



Ege Carpets Sustainability Report 2022/2023

ege[®]

About the report

Welcome to Ege Carpets' Sustainability Report. The report concerns the financial year from 1 May 2022 to 30 April 2023 and includes all production units in the group. The report is based on our ambitious Sustainability Strategy, and the figures in the report are presented as total figures for the group. However, consumption data is calculated individually for each production unit.

This year's report is structured differently to our previous reports. The report starts with a presentation of our sustainability ambition, as well as an update on the year's results for our sustainability goals. The rest of the report adheres to an ESG (Environment, Social and Governance) structure, where the areas of environment and climate, social conditions and corporate governance are each presented in separate sections.

The report includes our statutory Corporate Social Responsibility Report, cf. Section 99a of the Danish Financial Statements Act. Firm of auditors EY has ensured that the report is in compliance with the Act.

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

Questions concerning the Sustainability Report can be addressed to:
CSR Manager Camilla Jacobsen: caja@egecarpets.com

¹ See Annex 1 for further details of Section 99a.



Contents

4	Working together to achieve major advances
6	Ege group
7	The group in figures
8	Sustainability strategy towards 2030
16	The UN's sustainable development goals
E – ENVIRONMENT	
20	Greenhouse gas accounts
26	Wild nature
30	PVB in carpet tiles
S – SOCIAL	
34	Social
38	Ege Go2Work
40	Key figures, social responsibility and corporate governance
G – GOVERNANCE	
44	Governance
48	Risks and opportunities
51	Excerpts from Ege Carpets' CSR policy
52	Upcoming EU legislation sets tough sustainability reporting requirements
KEY FIGURES & ANNEX	
56	Production inputs and outputs
57	Herning North and Gram
58	Røjle and Herning South
59	Litspin
60	Annex 1: What is section 99a?
61	Annex 2: Calculation basis applied to the greenhouse gas accounts
62	Annex 3: Basis for calculating inputs and outputs in production



Working together to achieve major advances

The keyword for the past year is speed. It applies to our own efforts, resulting in numerous breakthroughs, but also to sustainability as a movement, with technological developments and new business models turbocharging the industry's green transition. At the same time, customers are requesting more and better sustainable solutions, and the EU is accelerating the coming regulation of the area. To keep up with this rapid pace of change, collaboration throughout the value chain is required.

This year was a landmark year for Ege Carpets' sustainability work. We achieved our goals for many large and important initiatives and started up even more, about which we already expect to have news in next year's report. But we did not achieve this alone; two strong partnerships with suppliers have been established, to speed up both our own and their sustainability efforts.

Our biggest victory is that, for selected carpets purchased as from April this year, we can offer a return system when the carpets have come to the end of their useful life. After use, the carpets can be collected, shredded and used as new materials for, among other things, the yarns we use in our own production. We call this Ege CircleBack, and it is an important collaboration with our largest yarn supplier, Aquafil.

In collaboration with Shark Solutions, we also succeeded in replacing the latex binder in our ReForm carpet tiles with a binder made from crushed car windows. This represents significant gains in terms of the proportion of recycled materials in our products, as well as the carbon footprint.

Other major news includes that last autumn we made the decision to invest in electrification of the part of our production that uses the most natural gas. We expect to start implementation at the end of 2023, so that as from the next sustainability report we will already be able to document the effect this will have on our greenhouse gas accounts.

Even though we have made great progress during the past year, there is still a long way to go before we realise our ambition to create the world's most sustainable carpets. If we are to achieve our ambitions for 2030, we must think circularly in every part of our business. Because sustainability is not just about stopping the climate crisis. It is also about keeping resources in closed loops, ensuring responsible business operations for ourselves

and in our value chain, and restoring nature. The list could go on and on. Fortunately, our customers are with us on the journey and are helping to push companies in the right direction.

The green agenda is moving forward quickly. Technology and industrial solutions are maturing more and more rapidly. We must stay sharp and make sure that we invest in the right opportunities. We are therefore constantly setting up new goals and initiatives within our five circular focus areas, to achieve our ambition.

Things are also moving quickly on the legislation area. After many years in which sustainability has been a voluntary extra benefit, in the coming years it will increasingly be regulated by law. Companies will face mandatory requirements to address such areas as extended producer responsibility, due diligence in the value chain, eco-design and sustainability reporting.

It will take a lot of effort to ensure that we are in line with the upcoming sustainability legislation. But this is the right way forward to achieve sustainable progress across industries and to ensure transparent communication concerning sustainability.

Lastly, I would like to thank all employees, suppliers, customers and business partners for your efforts. The results we present in this report, and the goals we have set for the future, would be impossible to achieve without your valuable contributions.

Thank you. I hope you enjoy reading the report.








CEO Rune Stephansen

Ege Group

Ege Carpets is a leading Danish carpet manufacturer that supplies high-quality tufted and woven design carpets, carpet tiles, and rugs to the global market. The group consists of four Danish production units and a yarn spinning mill in Lithuania. For

more than 25 years, sustainability has been a core element of the business. There is great variation in the carpets manufactured by the different production units and which technologies they use.

Production unit	Production
 <p>Herning North Established in 1938 Group headquarters</p>	<p>Modern technology whereby the dye is injected into the carpet after production, making it possible to deliver any design with the industry's shortest delivery time. Beautifully designed tufted and woven carpets in standard and special designs, primarily for hotels and offices. Carpet production this year: 3,784,861 m²</p>
 <p>Gram Established in 1905 Acquired by Ege Carpets in 1983</p>	<p>Modern technology whereby the dye is applied continuously after production, making it possible to deliver solid-coloured carpets within the industry's shortest delivery time. Beautifully designed tufted and woven carpets in standard and special colours, primarily for hotels and offices. Carpet production this year: 1,926,750 m²</p>
 <p>Røjle Established in 1976 Acquired by Ege Carpets in 2010</p>	<p>Exclusive, flat-woven carpets for the housing and contract market, with a main focus on Europe. The carpets are woven in Røjle and sent to Herning North or Gram for the dyeing and backing processes. Carpet production this year: 1,410,161 m²</p>
 <p>Herning South Established in 1948 Acquired by Ege Carpets in 2014</p>	<p>Beautiful Colortec and Graphic carpets for luxury hotels and the cruise industry in particular. Special focus on four- and five-star hotels and the marine segment. Carpet production this year: 275,597 m² Herning South owns 33% of Foamtex, which produces backing for carpets.²</p>
 <p>Litspin Established in 2000 Acquired by Ege Carpets in 2012</p>	<p>Production of wool yarns for Ege Carpets' production units. Yarn produced this year: 879,612 kg</p>

² Foamtex provides data for Ege Carpets' greenhouse gas accounts, but is otherwise not included in the figures for the Sustainability Report.

The group in figures

1,163,000,000

DKK Revenue

5,987,208

m² of carpets produced

5

production units

879,612

kg of yarn produced

11

subsidiaries

578

employees

30

nationalities

11.3

years of seniority

49

average age

4,705

tCO₂e carbon emissions scope 1&2

102,758

tCO₂e carbon emissions scope 3

12,502

mwh electricity

12,672

mwh renewable electricity (offset)

25,308

mwh natural gas

92,701

m³ water

Sustainability strategy towards 2030

In last year's report, we introduced our new long-term sustainability ambition to create the world's most sustainable carpets. We also presented a circular model for how we will realise this ambition, covering five areas: Sourcing of raw materials, product design, production, corporate responsibility, and recycling & take back.



The idea behind the circular model is to consider every aspect of products, activities, and the many topics that sustainability includes. The construction industry is currently keenly focused on products' carbon footprint, a trend that is also seen among consumers and at national level. The advantage of carbon footprint is that it provides a simple figure that is easy to relate to. The disadvantage is that climate impacts are only a small aspect of the sustainability challenges we face.

The term "carbon tunnel vision"³ is used to describe the phenomenon where we ignore all the other facets of sustainable development and focus solely on how we can get our emissions down to zero. Areas such as biodiversity, the global water crisis and a lack of resources, and all the human issues such as poverty, inequality and health are overshadowed and thereby forgotten. True sustainable development must take every aspect into account.

The circular model also reflects our mantra that we as a company can never "rest on our laurels" when it comes to sustainability. It is an ongoing process in which we continuously set ourselves new goals and start up new initiatives in order to constantly improve.

Our sustainability goals have been adjusted since last year. We have placed our work on Science Based Targets under one common heading, which is Corporate Responsibility. This makes it easier to communicate our progress on the initiative, and is in good harmony with the Science Based Targets' focus, which is precisely to reduce the entire company's emissions and not just those associated with the products.

Several of the goals have also been updated in terms of how we measure them. Last year, we wrote that the sustainability goals

related to our carpets would be adjusted to concern all carpets, instead of solely including our standard carpets for the contract market. We have succeeded in doing this for the three goals, where relevant – namely those under Sourcing of raw materials, as well as Recycling and take back. We have also introduced new targets for reduction of natural gas and combustible waste in production, as well as new indicators for these. This strengthens our sustainability work – in terms of reporting, and also our project portfolio management, where the indicators enable us to assess how much a possible initiative can contribute to our 2030 goals.

This year we present the results of the initiatives we have completed this year, as well as the results we expect to see in the coming years from the initiatives we have already started. Next year, we will work on a more detailed plan for how we will reach all the way to the goal with all our ambitions.

Product design

The design phase is crucial for the green profile of the finished carpet. This is where the basic structure, production process and materials are determined – which are all aspects of the product that can be difficult to change radically later on without compromising the appearance or quality of the carpet. It is therefore vital that all of our carpets are designed with sustainability in mind.

The long-term ambition is to design carpets that are part of closed loops, whereby used carpets are transformed into resources that can be used in the production of new carpets. This is a difficult exercise that requires the carpet to be produced from materials that are suitable for recycling, and that the carpet construction allows us to separate the materials again after use.

2030 goal: Product design

Design for circular – All carpets are designed for recycling after use, with a focus on keeping resources in the value chain

THE YEAR'S RESULTS: This year, we had the following new product launches



New Eco collections

comprising Compact, Rustic, Pro and Structure in wall-to-wall with two backings, as well as Rustic as carpet tiles. The collections use yarn made from regenerated nylon, and two of the collections are part of our groundbreaking CircleBack programme.



ReForm Maze

The carpet is available as both tiles and wall-to-wall and uses yarn made from regenerated nylon. In addition, the ReForm Maze tile contains our new binder made from PVB sourced from old car windows.

³ <https://www.sei.org/perspectives/move-beyond-carbon-tunnel-vision/>

2030 goal: Product design

All carpets for the contract market are Cradle to Cradle certified at Platinum level

THE YEAR'S RESULTS:

■ Bronze □ Silver □ Gold □ Platinum



We cracked the first code long ago – by using yarns made from regenerated nylon instead of virgin nylon. Regenerated nylon is a resource derived from nylon waste that is converted into nylon yarns during a process called de-polymerisation. The process ensures that the material has the same purity and quality as virgin nylon, but with a far lower environmental impact. This means that the nylon material can be recycled over and over again, as long as it can be separated from the other materials in the carpet. We will revert to this later under Recycling and take back.

We use the Cradle to Cradle product certificate to ensure that our carpets have a solid foundation when it comes to sustainability. The standard assesses product performance in terms of material health, circularity, air and climate protection, water and soil management, and social responsibility. This comprehensive and ambitious standard also requires continuous improvement. The certificates can be issued at four levels: bronze, silver, gold and platinum. We have set the goal that by 2030 all our carpets for the contract market must be certified at platinum level.

As of April 2023, Ege Carpets had 23 Cradle to Cradle certificates, covering over 140 carpet collections. This means that over 80% of our total carpet sales and over 93% of our contract market sales last year were Cradle to Cradle certified. This is significant coverage with which we are very satisfied.

The many carpet collections that we Cradle to Cradle certify currently achieve bronze level in two categories, which means that they get an overall score of bronze – even if all the carpet collections qualify for silver or gold in other categories among the five. We are continuously working to optimise the products so that we can raise the level further. We are keen to see the outcome when we re-certify the collections next year against the new and even more ambitious version of the Cradle to Cradle standard.

Sourcing of raw materials

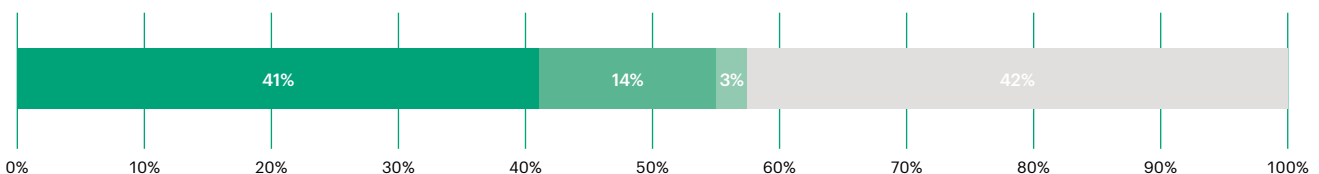
The life cycle of our carpets starts with the materials they are made up of. We want to transform waste into resources and to use renewable materials where this is possible and makes good

2030 goal: Sourcing of raw materials

All carpets produced from yarns based on regenerated or renewable materials

THE YEAR'S RESULTS:

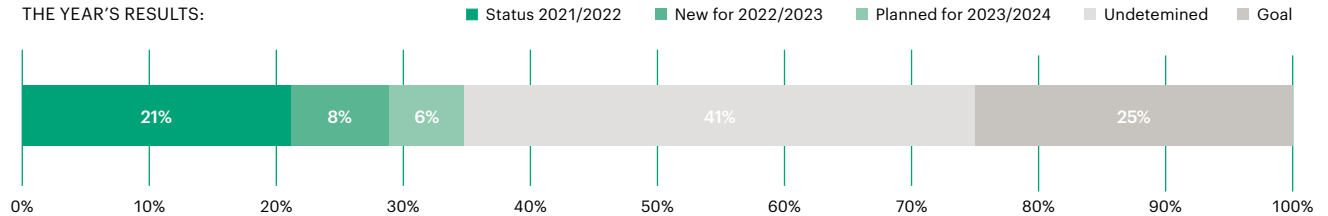
■ Status 2021/2022 ■ New for 2022/2023 ■ Planned for 2023/2024 ■ Undetermined



Indicator: Percentage of carpets sold (in m²) for the financial year

2030 goal: Sourcing of raw materials

In total, 75% of the raw materials must be recycled or renewable



Indicator: Percentage of consumption volume (in kg) for raw materials for carpet production for the financial year

sense. The aim is for all carpets to be produced using yarn from regenerated or renewable materials, and for 75% of all raw materials to be recycled or renewable.

We are well underway in replacing the yarn for a number of carpets. Using our new indicator, which is based on the total carpet sales for the financial year, 55% of the carpets are created using regenerated nylon yarn. This massive improvement of 14% compared to last year is derived from the new Eco collections, as well as the replacement of the yarns for two of our best-selling collections in the Highline concept. Next year, we expect a further increase of 3 percentage points from the launch of our new carpets with yarn made from 100% wool in the Colortec concept. We continue to replace virgin nylon yarn with regenerated nylon for a number of our other collections.

In addition to yarns, a carpet consists of, among other things, polyester or polypropylene backing, adhesive, lime or dolomite, and dyes. We are continuously working to find more sustainable alternatives and, based on our new indicator, 29% of our total

consumption volume for carpet production now comprises recycled or renewable raw materials. However, we still have a lot of work to do to reach the 75% target for 2030.

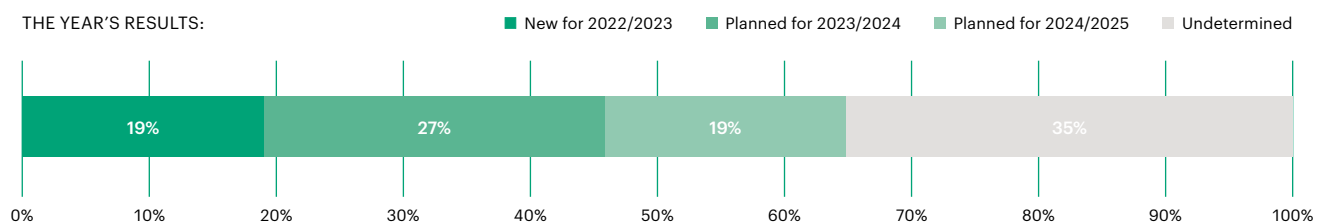
In the next financial year, however, we expect to see a great improvement of around 6%, which will partly come from changing yarns, but also from our project to replace a latex-based adhesive on our carpet tiles in the ReForm concept with a recycled material sourced from used car windows. Read more on page 30 The next step is to extend the recycled adhesive to more of our carpet tile concepts.

Production

Production is the next step in the carpet's life cycle. The raw materials undergo processes that consume electricity, natural gas and water. The result is the finished carpets that are ready for installation, plus production waste and surplus materials. Due to the size of our production plants, both energy consumption and production waste are important focus areas. Our goals are to phase out the use of natural gas, while investing in renewable

2030 goal: Production

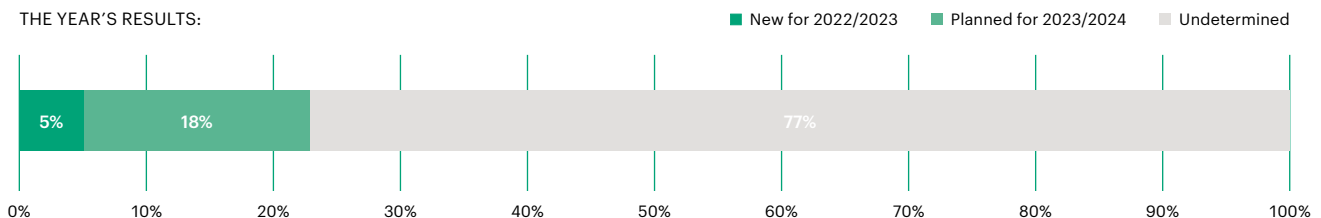
Phase out natural gas through electrification



Indicator: Percentage reduction of natural gas consumption at group level (base year 2019/2020)

2030 goal: Production

All production waste is reused, recycled or composted



Indicator: Percentage reduction of combustible production waste at group level (base year 2019/2020)

energy to cover our consumption, and to ensure that none of our production waste goes to incineration.

To help keep global warming below 1.5°C, we want to switch from natural gas to electricity. Electricity also entails carbon emissions, but this can be compensated by purchasing climate credits. We already invest in climate credits from offshore wind turbines, which ensures that we buy wind energy equivalent to the electricity we use in production. As production becomes even more electrified going forward, we must buy equivalently more renewable energy to compensate for this.

This year, we switched from natural gas to district heating for space heating of our head office in Herning. Together with the closure of the carpet factory in Germany and generally lower consumption at the other production units, this has given a 19% reduction of natural gas consumption at group level this year. Since the switch was made in autumn 2022, we will not achieve the full effect of the initiative until next year. We have also decided to invest in electrifying the first major part of our production – namely the steam production for our dyeing systems in Gram and Herning. The projects are due to be implemented at the end of 2023, so the results will not begin to be apparent until next year. However, we do expect a reduction of approximately 12 million kWh of natural gas annually, corresponding to a 38% reduction of the entire group's natural gas consumption.

For many years, we have made great efforts to reduce waste from our production activities, and to reuse and recycle as much of the waste from our production as possible. Among other things, we send on residual yarn, carpet offcuts, scraps of yarn from the machines, cardboard cones, plastic packaging, and

pallets for reuse and recycling – and we are constantly looking for partners who can convert more of our waste into resources. Yet we still have a large amount of waste that is sent for incineration. We are mapping in detail where this waste comes from, so that we can take focused action to reduce or find recycling opportunities for it.

In spring 2022, we entered into an agreement with a partner in the Netherlands that can recycle some of our production waste to make surfaces for environmentally certified riding arenas, as well as sports equipment such as punching bags. This year, they collected 200 tonnes of production waste for recycling, contributing to an 8% reduction in waste sent for incineration compared to the volumes for 2019/2020. During the same period, however, we had an extraordinarily large entry for one of our production units, due to clearing up the warehouse. We therefore only achieved an overall reduction of 5%. Our Dutch partner has found several recycling opportunities, which indicate that next year they can recycle an additional 16% of the waste that would otherwise have gone to incineration.

Recycling & take back

The final link in our carpets' life cycle is the disposal of used carpets. When customers no longer need the carpets, they are usually sent for incineration or landfill. Only 1-3% of all carpets in Europe are reused or recycled⁴. Both incineration and landfill lead to high carbon emissions and loss of materials that instead could have been given new life as resources in new products. To take care of our natural resources and reduce our climate impact, it is essential to find ways to recycle used carpets. Our long-term ambition is that it must be possible to recycle or reuse all our carpets – either through our own take-back systems, or through partnerships suitable for inclusion of our carpets.

⁴ ZeroWaste France and Changing Markets: 2017, <https://changingmarkets.org/wp-content/uploads/2017/04/French-Carpet-Report-English.pdf>



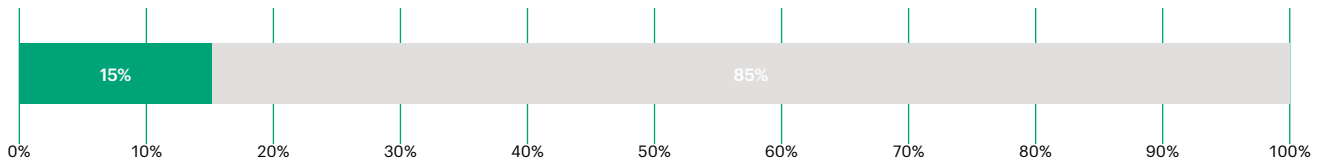


2030 goal: Recycling and take back

All carpets are covered by a take back or recycling system

THE YEAR'S RESULTS:

■ Planned for 2023/2024 ■ Undetermined



Indicator: Percentage of carpets sold (in m²) for the financial year

Since 2020, we have been working on a project called Carpet Zero Waste for upcycling and recycling of used carpets. The project has run as one of the Danish Ministry of the Environment's environmental technology development and demonstration programmes, in collaboration with, among others, the Danish Technological Institute. Through this project, which was completed in April 2023, we succeeded in breaking down and upcycling production waste and used carpets into textile mats that can be used in, for example, acoustics or upholstery, or be pressed into panels suitable for applications such as countertops. The product is called EGEfill, and we are now investigating the product's commercial opportunities in collaboration with the Hans Thyge design house.

Perhaps our biggest news this year is that we have launched a take-back system, Ege CircleBack, whereby used carpets are dismantled, collected, shredded, and recycled. This groundbreak-

ing solution has been developed in partnership with the Aquafil textile company, which can recycle the fibre material from the used carpets into, new nylon yarn, under their "Born Regenerated and to be Regenerable (Born R2R)" programme. Besides the yarn, a material fraction can be used in our own production as an addition to our adhesive. All in all, 98-100% of the components in the carpets are suitable for recycling.

At launch, ten of our collections of wall-to-wall carpets are covered by Ege CircleBack in Europe. This may not seem much, but since these are some of our best-selling carpet collections, it is still quite comprehensive. However, the programme has required us to make some changes to the material composition of the carpets. The programme therefore covers the selected carpets produced as from April 2023. We continue to work on solutions for the carpets already installed at our customers' premises.

Corporate responsibility

Our CSR initiatives must ensure that our business model, production processes and products help create a more sustainable and safe society, protect people and nature, and avoid loss of biodiversity. Our goal is to intensify our efforts in these areas towards 2030. We have also set ambitious targets to reduce our company's carbon emissions throughout the value chain.

Our climate targets are based on the most valid tool we know: Science Based Targets. Based on the scientific methods in Science Based Targets, we will work to keep our carbon emissions at a level that supports the Paris Agreement's goal of keeping global warming below 1.5°C. This requires great efforts at our factories, and also in the rest of the value chain. Read more about our greenhouse gas accounts on page 20.

In addition to the work with Science Based Targets, during the next year we will achieve the following initiatives under Corporate Responsibility:

- Expand Ege Go2Work with a line at Herning North. When the new line has been established, we will be able to send all our residual yarn cones for recycling. Read more about Ege Go2Work on page 38.
- Make a baseline assessment of the biodiversity area at our head office in Herning by counting butterflies, assessing habitats and counting plants. This is all based on internationally recognised standards, and carried out by professionals.
- Expand our biodiversity work to also consider the value chain through an overall analysis of our business model's impact on biodiversity and where improvements can be made.
- Continue to work to achieve our goal of equal gender representation at all management levels
- Gain approval of our expected carbon reduction targets towards 2030 under Science Based Targets
- ... and fulfil the local initiatives launched via our management systems.

2030 goal: Corporate responsibility

Reduce carbon emissions by 46.2% in Scope 1 & 2 and reduce carbon emissions by 28% in Scope 3

THE YEAR'S RESULTS:



We are ahead of plan with our expected carbon reduction targets. Since our expected base year in 2019/2020, we have reduced our carbon emissions by: 35% in Scope 1 & 2 and 21% in Scope 3.

2030 goal: Corporate responsibility

Continuous improvement of our CSR initiatives towards 2030

THE YEAR'S RESULTS: This year, we achieved the following improvements



The last three production units have achieved occupational health and safety management certification, so that now all five production units hold quality, environmental and occupational health and safety management certification.



The last two Danish production units hold DS49001 certification, which is a management system for social responsibility. All four Danish production units now hold this certification.



Once again this year we achieved Ecovadis Platinum rating. This puts us back in the top 1% of the more than 100,000 companies assessed by Ecovadis under the topics of environment, ethics, labour & human rights and sustainable procurement.



The biodiversity area around our head office is already showing good signs that nature is moving in. Read more on page 26.



Sustainable Development Goal 12: Responsible Consumption and Production

- 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.
- 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
- 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.



Sustainable Development Goal 13: Climate Action

- 13.2: Integrate climate change measures into national policies, strategies and planning.

Sustainable Development Goal 7: Affordable and Clean Energy

- 7.1: By 2030, ensure universal access to affordable, reliable and modern energy services.
- 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.



Sustainable Development Goal 17: Partnerships for the Goals

- 17.16: Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources (...).
- 17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

The UN's sustainable development goals

Eight years have passed since the UN launched the 17 Sustainable Development Goals (SDGs). Since 2015, the SDGs have served as a guideline for how states, companies and people can contribute to curbing the negative development that includes climate change, excessive consumption, pollution, poverty and inequality in the world.

At Ege Carpets, we have incorporated the SDGs directly into our Sustainability Strategy. Our primary focus is the SDGs to which we can contribute as much as possible. These are goals that can be linked directly to our strategy and core activity: the manufacture and sale of carpets.

We have previously focused on SDGs 7, 12 and 14. Our commitment to Science Based Targets last year made it relevant to also include SDG 13. As we realise our Sustainability Strategy towards 2030, new themes are emerging, while others are receding into the background. For many years, SDG 14, Life Below Water, has driven our work to use more recycled materials, since plastic waste is a major contributor to marine pollution. In recent years, our work with our raw materials has looked beyond plastic waste and considered additional forms of recycling. We are therefore now transferring our ambitions for recycling of waste plastic as a raw material in our carpets to SDG 12, Responsible Consumption and Production.

We are also introducing SDG 17, which reflects the importance of partnerships for achieving our long-term goals.

Sustainable Development Goal 12: Responsible Consumption and Production

One way to ensure efficient use of natural resources is by reusing the materials we have already extracted from nature. For example, by converting used plastic bottles into felt backings for our carpets. Or by using yarns made from regenerated nylon from used carpets, old fishing nets and other industrial nylon waste. Or by reusing the adhesive from old car windows to replace latex in our tile backings. The common denominator is that we view waste as valuable resources that can take the place of virgin materials.

We are dedicated to the concept of circular economy. We have most focus on this in Herning North and Gram, where the most energy- and resource-intensive processes take place, but there are also initiatives at all production units in the group. Our

long-term ambition is to produce the world's most sustainable carpets, among other things by generating less waste and increasing recycling, while protecting water resources during production, investing in renewable energy, and ensuring that the company takes social responsibility.

Sustainable Development Goal 13: Climate Action and Sustainable Development Goal 7: Affordable and Clean Energy

SDGs 13 and 7 both concern the climate. We believe that we contribute directly or indirectly at a high level to the underlying targets described above, although by their nature the targets are directed more towards the national level. For many years, we have invested in renewable energy to cover our electricity consumption. Every year, we buy climate credits, in the form of GO certificates from offshore wind turbines, equivalent to our actual electricity consumption during the year. All of our production units are included in the agreement, to ensure that 100% of electricity consumption is covered by the investments. We thereby contribute to the goal of achieving sustainable energy, which in the long term will hopefully help to lower prices and increase global availability.

With our commitment to Science Based Targets, we are also taking the work on climate action to a new level. We will realign production processes so as to significantly reduce carbon emissions, just as we will replace raw materials and ensure greater recycling of waste, to reduce emissions. This will enhance our climate action and contribute to keeping global warming below 1.5°C in line with the Paris Agreement.

While SDG 7 primarily relates to Scope 1 and 2 in the greenhouse gas accounts, SDG 13 concerns Scope 3 and reducing carbon emissions in the value chain.

Sustainable Development Goal 17: Partnerships for the Goals

We cannot solve the sustainability challenges we face alone. Partnerships within our own industry and across other industries are required if we are to succeed in making the world's most sustainable carpets. Our CircleBack system is a good example of this. We would never have succeeded if both we and Aquafil had not entered into the project with an open mind and a willingness to invest time and resources in developing the solution together. We expect partnerships to become an even more important strategic tool for us in the future and to take both our own and our partners' performance to new heights.

STOP CARPET WASTE

Something has to change in the carpet industry. We can't let any more used carpets end up in landfills or go up in smoke.

That's why we've created Ege CircleBack. A ground-breaking new carpet recycling program where we offer to take back your used carpets and the waste from installation.

Our carpets are made from recyclable materials allowing us to recycle 98-100% of the components in your returned carpets. This reduces CO₂ impact as much as 60% and brings us one step closer to fulfilling our ambition:

To offer you the world's most sustainable carpets.

Let's stop carpet waste together.



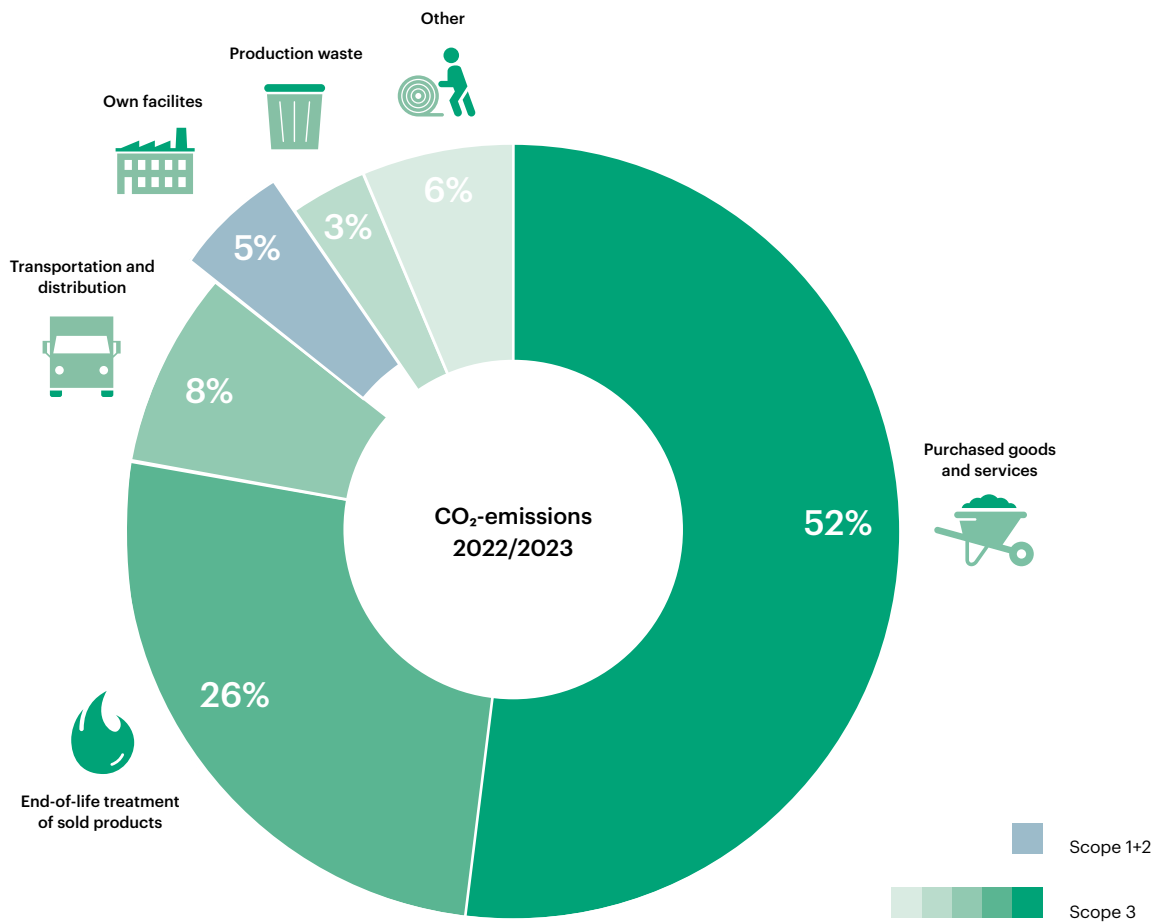
Ege
CircleBack

E/

ENVIRONMENT

Sustainability and the environment are inextricably linked. The keywords are the protection of natural resources, reducing the impact of our business on the climate and, not least, how we as a company can contribute positively to the restoration of our planet. We consider these topics more closely in this section.





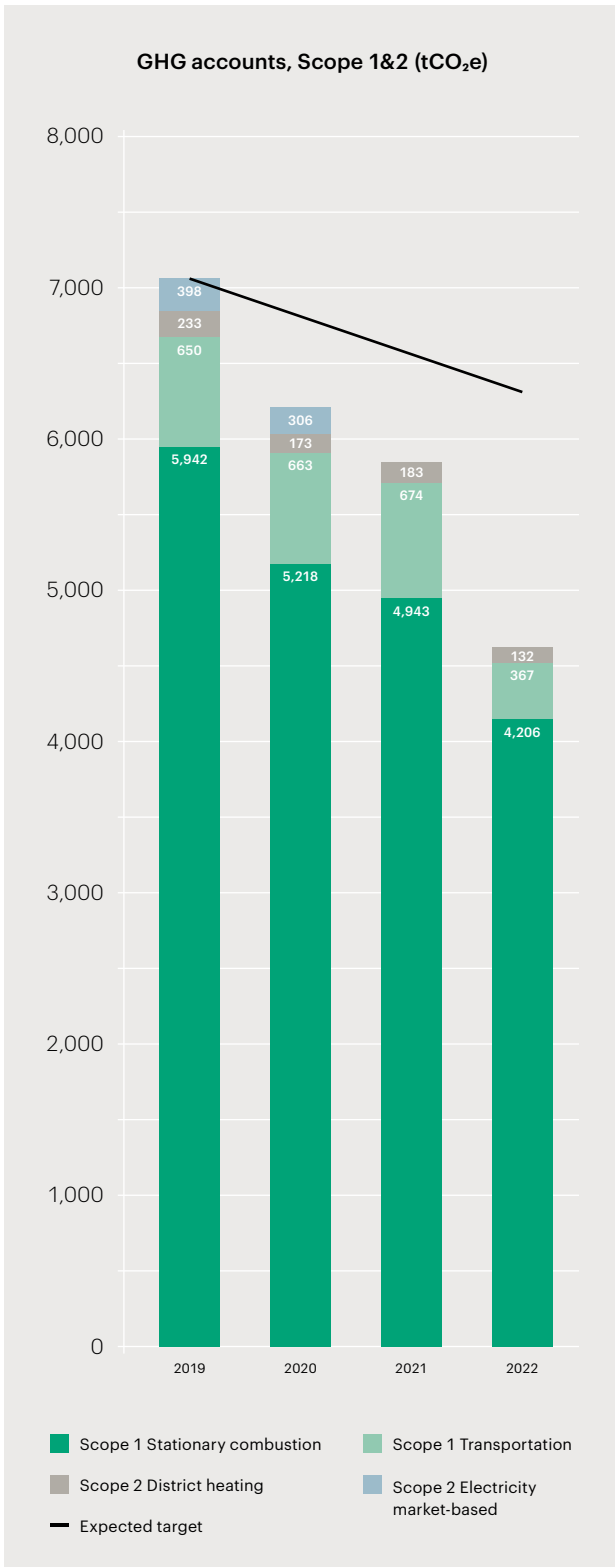
Greenhouse gas accounts

We are still preparing for approval of our climate goals under Science Based Targets. It is not an easy task due to the high expectations of what we as a company should be able to measure. It has also required that, once again this year, we had to add more emissions to our Scope 3 inventory, and also change how we calculate some of them.

The greenhouse gas accounts are an important tool. They help us understand where in our business model we have the greatest climate impact. As a manufacturing company, it is not surprising that most of our emissions come from the raw materials used in carpets. The raw materials have to be extracted and processed before they are sent out to one of our factories and made into carpets. The extraction and processing of plastics such as polyamide, polypropylene and polyester have a major climate impact, as they all originate from oil refining. Latex, used as a binder in carpets, is a kind of rubber, which leads us back to oil refining as the first step in extracting the material. The phasing out of

newly produced (or virgin, as it is also called) plastic and rubber is therefore one of the most important initiatives to reduce the carbon footprint of both the company and the carpets.

The second greatest impact comes from customers' disposal of used carpets. Today, most carpets worldwide are either sent to landfills or for waste incineration. As a manufacturer, we have to consider how our carpets can be disposed of in the most environmentally friendly way, although ultimately the customer decides what they do with them. We have therefore set ambitious goals for designing products that can be included in closed loops, and



for establishing systems that can reuse or recycle used carpets. Read more about our 2030 goals in the section on pages 8-15.

Freight is in third place when it comes to emissions. Ege Carpets is a company with a global reach, so that shipping carpets out to customers to some extent also contributes to our overall climate impact.

Our Scope 1 and 2 emissions are a very small element of our overall greenhouse gas accounts. Only 4% concerns these emissions. This reflects how we as a company have already achieved many positive results in this area, but also the importance of considering the broader value chain when assessing climate impact.

What are Science Based Targets?

Science Based Targets is a voluntary initiative developed by, among others, the UN Global Compact, the World Wildlife Fund, the World Resources Institute and the CDP. The aim is to ensure that global warming is kept well below 2°C above the pre-industrial level and to seek to keep warming to 1.5°C in line with the Paris Agreement.

Once it is committed to Science Based Targets, the undertaking has two years to develop specific action plans to ensure that the target can be achieved. Progress is reported annually to the Science Based Targets Initiative, which must approve both targets and action plans.

As of April 2023, 4,000 undertakings worldwide were committed to Science Based Targets. They included large companies such as PepsiCo, Sony, Pfizer and the Danish energy company Ørsted.

Ege Carpets has also opted for commitment to the Science Based Targets, as we consider this to be the most valid method of reducing our climate impact. Science Based Targets help to verify that we as a company are working in the right direction and that our goals are ambitious enough to make a difference.

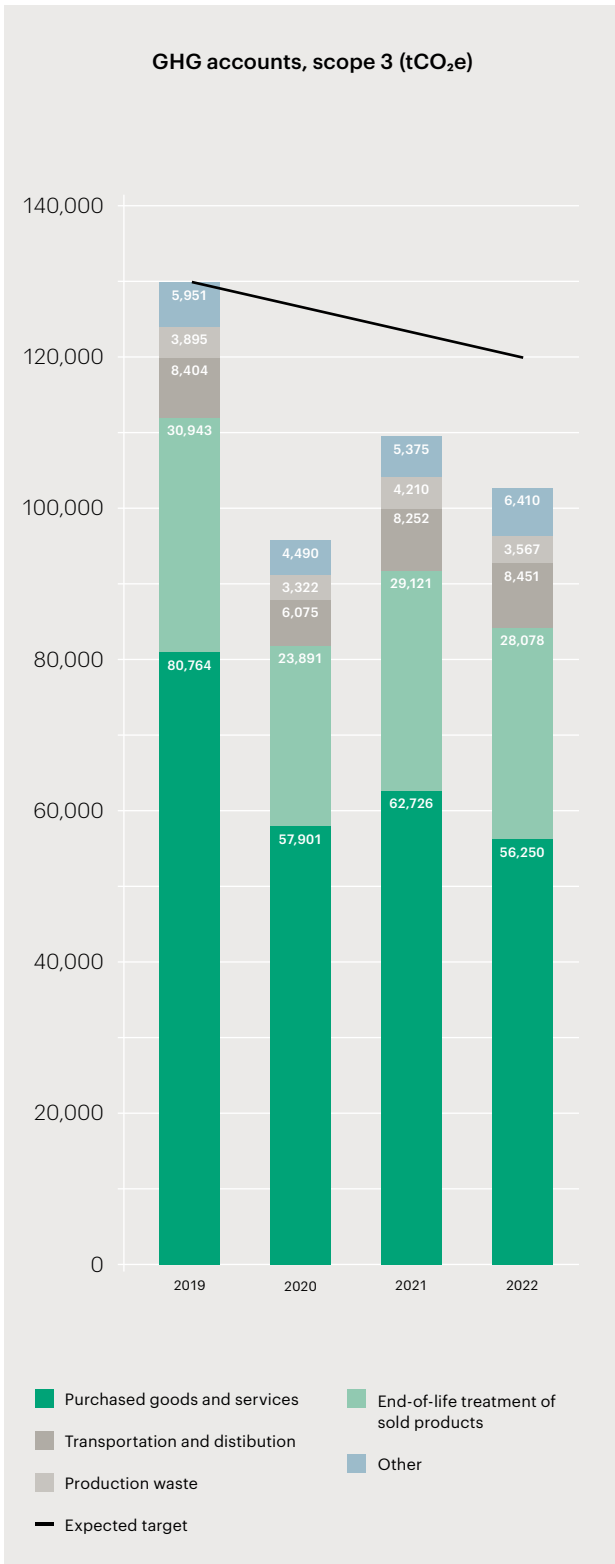
Scope 1: Direct greenhouse gas emissions

Scope 1 concerns the emissions that originate directly from our operations. These are emissions from the combustion of natural gas, oil and LPG in production, as well as the combustion of petrol and diesel in owned and leased company cars. This year, our Scope 1 carbon emissions totalled 4,573 tonnes.

Scope 2: Indirect emissions from purchased electricity, steam, heating and cooling

Scope 2 concerns the emissions originating from purchased electricity and district heating. For more than ten years, we have





been working to minimise the negative impacts of electricity consumption at our production units by purchasing climate credits in the form of third-party verified GO certificates for wind energy. We therefore also use the market-based calculation method for emissions related to our electricity consumption. In this way, we can monitor the impact of our investments on our greenhouse gas accounts.

This year, our Scope 2 carbon emissions totalled 132 tonnes. We expect the Science Based Target Institute to approve our target to reduce carbon emissions in Scope 1 and 2 by 46.2% by 2030, compared to 2019/2020. This will entail an annual ongoing reduction target of 4.2%.

This year, our natural gas consumption was reduced as a consequence of the head office at Herning North switching from natural gas to district heating for space heating. Next year, we expect to see an additional reduction of natural gas consumption when we switch the steam production machines at the Herning North and Gram factories from natural gas to electricity.

Scope 3: All other indirect emissions

Scope 3 may include emissions from 15 different categories, which together cover the entire value chain – both upstream and downstream. Ege Carpets reports on 12 out of 15 categories, corresponding to the categories relevant for our business model. This year, our Scope 3 carbon emissions totalled 102.758 tonnes.

Last year, we reported on nine categories. Since then, the following categories have been added: investments, business travel and employees' commuting. Even though these categories do not make a large contribution compared to the other categories, they help to provide an overall picture of Ege Carpets' emissions. The results for each financial year since 2019/2020 have been revised to maintain year-on-year comparability.

If the Science Based Target Institute approves our target to reduce carbon emissions in Scope 3 by 28% by 2030, compared to 2019/2020, this will entail an annual reduction target of 2.55%.

This year we have seen a slight reduction in our total Scope 3 emissions compared to last year. The reduction is primarily related to our work to replace virgin raw materials with recycled materials. Next year, we expect to see a further reduction, since the results of our replacement of the latex material in carpets with recycled PVB will then be clearly apparent. Read more about this project on page 30.

GREENHOUSE GAS ACCOUNTS	Group 2020/2021	Group 2021/2022	Group 2022/2023
Total carpet production (m²)	5,463,202	6,839,443	5,987,208
Total revenue (DKK)	915,000,000	1,085,311,000	1,163,000,000
Scope 1	tCO₂e	tCO₂e	tCO₂e
Stationary combustion	5,218	4,943	4,206
Transport	663	674	367
Total, Scope 1	5,881	5,617	4,573
Scope 2	tCO₂e	tCO₂e	tCO₂e
District heating	173	183	132
Electricity, market-based	306	0	0
<i>Electricity, location-based</i>	<i>1,808</i>	<i>1,685</i>	<i>1,857</i>
Total, Scope 2	479	183	132
Total, Scope 1 & 2	6,359	5,800	4,705
Percentage change from last year	-12%	-9%	-19%
Scope 3	tCO₂e	tCO₂e	tCO₂e
Fuel and energy-related activities	1,329	1,720	1,712
Downstream leased assets	6	6	174*
Business travel	8	33	329**
Waste	3,322	4,210	3,567
Upstream transportation and distribution	5,378	7,631	7,410
Capital goods	333	522	1,373***
Downstream transportation and distribution	697	622	1,041***
Purchased goods and services	57,901	62,726	56,250
... of which product-related	56,538	61,426	52,415
... of which non-product-related	1,363	1,300	3,835***
End-of-life treatment of sold products	23,891	29,121	28,078
Processing of sold products	1,262	1,546	1,382
Employee commuting	1,029	987	933
Investments	523	562	509
Total, Scope 3	95,679	109,686	102,758
Percentage change from last year	-26%	16%	-6%
Total GHG emissions	tCO₂e	tCO₂e	tCO₂e
Total GHG emissions	102,039	115,486	107,463
...of which product-related (carpets)	93,575	106,314	91,648
...of which product-related (other products)	5,202	5,762	8,662
...of which non-product-related	3,262	3,410	7,153
Intensity measurement, carpet production	Kg CO₂e pr. m²	Kg CO₂e pr. m²	Kg CO₂e pr. m²
Intensity measurement, carpet production	17.13	15.54	15.31
...of which non-product-related	Kg CO₂e pr. tDKK	Kg CO₂e pr. tDKK	Kg CO₂e pr. tDKK
Intensity measurement, carpet production	112	106	92

See Annex 2 for details of the calculation basis applied to the greenhouse gas accounts.

* Emissions from the factory in Münchenbernsdorf have been moved to this category after we stopped production at the site and instead started renting out the premises.

** Business travel levels start to return to normal after 2 years of Covid-19 restrictions.

*** Major refurbishment of offices in Herning North.

**** We have had a lot more air freight compared to last year.



Wild nature

The biodiversity crisis is said to be greater than the climate crisis – that human activity on Earth is wiping out animal and plant habitats at an unprecedented rate. This is a serious challenge that requires global efforts to resolve. But what can companies do at local level to help restore nature?



In the autumn of 2019, the first steps were taken to develop Gjellerup Enge (Gjellerup Meadows), which is an approximately 100-hectare rewilding project at Ege Carpets' headquarters in Herning. The project is a collaboration between Herning Municipality, the Danish Society for Nature Conservation, private landowners, Herning Water and Ege Carpets, which has donated 28 of the almost 100 hectares.

As the first of its kind in Denmark, the project has generated a lot of attention. Among other things, this year Ege Carpets was awarded a special prize by the Danish Minister for the Environment, Lea Wermelin, for being Denmark's wildest company. The prize was awarded in connection with a nationwide competition to ensure that all municipalities join the fight to create more wild nature.

Last year, we described the plans for the area, as well as the construction work that had already been performed. We highlighted the climate lake that will protect the area from flooding as a consequence of future climate change, as well as the vantage point established using the soil that was removed in order to establish the lake.

Activities this year included the establishment of paths and fencing off the area in preparation for grazing animals. A visitor centre has also been established where visitors can start their visit to Gjellerup Enge. In the visitor centre, an exhibition will be created, describing Ege Carpets' history and products, as well as a parallel exhibition about the local nature and biodiversity,





and the project in Gjellerup Enge. The area was officially inaugurated on 15 May 2023.

To monitor the development in the area's biodiversity, Ege Carpets has entered into an agreement with a nature consultancy that will monitor the area over the next five years. In 2023, baseline registration of plant and butterfly life will take place, as well as a habitat assessment that will help document the results of the project. In addition, in collaboration with a firm of consultants, we will perform a baseline assessment of our impact and dependence on the natural capital in our value chain, with particular focus on how our use of raw materials affects biodiversity. We are launching this initiative to achieve a global angle on our work with biodiversity.



Why biodiversity?

The idea behind the biodiversity project is quite simply to give something back to nature. At a time with a strong focus on reducing man's negative impact on the planet, for example through carbon reduction targets and strategies, it is important to remember that as human beings we also have the tools to restore some of the nature we have destroyed. By giving land back to the ecosystems that once lived there, we are turning our work into something positive and focusing on the good things we can do for nature.

With Gjellerup Enge, Ege Carpets has taken the first steps to become a regenerative company. One of the biggest Danish proponents of regenerative thinking is also the man behind the biodiversity project at Gjellerup Enge. Architect and designer Rene

Hougaard has worked with product design for many years and experienced first-hand how different industries tend to focus on reducing the climate impact of various products – a strategy that has often only achieved small improvements.

“The basic idea is to work from a holistic regenerative model that will empower the company all the way around, from local biodiversity to employee well-being, and to local communities, product development and sales work. Everything is inter-related.”

- Rene Hougaard
Architect, designer and advocate for the interaction
between nature and people

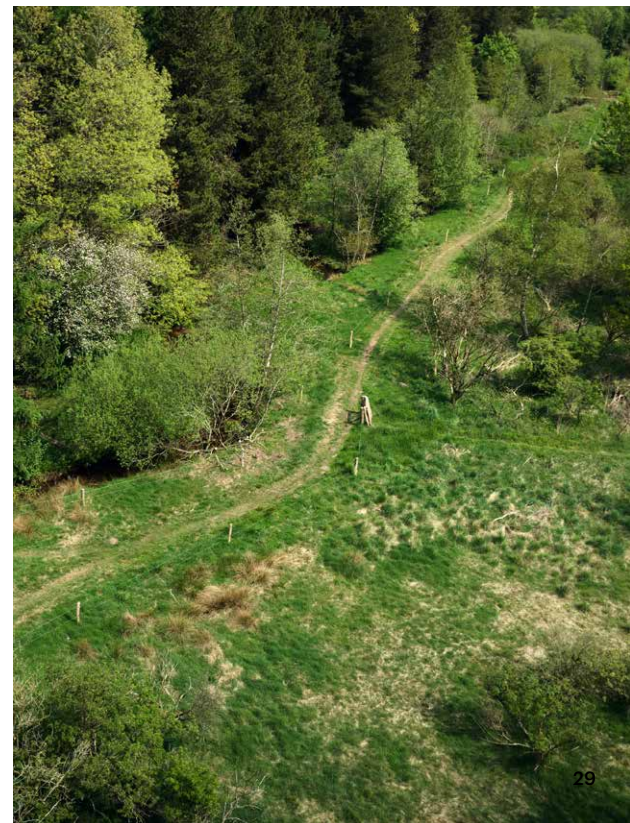
The birds and the bees

In the 21/22 Sustainability Report, it was reported that several red-listed species (primarily birds) had been observed in the area. Since the last report, 79 different bird species have been observed by Birdlife Denmark, of which seven are on the red list. They include the kingfisher, of which we also reported observation in the area last year, as well as meadow pipit, redwing and common swift.

In the summer of 2022, a sensor was installed near the climate lake for the purpose of measuring biodiversity in the area. The measurements show that over a ten-week period, 8,559 insects were observed, which is comparable with similar newly established areas in the same observation period.

One of the most interesting and important observations for the area is the observation of insect pollinators, primarily honey bees. Without insect pollinators, there would be limited or no plant diversity, as insect pollinators’ primary task is to spread pollen and pollinate flowers and plants. Furthermore, limited plant diversity would lead to limited wildlife diversity – so the observation of insect pollinators is a good sign for the area.

It is expected that the bees will add increased plant diversity to the area, which will also lead to increased insect diversity, including butterflies and birds.



PVB in carpet tiles

What do carpets and broken car windows have in common?



From broken car
windshields

to laminate
fractions

to flakes

to adhesive

At Ege Carpets, we constantly aim to be a leader in the sustainability of our carpets. This sometimes requires an innovative approach, as in this case, where carpets and broken car windows cross paths.

Car windows are laminated with a binder based on PVB, which helps to ensure that the glass does not shatter when it breaks. Once the car windows are discarded, the binder can be separated from the glass, after which both the glass and the binder can be reused. PVB is the binder that Ege Carpets uses to replace the latex-based glue on all ReForm carpet tiles, of which there are 13 collections that are produced in more than 400 varieties.

Ege Carpets' supplier of PVB is the Danish cleantech company, Shark Solutions, which has taken a zero waste approach for almost 20 years, and annually delivers more than 10,000 tonnes of recycled glue to companies worldwide.

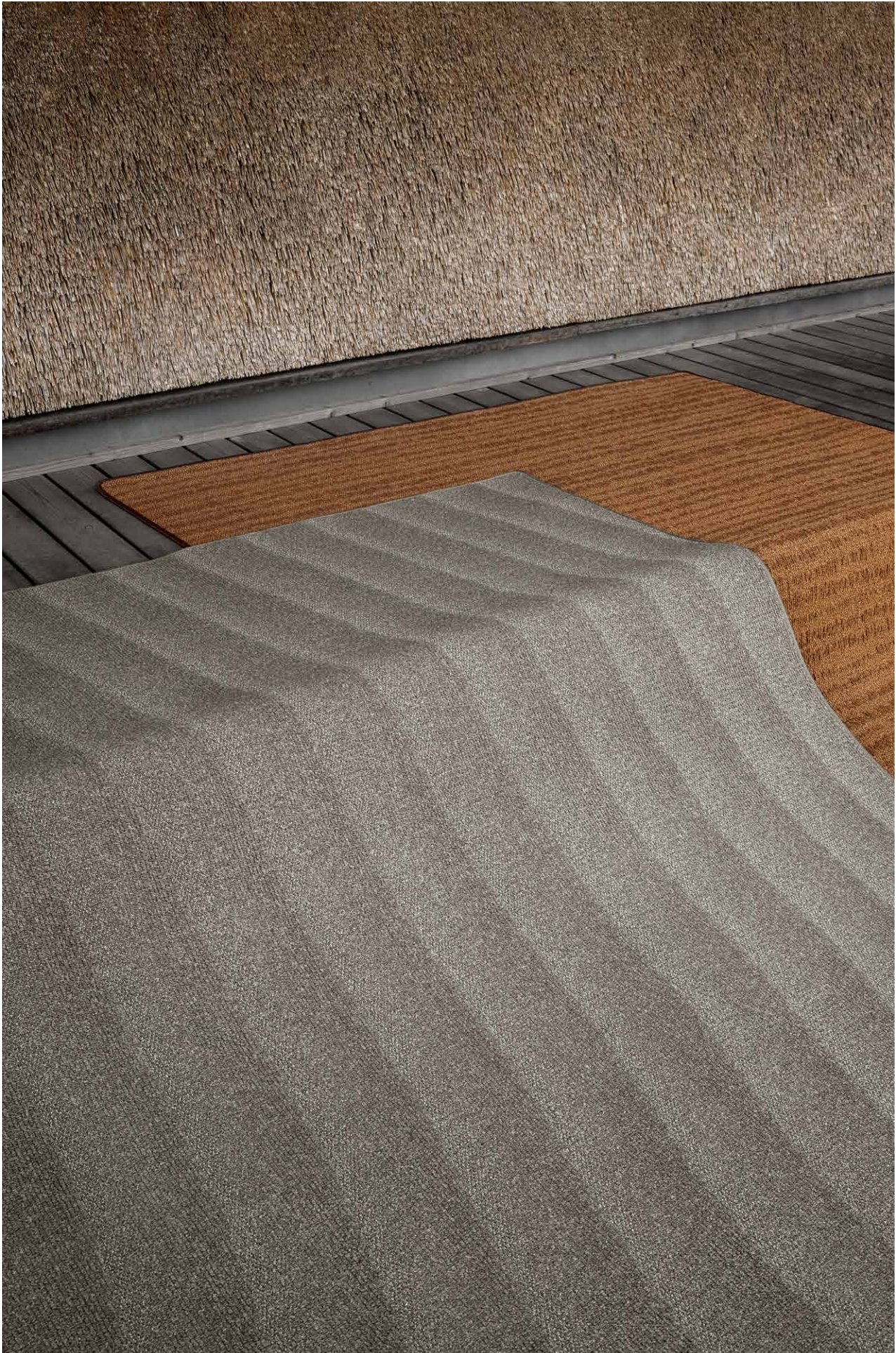
"We manufacture adhesives from recycled materials, whereby we make full use of the resources. Our binder does not con-

tain any hazardous chemicals and is approved as a raw material by Asthma-Allergy Denmark. So this is a product that can replace traditional glue in carpets and paint, for example, on a one-to-one basis, which is better for the environment and is also price-competitive" says Jens Holmegaard, CEO and founder of Shark Solutions.

It is no coincidence that the new PVB binder is first being implemented in the ReForm collections. The ReForm concept has been developed to make full use of as many resources as possible. All ReForm carpet tiles are produced with 100% regenerated yarn in the top layer, 100% recycled polyester from plastic bottles in the felt backing and now also a 100%-recycled binder that is used as a material in the middle layer of the carpet.

Replacing latex-based glue with PVB-based binder increases the sustainability of all ReForm carpet tiles. This means that Ege Carpets' carbon footprint for the selected carpet tiles is reduced by between 22 and 38%, in a cradle-to-gate scenario, while the proportion of recycled materials in the selected carpets is increased.



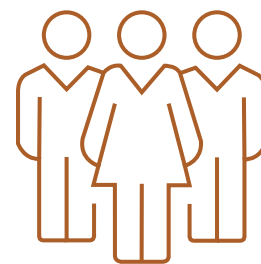


S/

SOCIAL

As a company, we have a responsibility to create a good framework for the people employed in our organisation and to contribute positively to the local communities in which we operate. We have many good initiatives to describe on the next pages.





Equal gender distribution at all management levels in the group

The carpet industry is traditionally a male-dominated industry. As we want to eliminate this, for several years we have worked to attract female executives and managers, as members of our Board of Directors, and as employees. For example, we specifically ask recruitment firms to actively look for female candidates. In our annual accounts, we publish the gender distribution of the Board of Directors. Here, the target is a 60/40 distribution, in accordance with the requirement of section 99b of the Danish Financial Statements Act. We also have the goal of ensuring an equal gender distribution at the other management levels, reflecting the distribution of men and women in the group's total workforce.

As of 30 April 2023, there were 24% female managers at group level. In overall terms, women account for 41% of the group's employees. We have hired 75 employees last year, of whom two out of three have been women. It is positive to see that we are generally achieving a more equal gender distribution in the company, but this also means that we must make extra efforts to recruit female candidates for management positions, if we are to achieve our goals in this area.

More trainees and apprentices at Ege Carpets

Since 2015, we have been working to increase the number of trainees and apprentices at Ege Carpets. This is due to our wish to help local young people to achieve higher educational qualifications, and also because this will help to ensure that a skilled workforce is also available to the company in the future.

Our previous goal was an average of 14 trainees/apprentices employed in the group each year. We have changed this goal to be more in line with the Danish practical training scheme, Praktikplads-AUB (the Employers' Education Contribution scheme). The scheme came into force in 2018 and was established to ensure 8,000-10,000 more practical training positions a year for

vocational graduates in Denmark. Companies that meet their target for the number of trainees who complete the programme get a bonus, while companies that do not meet the target pay a charge. The target is determined on the basis of the company's industry, the number of vocationally trained employees and the type of workforce, and is measured in trainee points. Based on these factors, Ege Carpets is currently expected to achieve 3.01 trainee points. We also have our own ambition for an additional 2 trainee points.

Ege Carpets currently has 10 trainees, corresponding to 7.36 trainee points. In addition, we currently have two open trainee positions that have not yet been filled. This is a result to be proud of, as it far exceeds the expectations under the national scheme, as well as our own ambitions.

Workplace culture analysis focusing on employee well-being

For many years, we have based our work on the physical and psychosocial working environment on the ISO 45001 occupational health and safety system, under which all production units hold certification. In 2020, for the first time, we expanded our scope by adding meaningfulness and purpose to the work on the basis of an extensive workplace culture analysis. The analysis was based on the assumption that work is perceived as meaningful if:

- The work has a clear purpose
- The employee receives clear guidance from a strong manager
- There is a spirit of teamwork and a sense of belonging
- There is a belief in opportunities for personal development

The workplace culture analysis covers everything from leadership and a sense of belonging, to personal development, including physical and mental well-being, and was prepared by an external company to ensure that employees could respond with full anonymity. Based on the analysis, concrete action plans to improve employee well-being are set up.

STATUS 2023: TRAINEES/APPRENTICES

7,36

student points scored by Ege Carpets currently with 10 students employed

We plan to implement a new MQ score for the entire group during the next financial year.

Average age and seniority

Another way to assess our employees' well-being is by considering average seniority. This can help to reveal whether we are a good place to work, where employees also have the opportunity to develop their skills without having to look elsewhere.

This year, our average seniority is 11.3 years, and our employees have an average age of 49 years. Both figures are slightly higher than last year, when they were 10.95 and 48 years, respectively. It is positive to see that we continue to have a long average seniority.

The relatively high average age can be a challenge, however, as it can be difficult to attract young people to the workplace. However, this depends on the distribution of employees within the different age groups. The aim is to have a workplace with great diversity in all areas – age, gender, ethnicity, etc., – as we believe that this makes us stronger as a company.

During the next couple of years, in preparation for the EU's Corporate Sustainability Reporting Directive (CSRD), we will expand our data points for our own workforce. This will provide an even more sound foundation for preparing initiatives and action plans.

Goal of zero accidents leading to absence

We have a constant focus on reducing the number of accidents leading to absence at our production units. A large number of initiatives have already been introduced and are continuing, including:

- Safety walks
- Safety discussed at noticeboard meetings in production
- Blue flashing lights on reversing trucks
- Indication of safe walking zones
- Yellow vests for production hall visitors

STATUS 2023: CHARITY

4,2 mill

Danish kroner this year has gone back to the local area

We have also developed a regulation for issuing warnings to employees who violate safety rules. The rules must provide clear guidelines on which infringements lead to various types of warnings/sanctions. This is an important tool for our occupational health and safety organisation, as it shows that unsafe behaviour is taken seriously.

This year, there were 14 accidents leading to absence in the group, which is just as many as in the last financial year. However, we have had less than half as many hours of absence due to occupational accidents and work-related illness, which is a positive trend. Next year, we will have special focus on internal traffic and how we ensure that both employees and visitors use production areas safely.

Ege Fonden supports local charities

Ege Carpets is partly owned by Vibeke og Mads Eg Damgaards Fond, also known as Ege Fonden. Through this foundation, Ege Carpets supports non-profit and charitable activities. These are for artistic and cultural purposes, as well as activities related to humanitarian and charitable causes. We mainly support activities in areas where Ege Carpets is present, but also causes with a national dimension.

The foundation's ownership interest in Ege Carpets means that this year 4.2 million DKK has gone back to the local area. In this way, the charitable work is built into our business model. This year, donations were distributed by the foundation's Board for the following purposes, among other:

- The Children's Cancer Foundation and their special psychological programme called Family Oriented Support, which can help families with a child with cancer.
- Deep Forest Art Land and their project on the interaction between art and nature.
- Mental Talk and their public meeting and gathering place for conversations about psychiatry and mental health.





Ege Go2Work

Cones with yarn residues. A large waste fraction in carpet production is prepared for recycling by people on the edge of the labour market. Ege Go2Work unites environmental considerations and social responsibility under one roof.

Ege Go2Work is a special production line close to the carpet factory in Gram. Here, a simple, but important task is carried out to prepare one of the waste fractions from the tufting and weaving processes for recycling. The production line functions as a business centre, working with the municipal job centres by making practical training positions in a real workplace available to the job centres' candidates who are eligible for a practical training position.

The first step in carpet production at our four carpet factories is either tufting or weaving. For these processes, large quantities of yarn are used, which are supplied on cones made of cardboard. When the carpets have been woven or tufting is completed, a little yarn remains left on the cones. Ege Go2Work enables recycling of cones and yarn by quite simply separating the two materials from each other. Some employees think it is best to remove the yarn from the cones by hand; with music being played and the teams chatting as they work. Others use machines designed for this purpose.

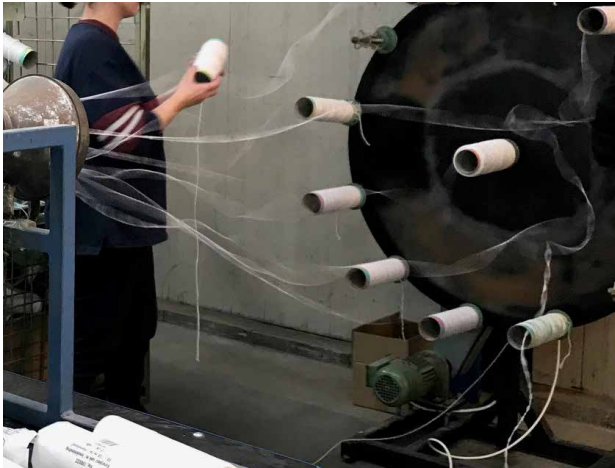
Once the yarn has been removed from the cones, the cones can be sent for recycling, from where they become new cardboard packaging. Recycling of the yarn depends on which material the yarn is made of. Our yarn supplier Aquafil can use our polyamide 6 yarn scraps to make new yarn, thereby creating a closed loop. Yarns based on other materials can be processed into granulate for plastic injection mould-

ing, used as insulation material or be used for other recycling purposes.

In the last year, a total of 88 tonnes of yarn were sent for recycling. In addition, 80 tonnes of cardboard cones were sent for recycling, so that a total of 168 tonnes of waste avoided incineration. The manufacturers are happy to receive our yarns due to their high quality. This makes it easy to recycle the materials for new purposes.

There is room for 16 candidates on the line. In the past year, a total of 37 people were associated with Ege Go2Work. They are a mixed crowd who include 19 candidates from job centres who have attended an investigative practical training programme and upgrading of their skills. High school students, Ukrainian refugees, and students and trainees from STU, which is a three-year secondary education programme for young people with special needs, have also been involved. They all share a desire to be part of a workplace that meets them on their own terms.

Besides the candidates who attend the production line, Ege Go2Work has an agreement with Diagergård, which is a residential care unit for mentally vulnerable and socially marginalised people. Diagergård uses Ege Go2Work to offer sheltered employment to the residents, who thereby achieve a work-related identity. The collaboration also contributes



to the residents being able to maintain weekly routines and structures, which are an important part of their process to achieve an everyday life that is as normal as possible. Some residents would like to participate in the work, but are not able to attend the production line. Containers with yarn cones are therefore regularly delivered to Diagergård and other residential facilities, so that the residents can benefit from engaging with the collaboration on their own terms.

The leader of the line is called Kenneth. He has a background as a social worker – experience that he draws on extensively in his work at Ege Go2Work. Together with each candidate, he sets an individual goal for what they can get out of their time on the line. This goal must be specific, measurable, achievable, relevant and time-limited. For some candidates, this means being able to handle a 15-hour working week, while for others it means being able to solve one task at a time on an independent basis. No matter what, everyone is able to contribute on their own terms.

For the people who come to Ege Go2Work as part of a job centre programme, the goal is always clear – they must obtain an evaluation of their working capacity before they leave, so that they can move on in their lives.

Ege Go2Work currently receives yarn cones from three of our four carpet factories. On average, 24 cages with yarn cones are delivered per week, equivalent to the line's capacity.

Another Ege Go2Work line will open in June 2023, this time at the Herning North factory. This will initially give capacity for four candidates, but in time there will be space for 14 candidates, which will enable residual cones from all of our four carpet factories to be recycled.

Meet Mohammed

Mohammed, aged 34, has been working at EgeGo2Work for the past six months as part of the evaluation of his working capacity. As a result of a serious car accident that left Moham-

med with more than 60 bone fractures and other serious injuries, he is now permanently disabled, with clear mobility impairment, so that he needs a crutch for support.

After more than three years in the municipal system, Mohammed crossed paths with Kenneth, who heads and runs EgeGo2Work. Kenneth's vision is that everyone who takes the EgeGo2Work programme will have received a decision and clarification at the end of their Ege Go2Work programme.

In Mohammed's case, it will be clarified in September whether he will be granted a flex job or early retirement as a result of his accident. Yet he says that he does not want to leave EgeGo2Work.

For Mohammed and many other candidates who have been associated with Ege Go2Work, it is more than just a job and a clarification process and concerns far more than recycling and sorting leftover yarns.

Kenneth makes daily use of his experience as a social worker and his natural ability to see, and meet, the person behind the "personal challenges", which in Mohammed's situation are not just a matter of physical challenges. With a criminal past, it was difficult for Mohammed to understand and trust the Danish legal and health system that was ready to help him after the accident.

Mohammed says that Kenneth's person and approach to people has a huge impact on how he feels today, adding:

"(...) You get a sense of "belonging" and being understood and accepted as you are. If you don't take care of yourself, Kenneth makes sure you don't get pushed too hard."

Even though there will be a clarification for Mohammed by September, he does not want to leave Ege Go2Work as the support he has received in the programme has made a huge difference in his life – and he has Kenneth to thank for that.

Key figures, social responsibility and corporate governance

	Employees*			Managers		Position	
	Men	Women	Total	Men	Women	Salaried	Hourly-paid
2020/2021	379	231	610	74	28	326	292
2021/2022	354	231	585	64	21	281	304
2022/2023	333	232	565	58	18	221	268

* Figures for employees are based on number of full-time employees (FTE).

	Absence due to illness*	
	Men	Women
2020/2021	2.12%	2.61%
2021/2022	3.43%	4.16%
2022/2023	3.16%	3.16%



* The figures for absence due to illness do not include long-term sick leave exceeding 30 days. The figures for sick leave do not include the subsidiaries, as sick leave is not recorded uniformly from country to country.

	Occupational injuries and accidents*	
	Number of	Lost
2020/2021	10	743 hours
2021/2022	14	1,723 hours
2022/2023	14	762 hours

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

	Discrimination	Child labour	Forced labour	Human
2020/2021	0 cases	0 cases	0 cases	0 cases
2021/2022	0 cases	0 cases	0 cases	0 cases
2022/2023	0 cases	0 cases	0 cases	0 cases

* The figures for discrimination, child labour, forced labour and human trafficking are based on reported cases from all locations. The definitions of discrimination, child labour and forced labour are stated in the CSR policy, of which excerpts are presented on page 51. We define human trafficking as the trafficking and exploitation of vulnerable people through debt, violence and threats.

	Women managers*	Women on the Board of Directors	
			
The goal is	41%	40%	
2020/2021	26%	25%	** We continue to work towards our goal of ensuring an equal gender distribution at the other management levels, reflecting the distribution of men and women in the group's total workforce.
2021/2022	25%	25%	
2022/2023	24%**	25%	

* We define a manager in accordance with section 3 of the Managers' Agreement from the Danish Association of Managers and Executives (*Ledernes Hovedorganisation*). A manager has employee responsibilities and/or transaction rights or other powers that oblige the company, and/or performs work functions associated with special responsibilities.

	Whistleblower cases*	Statutory offences	
			
2020/2021	0	1	** There have been two internal notifications. One case was transferred to HR, as it was a management-related case with no conditions that were illegal or in violation of our code of conduct. The other case was a question of using the company's funds for the person's own benefit. However, no evidence of this was found. The event in question had taken place by agreement with management and with focus on the company's orders and earnings.
2021/2022	0	1	
2022/2023	2**	0	

* The whistleblower figures are calculated on the basis of the number of approved reports. Cases that do not belong in the whistleblower system, such as complaints, are considered outside the whistleblower system and are therefore not included.

	Cases of corruption*	Training in anti-corruption**	
			
2020/2021	0	21 employees	All employees receive our anti-corruption guidelines. All employees with external contact attend an online anti-corruption training programme that is held annually.
2021/2022	0	11 employees	
2022/2023	0	227 employees	

* The anti-corruption figures are based on a survey of all locations in the group and reports in the whistleblower system.

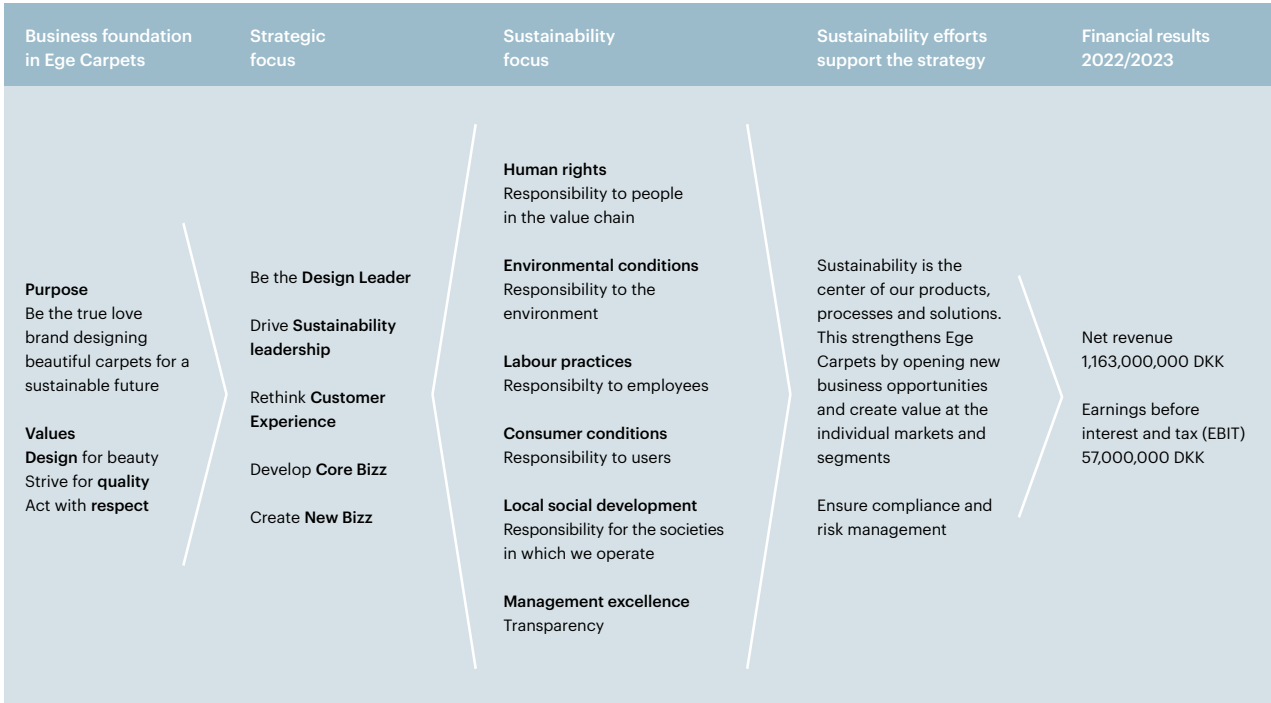
**The figures are calculated on the basis of the number of employees that have taken the anti-corruption test.



G/

GOVERNANCE

Our goal is to be the carpet manufacturer best at sustainability in the world. This requires a strong organisation and a fixed framework. Organisation and management are therefore an important part of the foundation for the entire company.



CSR policy sets the game rules for everyone

We use the group’s CSR policy to ensure that our business model, production processes and products help create a more sustainable society, both now and in the future. We comply with all legislation, as well as the international conventions to which we are subject, including the European Convention on Human Rights and the Rio Declaration on Environment and Development. Under our CSR policy, we wish to contribute to achieving the UN Sustainable Development Goals and the UN Global Compact, which we actively endorse. All employees worldwide have been presented with the CSR policy, to ensure that everyone is familiar with the game rules for the entire group.

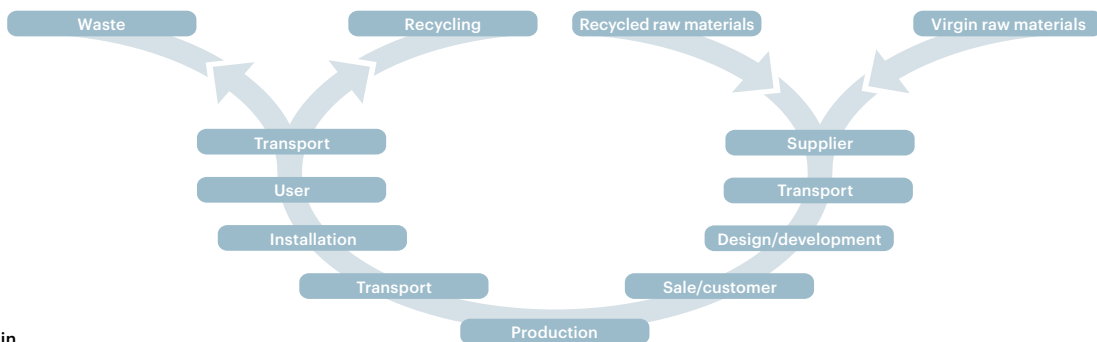
From business model to practice

Ege Carpets’ Executive Board holds the overall responsibility for

the CSR policy and strategy. A Sustainability Group comprising the CEO and representatives from Product Development, Procurement, CSR, Quality and Environment follows up on the strategy and ensures the projects’ progress. Complex sustainability issues are dealt with as required by a steering committee.

The strategic sustainability work is conducted in practice by the group’s CSR department, while the individual production units are responsible for ensuring the progress of local initiatives. This constellation ensures broad support from all relevant players in the group.

The implementation of the business model in practice creates our value chain. Our value chain starts with the supplier, where the raw materials are extracted, for subsequent transformation



Value chain



Samsara Restaurant, Romania

into carpets in our production facilities. We then deliver the finished carpet to the customer, where the carpet is used for a number of years and then discarded when it is time to replace the flooring. In the longer term, our vision is to close the gap between the start and the end of the value chain, so that we have a complete circular economy.

Supply chain management strengthens efforts

Supply chain management is particularly important when it comes to sustainability. Most of the environmental impacts concerning our carpets occur before the raw materials arrive at our production units. Considering carbon emissions in isolation, we can see that more than 96% of the emissions related to our carpets originate from the value chain and not from our own production units.

We have a supply chain management system that is structured according to the UN Guiding Principles. The system requires all suppliers to sign a Code of Conduct that, among other things, requires them to focus on human rights, good working conditions, sustainability, reuse and recycling, carbon emission

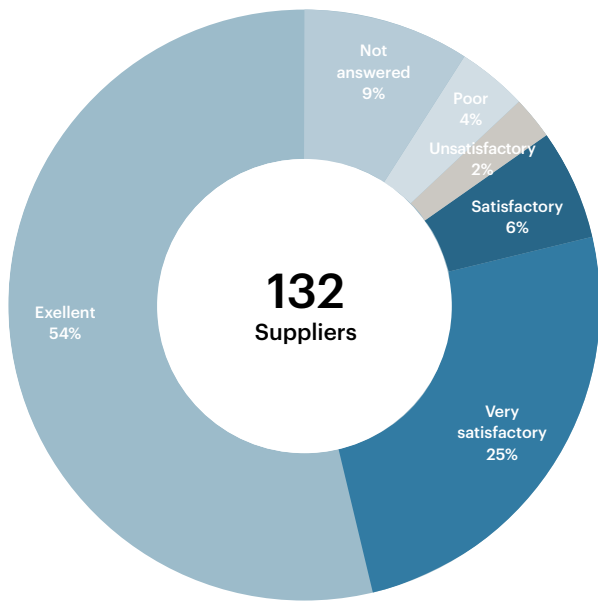
reductions, the circular economy, animal welfare and anti-corruption.

We also require suppliers to comply with national and international legislation and international conventions. These include the European Convention on Human Rights, the Rio Declaration on Environment and Development, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Suppliers are also encouraged to contribute directly to the UN’s 17 Sustainable Development Goals and to endorse the UN Global Compact. We specifically require that suppliers set the same requirements in their own value chains as are stipulated in our own Code of Conduct. We also ask suppliers to complete a comprehensive self-assessment, as the basis for risk assessment of the individual supplier.

It is sometimes the case that suppliers decline to sign our Code of Conduct or to complete the self-assessment. In this case, we instead ask them to submit other documentation that they fulfil our requirements. This might be their own Code of Conduct or

	ISO 9001 Quality	ISO 14001 Environment	ISO 45001 Occupational health and safety	DS 49001 CSR
Herning North	✓	✓	✓	✓
Gram	✓	✓	✓	✓
Herning South	✓	✓	✓	✓
Røjle	✓	✓	✓	✓
Litspin	✓	✓	✓	Not possible*

* DS 49001 is a Danish standard and can therefore only be implemented at the Danish production units. There is no equivalent international CSR certification standard.



various company certificates. On this basis we individually assess whether the supplier can be approved.

Our supply chain management system includes 132 suppliers, all of whom contribute to the production of our carpets to a greater or lesser extent. Out of our 132 suppliers, 120 have completed the questionnaire. As part of the questionnaire, we ask suppliers to sign our Code of Conduct, which 102 suppliers have done. 44 suppliers have their own Code of Conduct, which they have shared with us. 17 of 44 suppliers do not wish to sign our Code of Conduct, but refer to their own.

Joint governance system and certifications

The entire group is subject to a joint governance system, which is based on recognised standards. Herning North and Gram were the first to start with ISO 9001 in 1992, and gradually three other governance standards have been added. As new production units have been incorporated into the group, the governance standards have also been implemented in these units. In the autumn of 2022, we celebrated that the last two production units in Denmark had achieved both occupational health and

safety and CSR certification. All five factories in the group now hold certification under our four management system standards.

The management system is practised according to the Plan – Do – Check – Act model, on which the management standards are based. In practice, this means that we focus constantly on due diligence processes in the form of objectives, action plans, follow-up and adjustments. This is an integral element of the everyday work in all production units. During Covid-19, the focus on these tasks was reduced temporarily, but the work has now been fully resumed in all areas.

Tax policy in a business-driven perspective

We attach importance to pursuing a transparent tax policy. We handle all tax-related matters in accordance with the law and pay the correct tax in the countries in which we operate. The business opportunities in each market determine our activities; and not the amounts of tax we pay. We adhere to the applicable transfer pricing rules, which entail that tax is paid in the country in which revenue is generated. Tax evasion is not permitted.

Due diligence model	Due diligence tools	Social and employee conditions	Environmental and climate conditions	Human rights	Environmental and climate conditions
	Management system	ISO 45001	ISO 14001	DS 49001	DS 49001
	Overall due diligence processes	Internal audit External audit Management evaluation Objectives Action plans			
	Practical examples	Occupational accidents Labour practices Welfare	Environmental accidents Emergency measures	Supply chain management	Anti-corruption Whistleblower scheme
		Supplier management			



Risks and opportunities

Every company faces both risks and opportunities on an ongoing basis. It is part of the game to make the right choices at the right times, in order to grow the business. Yet every choice has consequences; not only for the company, but potentially also for the local community, employees, the environment, the value chain, etc. We therefore conduct an annual risk analysis in which we evaluate our own processes and goals, and the consequences of our choices for society.

Environmental impacts 1

Risks / opportunities

In our efforts to achieve Cradle to Cradle Platinum certification, it may be necessary to choose virgin materials even though recycled materials could be used. This is due, among other things, to the better traceability of virgin materials. This is a dilemma to which we have not yet found the solution.

Actions

- We have investigated all constituent substances and now know precisely where to take action.
 - We cooperate continuously with suppliers with regard to substitution.
 - In our Code of Conduct, we impose strict requirements concerning constituent substances and documentation.
-

Carbon emissions

Risks / opportunities

A survey of carbon emissions throughout the value chain has shown that the actual carbon emissions in relation to our products are far more extensive than we have previously reported.

Actions

- We have joined Science Based Targets and work according to their recommendation concerning reduction targets with 2019 as the base year. We are still working on the final approval of our reduction targets.
 - We will reduce carbon emissions in Scope 1 and 2 through the electrification of production processes and investment in renewable energy. This year, we have converted space heating at Herning North from natural-gas to district heating. At the end of 2023, we will install electrical boilers in production at Herning North and Gram. This is expected to convert approximately 400,000 m³ of natural gas per year to electricity.
 - We will reduce Scope 3 carbon emissions by using recycled raw materials and by recycling used carpets. This year, we succeeded in switching to a recycled binder on our ReForm tiles, we switched to regenerated yarn for six carpet collections, and we introduced our first proprietary solution, called CircleBack, for recycling used carpets.
 - We offer the possibility of climate compensation for the carpets in interior design projects.
-

Geographical dispersion of suppliers

Risks / opportunities

In recent years, we have had to look further beyond Europe when choosing our suppliers. This is due to supply challenges in the European market. This can impose a greater risk of human rights violations, due to the geographical location of the suppliers.

Actions

- We ask all new suppliers to sign our Code of Conduct and complete a self-assessment form that gives an impression of their level in the areas of environment, social and governance (ESG).
- A fixed element of our work with new suppliers is that we visit the factory ourselves, to get an impression of the conditions.
- We have a policy for high-risk suppliers to be audited by a third party, if they cannot provide a relevant certificate. Relevant certificates might include SMETA, SA8000 or similar.

In the future, we will continue to compare our actions with UN human rights standards and do not expect any cases of human rights violations – neither in our own business nor in our supply chain.

Recycling and waste

Risks / opportunities

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

Actions

- Our goal is to achieve recycling of carpets by 2030.
 - We work proactively to create collaborations for the recycling of used carpets.
 - We are working to develop carpets that can be separated into the constituent substances after use.
 - This year, we launched our Ege CircleBack return system, which ensures that selected carpets can be shredded and recycled after use.
 - We work to minimise waste in production.
 - We are working to find recycling options for the combustible production waste that cannot be avoided.
-

Safety

Risks / opportunities

Despite a strong focus on safety, every year a few employees are injured during working hours. We also often see dangerous situations in which safety rules are circumvented. This presents the risk of more employees being injured.

Actions

- Production management has been tasked with investigating how the safety mindset can be enhanced.
 - All production units now hold occupational health and safety certification according to ISO45001.
 - The occupational health and safety organisation focuses on further training of employees within, among other things, internal traffic.
-

Equal pay for equal work

Risks / opportunities

Production employees are sometimes "loaned" to other production units in the group during busy periods. Their pay does not change, even if the place of work does. Since pay is not synchronised between the production units, this means that equal pay for equal work does not apply when employees work in other units. This leads to discontent.

Actions

- The collective agreements are respected and the rules in this area are followed.
- Management is working to find a solution to the problem.

Corruption

Risks / opportunities

When there is money in circulation, there is always a risk of bribery and corruption. We have assessed that the most significant risks of bribery and corruption relate to 1) interactions with suppliers and receipt of gifts from them and 2) interactions with customers, including customer care.

Actions

- On their appointment, all employees receive our anti-corruption guidelines.
- Every year, all employees with external contact undergo an online training programme where they are presented with a number of scenarios regarding corruption and bribery.
- Ege Carpets adheres to the international Know Your Customer (KYC) standards, designed to protect against fraud, money laundering, terrorist financing and fraud.
- Ege Carpets has a whistleblower scheme that is available via our website.

Going forward, we will continue to fight corruption and bribery and monitor reports from our established whistleblower scheme.

Environmental impacts 2

Risks / opportunities

Contamination with PFAS (per- and polyfluoroalkyl substances) has been a major topic in the Danish media this year. The area near Ege Carpets' head office in Herning is included in a list of areas where the surface groundwater is particularly contaminated by these substances. The results are from soil samples taken by the Central Denmark Region in 2015. Even though we no longer use these substances in production, the case is an example of how important it is to consider the carpets' constituent substances, even if they comply with current chemicals legislation.

Actions

- For the past five years, Ege Carpets has not used PFAS substances in any form in our carpet production.
- We collaborate closely with Herning Municipality and the Central Denmark Region on uncovering PFAS contamination, dissemination and the measures we can take.
- In connection with the nature project at Gjellerup Enge, extra measurements have been taken to ensure that the PFAS level does not have a negative impact on the project.
- We are continuously working to substitute constituent substances with more environmentally friendly alternatives.

Excerpts from Ege Carpets' CSR policy

Equal opportunities

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

Coercion and harassment

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

Anti-corruption

We have zero tolerance for corruption and bribery in Ege Carpets, and corruption and bribery cannot be graduated.

CO₂ emissions

We will reduce the company's CO₂ emissions and thereby reduce our climate impact.

Human rights

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

Environmental impacts

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

Diversity

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

Working environment

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

Child labour

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

Sustainable consumption

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

Employment conditions

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

Supporting local communities

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

Reuse and recycling

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

Discrimination

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

Upcoming EU legislation sets tough sustainability reporting requirements

In the coming years, the EU's sustainability requirements will be stepped up. Two topics in particular will be of great significance for our sustainability reporting in the future.

EU taxonomy for sustainable activities

On 18 June 2020, the European Parliament and the Council of the European Union adopted a regulation to establish a framework to promote sustainable investment. The regulation is part of the European Green Deal, which aims to fulfil the UN's Sustainable Development Goals and the climate goals adopted in the Paris Agreement.

The regulation, known as the Taxonomy, aims to create a common definition of what can be classified as sustainable economic activity. This is essential to ensure funding of the sustainable transition.

The classification system includes six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

Although the taxonomy has its origins in the world of finance, it is equally relevant for large companies, as they also need to attract

E – Environment	S – Social conditions	G – Corporate governance
ESRS E1 Climate change	ESRS S1 Own workforce	ESRS G1 Business conduct
ESRS E2 Pollution	ESRS S2 Workers in the value chain	
ESRS E3 Water and marine resources	ESRS S3 Affected communities	
ESRS E4 Biodiversity and ecosystems	ESRS S4 Consumers and end-users	
ESRS E5 Resource use and circular economy		



Bahrain International Airport, Bahrain

investors. Companies are therefore also obliged to report what proportion of their economic activities (the goods and services they offer) can be classified as sustainable.

Corporate Sustainability Reporting Directive (CSRD)

The Corporate Sustainability Reporting Directive (CSRD) entered into force on 5 January 2023. The Directive will replace the sustainability reporting to which we are subject in Denmark under sections 99a and b of the Danish Financial Statements Act, and will create more transparency about how companies impact people and the environment.

The Directive provides a common frame of reference for sustainability reporting, as described in a number of standards called European Sustainability Reporting Standards (ESRS). The standards describe some general information, as well as information on the areas of environment, social and governance (ESG). The content of the 12 standards (the ten stated below plus two general chapters) will be finally adopted by the European Commission on 30 July 2023.

The draft 12 standards contain a total of 82 information requirements and 1,144 data points. Some of these are mandatory to report on for all companies. For the rest of the points, the company must select the topics that it is essential for their particu-

lar business to work with. This is done by undertaking a double materiality assessment, which considers the extent of the company's impact on the individual sustainability topic, as well as the topic's potential financial impact (both positive and negative) on the company.

All in all, this is a major exercise for us as a company. Ege Carpets is expected to report according to the Taxonomy and CSRD as from the financial year starting in 2025. This means that the sustainability report covering the financial year from May 2025 to April 2026 will have a very different structure.

Although three years may seem like a long time, we are already preparing. During the next financial year, we will prepare the double materiality analysis for CSRD and start mapping which data points we already collect and for which points we need to initiate collection.



KEY FIGURES & ANNEX

Production inputs and outputs

There is some variation in how many carpet production processes take place in the individual production units. While Herning South and Røjle only undertake tufting/weaving of carpets, dyeing and backing for the entire group take place at Herning North and Gram, and all tiles are cut out at Herning North. This

is reflected in the consumption figures, which are significantly higher for the production units that handle most of the different production processes. See Annex 3 for details of the calculation basis applied to production inputs and outputs.

TOTAL INPUTS & OUTPUTS	Group 2020/2021	Group 2021/2022	Group 2022/2023
Total carpet production (m ²)	5,463,202*	6,839,443*	5,987,208*
Energy consumption	KWh	KWh	KWh
Electricity consumption, production units	10,897,889	13,097,036	12,431,979
Electricity consumption, other buildings	85,283	76,267	70,120
... of which renewable energy	10,970,281	13,188,437	12,672,292
Natural gas	28,282,578	32,289,017	25,308,129
... of which bionatural gas	13,200,000	19,800,000	13,200,000
District heating, production units	1,555,570	1,336,900	2,176,319
District heating, other buildings	215,270	276,008	218,669
Oil	267,100	245,541	220,397
Water consumption	m³	m³	m³
	75,972	91,906	92,701
Water recovery	m³	m³	m³
	13,666	13,536	10,287
Recycled raw material	Kg	Kg	Kg
In the product	2,891,677	3,509,481	3,742,474
Consumption of materials	Kg	Kg	Kg
For carpet production	19,190,945	22,277,874	19,085,523
... of which renewable raw materials	1,475,695	2,104,208	1,736,923
Packaging in total	595,692	738,933	952,448
... of which renewable packaging	266,940	362,566	536,889
Operation and maintenance in total	118,551	117,857	123,123
Waste	Kg	Kg	Kg
Recycling and reuse	682,517	1,287,695	734,469
Incineration	2,135,485	2,784,534	2,348,954
Land fill	8,670	159,720	5,580
Destruction, hazardous waste	42,183	51,319	16,353
Discharge	m³	m³	m³
Wastewater	62,138	77,714	80,904

* We have found a discrepancy in the calculation, which has resulted in the production quantities being double-counted for the production unit in Røjle. This has now been rectified for all three years.

Herning North and Gram

INPUTS & OUTPUTS PER PRODUCTION UNIT	Herning North			Gram		
	2020/2021	2021/2022	2022/2023	2020/2021	2021/2022	2022/2023
Size of the company	m ²	m ²	m ²	m ²	m ²	m ²
Size of the company's site	360,000	360,000	360,000	72,000	72,000	72,000
... of which built-up area	58,062	58,062	58,062	27,000	27,000	27,000
Production	m ² of carpets	m ² of carpets	m ² of carpets	m ² of carpets	m ² of carpets	m ² of carpets
	3,055,217	3,922,091	3,784,861	1,967,521	2,352,610	1,926,750
Energy consumption	KWh	KWh	KWh	KWh	KWh	KWh
Electricity consumption	6,417,888	7,568,154	7,665,214	2,296,346	2,543,093	2,377,872
... of which renewable energy	6,417,888	7,568,154	7,665,214	2,296,346	2,543,093	2,377,872
Natural gas	17,708,416	21,087,198	17,249,892	7,357,229	8,866,044	7,756,485
... of which bionatural gas	9,325,557	13,939,276	9,105,620	3,874,443	5,860,724	4,094,380
District heating	0	0	715,319	709,570	600,900	851,000
Oil	0	0	0	74,081	63,070	68,865
Water consumption	m ³	m ³	m ³	m ³	m ³	m ³
	57,118	70,910	72,270	17,022	19,519	19,078
Water recovery	m ³	m ³	m ³	m ³	m ³	m ³
	6,891	5,377	2,589	6,775	8,159	7,698
Recycled raw material	Kg	Kg	Kg	Kg	Kg	Kg
In the product	2,442,031	3,046,975	3,119,191	269,445	300,682	281,055
Consumption of materials	Kg	Kg	Kg	Kg	Kg	Kg
For carpet production	10,526,115	12,829,302	11,861,159	6,031,627	6,415,666	4,654,462
... of which renewable raw materials	428,070	602,246	528,853	38,148	42,554	9,105
Packaging in total	424,264	549,874	723,556	130,450	135,662	185,253
... of which renewable packaging	258,142	353,366	528,853	0	0	0
Operation and maintenance in total	81,624	76,798	74,901	33,356	15,880	33,184
Waste	Kg	Kg	Kg	Kg	Kg	Kg
Recycling and reuse	326,846	456,545	371,493	221,147	386,796	274,147
Incineration	1,399,645	1,811,655	1,503,533	567,140	600,969	532,440
Land fill	7,960	17,920	5,580	0	0	0
Destruction, hazardous waste	40,872	46,972	15,100*	0	0	0
Discharge	m ³	m ³	m ³	m ³	m ³	m ³
Wastewater	50,566	64,869	68,973	9,988	12,079	11,109

* There has been a significant reduction compared to the previous year. The reason is that we have previously declared some of our waste as hazardous, which was a mistake, as it could be handled as combustible.

Røjle and Herning South

INPUTS & OUTPUTS PER PRODUCTION UNIT	Røjle			Herning South		
	2020/2021	2021/2022	2022/2023	2020/2021	2021/2022	2022/2023
Size of the company	m ²	m ²	m ²	m ²	m ²	m ²
Size of the company's site	10,000	10,000	10,000	48,029	48,029	48,029
... of which built-up area	7,234	7,234	7,234	17,276	17,276	17,640
Production	m ² of carpets	m ² of carpets	m ² of carpets	m ² of carpets	m ² of carpets	m ² of carpets
	1,349,928	1,470,846	1,410,161	277,801	379,742	275,597
Energy consumption	KWh	KWh	KWh	KWh	KWh	KWh
Electricity consumption	263,814	256,881	271,236	309,201	406,134	359,687
... of which renewable energy	263,814	256,881	271,236	600,000	600,000	600,000
Natural gas	365,288	341,727	301,752	0	0	0
... of which bio-natural gas	0	0	0	0	0	0
District heating	0	0	0	846,000	736,000	610,000
Oil	0	0	0	0	0	0
Water consumption	m ³	m ³	m ³	m ³	m ³	m ³
	154	149	168	211	177	266
Water recovery	m ³	m ³	m ³	m ³	m ³	m ³
	0	0	0	0	0	0
Recycled raw material	Kg	Kg	Kg	Kg	Kg	Kg
In the product	48,318	62,696	273,293*	61,311	95,757	66,043
Consumption of materials	Kg	Kg	Kg	Kg	Kg	Kg
For carpet production	1,038,095	1,196,474	1,104,353	652,781	712,583	501,477
... of which renewable raw materials	109,000	154,586	165,825	434,179	369,435	232,470
Packaging in total	4,769	5,196	1,946	20,321	36,083	31,424
... of which renewable packaging	0	0	0	0	0	0
Operation and maintenance in total	1,098	464	781	1,860	24,292	14,002
Waste	Kg	Kg	Kg	Kg	Kg	Kg
Recycling and reuse	57,180	37,360	27,660	18,680	44,770	30,320
Incineration	29,800	148,512	110,109	63,820	119,500	173,592**
Land fill	0	0	0	0	0	0
Destruction, hazardous waste	200	200	200	0	0	0
Discharge	m ³	m ³	m ³	m ³	m ³	m ³
Wastewater	154	149	168	211	177	266

* Increased significantly due to the change from virgin nylon to regenerated nylon for four flat-woven structures.

** Increased significantly due to major warehouse clear-up in the summer of 2022 before conversion to a new ERP system.

INPUTS & OUTPUTS PER PRODUCTION UNIT	Litspin		
	2020/2021	2021/2022	2022/2023
Size of the company	m²	m²	m²
Size of the company's site	44,687	44,687	44,687
... of which built-up area	10,282	10,282	10,282
Production	Kg/yarn	Kg/yarn	Kg/yarn
	493,311	1,020,444	879,612
Energy consumption	KWh	KWh	KWh
Electricity consumption	1,125,290	2,030,018	1,757,970
... of which renewable energy	1,125,290	2,030,018	1,757,970
Natural gas	0	0	0
... of which bio-natural gas	0	0	0
District heating	0	0	0
Oil	193,019	182,471	151,532
Water consumption	m³	m³	m³
	532	1,110	919
Water recovery	m³	m³	m³
	0	0	0
Recycled raw material	Kg	Kg	Kg
In the product	16,114	3,371	2,892
Consumption of materials	Kg	Kg	Kg
For yarn production	537,139	1,123,849	964,072
... of which renewable raw materials	466,180	935,387	800,670
Packaging in total	1,828	12,118	10,269
... of which renewable packaging	0	9,200	8,036
Operation and maintenance in total	363	423	255
Waste	Kg	Kg	Kg
Recycling and reuse	32,799	34,710	30,849
Incineration	13,740	31,780	29,280
Land fill	0	0	0
Destruction, hazardous waste	0	1,347	1,053
Discharge	m³	m³	m³
Wastewater	304	399	388

Annex 1: What is section 99a?

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

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

Annex 2:

Calculation basis applied to the greenhouse gas accounts

The greenhouse gas accounts are based on a number of data sources that make it possible to convert our energy consumption into carbon emissions. The CEMAsys calculation programme is generally applied. CEMAsys complies with international standards and meets the requirements of the Greenhouse Gas Protocol.

For electricity, the Energinet.dk declaration and the 125% method are used to calculate Danish emissions. The district heating plants' own emissions are used to calculate district heating emissions. Where possible, factors for the individual countries are applied.

Scope 1: Direct greenhouse gas emissions

Direct greenhouse gas emissions from sources owned or controlled by the group. The calculations include:

- Drying furnaces that run on natural gas and oil: The furnaces are used for carpet production.
- Heating of buildings with natural gas and oil. The buildings are used for carpet production and sales.
- Transport of persons and goods in owned and leased company cars.

Scope 2: Indirect emissions from purchased electricity, steam, heating and cooling

Indirect emissions are defined as the emissions originating from purchased electricity, heat and steam in the Group. The calculations include:

- Electricity consumption in all buildings used for carpet production and the sale of carpets (market-based).
- District heating in all buildings used for carpet production and the sale of carpets.

For our sales offices, the consumption of electricity and heat is estimated on the basis of the size of the lease, as well as the average energy consumption per m² of office space for the geographical area in question.

Scope 3: Other indirect greenhouse gas emissions

Other indirect greenhouse gas emissions include 15 different categories of activities that may be included when relevant. A full Scope 3 survey has shown which categories it is relevant to include in the calculations:

1. Purchased goods and services
 - Extraction and processing of raw materials for the carpets, including packaging
 - Goods, LVT and Rooms
 - Non-product-related purchased materials and services (production units)

2. Capital goods
 - Investments from production units such as spare parts and maintenance of production facilities, new production plants, and IT projects
3. Fuel- and energy-related activities not included in Scope 1 and 2
 - Upstream emissions from purchased fuel and electricity
4. Upstream transportation and distribution
 - Transport of materials from tier 1 suppliers to Ege Carpets, where Ege Carpets pays for this
 - Transport of materials and products between production units
 - Transport of sold carpets and goods out to the customer (where Ege Carpets handles this)
5. Waste
 - Disposal of production waste
6. Business travel
 - Air travel emissions for business travel
7. Employee commuting
 - Estimate based on the number of employees in the Ege Carpets group and an average length of commute by car
8. Upstream leased assets (Ege Carpets has no activities within this category)
9. Downstream transportation and distribution
 - Transport of sold carpets out to the customer (where the customer handles this)
10. Processing of sold products
 - Estimate of the floor installer's Scope 1 and 2 emissions in connection with the installation of carpets and LVT flooring
11. Use of sold products
 - Ege Carpets' carpets and LVT flooring have no direct emissions associated with the use phase
12. End-of-life treatment of products sold
 - Disposal of carpets, LVT and Rooms after end of use.
13. Downstream leased assets
 - Scope 1 and 2 emissions from owned buildings used for rental purposes
14. Franchises (Ege Carpets has no activities within this category)
15. Investments
 - Proportional Scope 1 and Scope 2 emissions from wholly or partly owned companies that lie outside Ege Carpets' operational control.

Annex 3: Basis for calculating inputs and outputs in production

The following table states the accounting policies applied to the data stated in the Input and Output table for the individual production units on page 57-59.

INPUTS AND OUTPUTS PER PRODUCTION UNIT	Herning North	Gram	Røjle	Herning South	Münchenbernsdorf	Litspin
Size of the company's site	BBR document	BBR document	BBR document	BBR document	Building register	Building register
... of which built-up area	BBR document	BBR document	BBR document	BBR document	Floor plan registration	Building register
Production m ² carpet/kg yarn	Production quantity	Production quantity	Production quantity	Production quantity	Production quantity	Production quantity
Electricity consumption	Per invoice	Per meter	-	Per invoice	Per invoice	Per invoice
... of which renewable energy	Purchased certificates	Purchased certificates	Purchased certificates	Purchased certificates	Supplier statement	Purchased certificates
Natural gas	Per invoice	Per invoice	Per invoice	-	Per invoice	-
... of which bio-natural gas	Purchased certificates	Purchased certificates	-	-	-	-
District heating	-	Per meter	-	Per invoice	-	-
Water consumption	Per invoice	Per meter	Per invoice	Per invoice	Per invoice	Per meter
Water recovery	Per meter	Per meter	-	-	-	-
Reused raw material in the product	Consumption statement	Quantity purchased	Consumption statement	Consumption statement	Quantity purchased	Consumption statement
Materials consumption for carpet production	Consumption statement	Quantity purchased	Consumption statement	Consumption statement	Consumption statement	Consumption statement
... of which renewable raw materials	Consumption statement	Quantity purchased	Consumption statement	Consumption statement	Quantity purchased	Consumption statement
Packaging in total	Consumption statement	Quantity purchased	Quantity purchased	Per invoice + Consumption	Quantity purchased	Consumption statement
... of which renewable packaging	Consumption statement	Quantity purchased	-	-	Quantity purchased	-
Operation and maintenance in total	Consumption statement	Quantity purchased	Quantity purchased	Per invoice	Consumption statement	Per invoice
Recovery	Per invoice	Per invoice	Per invoice	Per invoice	Per invoice	Per invoice
Incineration	Per invoice	Per invoice	Per invoice	Per invoice	Per invoice	Per invoice
Land fill	Per invoice	Per invoice	Per invoice	Per invoice	Per invoice	Per invoice
Destruction, hazardous waste	Per invoice	Per invoice	Statement from waste processor	Statement from waste processor	Per invoice	Per invoice
Wastewater	Per invoice	Per meter	Per invoice	Per invoice	Per invoice	Per invoice



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