

ESG Report

2023/2024

ege[®]

About the report

Welcome to Ege Carpets' ESG Report. The report concerns the financial year from 1 May 2023 to 30 April 2024 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.

The report starts with a presentation of our sustainability ambition, as well as an update on the year's results for our sustainability targets. The rest of the report follows 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.¹ The Firm of auditors EY has ensured that the report complies with the Act. The report also functions as our Communication on Progress report for the UN Global Compact.

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 emphasize that we devote a lot of internal work to verify the figures.

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

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

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Moving forward on sustainability and business

Dear reader,

Designing beautiful carpets for a sustainable future is what we exist to do. Design leadership and progressive sustainable thinking within all parts of our business model are the pillars that our ambitious growth strategy is built upon.

We believe that sustainability has vital strategic value. Today's customers want products and services that align with their values. They want to support businesses that are doing good for people and the planet. Businesses that act responsibly on environmental, social and governance issues. When sustainability is anchored in our business strategy, we exceed customer expectations and deliver products of value. We build long-lasting relationships of trust and advance our position in our industry.

But sustainability is more than a way for us to secure good customer relationships. It is also a way for us to future-proof our business. Risks related to resource scarcity, climate change and social inequality will have substantial impact on our operating model if we do not execute our due diligence and act accordingly. By carefully evaluating sustainability-related impacts on our business model, we also put ourselves in a position where we can seize the opportunities that arise.

Naturally, there are expenses related to shifting a business towards a sustainable future, but we believe the returns outweigh the costs. By investing in sustainable initiatives, we achieve efficiency, we save energy, and we reduce waste - and thus save valuable resources. We increase employee engagement by providing meaningfulness to the day-to-day work. All these parameters contribute to a robust business model that can withstand the uncertainties of today's markets.

In conclusion, sustainability is a fundamental tool to secure our business' continued growth.

This report will give you detailed insights into our strategic focus on sustainability and the initiatives that we have completed in this financial year. You can, among many other exciting initiatives, read about our new business unit "From waste to resource" where production waste is given a new life as an innovative product with multiple applications for the interior industry, and read about our progress on our large-scale electrification project on two of our manufacturing sites along with the GHG emissions reduction that the project brings with it.

I hope you will enjoy reading the report.






A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above the name 'CEO Rune Stephansen'.

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: 3,700,686 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: 1,851,260 m²</p>
 <p>Røjle Established in 1976 Acquired by Ege Carpets in 2010</p>	<p>Exclusive flat-woven carpets for the housing and contract markets, with a focus on Europe. The carpets are woven in Røjle and sent to Herning North or Gram for the dyeing and backing processes. Amount woven this year: 1,374,434 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: 300,818 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: 879,023 kg</p>

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

The group in figures

1,206 mill.

DKK Revenue

5,852,764

m² of carpets produced

5

production units

879,023

kg of yarn produced

11

subsidiaries

605

employees

29

nationalities

10.17

years of seniority

48.45

average age

3,781

tCO₂e carbon emissions scope 1&2

88,312

tCO₂e carbon emissions scope 3

12,728

mwh electricity

12,663

mwh renewable electricity (offset)

24,102

mwh natural gas

107,730

m³ water



Sustainability strategy towards 2030

Our long-term sustainability ambition is to create the world's most sustainable carpets. We have outlined a circular model for how we will realise this ambition, which covers five areas: Sourcing raw materials, product design, production, company responsibility and recycling & take back.



The concept of the circular model is to consider every aspect of products, activities, and the many topics that sustainability includes to secure a holistic approach to sustainability. The circular model also illustrates how our work with sustainability is never done; it is an ongoing process in which we continuously set ourselves new goals and start up new initiatives in order to constantly improve. The construction industry is currently highly 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, as well as all the human issues such as poverty, inequality and health are overshadowed and thereby forgotten. True sustainable development must take every aspect into account.

Last year we presented a series of metrics that allow us to follow the progress towards our 2030 targets from year to year. These metrics also serve an important function in our project portfolio management, where they enable us to assess how much a possible initiative can contribute to our 2030 strategy.

This year we have added more details regarding our plans for each of our five focus areas. We are still 100% determined on how we will reach every goal, but we believe that as we move closer to our target year of 2030 the final pieces of the puzzle will fall into place.

Product design

The design phase is crucial for the sustainability attributes 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 without compromising the appearance or quality of the carpet. It is thus vital that all our carpets are designed with sustainability in mind.

The long-term ambition is to design carpets that are part of closed loops, where 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. 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

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

2030 target: Product design

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

THE YEAR'S RESULTS:

■ Bronze □ Silver □ Gold □ Platinum



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 & take back".

We use the Cradle to Cradle Certified® Products Program to ensure that our carpets have a solid foundation when it comes to sustainability. The standard assesses product performance in terms of material health, product circularity, clean 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 target that by 2030 all our carpets for the contract market must be certified at platinum level.

As of April 2024, Ege Carpets held 23 Cradle to Cradle certificates, covering over 100 carpet collections. We are at the time of writing this report in the final stages of a re-certification against the updated version 4.0 of the Cradle to Cradle Certified® Products Program. When these certificates are issued, we will have

Cradle to Cradle certificates for more than 120 carpet collections. The many carpet collections that we Cradle to Cradle certify currently achieve bronze level in two categories. This 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.

Sourcing raw materials

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

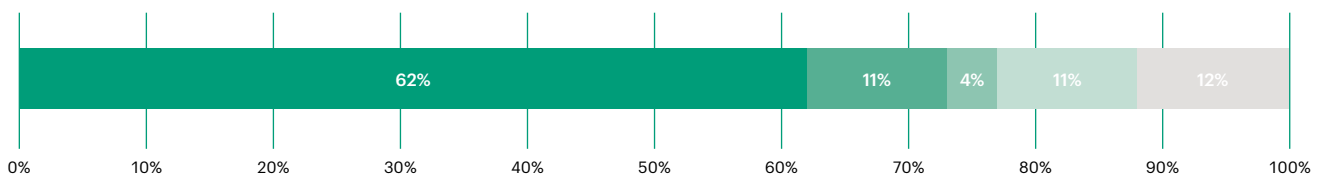
We are well underway in replacing the yarn for several carpets. Using our indicator, which is based on the total carpet sales for the financial year, 58% of the carpets are created using regenerated nylon yarn. In addition, 5% of the carpets sold in 2023/2024

2030 target: Sourcing raw materials

All carpets produced from yarns based on regenerated or renewable materials

THE YEAR'S RESULTS:

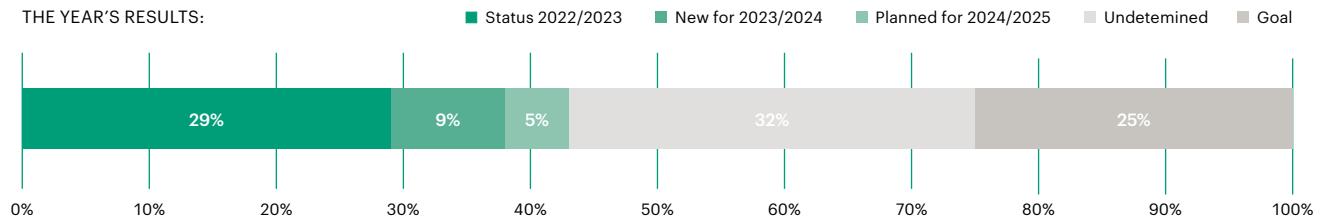
■ Status 2022/2023 ■ Planned 2024/2025 ■ Planned 2025/2026 ■ Expected by 2028 ■ Undetermined



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

2030 target: Sourcing raw materials

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



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

are made with 100% wool yarn where 4% comes from existing carpets in our portfolio mainly for residential use, and 1% comes from the newly launched WOOL100 concept. We expect that the WOOL100 concept will become the new norm for wool-based carpets and thus for the most part, replace the 80% wool/20% nylon mix carpets we sell today. By 2028 we therefore expect to achieve an additional 11% towards our 2030 target.

In the two coming financial years we plan to switch several carpet collections from virgin nylon yarn to recycled or regenerated nylon, which will bring us even closer to our 2030 target.

In addition to yarns, a carpet consists of, among other things, polyester or polypropylene backing, adhesive, limestone or dolomite filler, and dyes. We are continuously working to find alternatives that have less impact on our natural resources, and based on our new indicator, 38% of our total consumption volume for carpet production is now comprised of recycled or renewable raw materials. However, we still have a lot of work to do to reach the target of 75% in 2030.

In the next financial year, however, we expect to see a great improvement of around 5%, as a result of changing yarns in several of our carpets from their current virgin nylon material to recycled or regenerated nylon.

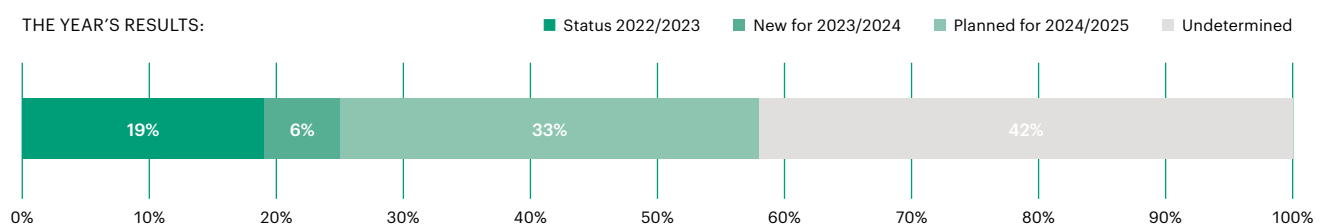
Production

The next step in our carpets' life cycle is the production. 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 targets are to phase out the use of natural gas, while investing in renewable energy to cover our electricity 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 wind and solar

2030 target: Production

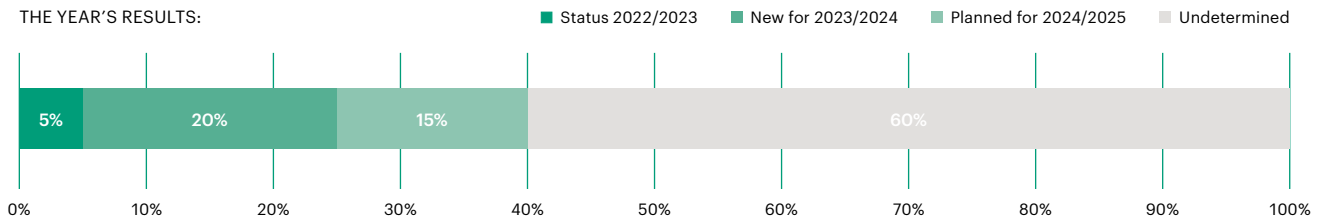
Phase out natural gas through electrification



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

2030 target: Production

All production waste is reused, recycled or composted



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

power to cover our electricity consumption on all our manufacturing sites. As production becomes even more electrified going forward, we will buy equivalently more renewable energy certificates to compensate for this.

In the winter of 2022, we approved a major investment to convert our primary steam production in Herning North and Gram from gas to electricity by investing in two 4 MW electric boilers. The steam boiler at Herning North became operational by March 2024. The steam boiler in Gram is expected to be up and running by June 2024. Together, the steam boilers will reduce our natural gas consumption by 1,2 million m³ natural gas annually, reducing approximately 40% of our scope 1 & 2 GHG emissions.

The next step in our electrification journey is the drying ovens that we use in the process of adding backing to the carpets. However, the technical solutions for electricity-driven drying ovens have not yet reached an industrial level that allows for their practical use. We hope to see progress on this in the near future. We are also investigating the application of alternative backing solutions that will reduce the amount of natural gas needed for the process.

For many years, we have made great efforts to reduce waste from our production activities, and to reuse and recycle as much of the inevitable waste from our production as possible. Among other things, we send our 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. Unfortunately, we still have a large amount of waste that is sent for incineration.

This year, we have finalised a waste mapping on our largest production site in Herning North, which, due to its size and the specific processes that take place here, is the main contributor to incinerated waste out of all of our production sites. This mapping

serves both as a tool to reduce waste on each production line and as a means to concentrate our efforts on our largest waste fractions.

This year, we have reduced our incinerated waste with 25% compared to the financial year 2019/2020. Most of this reduction comes from an increasing amount of waste being recycled instead of incinerated. In absolute amounts, we have gone from having 3,130 tonnes production waste across all production sites in 2019/2020 to 2,870 tonnes in 2023/2024. Two main factors behind the increase in our recycled waste are our collaboration with a Dutch recycling partner and our own initiative Ege Go2Work:

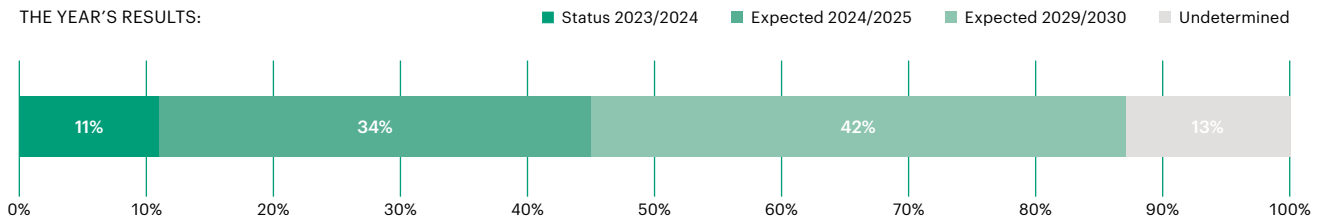
- In spring 2022, we entered into an agreement with a partner in the Netherlands that can recycle some of our production waste to make surfaces for environmentally certified riding arenas, as well as sports equipment such as punching bags. This year, they collected 260 tonnes of production waste for recycling. This partner has observed several recycling opportunities, which indicates that next year they can recycle an additional 15% of the waste that would otherwise have gone to incineration.
- After the opening of an additional Ege Go2Work site located in the production unit Herning North, this special production line is able to receive and recycle all of the production waste from the tufting and weaving processes on all four carpet manufacturing sites. This has had a major impact on the overall recycling rates for our production sites in Røjle and Herning South specifically....Read more about the environmental and social benefits of the Ege Go2Work initiative on page 44.

This year we have established an independent business unit whose primary objective is to develop recycling possibilities for both our production waste and for used carpets as well. We expect that this business unit operating under the title "From Waste to Resource" will be a key factor on these objectives in the future.



2030 target: Recycling and take back

All carpets are covered by a reuse or recycling system



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

However, we do not yet fully know the exact impact of the initiative on our 2030 target of all production waste being reused, recycled or composted. Read more about the "From Waste to Resource"-initiative on page 32.

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 recycled.⁴ 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 reduce the consumption of 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 systems, or through partnerships.

Last year, we launched a take-back system, Ege CircleBack, where used carpets are dismantled, collected, shredded, and

recycled. This groundbreaking solution has been developed in partnership with the textile company Aquafil, which can recycle the fibre material from the used carpets in 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. In total, 98-100% of the components in the carpets are recyclable.

So far 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 system has required us to make some changes to the material composition of the carpets, which means that the system covers selected carpets produced as from April 2023. For the carpets already installed at our customers' premises, we continue to work on solutions on an industry-wide scale through our membership in the European Carpet and Rug Association, where we are an active partner in their workgroup on carpet recycling within Europe. We are also working on solutions specifically for our carpets. We are currently

2030 target: Corporate responsibility

Reduce carbon emissions by 50.6% in scope 1 & 2 and by 27.5% in scope 3

THE YEAR'S RESULTS:



We are ahead of schedule with our SBTi-verified carbon reduction targets. Since our base year in 2019/2020, we have reduced our carbon emissions by: 48% in scope 1 & 2 and 30% in scope 3.

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



working on two initiatives regarding recycling of our own carpet tiles, which we expect to reveal more about in next years' report.

Corporate responsibility

Our sustainability 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 conforms with their criteria. This requires great efforts at our factories, and in the rest of the value chain. Read more about our greenhouse gas accounting on page 20.


In addition to the work with Science Based Targets, we will work on excelling within corporate responsibility by using the EcoVadis rating system to drive improvements in this area. Every time EcoVadis rates a company, they identify a series of improvement areas. We want to use this as the foundation from where our corporate responsibility efforts are driven.


2030 target: Corporate responsibility
Continuous improvement within corporate responsibility towards 2030

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

 Ege Go2Work has been expanded with a line at Herning North. With the new production line, we are now able to send all our residual yarn cones for recycling. Read more about Ege Go2Work on page 44.

 Gjellerup Enge, the large-scale biodiversity project surrounding our headquarters, has been assessed using a cutting-edge analysis. Read more on page 26.

 Once again, we have achieved Ecovadis Platinum rating. This places us in the top 1% of the more than 130,000 companies assessed by Ecovadis under the topics of environment, ethics, labour & human rights, and sustainable procurement.

 We have screened our value chain for potential biodiversity impacts. See page 30 for the results.



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 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.



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.

The UN sustainable development goals

In 2015, the United Nations member states adopted 17 Sustainable Development Goals (SDGs). The SDGs provide a universal framework for countries, organisations, companies, and individuals to work towards a more equitable and sustainable future. These goals encompass a wide range of environmental, social, and economic issues, including climate action, access to education, gender equality, poverty, clean water and sanitation, sustainable energy, and more.

At Ege Carpets, we contribute to several SDGs that are integrated parts in our sustainability strategy. We focus on the four of the SDGs and related targets that are most relevant to our operations and core activity: the manufacture and sale of carpets. This approach enables us to contribute as much as possible to the global sustainable development efforts.

Sustainable Development Goal 12: Responsible Consumption and Production

Our contribution to SDG 12 is reflected in our 2030 goals within the areas of “sourcing of raw materials” and “recycling and take-back”. This means that we are continuously working to replace the raw materials used in our carpets with recycled or renewable alternatives, and to find ways to recycle used carpets. To take care of natural resources, we must substantially reduce waste through reduction of used carpets and recycling the components. We are dedicated to the principles of circular economy, and in keeping as many resources in use for as long as possible. “From waste to resource” is an example of this. Instead of sending our cutoffs away for incineration, we are now able to give them a new life for instance as comfortable filling in cushions, mattresses, sound-absorbing walls, or other noise-reducing solutions just to mention a few examples. Read more about this on page 32.

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

Our greenhouse gas emissions reduction targets have been validated by the Science Based Targets initiative (SBTi), which is a global body enabling businesses to set ambitious emissions

reduction targets in line with the latest climate science. The validation by SBTi demonstrates that we are taking climate action to a new level and contributes to the goal of taking urgent action to limit global warming and the effects it has on our planet.

Additionally, we measure our electricity consumption each year and invest an equivalent amount in offshore windmills. We do this for all our production sites to ensure that our entire electricity consumption is covered by investments in renewable energy. In this way, we contribute to the goal of ensuring access to affordable and clean energy, since the investments hopefully help increase local availability and decrease prices in the long run.

Recently, we also converted our primary steam production in Herning North and Gram from gas to electricity. This is a part of achieving our 2030 goal to phase out the use of natural gas on all our manufacturing sites, since Herning North and Gram are our two largest manufacturing sites where the most energy- and resource-intensive processes take place. By replacing natural gas with electricity, we increase the energy efficiency, and we cover the energy consumption by buying equivalently more renewable energy to compensate for this.

Sustainable Development Goal 17: Partnerships for the Goals

The sustainability challenges we face are complex and can only be realized through strong global commitment and cooperation. Partnerships both within our own industry and across industries are integral to developing in the circular economy. One example of this is our CircleBack system. This has only become reality because both we and Aquafil engaged in the project with willingness to share knowledge, invest time and resources in developing the solution together. Another example is the development project called “Circular carpet tiles” with the goal of producing carpet tiles from recycled carpet material. The project is a collaboration between Ege Carpets, Marius Pedersen, Fibertex Nonwovens, Shark Solutions, and the Danish Technological Institute. The consortium’s goal is to set new standards for circular textile production, which is only possible due to the engagement of the collaborators.

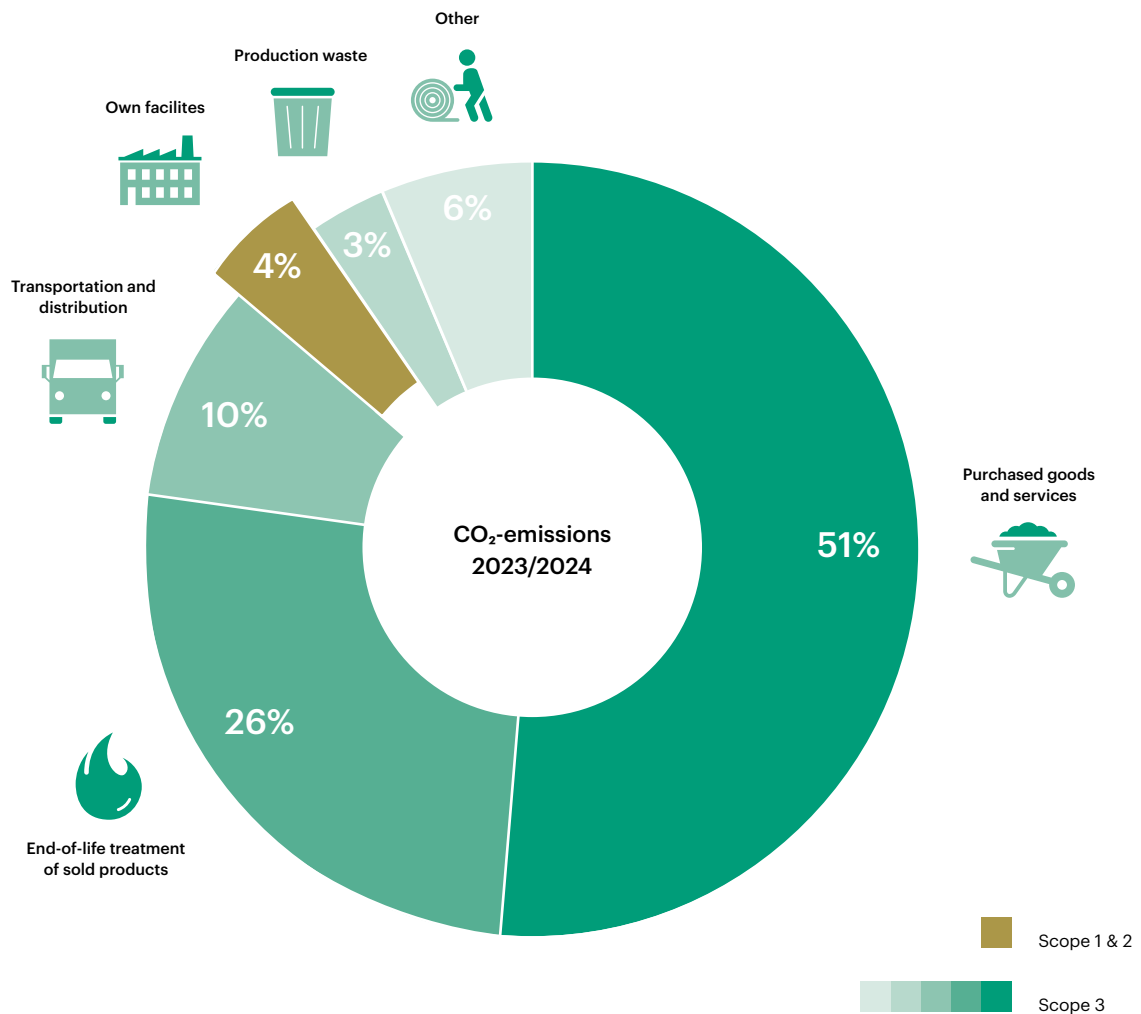


E/

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.





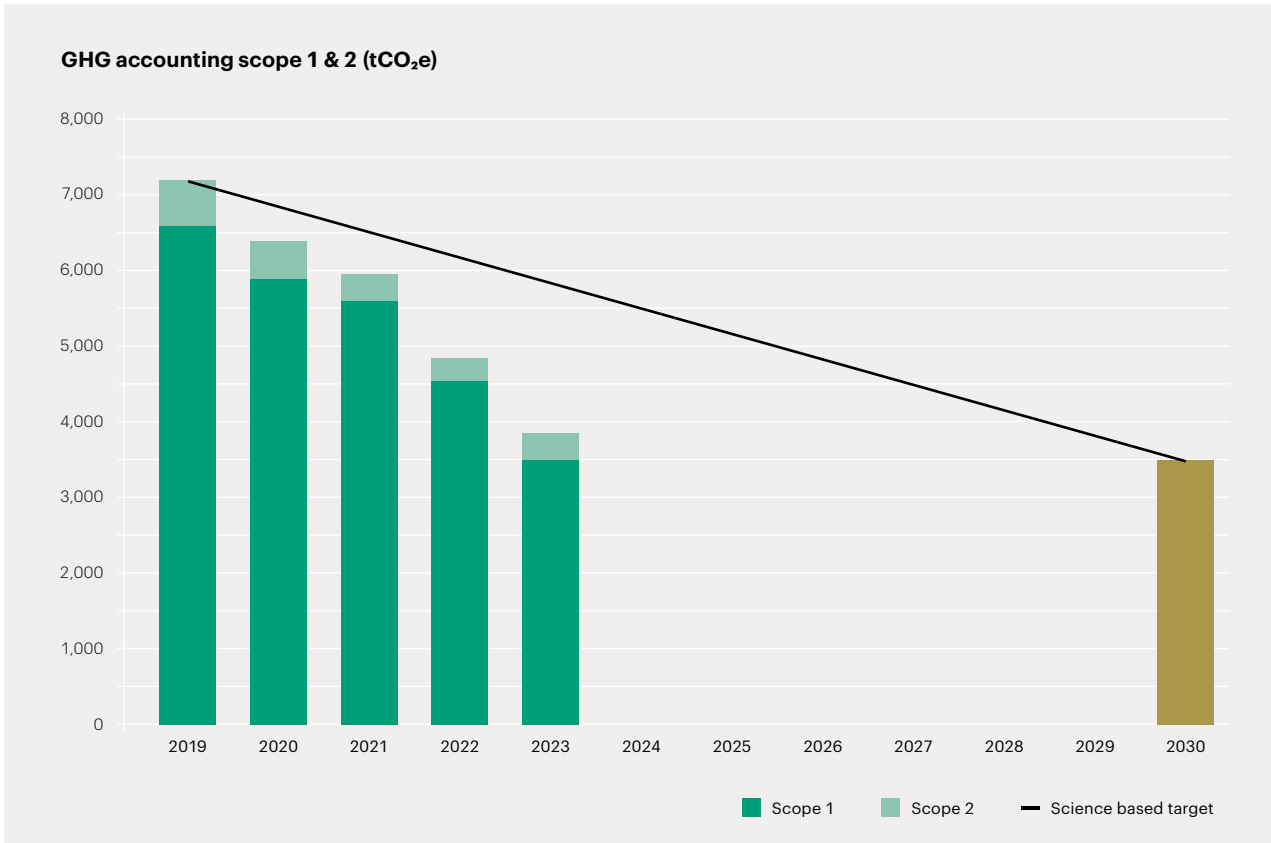
Greenhouse gas accounting

The greenhouse gas (GHG) accounting is an important tool. It helps us understand where in our business model we have the greatest climate impact and thus where we should concentrate our efforts to help reduce global warming. Our GHG reduction targets were officially approved by The Science Based Targets initiative in February 2024. This validates that our ambitions are in line with the latest research on climate action.

As a manufacturing company, it is not surprising that most of our emissions come from the raw materials used in carpets. The raw materials must 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 also requires 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 our company and our 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 must consider the most environmentally friendly methods for disposing of our carpets, even though the final decision rests with



the consumer. We have therefore set ambitious goals to design products that can be included in closed loops, and to establish 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, which means that shipping carpets out to our customers also contributes to our overall climate impact.

Our scope 1 & 2 emissions are a minor element of our overall greenhouse gas accounting. 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 is the Science Based Targets initiative (SBTi)?

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 levels and to seek to keep global 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 2024, over 8,000 undertakings worldwide were committed to Science Based Targets. They included large companies such as Procter & Gamble, Sony, Pfizer and the Danish energy company Ørsted.

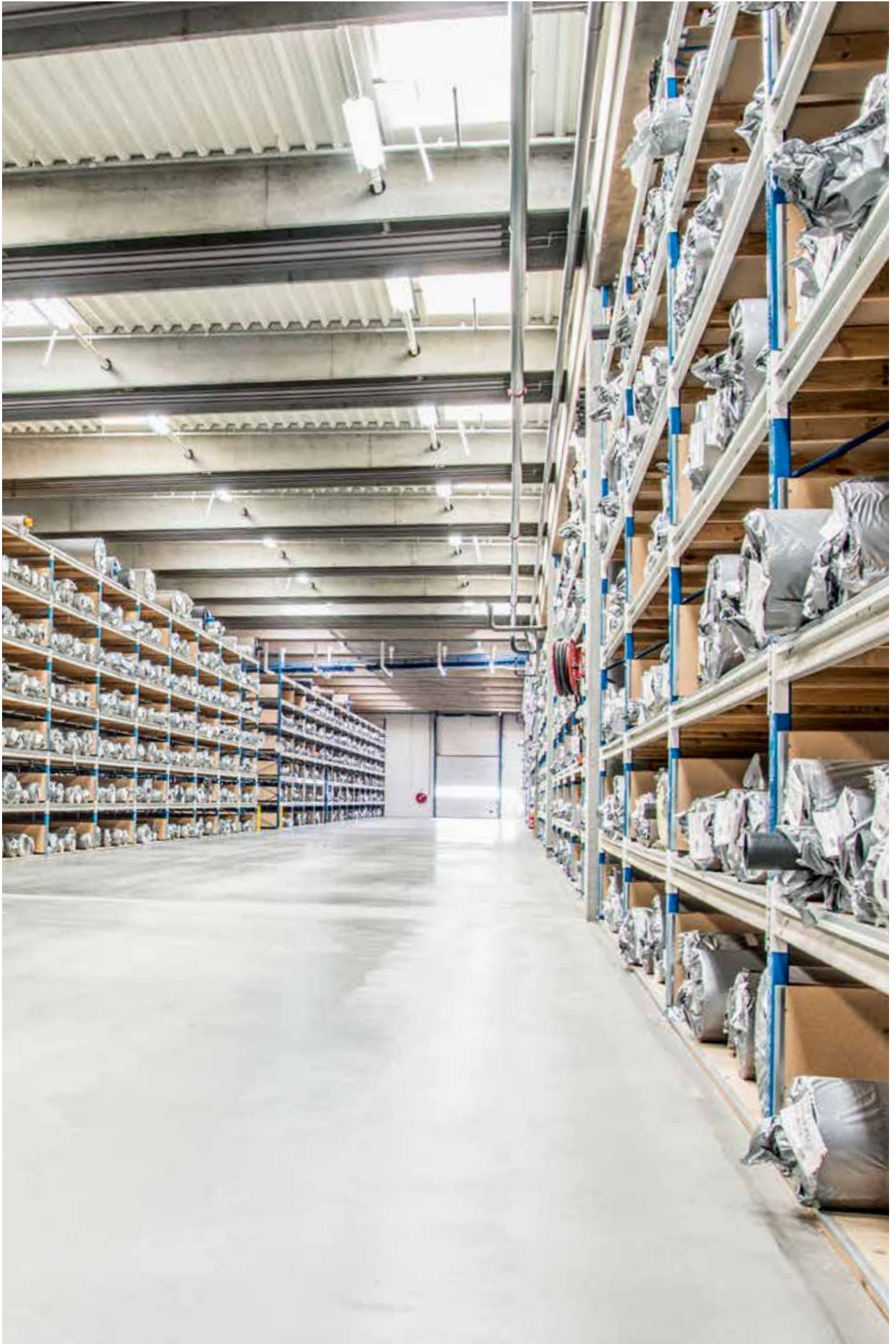
Ege Carpets has also opted for commitment to the Science Based Targets, as we consider this to be the most valid method of reducing our climate impact. Science Based Targets help to verify that we as a company are working in the right direction and that our goals are ambitious enough to make a difference.

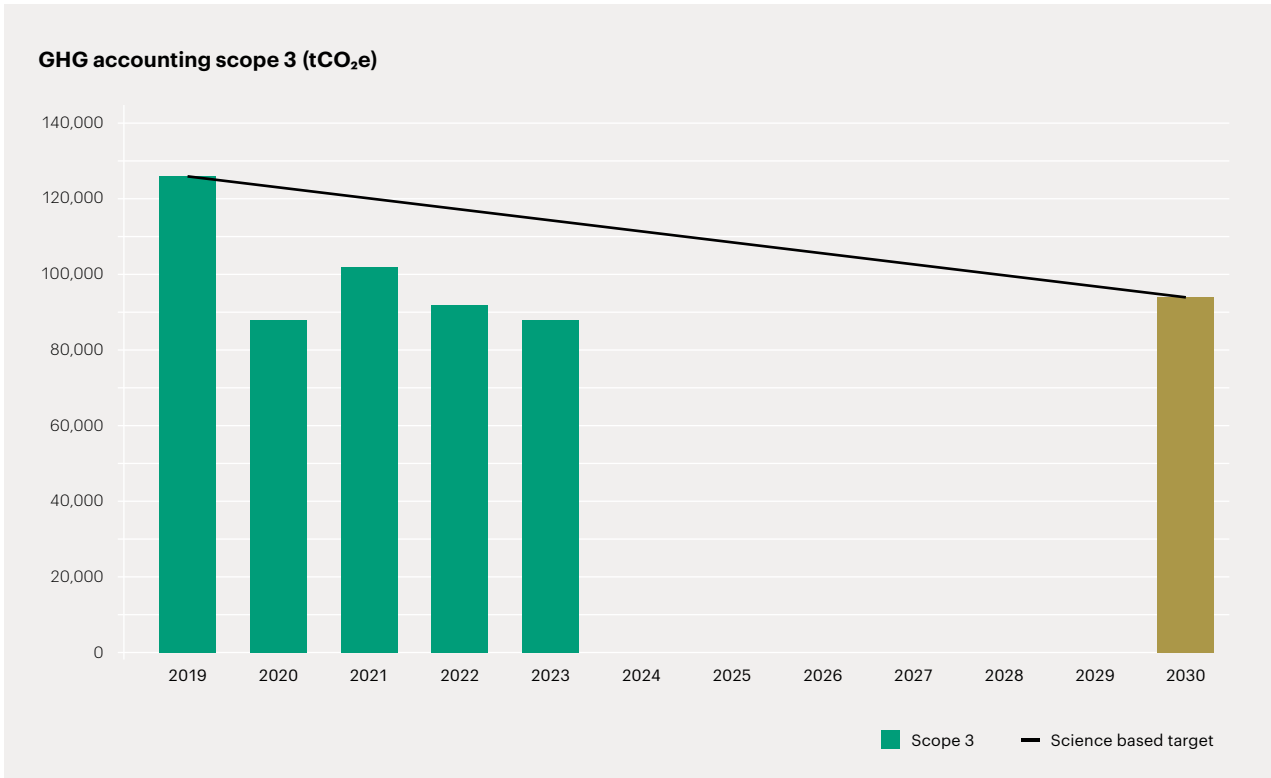
Scope 1: Direct greenhouse gas emissions

Scope 1 concerns the emissions that originate directly from our operations. These are emissions from the combustion of natural gas and oil in our production, as well as the combustion of petrol and diesel in owned and leased company cars. This year, our scope 1 carbon emissions totalled 3,516 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 from wind and solar 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 accounting. This year, our scope 2 carbon emissions totalled 265 tonnes.





The Science Based Targets initiative has approved our target to reduce carbon emissions in scope 1 & 2 by 50.6% by 2030, compared to our base year of 2019/2020. This will entail an annual ongoing reduction target of 4.6%.

This year, we reduced our natural gas consumption due to the switch from natural gas to district heating for room heating at the head office in Herning North. We have also seen the first results of the switch to electrical steam production machines at the Herning North manufacturing site. Next year we expect to see a further reduction of natural gas consumption from this project, as well as the similar project we have going on at our manufacturing site in Gram. With this year’s reduction in our scope 1 emissions, we have almost already reached our 2030 target. However, this is partly due to a significantly smaller quantity of carpet being produced in the years following 2019. We expect this level of activity to return, and from this we will see an increase in natural gas consumption that will moderate or even slightly change the direction of the curve towards 2030.

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 11 out of 15 categories, corresponding to the categories relevant for our business model. This year, our scope 3 carbon emissions totalled 88,312 tonnes.

Last year, we reported on 12 categories. During the validation process of our science-based targets, we were instructed to

eliminate the category “processing of sold products”, as the products we sell are final products and do not undergo any processing before being used, following the definition of the GHG Protocol. Several other details were also adjusted based on the feedback from the SBTi. The results for each financial year since 2019/2020 have been revised to maintain year-on-year comparability.

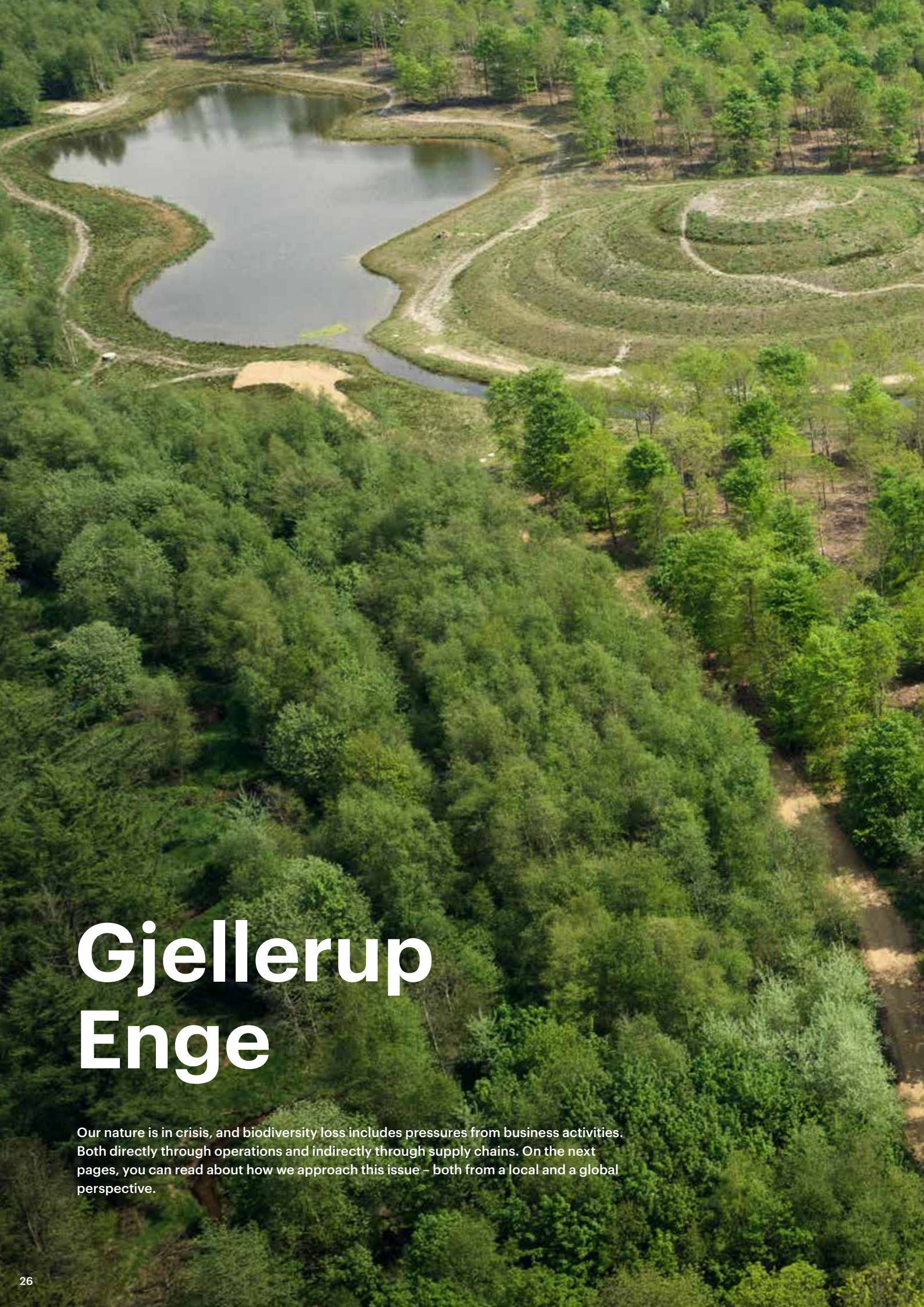
The Science Based Targets initiative has approved our target to reduce carbon emissions in scope 3 by 27.5% by 2030, compared to our base year of 2019/2020. This will entail an annual reduction target of 2.5%.

This year we have seen a slight reduction in our total scope 3 emissions compared to last year. The reduction is primarily a result of our work to replace virgin raw materials with recycled materials. Next year, we expect to see a further reduction in line with our planned initiatives under “Sourcing Raw Materials”.

This year is the first year where we introduce a recycling pathway as an end-of-life scenario for our carpets. 5% of the carpets sold in this financial year, that is covered by our Ege CircleBack programme, are assumed to re-enter our value chain as recycled material once they reach end of life. This estimate is based on the current setup, including ease of use and cost. The initiatives regarding “Recycling and Take back” presented on page 14 will be included in the same way once they have been implemented.

GREENHOUSE GAS ACCOUNTING	Group 2021/2022	Group 2022/2023	Group 2023/2024
Total carpet production (m²)	6,839,443	5,987,208	5,852,764
Total revenue (DKK)	1,085,311,000	1,163,000,000	1,206,251,000
Scope 1	tCO₂e	tCO₂e	tCO₂e
Stationary combustion	4,943	4,206	3,013
Transport	674	367	503
Total, scope 1	5,617	4,573	3,516
Scope 2	tCO₂e	tCO₂e	tCO₂e
District heating	183	132	141
Electricity, market-based	104	110	124
<i>Electricity, location-based</i>	1,685	1,857	1,644
Total, scope 2	287	242	265
Total, scope 1 & 2	5,904	4,815	3,781
Percentage change from last year	-7%	-18%	-21%
Scope 3	tCO₂e	tCO₂e	tCO₂e
Fuel and energy-related activities	1,720	1,712	1,836
Downstream leased assets	6	174	183
Business travel	33	329	406
Waste	4,210	3,567	2,829
Upstream transportation and distribution	7,631	7,410	7,980
Capital goods	522	1,373	1,715
Downstream transportation and distribution	622	1,041	1,413
Purchased goods and services	55,709	50,082	46,976
... of which product-related	54,409	48,911	45,632
... of which non-product-related	1,300	1,171	1,344
End-of-life treatment of sold products	29,121	24,387	23,552
Employee commuting	987	933	959.9
Investments	562	509	462.9
Total, scope 3	101,122	91,516	88,312
Percentage change from last year	14%	-9%	-4%
Total GHG emissions	tCO₂e	tCO₂e	tCO₂e
Total GHG emissions	107,026	96,332	92,093
...of which product-related (carpets)	97,938	83,300	79,718
...of which product-related (other products)	5,678	8,543	7,305
...of which non-product-related	3,410	4,489	5,070
Intensity measurement, carpet production	Kg CO₂e pr. m²	Kg CO₂e pr. m²	Kg CO₂e pr. m²
Intensity measurement, carpet production	14.32	13.91	13.62
Intensity measurement, revenue	Kg CO₂e pr. DKK	Kg CO₂e pr. DKK	Kg CO₂e pr. DKK
Intensity measurement, revenue	0,099	0,083	0,076

See Annex 2 for details of the calculation basis applied to the Greenhouse Gas accounting
During the Science Based Targets verification process, several adjustments have been made to the GHG accounting for the previous years. Therefore, the results presented in this report may vary from the ones presented in previous reports.



Gjellerup Enge

Our nature is in crisis, and biodiversity loss includes pressures from business activities. Both directly through operations and indirectly through supply chains. On the next pages, you can read about how we approach this issue – both from a local and a global perspective.





In the spring of 2023, the nature restoration project Gjellerup Enge was finally inaugurated, with the purpose to restore a wild and diverse nature, where consideration for biodiversity is paramount. The project is a collaboration between the Danish Nature Fund, Herning Municipality, Herning Water, private landowners, ARDE and Ege Carpets, which has donated 28 of the 90 total hectares.

The large area with meadows, heaths, marshes, forests, and thickets comprises a large paddock with year-round grazing ponies to secure nature conservation in the area. A climate lake has also been established to protect the area from flooding as a consequence of future climate change, as well as a vantage point made of the soil from the construction of the lake. This provides a more varied landscape and together with the lake it creates new habitats in the area. Three kilometers of hiking paths have been established for visitors and local community to enjoy the nature development.

In last year's Sustainability Report, we reported that we had entered into an agreement with a nature consultancy firm who would monitor the development in the area over the next five years. Now we are ready with the results from the first monitoring of the state of biodiversity on our part of Gjellerup Enge.

Three different methods have been used to monitor the area: The calculation of a Danish Nature Indicator (DNI), registration of butterflies and registration of plants. The DNI-score is a newly developed measure of how effectively the management of a natural area contributes to stopping the biodiversity crisis and it is assessed on a scale from 0-100, where 100 indicates nature with a high biodiversity, intact ecological processes, and optimal legal protection. The final DNI-score is thus based on a weighting of protection, processes, and condition. We are proud that Gjellerup Enge has served as a pilot project for the establishment of the DNI-score. Some of the most important indicators of an area's nature condition and management is the presence of butterflies and the plant composition. This way, the three monitoring methods supplement each other and together they provide a good overview of the areas' biodiversity value.



“The nature restoration project in Gjellerup Enge is one of the best Danish examples of how companies can take responsibility for restoring nature on their own land on a larger scale. Nature’s recovery is documented and followed over time by using a completely new monitoring method: the Danish Nature Indicator (DNI). In this way, Ege Carpets leads the way for other companies that want to carry out professionally credible local biodiversity efforts.”

– Anne and Heidi, Nature consultants Eskildsen & Buur

The monitoring results show an increase in the DNI-score from 1,08 before the beginning of the nature restoration to 2,61 at the initiation in 2023. For comparison, the average DNI-score for the entire municipality is 1,6 and for all of Denmark it is 2,5. Restoring nature takes time. That is why it is expected that it will take several years before the nature improving activities will show their true effect. The results, however, implicate that the initiated nature restoration measures already have had a certain positive effect. It is especially the initiation of grazing ponies that has increased the DNI-score significantly.

During the 2023 flight season, a total of 13 different butterfly species – out of 66 Danish species – were registered. All the species are considered common in Denmark. Regarding vascular plants 115 different species – out of approximately 1500 Danish species – were registered, all of which are also common in Denmark. However, among these species, 29 are referred to as so-called “star-species”. That is species that are particularly sensitive to human disturbances and thus species that potentially indicate a good state of nature.

In conclusion, we are proud of this baseline measure, and we are excited to see the development in the area in the years to come, as the nature improvement measures will show their effect.



Biodiversity impact scan

In the summer of 2024, we performed a screening of our potential impacts on biodiversity across our economic value chain. Biodiversity is a field within sustainability that is increasingly relevant, but also complex to measure. Thus, our primary objective was to gain insight into the process and topics within such an impact scan. Secondly, we wanted to challenge our sustainability strategy towards 2030 to see if there were any obvious gaps when looking at our impacts through the lens of biodiversity.

The impact scan was conducted as a workshop managed by an expert team of biodiversity consultants with participants from ESG, operations, product development and purchasing. On the workshop, our economic value chain was mapped in terms of upstream,

direct operations and downstream, with each activity being assessed for relevant biodiversity impact drivers gathered under five areas. Lastly, each relevant biodiversity impact driver underwent an initial rating of the potential biodiversity loss in the given area.

Results of the biodiversity impact scan

This section will present the main findings for each part of our value chain. Generally, the impacts constituting the largest potential risks were identified in our upstream activities, specifically within raw material extraction.

The mining of the minerals that serve as filler materials in our carpets was identified to be the top activity leading to potential

Five nature-related issue areas for scanning biodiversity impacts in the value chain:

-
- | | |
|-------------------------------------|--|
| 1 Land/water/sea use change: | Changes in environments from human activities such as urbanization and agricultural expansion. |
| 2 Resource exploitation: | Direct use of natural resources from activities such as mining and deforestation. |
| 3 Climate change: | Global heating as a result of activities that emits greenhouse gases, such as combustion of fuels to power engines or manufacturing equipment. |
| 4 Pollution: | Air, water, and soil pollutants discharged into nature from e.g. extraction or processing activities. Solid waste pollution such as plastic pollution. |
| 5 Invasives and other: | Disturbances of ecosystems through human activities producing e.g. light and noise, or from invasive species released into non-native ecosystems. |
-

Upstream	Direct operations	Downstream
<ul style="list-style-type: none"> • Raw material extraction, mining minerals • Oil extraction for synthetic textile materials and yarns • Wool extraction and processing 	<ul style="list-style-type: none"> • Light and noise from production sites • GHG emissions from carpet production • Water use 	<ul style="list-style-type: none"> • Product end of life, landfill • Product end of life, incineration • GHG emissions from transport

Top activities in Ege Carpets' value chain leading to potential biodiversity loss

biodiversity loss across the value chain. Mining drives several biodiversity impacts including high water use in many stages of the mining process, potential degradation of land ecosystems, potential pollution of water and soil, depletion of mineral reserves, and high greenhouse gas (GHG) emissions. Another significant potential risk comes from the extraction of oil for the synthetic yarns and other textile components used in our carpets. Oil extraction can disturb habitats both in terms of noise and light emissions from facilities, pollutes water and soil, results in GHG emissions, uses large volumes of water, and the infrastructure built for extraction can affect land ecosystems. Wool was also identified due to high water use in the processing of the wool, potential land use change from the sheep farming that takes up vast amounts of land in some areas of the world. Finally wool extraction and processing results in significant greenhouse gas emissions, both from methane emissions from farming and other GHG emissions from the processing of the wool.

Our direct operations proved to be the smallest contributor of the three value chain areas. The top findings here were the potential disturbances of the local wildlife from operations and transport around our sites, the GHG emissions associated with carpet production, and the water use associated with the dyeing process that many of our carpets go through.

The biggest impact in our downstream activities comes from the disposal of used carpets. Most carpets sold in the EU end up on either landfills or are incinerated to generate energy. Both these end-of-life paths have significant potential negative impacts on biodiversity. For landfill, this regards potential pollution in all four sub-categories: air, water, soil, and solid waste. The last three of these categories have to do with potential leaches from the landfills into local soil and water resources. Moreover, landfills can be a driver of land use change and degradation. Both landfill and incineration lead to high GHG emissions. Moreover, incineration causes air pollution from the contaminants in the flue gases that are released during the incineration process. Lastly, incineration also has the potential of causing pollution to soil and water from

contamination. Many of these risks are highly dependent on the quality and safety measures taken on the individual landfill or incineration plant which can vary greatly based on geography and local regulation of such facilities. Downstream transportation was also found to be a significant potential risk to biodiversity, mainly due to GHG emissions.

Correlation with our 2030 sustainability strategy

This scan of biodiversity impacts in our value chain has both confirmed the motivation behind several of our current sustainability initiatives but also shed light on areas that require increased focus moving forward.

The main take away is how much mining activities potentially affect almost every area of biodiversity. Minerals make up a relatively large percentage of our carpets total weight, but because of the low carbon footprint of the minerals that we use, our focus has been on yarns and other textile components which has a higher carbon footprint. Moving forward, these insights demand renewed focus on this raw material group. To move further with wool as a raw material in the context of biodiversity, we will need to perform an assessment on the specific sources our wool comes from in the UK and New Zealand.

The findings on the possible biodiversity impacts from product end-of-life (both landfill and incineration) confirm the importance of closing the loop around our carpets through reuse or recycling programmes. This emphasize the significance of our 2030 objective which is for all carpets to be covered by a recycling or reuse programme.

Finally, the biodiversity impact scan also emphasized the need to focus on GHG emissions in scope 1, 2, and 3 to help fight climate change and the negative impacts on biodiversity that relates to this.

We will continue to work with these valuable insights from this scan as a part of our sustainability efforts.



From waste to resource

Even though the production of our carpet tiles is optimized down to the last millimeter, there is still a minimal waste element in the form of the small pieces of offcut left over after the tiles are cut. In a year these offcuts add up to approximately 750 ton, which means that we have very large amounts of excess material on our hands. These offcuts can be reused as an important resource in the production of textile products for the interior industry, for example. Here, they can gain new life as comfortable stuffing for cushions and mattresses, as sound-absorbing walls for acoustic boxes, or in other noise-reducing solutions, just to name a few examples.

“In furniture, the material will require as little further processing as possible, as it can almost be used as is. It is essential for Ege Carpet's work with sustainability that our surplus materials do not create a lot of CO₂ elsewhere in the life cycle. For us, recycling also means as little processing as possible for the next stage.”

– Camilla Aalbæk Jacobsen, ESG manager

The recycled material is called Ege Felt and its thickness, hardness and appearance can be tailored to the individual product solution, which means that the offcuts can be transformed into a multitude of new products in recycled textile.

Ege Felt: From carpet tile offcuts to felt textile mats

The raw materials in the carpet tile offcuts gain not just a second, but rather a third life, since the carpet tiles are also made of previous products that had reached the end of their useful life. The carpet tile yarn is regenerated from discarded fishing nets, used

carpets and other industrial waste with widely different uses. The carpet tile backings are made from recycled water bottles that have been transformed into a soft and acoustic enhancing felt material.

How the Ege Felt recycling process works

The carpet tile offcuts, which consist of residual offcuts from the manufacturing of carpet tiles, and other recycled materials are shredded into small textile pieces and fibers. The finely shredded material is transformed into airy mats in an air-laid process, in which BICO fibers are added, with the function of making the mats stable and cohesive. There is also a mat variant where some of the carpet tile offcuts are replaced by woolen carpet residues.

The material of the future

The Danish furniture supplier, Holmrís B8, has together with the design studio Hans Thyge & Co. developed a sofa, which uses Ege Felt as padding. The sofa is called Tweet Recrafted and Ege Felt enables the production of an exceptional sound-dampening material used in the screen walls of the sofa.

However, the applications of the Ege Felt are numerous, and several trials of the material are currently underway at various sites in Europe. It has been possible to change the material's visual and functional characteristics by adding woolen carpet residues. The trials are expected to result in many new products in which carpet tile offcuts will be the main component.

At Ege Carpets, we believe that what is today categorized as waste in a few years will be seen as a valuable resource in new products.





100% pure wool

If you seek the exquisite look and feel that only emanate from an entirely natural yarn, we offer the finest selection of 100% pure new wool, crafted from extra-long and thus extra-durable wool fibres originating from either the UK or New Zealand. The main environmental challenge today is separating the wool and nylon fibres in mixed qualities after use and therefore we've introduced our pure wool carpet, which is the first step towards a circular system. We aim at becoming able to separate the carpet backing from the wool pile and recycle the backing into completely new products while composting the wool fibres.

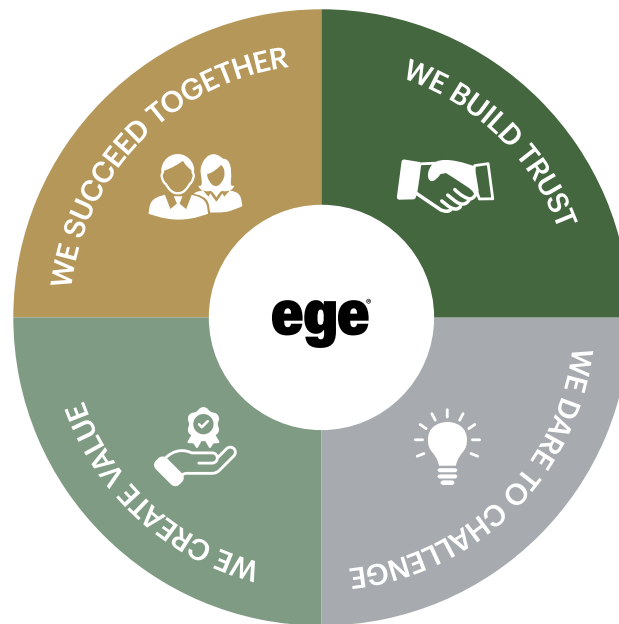


S/

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.





Social

Ege Values bring us together

Values are important for a company. They create meaning, identity, teamwork, and performance standards. This year we launched a new model for the values that guide our actions and relations within our Ege family. These values are already being lived out in many ways and are thus a reflection of all the great parts of our shared company culture. This new model formalizes our existing culture and provides a framework and a clear expectation on how we want to work together and behave at Ege.

Equal gender distribution at all management levels in the group

The carpet industry is traditionally a male-dominated industry. To combat this trend, we work continuously to attract female executives and managers, as members of our Board of Directors, and as employees.

In our annual financial statement, we publish the gender distribution of the Board of Directors. Here, the target is a 60/40 gender distribution, in accordance with the requirement from the

Danish Business Authority. Since Ege Carpets' Board of Directors counts four members elected by General Meeting, the individual equitable gender distribution goal is one to three, or 25% to 75%. We also have a 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 2024, there were 30% female managers at group level compared to last year's 24%. In the group's total workforce, women currently account for 42%. This means that we continue to have a gap between the representation of women in the total workforce at Ege and the representation of women in management positions. We do, however, see a positive change from last years results, and will continue to promote a diverse workplace.

More trainees and apprentices at Ege Carpets

Since 2015, we have been working to increase the number of trainees and apprentices at Ege Carpets. We do this to help local young people to achieve higher educational qualifications, and



WE BUILD TRUST

We are honest and authentic

We keep promises and deadlines

We learn from failures and successes



WE DARE TO CHALLENGE

We are ambitious and aim high

We ask for – and give feedback – to develop and improve

We are curious and explore new ways



WE CREATE VALUE

We understand our customers and deliver solutions

We build long lasting relationships

We develop ourselves and our business

because it will help ensure that a skilled workforce is also available to Ege Carpets in the future.

Our goal is in line with the Danish practical training scheme, Praktikplads-AUB (the Employers' Education Contribution scheme). The scheme came into place 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 fee. The target is determined based on 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 must have a minimum of 2.07 trainee points to meet the requirements for the scheme. We also have our own ambition of having an additional 2 trainee points, meaning our target is to have at least 4.07 trainee points.

Ege Carpets currently has 8 trainees, corresponding to 7.18 trainee points. This is a result to be proud of, as it far exceeds the expectations under the national scheme, as well as our own ambitions.

In addition, we are working on a social programme for our trainees to maintain the network and staff retention. For many of our trainees this is their first job in their career, and we hope that the programme will contribute to the feeling of belonging and being in a work community.

Workplace culture analysis focusing on employee well-being

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

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

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 are set up to improve employee well-being.

The latest analysis was conducted in December 2023 and had a response rate of 75%, which is an improvement of 6 percentage points from the previous analysis conducted in 2022. In the analysis it was found that Ege Carpets generally scores high on meaningfulness. Specifically purpose – the why – of our working life was a driving factor for our high overall score.



WE SUCCEED TOGETHER

We set common goals and commit to them

We embrace diversity

We show appreciation and celebrate successes



During the same analysis, we also measured on our newly formalised values to gauge the level of implementation in the company after six months of using the framework. Considering the recent implementation of the framework, we were impressed with how well known and integrated they already are. We believe this indicates that our value framework is a natural reflection of all the positive aspects of our company culture.

Average age and seniority

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

This year, our average seniority is 10.17 years, and our employees have an average age of 48.45 years. Both figures are slightly lower than last year, when they were 11.3 and 49 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.

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. Many initiatives have already been introduced and are continuing, including:

- Safety walks
- Blue flashing lights on reversing trucks
- Indication of safe walking zones and yellow vests for production site visitors
- High visibility in terms of the work clothes worn in the production
- Focus on the mental working environment in our OHS organisation

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 12 accidents leading to absence on our manufacturing sites, which is two less than in the last financial year. We have also had a reduction of 42% in hours of absence due to occupational accidents and work-related illness, which is also a positive trend.

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

Status 2024:

TRAINEES/ APPRENTICES

7.18

student points scored by Ege Carpets
currently with 8 trainees employed

Status 2024:

CHARITY

5.1 mill

Danish kroner this year has gone
back to the local community

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 component.

The foundation's share of ownership in Ege Carpets means that this year 5.1 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 many different purposes, such as:

- Therapeutic terrasses for the intensive care unit at a local hospital
- Socle du monde art festival at Herning museum of contemporary art
- Scholarships for specialized psychological assistance and play therapy to The Children's Cancer Foundation
- New stage structure and light setup for a local theatre

Human rights

During the current accounting period, we had an external company to evaluate Ege Carpets' human rights risk exposure as well as the existing management procedures in place. The human rights risk assessment covered different categories of human rights including:

- Health and safety
- Working conditions

- Child and forced labour
- Freedom of association/collective bargaining
- Diversity and discrimination
- Local community/external stakeholder impacts
- End-use impacts

The conducted human rights risk assessment sought to identify what human rights may be adversely impacted by Ege Carpets' activities and where these risks lay.

No high risks have been identified in Ege Carpets' own operations or supply chain. Only two categories, "general supply chain" and "local community/external stakeholder impacts", received a medium risk assessment. In both cases, this is due to moderate exposure risks inherent in the carpet industry and the supply chain at large.

Based on these results, we formulated a strategy for implementing the Human Rights Policy and initiated actions to mitigate the medium risks. For instance, by identifying potential low-risk supplier alternatives for high-risk based suppliers and adding a commitment to stakeholder dialogue in the ESG Policy.

In the future, we will work with human rights among other to reflect current due diligence best practices. This means that we will map, prevent, limit and account for how we assess and manage the risk of negative impact on people, the environment, and the climate.





Ege Go2Work

Ege Go2Work is a special programme that combines environmental and social action. 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 and made into packaging materials and other cardboard products. 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 moulding, used as insulation material, or be used for other recycling purposes.

Ege Go2Work originally started close to our manufacturing site in Gram and in June 2023, we opened another production line at the Herning North factory. The opening of this production line enables residual yarn cones from all our four carpet manufacturing sites to be recycled. In average, 60 cages with yarn cones are delivered per week.

Tonnes of recycling

In the last year, a total of 113.708,5 kilos of yarn were sent for recycling. In addition, 99,8 tonnes of cardboard cones were sent for recycling, so that a total of 213,5 tonnes of waste avoided incineration. The manufacturers are thankful to receive our yarns due to their high quality. This makes it easy to recycle the materials for new purposes.

The expansion of the programme means that there is now room for 34 candidates on the line. In the past year, a total of 89 people were associated with Ege Go2Work. They include 82 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 and Platformen, which are residential care units for mentally vulnerable and socially marginalised people. They are using Ege Go2Work to offer sheltered employment to the residents, who thereby realize 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



Jesper Bjørn Schlæger, candidate - Ege Go2Work



Camilla Aalbæk Jacobsen, ESG manager at Ege Carpets and Kenneth Thye Schmidt, Workshop manager - Ege Go2Work

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. Boxes 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 premises.

Clarification of employability

The line is managed by Kenneth Thye Schmidt. 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 with what they can.

“The fact that we at Ege Go2Work can respond individually to the needs and capacities of each candidate is very valuable. In this way, we can pave a path into the world of work for people who have had or are having a very difficult time for a variety of reasons and in this way give them a perspective,”

*- Kenneth Thye Schmidt,
head of the Ege Go2Work programme*

Ege Go2Work is presently working on expanding with the opening of an additional production line in Gram. Here various scraps can be made into various products, that all meet the quality Ege Carpets wants to be recognised by. This will serve as a training platform for individuals on the edge of society where they learn about work and responsibility. For many this will be their first “real” employment, although just for a short period, and parttime, still a paying job.

Part of this new production line is the opening of a shop, where the goods can be sold, and later in the coming year, the servicing of postal orders will also be included.

Award-winning programme

Late last year, Haderslev Municipality awarded two awards to Ege Carpets for Ege Go2Work. The “best mentor” award was awarded to a person, who has been trained by Kenneth Thye Schmidt for the role as a mentor for the other participants at Ege Go2Work. The award is given to someone who has made a very special effort to help people on the edge of the labour market closer to the labour market again. At the same time, Ege Carpets received the Haderslev label. This award is given to a company which, in the municipality’s assessment takes social responsibility by e.g. employing people with disabilities or in vulnerable positions, establishing company internships or traineeships, making a special effort to prevent sickness absence, or participating in common projects to create employment and education.

Key figures, social responsibility and corporate governance

	Employees*			Managers		Position	
	Men	Women	Total	Men	Women	Salaried	Hourly-paid
2021/2022	354	231	585	64	21	281	304
2022/2023	333	232	565	58	18	221	268
2023/2024	363	244	607	54	23	238	288

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

	Absence due to illness*	
	Men	Women
2021/2022	1.06%	1.53%
2022/2023	1.28%	1.79%
2023/2024	1.05%	1.88%



* The figures for absence due to illness do not include long-term sick leave exceeding 15 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 hours
2021/2022	14	1,723 hours
2022/2023	14	762 hours
2023/2024	12	443 hours

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

	Discrimination	Child labour	Forced labour	Human
2021/2022	0 cases	0 cases	0 cases	0 cases
2022/2023	0 cases	0 cases	0 cases	0 cases
2023/2024	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 ESG 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	42%	25%	
2021/2022	25%	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.
2022/2023	24%	25%	
2023/2024	30%**	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	
			
2021/2022	0	1	** During an unannounced visit on one of our sites, the Danish Working Environment Authority observed a missing safety installation for working in heights. We are working on establishing railings on the areas of concern and are looking into further safety measures such as fall protection.
2022/2023	2	0	
2023/2024	0	1**	

* 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**	
			
2021/2022	0	11 employees	All employees receive our anti-corruption guidelines. All employees with external contact attend an online anti-corruption training programme that is held annually. Due to a system switchover, we have not completed the anti-corruption training module for this financial year. We expect the new system to be implemented by summer 2024, whereafter the training will be resumed.
2022/2023	0	227 employees	
2023/2024	0	0 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 based on the number of employees that have taken our e-learning module in anti-corruption.

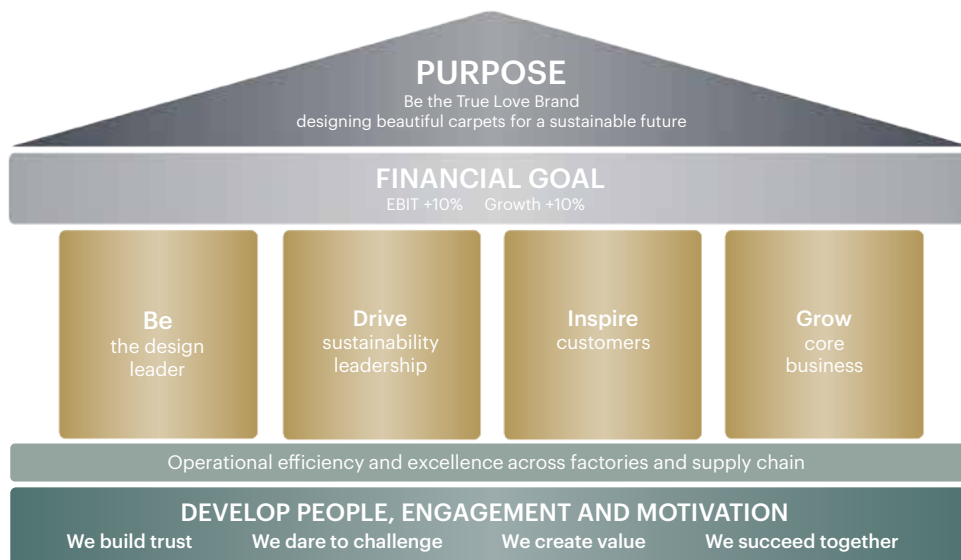


G/

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.





Governance

ESG policy sets the game rules for everyone

We use the group's ESG policy to ensure that our business model, production processes and products help create a more sustainable 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 ESG 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 ESG policy, to ensure that everyone is familiar with the rules of the game for the entire group.

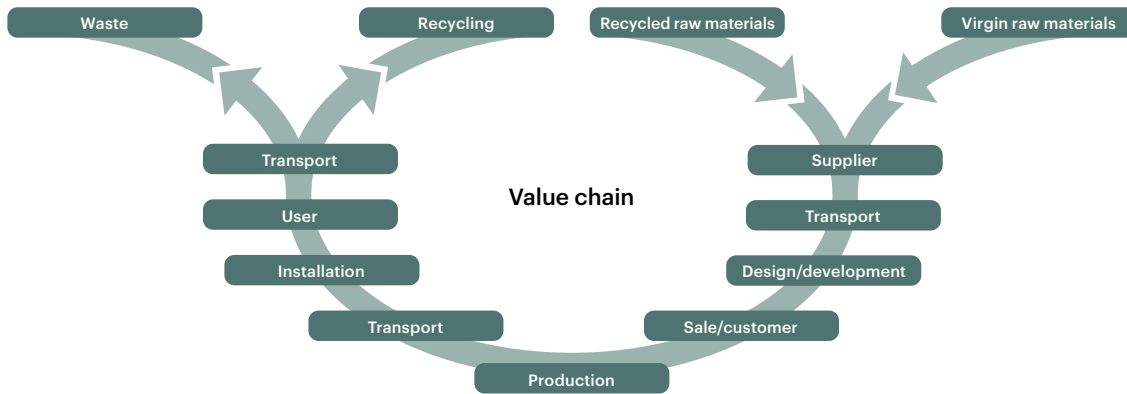
From business model to practice

Ege Carpets' Executive Board holds the overall responsibility for the ESG policy and strategy. A Sustainability Group comprising the CEO and representatives from Product Development, Pro-

curement, Operations, ESG, Quality, and Sales 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 managed by the group's ESG department, while different functions within our organisation are responsible for ensuring the progress of our 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 into carpets in our production facilities. We then deliver the finished carpet to the customer, where the carpet is used for several years and then discarded when it is time to replace the flooring. Our vision is to close the gap between the start and the end



of the value chain, so that we have a complete circular business model where new carpets are produced from old ones.

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 95% 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, circular economy, animal welfare and anti-corruption.

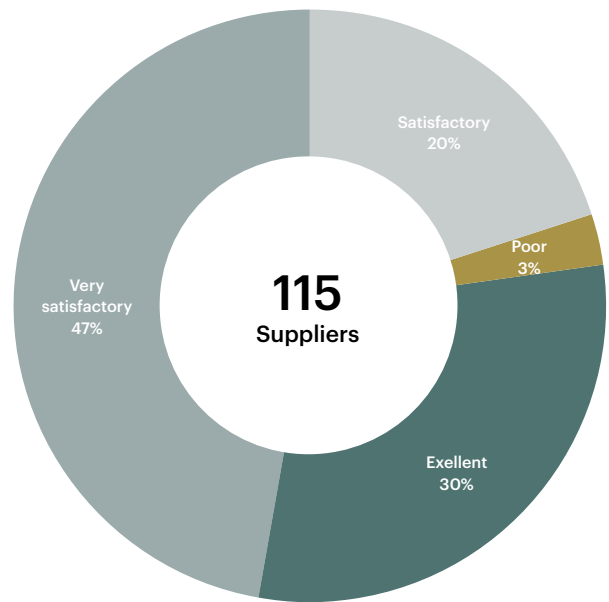
We also require suppliers to comply with national and international legislation and international conventions. These include

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

Our supply chain management system includes 128 suppliers, all of whom contribute to the production of our carpets to a

	ISO 9001 Quality	ISO 14001 Environment	ISO 45001 Occupational health and safety
Herning North	✓	✓	✓
Gram	✓	✓	✓
Herning South	✓	✓	✓
Rejle	✓	✓	✓
Litspin	✓	✓	✓



greater or lesser extent. Out of our 128 suppliers, 115 have completed the questionnaire.

Joint management system and certifications

The production units in the group are subject to a joint management 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 standards have been added. As new production units have been incorporated into the group, the standards have also been implemented in these units.

Our management system is based on the international standards for quality management, environmental management, occupational health and safety as well as social responsibility. All five factories in the group hold certification under the first three management system standards mentioned.

This year, we have chosen to cease the certification of our management system in accordance with the Danish Standard on CSR known as DS 49001. The policies, processes and measures

established under the parent standard ISO 26000 will continue to be a part of our management system.

The management system is practised according to the Plan – Do – Check – Act model, on which the 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.

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	ISO 26000	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. 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 the society.

Anti-corruption and bribery

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.

Health and safety

Risks / opportunities

Despite a strong focus on safety, every year a few employees are injured during working hours. We continuously focus on how to improve our safety through initiatives carried out under our OHS organization such as safety rounds and training of employees. We have an ambition to grow and that will increase the number of employees, volume, traffic, etc. This presents the risk of more employees being injured.

Actions

- All production units hold occupational health and safety certification according to ISO45001.
 - This year, the occupational health and safety organization has focused on further training of employees within, among other things, internal traffic.
 - Another focal point for this year has been high visibility in terms of the work clothes worn in the production.
-

Pollution

Risks / opportunities

Contamination with PFAS (per- and polyfluoroalkyl substances) continues to be a big topic. Two of our manufacturing sites are relevant in this context, as they have used materials containing PFAS in the past. 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.
- Our manufacturing site in Gram has been assessed in collaboration with the local authorities. Evidence of soil contamination has been found, but not in a scale that mandates further actions.
- We collaborate closely with Herning Municipality and the Central Denmark Region on uncovering PFAS contamination, dissemination, and the measures we can take for our Herning North site.
- 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.

Resource use and circular economy

Risks / opportunities

Carpet waste presents an environmental problem as it is either incinerated or deposited in landfills. When recovery becomes possible in the future, this will keep valuable materials in circulation and ensure new business opportunities. We are exploring a business model where manufacturing waste, or leftover resources as we like to view them, are recycled into attractive product solutions. The product is called Ege Felt and has several possible applications within production of textile products for the interior industry.

Actions

- Our goal is to enable recycling or reuse of all 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.
 - Last 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 have established a new business unit that focuses on transforming leftover resources from our production to hardcore business through our product Ege Felt.
-

Climate change

Risks / opportunities

As a manufacturing company, the largest sources of our GHG emissions are related to our product's life cycle. We have a responsibility to do our part in fighting climate change.

Actions

- Our near-term targets have been validated by The Science Based Targets initiative (SBTi), which is a global body enabling businesses to set ambitious emissions reduction targets in line with the latest climate science.
- We will reduce carbon emissions in scope 1 & 2 through the electrification of production processes and investment in renewable energy. This year, we have installed electrical boilers in the production at Herning North and Gram. This is expected to convert approximately 1.2 million 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 have changed to yarn from recycled sources for several of our carpets and have continued our work with closing the loop around our carpet manufacturing.

Equal pay for equal work

Risks / opportunities

Our production sites are working under different local agreements due to historical reasons. That means if employees are "loaned" between the production sites, they are paid differently. In the EU, women earn 13% less than men on average per hour worked. We have a responsibility to ensure that gender is not a factor, consciously or subconsciously, in the way we determine employee's wages.

Actions

- The collective agreements are respected and the rules in this area are followed.
- Management is working on a solution that will ensure equity across the different manufacturing sites.
- Middle management has been offered training on how to assess the pay level of employees.

We are working on a formal gender pay gap analysis as preparation for the implementation of the EU Pay Transparency directive.

Due diligence

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 further develop our supplier management process to reflect current due diligence best practises.

Excerpts from Ege Carpets' ESG policy

Human rights

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

Discrimination

We do not accept discrimination in any way, and will ensure that our employees and partners have equal opportunities.

Diversity

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

Working environment

We will promote a positive working environment for our employees and constantly seek to improve working conditions.

Environmental impact

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

Reuse and recycling

We will work to increase reuse and recycling, as well as to reduce waste. This applies at process level, in the products and in the company in general.

Climate action

We will reduce the company's CO₂ emissions and thus reduce our impact on the climate. We have committed ourselves to Science Based Targets and thereby committed ourselves to making our contribution to keeping global warming under 1.5° C.

Anticorruption

We will run every aspect of our business in an honest and ethical manner. We have zero tolerance for corruption and bribery in Ege Carpets, and corruption and bribery cannot be graduated.

Community involvement

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



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 2021/2022	Group 2022/2023	Group 2023/2024
Total carpet production (m ²)	6,839,443	5,987,208	5,852,764
Energy consumption	KWh	KWh	KWh
Electricity consumption, production units	13,097,036	12,431,979	12,663,637
Electricity consumption, other buildings	76,267	70,120	65,158
... of which renewable energy	13,188,437	12,672,292	12,663,637
Natural gas	32,289,017	25,308,129	24,102,374
... of which bionatural gas	19,800,000	13,200,000	0*
District heating, production units	1,336,900	2,176,319	2,442,977
District heating, other buildings	276,008	218,669	198,113
Oil	245,541	220,397	251,837
Water consumption	m³	m³	m³
	91,906	92,701	107,730**
Water recovery	m³	m³	m³
	13,536	10,287	9,300
Recycled raw material	Kg	Kg	Kg
In the product	3,509,481	3,742,474	4,777,263
Consumption of materials	Kg	Kg	Kg
For carpet production	22,277,874	19,085,523	18,478,029
... of which renewable raw materials	2,104,208	1,736,923	2,229,868
Packaging in total	738,933	952,448	960,153
... of which renewable packaging	362,566	536,889	565,065
Operation and maintenance in total	93,101	108,340	88,511
Waste	Kg	Kg	Kg
Recycling and reuse	1,287,695	734,469	993,936
Incineration	2,784,534	2,348,954	1,853,298
Land fill	159,720	5,580	14,016***
Destruction, hazardous waste	51,319	16,353	9,208
Discharge	m³	m³	m³
Wastewater	77,714	80,904	92,257

* As a part of our electrification project, we have made the decision to cease the purchasing of biogas certificates to cover parts of our natural gas consumption.

** Due to internal quality issues within our dye process at Herning North, we have added a water purification process here. This process has increased the intake of water but lowered the number of internal errors.

*** Increased significantly due to construction waste, specifically rubble, from remodeling at Herning North.

Herning North and Gram

INPUTS & OUTPUTS PER PRODUCTION UNIT	Herning North			Gram		
	2021/2022	2022/2023	2023/2024	2021/2022	2022/2023	2023/2024
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 carpet	m ² carpet	m ² carpet	m ² carpet	m ² carpet	m ² carpet
	3,922,091	3,784,861	3,700,686	2,352,610	1,926,750	1,851,260
Energy consumption	KWh	KWh	KWh	KWh	KWh	KWh
Electricity consumption	7,568,154	7,665,214	8,228,462	2,543,093	2,377,872	2,269,661
... of which renewable energy	7,568,154	7,665,214	8,228,462	2,543,093	2,377,872	2,269,661
Natural gas	21,087,198	17,249,892	15,443,032	8,866,044	7,756,485	8,316,263
... of which bionatural gas	13,939,276	9,105,620	0*	5,860,724	4,094,380	0*
District heating	0	715,319	702,977	600,900	851,000	1,065,000
Oil	0	0	0	63,070	68,865	58,350
Water consumption	m ³	m ³	m ³	m ³	m ³	m ³
	70,910	72,270	88,532**	19,519	19,078	17,729
Water recovery	m ³	m ³	m ³	m ³	m ³	m ³
	5,377	2,589	2,504	8,159	7,698	6,796
Recycled raw material	Kg	Kg	Kg	Kg	Kg	Kg
In the product	3,046,975	3,119,191	4,024,818	300,682	281,055	250,858
Consumption of materials	Kg	Kg	Kg	Kg	Kg	Kg
For carpet production	12,829,302	11,861,159	11,660,408	6,415,666	4,654,462	4,175,331
... of which renewable raw materials	602,246	528,853	1,020,483	42,554	9,105	8,190
Packaging in total	549,874	723,556	720,427	135,662	185,253	184,800
... of which renewable packaging	353,366	528,853	547,515	0	0	0
Operation and maintenance in total	76,798	74,901	57,763	15,880	33,184	30,335
Waste	Kg	Kg	Kg	Kg	Kg	Kg
Recycling and reuse	456,545	371,493	586,500	386,796	274,147	256,994
Incineration	1,811,655	1,503,533	1,205,478	600,969	532,440	462,260
Land fill	17,920	5,580	14,016***	0	0	0
Destruction, hazardous waste	46,972	15,100	7,877	0	0	0
Discharge	m ³	m ³	m ³	m ³	m ³	m ³
Wastewater	64,869	68,973	79,534	12,079	11,109	11,854

* As a part of our electrification project, we have made the decision to cease the purchasing of biogas certificates to cover parts of our natural gas consumption.

** Due to internal quality issues within our dye process at Herning North, we have added a water purification process here. This process has increased the intake of water but lowered the number of internal errors. *** Increased significantly due to construction waste, specifically rubble, from remodeling.

Røjle and Herning South

INPUTS & OUTPUTS PER PRODUCTION UNIT	Røjle			Herning South		
	2021/2022	2022/2023	2023/2024	2021/2022	2022/2023	2023/2024
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	17,640	17,640
Production	m ² carpet	m ² carpet	m ² carpet	m ² carpet	m ² carpet	m ² carpet
	1,470,846	1,410,161	1,374.434	379.742	275.597	300.818
Energy consumption	KWh	KWh	KWh	KWh	KWh	KWh
Electricity consumption	256,881	271,236	286,622	406,134	359,687	296,464
... of which renewable energy	256,881	271,236	286,622	600,000	600,000	296,464
Natural gas	341,727	301,752	343,079	0	0	0
... of which bio-natural gas	0	0	0	0	0	0
District heating	0	0	0	736,000	610,000	675,000
Oil	0	0	0	0	0	0
Water consumption	m ³	m ³	m ³	m ³	m ³	m ³
	149	168	142	177	266	220
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	62,696	273,293	384,230	95,757	66,043	114,693
Consumption of materials	Kg	Kg	Kg	Kg	Kg	Kg
For carpet production	1,196,474	1,104,353	1,078,996	712,583	501,477	636,472
... of which renewable raw materials	154,586	165,825	130,838	369,435	232,470	322,677
Packaging in total	5,196	1,946	1,062	36,083	31,424	33,703
... of which renewable packaging	0	0	0	0	0	0
Operation and maintenance in total	0	0	0	0	0	0
Waste	Kg	Kg	Kg	Kg	Kg	Kg
Recycling and reuse	37,360	27,660	40,640*	44,770	30,320	82,072*
Incineration	148,512	110,109	58,280	119,500	173.592	90,800
Land fill	0	0	0	0	0	0
Destruction, hazardous waste	200	200	0	0	0	0
Discharge	m ³	m ³	m ³	m ³	m ³	m ³
Wastewater	149	168	142	177	266	220

* Increased significantly, as the two sites have begun sending the leftover yarn cones to recycling via our Ege Go2Work initiative.

INPUTS & OUTPUTS PER PRODUCTION UNIT	Litspin		
	2021/2022	2022/2023	2023/2024
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
	1,020,444	879,612	879.023
Energy consumption	KWh	KWh	KWh
Electricity consumption	2,030,018	1,757,970	1,582,428
... of which renewable energy	2,030,018	1,757,970	1,582,428
Natural gas	0	0	0
... of which bio-natural gas	0	0	0
District heating	0	0	0
Oil	182,471	151,532	193,487
Water consumption	m³	m³	m³
	1,110	919	1,107
Water recovery	m³	m³	m³
	0	0	0
Recycled raw material	Kg	Kg	Kg
In the product	3,371	2,892	2,664
Consumption of materials	Kg	Kg	Kg
For yarn production	1,123,849	964,072	926,822
... of which renewable raw materials	935,387	800,670	747,680
Packaging in total	12,118	10,269	20,161
... of which renewable packaging	9,200	8,036	17,550
Operation and maintenance in total	423	255	413
Waste	Kg	Kg	Kg
Recycling and reuse	34,710	30,849	27,730
Incineration	31,780	29,280	36,480
Land fill	0	0	0
Destruction, hazardous waste	1,347	1,053	1,331
Discharge	m³	m³	m³
Wastewater	399	388	507

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 accounting

The greenhouse gas accounting are based on several 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 & 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 (Ege Carpets has no activities within this category)
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 & 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 61-63.

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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