

# EGE GROUP CSR POLICY

# ABOUT THE EGE GROUP AND CSR

In the ege Group, we consider corporate social responsibility – CSR – a necessity and a business advantage. The world is under pressure, and all companies need to take active and long-term responsibility for how they affect it. In our CSR work, we aim at ensuring that the ege Group's business model, production processes and products help create a more sustainable society both now and in the future.

CSR is a pronounced and integral part of the ege Group's business foundation and strategy. Our aim is to be the carpet manufacturer in the world that is best at CSR.

We also wish to develop new and even more sustainable products and production methods, as well as new methods for the

use and reuse of our products. We use CSR as a framework for development throughout the entire value chain.

Social responsibility is a requirement for many of our customers, and good results where CSR is concerned mean more orders. CSR is also a means of attracting and retaining employees. In our view, CSR ensures better working conditions, fewer sick days and higher employee satisfaction. Active and long-term work with CSR thus creates economic, social and environmental benefits for the ege Group and for the society as a whole.

## **PREMISE OF THE CSR POLICY**

The basic premise of the ege Group's CSR policy is that we



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comply with all legislation and the international conventions to which all countries and companies are subject, including the International Bill of Human Rights and the Rio Declaration on Environment and Development. We also want to contribute to the UN Sustainable Development Goals by working with the goals that best support our core business.

We comply with all regulations and standards to which we are subject in addition to voluntary initiatives we have joined, including the principles of the UN Global Compact, which we undertake to respect and promote.

The CSR policy covers the seven focus areas of CSR standard DS 49001, parts of which the ege Group is certified in accord-

ance with, and the subject of quality, which is of paramount importance to us.

The ege Group consists of egetæpper Herning, egetæpper Gram, Bentzon Carpets, Hammer Tæpper, Carpet Concept and UAB Litspin. The CSR policy applies to all these entities as well as associated subsidiaries and sales offices throughout the ege Group.

<sup>1</sup> Brief explanation of all the conventions, standards and principles listed in Appendix I

# CSR POLICY

## HUMAN RIGHTS

We will respect and support international human rights, whether they be civil, political, economic, social or cultural rights. In countries where there is a risk of lack of respect for human rights, we will take steps to avoid any human rights infringements that affect the people with whom we cooperate and work in a business relationship.

We are opposed to differential treatment and discrimination, and will ensure that our employees and partners have equal opportunities. Discrimination on the grounds of gender, ethnicity, religion, political opinion, age, disability, sexual orientation, trade union membership, etc. will not be tolerated.

Any form of corporal punishment, mental and physical coercion or harassment is forbidden within the ege Group. The use of or deriving of benefit from any form of forced labour or involuntary work is prohibited. All employees must be able to move freely during their employment and the withholding of identification cards, travel documents or other important personal documents is prohibited.

Child labour is prohibited. The minimum age for employment must not be less than 15 years (unless national legislation determines that children aged 14 may work). Young workers under the age of 18 may not perform night work or any kind of hazardous work.

## EMPLOYEES AND WORKING CONDITIONS

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

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

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

We will ensure a healthy and positive working environment for our employees and constantly seek to improve working conditions. We will recognise each other's differences and qualifications, and will speak to and about each other with respect. Bullying will not be tolerated. We will work for inclusion and health-promoting activities. Parts of the ege Group are certified according to the occupational health and safety management system DS/OHSAS 18001.

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

## ENVIRONMENT AND CLIMATE

Through focused activities and by setting environmental goals, we will work to prevent and reduce the environmental impact of our production activities and the use and disposal of our products, and continue to improve our efforts from an environmental perspective.

We will work to increase reuse and recycling, as well as to reduce waste. This applies at process level, in the products and in the company in general. Parts of the ege Group work according to the principles of Cradle to Cradle, and we strive to achieve a circular economy in our business.

We will do targeted work to improve our energy performance by focusing on optimised energy use, reduced energy consumption and renewable energy options.

We will reduce the company's CO<sub>2</sub> emissions and thus reduce our impact on the climate. The ege Group has entered into a climate partnership with Ørsted, which helps us identify potential environmental improvements.

Parts of the ege Group are certified according to the environmental management system ISO 14001.

## FAIR OPERATING PRACTICES

We will run every aspect of our business in an honest and ethical manner. We have zero tolerance for corruption and bribery in the ege Group, and corruption and bribery cannot be graduated. We will prevent and combat corruption and bribery in all circumstances. We have a comprehensive anti-corruption programme that all relevant employees must complete.

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

We will promote social responsibility among our partners, including through extensive supplier management and use of the ege Group's Code of Conduct, which stipulates requirements for human rights, working conditions, the environment and anti-corruption etc.

## CONSUMER AFFAIRS

By focusing on sound materials and ingredients, we will promote a safe and healthy indoor climate in the buildings in which our products are used, thereby ensuring the health and safety of our end-users.

We will promote sustainable consumption by means of supplier management, labelling schemes and certification, and via product information and product declarations describing our products' impact on the environment in connection with the fitting, use and disposal of these products.

We will also promote sustainable consumption through the development of Cradle to Cradle products in parts of the ege Group.

### **COMMUNITY INVOLVEMENT AND DEVELOPMENT**

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

### **ORGANISATION MANAGEMENT**

An open dialogue with the company's stakeholders is one of the cornerstones of the ege Group's management philosophy. We will engage in an active dialogue with employees, trade unions, customers, architects/designers, authorities, suppliers and owners on subjects and activities of significance to CSR. We will also ensure that our CSR work is made available to the general public and to everyone working for or on behalf of the ege Group.

The ege Group's Executive Board bears the overall responsibility for the CSR policy and strategy. An ege Group CSR steering committee consisting of the CEO and CCO, among others, will follow up on the work and clarify complex CSR goals and activities. The strategic CSR work is governed in practice by ege Group CSR, while the initiatives are governed locally by CSR Business Partners for the individual brands within the ege Group.

### **QUALITY**

The ege Group considers quality a keyword for all our products and services. We define quality as the trust gained when we strike a balance between the customer's expectations of our products and services, and how they are actually experienced.

A certified quality management system helps us achieve our quality objectives and ensure that we constantly develop and deliver products and services at a uniform high quality level while

also continuously improving the system. Parts of the ege Group are therefore certified according to ISO 9001.

### **COMMUNICATION**

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

### **MONITORING AND REPORTING**

We seek to document all important conditions applicable to our social, environmental and economic impact on society. We provide relevant CSR data in our annual CSR report. All reports and briefings are publicly available on our website.

We have decided that the CSR report will not be verified by a third party. The CSR report is submitted annually to the UN Global Compact in the form of a Communication on Progress Report. An external audit firm ensures that we comply with the CSR reporting requirements cf. section 99a of the Danish Financial Statement Act.

### **REVISING THE CSR POLICY**

The ege Group's CSR steering committee revises the CSR policy annually. Our intention is to continuously assess the policy and ensure that it is appropriate in relation to the ege Group's current circumstances and foreseeable future. The revised CSR policy is adopted at an ege Group CSR steering committee meeting.

### **INTERNAL GUIDELINES**

The ege Group has established a series of internal guidelines applicable to employees and other parties acting on the ege Group's behalf. The purpose of these guidelines is to ensure the implementation of the CSR policy in the ege Group's day-to-day activities. We have guidelines for anti-corruption and more women in management positions, among other things. There may be additional guidelines for the individual entities in the organisation.

We also have a supplier Code of Conduct, which ensures that suppliers satisfy the requirements we stipulate, and Codes of Conduct for business partners and suppliers of external labour forces.

January 1, 2019

  
John Vestergaard  
CEO

  
Svend Aage Færch Nielsen  
CCO

# APPENDIX 1

## **INTERNATIONAL BILL OF HUMAN RIGHTS**

The International Bill of Human Rights was adopted by the UN in 1948. The bill consists of five treaties designed to promote fundamental freedoms and to protect fundamental human rights. All companies are subject to the bill, which covers, among other things, the right to self-determination, work, social security, education, health, fair trial, trade union freedom, privacy, thought and freedom of speech, equality, etc. It also covers the right to not be discriminated against, coerced, tortured, detained, etc.

## **RIO DECLARATION ON ENVIRONMENT AND DEVELOPMENT**

The Rio Declaration was adopted by the UN in 1992 and has been signed by more than 170 countries. The Rio Declaration consists of 27 principles to ensure sustainable development by describing the negative environmental effects to be tackled. These include the use of scarce resources, emissions to air and water, noise, odour and dust, potential and actual soil pollution, waste management (hazardous substances) and issues related to products (design, development, packaging, transport, use, reuse and waste).

## **UN SUSTAINABLE DEVELOPMENT GOALS**

The UN Sustainable Development Goals (SDGs) were adopted in 2015 as a roadmap to save a world under strain due to overpopulation, climate change, scarcity of resources, unrest, inequality, etc. The roadmap contains 17 goals and 169 subgoals, and obliges all the UN's 193 member states to work to achieve sustainable development by 2030. The success of the plan

requires all states, businesses and individuals to make an active effort to achieve sustainable development results.

## **UN GLOBAL COMPACT**

The UN Global Compact is a UN initiative which sets out 10 general principles for companies' work on social responsibility. The principles concern respect for human rights, the right to freedom of association and collective bargaining, the abolition of child labour, the elimination of discrimination, a precautionary approach to environmental challenges, the promotion of environmental responsibility, the development of environmentally friendly technologies, and the discouragement of all forms of corruption. Companies may volunteer to join the UN Global Compact and thus support the principles.

## **DS 49001 CSR MANAGEMENT**

DS 49001 is the Danish version of the internationally recognised ISO 26000 social responsibility standard. DS 49001 is a management standard that ensures that the company constantly focuses on improving conditions within seven focus areas encompassing human rights, good business practice, working conditions, environmental conditions, consumer affairs, organisational management and the development of local communities. Policies and procedures must be developed for the area, continuous checks must be performed and problems must be corrected. Objectives and action plans must also be continuously developed to ensure that the company continues to develop in a positive direction within all focus areas. The company will be audited by a third party each year to ensure compliance with the standard.

### **DS/OHSAS 18001 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT**

DS/OHSAS 18001 is an internationally recognised management standard for occupational health and safety. The management standard ensures that the company constantly focuses on improving conditions for employees. Policies and procedures must be developed for the area, continuous checks must be performed and problems must be corrected. Objectives and action plans must also be continuously developed to ensure that the company continues to develop in a positive direction within occupational health and safety. The company will be audited by a third party each year to ensure compliance with the standard.

### **ISO 14001 ENVIRONMENTAL MANAGEMENT**

ISO 14001 is an internationally recognised management standard for the environment. The standard ensures that the company constantly focuses on improving environmental performance. Policies and procedures must be developed for the area, continuous checks must be performed and problems must be corrected. Objectives and action plans must also be continuously developed to ensure that the company continues to develop in a positive direction as regards the environment. The company will be audited by a third party each year to ensure compliance with the standard.

### **ISO 9001 QUALITY MANAGEMENT**

ISO 9001 is an internationally recognised management standard for quality. The standard ensures that the company constantly focuses on high quality in all processes. Policies and procedures must be developed for the area, continuous checks

must be performed and problems must be corrected. Objectives and action plans must also be continuously developed to ensure that the company continues to develop in a positive direction as regards quality. The company will be audited by a third party each year to ensure compliance with the standard.

### **CRADLE TO CRADLE**

Cradle to Cradle is a product certification aimed at promoting products that satisfy a number of stringent sustainability requirements. The product must exclusively comprise materials that can be part of a healthy cycle and which will not harm people or the environment. The product must be designed to be reused or recycled, thus not generating waste. The company behind the product must aim for CO<sub>2</sub> neutrality and 100 percent renewable energy. Process effluent from production must be so clean that in principle it can be drunk, and the company must meet internationally recognised standards of social responsibility.

### **CLIMATE PARTNERSHIP WITH ØRSTED**

Via a Climate Partnership, Ørsted has helped parts of the ege Group identify possible energy and environmental optimisation measures in terms of investments that will improve our energy consumption and environmental performance for many years. Parts of the ege Group also purchase renewable energy through Ørsted, partly to lower CO<sub>2</sub> emissions and partly to contribute to the development of more renewable energy worldwide. The cooperation is voluntary and based on a common desire to find improvements that Ørsted subsequently helps implement.

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