

# ENVIRONMENTAL • SOCIAL • GOVERNANCE

## 2023



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# ESG REPORTING CONTENTS

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# DANSK WILTON

## DELIVERING THE DIFFERENCE

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Perfection is in the detail and that is why we have placed sales, product research and design development under the same roof as our production facilities.

We endorse a professional culture where passion for precision is key. Our carpet specialists support our customers throughout the project as a close associate and sparring partner – securing a safe and optimised work process.

No matter the scope of the project, we are known to go all in and care for the final result.

We combine the skills of some of the most specialised people in the business with modern

production facilities and automated processes to create quality carpets that meet the highest standards in terms of safety, comfort, and aesthetic design. Having all activities in house gives us maximum control over the quality we deliver and the way we influence the world around us.

Dansk Wilton rely on years of experience, innovative thinking, relationships, and highly skilled Danish craftsmanship – and a deep understanding of our customers and their needs.

**Read more in our Brand Book**





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# ESG REPORTING REPORTING STANDARD

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Dansk Wilton A/S, defined as Small and Medium Sized Enterprise (SME), is not yet subject to implementing the Corporate Sustainability Reporting Directive (CSRD) introduced by the EU and further defined by the European Social Reporting Standard (ESRS). However, we want to report on our focus areas, efforts, challenges, and opportunities within the broad spectrum of sustainability, not only in numbers, but supported by description of our activities.

This reporting is built around our Cradle to Cradle certification, which forms the framework for our actions, strategies and objectives. This approach also aligns with the "Communication on Progress" reporting we make as a member of the UN Global Compact Network Denmark.



12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



Our Cradle to Cradle certification and efforts within the five areas of certification support several of the 'UN Sustainable Development Goals' (SDGs). We particularly tap into the SDG no. 12, 'Responsible consumption and production', in this way also directly supporting our customers in their resource management. As the name reveals, the SDG's are goals - Cradle to Cradle is our tool.



# ESG REPORTING BACKGROUND

## Integrating Environmental Social Governance (ESG) into our core business practices

In this report, we aim to provide an overview of our initiatives, outlining our efforts to minimise environmental impact, foster social fairness, and uphold high governance standards. While these actions align with our values, they also respond to the growing expectations of our stakeholders and the community at large.

We have invested significantly in sustainable business development in 2023, both in terms of Life Cycle Assessments and Environmental Product Declarations as well as comprehensive risk assessments on both environmental and human rights responsibility covering the entire supply chain, all as important pieces in our Cradle to Cradle certification. Further, we have gone through an extensive re-certification process and not least a new certification of our Axminster carpet solutions, so that at the beginning of 2024 we expect to achieve a Cradle to Cradle Certification of both Colortec and Axminster carpet solutions according to the new, even more ambitious certification standard *Cradle to Cradle Certified®*, Version 4.0.

As the only carpet manufacturer globally to achieve the Cradle to Cradle certification for both Axminster and Colortec carpets, we proudly stand at the forefront of sustainable innovation in the industry. This unique distinction highlights our unwavering commitment to environmental and social responsibility, and underscores our commitment to creating carpets that meet the highest standards of sustainability throughout their lifecycle.

By adhering to the scientific based requirements in the Cradle to Cradle certification, we ensure that our activities prioritise environmental sustainability and circular economy practices. This certification not only reflects our dedication as a manufacturer but also serves as a crucial benchmark for our customers, guaranteeing that our practices align with their sustainability objectives.

We are proud to integrate our ESG reporting seamlessly into our financial annual report, emphasising that sustainability is not an isolated endeavour but an integral part of our core business.

## What is “sustainable”

“Sustainable” is regularly used interchangeably and is in everyday speech associated with many different perceptions. In Denmark, you may no longer state that your product is “sustainable”, unless it can be documented that the product does not have any negative impact within social, environmental and economic sustainability, throughout the value chain.

A widely recognised definition is Gro Harlem Brundtland’s definition of sustainable development from the Brundtland Report from 1987:

*“a development that meets the needs of present without compromising the ability of future generations to meet their own needs”*

EU initiatives under the “European Green Deal” such as the “EU Taxonomy” are also in line with this definition and take into account the different dimensions and complexity of “sustainability”.

In this way, Cradle to Cradle Certified® is fully aligned with EU strategies, only more ambitious and not least supports tangible action, rather than just setting goals.

### The European Green Deal in short:

Climate change and environmental degradation are an existential threat to Europe and the world. To overcome these challenges, the European Green Deal will transform the EU into a modern, resource-efficient and competitive economy, ensuring:

- no net emissions of greenhouse gases by 2050
- economic growth decoupled from resource use
- no person and no place left behind

### The EU Taxonomy in short:

The EU Taxonomy is a classification system that helps companies and investors identify “environmentally sustainable” economic activities to make sustainable investment decisions. Environmentally sustainable economic activities are described as those which “make a substantial contribution to at least one of the EU’s climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum safeguards.”



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# DANSK WILTON

## OUR MISSION

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” We supply carpet solutions and value to our customers founded on quality, design and complete solutions adapted to the customer.

We do this with constant focus on our company’s environmental and social impact and we aim for sustainable development. ”



# ESG REPORTING

## CRADLE TO CRADLE CERTIFIED® - MADE FOR TOMORROW

Embracing a commitment to sustainability is more than just a vision—it's a strategic imperative. The Cradle to Cradle certification has become our guiding light and instrument, steering our course towards focused, continual, and holistic sustainable business development, in the recognition that reel green transition is a long, tough journey and requires transformation of fundamental systems and structures.

The Cradle to Cradle framework resonates with our values, pushing us beyond the conventional notions of sustainability. It's not just about reducing harm; it's about creating a positive impact at every stage of a product lifecycle. This certification serves as more than just a stamp of approval; it's a roadmap for innovation and excellence. By adhering to the rigorous standards set by the independent Cradle to Cradle Products Innovation Institute, we are compelled to constantly evaluate and elevate our processes, materials, and social responsibility. It's a tool that empowers us to push boundaries, rethink paradigms, and pioneer sustainable solutions.

In essence, the Cradle to Cradle certification has become more than a credential—it's a catalyst for change, not only within our own organisation but within our value chain. It propels us forward on our journey towards a regenerative and responsible future, where sustainability isn't an option but a license to operate.

We have not yet reached the finish line and we expect the destination to change along the way. The journey has started, and we have strategies and action plans to constantly improve on all parameters. We are ambitious and set a high standard for quality and environmental and social responsibility - at the same time we want to ensure that our products are available to a wide customer segment in order to achieve the greatest possible impact through a competitive price level, ensuring also economical sustainability.



Source: <https://c2ccertified.org/the-standard>



The Cradle to Cradle Certified® Product Standard provides the framework to assess the safety, circularity and responsibility of materials and products across five categories of sustainability performance:



**Material health** – *ensuring that materials are safe for humans and the environment*

This category assesses that chemicals and materials used in the product are selected to prioritise the protection of human health and the environment, generating a positive impact on the quality of materials available for future use and cycling.



**Product circularity** – *enabling a circular economy through product and process design*

This category assesses that products are intentionally designed for their next use and are actively cycled in their intended cycling pathways.



**Clean air & climate protection** – *generating clean energy and protecting the environment*

This category assesses that product manufacturing results in a positive impact on air quality, the renewable energy supply, and the balance of climate changing greenhouse gasses.



**Water stewardship** – *safeguarding air, water and soil resources*

This category assesses that water and soil are treated as precious and shared resources. Watersheds and soil ecosystems are protected, and clean water and healthy soils are available to people and all other organisms.



**Social fairness** – *embracing safe, fair and equitable labour practices that advance human rights and strong communities*

This category assesses that companies are committed to upholding human rights and applying fair and equitable business practices.

**Why do we use Cradle to Cradle Certified® as our tool and guideline?**

Our aim to address and handle end-of-life carpet waste as a resource led us to the Cradle to Cradle Certified® standard, and it became even clearer that true sustainability extends beyond product circularity. Recognising the potential environmental and human health risks posed by processing materials including harmful substances and the importance of ethical working conditions, we understand that despite the increased complexity, embracing all dimensions of sustainability is the only responsible path forward.

Unlike many other sustainability certifications and carbon footprint objectives that focus on only one aspect, Cradle to Cradle Certified® takes a more encompassing view, considering and balancing all dimensions of sustainability.

One compelling aspect of the Cradle to Cradle certification is its insistence on setting ambitious goals, however, it doesn't just stop at stating intentions but demands a commitment to real change. This certification requires companies to not only articulate their sustainability aspirations but also back these up with robust strategies and action plans. This ensures that our sustainability efforts are not merely token gestures but represent a genuine commitment to making a positive impact on the environment and society.

Moreover, Cradle to Cradle Certified® provides a guideline for development that is rooted in scientific proof. This means that our sustainability initiatives are not based on subjective definitions or purely to gain a competitive advantage. Instead, they are founded on scientific evidence, ensuring that we are guided in the right direction within all areas of the certification.

Cradle to Cradle Certified® also offers the advantage of providing documentation and third-party validation of our sustainability claims. This transparency not only enhances our credibility but also serves as an assurance to our stakeholders that our commitment to sustainability is genuine and measurable. The Third-party validation adds an extra layer of accountability.

In brief, our company's dedication to sustainability finds a seamless match in the Cradle to Cradle certification. This certification embraces a comprehensive strategy, establishing ambitious objectives supported by actionable plans for continual enhancement. Grounded in scientific evidence, it emphasises transparent documentation and third-party validation. This certification serves as a robust framework, aiding not only in achieving our own sustainability objectives but also in reinforcing our customers' commitment to responsible business practices.



### How is the Cradle to Cradle certification linked to the ESGs?

The Cradle to Cradle certification categories are linked to the Environmental, Social and Governance aspects accordingly:



In the upcoming pages, we share our 2023 ESG report highlighting our sustainable development achievements, challenges and opportunities in Environmental, Social, and Governance aspects, based on the Cradle to Cradle certification of our carpet solutions within each category of certification.

# ESG REPORTING

## ENVIRONMENTAL

### Our commitment

At Dansk Wilton we are committed to creating sustainable business development with a focus on both people and the environment. Our environmental policy specifically targets our focus on and efforts for a healthier and better environment.

Our strategy and work are based on our fundamental dedication to high quality, customised solutions and specifically to our Cradle to Cradle certification. Cradle to Cradle, with its high ambitions, is our aspiration, but at the same time constitutes our tool for constant development within the five categories of certification: Material health, Product circularity, Clean air and climate protection, Water and soil stewardship, and Social fairness. In our belief, this holistic approach is what makes Cradle to Cradle the most ambitious and comprehensive certification programme within social and environmental responsibility.

We are aware that fundamental changes to entire industries require a long, persistent effort, but we want to support and push this development and set new standards. We will do this in collaboration with our value chain, including suppliers and customers as well as other stakeholders. We are aware that we all hold a responsibility, but also that we cannot create the greatest impacts alone: Together we achieve more.

Our environmental policy therefore not only concerns our own business, but our entire value chain. And our focus on creating positive change is based on a need and desire to future-proof not only our own company, but the industries we are part of.

At Dansk Wilton, we want to support a culture where both employees and business partners strive for and manage to achieve high levels of environmental performance.



**Lars Martens Clausen**  
Chairman



**Søren Sonne**  
CEO



### General requirements in Cradle to Cradle Certified®

The fundamental aspect of the Cradle to Cradle certification revolves around the overarching accountability concerning the environment. This serves as an essential element for obtaining the certification. Consequently, the general requirements outlined in the Cradle to Cradle Certified® Product Standard include:

- Assessing environmental risks and opportunities
- Environmental policy
- Strategy for environmental policy implementation
- Demonstrating commitment
- Environmental Management Systems

Our environmental management system comprises our policies, strategies, procedures, and action plans and serves as the foundation for continuous improvement, tailored to accommodate both our ambitious goals and the scale of our company.

### Assessing environmental risks and opportunities

To conduct a comprehensive and unbiased assessment of environmental risks associated with carpet manufacturing, we engaged the consulting firm Sourcing House, leveraging their proficiency in the textile industry.

Sourcing House conducted desk research to identify potential negative impacts on the environment.



The risk mapping process involved aligning Dansk Wilton's value chain with the stages outlined in the Cradle to Cradle Certified® Product Standard: manufacturing stage, product supply chain (incl. suppliers to manufacturing stage and raw materials), product use and end of use.

Utilising the desk research data, Sourcing House and Dansk Wilton collaborated on a risk assessment workshop, incorporating internal stakeholder knowledge, experience, and perspectives on risks. This approach was crucial for gaining insights into best practices in risk assessment, aligning with the principles of responsible business conduct.

In the context of risk assessment, we have created a tool to facilitate continuous risk evaluation. This tool monitors alterations in suppliers, components, political conditions, and other relevant factors. Its purpose is to guarantee that appropriate corrective actions are implemented upon the detection of inadequate performance. This approach enhances the assurance that potential environmental risks are consistently addressed, and particularly in instances of shifts in suppliers and materials.

No environmental permits are required for our internal operations, and the environmental impacts associated with our facility are limited to aspects such as energy consumption and internal waste management. As a result, our risk assessment extends beyond our internal processes and activities under our direct control, encompassing the entire value chain and raw materials. This comprehensive approach ensures a deep understanding of environmental impacts, reinforcing our commitment to sustainable practices throughout the supply chain.

The desk research has identified general environmental risks linked to the production of specific raw materials, including production processes of nylon and sheep farming/wool production. These issues are subject to further investigation in collaboration with our suppliers to ensure that these potential risks are addressed and managed. We see this knowledge as an opportunity to contribute to addressing general challenges associated with select raw materials and/or exploring alternative options.

Improvements in materials, components, and processes all have the potential to positively impact the environment and will surpass industry norms and regulations. It is crucial to strike a balance among different aspects to avoid adverse consequences in one area while optimising in another. This equilibrium is monitored through the holistic approach of the Cradle to Cradle certification.

For more information on our focus areas for potential optimisations, please refer to the individual certification categories on the subsequent pages. To summarise the intention of our environmental

risk assessment, we go beyond categorising activities under our direct control and embrace broader industrial and structural challenges linked to raw material extraction and processing. Our commitment is not just to mitigate risks for Dansk Wilton's carpet solutions but to elevate industry standards. Through our efforts, we aim to set a benchmark, fostering positive change across the sector and contributing to an environmentally conscious future for the entire industry.

*"Our Cradle to Cradle certification guarantees that our carpets adhere to stringent environmental and sustainability standards and in this way we want to support the hospitality industry in their focus on increased sustainability and resource management."*

**- Søren Sonne, CEO**



## Material health

Category intent according to the Cradle to Cradle Certified® Product Standard Version 4.0.:

*Chemicals and materials used in the product are selected to prioritise the protection of human health and the environment, generating a positive impact on the quality of materials available for future use and cycling.*

The material health assessment within the Cradle to Cradle certification is aligned with legislation in both the EU and the USA but goes beyond that.

The certification is notable not only for identifying substances absent in the product but for a more in-depth approach that involves mapping and evaluating all included substances, right down to the individual "Chemical Abstracts Service number" (CAS#), a unique and simple indicator for chemical compounds. In cases where suppliers cannot provide CAS numbers, such as with recycled materials, where traceability challenges may exist, the materials undergo testing according to certification requirements to ensure no traces of substances surpass the permitted limit specified in the "Restricted Substances List", forming the basis for material screening.

Additionally, organic materials are tested for residues of both heavy metals and pesticides, ensuring that the applicable thresholds for listed restricted substances are not exceeded in any homogeneous material subject to review in a certified product.

Our material mapping and assessment rely on extensive data collection conducted by *Vugge til Vugge*, a Cradle to Cradle Accredited Assessment Body. The collected documentation includes:

- Supplier BoMs (Bill of Materials)
- CMR & SVHC-declarations (**C**arcinogenic, **M**utagenic and **R**eprotoxic & **S**ubstances of **V**ery **H**igh **C**oncern)
- RSL-declarations (**R**estricted **S**ubstances **L**ist)

This data is gathered from Tier 1, Tier 2, and Tier 3 suppliers as necessary, ensuring compliance for the substances used in the manufacture of our carpets. This guarantees full disclosure for a minimum of 95% of the materials and the absence of CMR & SVHC substances in the materials, a requirement for achieving the silver level of certification in this category. Full disclosure entails specifying any chemical substance present in the material, regardless of concentration, by CAS#.

The mapping and assessment serve as the foundation for an optimisation strategy aligned with the requirements at different levels of the Cradle to Cradle certification. For Dansk Wilton, this entails collaborative efforts with our primary suppliers to drive development in areas such as yarn dyeing substances and processes, sourcing certified wool, and advancements in backing materials.

Our carpets undergo screening against the comprehensive Restricted Substances List, which includes worst-in-class chemicals such as PVC, PFAS, Phthalates, and heavy metals.

Our undyed carpet solution Colortec ORIGIN+ with integrated textile backing, achieve the silver level in "Material Health". As of January 2024, the Cradle to Cradle Product Registry features 26 certified broadloom carpet solutions under Cradle to Cradle Version 3.1. Only 6 of these have obtained certification at the silver level in the material health category, marking the highest achievement for any broadloom carpet in this category.

Our goal is to initially secure the silver level for all our carpet solutions in Cradle to Cradle certification. Once this milestone is reached, our ambition naturally extends to achieving the gold level. This objective is already embedded in our optimisation strategies as a guiding principle.

## Promoting a healthy indoor air environment for hotel and cruise guests

The use of chemical substances can impact the indoor air quality of buildings or ships, prompting the testing of building materials and interiors for volatile organic compounds (VOCs). VOCs are released as gases from certain solids or liquids and encompass various chemicals, some of which may pose short- and long-term health risks. Indoor concentrations of many VOCs tend to be consistently higher (up to ten times higher) than outdoor levels.

The Indoor Air Comfort Gold certification ensures that a product meets stringent requirements for low emissions, serving as both a quality assurance and a contribution to fostering a healthy indoor environment. Eurofins Indoor Air Comfort Gold consolidates the most relevant emission specifications and requirements in Europe within a single certification. It complies with a wide range of material- and construction certifications. Contact us for further information and test reports.



**All carpets from Dansk Wilton have achieved highest possible level of certification: Indoor Air Comfort Gold**

*Requirements are product specific – for details please see [the specifications from Eurofins](#).*



## Packaging

Category intent according to the Cradle to Cradle Certified® Product Standard Version 4.0.:

*Product packaging meets high product circularity standards at the entry level of certification, ensuring alignment with the Cradle to Cradle principles for these typically non-circular product types.*

Cradle to Cradle Certified® not only map and assess the material health of the product itself, it also covers the packaging of our carpet rolls. For our packaging specifically, this covers:

- Tubes
- Wrapping foil
- Tape
- Packaging strips
- Shipment labels



Data on the material has been collected and suppliers signed the Restricted Substances List (RSL). The carpet tubes were tested for compliance with the RSL as they contain non-traceable recycled content.

In the below table all packaging materials are listed with weight:

Packaging materials	Homogeneous material/ <i>Intended cycling pathway</i>	Weight of materials
Carpet tube	HDPE - 100% recycled content <i>Recycling</i>	1,0-1,1 kg pr meter carpet tube
Wrapping foil	LDPE - 30% recycled content <i>Recycling</i>	64 - 80 g/m2
Packaging strip	Unalloyed steel <i>Recycling</i>	3-8 g/piece 2 pcs. per carpet roll
Tape	PP	6-10 g per carpet roll
Shipping label	Thermal paper	1,70 g/piece 1-2 pcs per carpet roll

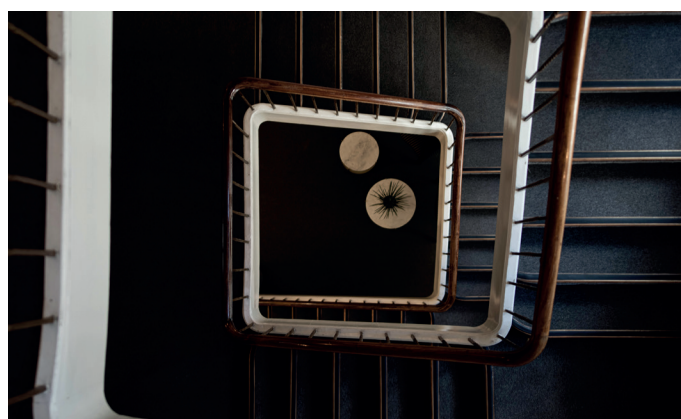
HDPE = High-density polyethylene. LDPE = Low-density polyethylene. In the Cradle to Cradle Certified® User Guidance, only HDPE plastics are categorised as "commonly recyclable." Consequently, our carpet tubes are specifically acknowledged for their high-value technical cycling potential. Despite the global increase in recycling of LDPE, it is currently not classified as commonly recyclable according to the guidelines. We anticipate ongoing developments in LDPE recycling systems worldwide, which may eventually lead to LDPE being recognised as "commonly recyclable," considering it is the most widely used plastic type globally.

We strongly advise our customers to responsibly recycle the packaging materials in accordance with their local waste handling systems if possible. Proper disposal and recycling contribute to environmental sustainability for the packaging materials.

### Collaborative efforts to reduce material use and carbon footprint

We are actively collaborating with our wrapping foil supplier to reduce the weight of our foil, thereby reducing material consumption and minimising the carbon footprint. Our shared objective is to decrease the amount of material used while maintaining quality and incorporating recycled content into the foil. Both goals contribute to a reduction in associated CO2 emissions.

Through this optimisation process, we have successfully achieved a weight reduction of 22.6%, all while ensuring the wrapping foil retains its necessary properties. Currently, our wrapping foil contains 30% recycled material from post-industrial (PIR) waste. Our future goal is to elevate the recycled content to 40-50% and incorporate post-consumer (PCR) waste. Despite the challenges associated with integrating PCR content due to its varying quality, our supplier maintains confidence in their ability to achieve this through a meticulously controlled source and process. Currently, they are in the testing phase to assess the viability of this material composition.



### Product circularity

Category intent according to the Cradle to Cradle Certified® Product Standard Version 4.0.:

*Products are intentionally designed for their next use and are actively cycled in their intended cycling pathway(s).*

In the pursuit of sustainable and environmentally responsible practices, product circularity stands as an ideal, guiding the way towards a future where products are not just conceived, but comprehensively designed, with the entire lifecycle in mind.

This certification category covers product design, emphasising the integration of renewable and recycled content from the very outset. However, in the spirit of cradle-to-cradle thinking, it goes beyond mere material choices, encouraging the creation of products that are not only eco-friendly in their inception but also considerate of their end-of-use scenarios.

In this category, innovation meets responsibility as designers and manufacturers are challenged

to envision products that not only serve their immediate purpose but also contribute to a regenerative and circular economy.

In this dedicated section of the ESG reporting we focus on three crucial requirements in the Product Circularity category: circularity education, preparing for active cycling, and incorporating cycled and/or renewable content.

### Circularity education

Participating in educational initiatives focused on product circularity expands our understanding of the circular potential of our carpets. This effort aligns with our objective to identify opportunities and develop solutions to overcome barriers in this regard.

Therefore, projects and collaborations aimed at fostering a circular economy are a continuous focus for Dansk Wilton. We actively participate in projects, debates, and events, and collaborations are integral to our commitment to advancing our understanding of product circularity.

We have proactively participated in several key initiatives:

- Textile Symbiosis and LOOP Forum (spanning from 2021 to 2023)
- Voluntary sector collaboration on textiles (from 2022 onwards)
- Collaborations

These endeavours underscore our dedication to staying at the forefront of sustainable practices and contributing to the evolution of circular economies.

### Textile Symbiosis

The Textile Symbiosis project aims to optimise textile resource utilisation. This collaborative initiative identifies and tests innovative systems for new circular business models, aiming to reduce the environmental impact of the textile sector. Partnerships with knowledge partners such as VIA University College, the Royal Danish Academy, and the Lendager Group have played a crucial role in fostering knowledge exchange on the circular economy.

Collaborations with EASYFAIR and THORS Design, focus on testing the use of our RE:SHAPE material, crafted from carpet waste. The innovative approach involves creating furniture from recycled carpet fibres, aligning with goals for applications in hotels or cruise ships.

### Minnie – kids' furniture

The partnership with THORS Design led to the creation of the "Minnie" kids' furniture, officially launched in spring 2023, highlighting the tangible results of this collaboration.



*Stable and elegant children's furniture created from Dansk Wilton carpet waste. The stable construction and hard-wearing surface make Minnie a natural focal point for both meals, wild play and creative pursuits, and the exclusive details make Minnie a elegant element in the modern interior.*

### Read more about Minnie

**LOOP FORUM** – Responsible use of resources across industries and supply chains

In April 2023, Lifestyle & Design Cluster, in partnership with The Danish Ministry of Environment, jointly presented the "Circular Textile Village" exhibition at LOOP Forum. The showcase featured initiatives and insights from the Textile Symbiosis project, with participating companies presenting their individual cases.

### More information on LOOP FORUM



*During the LOOP Forum at the "Circular Textile Village," the Ministers of Environment from Kenya and Denmark, Rosalinda Soipan Tuya and Magnus Heunicke, expressed their interest in our initiatives.*

### Voluntary sector collaboration on textiles

The voluntary sector collaboration on textiles in the fashion and textile industry, a public-private partnership, involves companies committing to common circular objectives. Signatories, including Dansk Wilton, contribute to shared circular goals, measured collectively until 2030.

Initiated by the Danish Ministry of Environment, the collaboration, led by a steering group of 10 companies, three business organisations, and the Ministry, aims to transform the sector into a circular economy by influencing design, materials, and business models. This involves brand commitments,



circularity measurement, best practice sharing, collaboration for systemic changes, and sector-wide goals to reduce resource consumption in textiles sold in Denmark.

Dansk Wilton is part of the steering committee and has financially supported the project. Explore the [Action Plan 2030](#) developed for this initiative and find further details about the initiative [here](#) (in Danish).

### Preparing for active cycling through collaborations

We continually engage in initiatives centered on our RE:SHAPE material. These initiatives involve pilot projects focused on acquiring knowledge and investigating the limitations and possibilities of converting carpet waste into new innovative materials and products. Throughout the process, we collaborate with partners and work closely with customers to foster a mutual understanding of responsibilities within a circular business model.

RE:SHAPE stands out as an innovative material crafted from recycled carpet. The process involves blending shredded carpet fibers with a binding fiber using an air laid technology and converting the fibers into felt mats. This felt material function as an effective acoustic absorber but can also be further processed and transformed into solid boards with varying thickness and density through the application of heat and pressure.

[Read more about RE:SHAPE](#)

### Architectural wayfinding

A recent project within our RE:SHAPE initiatives is the development of the product ReBond in collaboration with Modulex A/S, a global signage manufacturer. Working alongside Modulex and Elektro-Isola A/S in Denmark, our RE:SHAPE material, derived from carpet waste, is transformed into architectural signage. ReBond serves dual purposes, suitable for both traditional signage and as artistic elements for hotel rooms, guest cabins, and suites. The primary goal of ReBond is to provide the global signage industry with an eco-friendly alternative to virgin acrylic or ACM materials, which are currently prevalent in the signage sector. Modulex A/S has actively promoted the ReBond signage material worldwide through their distribution channels since June 2023.

[Read more about ReBond](#)



Establishing partnerships and developing innovative products from recycled carpet fibres is a time-intensive and collaborative process. From identifying reliable partners to creating pioneering inventions, meticulous planning is crucial for the quality and longevity of our sustainable initiatives.

We actively seek innovative textile recycling partners, focusing on maximising the potential of recycled carpet fibres across different technologies and countries. Our primary goal is to explore options that elevate recycled carpet fibres into a valuable resource. This effort includes a comprehensive examination of innovative approaches to textile recycling, collaborating with potential international partners to broaden our understanding of solutions that prioritise recycled materials in a purposeful life cycle.

### An ongoing process

We know that we are not solving the challenge on a short-term basis, but we want to get started and gain knowledge and experience.

In the process of creating a possible starting point for circular use of carpet waste, we have at some points felt like modern-day explorers – on a quest into uncharted land. We know where we would like the journey to end but not necessarily the way to get there.

We may still be a long way from our zero-waste ideal, but that is no excuse for doing nothing. Every step matters if it is a step in the right direction.



*A shawl created at CKMS - a community for people in the psychiatry. The participant-focused art workshops are progressive courses as help to find a foothold in their own lives, experience community in art, gain more hope and self-confidence.*

### **Unlocking potential – waste as a resource**

As we strive to address end-of-use challenges through recycling initiatives and the conversion of carpet waste into RE:SHAPE materials, our commitment extends to optimizing the utilization of production waste in general. Our business model has always prioritized waste minimization at every stage of the process. Our technical designers meticulously calculate project requirements to optimize material consumption. We exclusively manufacture customer orders, thus eliminating the risk of "dead stock" collection items. Despite these efforts, waste generation is inevitable, yet we consistently seek innovative solutions to treat waste as a valuable resource.



*A beautiful example of a macramé piece, which is a creative technique where yarn is knotted into intricate patterns and designs.*

Furthermore, regarding our yarn consumption, we methodically calculate yarn usage with the aim of minimizing waste in the first place. Residual yarn, being of premium quality, is regarded a valuable asset and we retain sizable yarn batches for future use and have established partnerships to

sponsor leftover yarn for diverse projects, fostering creativity and supporting communities, including workshops and accommodation for physically and mentally disabled people.



*Lea is a talented macramé artist and the happy receiver of some of our residual yarn.*

We strive to constantly do better and our commitment remains steadfast in viewing production waste as a resource, with ongoing efforts to reduce waste through enhanced initiatives following the 4Rs of zero waste: refuse-reduce-reuse-recycle.



*We were blown away by Tine from Raaholts Tuft's incredible tufted artwork – small masterpieces that artfully capture the essence of humans, all crafted from yarn.*



## Incorporating cycled and/or renewable content

The Cradle to Cradle certification aims to not only ensure the certified product becomes a resource after its first intended use but also to foster increased demand for materials in general that contribute to a circular economy.

We contribute to increasing the demand for circularly sourced materials by incorporating more cycled or renewable materials into our products. This helps close the loop and promote the circular economy, leading to a reduction in the negative impacts associated with the use of virgin materials. In the certification, Cradle to Cradle assess natural renewable resources eligible for biological cycles

on par with recycled materials integrated into technical cycles.

In line with the Cradle to Cradle certification requirements, we have evaluated our performance and established improvement goals.

The table below provides an overview of the materials in our carpets, specifying the content of renewable and recycled materials and outlining our improvement objectives:

Material	Recycled/renewable content included in % of total weight	Cradle to Cradle requirements	Goal for renewable and/or recycled content
Carpet pile – Colortec and Axminster carpets			
Wool (80%)	100% renewable	> 80% renewable/recycled content for the pile material	100% renewable and/or recycled
Nylon (20%)	Virgin		
Carpet backing – Colortec			
Primary backing	100% polypropylene- virgin	The requirement for recycled content is > 0%	Include recycled content to the highest extent possible. Ongoing tests are being conducted to determine the potential percentage
Felt backing	100% recycled PET (rPET)		Secure chain of custody of all recycled content, pre- and post-consumer
Carpet backing Colortec – textile backing	100% polypropylene - virgin		Include recycled content to the highest extent possible. Ongoing tests are being conducted to determine the potential percentage.
Carpet backing - Axminster			
Carpet backing Axminster	Weft yarn: 100% polypropylene - virgin  Warp yarns: 50% cotton = renewable 50% polyester = virgin	The requirement for recycled content is > 0%	We are working towards incorporating recycled content into our weft yarn.
Latex Both carpet types	Virgin	The requirement for recycled content is > 0%	Ongoing dialogue with suppliers with the aim to maximise the use of renewable and/or recycled substances

We are in an ongoing dialogue with our suppliers regarding virgin materials to pursue the integration of recycled content. It is not always easy, as the industry is dominated by old norms and common standards, which are not based on recycled materials.



## Clean air & climate protection

Category intent according to the Cradle to Cradle Certified® Product Standard Version 4.0.:

*Product manufacturing results in a positive impact on air quality, the renewable energy supply, and the balance of climate changing greenhouse gases.*

The Cradle to Cradle Certified® User Guidance outlines several requirements in this category that must be met on the different certification levels.

It is assessed that the final manufacturing stage facilities are in compliance with all applicable laws and regulations and/or industry best practice related to air emissions limitations.

Further, electricity use and greenhouse gas emissions associated with final manufacturing and the product's embodied greenhouse gas emissions have been quantified and verified, creating a baseline against which reductions can be measured, and helping to identify areas for improvement.

### Energy consumption at Dansk Wilton's facility

Energy source	2023	2022
Electricity – based on 100% wind energy	465 mwh	443 mwh
District heating – based on 91% renewable energy (wood chips)	542 mWh	495 mwh
Natural gas for production process	9.104 m3	8.973 m3
Fuel for company-owned vehicles	10.461 L	8.483 L

### Green House Gas Emissions

Our reporting of CO<sub>2</sub>e emissions comprise of Scope 1, 2 and 3. All emissions are calculated and reported based on the Greenhouse Gas Protocol. Reporting is based on actual and estimated data depending on availability, from our Dansk Wilton facility, Højskolevej 3, Herning.

The numbers and result have been verified by an independent advisor and relates to our production of both Colortec and Axminster carpets.

In addition to the greenhouse gas emissions calculated for our Dansk Wilton facility, we also include reporting on scope 1 and 2 emissions of the backing facility associated with the backing process of our Colortec carpets:

- Scope 1 emissions: 93,95 tCO<sub>2</sub>e
- Scope 2 emissions: 30,22 tCO<sub>2</sub>e

*The scope 1 and 2 emissions associated with the backing process of our Colortec carpets at the backing facility are calculated based on the Cradle to Cradle "Clean Air & Climate Protection Worksheet." Scope 1 emissions are calculated with emission factors from the GHG Protocol tool. Scope 2 emissions (from purchased electricity) are calculated with country level emissions factors from the International Energy Agency (IEA.)*

Main results and summary of our calculated CO<sub>2</sub>e emissions are presented on the following pages.

## Carbon accounting – scope and prerequisites

As a Small and Medium-sized Enterprise (SME), we will initially be obliged to report only on Scope 1 and Scope 2 emissions. Acknowledging that the majority of a company's emissions are in Scope

3, we have included Scope 3 in our reporting. However, some areas are currently excluded as the necessary data for calculations is not yet available. We will progressively expand our scope and include additional areas as the data becomes accessible.

### Carbon accounting - scope and prerequisites

	Energy & Processes Dansk Wilton facility	Purchase	Transport	Waste
Included	Electricity	Primary materials used in the production of Axminster and Colortec carpets (Dansk Wilton & backing facility)	Company owned and leased vehicles	Recycling and incineration
	Heating & process energy		Work-related travels <ul style="list-style-type: none"> <li>• Car travel</li> <li>• Flights</li> </ul>	
		Packaging (>1000 kg) (Dansk Wilton & backing facility)	Upstream transport of primary materials to Dansk Wilton and backing facility	
Excluded		Auxiliary materials	Work-related travels <ul style="list-style-type: none"> <li>• Train travels</li> <li>• Rental cars</li> <li>• Taxi service</li> </ul>	Hazardous waste/ landfill (not generated at Dansk Wilton)
		Purchase of goods and services	Internal transport of materials/goods (electric trucks)	
			Employees transport to and from work	
			Downstream transport to customers	



## Climate accounting 2023

Results for climate accounting 2023: 30.127,63 ton CO<sub>2</sub>e

Period: 01/01/2023 – 31/12/2023

Country: Denmark (DK)

Emission factor year: 2022

### Methodology for calculating greenhouse gas emissions

The calculations were performed using "Klimakompasset" ("Climate Compass"), an online tool developed by the Danish Ministry of Industry, Business, and Financial Affairs. This tool is based on the principles of the Greenhouse Gas (GHG) Protocol.

The results rely on the following methodological choices made during the calculations:

- The Radiative Forcing Index (RFI) is included for emissions from air transport. This inclusion (or correction) accounts for the fact that CO<sub>2</sub>e emitted at higher altitudes has a greater greenhouse effect than CO<sub>2</sub>e emitted on land
- The emission factor for electricity is adjusted to reflect companies' purchases of green certificates, known as guarantees of origin (electricity declaration)

### Main Results by main category

The company's total CO<sub>2</sub>e emissions are given in below table. The CO<sub>2</sub>e emissions are given in tonnes of CO<sub>2</sub> equivalents, and the table shows the emissions distributed among the different main categories. Note that outside scopes are not included in the climate footprint according to the GHG protocol.

*Overview of the company's total CO<sub>2</sub>e emissions by main category:*

Main category	Emissions in tonnes CO <sub>2</sub> e (scope 1+2+3)	Share of emissions (scope 1+2+3)
Energy and processes	53,52	0,18%
Primary purchase of materials for production	29.828,99	99,01%
Transport	245,13	0,81%
Waste and recycling/recovery	0,00	0%
<b>Total</b>	<b>30.127,63</b>	<b>100,00%</b>

The following figure summarises Dansk Wilton's calculated CO<sub>2</sub>e emissions. It indicates the company's absolute CO<sub>2</sub>e emissions in percentage and tonnes of CO<sub>2</sub>e equivalents, divided into main categories.

*CO<sub>2</sub>e emissions in percentage and tonnes (scope 1+2+3) divided by main categories:*



**Energy & processes**

**0,2%**  
53.52 ton  
CO<sub>2</sub>e



**Purchasing**

**99%**  
29,828.99 ton  
CO<sub>2</sub>e



**Transport**

**0,8%**  
245.13 ton  
CO<sub>2</sub>e

### Main results divided into scopes

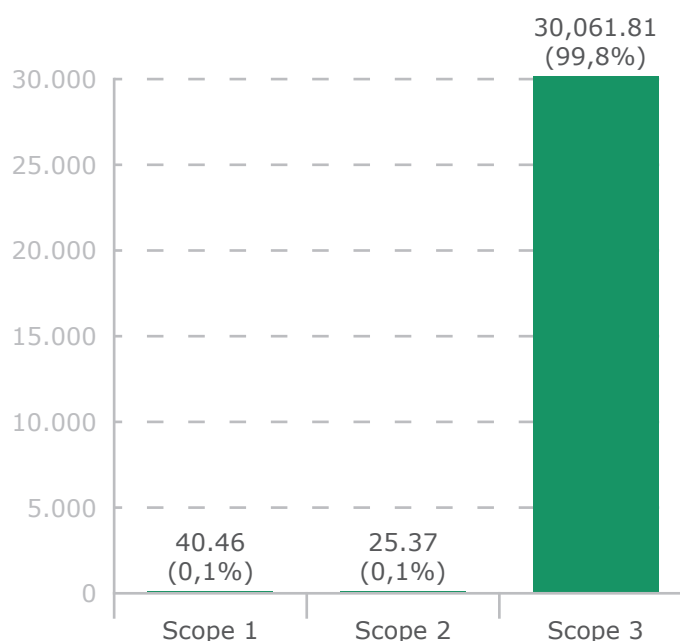
The company's total CO<sub>2</sub>e emissions are given in below table. The CO<sub>2</sub>e emissions are given in tonnes of CO<sub>2</sub> equivalents, and the table shows the emissions divided into scope 1, 2 and 3, according to the GHG protocol. Emissions outside scopes are not included in accordance with the GHG protocol, and are therefore not included in the total.

*Overview of the company's CO<sub>2</sub>e emissions by scope:*

Scope	Ton CO <sub>2</sub> e	Share of emissions
Scope 1	40,46	0,1%
Scope 2	25,37	0,1%
Scope 3	30.061,81	99,8%
<b>Total</b>	<b>30.127,63</b>	<b>100,00%</b>

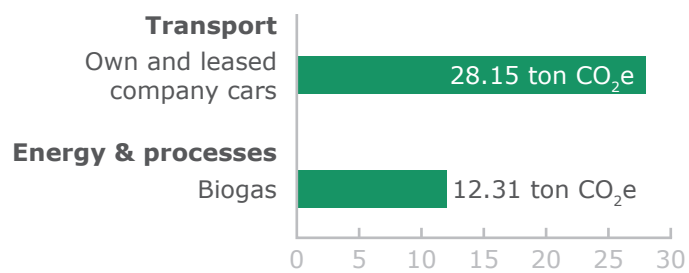
### Summary of the calculated CO<sub>2</sub>e emissions

The following figures show graphical representations of the calculated CO<sub>2</sub>e emissions. The first figure indicates the absolute emission in percentage and tonnes of CO<sub>2</sub> equivalents divided into scope 1, 2 and 3.

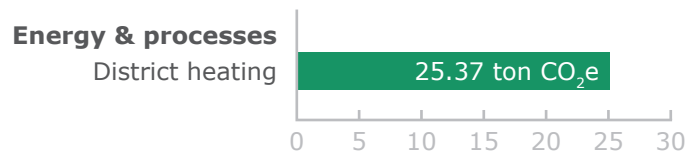


Below is a more detailed view of the result divided into scope 1, 2 and 3. The graphics show all the subcategories for which data is provided and the associated emissions in ton CO<sub>2</sub>e.

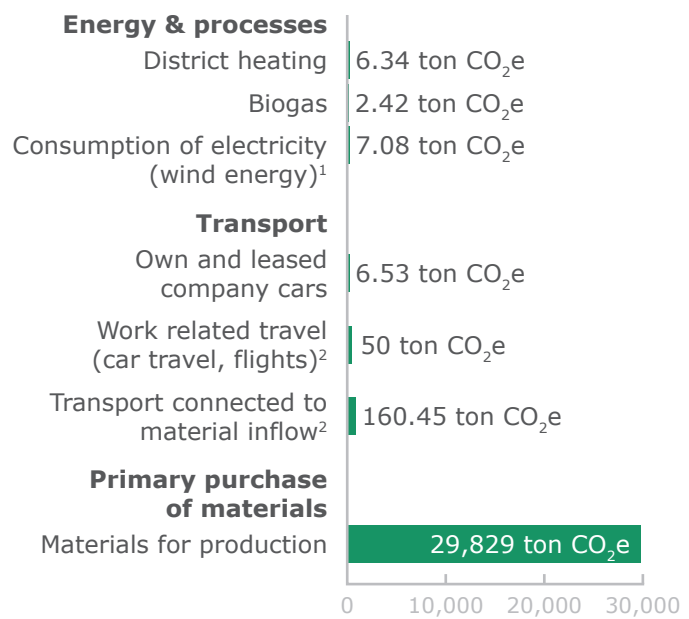
**Scope 1** (40.46 ton CO<sub>2</sub>e):



**Scope 2** (25.37 ton CO<sub>2</sub>e):



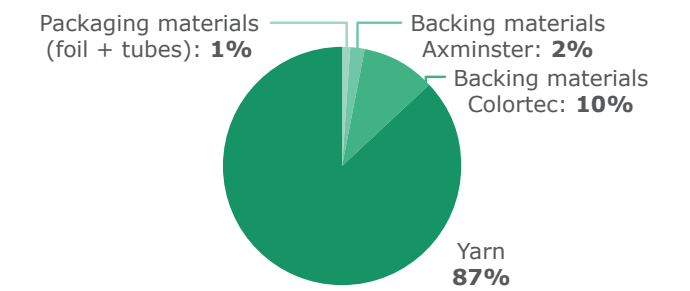
**Scope 3** (30,661.81 ton CO<sub>2</sub>e):



<sup>1</sup>Based on own emission factors  
<sup>2</sup>Physical units

**Emissions related to purchase of primary materials for manufacturing**

It is obvious that our material purchases for production make up the vast majority of our emissions. Below is a visualisation of the distribution of emissions associated with material purchases on the various material groups.

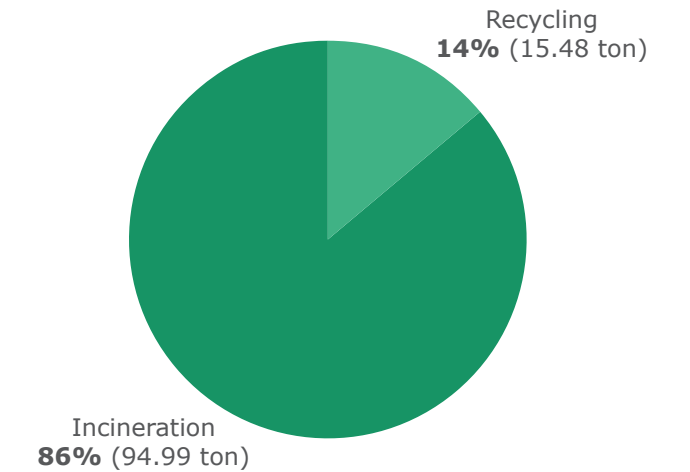


Wool is the primary raw material used in our carpet production, significantly contributing to our emissions associated with material consumption. The emission factor for wool, based on the Ecoinvent database, is 38.85 ton CO<sub>2</sub>e. This amount is notably high, even when compared to other databases, and there is considerable disagreement regarding the accurate emission factor for wool. Wool alone accounts for 82% of the emissions related to the procurement of primary materials for our production.

**Waste and waste handling**

At Dansk Wilton, we manufacture exclusively by order, centering our core business model on minimising waste. While we maintain no dead stock, carpet production inevitably generates waste, which we continually strive to optimise in utilisation. We work with various initiatives around the recycling of carpet fibres, see more under "Product Cycling". These initiatives aim to also contribute positively in relation to increased recycling of textile waste in our production.

Below is the distribution of our waste between recycling and incineration (energy recovery). No waste goes to landfill.



## Additional notes

### *Material consumption in production*

The data for material used for the manufacturing our Axminster and Colortec carpets is based on amount of material purchased in 2023 (by invoice). There will always be a periodic discrepancy between the purchase and consumption of raw materials. For backing materials used for our Colortec carpet solutions at the backing facility (Foamtex ApS), the data is based on the amount of m<sup>2</sup> produced plus production waste (10%) generated during the production process of Dansk Wilton's Colortec carpets.

### *Packaging*

The use of packaging materials (wrapping foil and carpet tubes) is based on our purchase in 2023 (by invoice). There will always be a periodic discrepancy between the purchase and consumption of packaging materials. For packaging materials used for our Colortec carpets at Foamtex ApS, the data is based on the actual volume used plus calculated waste (10%).

### *Transport – primary materials*

Covers upstream transport from suppliers to Dansk Wilton and Foamtex ApS. Upstream transport is based on transport of materials, components, and packaging material used in the manufacturing processes of our carpets. Transport from our tier 1 suppliers to Dansk Wilton A/S and Foamtex ApS is considered. One tier 1 supplier is a trading company and in this case we have included the transport from the manufacturer to the supplier's warehouse and from there to Dansk Wilton.

Internal transport of materials and goods is done with electric trucks and is not included.

### *Transport – business travels*

The reporting is based on data from our ERP system, originating from invoices, receipts, and mileage logs. Includes travel in company owned and leased cars, as well as business travels in employees' private cars and flight travels. Travels by train, rental cars and taxi service is not included.

Employees' transport to and from work is not included.

### *Source for calculating flight travels:*

<https://da.distance.to/Billund-lufthavn,Billund,Syddanmark,DNK/London-Gatwick-Airport,Crawley-District,West-Sussex,England,GBR>



## Life cycle assessment

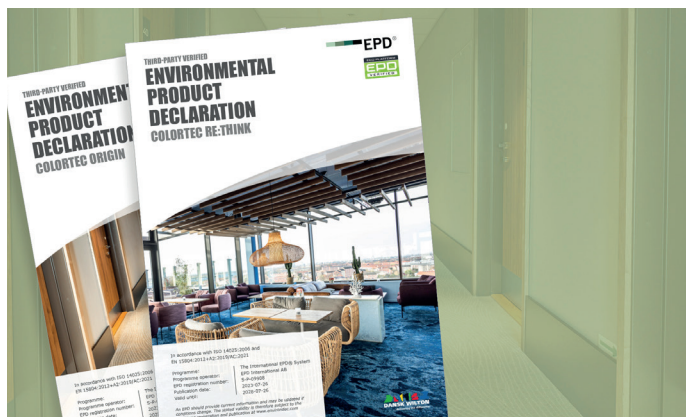
In addition to calculating the greenhouse gas emissions on a company level, we have also invested in a comprehensive Life Cycle Assessment (LCA) of both our Colortec and Axminster carpets, made by external LCA specialists.

A Life Cycle Assessment is a comprehensive methodology used to evaluate the environmental impacts associated with a product throughout its entire life cycle – from raw material extraction, manufacturing, and use to disposal or recycling.

In the construction industry, LCA is commonly employed to assess the environmental footprint of primary construction materials, helping stakeholders make informed decisions for sustainable building practices. It encompasses a comprehensive analysis of resource consumption, energy use, emissions, and waste generation associated with a product's life cycle. By considering these factors, LCA provides a holistic understanding of the environmental implications of a given product.

By quantifying the environmental impacts across different life cycle stages, LCA assists in identifying areas for improvement, guiding the development of more sustainable and eco-friendly alternatives.

Based on the LCAs, we have introduced third party verified Environmental Product Declarations (EPDs) for our Colortec carpet solutions.



## Environmental product declaration

An Environmental Product Declaration is a standardised document providing transparent and verified information about the environmental performance of a product throughout its life cycle. This declaration encapsulates the essence of the Life Cycle Assessment.

The EPDs for our Colortec carpets can be requested by email or found on The International EPD System's website:

- **Colortec ORIGIN**
- **Colortec RE:THINK**

In 2024, EPDs on our Axminster carpet solutions will follow.

## Clean air and climate protection strategy

The intent of the Cradle to Cradle certification related to the development of a strategy for clean air and climate protection is to incorporate objectives in accordance with international climate science. It aims to establish goals that pave the way for an increased utilisation of renewable energy in the product manufacturing process, while simultaneously decreasing or offsetting greenhouse gas emissions. Furthermore, at the gold level of certification, the embodied emissions throughout the product's life cycle are also addressed.

Our Clean Air & Climate Protection strategy encompasses the following areas:

- Electricity consumption and greenhouse gas emissions directly linked to the final manufacturing stage (product attributable), as well as general greenhouse gas emissions associated with the company but not explicitly tied to individual products
- The embodied greenhouse gas emissions related to our carpet solutions (based on the LCAs)
- Procurement of 100% renewable energy for final manufacturing stage facilities

Strategic goals on short - and mid term basis:

Short-term goals (no later than 2026)	Mid-term goals (no later than 2040)
Scope 1 + 2 reductions	CO2 positive production at final manufacturing stages
Set Science Based Targets	Reduction of scope 3 emissions
Cradle to Cradle gold level in this category for at least one product group at re-certification in 2026	Cradle to Cradle platinum level in this category for at least one product group

We are committed to expanding our business while maintaining a strong focus on environmental sustainability. Our objective is to achieve decoupling of growth from environmental impact, ensuring that the growth of our business does not lead to an increase in CO2 emissions. We aim to achieve a harmonious balance between economic growth and environmental responsibility.

## Using renewable electricity and addressing greenhouse gas emissions at final manufacturing stages

We source 100% of the electricity used at the final manufacturing stages from renewable wind energy. To address the remaining emissions resulting from the use of natural gas in certain production processes, we offset 50% through the purchase of GOLD Standard Verified Emission Reductions. Our support is directed towards a wind turbine project in Madhya Pradesh, India. Recognising that relying solely on offsetting is not a solution, our

foremost commitment lies in reducing our own emissions. However, we consider offset purchases as an additional means to actively contribute to the global reduction of CO<sub>2</sub> emissions.

Estimated consumption <b>464.963</b> kWh	Total CO <sub>2</sub> emissions associated with the purchase <b>0</b> g/kWh	The company has saved a total of <b>201</b> t of CO <sub>2</sub> with the purchase
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Proof of purchase of Environmentally Friendly Electricity, Energi Danmark A/S



## Water & soil stewardship

Category intent according to the Cradle to Cradle Certified® Product Standard Version 4.0.:

*Water and soil are treated as precious and shared resources. Watersheds and soil ecosystems are protected and clean water and healthy soils are available to people and other organisms.*

As in the other categories of the Cradle to Cradle certification, the User Guidance outlines several requirements under “Water & Soil Stewardship” that have to be met on the different certification levels.

Basically, through the assessment and understanding of water- and soil-related impacts attributable to the product, including local water availability and quality issues relevant to the product’s manufacturing facilities, opportunities to address the impacts are identified.

Our assessment body, Vugge til Vugge, has evaluated risks related to both water quantity and quality. This includes ensuring that the final manufacturing stages and select supplier facilities are in compliance with regulatory and/or industry best practice effluent limitations.

### Water use

Water withdrawals, discharge, and consumption at final manufacturing facilities of the certified products are quantified, creating a baseline against

which reductions can be measured, and helping to identify areas for improvement.

The production processes of Dansk Wilton carpets are not associated with any high-volume water consumption in the final manufacturing stages (facilities that withdraw or purchase  $\geq 100.000$  m<sup>3</sup> of water per year are considered as having high-volume processes).

The water uses in the final manufacturing stages of our carpets is divided into the two steps of the manufacturing processes:

Water use data	Dansk Wilton facility m <sup>3</sup>	Backing facility* (Colortec) m <sup>3</sup>	Final manufacturing facilities in total m <sup>3</sup>
Withdrawals by source and water type <i>Third party water – Fresh</i>	806	14.602	15.408
Discharges by receiving body/ destination - <i>Municipal</i> - <i>Third party after onsite pre-treatment</i> - <i>Sent to backing facility for pre-treatment</i>	431 4,7** 25***	12.603	431 12.603
Total Consumption	375	1.999	2.374

\* The data for the backing facility encompasses not only the backing process of Dansk Wilton carpets but include the total water usage of the facility.

\*\* This number is included in the 431 m<sup>3</sup>.

\*\*\* This number is included in the 12.603 m<sup>3</sup> from our backing facilities.

Besides assessing activities related to the manufacturing stages of our carpets, we evaluate the supply chain and opportunities to enhance water and soil quality related to the product’s primary raw materials and processes. The Cradle to Cradle certification mandates companies to address challenges and opportunities tied to raw materials constituting over 25% of a product.

Given that wool is a fundamental raw material in our carpets, it holds a prominent place in our strategy for water and soil stewardship, aligning with opportunities in both wool and wool yarn production.



wool, facilitating easy traceability. Consequently, the Ecolabel certified wool suitable for carpets that we have identified is sourced from New Zealand. Conversely, in countries like the United Kingdom, numerous small farms supply wool to wool dealers, posing a challenge to traceability. These difficulties are linked to existing structures and systems that may need revaluation and modification over time, or the introduction of alternative certification requirements. Further, stringent traceability and documentation standards for certified wool contribute to increased costs, posing a challenge in a market sensitive to pricing considerations.

### **Water & soil stewardship strategy: Emphasising organic wool**

Wool demonstrates several favorable characteristics for interior design solutions, including high quality carpets. Wool is durable, contributes positively to indoor air quality, and carries emotional appeal, rendering it a suitable choice in consonance with our dedication to longevity, sustainability, and environmental responsibility. Wool possesses inherent fire resistance, eliminating the need for additional fire retardants to meet stringent fire safety standards. Wool stands out as a natural and rapidly renewable resource and is free from the association with microplastics frequently present in synthetic fibers.

### **Read more about the properties of wool**

We acknowledge there are certain issues associated with wool and we are committed to addressing these matters and pursuing positive impact. This includes considerations for animal welfare, freshwater resource impact, land use, risks associated with traditional farming, greenhouse gas emissions, and the potential impact of overgrazing on biodiversity and soil quality. These are issues beyond our direct control and not within our company's ability to solve. However, we can play a role in fostering positive development. A possibility is the sourcing of organic wool and we are currently exploring this option in collaboration with our yarn supplier, but have identified some associated challenges:

The wool used in carpets must possess specific qualities to meet the rigorous wear and tear standards required for contract use to secure longevity of the carpet. Currently, there is limited availability of certified wool suitable for carpets in the market, mainly due to low demand. To our knowledge, there is little to no availability of GOTS certified wool (Global Organic Textile Standard). As an alternative, we are exploring the option of sourcing Ecolabel certified wool, and this remains a key focus in our ongoing optimisation discussions with our yarn supplier.

An obstacle impacting wool certification is the absence of traceability in several wool-producing countries. For instance, New Zealand has a well-organised structure with a few large farms supplying

In addition to the use of organic wool, improvements in water and soil conditions will also result from material health optimisations related to yarn production. Our ORIGIN concept, which is based on undyed yarn, is an example of such optimisation, eliminating the dyes and dying process.

Our primary objective is to achieve the silver level in the Material Health and Water & Soil Stewardship categories for all our carpet qualities. Ultimately, we aim to advance to the gold level.

### **Safeguarding animal welfare**

Given the significance of wool as a resource for Dansk Wilton, our animal welfare policy clearly details our requirements and expectations concerning the well-being of the sheep from which we source wool. Sheep farming, by nature, involves animals residing outdoors in expansive areas, and shearing is an essential practice to ensure the animals' well-being and survival.

Several countries with robust traditions in wool production already have established legislation and controls on animal welfare issues, as seen in the United Kingdom and New Zealand, while other countries lack similarly stringent requirements. Our objective is to ensure an increased level of documentation and, where feasible, certification or another form of third-party verification, irrespective of the wool's origin. A challenge linked to such third-party verification, especially in areas lacking legislation and regulatory oversight, is the absence of traceability back to individual farms, particularly in scenarios where numerous small sheep farmers contribute wool to a centralised wool exchange for collection before resale.

We aspire to increase our commitment to responsible animal husbandry and to uphold a high standard of animal welfare linked to the wool we procure. Consequently, this aspect forms an integral part of our discussions with yarn suppliers and wool subcontractors.

### **Read our Animal Welfare Policy**





Every carpet is unique, crafted in Denmark with precision, passion, and dedication.

We believe people make the real difference between being a manufacturer of carpets and being a creator of innovative carpet solutions.



# ESG REPORTING

## SOCIAL

### Our commitment

At Dansk Wilton we are committed to respecting and upholding the fundamental principles of human rights as guided by the United Nations Guiding Principles on Business and Human Rights, the eight Fundamental Conventions of International Labour Organisation as well as the International Bill of Human Rights.

Dansk Wilton signed up to support the UN Guiding Principles in the UN Global Compact Network Denmark.

We recognise our responsibility to respect and protect the human rights as an integral part of our corporate responsibility and of all individuals who are affected by our business operations and to contribute positively to the communities in which we operate.

If we become aware of violations of international guidelines and this Human Rights Policy, we will seek to exert our influence and support improvements in cooperation with our existing suppliers. We will focus on suppliers' ability and willingness to demonstrate continuous improvements and we feel confident that cooperation and dialogue will result in a more efficient partnership, which both parties will benefit from. However, if we cannot achieve the required improvements, we may find ourselves forced to seek alternative partners, regardless of their importance in our value chain.

We encourage people who are directly or indirectly affected by our activities to contact us if they have knowledge or made observations of a critical nature. We will treat all reports seriously and investigate the matter further. If you wish to make an anonymous notice, you can do so through our Whistleblower scheme, which can be found on our website.

This Human Rights Policy outlines our commitment to promoting and safeguarding human rights throughout our activities and across our supply chain.

We are committed to working in partnership with stakeholders to create a world where human rights are universally upheld, and we will strive to be a

responsible and ethical corporate citizen in all our business activities.



**Lars Martens Clausen**  
Chairman



**Søren Sonne**  
CEO



### Social fairness

Category intent according to the Cradle to Cradle Certified® Product Standard Version 4.0.:

*Companies are committed to upholding human rights and applying fair and equitable business practices.*

### Fostering a business culture of social fairness

The Social Fairness classification within the Cradle to Cradle Certified® framework is designed to promote advancements in maintaining business operations that safeguard the value chain.

It strives to uphold the interests of all stakeholders, encompassing employees across the value chain, customers, community members, and the environment. The certification covers the following points aiming at fostering a business culture of social fairness:

- Risk assessment
- Human Rights Policy
- Monitoring and verifying performance
- Strategy for policy implementation



- Demonstrating commitment
- Management systems
- Grievance mechanisms
- Positive impact projects
- Transparency and stakeholder engagement

### **Assessing risks and opportunities on human rights**

For a thorough and impartial evaluation of human rights risks, we engaged the services of a consultancy firm with expertise in due diligence in the textile industry.

Sourcing House conducted desk research to identify potential negative impacts on human rights, including labour rights. The risk mapping process involved aligning Dansk Wilton's value chain with the stages outlined in the Cradle to Cradle Certified® Product Standard: own operations, final manufacturing stage, suppliers to manufacturing stage (sector/process and country), raw materials (country) and product cycling.

Utilising the desk research data, Sourcing House and Dansk Wilton collaborated on a risk assessment workshop, incorporating internal stakeholder knowledge, experience, and perspectives on risks. The emphasis during the risk mapping process was placed on identifying and prioritising potential negative impacts on human rights. This approach was crucial for gaining insights into best practices in risk assessment, aligning with the principles of due diligence for responsible business conduct.

The risk assessment is comprehensive and based on clear and high requirements set out in the Cradle to Cradle Certified® User Guidance.

Based on this risk assessment, we have identified potential risks associated with country of origin of raw materials.

### **Our value chain – final manufacturing stages and tier one suppliers**

Dansk Wilton maintains enduring business collaborations with a select number of direct suppliers, who are all located in Europe.

We firmly believe that optimal results and the attainment of our objectives can only be realised through strong and effective collaboration with our suppliers. Every direct supplier adheres to our supplier code of conduct and provides comprehensive and detailed data relevant to our Cradle to Cradle certification. Without their cooperation, certifying our carpets would not be possible.

Europe is inherently not linked with high risk concerning human and labour rights. Therefore, it is necessary to delve deeper to uncover any potential risks associated with the manufacturing of our carpets.

### **Mitigating risks associated with the country of origin of components and raw materials**

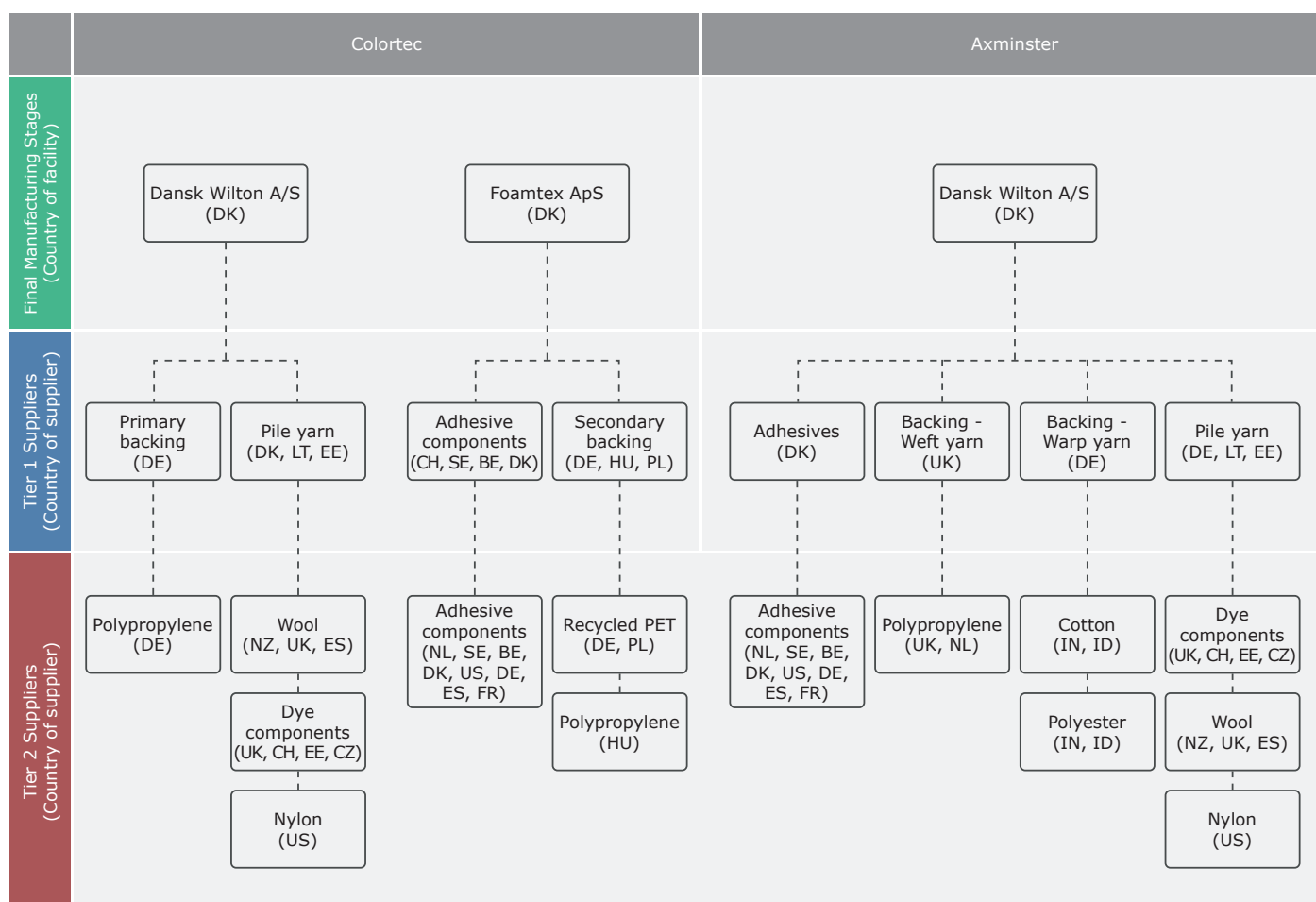
In our approach to risk assessment within our value chain, we undertake a comprehensive examination that extends beyond the mere location of our suppliers. We also examine the country of origin for our raw materials and components. This dual focus allows us to gain a holistic understanding of potential risks and challenges embedded within our supply network.

It is imperative to note that this distinction is often overlooked, contributing to confusion in the assessment process. While some manufacturers readily disclose information pertaining to the supplier country, the crucial details surrounding the country of origin for raw materials and components are not always made transparent. This distinction is vital, as it enables us to scrutinise and manage risks more effectively, ensuring a resilient and ethically sound supply chain.

By adopting this nuanced approach, we aim to strengthen our commitment to transparency, ethical sourcing, and risk mitigation throughout our value chain.

Final manufacturing stage facilities and tier one suppliers by country are visualised in the below illustration.





As illustrated above, all our tier one suppliers are located in Europe and the same applies to our tier two suppliers, except from our nylon and warp yarn suppliers.

In addition to mapping in which countries our suppliers are located, we have examined the country of origin for our raw materials and components. Few raw materials and components are sourced in countries where some regions and industries are potentially associated with a high risk of violation of human rights. This applies to a small part of the wool sourced, to select components used in the production of our pile yarn and to our warp yarn.

The countries in question are associated with de facto risks within the following areas of human- and labour rights:

- Discrimination and equal opportunity
- Harassment and abuse
- Forced labour
- Child labour
- Excessive working hours
- Freedom of association and collective bargaining
- Safe and healthy work
- Wage gap between minimum and living wage
- Fair and ethical business practice incl. anti-bribery and corruption

The presence of raw materials sourced from countries with potential risks of human rights violations necessitates dialogue with our tier one suppliers. This dialogue aims to assess the documentation provided by each individual component and raw material supplier, determining the extent of investigation and documentation required.

Next steps are defined based on the results of further investigation, and it may be necessary to initiate audits in collaboration with our tier one suppliers and 3rd party audit specialists. Our aim is to have full clarity that there are no violations of human rights in our value chain, in accordance with international guidelines and our human rights policy.

Since Dansk Wilton has not directly caused any negative impacts but might indirectly be linked to potential risks via the supplier chain, we want – in accordance with OECD guidelines – to influence the behaviour of our sub-suppliers aiming at remedying and preventing any incidents. If we identify violations of human rights and any damage caused by this, we intend to contribute to recovery in collaboration with our suppliers and sub-suppliers. If an existing supplier fails to meet the necessary standards and is unwilling or unable to improve, we will collaborate with our direct supplier to explore new and alternative suppliers.

In the context of risk assessment, we have created a tool to facilitate continuous risk evaluation. This tool monitors alterations in suppliers, components, political conditions, and other relevant factors. Its purpose is to guarantee that appropriate corrective measures are implemented upon the detection of inadequate performance. This approach enhances the assurance that human rights risks are consistently addressed, and particularly in instances of shifts in suppliers and materials.

### **Monitoring and verifying performance**

Ensuring compliance with human rights and labor rights within our company facility remains a top priority, and we consistently strive to uphold the highest standards for workplace health and safety, encompassing both mental and physical wellbeing.

As part of the Cradle to Cradle certification, we meticulously review and complete a questionnaire comprising nearly 100 questions related to human rights, labor rights, health & safety, and anti-corruption. Each response to the questionnaire is thoroughly documented, and an audit at our facility is conducted by our assessor, Vugge til Vugge.

The questions in the questionnaire align with the UN Global Compact's "Communication on Progress" but are reinforced by comprehensive documentation to ensure compliance.

Additionally, in 2023, we implemented a Whistleblower scheme, enabling employees to anonymously report concerns they believe cannot be addressed directly with the management or board of Dansk Wilton.

### **Committing to positive impact initiatives**

The Cradle to Cradle certification is renowned for its ambitious standards across all certification aspects, also within the social fairness category. By stipulating requirements for companies to participate in positive impact projects related to social fairness, the framework encourages businesses to shoulder social responsibility aligned with their activities.

Dansk Wilton has been a consistent partner with the organisation "High:five" for several years, dedicating efforts to secure employment for young individuals at risk of crime and those with a history of penalisation, aiding their re-socialisation through regular jobs or educational opportunities.

In 2023, we expanded our commitment to include young people from "Ungdomscenter Knudmosen," a specialised youth education program in Herning Municipality for individuals aged 16 to 25 facing challenges that hinder their progress in the education system or labor market without support.

Both projects share the common goal of assisting young people with challenging conditions in creating a better and more meaningful life for themselves.

Dansk Wilton's motivation behind these positive social impact projects is to provide support to young individuals facing difficulties, offering them an opportunity to develop skills and secure employment, benefiting local companies and the municipality. Our focus is on young people who can benefit from employment in a production company, where formal education is not a prerequisite, catering to those who either choose not to pursue education or face challenges preventing them from completing it.

Both initiatives have yielded positive outcomes, not only for the young individuals integrated into the company but also for the company itself and its other employees. Many of the young individuals we've embraced have secured long-term employment at Dansk Wilton, resulting in mutual advantages.

We aim to sustain the positive collaboration with both High:five and Knudmosen. We remain open to partnerships with the municipality and other organisations dedicated to enhancing opportunities for disadvantaged young people.







## People in numbers 2023

We believe people make the real difference between being a manufacturer of carpets and being a creator of innovative carpet solutions.



### Number of employees

**Average:** 64

**Administration:** 21

**Production:** 43



### Gender diversity

**Average:** ♀ 55% | ♂ 45%

**Management:** ♀ 66% | ♂ 33%

**Board:** ♀ 20% | ♂ 80%



### Retention rate

**Average:** 80%

**Administration:** 100%

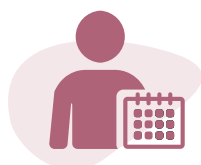
**Production:** 72%



### Employee nationality

**9 nationalities including:**

Denmark, Syria, Bosnia, Ukraine, Sri Lanka, Lithuania, Germany, Israel and Bulgaria



### Average seniority

**Average:** 9,4 years

**Administration:** 13,6 years

**Production:** 7,6 years



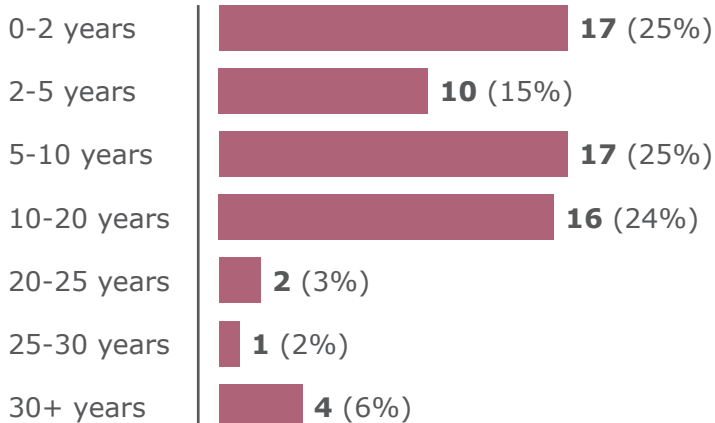
### Employee age

**Average:** 47,9 years old

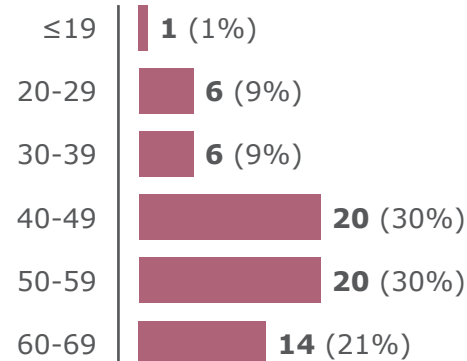
**Administration:** 50,8 years old

**Production:** 46,6 years old

## Seniority proportion



## Age proportion



## Health & safety



### Sick leave

**Average:** 2,8%

**Administration:** 2,4%

**Production:** 3,3%



### Occupational injuries

**Ratio:** 18,5



### Sick leave (industry average\*)

**Average:** 4,7%

**Administration:** 2,6%

**Production:** 7,3%

## Data foundation

Our reporting of employee characteristics is based on data extracted from our ERP and salary systems at year end (December 31st) and represents the average headcount representation in 2023.

## Number of employees

The calculation of the average number of employees in 2023 is calculated based on the following formula:

$$\frac{\text{Number of employees 1/1-23}}{\text{Number of employees 1/1-23}} / 2$$

## Retention rate

The retention rate is calculated based on the following formula:

$$\frac{\text{Number of resigned employees}}{\text{Average number of employees}} \times 100 = \text{Resignation rate.}$$
$$100 / \text{resignation rate} = \text{retention rate}$$

## Average seniority

The average seniority is based on the seniority of each employee employed per 31/12 2023, following this formula:

$$\frac{\text{Total seniority of all employees employed per 31/12}}{\text{Total number of employees per 31/12}}$$

## Seniority proportion

Shows the employee seniority divided by intervals.

## Gender diversity

The gender diversity is calculated based on total headcount of employees split by gender registered by the employee, as either female, male, other or "not disclosed". Management is defined as employees included in the management team.

## Employee nationality

Based on information from employees. This is not registered anywhere as it is a personal matter. However, we see diversity, including diversity by nationality, as a great advantage and take pride in including employees of different nationalities.

## Employee age

This information is based on our employee's date of birth in our employee directory.

## Sick leave

Data derives from registrations in our salary system where employees are registered sick with an absence code for illness.

The industry average is based on data from "DA Statistik/NetStat - Industry: Textile and clothing industry".

In cases of extended sick leave, our employees are provided with a care interview designed to assist the colleague in returning to work under mutually agreeable conditions for both the employee and Dansk Wilton. The emphasis is on addressing and preventing the cause of the absence, whenever possible.

## Occupational injuries

The ratio is calculated using the standard ESRS method:

$$\frac{\text{Number of accidents}}{\text{Total hours worked by own workforce}} \times 1.000.000$$

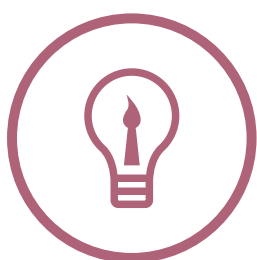
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# DANSK WILTON

## OUR FOCUS AREAS

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We develop our business based on five fundamental focus areas:



### **Creativity and innovation**

We are a creative, innovative and idea-generating partner for our customers. We deliver exciting and inspiring solutions.



### **The quality we deliver**

The heart of our business is high quality in everything we do. We endorse a professional culture where passion for precision is key. This is only possible by virtue of a professional and committed team.



### **Our Customers**

Our customers' experiences with us cannot be undone. Their moments with us are all equally important. Before, during and after. We do not just supply a product we provide solutions.



### **Responsibility for people and environment**

We work strategically with sustainability and CSR on a daily basis. We are determined to contribute to the development of environment-friendly solutions in the hospitality industry.



### **Efficiency & effectiveness**

We challenge the existing with a basic belief that we can always do better. The heart of our business is to offer a safe and optimised process.



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# ESG REPORTING GOVERNANCE

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Dansk Wilton places a strong emphasis on ensuring high governance standards in the operation of our business. We achieve this by implementing transparent and accountable decision-making processes across various facets of our operations. Our governance framework is designed to uphold ethical principles, comply with applicable laws and regulations, and foster a culture of integrity and responsibility.

We establish clear policies and procedures to guide our employees and stakeholders, covering areas such as supply chain management, environmental and social responsibility. Regular internal audits are conducted to monitor compliance with these standards, and we actively engage in continuous improvement initiatives.

Read more about our commitment and download our policies on **our website**.

Furthermore, Dansk Wilton maintains an open dialogue with our stakeholders, including employees, customers, and partners, to incorporate diverse perspectives and feedback into our decision-making processes. By actively participating in industry initiatives and adhering to recognised best practices, we ensure that our governance practices align with global standards and expectations.

Overall, our commitment to high governance standards is integral to Dansk Wilton's core values, guiding our actions and decisions to create a business environment built on trust, responsibility, and sustainable practices. The Cradle to Cradle certification supports our governance by emphasising responsible governance practices throughout the product lifecycle.

## Whistleblower scheme

Dansk Wilton has implemented a whistleblower scheme accessible to both our internal employees and external stakeholders. This enables individuals within our value chain to raise concerns related to our activities.

All submissions to the whistleblower program are documented and handled in accordance with globally recognised human rights and standards, including the UN Declaration of Human Rights and

ILO Conventions. The internal program adheres to Danish labor rights legislation, while the external program operates on a voluntary basis.

Through this initiative, we offer a channel for reporting issues within Dansk Wilton and our value chain that contradict Dansk Wilton's policies and international guidelines.

Whistleblower cases 2023: 0

The whistleblower scheme is accessible via **our website**.

## Our board of directors

Dansk Wilton has maintained a professional external board for many years, comprising members actively involved in positions that guarantee them contemporary and relevant expertise. This is an essential requirement for contributing to the continual development of the company.

The board's composition ensures robust competencies and substantial experience across all facets of the company's operations, spanning from production to sales and marketing, finance, and sustainability. The board's expertise further extends to encompass areas such as art, architecture, construction, and entrepreneurship. Crucially for Dansk Wilton, the family's history, values, and culture remain deeply ingrained and well-represented.

Our board includes:

- Lars Martens Clausen, Chairman
- Anne Marie Mau, Deputy Chairman
- Brian Møller Dyrholm Pedersen, Member
- Jens Seehusen Christensen, Member
- Jakob Køser Bressendorf, Member

## Our management team

Our management team includes:

- Søren Sonne, CEO
- Søren Torp Madsen, Production Manager
- Mads Agerholm, Export Manager
- Anna-Lise Rønne, Office Manager
- Susanne Uldum, Financial Manager
- Lone Ditmer, Marketing Manager & Sustainable Business Development

## Our mission

We supply carpet solutions and value to our customers founded on quality, design and complete solutions adapted to the customer.

We do this with constant focus on our company's environmental and social impact and we aim for sustainable development.

## UN Global Compact

Dansk Wilton is part of the UN Global Network Denmark and we support the "10 Principles." The UN Global Compact's "Communication on Progress" (COP) is a reporting mechanism through which participating companies and organisations communicate their progress in implementing the ten principles of the Global Compact.

At Dansk Wilton, the 10 principles and our Cradle to Cradle certification are intricately interconnected, both contributing to a shared objective. While the 10 principles primarily establish guidelines and norms, the Cradle to Cradle certification translates these principles into tangible actions and ensures their verification.

The COP is essentially a public disclosure that allows participants to share information about their efforts to integrate the Global Compact principles into their business strategies and operations. It includes details about policies, practices, and performance related to the ten principles, as well as any challenges encountered. The report serves as a means for participants to demonstrate their commitment to responsible and sustainable business practices and to be held accountable for their progress in promoting the Compact's objectives. The Communication on Progress is typically submitted on an annual basis, providing a transparent and measurable account of a participant's journey towards meeting the Global Compact's principles.

The 10 principles of the UN Global Compact serve as a guideline for integrating sustainability and responsible business practices into corporate strategies and is also linked to ESG reporting:

### Environmental - Principles 7 8 9

*Businesses should:*

- support a precautionary approach to environmental challenges
- undertake initiatives to promote greater environmental responsibility
- encourage the development and diffusion of environmentally friendly technologies

### Social - Principles 1 2 3 4 5 6

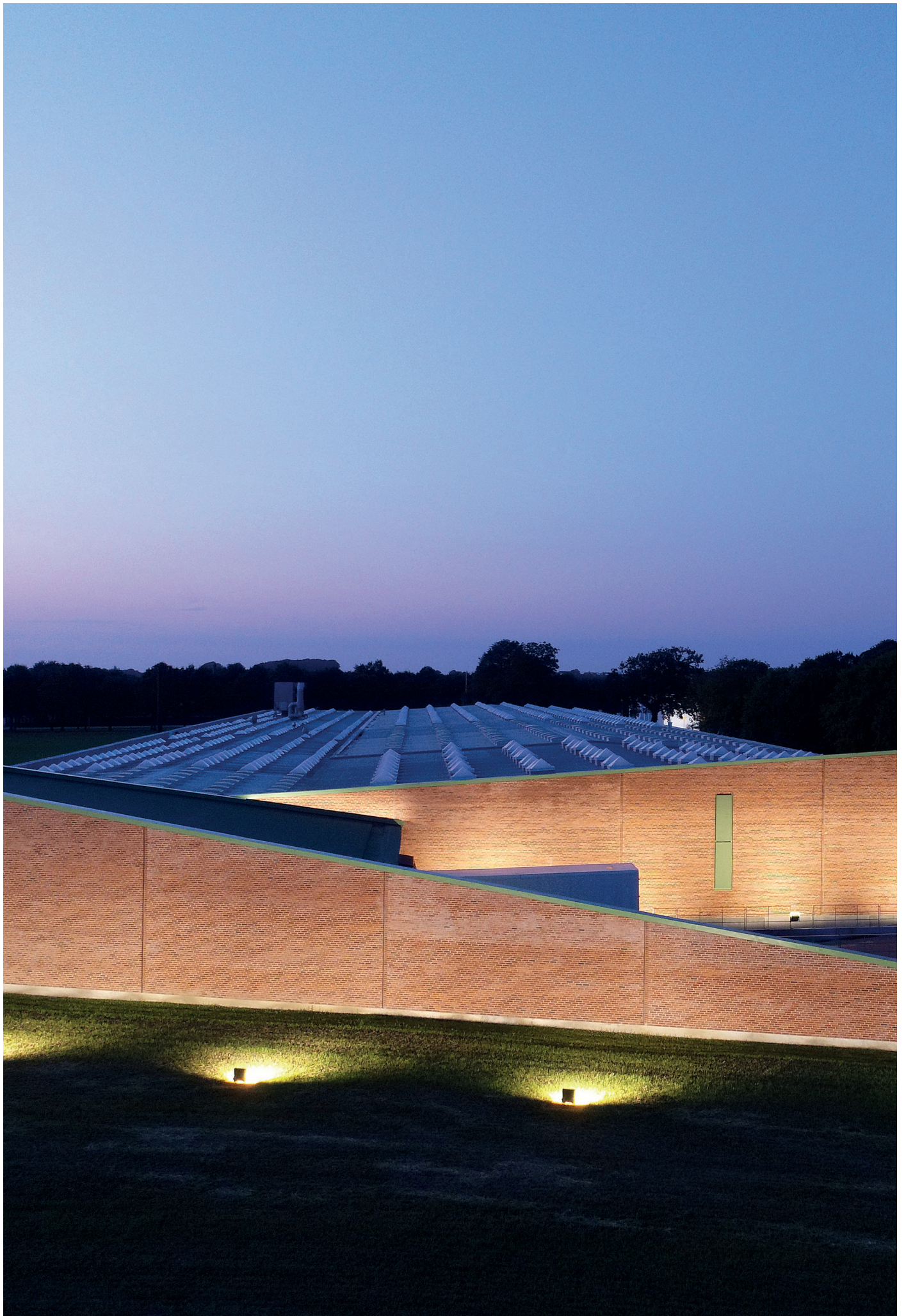
*Businesses should:*

- support and respect the protection of internationally proclaimed human rights.
- make sure that they are not complicit in human rights abuses
- uphold the freedom of association and the effective recognition of the right to collective bargaining
- uphold the elimination of all forms of forced and compulsory labour
- uphold the effective abolition of child labour
- uphold the elimination of discrimination in respect of employment and occupation

### Governance - Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.







# A Woollen Artwork

A special delivery to you  
from

**DANSK WILTON**



Did you know  
that we are manufacturer  
of luxurious wool carpets

**Since 1953**

  
**DANSK WILTON**  
...delivering the difference