where the Group has established a production line that specialises in unwinding the residual yarn and sending both yarn and cones for recycling. The special aspect of the production line, called ege Go2Work, is that all employees are engaged on special terms, due to their reduced working capacity. This is a fine social responsibility project, in keeping with the spirit of our company. Furthermore, considerable environmental gains can be made from recycling yarn and cardboard cones, instead of sending them for incineration. We have consigned the first cages with yarn cones to ege Go2Work and are currently waiting for the logistics arrangements for these consignments to be structured in such a way that in future they can receive all of our yarn cones.

### **An inclusive workplace**

We have always taken the view that even if you face physical challenges, you can still be a good employee. We therefore seek to be an inclusive workplace, also for employees who are engaged on special terms. Previously, 10% of our production employees were engaged under Section 56, which ensures that employees with a chronic illness can retain their job. The figure has dropped to 5.6% this year because a number of employees covered by this legal clause are now on a par with the other employees, after a period of time on special terms. We are proud of this positive achievement.

Even though employment on special terms sometimes leads to many days of absence due to illness, we do not experience problems with maintaining day-to-day operations. In our experience, employees who face health challenges make an extremely loyal and dedicated contribution, which clearly outweighs the challenges.

### **Focus on safety**

In recent years, we have significantly upgraded safety levels in the company. This year, clear walkways were marked out, and safety footwear was introduced for everyone in production. We have also drawn up and distributed a safety leaflet for all employees, outlining the rules and providing good advice on how to create a safe working environment for oneself and one's colleagues.

For more than a year we have applied compulsory job rotation in the departments where tasks constitute repetitive and monotonous work. It has taken a little time for employees to become accustomed to the changing workstations, but we can now see that they are happy with the opportunity for rotation and suffer fewer adverse physical effects as a consequence of their work. It is important for us to focus on retention of our employees and ensuring that everyone stays fit and healthy.

### **Supporting young people**

This year, we sponsored two different projects that both focus on young people's development. At a local level, we have donated a large quantity of residual yarn to a training centre in our local community, which offered the "Craft and Design" subject to seventh grade pupils and needed access to carpet yarn. Internationally, in cooperation with one of our major leading partners, we co-sponsor a project to help young people with special needs to become integrated into society through healthy leisure activities.



# WALK THE TALK: HAMMER CARPETS' GOALS

ISO 9001 quality management certification in 2020.

During 2020, it will be investigated whether yarn suppliers' environmental impact from using dyes can be improved.

Introduction of annual emergency drills and greater awareness of emergency management and evacuation plans.

Recurring employee well-being surveys, and training of managers to handle well-being issues.

# KEY FIGURES FOR HAMMER CARPETS



## 100% renewable energy



## Water



## Materials



## Waste

2018/2019				
Per m <sup>2</sup>	0.21 KWH	0.51 ltr.	2.17 kg.	0.27 kg.
Total	200,000 KWH*	473,000 ltr.	1,988 tonnes	249 tonnes

\*Hammer Carpets began investing in renewable energy as of 1 January 2019. Renewable energy therefore only accounts for one third of consumption.

2019/2020				
Per m <sup>2</sup>	0.89 KWH	0.59 ltr.	2.01 kg.	0.34 kg.
Total	600,000 KWH	394,000 ltr.	1,343 tonnes	229 tonnes



## Biogas



## Recycled water



## Recycled materials



## Recovery

2018/2019				
Per m <sup>2</sup>	0 KWH	0 ltr.	0.27 kg.	0.02 kg.
Total	0 KWH	0 ltr.	250.5 tonnes	22 tonnes

2019/2020				
Per m <sup>2</sup>	0 KWH	0 ltr.	0.37 kg.	0.09 kg.
Total	0 KWH	0 ltr.	248 tonnes	66 tonnes



## Employees



## Managers



## Salaried/hourly paid employees

	Employees		Managers		Salaried/hourly paid employees	
2018/2019	41	42	5	1	25	58
2019/2020	38	35	5	1	23	50



## Absence due to illness\*



## Occupational injuries and accidents\*

	Absence due to illness*		Occupational injuries and accidents*	
2018/2019	4.3%	6.8%	4	534 hours lost
2019/2020	3.2%	6.2%	3	71 hours lost

\* The figures for absence due to illness do not include long-term sick leave exceeding 30 days.

\* The figures concern notified occupational injuries and accidents leading to absence.

**NB:** Hammer Carpets solely undertakes weaving/tufting of carpets. Dyeing and backing take place elsewhere. This is reflected in the consumption figures.

# BENTZON CARPETS – RESULTS

**We are fortunate that our carpet production is relatively environmentally friendly. It does not require much energy, water or chemicals to create the stylish flat-woven carpets in which we excel. Nonetheless, sustainability is now also part of our agenda.**

We are a minor, but very successful, business. We have relatively few employees who produce a great many m<sup>2</sup> of carpets every year. The carpets are woven on looms that do not require high energy consumption and with very limited addition of other constituent substances. As a consequence, structured environmental work has not always played the major role it does today.

## **ISO 9001 and ISO 14001 in the pipeline**

During the past year, we worked hard towards ISO certification of both our quality and environmental management systems, and we welcome the major steps forward which this journey represents. Now, we are close to achieving our goal. Achieving ISO certification requires a lot of dedicated effort. There are policies and procedures to develop, objectives to define, risk assessments to perform and improvements to introduce. Nevertheless, we have chosen to run two certification projects at one time, so that we are ready to meet the demands of the future in terms of both quality and the environment.

ISO certification helps create a structure for and visualise our priorities, which will inter alia have an impact on our sustainability work in the future, when this will be in high demand among our customers. We expect to achieve ISO certification during the autumn of 2020.

## **100% renewable energy**

Our electricity consumption is covered by 100% renewable energy from offshore wind turbines. Since 1 April 2019, we have invested in GO certificates via the Group's Climate Partnership with Ørsted. It is important for us to contribute to the Group's renewable energy and CO<sub>2</sub> reduction strategy, even though we are a minor player on the big field. This is why we have also just ordered the first charging station for electric cars and have decided to reduce our electricity consumption in production by at least 3% in 2020 compared to 2019. As part of that plan, during the past year we changed all lighting to LED.

## **Less waste and more recycling**

Even though the actual weaving of carpets does not have any great environmental impact, it does generate a lot of waste for which we are working to find recycling opportunities. Every year, we send surplus yarn to a company in Germany that uses the yarn to produce 100% recycled felt carpet backing. This year, we sent more than 5 tonnes of surplus yarn for recycling in felt backing, among other things.

We also cooperate with a Polish company that specialises in converting carpets into insulation material. We sell them surplus rolls and carpet residue from the warehouse, instead of sending these materials for incineration. The last time we sent out surplus rolls was in 2019, when we sold 8,400 m<sup>2</sup> of carpet for recycling.

Our goal is to reduce our waste volume by 5% by 2020, by finding new recycling opportunities.





New London – Bentzon Carpets

#### **Backing made from used plastic bottles**

All carpet tiles from Bentzon are delivered with Ecotrust backing, which consists 100% of recycled plastic bottles. We also have wall-to-wall carpets for the residential market which are delivered with felt backing comprising 50-80% recycled plastic bottles. By recycling plastic bottles as carpet backing, we are keeping valuable materials in circulation. In this way, we are contributing positively to life below water, because used plastic bottles tend to end up in the world's oceans, where they present a major environmental problem.

#### **Working conditions and employee development**

As a minor company, we find it easy to communicate internally. This means that so far we have not had a fixed structure for information meetings, employee appraisals in production, or a staff handbook with information on rules, rights and opportunities, but now this is being changed. We are preparing a staff handbook, while it is planned to introduce fixed employee performance appraisal interviews for production employees as from 2020, in line with the interviews held with salaried employees. Due to the coronavirus situation, however, it is possible that the plan will be deferred a little. A new aspect is that we have also introduced structured notice-board meetings in production, as well as meetings among salaried employees, with focus on both day-to-day operations and working conditions. This will help ensure a good standard of well-being for all employees across the company.

# WALK THE TALK: BENTZON CARPET GOALS

ISO 9001 quality management certification in 2020.

ISO 14001 environmental management certification in 2020.

By 2020, energy consumption in production will be reduced by at least 3%.

By 2020, the waste volume will be reduced by 5%.

As from 2020, production employees will be offered performance appraisal interviews on a par with salaried employees.\*

\*Due to the coronavirus situation, however, it is possible that the plan will be deferred a little.

# KEY FIGURES FOR BENTZON CARPETS



## 100% renewable energy



## Water



## Materials



## Waste

2018/2019				
Per m <sup>2</sup>	0.22 KWH	0.08 ltr.	0.77 kg.	0.04 kg.
Total	386,747 KWH	150,000 ltr.	1,313 tonnes	71 tonnes
2019/2020				
Per m <sup>2</sup>	0.21 KWH	0.09 ltr.	0.77 kg.	0.02 kg.
Total	344,145 KWH	148,000 ltr.	1,264 tonnes	34 tonnes



## Biogas



## Recycled water



## Recycled materials



## Recovery

2018/2019				
Per m <sup>2</sup>	0 KWH	0 ltr.	0.003 kg.	0.02 kg.
Total	0 KWH	0 ltr.	5.5 tonnes	45.5 tonnes
2019/2020				
Per m <sup>2</sup>	0 KWH	0 ltr.	0.008 kg.	0.05 kg.
Total	0 KWH	0 ltr.	13.5 tonnes	87 tonnes



## Employees



## Managers



## Salaried/hourly paid employees

2018/2019	14	18	6	1	12	20
2019/2020	12	17	6	1	11	18



## Absence due to illness\*



## Occupational injuries and accidents\*



2018/2019	12%	9%	1	239 hours lost
2019/2020	5.3%	3.9%	1	51 hours lost

\* The figures for absence due to illness do not include long-term sick leave exceeding 30 days.

\* The figures concern notified occupational injuries and accidents leading to absence.

**NB:** Bentzon Carpets solely undertakes weaving of carpets. Dyeing, backing and tile cutting are undertaken elsewhere in the Group. This is reflected in the consumption figures.

# CARPET CONCEPT – RESULTS

**During the past few years, we have increased our focus on sustainability by working with Cradle to Cradle, and we are proud that our range of Cradle to Cradle certified carpets is expanding.**

We currently see increasing focus on sustainable buildings, and our Cradle to Cradle certified carpets give us a strong position in the market. It is a pleasure to contribute to the buildings of the future and to influence developments in the interior decoration industry, particularly in the German market, by nudging towards a greener direction by means of our carpets.

## **Sustainable buildings with Cradle to Cradle**

Since last year, we have expanded the range of Cradle to Cradle certified carpets from 6 to 14 carpets. This is good news for the environment, but also for our customers, who now have a wider range of sustainable carpets to choose from. This is of benefit to our customers in several ways. Sustainable buildings have become a requirement in large parts of the market, and in this respect Cradle to Cradle certified carpets give points on buildings' sustainability ratings. This also enables customers to market themselves as the green choice; which is increasingly relevant as consumers make increasing sustainability demands.

Cradle to Cradle also epitomises UN Sustainable Development Goal no. 12 concerning responsible consumption and production, and we wish to support the Sustainable Development Goals through our carpet production activities. Cradle to Cradle certified carpets contribute positively to a sustainable future, among other things by promoting healthy materials, converting waste into resources, and focusing on water management, renewable energy and social responsibility measures. We expect to expand the number of Cradle to Cradle certified carpets going forward.

## **ISO 9001 and ISO 14001 certification in the course of 2020**

We have previously held quality management certification under ISO 9001 and environmental management certification under ISO 14001, and now we are close to regaining this certification. After a break of several years on the certification front, we have re-launched this work. All processes and procedures have been described again from scratch, new objectives have been set, risk analyses have been performed, and action plans for improvements have been drawn up. Now, we are looking forward to taking the final steps during the summer of 2020, so that we can soon embellish the company's documents with two new ISO stamps. For us, this represents renewed focus and more structured efforts to meet future requirements to document high quality and sustainability at one and the same time.

## **100% renewable energy in our sights**

We are working hard to cover our entire electricity consumption with renewable energy, which we source from wind turbines and as hydropower. So far, we have covered 56% of our electricity consumption and we expect to achieve 100% before the end of 2020. It is important for us to contribute actively in this way to the Group's work with renewable energy and the reduction of CO<sub>2</sub> emissions. For the same reason, we are in the process of switching to LED lighting in two production departments.

## **Optimised yarn consumption**

Yarn is one of the main components of carpets, and we are therefore strongly focused on the greatest possible optimisation of yarn consumption. For example, we have developed a system to combine small scraps of yarn into new yarn, ensuring that yarn residue is recycled instead of being incinerated. This year, we recycled around 4 tonnes of yarn residue in this way.

The yarn residue that we cannot recycle ourselves, together with ground tissue residue, is sent to a company that specialises in producing needle felt from the residue. On an annual basis, we deliver between 15 and 20 tonnes of residue to these specialists for recycling.

We have also begun to purchase yarn in different lengths that precisely match the consumption for each carpet. This means that the yarn cones run empty at the same time, despite the difference in how much of each yarn is needed for the carpet. This reduces waste considerably.

All of the empty yarn cones are sent directly for recycling as new yarn cones without further processing.



#### **Reduced surplus production**

One of the areas we are working hard to improve is surplus production. It can be difficult to avoid surplus production in the carpet industry because the machines often run with standard measurements, while customers require carpets in customised sizes. In order to optimise planning, we are now making great efforts to obtain better information in advance about the exact number of m<sup>2</sup> of carpet that is required. Savings can be made in terms of both materials and production time when the number of m<sup>2</sup> is adjusted to the exact requirement, and fortunately we now receive the necessary information for 80% of orders, which is good for both the environment and our economy.

#### **Focus on safety and the working environment**

Every year, we conduct health screenings of all employees in production. A doctor, a physiotherapist and a safety consultant collaborate on risk assessments of the workstations in order to suggest improvements. This has among other things resulted in noise reduction action plans, and the procurement of new machines, etc. Noise is generally an adverse factor in our production, and in the past has contributed to impairing the hearing of older employees. We took action to prevent this several years ago by making ear protection compulsory in departments with high noise exposure. First aid courses and fire drills are an integral aspect of our everyday working lives, and we ensure that emergency measures are always in place.

#### **Work-life balance with flexible working hours**

Our employees are dedicated and devoted to working hard every day. We experienced a period during which salaried employees in particular worked many hours each week. To ensure a good work-life balance, in 2018 we therefore introduced flexible working hours for our salaried employees. This well-functioning scheme has been running successfully ever since. It gives employees the flexibility to be able to plan their working hours according to their personal needs. As a consequence, we can see increased well-being among this group of employees.

#### **Corona videos on social media**

In connection with the outbreak of the Covid-19 pandemic, we produced a series of corona videos and photo series for social media. The aim was to help increase awareness of the precautions we must all take to reduce contagion, but also to support our partners through this difficult time by thanking them in a photo series that also spreads the message of keeping a safe distance.

## WALK THE TALK: CARPET CONCEPT GOALS

Electricity consumption will be covered by 100% renewable energy by no later than 2021.

Switch to 100% LED lighting throughout production in 2020.

General focus on product development of carpets made from renewable yarns.

Development of a mono-carpet during 2021 that solely consists of one material and is therefore easy to reuse in the future.

# KEY FIGURES FOR CARPET CONCEPT



## Renewable energy



## Water



## Materials



## Waste

2018/2019				
Per m <sup>2</sup>	1.34 KWH	2.22 ltr.	2.64 kg.	0.44 kg.
Total	413,058 KWH	681,000 ltr.	811 tonnes	136 tonnes
2019/2020				
Per m <sup>2</sup>	1.51 KWH	2.95 ltr.	2.77 kg.	0.38 kg.
Total	350,592 KWH	684,000 ltr.	644 tonnes	89 tonnes



## Biogas



## Recycled water



## Recycled materials



## Recovery

2018/2019				
Per m <sup>2</sup>	0 KWH	0 ltr.	0.28 kg.	0.02 kg.
Total	0 KWH	0 ltr.	88 tonnes	7 tonnes
2019/2020				
Per m <sup>2</sup>	0 KWH	0 ltr.	0.30 kg.	0.36 kg.
Total	0 KWH	0 ltr.	70.5 tonnes	85 tonnes



## Employees



## Managers



## Salaried/hourly paid employees

<b>2018/2019</b>	60	37	13	4	58	39
<b>2019/2020</b>	55	36	12	5	51	40



## Absence due to illness\*



## Occupational injuries and accidents\*

<b>2018/2019</b>	4.6%	5.4%	3	592 hours lost
<b>2019/2020</b>	5.4%	6.8%	4	639 hours lost

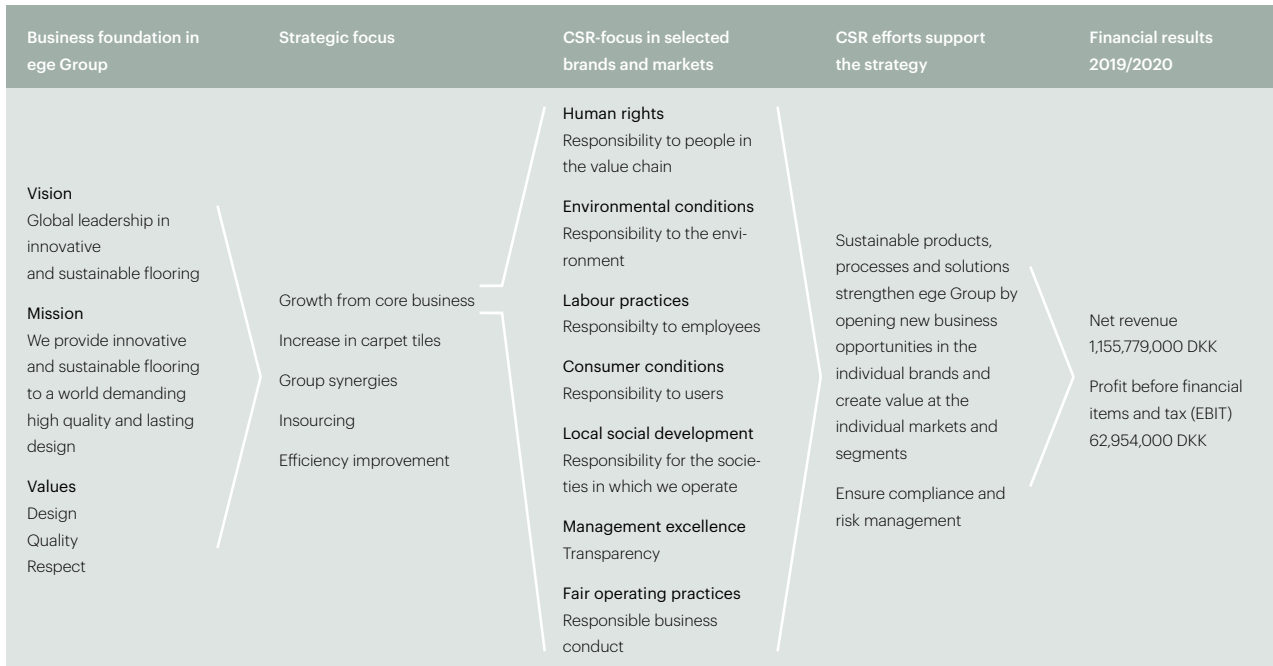
\* The figures for absence due to illness do not include long-term sick leave exceeding 30 days.

\* The figures concern notified occupational injuries and accidents leading to absence.

**NB:** Carpet Concept solely undertakes weaving/tufting of the carpets, and in some cases backing and cutting-out of tiles. Other processes are handled elsewhere. This is reflected in the consumption figures.

# ORGANISATION AND MANAGEMENT

We have set the goal to be the best carpet manufacturer in the world when it comes to CSR, and this requires focus and dedication. We have therefore written CSR into the business model that applies across the four brands in the Group.



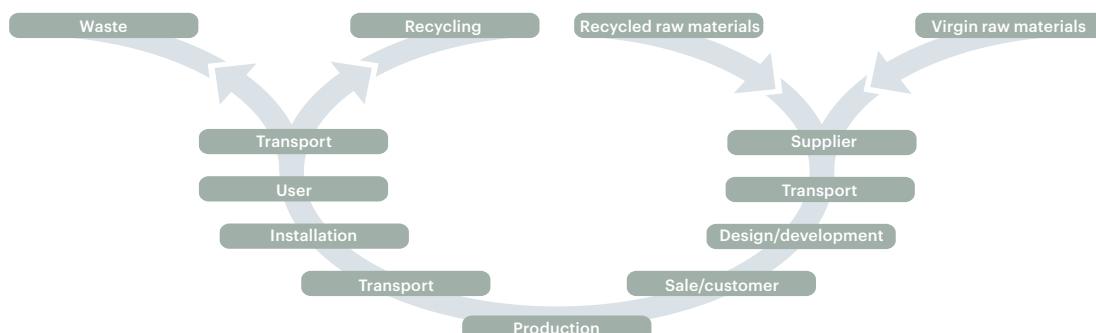
## From business model to practice

ege Group's Executive Board holds the overall responsibility for the CSR policy and strategy. An ege Group CSR steering group, comprising the CEO and CCO, as well as representatives of HR, Procurement, Product Development, Marketing and CSR in the ege Group, follows up on the strategy and clarifies complex CSR issues.

The strategic CSR work is conducted in practice by ege Group CSR, while the individual brands themselves are responsible for ensuring the local progress of the initiatives. This constellation ensures the broad support of all relevant players in the Group.

The implementation of the business model in practice creates our value chain. Our value chain starts with the supplier's extraction and processing of the raw materials and ends with our delivery of the final carpet to the customer, who after a number of years will discard the used carpet when it is time to replace the flooring. In the longer term, our vision is to close the gap between the start and the end of the value chain, so that we have a complete circular economy.

## Value chain





**Joint management system and certifications**

In the ege Group, we work according to a joint management system that is based on recognised standards. Ege Carpets was the first to initiate ISO 9001 in 1992, since when three other man-

agement standards have been added for this brand, while the other brands have come far along the same journey. As from 2020, ege Group will require all brands in the Group to hold ISO 9001 and ISO 14001 certification as a minimum.

	ISO 9001 Quality	ISO 14001 Environment	OHSAS 18001 Occupational health and safety	DS 49001 CSR	UN Global Compact
Ege Carpets Herring	√	√	√ Upgrade to ISO 45001 during 2020	√	√
Ege Carpets Gram	√	√	√ Upgrade to ISO 45001 during 2020	√	√
Hammer Carpets	2020	√	Pending assessment	Pending assessment	√
Bentzon Carpets	2020	2020	Pending assessment	Pending assessment	√
Carpet Concept	2020 Slightly delayed from 2019	2020 Slightly delayed from 2019	Pending assessment	Pending assessment	√
UAB Litspin	√	√	Pending assessment	Pending assessment	√

The management system is practised according to the Plan – Do – Check – Act model, on which the implemented management standards are based. In practice, this means that we are con-

stantly focused on due diligence processes in the form of objectives, action plans, follow-up and adjustments. For all brands, this is an integral part of everyday working life.

Due diligence model	Due diligence tools	Social and employee conditions	Environmental and climate conditions	Human rights	Anti-corruption and bribery
	<b>Management system</b>	DS/OHSAS 18001	ISO 14001	DS 49001	DS 49001
	<b>Overall due diligence processes</b>	Internal audit External audit Management evaluation Objectives Action plans			
	<b>Practical examples</b>	Occupational accidents Labour practices Welfare	Environmental accidents Emergency measures	Supply chain management	Anti-corruption Whistleblower scheme
Supply chain management					

**Tax policy in a business-driven perspective**

We attach importance to pursuing a transparent tax policy. We handle all tax-related matters in accordance with the law and pay the correct tax in the countries in which we operate. The business opportunities in each market determine our activities;

and not the amounts of tax we pay. We adhere to the applicable transfer pricing rules, which entail that tax is paid in the country in which the revenue is generated. Tax evasion is not permitted.

# RISKS AND OPPORTUNITIES

Every company faces both risks and opportunities on an ongoing basis. It is part of the game to make the right choices at the right times, in order to grow the business, yet it is also important to remember that every choice has consequences; not only for the company, but potentially also for the local community,

employees, the environment, the value chain, etc. As a socially responsible company, it is therefore not enough to solely reflect on our own processes and goals. It is also necessary to look outwards in order to be aware of the social consequences of the choices made.

## Environmental impacts

### Risks/opportunities

In our efforts to avoid negative environmental impacts, we set stricter requirements for the constituent substances in our carpets than required by legislation. In a few cases, however, it can be difficult to find constituent substances that fulfil our own strict requirements.

### Actions

- We have goals concerning Cradle to Cradle certification at Platinum level, which requires us to substitute individual constituent substances for which it is difficult to find good alternatives.
- We have investigated all constituent substances and now know precisely where to take action.
- We cooperate continuously with suppliers with regard to substitution.
- In our Code of Conduct, we impose strict requirements concerning constituent substances and documentation.

## CO<sub>2</sub> emissions

### Risks/opportunities

Almost half of the Group's CO<sub>2</sub> emissions relate to the transport of carpets to customers.

### Actions

- We have goals concerning carbon neutral transport.
- We have introduced the possibility of longer delivery times, so that consignments can be planned on a climate friendly basis.
- We have added requirements concerning CO<sub>2</sub> emissions in tender documents for the various carriers.

## Recirculation

### Risks/opportunities

Carpet waste presents an environmental problem as it is either incinerated or deposited in landfills. When recovery becomes possible at some time in the future, this will keep valuable materials in circulation and ensure new business opportunities.

### Actions

- We have goals for the full recycling of carpets.
- We are active players in a number of organisations that are working to ensure the reuse of carpet waste.
- We are working to develop carpets that can be separated into the constituent components after use, in order to facilitate recycling.

## Safety

### Risks/opportunities

Despite a strong focus on safety, every year a few employees in all brands are injured during working hours.

### Actions

- We are continuously developing safety at all production sites.
- In one brand so far, we have initiated the development of guidelines for the issue of warnings and penalties for breaches of safety rules.

## Pressure of work

### Risks/opportunities

The high activity level in all brands, with the implementation of new systems, is challenging the entire Group in different ways. At the same time, in one brand the combination of low unemployment and market pressure makes it difficult to recruit and retain employees.

### Actions

- We encourage all brands to work with well-being and flexibility, and to introduce employee performance appraisal interviews.
- The implementation of new systems is in the concluding stage, after which the pressure of work will be reduced.

## Pandemic

### Risks/opportunities

Covid-19 has exposed society's vulnerability to global pandemics. For us, this has led to a few redundancies, the furloughing of many employees under the Danish government's package of support measures, employees working from home and changed working patterns. This has had a major impact on our employees, customers and business partners.

### Actions

We implemented a number of measures as a consequence of Covid-19:

- We adopted a precautionary principle in order to protect our employees and business.
- We introduced requirements for hygiene and keeping a distance.
- We introduced working from home for everyone able to do this.
- All business travel, meetings and visits were cancelled or converted to online meetings.

# GROUP FIGURES

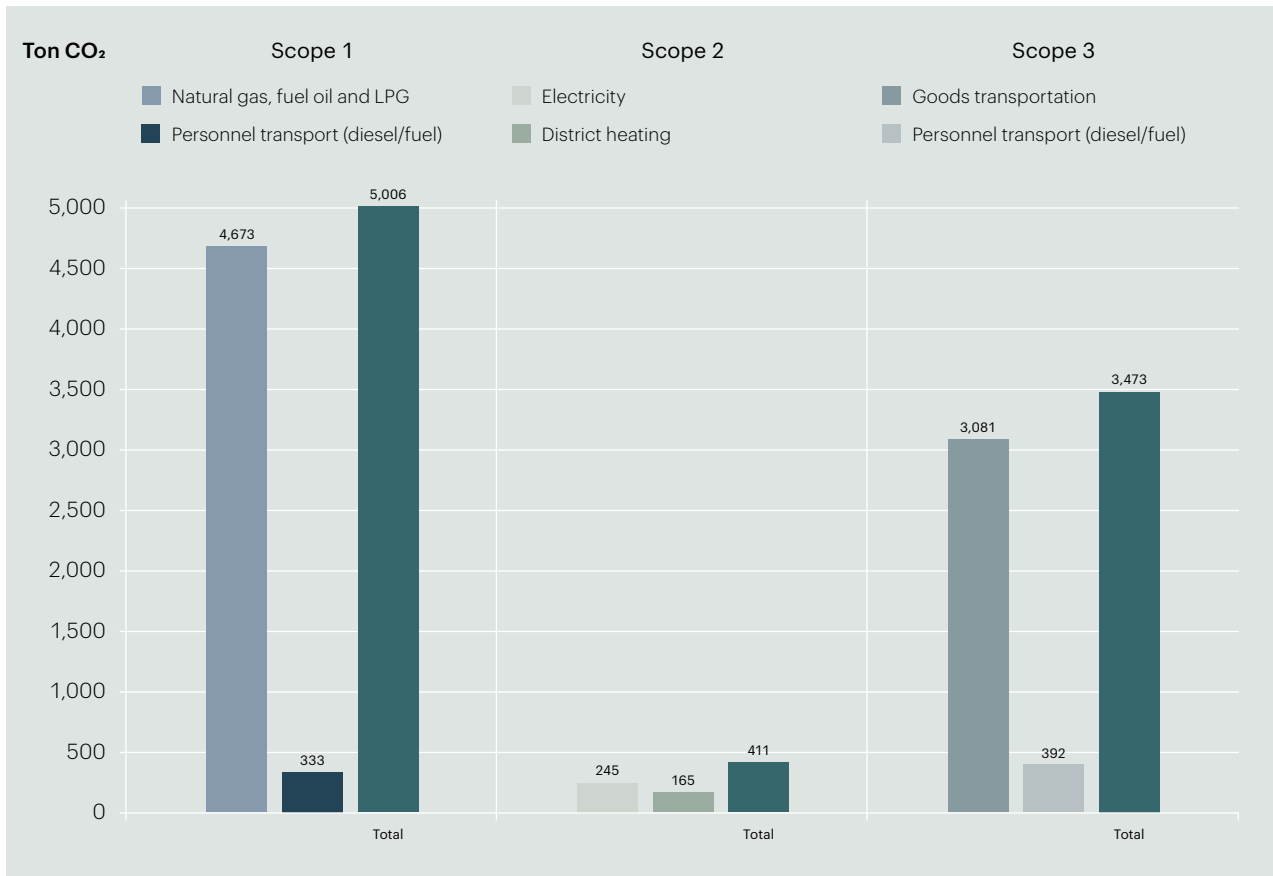
## Greenhouse gas accounts\*

From 2020 to 2030, ege Group will reduce CO<sub>2</sub> emissions in Scope 1 and Scope 2 by 100% to become carbon neutral. Since the goal is to become carbon neutral, no base year will be set.

## Correction from previous years' greenhouse gas accounts

When we started to compile CO<sub>2</sub> emissions, there was only one brand in the Group. The first greenhouse gas accounts therefore solely included data from Ege Carpets. Over the last ten years, three other brands have become part of the Group, and in each instance we added the CO<sub>2</sub> emissions of the new brands to the

greenhouse gas accounts in Scope 1 and Scope 2, which are calculated in the same IT programme. However, freight transport in Scope 3 is calculated in a separate IT programme and this year it was discovered that the CO<sub>2</sub> emissions from the other brands were not compiled and included in this programme. This means that, in all years, Scope 3 has solely included freight transport from Ege Carpets, while the other data in the greenhouse gas accounts comprise figures for the entire Group. We do not expect to include the freight transport of the entire Group in Scope 3 until as from 2021.



\* See Annex 2 for further details of the greenhouse gas accounts



**Consumption figures**

This year's figures are collected from the entire Group and are based primarily on consumption figures per production site. It is important to note, however, that in some cases processes such as backing, dyeing and tile cutting take place across production sites and brands. This means that the consumption figures can-

not be distributed directly per m<sup>2</sup> of carpet produced in each brand, since some processes are undertaken elsewhere. We are working on a compilation method that will take this into account in the future. The overview illustrates which processes are undertaken at the Group's different sites.

	Ege Carpets Herning	Ege Carpets Gram	Hammer Carpets	Bentzon Carpets	Carpet Concept
Tufting/weaving	√	√	√	√	√
Dyeing	√	√			
Backing application	√	√			(√)
Cutting into tiles	√				(√)

# PRODUCTION INPUTS AND OUTPUTS

Inputs and outputs	Ege Carpets Herning		Ege Carpets Gram		Bentzon Carpets	
	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020
<b>Size of the company</b>	<b>m<sup>2</sup></b>	<b>m<sup>2</sup></b>	<b>m<sup>2</sup></b>	<b>m<sup>2</sup></b>	<b>m<sup>2</sup></b>	<b>m<sup>2</sup></b>
Size of the company's site	360,000	360,000	72,000	72,000	10,000	10,000
... of which built-up area	58,062	58,062	27,000	27,000	7,234	7,234
<b>Production</b>	<b>m<sup>2</sup> of carpets</b>	<b>m<sup>2</sup> of carpets</b>	<b>m<sup>2</sup> of carpets</b>	<b>m<sup>2</sup> of carpets</b>	<b>m<sup>2</sup> of carpets</b>	<b>m<sup>2</sup> of carpets</b>
	4,436,256	4,236,765	2,078,240	2,309,655	1,705,971	1,631,202
<b>Energy consumption</b>	<b>KWh</b>	<b>KWh</b>	<b>KWh</b>	<b>KWh</b>	<b>KWh</b>	<b>KWh</b>
Electricity consumption	7,112,969	7,995,423	2,570,305	2,558,528	386,747	344,145
... of which renewable energy	7,112,969	7,995,423	2,570,305	2,558,528	19,000	344,145
Natural gas	21,281,579	20,897,899	8,752,183	8,144,235	280,875	29,684
... of which bio-natural gas	5,320,395	5,935,003	70,259	2,312,962	0	0
District heating	0	0	1,247,000	1,238,000	0	0
<b>Water consumption</b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>
	79,625	69,822	24,109	20,129	150	148
<b>Water recovery</b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>
	7,440	6,723	7,717	8,729	0	0
<b>Recycled raw material</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>
In the product	2,539,275	3,076,832	261,020	415,587	5,415	13,585
<b>Consumption of materials</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>
For carpet production	14,388,847	13,599,378	6,043,672	7,288,145	1,313,598	1,264,182
...of which renewable raw materials	654,910	522,749	14,037	188,665	125,365	132,715
Packaging in total	751,549	570,981	208,061	198,866	26,060	33,540
... of which renewable packaging	491,193	319,058	264	0	18,078	27,540
Operation and maintenance in total	109,394	107,903	30,144	33,973	638	6,536
<b>Waste</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>
Recycling	99,713	95,634	134,583	205,127	45,500	87,040
Thermal recovery	1,478,180	1,608,480	528,381	522,330	60,038	33,980
Land fill	4,360	13,420	0	0	10,200	0
Destruction, hazardous waste	18,070	40,754	400	0	638	300
<b>Discharge</b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>
Wastewater	64,152	57,013	17,428	11,416	150	148

Inputs and outputs	Hammer Carpets		Carpet Concept		UAB Litspin	
	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020
<b>Size of the company</b>	<b>m<sup>2</sup></b>	<b>m<sup>2</sup></b>	<b>m<sup>2</sup></b>	<b>m<sup>2</sup></b>	<b>m<sup>2</sup></b>	<b>m<sup>2</sup></b>
Size of the company's site	48,029	48,029	49,632	49,632	44,687	44,687
... of which built-up area	17,891	17,891	13,840	13,840	10,282	10,282
<b>Production</b>	<b>m<sup>2</sup> of carpets</b>	<b>m<sup>2</sup> of carpets</b>	<b>m<sup>2</sup> of carpets</b>	<b>m<sup>2</sup> of carpets</b>	<b>Kg/yarn</b>	<b>Kg/yarn</b>
	914,440	668,273	306,443	231,864	882,258	774,733
<b>Energy consumption</b>	<b>KWh</b>	<b>KWh</b>	<b>KWh</b>	<b>KWh</b>	<b>KWh</b>	<b>KWh</b>
Electricity consumption	604,583	543,512	714,633	630,562	1,889,087	1,678,959
... of which renewable energy	200,000	600,000	413,058	350,592	1,717,035	1,678,959
Natural gas	0	0	2,602,091	2,874,245	0	0
... of which bio-natural gas	0	0	0	0	0	0
District heating	597,000	586,000	0	0	0	0
<b>Water consumption</b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>
	473	394	681	684	1,248	719
<b>Water recovery</b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>
	0	0	0	0	0	0
<b>Recycled raw material</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>
In the product	250,628	248,197	87,825	70,590	27,513	21,534
<b>Consumption of materials</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>
For carpet production	1,987,568	1,343,033	811,283	643,966	971,175	861,349
...of which renewable raw materials	864,535	642,828	220	2,859	784,162	689,748
Packaging in total	105,704	78,595	23,331	18,010	16,202	23,535
... of which renewable packaging	0	0	14,733	13,172	4,799	13,073
Operation and maintenance in total	93,980	103,680	800	1,200	504	393
<b>Waste</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>	<b>Kg</b>
Recycling	22,129	66,628	7,114	85,420	16,334	20,703
Thermal recovery	242,125	228,570	125,000	58,830	33,880	27,360
Land fill	6,840	0	11,200	28,647	0	2,500
Destruction, hazardous waste	0	609	0	1,430	1,478	2,598
<b>Discharge</b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>
Wastewater	473	394	681	684	609	222

# OTHER GROUP FIGURES



## Female managers



## Women on the Board of Directors

The goal is	30%	40%	We define a manager as a person who either has responsibility for employees or holds a position in the company in which he or she is authorised to take decisions on behalf of the company.
2018/2019	28%	25%	
2019/2020	28%	25%	



## Whistleblower cases



## Statutory offences

2018/2019	0 cases	0 cases	In conjunction with an occupational accident in which an employee suffered a foot injury, we received a fine from the Danish Working Environment Authority for failing to ensure a sufficiently safe working environment. New safety measures have been implemented so as to avoid similar accidents.
2019/2020	0 cases	1 case	



## Cases of corruption



## Training in anti-corruption

2018/2019	0 cases	68 employees	All employees receive our anti-corruption guidelines. All employees with external contact attend an online anti-corruption training programme.
2019/2020	0 cases	34 employees	



## Discrimination



## Child labour



## Forced Labour



## Human trafficking

2018/2019	0 cases	0 cases	0 cases	0 cases
2019/2020	0 cases	0 cases	0 cases	0 cases



# ANNEX 1: WHAT IS SECTION 99A?

On 1 January 2016, Section 99a of the Danish Financial Statements Act entered into force for the ege Group. According to the Act, large companies must supplement the management report with a CSR report. As a minimum, the report must include the following:

- A brief description of the company's business model and the connection between the business model and CSR.
- Information must be provided on the company's CSR policies. As a minimum, information must be given on policies for the environment and climate, social conditions and employee relations, respect for human rights, and anti-corruption and bribery. For each area, it must be stated whether the company has a policy and what it comprises.
- For each policy area, it must be stated how the policy is translated into action, and any systems and procedures that support it. Details must also be given of the due diligence processes applied.
- Details must be given of the most significant risks relating to the company's business activities and of how the company handles the risks in question. The information must be given for each policy area.
- Information must be given on the company's results as a consequence of working with CSR, as well as any expectations of the work in the future in each policy area.
- Reporting in accordance with Section 99a must be reviewed by the auditor, to ensure that the company fulfils the requirements.

# ANNEX 2: CALCULATION BASIS FOR DATA SOURCES AND CO<sub>2</sub> CALCULATION

This year's report includes greenhouse gas accounts for the Group, as well as greenhouse gas accounts for Ege Carpets alone. Both sets of greenhouse gas accounts are based on the same calculation basis and data sources. There are some differences, however.

## **SCOPE 1: Direct greenhouse gas emissions**

**ege Group:** Direct greenhouse gas emissions from sources owned or controlled by the Group. These calculations also include fuel extraction.

**Ege Carpets:** Direct greenhouse gas emissions from sources owned or controlled by Ege Carpets. These calculations also include fuel extraction.

## **SCOPE 2: Indirect greenhouse gas emissions**

**ege Group:** Indirect emissions are defined as the emissions originating from purchased electricity, heat and steam in the Group. These calculations also include fuel extraction.

**Ege Carpets:** Indirect emissions are defined as the emissions originating from purchased electricity, heat and steam in Ege Carpets. These calculations also include fuel extraction.

## **SCOPE 3: Other indirect greenhouse gas emissions**

**ege Group:** Other indirect greenhouse gas emissions comprise a wide range of activities that can be included. In ege Group, we have decided to include transport in leased vehicles and freight transport. It should be noted that this year only freight transport from Ege Carpets is included. For an explanation, see page 52.

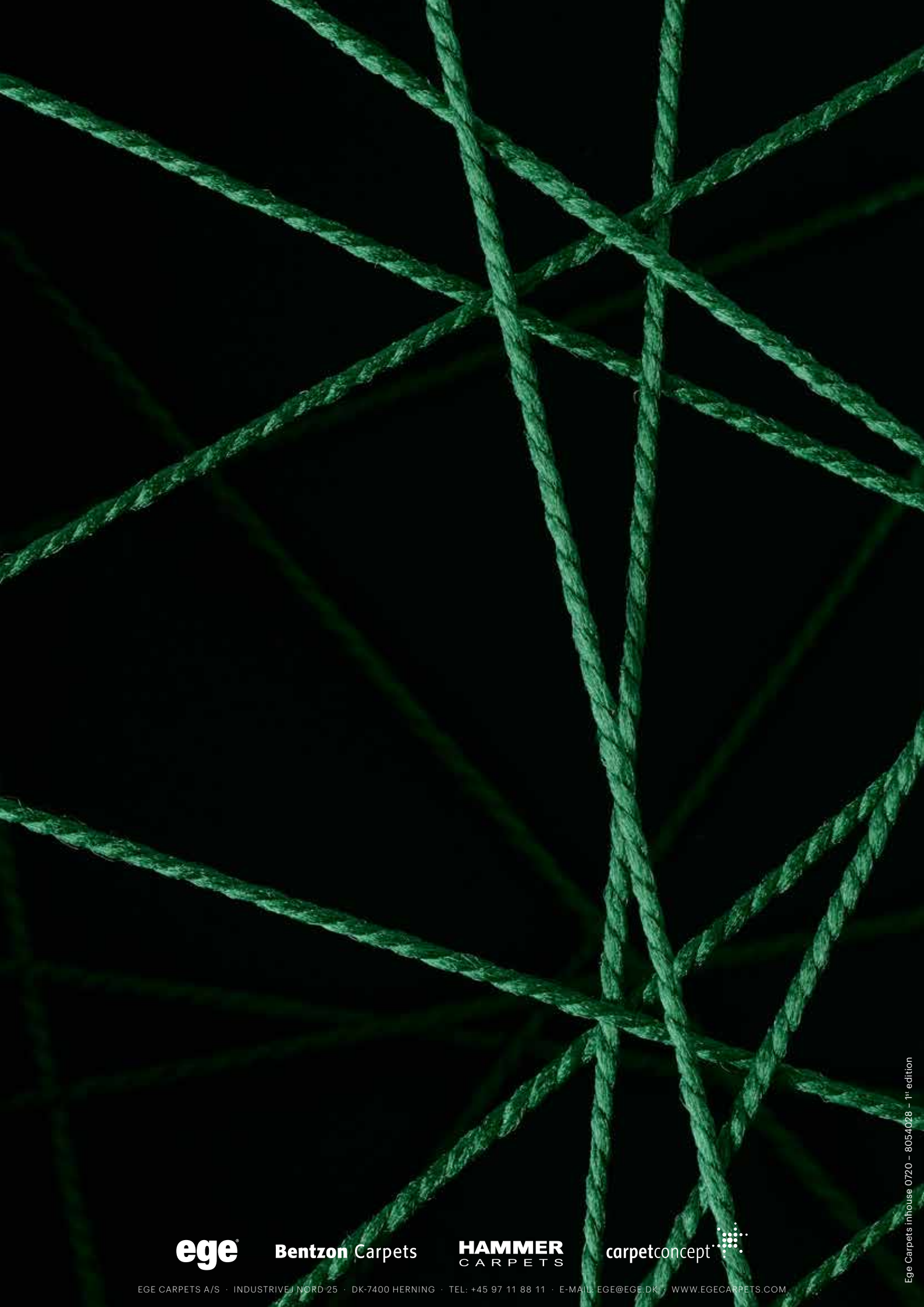
**Ege Carpets:** Other indirect greenhouse gas emissions comprise a wide range of activities that can be included. In Ege Carpets, we have decided to include transport in leased vehicles and freight transport.

So far, Scope 3 has also included travel by plane, train, bus and ferry. Now, we are removing travel from the compilation. Calculating CO<sub>2</sub> emissions for travel across countries, continents and modes of transport is both complex and time-consuming. At the same time, the CO<sub>2</sub> emissions from travel account for less than 6% of the total emissions in Scope 3. We are therefore removing this part of the accounts as from this year.

### **Data sources**

The greenhouse gas accounts are based on a number of data sources that make it possible to convert our energy consumption into CO<sub>2</sub> emissions. The CEMAsys calculation programme is generally applied. CEMAsys complies with international standards and meets the requirements of the Greenhouse Gas Protocol. For electricity, the Energinet.dk declaration and the 125% method are used to calculate Danish emissions. The district heating plants' own numbers are used to calculate their emissions. Where possible, factors for the individual countries are applied. To calculate goods transport for Herning and Gram, we have applied the Climate Compass, which is an Internet-based calculation model developed by the Confederation of Danish Industry, the Danish Business Authority and FORCE. It should be noted that the factors underlying the calculations in the Climate Compass have not been updated for a number of years. As we do not have an alternative IT tool, however, we have chosen to continue to use the Climate Compass until further notice.





**ege**

**Bentzon Carpets**

**HAMMER  
CARPETS**

**carpetconcept** 