# Sustainability Report 2020 Textile design and innovation that pushes the boundaries





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Introduction to Kvadrat

# Reporting on Corporate Social Responsibility

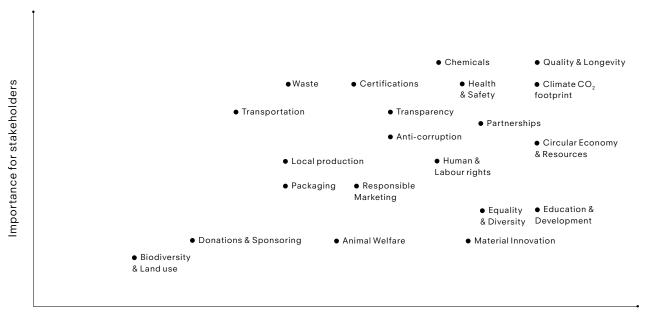
This report covers activities, data and objectives for Kvadrat A/S and addresses the requirements outlined by the Danish Financial Statements Act § 99a & 99b on reporting of corporate social responsibility (CSR). Kvadrat is a member of the UN Global Compact and this report represents our communication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

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

Our Sustainability Report (our COP) is published every year, and the first Sustainability Report was issued in 2014. This report covers the 2020 financial year from 1 January 2020 to 31 December 2020 and is published in April 2021.

The materiality of topics in this report was chosen through a materiality analysis in which sustainability topics were assessed in terms of their importance to stakeholders and what significance they have on Kvadrat's economic, environmental and social performance. Important stakeholders for Kvadrat include among others: employees, customers, suppliers, the boards, subsidiaries, media, designers and NGOs as well as industry associations.

### **Materiality Analysis**



Significance of economic, environmental, and social impacts for Kvadrat A/S

# Foreword by Anders Byriel, CEO of Kvadrat

With the launch of the Kvadrat Group strategy in 2020, we have made our sustainability ambition clear: We will lead the sustainability agenda founded in our responsible and innovative organizational culture.

2020 has with Covid-19 been transformative in many ways; it has not only challenged health systems, societies, and economies worldwide, but it has also fuelled a global awakening to the state of our planet. At Kvadrat we will use this momentum of global awareness to make our sustainability agenda even stronger, by setting clear impact targets for the planet, our people and by communicating transparently on the challenges and opportunities to foster collaboration within and beyond our industry.

We take our role and responsibility within sustainability seriously and we will work collectively with our production entities, suppliers, brands and partners to succeed in this mission. In 2021, Kvadrat's sustainability strategy and action plan through to 2023 will be launched. While this strategy will set out ambitious goals and again challenge our mind-set and current way of working, we are confident that we will be able to build upon our deeply integrated responsible business culture, historical high-quality standards and engagement in the sustainability agenda. Creating quality design textiles and pushing the boundaries for innovation in products and production is the foundation of our sustainability.

As rapid population growth, rising income and overconsumption are driving resource depletion, waste accumulation and global warming, industries are rethinking product design as well as the way we use and consume products and resources. We consider circularity as a key opportunity for change, exemplified by our brand Really. Making our impact transparent is essential for us. With the launch of our Carbon Emission Project we have initiated a global carbon assessment of the Kvadrat Group. We take responsibility for our entire supply chain and aim to define an ambitious reduction target in line with the goal of the Paris Agreement to limit global warming to 1.5 degrees Celsius.

In 2021, we will work on more circular solutions enabled through collaboration and thereby drive innovation. What we have learnt and experienced through the Covid-19 pandemic is the potential of collective action for change, which people and nations can initiate. We need to make use of this potential to drive the industry fast enough towards the needed system transformation.

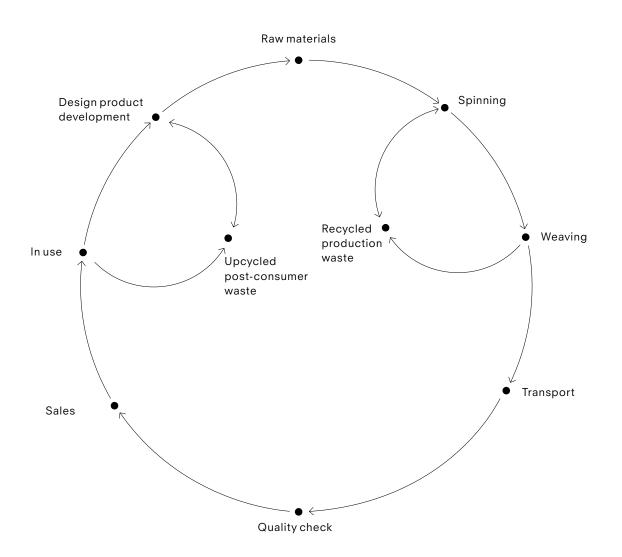
With this report, we express our continued support for the UN Global Compact and intend to communicate our progress on The 10 principles. We view the 17 UN Sustainable Development Goals as an essential tool to reach common targets. In this report, we identify the goals to which we contribute through our activities. We will continue our capability development within product development, circularity and resource efficiency to reduce environmental impacts, create valuable partnerships, and great work environment and foster close collaboration with suppliers on environmental and social issues.

Anders Byriel, CEO Kvadrat

## **Business** model

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

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





## About Kvadrat

Since our foundation in 1968, we have concentrated on developing products that combine the best-quality materials with extraordinary design. For us, quality and design go hand in hand with sustainability. Therefore, quality, environmental and social considerations are intrinsic parts of our business strategy. Sustainable solutions are considered for all stages of the process – from sourcing of raw materials and processing to textile design and production, to use and after-life re-purpose.

# **kvadrat**

kvadrat shade		kvadrat acoust	ics kvadra	kvadrat febrik	
SAHCO	KVADR	AT/RAF SIMONS	MAGNIBERG	Really.	





# Textile design and innovation that pushes the boundaries

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

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

The chapter **Climate** covers impacts and activities connected to emissions, and our steps towards reducing our carbon footprint.

**Quality** looks at our strict requirements on performance, substances and animal welfare, as well as standards, labels and declarations.

The chapter on **Resources** relates to the global challenge of resource scarcity and how we address this through the principles of the circular economy, our choice of raw materials and our production processes.

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

The chapter **Learning & Development** describes our culture, values and expectations through formalised on-boarding programs, education and development.

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

**Equality & Inclusiveness** – introduces data on gender equality and and how we works towards an equal and inclusive workplace.

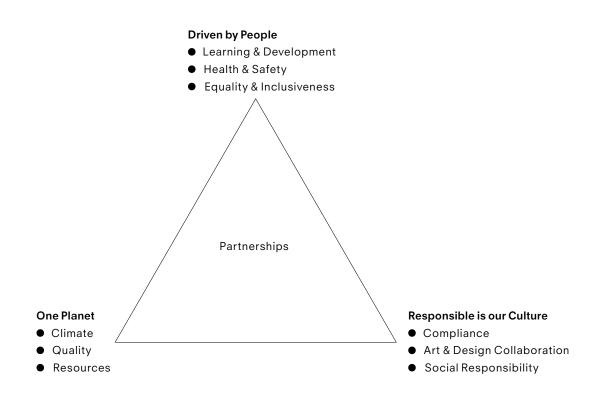
**Responsible is our Culture** elaborates on our proper and responsible business conduct, our commitment to social responsibility.

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

Art & Design Collaboration presents art and design collaborations in 2020.

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

### Textile design and innovation that pushes the boundaries



# CSR policy

We consider sustainability to be a key parameter for a strong business by integrating it into our strategy and business DNA. In Kvadrat sustainability is understood as a holistic construct, which through a long-term perspective incorporates people and planet to created shared value both for stakeholders and Kvadrat. Our responsible business conduct and focus on sustainability has already created results that have taken Kvadrat ahead of the game in terms of innovation and design, as well as securing the business through the value chain and strengthening the ties between the company and its stakeholders.

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

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

## Policies, risk and actions<sup>2</sup>

### **One Planet**

**Topic** Environment

### Policy

Continually reducing the environmental impact of our production and internal processes; efficient and responsible use of raw materials.

### Action

We will document our CSR initiatives by committing to the UN Global Compact and issuing this report.

We will foster close collaborations with suppliers and work on reducing the environmental footprint throughout the supply chain.

We want to increase the number of textiles certified according to the EU Ecolabel.

### **Driven by People**

### Topic

Social and employee conditions

### Policy

Growth depends on the right people. Whatever level employees are at, we strive to instil a strong balance between performance, behaviour and learning, and to create a secure and healthy environment.

#### Action

We must ensure both professional and personal development, so that we are well-equipped to deal with future demands and tasks. We have introduced formalised on-boarding programmes. Employees discuss learning and

### It's in our Nature

#### Topic

Human and labour rights and anti-corruption

#### Policy

We support and respect the protection of internationally proclaimed human and labour rights. We are strongly opposed to any kind of corruption, including extortion and bribery. All suppliers must commit to and sign our Code of Conduct, which is aligned with relevant legislation, international conventions and the ten principles of the UN Global Compact.

#### Action

All suppliers must commit to and

We will bring new products to market that address the circular economy. We recognise waste as a resource and will continue to work with circular business models to create recycled and upcycled solutions within the textile industry.

We pledge to continue to monitor our textiles for unwanted substances, measure our consumption of energy and water, as well as participate in external sustainability work.

We will measure our climaterelated impacts and focus on reduction of  $CO_2$  footprint through optimisation of processes and innovations in new technology.

#### Risk

When evaluating environmental impacts in textile production, most

performance with their manager twice a year, setting goals and evaluating performance. Employees are offered relevant courses and workshops, as well as cultural and social events. Gender equality and diversity are in focus to ensure strong teams. Health and safety committees meet to develop initiatives that will ensure a healthy and safe work environment, while evaluating risks and areas of improvement.

#### Risk

Employees must be educated and supported in their development to ensure well-being, motivation and the ability to solve the tasks of the future. As a growing company, we impacts are to be found in the supply chain, including energy and water consumption, responsible sourcing and efficient use of raw materials and waste (circular economy). Chemicals are within the limits set out in relevant legislation.

### Procedure

Besides being ISO 14001 and ISO 9001 certified, all departments submit guarterly reports on their activities, including risk assessments and initiatives that can ensure product quality and innovation. This will in turn contribute to the reduction of negative environmental impact. Although many textiles have already received the EU Ecolabel certificate, we regularly conduct tests to ensure environmentally friendly production processes and to check chemical content. We are in frequent dialogue with our

risk not being able to attract the workforce that is required. We need to be fit for the future, ensuring strong, collaborative teams, where we focus on equality, diversity, well-being, education, health and safety.

### Due diligence

Along with the performance and learning conversations, our HR department has developed procedures to ensure that employee satisfaction surveys are carried out and followed up by department meetings and goal-setting. Workshops and courses are offered to ensure continuous education and development of competencies. suppliers, and through visits, questionnaires and follow-up meetings, we evaluate risk-related topics and potential sustainable developments. This is done to ensure compliance with the standards set out in our Business Partner Code of Conduct and to set common goals for sustainable development to guarantee progress and continuous improvements.

Results and objectives Pages 54–56

Health and safety committee regularly meets to evaluate risks and implement improvements. In the recruiting process, the HR department follows guidelines to ensure coherence and fair evaluation of all candidates.

Results and objectives Page 65

sign our Business Partner Code of Conduct. We visit all suppliers on a regular basis to maintain a close dialogue and ensure continuous development. A Corporate Compliance Officer will be hired in 2020, ensuring due diligence and actions to safeguard compliance with law and internal guidelines.

### Risk

The majority of our textiles are produced in Europe – primarily in England, Norway and the Netherlands. We require all suppliers to respect and comply with human and labour rights, as well as anti-corruption practices.

Many of our rugs are handmade in India and Nepal, in communities where many generations have worked in this traditional craft, and we value the specialised craftsmanship and quality of the rugs that are made through these collaborations. As countries, Nepal and India are traditionally rated as risk areas when it comes to corruption and human and labour rights. Therefore, we make extra efforts to ensure compliance by frequent visits, interviews and meetings, just as we have strict requirements when it comes to the choice of new suppliers.

### Due diligence

All suppliers must commit to and sign our Business Partner Code of Conduct. To follow up, we regularly visit our suppliers, conduct interviews, schedule meetings and make shared development plans to ensure responsible production and consistently high quality.

**Results and objectives** Page 68

<sup>2</sup> Related to the requirements outlined in the Danish Financial Statements Act § 99a & 99b about reporting on corporate social responsibility (CSR).

# Kvadrat's sustainability journey

•	•	•	•
1968 Kvadrat founded	1992 Kvadrat headquarters in Ebeltoft is certified according to the international standard ISO 9001	1997 Kvadrat headquarters in Ebeltoft is certified according to the international standard ISO 14001 We cease mothproofing our woollen products to protect the workers involved in the process and to prevent	2004 The upholstery textiles Hallingdal and Molly receive the EU Ecolabel certificate
		potential contamination of waste water	
	•	•	•
2007 A large number of the textiles from the collection receive the GREENGUARD® Gold certificate. This certification is awarded to products that meet strict emission levels of pollutants and therefore secure indoor air quality	2008 Kvadrat headquarters in Ebeltoft achieves health certification from Dansk Firmaidrætsforbund (Sports Confederation of Denmark). This covers our approach to diet, smoking, alcohol, exercise and stress	2010 More textiles from the collection receive the EU Ecolabel certificate Kvadrat headquarters is 100% fuelled by renewable energy	2011 Kvadrat expands local charity initiatives and donations to art projects and international charity programmes
•	•	•	•
2012 Kvadrat wins award for being 'the healthiest company in Denmark'	2013 Kvadrat introduces Life- Cycle Assessment (LCA) Kvadrat joins the UN Global Compact	2014 Launch of Revive, an upholstery textile made from 100% recycled plastic bottles	2017 The canteen at Kvadrat's headquarters is ReFood certified, thanks to the focus on reducing food waste
			Launch of the brand Really, introducing Solid Textile Board and Acoustic Textile Felt made from upcycled woollen and cotton-based textile waste
2018	2019	2020	
Really wins Design of the Year at Bo Bedre Design Awards for Bibliothèque,	Launch of Patio, a durable outdoor textile developed with water-repellent	Launch of the Monotypes collection, representing 100% composition designs	

a furniture shelving system designed by the Swedish architecture and design studio Claesson Koivisto Rune

Launch of Re-wool, an innovative upholstery textile made of 45% recycled post-industrial waste wool fibres

properties and avoiding any use of PFC chemicals

Kvadrat signs up for Ecovadis sustainability rating and receives Gold level recognition

Kvadrat wins EY Entrepreneur of the Year Denmark

made for circularity

All Kvadrat brands' products directed to the contract market are GREENGUARD® Gold certified

In 2020 3.5 tons Trevira CS cut-offs were upcycled into Really acoustic felts



# Kvadrat brands and action



## Sahco

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

## Resources

## Packaging - the outside counts too

To ensure the minimum impact in terms of packaging we consider every element in relation to raw material and recyclability. Therefore, all plastic and paper-based packaging is recyclable, and our cardboard consists of 70-100% recycled material. To reduce plastic where possible, we are also looking at exchanging address-label stickers for a version without any plastic base; and we changed to paper-based envelope for delivery notes attached to packages instead of the plastic-based version previously used.

### **Recycled cotton**

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

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

Using recycled cotton reduces the environmental footprint of the textile not only in terms of taking raw material processing out of the equation, but also by showing respect for scarce resources such as water – cotton is a water-intensive crop. We are continuously striving for textile development that addresses sustainability through high quality and longevity, raw material consideration and responsible production. To support this idea, we have set the goal to gradually decrease the number of new products launched in our collection each year. Thus, reducing complexity in our supply chain and allowing us to increase transparency and management of quality standards.

### It all starts from the inside

At Sahco, we also wish to show our commitment to environmentally friendly solutions by making it visible in our employees' workspace. With increased dialogue we foster consciousness within the team about CSR-related topics – seen in the avoidance of plastic cups and in the decision to cook our own food and hereby avoiding unnecessary food packaging, transportation and ensuring 100% transparency of ingredients. With the set-up of our new design studio in Copenhagen in 2020, we want to ensure better synergies around the brand and closeness to the Kvadrat brand and thus alignment in sustainable development goals.

SDG	UNGC Principle	Activity	Objective	Status 2020
12 Responsible consumption and production	7–9	Continuously ensure quality and look into raw material impacts in the choice of materials	Using the 2020 launch of two textiles, Moiré and Nazca, that contain recycled cotton, as a learning experience to expand sustainable product development	Achievement 2020: (1) Evaluation of Nazca and Moire from customer feedback was used to improve and inspire the new product developments for 2022. (2) For the 2022 collection all suppliers have been briefed on sustainability performance indicators, incl. REACH
				<b>Next step</b> : (1) Action plan on how to encourage and support selected suppliers on their journey towards more sustainable materials, production processes & treatments. (2) For the 2022 collection, recycled product content will be increased where possible, while keeping performance and aesthetics in mind
G 12	7–9	Engaging in different certification processes to support green building	To receive GREENGUARD Gold, Health Product Declarations (HPDs) and Environmental Product	<b>Achievement 2020</b> : All textiles used in the contract segment have received GREENGUARD Gold, HPDs and EPDs
Responsible consumption and production		projects	Declarations (EPDs) for textiles used in contract segment by March 2020	Next step: (1) Take active lead in ensuring that all new products for the contract segment are certified accordingly. (2) Initiate EU Ecolabel certification process for selected textiles

### **Activities and Objectives**

SDG	UNGC Principle	Activity	Objective	Status 2020
12 Responsible consumption and production	7–9	Engage into environmentally friendly packaging	To use FSC-certified cardboard material from 2021 and look into possibility for recycled content in plastic packaging	Achievement 2020: (1) The main packing material used is cardboard. The material is FSC certified and 70-100% of it is recycled material. All tubes are made of 100% recycled material Next step: (1) By 2022 define a policy on reuse of cardboard and tubes packaging material (2) Eliminate virgin plastic packaging material by 2022; either reuse of packaging material or use of recycled plastic
13 Climate action	7–9	Renewable energy sources for the Sahco office	Sahco covered 100% by renewable energy green certificates from 2022-23	Achievement 2020: A potential switch to renewable energy has been assessed during 2020 for the HQ. Given the priority for cost reductions under the COVID-19 situation, the energy switch has been postponed
				Next step: (1) Different energy sources / prices to be evaluated for HQ (2) with improving business situation and the progress of the Kvadrat Carbon Emission Project, the green energy switch should be kept in focus
12 Responsible consumption	7–9	Responsible and transparent supply chain management	Identifying risk areas across the supply chain and opportunities for more responsible management	Achievement 2020: Cut down of 2021 collection to fewer new products (from currently 20-30 products). Aim is to do less, but more transparent and with strong products per collection
and production				Next step: (1) Map out suppliers, risks and capability development opportunities. (2) Reduce supply chain complexity, (3) grow transparency among sub- suppliers and (3) have Code of Conduct signed by 100% of all suppliers
GO	7–9	New material innovation and	Identify Sahco's innovation direction to	Achievement 2020: Initiated the conversation with selected suppliers
12 Responsible consumption and production	development		create the greatest environmental impact and create new product developments around this path	Next step: Keep close conversation with the development and sustainability team at Kvadrat to align targets with the greater strategic direction (e,g, carbon and water reduction)



# Really – a circular paradigm

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

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

## Resources

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

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

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

The sales of Really in 2020 have reduced textile waste by more than 100 tons – this is a 60% increase from 2019 (41.3 tons).

Really's products are recyclable and can be transformed into new boards again – after a product's second life has ended. Really's real task is to challenge and transform mindsets, creating the desire to change wasteful habits and making it feasible for designers and manufacturers to take a new approach to materials on an industrial scale.

## Really - the circular solution for clients

We have with Really engaged in partnerships within the fashion industry to support the circular use of textiles. Through our engagement relating to our Customer's Own Material (COM) concept we are pushing the boundaries of what kind of fibres we can upcycled. Together with clients like Nike we succeeded in making beautiful boards for instore decoration of Nikes own polyester textile waste.

These collaborations are valuable in order to create circular solutions for textile waste on a larger scale and to get a better insight into how we can work with different fibres. Within Kvadrat and across the different brands we continuously strive to identify fibers that can be incorporated into our Really products and thus creating synergies for circularity across our supply chain.

SDG	UNGC Principle	Activity	Objective	Status 2020
12 Responsible consumption and production	7–9	Increased production of units of felt and solid board	By producing and selling Really, to reduce textile waste in the industry by 100 tons by 2021	Achievement 2020: Exceeded the textile waste reduction target of 100 tons in 2020. Yet, COVID-19 represented a challenge and finding solid streams of textile waste that match our quality needs Next step: In 2021 goal is to reduce 200 tons of textile waste in the industry through Really products.
C 12 Responsible consumption and production	7-9	Through a partnership with Kvadrat brands develop a circular solution for their waste	By 2021–22, to look into how Really's competencies can add value to Kvadrat brands in our race towards circularity, making 1–2 new input materials for the brands' product development	Achievement 2020: (1) In 2020 we finalized the Trevira CS Acoustic Textile Felt FR, consisting of 70% post-production waste, which partly is sourced from our product solution Kvadrat acoustics. (2) In 2020 Kvadrat acoustics delivered 3.5 tons Trevira CS cut-offs (3) invested resources into research for a new binder for our standard products

## **Activities and Objectives**

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SDG	UNGC Principle	Activity	Objective	Status 2020
				<b>Next step</b> : (1) launch of new Trevira CS felt in 2021 (2) In 2021 the goal is to receive 10 tons in Kvadrat acoustics cut offs Trevira CS. (3) In 2021, experiment with new binder to reduce share of binder in our products to 25%, to be commercialized by 2022
12 Responsible consumption and production	7–9	Collaborations with fashion industry and other textile related brands	To be a circular solution and close partner in the textile industry offering COM products	Achievement 2020: (1) being accepted for the (RE)SET furniture program, a French innovation set-up for recycling infrastructure within the furniture industry. (2) Introduced a take back service to chosen fashion clients Next step: (1) Engage further within the (RE)SET network and find one collaboration partner (2) Launch take
				back service in Q2 for all Really clients
GO	7-9	Continuous focus on transparency and documentation	To get Global Recycled Standard (GRS) certified by 2021	Achievement 2020: Initiated the conversation with selected suppliers
12 Responsible consumption and production				<b>Next step</b> : Keep close conversation with the development and sustainability team at Kvadrat to align targets with the greater strategic direction (e,g, carbon and water reduction)
17 Partnerships for the goals	7–9	Collaboration with PhDs, students and organisations related to fibres, colour and product development	Reduce textile waste further by introducing new products and fibres relevant for clients	Achievement 2020: (1) Initiated the application for the Recycled Claim Standard (RCS) to be obtained by 2021. This will add great value as also fashion clients can achieve the certification on products produced by Really. (2) Initiated data collection to draft first LCA models
				<b>Next step</b> : (1) Obtain RCS in 2021, aim for the Global Recycling Standard (GRS) certification in 2023. (2) In 2021, a LCA baseline for all products and all production setups will be created. Next step is to create EPDs for our standard products by 2023
13 Climate action	9	Getting the production site covered by renewable energy	By January 2022 to be 100% covered by renewable energy	Achievement 2020: The priority was given to create more efficient production processes by moving a part of the production from Germany to Denmark. Thus, improving the quality of fibers and cutting down on transportation
				<b>Next step</b> : (1) Define opportunities to drive down emissions even further, through process optimization and smart facility relocation. (2) Map out a transition plan to green energy

green energy



# Magniberg

Magniberg is our Swedish bedlinen brand and has joined the Kvadrat Group in 2020. With this new partnership we are confident to strengthens our position within the residential textile market.

Magniberg was founded in 2016 by Bengt Thornefors, and Nina Norgren, who are both designers. Magniberg seeks to reimagine bedlinen, presenting home textiles in a new context by combining materials, textures and colours, and giving these everyday objects a personal energy.

Inspired by their background in the fashion industry, Thornefors and Norgren have created a lifestyle brand with a focus on longevity. The brand is steeped in cultural references, imagination and emotional aesthetics. It is about craftsmanship, with an insistence on sourcing only the best-quality fabrics. We are welcoming our new partner to the Kvadrat family and looking forward to an exciting design journey.



# Kvadrat product categories and actions



## Kvadrat Shade

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

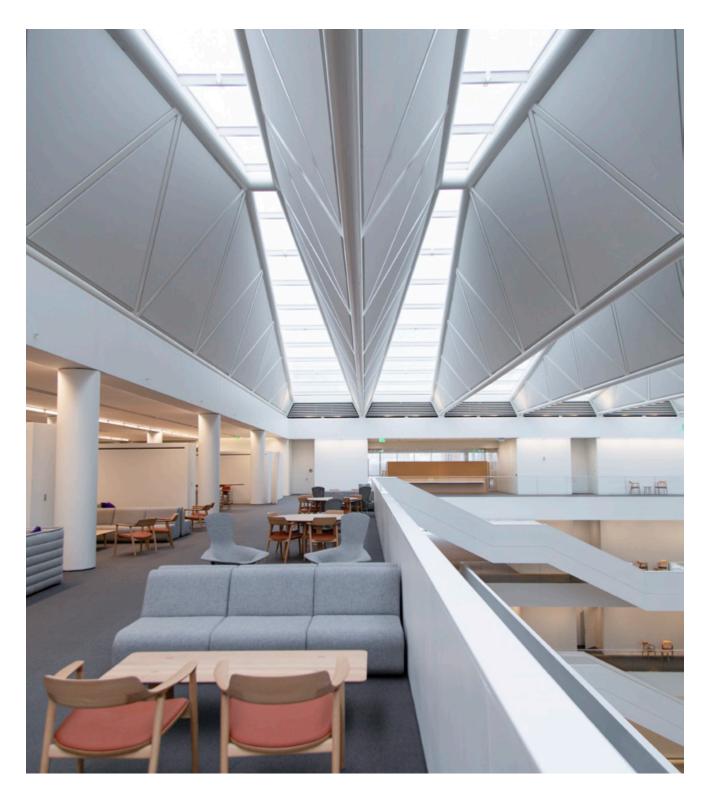
# Climate

With Kvadrat Shade roller blinds, you can meet these challenges, create the optimal indoor climate, and increase well-being and productivity in every space you design. The longer the lifetime of the solution, the lower the environmental impact. Our textiles are made from top-quality, PVCfree materials, and are like the other components of the system, built to last. Our metallised textile offering, produced by Verosol, ensures the best insulation for your building, and contributes significant savings in energy costs and carbon reduction. Our roller blinds prevent heat entering your premises and stop heat from escaping through uncovered windows in the winter, thereby reducing the heat gain in a building by 50% or more. On our website you can use the energy saving calculator to visualise the energy savings and carbon reduction based on your space and choice of roller blinds.

Our roller blinds are EPD third party certified, GREENGUARD Gold certified and have Health Product Declaration (HPD) to support with credits within green building schemes such as LEED, WELL and BREEAM.

# Activities and Objectives

SDG	UNGC Principle	Activity	Objective	Status 2020
12 Responsible consumption and production	7–9	Continuous focus on product life circle impact documentation	By 2022 LCA / EPD documentation for the entire Kvadrat Shade Product collection	Achievement 2020: Since 2020 Kvadrat Shade textiles are to 100% covered by 3rd party verified EPD Next step: Expand EPD also to hardware
12 Responsible consumption and production	7–9	Continuous focus on product safety and health documentation to support green building projects	In 2021 obtain for all textiles and entire hardware collection Greenguard Gold and HPD documentation	Achievement 2020: (1) All textiles are HPD and Greenguard Gold covered. (2) Entire hardware hardware collection is covered by Greenguard Gold.(3) Set up of process to support market specific green building standards Next step: (1) Obtain HPD documentation also for entire hardware collection
13 Climate action	8–9	Reducing Kvadrat Shade's energy consumption and switching to renewable energy.	By 2022 installed an energy management system for Kvadrat Shade and initiated a green energy program.	Achievement 2020: No tracking of energy because newness of business Next step: (1) Engage in energy assessment and take potential efficiency and energy reduction goals to align with Kvadrat's Carbon Neutrality Project
12 Responsible consumption and production	7–9	Transparent communication product energy impact	In 2021 create 100% transparency on the carbon impact and energy savings from high performance roller blinds	Achievement 2020: Re initiated a project to build a digital 'Energy Neutrality Tool' on the website Next step: (1) Finalize the tool in Q1/Q2 2021, so carbon footprint vs. energy savings can be quantified and clients can track when they reach carbon neutrality from using the product
	8–9	Continuous focus on avoidance and the phasing out of hazardous substances	We are offering 100% PVC free products with low VOC impact. We want to offer by 2023 only PVC free products	Achievement 2020: Only offering non-PVC textiles in Kvadrat Shade Next step: (1) develop a metallised non-PVC textile with a reflection on par with metallised PVC textiles. (2) Source or develop a sustainable blackout textile by 2022
12 Responsible consumption and production	7–9	Waste elimination at production stage	By 2022 reduce production waste from textiles by 50% and identify hardware waste for optimization. Continuously ensure min. use of material through engineering	Achievement 2020: Identified major source of production waste Next step: reduce textiles waste through (1) An intelligent, digital tool for optimizing the use of textiles on rolls on our cutting tables at Verosol. (2) Different textiles widths. (3) Reduce hardware waste through smart engineering
12 Responsible consumption and production	7–9	Exceptional quality for longevity and customer satisfaction	Track annual performance and outperform competition. Leverage the increase in quality and thus longevity to explore a reuse such as a potential 'window covering subscriptions'	Achievement 2020: Focus on quality enhancement has been primary focus during 2019-2020 and success criteria have been defined for 2021 Next step: (1) have a claim rate below 1% of finished products, (2) Improved quality of input materials, reducing waste of materials used for production



# **Kvadrat Acoustics**

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

## Resources

## **Respecting resources**

In 2020, we increased the recycled content in the mineral wool used for Kvadrat acousticls from 38.4% to 46.4%, which is on par with the 44% recycled material in our aluminum frames.

We aim to increase the amount of recycled material in textiles, but this has an effect on flame-retardant properties and therefore we follow the flammability testing and quality closely to learn and develop within that area. We are continuously looking into possibilities for increasing the recycled content in our product categories, but, as we set strict requirements on standards, quality and flexibility, it has so far only been possible to reach a recycled material level corresponding to almost half of the frame. In terms of afterlife, the aluminium frame is 100% recyclable, just as 100% of the aluminium production waste from the frame production is recycled.

In a collaborative project with our brand Really, we started in 2020 to upcycle Kvadrat acoustics Trevira CS textile waste into flame retardant Really solid boards or acoustic felts. In this way we reduce waste in one brand and use it as a resource input in another, ensuring a more circular handling of waste.

> In 2020 3.5 tons Trevira CS cut-offs were upcycled into Really acoustic felts

# Quality

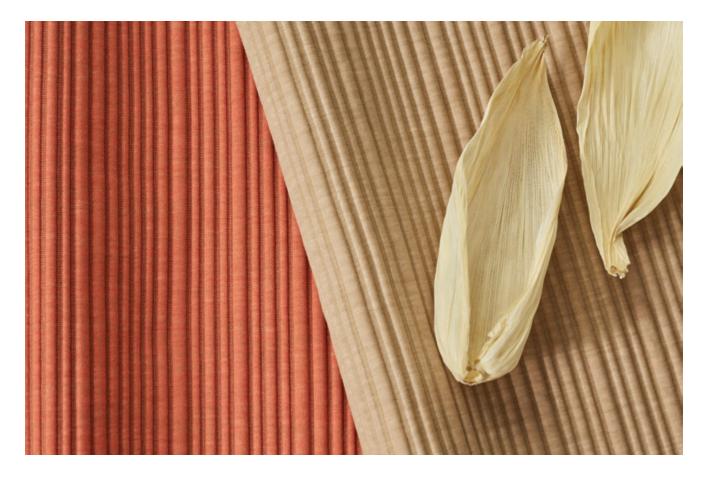
## **Documented quality**

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

We set strict requirements on the use of compounds and have a proactive approach to substances. In alignment with this ambition, we have in 2020 implemented a PVC-free track solution and hereby only offer PVC free products.

## Activities and Objectives

SDG	UNGC Principle	Activity	Objective	Status 2020
12 Responsible	7–8	Set up agreement with recycling scrapper who buys and collects the waste and recycles it for new uses	Reduce acoustic absorbent mineral wool waste 100% in 2020	Achievement 2020: The mineral wool waste has been tracked and constitutes 4.13% of all purchased wool. No recycling agreement has been initiated at this point
consumption and production				<b>Next step</b> : In 2021, identify recycling partner or potential upcycling opportunities for mineral wool waste
12 Responsible consumption and production	8–9	Introduce the option of recycled content in the Kvadrat acoustics textile offering	Textile offering with recycled content in 2–3 products in 2022	Achievement 2020: (1) We have added in 2020 recycled content for Reflective, Magnetic and Openings steel plates. The minimum recycled content for steel flat products is 10.7%, Pre-consumer 11,4%; Post-consumer 5%. (2) No textiles with recycled content have been offered as the high flame-retardant standards are currently not met by those textiles
				<b>Next step</b> : (1) Target for 2021 is to Increase recycled content in all components: Aluminium frame, steel, absorbent and textiles. (2) Aim to offer a Trevira CS or polyester FR with recycled content in 2021
12 Responsible	8–9	Together with Really we evaluate qualities of textile waste products and make collaboration project	Circular solution for textile waste: 80–100% of textile waste should be recycled by end of 2020. The waste should be integrated in a new flame-retardant	Achievement 2020: Kvadrat acoustics production cut offs are used to create Really's flame retardant acoustic felts; In 2020 Kvadrat acoustics delivered 3.5 tons Trevira CS cut-offs to Really.
consumption and production		to upcycle waste into Really acoustic felt for potential use in Kvadrat acoustic solutions	acoustic felt to partially replace mineral wool in 2021	<b>Next step</b> : Foster collaboration and consider potential integration of Really product into Kvadrat acoustics portfolio during 2021
	7–8	Besides the continued compliance with REACH, we will also ensure there is no PVC	To offer PVC-free tracks as an addition to our aluminium frames from 2020.	Achievement 2020: in 2020 a PVC-free track solution was introduced, and all PVC tracks phased out. Hereby we only offer PVC free products
<b>3</b> Good health and well-being	avo	in our products by avoiding PVC tracks		<b>Next step</b> : The high Flame-retardant requirements in the UK market constitute a great challenge. Goal is to investigate opportunities for healthier alternatives and stop all wool aftertreatments
	8	Collect and screen data of energy consumption	Look into possibilities to change and increase amount of renewable	Achievement 2020: The installation of solar panels at our manufacturing site in Poland has been investigated
<b>13</b> Climate action			energy by 2021	<b>Next step</b> : In 2021, push a proper cost benefit analysis further for the potential solar panel installation



# Kvadrat Febrik

Kvadrat Febrik joined us in 2018, having been founded just ten years earlier in the city of Tilburg, Netherlands. Kvadrat Febrik specialises in knitted textiles and is known for its versatile collection, innovative approach and collaborative attitude. Kvadrat Febrik challenges designers and architects not merely to "think textiles" as a last step in the design process, but to use them as a springboard for their interiors concepts and industrial designs.

# Climate

## Heating water with surplus energy

Kvadrat Febrik is evaluating each step in the production process in terms of its energy use the potential to increase efficiency. After the washing process the textiles are dried and fixated in the right width in a heating process. This naturally uses a big amount of energy and the heat released from this energy is absorbed and delivered to a prior water-based production stage using the released energy from the heating process to heat up water. This closed energy system contributes to a total saving of 77,112 m<sup>3</sup> of natural gas per year . Our one and only producer, who is located right next to our designoffice, is currently assessing the financial and environmental impact from installing solar panels and introducing a smaller steam kettle, to save energy and reduce steam waste.

## Resources

### Water is life

In 2002 the factory that now produces Kvadrat Febrik knitted textiles was established. A parameter in its establishment was an energy-efficiency and respect for water as a resource, ensuring that processes reduced water consumption by 30% compared to conventional facilities. Instead of using the old method of consuming tap water in production processes, we introduced a solution that uses groundwater. Furthermore, in the washing process the machinery is able to re-use the last rinsing bath for the first bath of a new batch, thus reducing the water footprint. For 2020, we aim to perform more tests around non-washing procedures. Besides some performance challenges, we see great potential in changing our washing processes as this could reduce conventional water consumption by 95%.

### **Circularity project**

Together with the Kvadrat brand Really, we also investigated how to use our textile waste as an input resource in Really products. This was done in collaboration with well-known designers and had been showcased at the Salone del Mobile in Milan. This project contributed to our technical knowhow and understanding of the qualities of our waste textiles and the kind of second-life scenarios and designs we can expect to develop through joint partnerships. As we continue to look into innovative and responsible ways to create value in our textile waste, we use these findings in integrating circularity even further. Currently, we are investigating the possibilities of incorporating a recycled filling yarn and a recycled filament yarn for our products.

### Social responsibility

With our exhibition Knit! during September 2020, we aimed to showcase the Creativity of 28 talented designers, interpreting the knitted textile collection by Kvadrat Febrik in their creations. The resulting designs inspire to rethinking textiles and illustrate the diversity, versatility and flexibility that knits allow for.

Besides, inspiring through art, we aim to donate surplus textile and textile waste to local universities, and design schools as well as to socially responsible projects that offer a safe and caring workspace for vulnerable people to meet and make accessories, bags, and other items.

## Activities and Objectives

SDG	UNGC Principle	Activity	Objective	Status 2020
12 Responsible consumption	7–8	Identify recycled input and design for recyclability through partnerships with e.g., Really and designers to create second life for textiles	Launch increasingly products with recycled input material and / or with recyclability in mind	Achievement 2020: (1) Recycled filling yarn. (2) Recycled filament yarn for top surface (Samples pending). (3) Trial with hemp did not meet the needed performance criteria
and production		Tortextiles		<b>Next step</b> : (1) launch product with recycled filling yarn in 2021. (2) Launch product with recycled filament yarn in 2022/23
C 12 Responsible consumption and production	7–9	Research waste qualities and how to add second life through recycling or upcycling of fibres	To investigate possibilities of using alternative material or textile waste in new materials supporting circularity	<ul> <li>Achievement 2020: Improved waste management by waste group</li> <li>(1) industrial textile waste is shipped to a Dutch textile recycler.</li> <li>(2) rolls of material are stored until new recycling opportunities are identified for filling - pending research project.</li> <li>(3) 75% of wool waste fibers is downcycled</li> </ul>
				<b>Next step</b> : manufacturer has set 2021 targets: (1) minimize overproduction (currently 10%) (2) new strict entry inspection to minimize rejected material. Rejected material (B-choice) was > 3% in 2020. Target is to reduce to 2%
	7–9	Look into water processes and possibilities for decreasing water use even further	By 2021 to have analysed and evaluated potential scenarios and investment costs for further reduction	Achievement 2020: in 2020 mainly groundwater usage. Stooped using rainwater as it influences quality of product, due to PH value
Responsible consumption and production		use even further	in water consumption	Next step: reduce water waste by (1) more tests on non-washing procedures; only water soaking, drying, fixating. This could reduce 95% of the current water used. (2) in Q3 of 2021, new textile with recycled filling will be tested on both regular wash and non-wash
	7–8	Certification process for GREENGUARD Gold, EPDs and HPDs for textiles used in	To receive GREENGUARD Gold on 1 March 2020. To have Health Product Declarations (HPDs) and	Achievement 2020: 100% coverage of Febrik products by GREENGUARD Gold, HPDs and EPDs
12 Responsible consumption and production		green building projects	Environmental Product Declarations (EPDs) in March 2020	Next step: (1) Continue driving the EU Ecolabel certification of essential suppliers (2) Continue research on Global Recycling Standard (GRS) certificate (3) Continue research on Responsible Wool Standard (keep dialogue with HQ)
C 12 Responsible	7–8	Switch to renewable energy	Map out and implement green energy transition plan for Febrik and supplier	Achievement 2020: (1) Main production partner is considering using a smaller kettle for steam production, meaning less waste of steam and heat and less energy usage. (2) Investigating solar energy
consumption and production				<b>Next Step</b> : (1) Assess impact from smaller kettle and drive decision (2) Assess solar panels impact and payback period (3) assess green energy for the Febrik office



# Kvadrat Sustainable Project Teaser 2020

### Monotypes – Designing for Circularity

Besides using recycled input as a mean to reduce our environmental impact, we are also continuously exploring how to close the loop, how to create products that can circulate repeatedly within the system. We have pushed this exploration forward with the launch of Monotypes, a selection of 10 designs consisting of 100% pure material compositions such as hemp, lyocell, wool and recycled polyester. The idea behind the Monotypes collection is to explore more sustainable materials that can be produced in pure composition to stress the materials beauty and enable circularity.

### Reflect

*Reflect* is a Kvadrat upholstery textile crafted from 100% postconsumer recycled plastic and was launched in 2020. Reflect is GREENGUARD® Gold certified product and has a Health – (HPD) and Environmental Product Declaration (EPD). Within three months after its launch, *Reflect* has saved 116 thousand bottles from land fill.

### Second Life for Discontinued Samples 2.0

Kvadrat's textile samples are crucial for our clients to make the right purchase decision and every year we produce many of those samples. Our colleagues in each country endeavour to find a responsible afterlife scenario for those discontinued samples, such as donations to textile schools, art projects, hospitals, and kindergartens. The project was initiated in November 2020 and in October 2021 will be evaluated before scaling the projects to also covering other areas.

Currently, samples are being collected and local donation opportunities identified by our sales representatives. Furthermore, in collaboration with innovation network Lifestyle & Design Cluster and PhD student Astrid Larsen of The Royal Danish Academy of Fine Arts, Schools of Architecture, Design and Conservation, we are investigating the repurposing of discontinued samples into compressed non-woven products produced by our brand Really.

We aim to create a simple and applicable process of sorting, remanufacturing and designing from Kvadrat waste. Besides learning about take-back systems and thus working towards more circularity of our products, the project has also a cultural and social value, engaging clients, global sales representatives and social institutions working together towards more resourceful use of scarce materials.

### **Hemp Project**

Together with academic partners such as Aarhus University and the Danish Technological Institute, Kvadrat joined the Environmental Technology Development Programme (MUDP) for development of sustainable hemp textiles in 2017. The programme was initiated by the Danish Ministry of Environment and Food – The Environmental Protection Agency (EPA). At Kvadrat we are engaged in this project, as hemp is known for its potential in terms of low input of chemical substances, water usage and ability to be grown organically with great yield potential. Plus, the entire plant can be used for both food and textile fibres. The project focuses on the entire value chain from farming to harvest, design, textile production and circularity.

The objective of the project is to improve the chances of producing sustainable hemp textile in the Nordics. Throughout the project, we will evaluate the quality and business case based on LCA, testing and market analysis.



In 2020, the Hemp MUDP project proved that it was possible to produce long fibers of Hemp in a more sustainable and controlled manner. The research continues with new funds and a new name, Hemp4Tex, but the goals remain the same. We aim to develop a sustainable process of growing and extracting long fibers of hemp locally, using less water, chemicals, and energy. In 2021 we will proceed with a pilot project from raw material extraction to yarn creation together with the project partners and an external spinner in Italy. Hemp4Tex will be funded and active until Q2 2024.

### People who push the boundaries

We believe successful sustainability cannot be exercised in one or two departments, it must live as an idea in the company, meaning it needs to guide daily work and be part of every decision we make. At Kvadrat sustainability is a thought that has always guided the company culture. Exemplary for this was the initiative by our warehouse and logistics team to purchase more sustainable working cloth in 2020. The tested workwear consists of 60% organic cotton and 40% recycled PET. The team is satisfied with the performance of the cloth and will order the same in the future.



One Planet



## Kvadrat headquarters - nature and art combined

Kvadrat's headquarters is located in 60,000 square metres of countryside in Ebeltoft, Denmark. The landscape has been made into a permanent, ever-evolving piece of art by landscape architect Günther Vogt and contemporary artist Olafur Eliasson. It features a combination of groomed gardens and untamed, natural habitat, and encompasses five unique pieces by Olafur Eliasson, inspired by the reflective waters of glacial pools. By combining a garden and areas of wilderness, it offers a space where people, animals and plants can all benefit from the landscape, while supporting local biodiversity.

# Climate

## Kvadrat for the climate

As a global organization, we take our responsibility very seriously and have committed to work towards the goals set out by the Paris Agreement and herewith the aspiration to limit global temperature rise to 1.5 degrees Celsius. To understand Kvadrat's carbon impact, we have initiated the Carbon Emission Project. in 2020 an impact screening across our entire supply chain and our activities. To ensure adherence to science and thus securing that we make a meaningful contribution, we are following the Greenhouse Gas Protocol's emission accounting standards, scope and definitions, and the target setting methods of the Science Based Targets initiative (SBTi). Science Based Targets is a joint initiative of the Carbon Disclosure Project (CDP), the UN Global Compact (UNGC), the World Resources Institute (WRI) and WWF. The goal of SBTi is to enable leading companies to set ambitious and meaningful corporate carbon reduction targets<sup>4</sup>.

The assessment of our emission footprint starts with emissions created within our own company borders, such as purchased electricity and company cars (Scope 1+2). We don't stop here, we go beyond Kvadrat's company boarders and account for those emissions that occur from raw material extraction and processing, manufacturing, and distribution of products. Meaning we will also account for emissions occurring from operations and facilities that are not under our direct control (Scope 3). Our over years established collaborations throughout the value chain allow us to take full responsibility for the footprint we leave.

We want to set a statement, be a role model and share knowledge to move the industry faster towards reduced environmental impact and thus live up to our goal to be market leader within sustainability. Our objective for 2021 is to successfully complete the assessment of our global carbon impact, identify the material emission areas and submit an ambitious emission reduction target to be validated by the Science Based Targets initiative.

### Driven by renewable energy

Since 2010 our headquarters in Ebeltoft has been 100% covered by renewable energy and since January 2020, we also cover our office location for our rugs and curtains in Westerstede, Germany, with 100% renewable energy in both the administration and warehouse.

Consumption at Kvadrat HQ	2018	2018 consumption per employee <sup>5</sup>	2019	2019 consumption per employee <sup>6</sup>	2020	2020 consumption per employee <sup>7</sup>
Electricity (kWh)	430,001	2,606	445,430	2,420	434,702	2.195
Heat (kWh)	644,680	3,907	565,990	3,076	520,020	2.656
Water (m³)	1,016	6,15	1,088	5,92	830,5	4,2

The figures for energy, water and heating consumption in 2020 have decreased, despite a slight increase in the total number of employees at the headquarters. The decrease is likely to be explained by primarily two factors. Firstly, the number of people working daily at the headquarters has been drastically reduced in 2020, given the precautions we took to limit Covid-19 infections. Secondly, seeing consumption per employee declining over the last years, this might reflect a general development towards more continuous management of energy and water among employees.

<sup>4</sup>WRI, Science Based Target Initiative [https://www.wri.org/our-work/project/ science-based-targets-initiative ] (accessed 21-01-2021) <sup>5</sup>Number of employees at HQ ultimo 2018: 165 <sup>6</sup>Number of employees at HQ ultimo 2019: 184 <sup>7</sup>Number of employees at HQ ultimo 2020: 198 To support reduction of emissions and the current development within transportation run by renewable fuels or energy, all our new leased company cars in Denmark are either electric or hybrid since January 2020.

We have already established 10 EV charging stations; two at our guest parking and eight at our company parking area supplied with renewable energy. At Kvadrat A/S we currently count six hybrid/ electric cars out of 43 cars in total (14%). In 2021, seven leasing contracts for diesel cars will expire, and these cars will be replaced by hybrid or electric cars. In 2021 we will update Kvadrat's company car policy and specify a list with all the hybrid and electric cars that are available for our employees. In 2024 all existing company cars will have been replaced with EV / hybrid cars.

#### **Transport and logistics**

We aim to manage distribution of deliveries to customers in the most environmentally efficient way. This means that we work with direct deliveries and strive to have fully loaded trucks and vans as well as looking into geographical delivery to create the most effective routes. For our Kvadrat rugs, for example, we have optimised through consolidated shipments from India and Nepal, thus reducing our footprint by combining the transportation of rugs from our suppliers. We primarily use transport services from logistics and transportation suppliers who take a proactive approach to their CSR activities and environmental impact. Such suppliers educate their drivers in ecodriving and work with the latest technology to ensure effective logistics and reduced carbon emissions.

Furthermore, we keep a constant focus on reducing our carbon emissions when it comes to travel. Video conferences are widely used, which means that car or air travel can be avoided. In 2020, digital meetings have proven essential not only for responsible management of our carbon footprint, but also to secure safety of our employees, partners and customers.



# Quality

#### Animal welfare policy

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

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

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

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

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

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

#### ISO 9001 and ISO 14001

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

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

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

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

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



#### Quality - Built to last

Reflecting our commitment to the environment, quality and longevity, all our fabrics are tested by independent test institutes to meet the textile requirements of the different markets concerning abrasion, pilling, fastness to rubbing, lightfastness and flammability. Kvadrat upholstery and curtain textiles come with a quality guarantee up to 10 years.<sup>8</sup>

#### EU Ecolabel<sup>9</sup>

We seek to document our focus on quality, and environmental concerns, by getting our textiles certified or labelled. The EU Ecolabel helps customers to identify products and services that have a reduced environmental impact. It evaluates everything from the extraction of raw material through to production, use and disposal. We have chosen to apply for EU Ecolabel certification for several of our woollen woven textiles. In 2019 37 of our woolen woven textiles were certified out of 57 (64.9%). This was a 12 % increase (or 9 products) from the year before. In 2020 seven more products have been certified. We have now 61 woolen woven textiles of which 36 are certified woolen textiles. Meaning 59% of our woolen textiles are EU Ecolabelled. This is a slight decrease to the year before and is related to the discontinuation of some of our certified products in 2020, but also a slow-down of the certification procedure due to COVID-19.

<sup>8</sup>Go to the company page of the brand and product to see the exact years of warranty. <sup>9</sup>EU Ecolabel certifications are primarily awarded to Kvadrat's upholsteries, although all textiles need to comply with EU Ecolabel dye restrictions no matter what the brand.

#### 60% of our woollen woven textiles are now EU Ecolabel certified

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

#### **GREENGUARD®** Gold

GREENGUARD® certification verifies that chemical and particle emissions emitted by building products and materials fall within the acceptable indoor air-quality pollutant thresholds. GREENGUARD Gold follows the standard: California Department of Public Health (CDPH) Standard Method V1.2-2017. A large number of our textiles carry GREENGUARD® certification. It is not possible to apply LEED certification to textiles, as LEED is a building certification. However, the US-developed GREENGUARD® is accepted by LEED and the majority of other green building standards.

In 2019 we began to expand the certification process for all textiles targeted at the contract segment including our product solutions Kvadrat Shade and Febrik and our brand Sahco.

Since March 2020, all brands having textiles directed to the contract segment are GREENGUARD® Gold certified.

In 2020 ten Kvadrat Shade hardware products were also certified. This are our first non-textile products to get GREENGUARD® Gold certified. We constantly strive to certify new developments and extend the certification across all Kvadrat brands.

On par with the GREENGUARD® Gold certification we are providing Health Product Declarations (HPD) for our products. HPDs offer a disclosure of potential chemicals of concern in a product by comparing a product's composition with those hazard substances listed by GreenScreen for Safer Chemicals and with other lists of hazardous substances.



#### Life Circle Assessment (LCA)

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

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

LCA enables us to provide our customers with information about the environmental impact of our products. From the same system, we can also provide an Environmental Product Declaration (EPD)<sup>10</sup>, which is often requested in projects related to green building standards, where this kind of declaration can support the client in distinguishing products based on their environmental performance and in receiving credits.

LCA helps to ensure that we do not optimise one process without looking at the whole chain, i.e., the entire life cycle. Additionally, it helps us to gain valuable insights into the areas where we should increase our efforts to reduce our environmental impact. Our LCA model and EPD follows the principles of the ISO 14040 standards for life-cycle assessment. Since accurate data is key to good decision making, we constantly strive for improvements. Our data is based on internationally recognised LCA databases, combined with literature sources and knowledge from Kvadrat and our suppliers. The model is based on the standard EN15804 and is structured according to the EU's model for product environmental footprint (PEF).

<sup>10</sup>Our EPDs follow recognised standards and the data platform has been developed by a third party. The EPDs are not third party-verified.

#### **Requirements for substances**

Our suppliers<sup>11</sup> have all confirmed that they fulfil their obligations according to REACH, as well as all other required standards. They also confirm that they have made the necessary pre-registrations for chemicals that require registration.

In addition, we impose strong standards on our suppliers, which in some areas go beyond existing legislation:

- Our suppliers must comply with relevant legislation, also the requirements of REACH.
- Suppliers must comply with ECHA requirements and take into account the list of substances of very high concern (SVHC), that can be critical to health or the environment. The ECHA candidate list is updated continuously.
- We only use dyes that comply with EU Ecolabel requirements, including AZO and heavy metal dye restrictions.
- We do not use halogen-based flame retardants (inc. brominated and chlorinated).
- Our woven products in the Kvadrat collection do not contain PVC<sup>12</sup> (polyvinyl chloride).
- We do not use PFCs (perfluorinated compounds).
- Woollen products are not mothproofed.

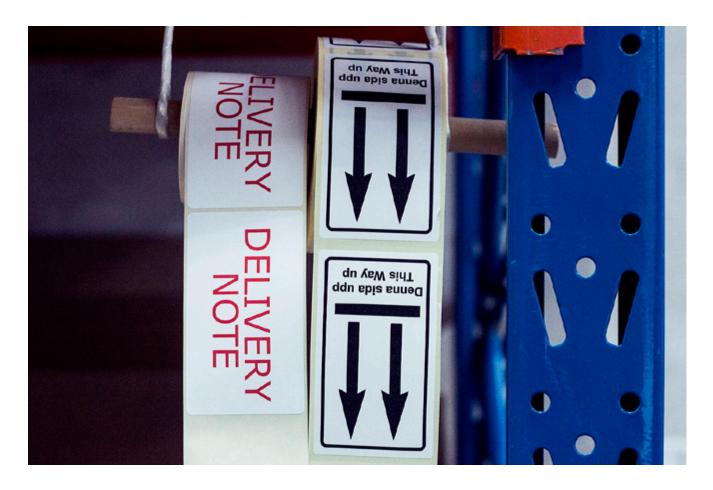
We do not apply halogen-based flame-retardant treatments or PFC stain- and water-repellent coatings in our standard collection<sup>13</sup>. These substances do not support our sustainable policy and are often applied unnecessarily. If the natural properties of the textile's raw material meet the requirements and expectations for the intended purpose, we do not recommend further treatments.

All our polyester curtains and upholstery textiles are inherently flame-retardant (Trevira CS). This ensures that no additional flame-retardant treatments are necessary, ensuring that there is no negative impact on indoor environments or health.

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

<sup>12</sup> PVC is still present in a selection of roller blinds produced by the brand Verosol. As Kvadrat Group, we are continuously seeking for better solutions and a 100% phasing out of PVC beyond the Kvadrat collection.

<sup>15</sup> Only if a client specifically requires a halogen based flame-retardant finish or stainrepellent treatment on the textile can we arrange for this to be applied. We always advise that treatments should not be used if they are not necessary and that treatments can be harmful to the environment and health. Currently, exceptions must be made to our blackout curtains, where non-PFC and non-halogen FR options are not yet available on the market. Here we are engaging in active research projects together with our suppliers to phase out these chemicals and identify better alternatives.



# Resources

We reflect upon impacts when investigating different resources and processes. A guiding principle is the circular economy prioritisation list: Rethink, Reduce, Reuse, Upcycle, Recycle, etc. We first consider whether we can rethink our processes and thus avoid resource use and then we think about re-using, upcycling or recycling.

Given our commitment to longevity of our products, we prioritise technical cycles over biological cycles. This means we acknowledge that making a textile requires a vast number of resources – fibres, energy, water, etc. Therefore, we want to avoid that a product biodegrades and becomes soil. Instead, we should respect the resources used to make this textile and through re-use, upcycling or recycling make sure we keep the product in use if possible. To ensure the least impact, considerations such as transport and logistics, efficiency, sorting qualities and renewable energy are also relevant when we look to create not only circular but also sustainable solutions.

This said, we are not opponents of biodegradable fibres – we in fact use a lot of natural fibres that are in theory biodegradable, such as wool. Yet, because those natural fibers are so valuable and durable, we want the resources to be used in the most respectful way creating most value, not ending up in a biological cycle where it biodegrades and disappears as nutrients into the soil. Further, it needs to be stressed that biodegradability depends on temperature and soil conditions and the pureness of the material, for example, the absence of treatments. Certain surface treatments, or the wrong disposal of a textile create substantial limitations for the biodegradation process. In our search for alternative fibers, we consider recycled options instead of virgin fossil-based polymers. Just as we consider processes and impacts related to natural fibres and synthetic bio-fibres to ensure they are not from potential feedstock etc.

#### Packaging - the outside counts too

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

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

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

FSC-certified forests must be managed to the highest environmental, economic and social standards, meaning the environment, the wildlife and the people who live and work in them must be respected.and trees harvested are to be replanted or allowed to regenerate naturally.

#### Waste and sorting

The total amount of waste produced at Kvadrat HQ has decreased in 2020 by impressive 21% compared to 2019. However, this steep decrease must be explained to great extend with the impact of the COVID-19 pandemic on our business. Whereby total number of orders remained relatively stable, the volume of purchased meters per order decreased. We see the largest decrease in our plastic waste (down by 32%), followed by paper (down by 24%) and other (down by 8%). The strong decrease in plastic and paper is to be explained with the fact that fewer roles of textiles had been ordered into our warehouse in 2020. Therefore, less packaging material was discarded from these roles. A further explanation is our continuous effort to recycle plastic and cardboard coming into the facility and using it again when shipping orders out of the facility. We will track our Other waste category carefully in 2021, as we saw in 2019 an increase in this category compared to 2018. This was either caused by the growing number of employees generating waste or by waste not being sorted correctly.

Waste in tons	2017	2018	2019	2020	% change
Paper/cardboard	55.83	54.83	53.92	40.83	-24%
Plastic	11.17	12.88	11.43	7.79	-32%
Other	21.99	19.65	22.52	20.84	-8%
Total	88.99	87.36	87.87	69.46	-21%



#### Materials

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

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



#### Wool

Wool is a natural, long lasting fiber and is a fast renewable materialsince the sheep can be sheared multiple times.

Sheep provide an endless source of fibre and, at the same, they take care of the land by enjoying a free range of terrain for grazing all year round. The farmers take care of the sheep's health and shear the heavy wool off in the warm seasons to collect the wool. The wool used in our products comes primarily from New Zealand and Australia. Our suppliers have committed to our policy on sourcing wool only from non-mulesed sheep.

Wool is naturally flame retardant, which means that chemical treatment is generally unnecessary<sup>14</sup>. This contributes to a cleaner indoor environment. Only biodegradable detergents and spinning oils are used in the scouring and spinning. In addition, waste fibres are, as far as possible, gathered and recycled by other industries. oils are used in the scouring and spinning. In addition, waste fibres are, as far as possible, gathered and recycled by other industries.

<sup>14</sup> We only put woollen textiles through flame-retardant treatment if the project requires a certain level of fire-safety standard. Otherwise, our standard collection is never treated with flame-retardant chemicals as it can have a negative impact on the environment and health, and in many cases is unnecessary. Functional benefits:

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

Environmental benefits:

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

#### Re-wool

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

As the textile contains 45% recycled woollen waste fibres, we reduce the environmental footprint since the processes for farming sheep, transport, scouring and dying the wool have been taken out of the equation for this part of the content. Re-wool is a great example of how we continuously develop more sustainable solutions in close collaboration with our suppliers and, in this case, are able to reduce leftover material at the yarn spinner. Waste has been used as a resource to create a beautiful, long-lasting new product.

The sales of Re-wool in 2019 led to 4.6 ton and in 2020 to 8.3 tons woollen waste fibres being recycled and thus given a second life<sup>15</sup>.

These amounts have replaced virgin wool and thus are shown to be a sustainable alternative for a circular future.

### Polyester

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

Polyester functional benefits:

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

Environmental benefits:

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

Recycled post-consumer plastic bottles can be made into polyester yarns, which in turn can be used in the production of textiles, thereby contributing to the reduction of plastic waste. Our *Revive* upholstery textiles are a good example of this. Thirty plastic bottles are used to make 1 metre of *Revive*. In 2020 by 1.6 million bottles, which were all used to produce the volumes of *Revive* 1 and 2, were saved from landfills.



# Environmentally friendly production

#### **Textile production**

We strive to build long-term relationships with our suppliers. These are rooted in a shared commitment to enhance quality, reduce the impact on the environment and focus on social responsibility. We like to work with a limited number of suppliers in order to build valuable partnerships that contribute to transparency, good quality, dialogue and responsible development. We have part or entire ownership of five production entities. They are: Convert (40% ownership), producing Really textile solid boards and acoustic felts in Denmark; Wooltex (46% ownership), producing of our woollen upholstery and screen textiles in the United Kingdom; Innvik (30% ownership), producing woollen upholstery textiles in Norway; and two Netherlands-based companies – Gaudium (99.9% Ownership), producing polyester and Trevira CS textiles, and Verosol, which specialises in metallised roller blinds.

70% of our Kvadrat designed upholstery textiles<sup>16</sup> are delivered from Innvik, Wooltex and Gaudium in which we have part ownership.

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

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

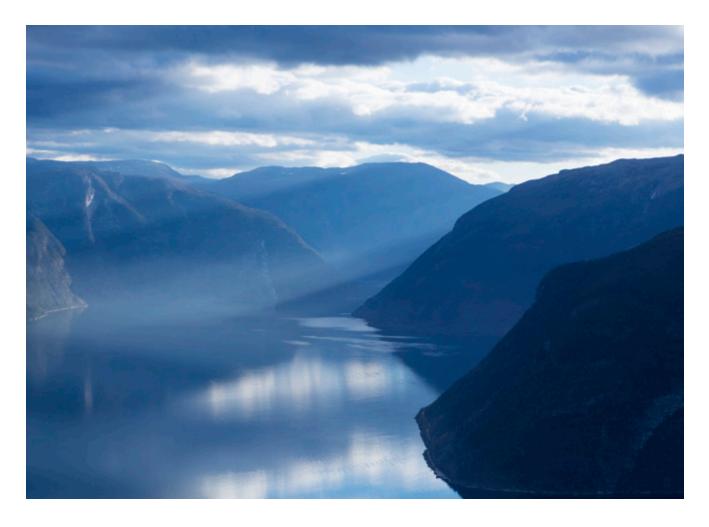
#### Wooltex

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

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

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

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

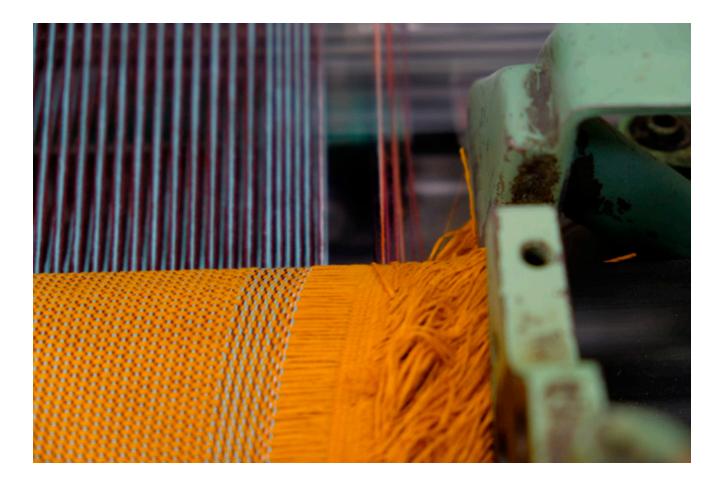


#### Innvik

Our Norwegian production partner takes its name from the valley close to which it is located. Amid the beautiful surroundings of the inlet of Nordfjorden, Innvik looks out from a hillside with views over the mountainous landscape. Innvik has a long history of making quality textiles. Being immersed in the landscape has many advantages that in various ways have contributed to the renewable energy used by the facility. In the beginning and in the years after Innvik's foundation, water from the mountains running into the bay of Nordfjorden supplied the textile manufacturer with the hydropower required to run its machines. To improve the environmental profile and reduce its carbon footprint. Innvik has engaged in a governmental energy efficiency programme for the past three years, resulting in an impressive 60% energy reduction compared to 2016. The initiative does not end there:

Innvik has the ambition to be covered 100% by renewable energy by 2021 and in 2020 Innvik invested 50M NOK to reach carbon neutrality by 2023

To support this sustainable vision, Innvik is investing in a bioenergy project, where a close connection to nature will create shared value and renewable energy. The project will see natural forest waste, such as tree branches, top and roots, processed at Innvik's own bioenergy facility, contributing to carbon-neutral gas and energy, rather than rotting in nature and releasing carbon dioxide. Not only in the production, but also within material choices Innvik constantly seeks to innovate with us and thus reducing our collective environmental footprint even further.



#### Gaudium

Gaudium is our Dutch production entity located in Winterswijk. The weaving facility is producing over 400,000 metres of textile for Kvadrat every year and is herewith a key supply partner. We have worked together since Gaudium's foundation in 1980 and we decided to invest even further into this successful, long-standing partnership by increasing our ownership stake in Gaudium to 99.9%.

Intensifying our partnership is in alignment with Kvadrat's constant strive for close collaboration and trust building. Collectively, we increased our production capabilities and thus foster innovation and production efficiency. We constantly explore new technologies to reduce production waste and increase product quality compliance and thus create long lasting products.

Gaudium manufactures high quality Trevira CS curtains and upholstery textiles in polyester and recycled polyester for our clients. Creativity, innovation and quality are daily issues. Consequently, Gaudium is the perfect partner for our projects requiring high-end quality, fire resistance and durability.

# Activities and Objectives

SDG	UNGC Principle	Year	Activity	Objective	Status 2020
12 Responsible consumption	8–9	2019/21	Eu Ecolabel certification of new products.	Increase number of woollen textiles certified with EU Ecolabel. Our vision is that 90% of woollen products will be EU Ecolabel certified by 2023	Achievement 2020: seven woollen products received the EU Ecolabel in 2020. Overall, 59% of all woollen textiles are EU Ecolabelled. Four new standard Trevira CS products were certified in 2020
and production				Receive EU Ecolabel for larger share of polyester textiles In 2019 nine new woollen products received the EU Ecolabel (64.9% of all woollen textiles were EU Ecolabel certified) a 12% increase compared 2018	<b>Next step</b> (1) In 2021, increase share of woollen upholsteries with EU Ecolabel from 59% to 75%. (2) Increase certified polyester textiles; In 2021 obtain the EU Ecolabel for six more polyester textiles
C 12 Responsible	7–8	2020/21	Receive GREENGUARD Gold and to get EPD's and HPD's for curtains used in green building	To receive GREENGUARD Gold, Health Product Declarations (HPDs) and Environmental Product Declarations (EPDs) on 1 March 2020 on all curtains	Achievement 2020: All curtains directed to contract market are GREENGUARD Gold and HPD certified Next step: Cover all contract market
consumption and production			projects		products with EPD by 2022 and complete GRS application for relevant products
12 Responsible consumption and production	9	2018/23	Remove or substitute chemical substances that we find critical in relation to health and the environment.	Intensified our requirements of PFC and FR treatments in our standard collection. Exceptions are made for certain products and based on customer requirements	Achievement 2020: (1) PFC – testing of a new alternative PFC free finish. (2) FR – mapping of alternative finishes. Halogen free treatments are being tested and evaluated on performance and tactility Next step: (1) Evaluation of new PFC
3 Good health and well-being			Keep having a proactive approach to substances used	By 2023 must phase out: (1) PFC and halogenated compounds in blackouts (2) and PVC in aluminium frames of roller blinds	and FR trials and approval of price in 2021. (2) Push external and internal partners to find suitable finishers. (3) Align phasing out of substance
17	7–8	2019/21	Set and achieve common goals for top ten suppliers	Create an overview of status of sustainability activities, risks and opportunities through assessment, visits and interviews with suppliers to	Achievement 2020: COVID-19 limited the physical access to our suppliers. Questionnaires and digital interviews are used for data collection.
Partners for the goals				in the supply chain.	<b>Next step</b> : (1) Evaluate sustainability performance and risk and create an action plan that aligns with the expectations of our clients. (2) Strengthen local development; financial security

8 Decent work and economic growth

SDG	UNGC Principle	Year	Activity	Objective	Status 2020
12 Responsible consumption and production	8 – 9	2019/21	Investigate possibilities of integrating post-consumer textile waste in new textiles and products	Screening markets, investigating fibre properties, and identifying potential partners to create one innovative product from our own customers' textile waste by 2023	Achievement 2020: (1) Mapping of potential global recycling partners. (2) To support the circular long-term goals of our products, a textile blend guideline for our design teams was created, guiding them in their material choices to ensure recyclability
					Next step: (1) Identify recycling partner, initiate recycling pilot in 2021 (2) Intensify knowledge exchange with brands to develop more recycled products and work towards recyclability across the entire group
12 Responsible consumption and production	7–8	2020/21	Design for circularity and researching different methods and materials	By 2021–23 to develop products supporting circularity	Achievement 2020: (1) Launch of Monotypes collection representing 100% composition designs made for circularity. (2) Development of the new Rug Quality Braid made of 88% recycled polyester. (3) tested first prototype 100% recycled content in rug backing (industrial waste) and in rug underly/ lamination (Kvadrat textile waste)
					Next step: (1) following circularity principles in the next collection. (2) Researching sustainable cleaning methods for non- washable products. (3) Evaluate and take action upon recycled content goal in rugs
GO	8–9	2020/23	Extend the life of products and ensure circular	Develop a system for product repair and related services	Achievement 2020: Washing tests have been conducted on rugs
12 Responsible consumption and production			end of life solutions		Next step: (1) prolong the use of rugs by offering a collecting and washing service in three locations by 2022. (2) Set up collaboration with creative upcycler for curtains
C 12 Responsible		2020/22	Reduce our environmental impact in terms of the materials used in our textiles without	Increase amount of recycled material or alternative environmentally friendly raw materials in our textile production	Achievement 2020: (1) Mapped the impact of recycled input material in selected products. (2) All polyester textiles non-FR contain recycled polyester (applies to Kvadrat brand)
consumption and production			compromising the quality of our products	All polyester textiles non-FR developed from 2020 must contain 100% recycled polyester	Next step: (1) identify a supplier and start trials with recycled fiber content in 1-2 products to evaluate quality in 2021. (2) Emphasize research within alternative/circular materials.
12 Responsible consumption	7–8	2019/21	Investigate, plan and test at least two scenarios to reduce production waste in our value obain	Focus on textile-waste streams in production and find solutions together with suppliers and subsidiaries for recycling or upcycling of textile waste. FEBRIK and Kvadrat acousting are in	Achievement 2020: (1) Investigation of the waste streams at one of our suppliers to identify possible input for 1-2 pilot projects using our production waste that is non- avoidable
and production			chain	Kvadrat acoustics are in collaboration with Really	<b>Next step</b> : Follow up on above project and identify product opportunities and potentially involve external recycling partners

SDG	UNGC Principle	Year	Activity	Objective	Status 2020
13 Climate action	7–8	2020/21	Assess Kvadrat's carbon emission footprint through data collection, engage through workshops and partnerships set targets and take action	Become a member of Science Based Targets initiative by 2021 and set targets to meet the requirements set in the Paris Agreement and the 1.5 degrees scenario	Achievement 2020: Finished collection of carbon emission data for Scope 1-2 and currently collecting Scope 3 data from our supply chain. All suppliers and brands have been onboarded. However, the process has been delayed due to COVID-19 Next step: Set a GHG reduction target in 2021 and become a member of SBTi
13 Climate action	7-8	2020/23	Switch to renewable energy in more office locations	By January 2020 energy demands to be 100% covered by renewable sources for the Kvadat curtain and rugs administration in Germany	Achievement 2020: The administration and warehouse in Germany are also 100% covered by renewable energy Next step: Extend green coverage to other office locations, take green transition dialogue with key suppliers
9 Industry, Innovation and infrastructure	8–9	2020/23	Develop innovation processes that allow for sustainable development throughout our entire value chain	Set up stronger organizational infrastructures to foster sustainable innovation internally first and then extend to external engagement.	Achievement 2020: To strengthen sustainability and innovation, two textile engineers have been appointed to work full time on this topic. 23 research projects have been defined within the categories: yarns, processes, finishing, new production methods
					Next step: (1) Prioritize research agenda in alignment with sustainability strategy and develop key projects into pilots during 2021. (2) Fostering sustainability infrastructures through further decentralization of the function and engagement of more departments
12 Responsible consumption and production	7–8	2020/23	Look into more sustainable packaging	By 2021 to ensure 100% FSC-certified cardboard material or recycled content, recyclable plastic packaging and look into recycled plastic	Achievement 2020: All cardboard is FSC certified and the content is 70-100% recycled cardboard Next step: Eliminate virgin plastic by 2022; either reuse of packaging material or use of recycled plastic



Driven by people



# Learning & Development

#### People

Our people are our key asset and key for us to succeed. As an employer, we have a responsibility to ensure a safe and healthy working environment and to create initiatives that support the competencies of our employees and create motivation, happiness and creativity.

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

### Employee satisfaction worldwide

Once a year, we carry out a global employee satisfaction survey. The results of these surveys are very positive, showing that our people are very satisfied. With a response rate of 95% we have met our target for 2020. Overall employee satisfaction was 76 (on a scale from 1 to 100). Satisfaction was one point lower than in 2019 (77). However, we consider those results as positive, since the impact from COVID-19. Our objective for 2021 is a response rate of more than 95% and a total satisfaction score of minimum 77. We will strive to keep up a high score on employee satisfaction supported by activities described in the chapters below.

The survey results are presented to all employees and followed up by dialogue meetings in all teams. The outcome of these dialogue meetings are action plans with initiatives, which both employees and managers believe will enhance employee engagement and satisfaction. The purpose is to have healthier, happier and more creative people.

#### **Performance and Learning Conversations**

Education, learning and development are some of our most essential leadership principles. We put a lot of effort into executing this to meet our common goals of realising the full potential of our teams. This is why learning and education are incorporated and play an important part in our performance and learning conversation (PLC), which takes place twice a year for all employees. The PLC is a dialogue between employee and manager. Together, they identify competencies and potential for further development. The content of the conversations and the plan for further development are described in the employee's development plan, which is part of the PLC template. To support the development of competencies of each individual, Kvadrat offers a variety of different learning activities, such as our internal education programme, Kvadrat Academy, which offers several courses and training customised to meet the needs of the many different fields within Kvadrat. We also invite talented employees to join our High Potential program 2021. The High Potential program is a learning track for employees, who we consider having potential to grow, solve complex tasks and take on more responsibility. The aim of this program is to develop 60% of the participants into a role with greater responsibility. Supporting our goal of promoting 80% of our leaders from within the organization. When recruiting we have the philosophy to recruit people with potential to grow. In 2021 we are starting a strategic project on how to develop (from within) and recruit specialists for the future.

#### Introduction & Kvadrat culture

We are aware that a strong onboarding experience is essential for the wellbeing and development of our employees. Generally, the onboarding of new employees is the responsibility of the local manager supported by online onboarding modules on our digital learning platform LEARN. Here, new employees can learn about Kvadrat, our products and our business. New colleagues will be assigned a mentor, who will help them in understanding the culture at Kvadrat. We measure how satisfied our new colleagues are with their onboarding after 180 and 360 days at Kvadrat. Besides this, new colleagues receive a welcome parcel and an introduction- and onboarding plan so that they can get started in the best possible way.

2020 was a challenging year for the onboarding of new colleagues to Kvadrat. With limited possibilities for physical onboarding sessions, the online onboarding has been essential. As an example, the Newcomer Sales Academy has been transformed into a fully digital program this year and we are planning to expand our digital onboarding portfolio and develop an even more blended experience in 2021.

### Health & Safety

#### Health

As our people are the key resource in our success, we want to support them by offering activities that contribute to good health. The various activities can inspire and motivate our people to adopt a healthy lifestyle through information, motivation, and concrete actions. For instance, we serve healthy food in the canteen every day. Most of the food are vegetables or fruit and up to 75% of the food we serve is organic. In addition, all our employees are offered a free health check every other year. Usually, we have access to free gym facilities, yoga and outdoor exercise, and massage treatment. Given stricter health regulations and to prevent the spread of COVID-19 infections, those activities have been put on hold or been offered under strict precautions during 2020. Additionally, new restrictions and hygienic guidelines were continuously shared with our employees. We requested our colleagues to work as much as possible from home. While ensuring that we stay connected and share daily experiences our intranet has become an even more important platform for exchange and corporate activities such as an open running challenge and a Bingo night that have been organized.

Our overall sickness rate stayed relatively stable between 2019 and 2020, despite the risks of coronavirus infections. Taking a closer look, we observe a strong decrease in our short-term sickness rate, which was outbalanced by an increase in long-term sickness. Evidently, 2020 has been in many ways a challenging year and the new lifestyle and working conditions have created in many cases increased pressure. In 2021 we will keep an even stronger focus on the health and wellbeing of our colleagues and take action to prevent the growth of long-term sickness.

Sick rates	2017	2018	2019	2020
Days of sickness absence as a percentage <sup>17</sup>	1.35%	1.68%	1.55%	0,91%

<sup>17</sup> The number relates exclusively to short-term sickness, which is defined as absence due to sickness for under one month. The days of absence caused by short term sickness including employees with long-term sickness, was 2.60% in 2020 (2.54% in 2019).

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

#### Safety

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

All work-related injuries are registered. In 2020 one work-related injury was reported – one less than the previous year. Even though the number of injuries was low and we experienced a decrease this year, we have an overall objective of zero injuries. The risk of injuries has been evaluated by the committee and improvements have been communicated to relevant staff. A safety manual has been written to outline safety behaviour at the warehouse and administrative facility. In the warehouse, yellow markings, which are frequently repainted, show where it is safe to walk and there is a focus on making the workspace clean and tidy.

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

A suitX, a robotic exoskeleton that eases lifting manoeuvres, has been tested and evaluated in 2020. It will continue to be used as a support for employees. Furthermore, to ensure safety when lifting, all textile rolls have been reduced to a weight of 15kg. For colleagues who cycle to work, we have established a cycle path and signage to increase awareness of traffic.



# Equality & Inclusiveness

#### Inclusiveness<sup>18</sup>

We believe that the success of Kvadrat is driven by a diverse team, leveraging the uniqueness and strengths of people with different ideas, strengths, interest and cultural backgrounds.

This increases the quality of our approach to tasks and decisionmaking and thus benefits Kvadrat's customers. Different experiences and competencies boost learning and creativity, which are both strong elements of the Kvadrat culture. Diversity is also about ensuring equal opportunities for all. To us, diversity comprises gender, age, cultural background and seniority.

Our long-term goal is to obtain a 40/60 gender distribution within our boards. More recently, we have been focusing on increasing the number of women on the Kvadrat A/S board by working towards a gender composition, where at least 30% are women. In 2020, 1 out of 5 (20%) of the board members of Kvadrat A/S have been a woman. Meeting our 30% goal would require an increase of our total number of board members to six members with a total of two women representatives. Identifying a new board member requires careful elaboration. Professional qualifications, a strong match with our company values as well as the impact on our internal gender balance are all important criteria. We will continue seeking the best candidate while striving to meet our target of 30% women at the board of Kvadrat A/S at the latest by 2023.

<sup>18</sup> Related to the requirements set out in the Danish Financial Statements Act § 99b about reporting on equality and gender under-representation.

Our diversity goal for Kvadrat Holding A/S is more long-term oriented, as it consists of the group of owners and will change in accordance with the gender of the next generation of owners. In 2020, the number of women in Kvadrat Holding is 1 corresponding to 11%. In 2020, Kvadrat Holding A/S has not reached a more even gender distribution, due to the majority of the second generation of owners being men. Target is to meet the recommendations of the Danish Business Authorities of a 40 / 60% distribution between men and women by 2030. This will be an organic development given that the third generation of owners are primarily women (20 / 80%). A positive outlook on our gender distribution is represented by our increase in women within our executive management. Over the last two years the number of women in the executive management increased from 1 to 4. In 2020, 44% of the executive management of directors were women (38% in 2019). Our goal for 2021 is to maintain this level.

#### Goals for inclusiveness in management

We measure gender distribution in management, i.e., the percentage of men and women at management level. We strive for a 50/50 distribution of men and women, while a plus/minus margin of 10% is considered acceptable. The small decrease in the representation of women in management in 2019 was due to more subsidiaries having been integrated into the company, bringing with them relatively more male managers. In 2020 we saw a positive development, the share of women managers increased by 2.44% to 45.8%.

Total number employees 2020	Men	Women
982	405	577
Diversity managers	Men	Women
2017	56.7%	43.4%
2018	56.3%	43.7%
2019	56.4%	43.36%
2020	54.3%	45.8%

At Kvadrat, 'We' comes before 'I'. In our view, success comes from cohesion and collaboration. We have the mindset of 'Strong Teams – One Company'.

Kvadrat is an international company and we want our management to reflect the world we operate in. We want a broad range of employees based on experience and competences. We achieve this by having employees of different ages and with different seniority. For the future we will put a stronger focus on hiring underrepresented minority group in all layers of our organisation. A diverse team will be driving our success over time.

<sup>19</sup>The Danish Business Authority estimates an acceptable equal distribution is 60/40, either 40% women or 40% men in managing positions.

Cultural background & seniority	2019	2020
Internationality – cultural background other than Danish	64.9%	64.3%
Seniority entire group Seniority managers	7.7 years 12.7 years	7.7 years 12.6 years

In order to achieve our goals on inclusiveness in management and the employee team, we are aware and respect areas like competencies, personality, gender, age, cultural background and seniority when we recruit, develop, form project groups, establish teams and promote managers and employees at Kvadrat. As part of the recruitment process, we make sure to incorporate the above values of inclusiveness in job descriptions and job ads to ensure as much diversity among candidates as possible and that all candidates are given equal opportunities. This concerns both, how we define the conditions for the position and where we look for potential candidates – internally or externally. Kvadrat is growing and we need to generate managers for the management teams of the future.

We take this topic seriously and we are aware that we are on a journey of constant learning and improvement and our increasing global growth requires even stronger commitment and actions. Therefore, we have set up in 2020 an Equality & Diversity task force consisting of eight Kvadrat employees. Goal with this task force is to further sensitize the wider organization to the importance of constant improvement around equality, diversity and inclusion, to formulate a strategy, set attainable actions, to formalize processes, and to engage employees in an open dialogue. The task force has concretized selected commitment areas, mapped out an action plan and determined organizational targets and performance indicators as part of Kvadrat's future diversity and inclusion strategy.

# Activities and Objectives

SDG	UNGC Principle	Year	Activity	Objective	Status 2020
3 Good health and well-being	1	2019/21	Kvadrat will continue to offer different activities that support the health and well-being of staff Outdoor fitness and introduction to good health fitness equipment have been offered and well-being together with cycling and running events	To continue offering at least two different work-out programmes within training facilities and activities	Achievement 2020: (1) Massage was offered every 14 day - depending on changes in COVID-19 precautions. (2) One out-door running race was organized by employees. (3) offered digital home office exercise guide Next step: (1) Return to offering two activities, identify (digital) alternatives during COVID-19. (2) Implement digital "together- separated" program
3 Good health and well-being	1	2020/21	Focus on healthy and organic food	To sustain the high level of vegetable-based food at the daily lunch buffet as well as to maintain the 2017 level of 75% or increase the proportion of organic food and ingredients served at Kvadrat	Achievement 2020: (1) Same level of 75% of organic food ingredients at canteen. (2) Leftovers are packed for takeaway for employees Next step: Increase the share of vegetarian food options during the week, maybe 2-3 days offering vegetarian food
3 Good health and well-being	9	2018/23	Continuous focus on employee well-being and development Performance & Learning Conversation, Kvadrat Academy and Learning2Go	Maintain or improve previous years' ratings on employee satisfaction above a 77 score The frequency of PLC shall be executed twice a year Achieve KPIs set out for the High Potential Program by 2023	Achievement 2020: (1) The employee survey response rate in 2020 was 95% and satisfaction was 76. (2) The PLC 2020 was conducted bi-annual (3) Initiated an internal talent and specialist growth program to be launched in 2021 Next step: (1) Achieve for 2021 a response rate > 95% and satisfaction equal or >77 (2) id. (3) specify actions and goals for the internal growth / specialist program
3 Good health and well-being	7–8	2019/21	The health and safety committee will investigate activities which can reduce the risks of work- related injuries as well as develop activities that ensure a good work environment	Work-related injuries shall be less than the previous year, with an overall goal of zero injuries Keep sickness rate to 3%	Achievement 2020: (1) There was one work related injury (one less than in 2019). (2) Fall in short term sickness offset by rise in long-term sickness Next step: (1) Fostering a strong safety culture across the organization and drive injuries towards zero. (2) Track long-term sickness rate and take action to prevent further increase
5 Gender equality			As a result of our growth, we are continuously increasing our workforce. We will keep focusing on inclusiveness and elimination of discrimination	To maintain at least 15% representation of women on the boards of Kvadrat Drive gender distribution on management level towards the 50/50 goal. We will continue to work on meeting our goals within the acceptable margins Extend diversity management to more categories	Achievement 2020: (1) no change in gender diversity at the boards of Kvadrat. Increase in women share among (executive) management. (2) installment of an equality and diversity task force Next step: (1) Maintain or further extend the share of women in the board and across management. (2) fostering the next task force and develop action plan for increased diversity



Responsible is our Culture

# Compliance

#### **Compliance and risk assessment**

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

#### Human and labour rights

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

#### Anti-corruption

Working against corruption is integrated in our CSR policy as well as our Business Partner Code of Conduct. In 2018, we revised our Code of Conduct to integrate essential points from the UK Bribery Act and Danish law against corruption, along with human and labour rights principles, and environmental and animal welfare requirements. This Code of Conduct was introduced to suppliers in 2019. We also formulated a new internal anti-corruption policy, which will be presented to employees in 2021/22. Risk assessment will be our tool to evaluate the areas of high concern so that we can put our efforts into these areas and, together with our stakeholders, handle issues systematically to avoid the risk of corruption in the supply chain.

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

In November 2019 Kvadrat initiated a follow-up privacy compliance project to ensure that Kvadrat has the necessary procedures in place to protect personal data in the best possible way, and ensure continued compliance with the GDPR regulations which entered into force within the European Union in May 2018.

Kvadrat has today an extensive privacy compliance program in place to ensure continued compliance with the requirements for the processing of personal data throughout the organisation. In 2020 Kvadrat has set up a new compliance function internally and hired a Compliance Counsel to safeguard as we are growing that internal policies and guidelines are followed, employees are educated and we continue to develop our compliance programme. GDPR awareness training will be rolled out to all Kvadrat employees in the start of 2021.

#### **Activities and Objectives**

SDG	UNGC Principle	Year	Activity	Objective	Status 2020
*	1–10	2019/21	Code of Conduct updated	To update Code of Conduct and send to all current suppliers to be signed. Present all details to ensure	<b>Achievement 2020</b> : All core suppliers have signed the Kvadrat Code of Conduct
8 Decent work and economic growth				common understanding of the content.	<b>Next step</b> : Ensure Code of Conduct is signed also by remaining sub-suppliers
	10	2021/22	Policy against corruption and implementation will follow in 2021-22	To implement an anti- corruption policy applicable for Kvadrat A/S	Achievement 2020: The anti-corruption program has been postponed to 2022, due to other projects that need to be prioritized during 2021
<b>16</b> Peace, justice and strong institutions					Next step: i.d.
	10	2018/23	Courses in anti corruption and compliance	To educate all relevant employees and managers who have contact with suppliers	Achievement 2020: The anti-corruption program has been postponed to 2022, due to other projects that need to be prioritized during 2021
<b>16</b> Peace, justice and strong institutions					Next step: i.d.
17 Partners	1–10	2019/21	Dialogue and action plans with suppliers in order to comply with UN Global Compact's 10 principles	Meetings and action plans for Kvadrat's top ten suppliers in order to ensure compliance and create shared value	Achievement 2020: COVID-19 did not allow for physical meetings. However, a current companywide analysis is conducted, and an action plan will follow
for the goals					<b>Next step</b> : Terminate analysis, launch action

Terminate analysis, launch action plan incl. shared goals and KPIs for suppliers



# Art & Design collaboration

#### Kvadrat - a design culture

We are an internationally renowned and progressive design company, committed to continuously pushing the boundaries of aesthetic, creative and technological advancement in textile design. The world's most accomplished architects, artists, designers, furniture manufacturers and retailers are our clients. Together, we bring warmth, tactility and colour into public spaces and domestic homes. We find it most valuable to support organisations and projects that are in some way related to our core business values and stakeholders, in order to be able to add value to the partnership or sponsorship and activate it in the most efficient and proper way.

As design culture is an important part of our DNA, we find it essential to keep inspiring our employees. Therefore, we invite employees to cultural events a minimum of twice a year. In 2020, those excursions were limited, due to COVID-19 but new on-line events have been initiated for example, Kvadrat invited employees to an experience of a virtual and augmented reality demonstration of Kvadrat Rugs at our showroom in Ebeltoft.

#### Art projects and sponsoring

Despite the numerous exhibitions and art related events that have been cancelled during 2020 or were postponed to 2021, there have been a number of exciting exhibitions and events that Kvadrat has actively supported or engaged with during 2020.

During 3 Days of Design in September 2020 Kvadrat opened the doors to Knit! a series of work by 28 different designers exploring the potential of knitted textiles by Kvadrat Febrik. Knit! was designed to be experienced physically and as a digital interactive exhibition that can be viewed worldwide. On a dedicated website, viewers are able to virtually walk through the exhibition and see each design in 360 degrees, accompanied by the designer who takes the viewer through their inspirations and design process. Bringing in a new dimension, the viewer is encouraged to explore material possibilities.

For Olafur Eliasson's exhibition *Sometimes the river is the bridge* at Museum of Contemporary Art Tokyo (MOT), 300m of the *Campas* textile by Finn Sködt for Kvadrat were used to create a curtain for the visitor entry space. The exhibition opened during September 2020 and centres on the theme of 'ecological awareness' and the urgently pressing problem of global climate change. Olafur Eliasson and Kvadrat have worked together on numerous projects for more than ten years, a journey that started with the Serpentine Gallery Pavilion in 2007 and has continued ever since.

In February 2020, the Caravaggio-Bernini. Baroque in Rome exhibition at Rijksmuseum in Amsterdam opened its doors, for which Kvadrat sponsored 1045 metres of *Steelcut Trio, Forest Nap, Pilot, Vidar 3* and *Balder*. For the exhibition design, the Italian designer duo, Formafantasma have chosen an elegant, understated style that leaves ample space for the Baroque language of the artworks to fully manifest itself. The usage of Kvadrat textiles amplifies the contrasting beauty of 17th century art and contemporary interactions with textiles, colour and architecture. After the exhibition closed, Formafantasma and Rijksmuseum decided to donate many of the upholstered panels to Makers Unite, a co-creation space for waste upcycling.

In January 2020, the exhibition 'What Eats Around Itself' by Daiga Grantina Showcased at the New Museum in New York presented a new sculptural installation that interweaves cast silicone with paint and fabrics, made of Kvadrat textile *Divina 3*. Also pieces of Really Acoustic Felt and a custom-made textile were part of the exhibition. The exhibition's title references the dynamic growth of lichen, a composite organism that results from the symbiotic relationship between fungi and algae.

This exhibition represents the third commissioned partnership between Kvadrat and the New Museum. Building upon this relationship Kadrat's CEO, Anders Byriel joined the museum's international leadership council in 2020.

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

# Social Responsibility

#### Supporting socially responsible projects

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

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

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

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

# Activities and Objectives

SDG	UNGC Principle	Year	Activity	Objective	Status 2020
17 Partners for the goals	7–8	2019/20	Donating and sponsoring textiles and know-how	To contribute to social responsibility and create value by donating or sponsoring textiles for charity and the local community in Ebeltoft and neighbouring municipalities	Achievement 2020: To support schools, workshops and social economic institutions during the pandemic, Kvadrat supported several local institutions with textiles donations (e.g., "Grænseløse Sting" at Trapholt, sponsoring of ca 500 m textiles) Next step: Specifying Kvadrat's donation policy. Identifying social institutions that meet internal criteria and establish long term partnerships
17 Partners for the goals	7–8	2021/20	Financial partnerships and sponsorships	Continuous support of art and culture to strengthen design culture and expanding the opportunity to experience art for a wider audience	Achievement 2020: Kvadrat sponsored textiles to various global exhibitions during 2020. For example, were 1045 metres of Steelcut Trio, Forest Nap, Pilot, Vidar 3 and Balder sponsored for the exhibition Caravaggio- Bernini. Baroque in Rome (Rijksmuseum in Amsterdam) Kvadrat's CEO, Anders Byriel joined the international leadership council at the New Museum in New York

Next step: Continue sponsoring and partnering selected institutions, designers and artists to push the boundaries of design

#### **UN Global Compact Index**

UN Global Co	ompact Principle		Activity	Page
Principle 1	Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights; and	Reporting on CSR CSR policy Compliance and risk assessment Human and labour rights	5, 11, 12, 67-58
Principle 2		Make sure that they are not complicit in human rights abuses		
Principle 3	Labour Rights	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Reporting on CSR CSR policy Employee policy Health Safety	5, 11, 12, 58-65
Principle 4		the elimination of all forms of forced and compulsory labour;	Diversity Compliance and risk assessment	
Principle 5		the effective abolition of child labour; and	Human and labour rights	
Principle 6		the elimination of discrimination in respect of employment and occupation		
Principle 7	Environment	Businesses should support a precautionary approach to environmental challenges;	Reporting on CSR CSR policy Environment	5, 11, 12, 35-56
Principle 8		Undertake initiatives to promote greater environmental responsibility; and		
Principle 9		Encourage the development and diffusion of environmentally friendly technologies		
Principle 10	Anti-corruption	Businesses should work against corruption in all its forms, including extortion and bribery	Reporting on CSR CSR policy Anti-corruption and competition law	5, 11, 12, 67-68



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

We welcome feedback on its contents.