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# FRONT RUNNER GABRIEL

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CSR  
Report  
2014/15

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Gabriel Holding A/S

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- EU ECOLABEL RENEWED
  - CRADLE TO CRADLE EXPANSION
  - A RESPONSIBLE SUPPLY CHAIN
  - CSR – A CONTINUED FOCUS

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## 12 Responsible production

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Twenty-nine products have been updated to comply with the updated and stricter EU Ecolabel criteria. Two new Cradle to Cradle Certified™ bronze products have been launched.

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Gabriel aims to be an attractive employer for all and fulfils its social responsibility in the local community. Gabriel actively promotes good health, and all companies in the Group offer their employees various initiatives to enhance their health and fitness.

## Company information

Headquarters:	Gabriel Holding A/S Hjulmagervej 55 9000 Aalborg, Denmark VAT no. 58 86 87 28 Phone: +45 9630 3100 Fax.: +45 9813 2544 E-mail: mail@gabriel.dk www.gabriel.dk
Sector:	Textiles and furniture.
Core activities:	Development, manufacture and distribution of upholstery fabrics, components, upholstered surfaces and related products and services.
Organisation and countries:	Gabriel Holding A/S (Denmark) - Gabriel Ejendomme A/S (Denmark) - ZenXit A/S (Denmark) - Gabriel (Tianjin) International Trading Co. Ltd. (China) - Gabriel North America Inc. (United States) - Gabriel A/S (Denmark) - Gabriel Innovation A/S (Denmark) - Gabriel GmbH (Germany) - Gabriel Sweden AB (Sweden) - UAB FurnMaster (Lithuania) - FurnMaster Sp. z o.o. (Poland) - UAB Scandye (Lithuania) (49.2%-owned)
Financial year:	01.10.2014 - 30.09.2015
Number of employees:	258
External auditor:	Gabriel A/S is certified by DNV GL Business Assurance Danmark A/S. Gabriel (Tianjin) International Trading Co. Ltd. is certified by DNV GL Business Assurance Danmark A/S. UAB Scandye is certified by Bureau Veritas Lietuva. This CSR Report is verified by DNV GL Business Assurance Danmark A/S.
NACE codes:	13.92.10 – Manufacture of furnishing fabrics. 46.41.00 – Wholesale of textiles. 31.00.0 – Manufacture of furniture.

This report was prepared for Gabriel Holding A/S and its subsidiaries, which will be referred to as Gabriel or the Gabriel Group throughout the report. The CSR Report covers the requirements of §99a of the Danish Financial Statements Act of 2013. Please refer to the [Annual Report 2014/15](#), [Gabriel Profile 2014/15](#) and [www.gabriel.dk](http://www.gabriel.dk) for further information about the Gabriel Group.

The CSR Report for financial year 2015/16 will be published in November 2016.

## Management Report

Corporate Social Responsibility (CSR) cuts quite naturally across all the Group's activities. To Gabriel, CSR means taking responsibility for adding value and thus contributing, directly and indirectly, to positive development in society. The company therefore endorses the principles of the UN Global Compact and pursues its corporate CSR and environmental policies with determination. Gabriel is run as a responsible company and this method of operation is a permanent point on its strategic agenda. CSR is not a whim of fashion, but a strategic driver on a par with product development and sales, for example. Gabriel is exceptional in the responsibility it takes for how products are produced, including in those areas where the Group is not the owner.

We see Gabriel's environmental work as a part of our CSR commitment, and this report approaches CSR from both perspectives. The purpose of the report is to share information with the company's stake holders on Gabriel's CSR and environmental work and commit ourselves to continuous improvement by publishing goals, activities and achieved results.

On 26 June 2015, Gabriel was awarded a new EU Ecolabel certificate that confirms our compliance with the environmental label's new and more stringent labelling standards. The new certification still enables Gabriel to offer the world's largest collection of EU Ecolabelled upholstery fabrics – in all colours and as many as 30 different designs. When it comes to environmental responsibility, product quality and consumer safety, Gabriel has always been a front runner, and was the first fabric manufacturer in the world to achieve the EU Ecolabel in 2002. The certification has been a valuable seal of approval. The EU Ecolabel has encouraged us to strive for more, and to focus with determination on meeting the new and even more stringent environmental standards which it sets. Gabriel will continue to focus on assuring responsible products through product certification.

Two new products, Repetto and Elevation, have been Cradle to Cradle Certified™ Bronze – and our customers now have even more choices open to them for Cradle to Cradle fabrics. Cradle to Cradle Certified™ is a multi-attribute certification programme that assesses products and materials for human and environmental health and safety, design for future life cycles and sustainable manufacturing. In total, 10 new products were launched during the year, which meets the Group's target. All products are developed with specific attention to invariables such as product features, design and logistics. Quality and environmental management have to be documented.

The Gabriel Group continues its growth and expansion across the globe. In financial year 2014/15, Gabriel has established an American operating company, Gabriel North America Inc., in Grand Rapids, Michigan, USA. Furthermore the operating company, Gabriel A/S, has formed a sales company, Gabriel Sweden AB, in Stockholm, Sweden. Before the end of 2015, Gabriel will also open a new office in Paris dedicated to the furniture industry and the architect community. Ongoing work with Gabriel Management System makes CSR policies and objectives known group-wide.

Delivering the right products and services at the right time is not possible without a firm partnership with external partners – both customers and suppliers. We are maintaining our strategy of "matching the growth of the largest companies on the market." We therefore target our efforts on existing and newly selected Key Accounts. Our CSR work grows continuously and is increasingly being implemented in close partnership with our main customers. Strong emphasis is laid on assessing a product's CSR and environmental impacts, as we explore new business opportunities together. We focus continuously on the chemical content of our products, and therefore on gaining new knowledge of chemicals and technologies. Gabriel supports new focus points. Years of environmental work have prepared it to cope with new requirements. This makes it easy for the customer to choose the best alternative.

Gabriel continues to focus on strengthening relations with strategic suppliers to increase the transparency and flexibility of its supply chain. We know we need strong partners if we want to make improvements. In financial year 2014/15, strategic partners have made a number of technological improvements which not only improve our environmental performance, but also have a significant impact on our production capabilities, quality performance, working environment and efficiency. In the coming years, we will continue our open dialogue and strong common objectives along the supply chain.

The following pages describe the company's objective, specific policies for CSR and the environment, how our policies are transformed into actions, what results we have achieved in the past year and our ambitions for the coming year. A detailed review of the Gabriel Group profile is available on the company's website, [www.gabriel.dk](http://www.gabriel.dk), where the latest financial statements can also be found.

Aalborg, 29 October 2015

  
Anders Hedegaard Petersen  
CEO

  
Kurt Nedergaard  
Business Manager Quality, Environment and Production



## Mission and policies

### Mission

Innovation and value-adding partnerships are fundamental values of Gabriel's mission statement. Gabriel is a niche company which, in the entire value chain from concept to furniture user, develops, manufactures and sells upholstery fabrics, components, upholstered surfaces and related products and services. Gabriel develops its services for use in fields of application where product features, design and logistics have to meet invariable requirements, and where quality and environmental management must be documented.

Policies applicable to all Gabriel Group activities support this mission. They include our collaborative approach to the value chain.

### Policies

Gabriel endorses the principles embodied in the UN Global Compact and focuses on the following areas:

- To develop and manufacture its products and services with user health and safety in mind; and minimise environmental impact and respect animal welfare throughout the production process.
- To ensure a good working environment which complies with country-specific laws and Gabriel's own requirements throughout the supply chain. These requirements comprise detailed technical specifications and the content of Gabriel's Code of Conduct.
- To treat continuous skills and job development for all employees as a high priority.
- To support students by providing internships and participating in research projects which benefit both the students and the company.
- To communicate its CSR activities openly and foster the spread of CSR as a company-wide managerial activity.
- To maintain its position as First Mover within our industry; consolidating its lead in implementing new initiatives to improve the environment.
- To take account of all phases of the product life cycle and prioritise environmental initiatives in those areas where its influence and impact are strongest.
- To encourage sustainable consumption and user health by using product labels: Gabriel works with recognisable labelling schemes with a high level of consumer trust, primarily the EU Ecolabel and the Oeko-Tex health label.
- To advise customers and users on significant environmental impacts related to the production, use, recycling or disposal of the company's products. Company employees in customer contact roles must be able to provide correct information on the Group's objectives and policies. This information is available at the company website.
- To select its suppliers for their ability to fulfil environmental requirements and willingness to enter into an open and detailed partnership to achieve optimum outcomes. Partners on the

supply chain must regularly introduce cleaner technology and environmental improvements, with due heed to the technical and financial implications.

- To apply the internationally recognised standards ISO 9001 on Quality Management Systems and ISO 14001 on Environmental Management Systems, and follow the principles of OHSAS 18001 Occupational Health and Safety Management and ISO 50001 Energy Management.
- To conduct an open and detailed dialogue with the authorities on CSR and environmental requirements, and oppose unlawful acts and irregularities.
- And annually to renew its environmental objectives and action plans to ensure ongoing reductions of the most significant impacts and create continuous improvements; integrating objects into the internal business plans described in the CSR Report, and make them known to all employees. The CSR Report shows results and completed objectives. It is updated annually and published with the annual financial statements.

### Code of Conduct

The Code of Conduct is a set of guidelines on business ethics which help our employees to maintain ethical behaviour and respect human rights. The Code of Conduct is based on the UN Global Compact and is in accordance with the recommendations of the industry organisation, Dansk Fashion & Textile.

#### Human rights

- Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2:** ensure that they are not complicit in human rights abuses.

#### Labour standards

- Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour;
- Principle 4:** the effective abolition of child labour; and
- Principle 5:** and the elimination of discrimination in respect of employment and occupation.

#### Environment

- Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

#### Anti-corruption

- Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

#### Animals

- Principle 11:** In businesses where animals are used in labour and/or in the production (fur, wool etc.), such animals must be fed and treated with dignity and respect, and no animal must deliberately be harmed or exposed to pain in its life. Taking the lives of animals must at all times be conducted using the quickest, and least painful and non-traumatic method available (not in the vision of other animals), approved by national and acknowledged veterinarians and only conducted by trained personnel.

#### Charity

- Principle 12:** Businesses are encouraged to work and seek to be involved in local or global charity work for the improvement of social and living conditions.

#### Monitoring and evaluation

- Principle 13:** All businesses involved must at all times be open and accessible to announced and unannounced audits for monitoring and evaluation of compliance with the Code of Conduct.

## From raw material to finished product: processes and activities

Gabriel is a niche company which, in the entire value chain from concept to furniture user, develops, manufactures and sells upholstery fabrics, components, upholstered surfaces and related products and services. Gabriel is organised in a number of independent strategic business units with their own visions, objectives, strategies and budgets.

The objective and the policies set the framework for Gabriel's CSR work, including how Gabriel works with selected partners. Gabriel has an influence on the entire chain, from raw materials to finished upholstered product, and we therefore have a shared responsibility at all stages, both locally and globally. There is a focus on the complete life cycles of services, to maximise benefits from the efforts made. This ensures that a step in the life cycle is not optimised without noting how it affects performance in the following steps. It also ensures that effort is prioritised where the benefit will be greatest.

We see Gabriel's environmental work as a part of our CSR commitment. Significant environmental impacts are determined from systematic surveys, including measurements of input (raw materials, water, chemicals and energy), measurements of output (wastewater, waste and emissions) and ongoing follow-up with strategic suppliers on their environmental programmes. Gabriel also continuously monitors the analyses and reports of institutes, authorities and other bodies which are thoroughly familiar with environmental issues, in order to identify relevant concerns. Regarding CSR more broadly, Gabriel prioritises the areas highlighted in our Code of Conduct.

The following are regarded as the most important environmental impacts in the product life cycle:

- Raw materials – New Zealand wool.
- Raw materials – polyester fibres.
- Raw materials – other products used in upholstery, e.g. foam, metal and plastic.
- Energy consumption and potential impacts on climate change.

- Water consumption, especially in washing, dyeing and finishing treatment.
- Consumption of chemicals.
- Production waste.
- Wastewater.
- Transport of raw materials and finished goods.
- Disposal, including recycling, of the products.

These matters relate primarily to suppliers' production and customers' activities. In these matters, we cooperate closely with suppliers and customers. It is therefore essential that Gabriel has a good relationship with these partners to ensure communication of requirements and goals.

Environmental impacts related directly to Gabriel's activities and properties:

- Consumption of energy, water and other resources.
- Noise from operations.
- Generation of waste.
- Transport for customer and supplier visits and other meetings.
- Making decisions which affect product life cycle performance.

### High-priority areas

Gabriel's efforts are described under five main headings which form the basis for implementing CSR and environmental objectives and policies. These five priority areas were chosen against the following criteria:

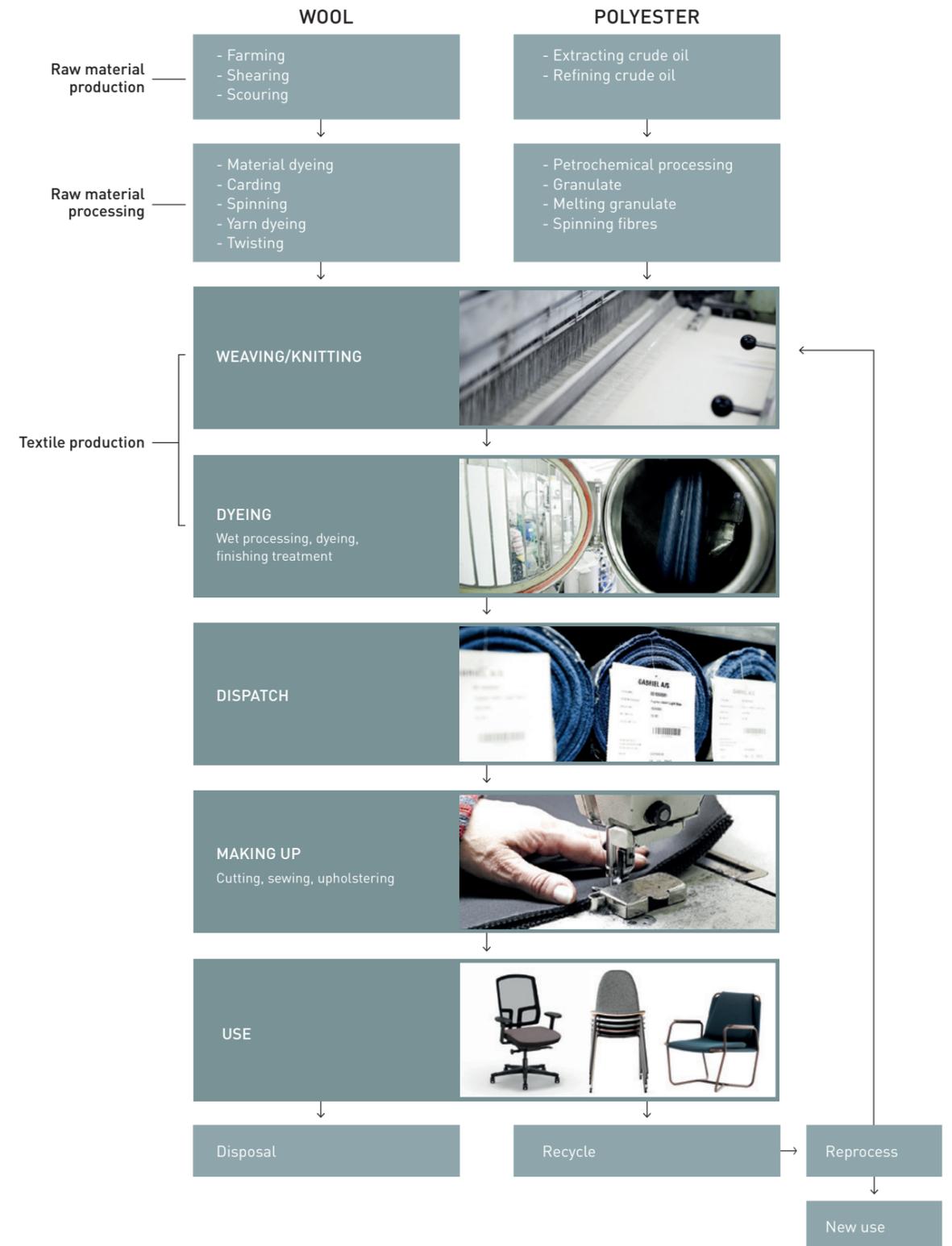
- Impacts prioritised by Gabriel's CSR and environmental policies and impacts considered important by customers.
- Impacts which are important in the eyes of the law.
- Impacts which are considered important in product labelling, including EU Ecolabel, Oeko-Tex and Cradle to Cradle.
- Impacts which Gabriel can influence for the better.
- The relative importance of the impact.

### The five main areas

- Materials and resources
- Responsible production and supply chain management
- Environmental labelling and management systems
- Development and innovation
- Working at Gabriel

These areas are discussed in greater depth on the following pages. For each area, we describe how our policies are transformed into actions, what results we have achieved in the past year and our ambitions for the coming year.

## From material to end-product



## Materials and resources

Using the best materials and eliminating problematic chemical content is a key priority for Gabriel when designing and producing high-quality products.

### Wool

Gabriel has a long-term partnership with Wools of New Zealand, which guarantees high-quality raw materials and good conditions for the sheep. This type of wool possesses unique dyeing properties where the dye is absorbed into the fibre. The material also absorbs light, which results in very attractive colours with plenty of depth and no reflections. Wool maintains its attractive appearance in use, assuring a long service life for the end-product. Gabriel uses only high-quality raw wool, thus avoiding many chemical finishing treatments.

### Polyester

Polyester has come to comprise a significant part of Gabriel's product range in recent years. Polyester is the world's most used fibre, and has properties which make it suitable for furniture fabric. Polyester can also be recycled in other fabrics and products after use. As an example, Gabriel offers the products Elevation and Repetto, which consist of 100% recycled polyester. Work is ongoing to discover ways of increasing the proportion of fabrics based on recycled material. Gabriel works only with suppliers who can deliver high-quality polyester yarns which meet Gabriel's environmental requirements.

### Furniture upholstery and upholstery solutions

Gabriel's expansion within the activities of FurnMaster business unit is increasing Gabriel's responsibility for buying materials to be used for the assembly of furniture parts. Raw materials are selected in close dialogue with customers, and Gabriel advises as far as possible on the selection of components and suppliers who meet Gabriel's environmental, quality and CSR requirements.

### Recycling

When designing for recyclability, it is a priority not to mix different types of material. Due to Gabriel's life cycle approach, we work continuously on how to recycle resources for use in other products or applications after use, with a particular focus on preserving the high value of the resources. This means that the components can be handled

as ordinary non-toxic waste or recycled in new products after use. Gabriel has financial as well as environmental reasons for trying to avoid waste throughout the supply chain. Waste fabric which cannot be used commercially is used for charity in the local communities.

### Control of chemicals

Chemicals are required in the production processes, and Gabriel controls the choice and use of dyes and chemicals in our suppliers' production. The following are examples of what is not used:

- Chlorine compounds
- Organic solvents
- Dyes containing heavy metals
- Dyes and pigments which can give off carcinogens
- PVC
- Flame retardants containing bromine
- Silver ions or other bactericidal treatments
- Anti-moth impregnation
- Other substances classified as carcinogenic, mutagenic or allergenic.

These requirements are largely governed by the Gabriel General Requirements, which contain lists of phrases concerning undesired risks and chemicals, and minimum requirements for fabric performance.

### Energy, water and climate change

Gabriel is monitoring significant energy and water consumption on its own premises, and sets reduction targets when potential is identified. As an example, the share of transport by sea is monitored, both to reduce emission of CO<sub>2</sub> and thereby climate change, but also to ensure the most cost-effective transport.

Energy and water are essential for suppliers' production processes. Gabriel monitors performance of key suppliers through sharing of targets and progress. The two suppliers accountable for the largest share of Gabriel products have switched to 100% renewable energy. The energy is provided at the same cost, but with significantly reduced CO<sub>2</sub>-emission and climate change impacts.

## Materials and resources: objectives and results

Objectives 2014/15	Results 2014/15	Objectives 2015/16
Gabriel Group: increase the proportion of sea transport from China to a minimum of 94%.	Result for 2014 is 93.6%, and result for 2015 (as of 30.09.2015) is 99.0%.	Maintain share of sea transport from China at a minimum of 98.5%.
Gabriel Group: continue involvement in projects focused on re-circulation and circular economy.	Gabriel is part of a Ph.D. project which focuses on new requirements regarding furniture take-back schemes and related business models. Key stakeholders have been interviewed, and analyses are ongoing. Immediate results indicate that stakeholders are interested, but different obstacles are also identified.	Conduct Circular Economy workshop with selected stakeholders to further strengthen cooperation and prioritise further actions.
Gabriel Group: intensified monitoring of global environmental legislation together with industry organisation, for the purpose of continuously increasing Gabriel's knowledge of industry-specific legislation.	Procedures for monitoring and evaluating environmental legislation have been updated. Gabriel constantly receives intelligence through Dansk Fashion and Textile (DM&T).	The objective has been achieved.
		Gabriel Group: update internal minimum requirements document (Gabriel General Requirements) and include furniture components.
Gabriel Group: participate in Danish chemical management initiative focusing on substitution, REACH and supply chain cooperation. Input findings to Gabriel management system.	Project is finalised. Gabriel has shared knowledge on chemical management at suppliers.	The objective has been achieved.
FurnMaster: obtain FSC certification of wood products.	There have not yet been any customer requests related to FSC-certified products.	The feasibility of an FSC certification is evaluated continuously, and initiated when relevant.
ZenXit: carry out a life cycle analysis to document environmental impacts of ZenXit.	Analysis is completed. Main finding is that recycling is a priority when further improving environmental performance of ZenXit.	The objective has been achieved.

## Responsible production and supply chain management

Gabriel only collaborates with suppliers who are capable of meeting the requirements applicable to products and services, and works actively to select the best possible partners. Throughout the supply chain, efforts are made to achieve responsible and sustainable results. It is important for Gabriel to take responsibility, not only for financial earnings, but also for environmental sustainability and social justice. Gabriel has this in mind at all times and seeks to create synergy between these perspectives.

### A responsible supply chain network

During 2013-15, Gabriel has focused on the development of supplier relationship management via the Strategic Co-operation in the Supply Chain project. The project includes increased cooperation with and across key suppliers, since all links in the chain are responsible for delivering services and products which meet the CSR, environmental and quality objectives. This is a key element in creating a strong and transparent supply chain network. No objectives regarding this project were included in the 2013/14 CSR Report. There are therefore no such objectives in this years' overview, though the project did generate a number of improvements which are presented below.

Strategic partners must meet high demands. The term "strategic partner" covers those companies in the supply chain which are most important to Gabriel. The requirements cover all areas in the value chain. The efficiency and value of the relationship is now measured by categorising it and creating a risk profile, in which the value-adding processes are evaluated across parties in Gabriel. These processes includes the suppliers' capabilities within design and product development, logistics, quality, production, the environment, CSR aspects like respecting human rights, the working environment as well as willingness and ability to improve.

The evaluations are shared with strategic partners, as this paves the way for mutual understanding of expectations between companies, and joint development plans can be prepared for the partnerships. Strong and long-term partnerships also help to ensure that Gabriel's requirements are communicated to subcontractors on the supply chain. Continuous follow-up is a high-priority area, and Gabriel requires manufacturers to comply with all local regulations and Gabriel's own requirements.

In relation to CSR, Gabriel specifically follows up partners' compliance with the Code of Conduct. Gabriel is continuously striving to establish a supply chain which provides a good and responsible working environment. Therefore Gabriel places a high priority on choosing partners who provide proper conditions, comply with Gabriel's Code of Conduct and actively and continuously strive to improve conditions.

At the start of a partnership with a new supplier, the supplier is introduced to, and must sign, the Code of Conduct. Gabriel seeks to understand operating practices in the new countries it might enter, but also uses its influence to have the supplier implement management systems, for instance. Potential risks are evaluated, and actions to manage these in ongoing operations are defined and monitored through follow-up audits and ongoing communication. For example, a team of Gabriel employees conducted a thorough on-site review of a new Chinese supplier in autumn 2014, together with a Chinese audit team from a recognised company. All relevant operational controls in the facility were checked, and a social compliance audit was completed before deciding whether to continue engagement with the supplier. The social compliance audit included check of non-discrimination, minimum wage and social benefits.

### Managing the supply chain

Gabriel's team in Aalborg are in daily dialogue with European partners, while Gabriel Asia Pacific engages with partners in that region. The development of systems and requirements, as well as approval of new suppliers, takes place in close dialogue. FurnMaster offers unique services in furniture upholstery and upholstery solutions and is part of the Group's quality management system. Relevant employees receive training in CSR, both to understand what Gabriel requires and to be able to explain the Gabriel values and expectations to suppliers.

## Responsible production and supplier management: objectives and results

Objectives 2014/15	Results 2014/15	Objectives 2015/16
Gabriel Group: include CSR performance data related to strategic partners in the CSR Report.	All available CSR data regarding strategic partners have been assessed for Gabriel fabrics suppliers, and CSR objectives are constantly added to internal supply chain management tool.	The CSR Report sets and communicates relevant indicators regarding CSR performance of strategic partners for the entire Gabriel Group.
		Gabriel Group: update materiality assessment regarding human rights, anti-corruption, climate and environment, as well as social aspects in the value chain. Plan to act on findings in policies, plans, tools and procedures.
		Gabriel Asia Pacific and FurnMaster units: complete CSR training for relevant employees and implement related tools.
		UAB FurnMaster: complete environmental mapping as basis for prioritising future projects, set up system for tracking main resource consumption, identify and prioritise projects to reduce waste and increase reuse.
		FurnMaster Sp. z.o.o.: complete environmental mapping as basis for prioritising future projects, set up system for tracking main resource consumption, identify and prioritise projects to reduce waste.

# Environmental labelling and management systems

Product labelling helps to ensure an objective basis for proving that the communication about our products is accurate. The labelling schemes mean that the product ranges are subject to a number of different requirements and external tests and approvals which are the customer's guarantee of product performance. This applies to both internationally recognised product standards, such as those concerning wearability and fire-retardant qualities, and environmental impacts. Gabriel's requirement is that an environmentally labelled product must meet all customer needs as well as, or better than, a product without the label.

Gabriel uses internationally recognised product labels and certifications. The EU Ecolabel, Oeko-Tex, Cradle to Cradle and the Nordic Ecolabel (the Swan) are selected as they are widely known and recognised. Gabriel strives to be at the forefront of the industry in using new labels with potential. In 2002, Gabriel was the first upholstery fabric manufacturer in the world to gain the EU Ecolabel on a large part of its range. In 2010, it became the first Danish company to gain Cradle to Cradle product certification. Gabriel is also at the forefront in 2014/15, when 30 products have been updated to comply with the updated and stricter EU Ecolabel criteria, and two new products, which are Cradle to Cradle Certified™ bronze, have been launched.

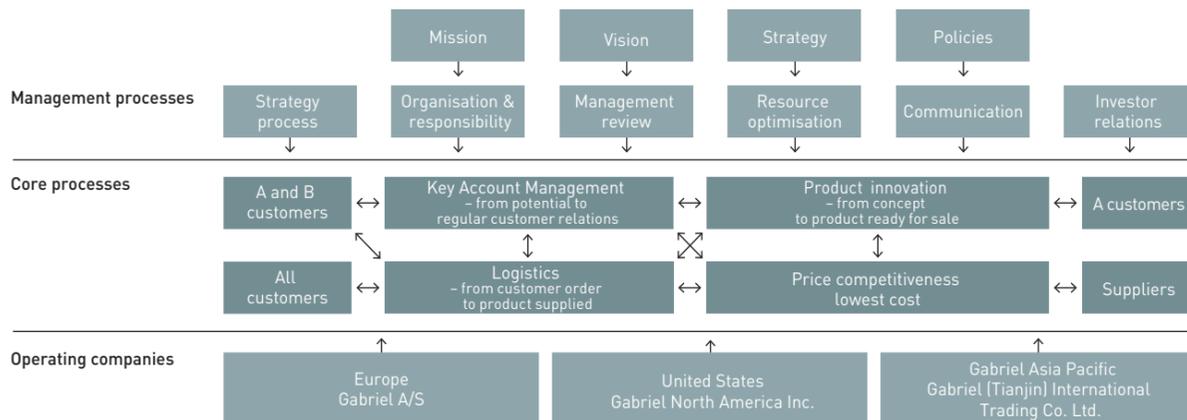
The EU Ecolabel is a consumer guarantee that the product is environmentally friendly, high-quality and fairly priced - and it serves as an efficient tool for consumers in their effort to make sustainable choices. The environmental label guarantees sustainability and consumer safety throughout the product's life cycle - from extraction of raw materials to production, use, and disposal.

## Quality and environmental management systems

Gabriel is certified under ISO 9001 and ISO 14001, and the management system also include elements from OHSAS 18001 (working environment), ISO 50001 (energy) and ISO 49001 (Corporate Social Responsibility). The management system ensures systematic control of all parameters in product development and production, together with ongoing performance improvements. Gabriel's quality and environmental management system is designed in accordance with the standards and is based on the company's core processes. To support core processes, the system covers the company's management processes and support processes for all business units. The processes are documented in the system and continuously updated.

In the financial year 2014/15, Gabriel has decided to end its registration under the Eco-Management and Audit Scheme (EMAS). The scheme was useful when handling production operations in Aalborg but, with the ongoing globalisation of Gabriel, is no longer adequate. Furthermore, we have experienced a drop in the number of EMAS-registered companies, and our customers are not requiring EMAS specifically. EMAS and ISO14001 are very similar, and we are still committed to openly sharing our results and objectives with stakeholders.

## Gabriel's quality and environmental management system



## Management systems: ISO 9001, ISO 14001

ISO 9001 and ISO 14001 are both standards for quality and environmental management. A company can choose to become certified to these standards. Both standards are based on the principle of making continuous improvements by implementing a fixed cycle: evaluate the current situation; set goals and formulate policies; implement the required actions; and, finally, measure the result. Based on the result, an assessment is made of whether actions and goal are adequate, or whether to make improvements and set new goals. ISO 9001 focuses on parameters of significance for a company's quality performance, while ISO 14001 concerns the matters of significance for the company's environmental performance. An important tool in this is the audit, which assesses whether the systems are functioning as planned.

[www.iso.org](http://www.iso.org)

## Oeko-Tex

Oeko-Tex is the world's leading health label for textiles. The label certifies that the item was tested and approved according to the requirements set by the international Oeko-Tex Association. These requirements concern the content of chemicals which are - or are suspected of being - physically harmful. The label goes further than the law. The requirements are divided into four classes, depending on the textile's use (how close to the body they are). The substances in question include, for example: formaldehyde, chemical residues with an acidic or basic action, pesticides, phenols, heavy metals, special dyes and phthalates.

[www.oeko-tex.com](http://www.oeko-tex.com)

## Cradle to Cradle

Cradle to Cradle (C2C) concerns the way we view our resources (extraction, use, disposal) and works to create a closed cycle with either technical or biological nutrients. The concept was formulated by the German Michael Braungart and the American William McDonough in 2002, but ideas underlying the concept are now shared in various circles.

A C2C certification assesses the product on five counts: renewable energy; water consumption; material health properties; social responsibility; and recycling. The result is certification at one of five levels. The scheme is administered by The Cradle to Cradle Products Innovation Institute.

[www.epea.com](http://www.epea.com)

[www.c2ccertified.org](http://www.c2ccertified.org)

[www.mbd.com](http://www.mbd.com)

## EU Ecolabel

The EU Ecolabel (the Flower) is the European Union's environment label. The label covers environmental issues throughout the product's life cycle with a focus on energy, water and chemicals, and accords a high priority to reducing the most significant environmental impacts of a given product. For textiles, this means focusing on the quantity of pesticide residues in the raw material, the scouring of the raw wool, the use and emissions of hazardous chemicals in production, and the quantity of toxic substances and heavy metals in the finished product.

The EU Ecolabel also sets requirements concerning the product's quality, so that the product with the environmental label is at least as good as the non-labelled alternative.

[www.ec.europa.eu/environment/ecolabel/](http://www.ec.europa.eu/environment/ecolabel/)

## Gabriel: Ten-year guarantee

Gabriel provides a ten-year guarantee against wear-through on all furniture fabrics in the price list under normal office or home use, normal maintenance and appropriate upholstery. The label was designed by Gabriel.

Gabriel also has a comprehensive spot removal guide which can also be used to keep the fabric clean and attractive in the event of an accident.

## Gabriel: No heavy metals

The label was developed by Gabriel back in the 1980s to signal to customers that Gabriel can offer ranges of dyes which are free of heavy metals. Gabriel was the first Danish textile manufacturer to introduce this, and no heavy metals are now used in our dyes.

Since then, the environmental labels have appeared, and they also govern the limit values for heavy metals. The label is also still used as a symbol of our tradition of taking the lead in the sector.



## Development and innovation

Innovation and value-adding partnerships are the foundation of Gabriel's mission, and this is also reflected in the way we work with CSR. Gabriel wants to be the development partner of choice for customers, so that customers see it as natural to turn to Gabriel for advice on new challenges. Gabriel is able to solve environmental tasks throughout the product's life cycle, through close cooperation with partners. Knowledge-sharing in the supply chain is an important strength. Gabriel also wants to inspire customers to follow new pathways by offering new solutions which can benefit their business. Gabriel's policies are determined on the basis that Gabriel wants to be a leader in the area and wants the policies to go further than the limits required by law. This protects Gabriel's products against more stringent requirements under the law, because the company is already at the forefront when new requirements are made mandatory.

possibilities are elucidated and integrated into the product development processes. In the product development process, high priority is also given to Cradle to Cradle and recycling of materials as important drivers of development.

Gabriel has long-standing partnerships with various knowledge partners. Dansk Fashion & Textile, Network for Sustainable Business Development in Northern Denmark, EPEA Hamburg and Aalborg University are some of the more important partners. On more than one occasion, Gabriel's active participation in networks has enabled it to influence on the future agenda and legislation, e.g. during the recent revision of the EU Ecolabel. Gabriel is also a member of the CSR committee of the industry organisation Dansk Fashion & Textile, for the promotion of CSR in the industry.

In recent years, QEP-Master has used its expertise to guide external partners. This helps to develop the work on quality and the environment for these partners while also extending QEP-Master's area of business.

There is a close working relationship between the Masters in Gabriel for new product development. Gabriel's QEP-Master (Quality, Environment and Production) is involved at an early stage in the development, ensuring that requirements and new

### Environmental labelling and management systems: objectives and results

Objectives 2014/15	Results 2014/15	Objectives 2015/16
Gabriel Group: new fabric products will carry either the EU Ecolabel or Oeko-Tex label, and Gabriel will go on examining new labelling schemes to support sales on its more recent markets.	Nine new fabric products have been launched. One new product gained certification under the EU Ecolabel. Eight new products gained certification under Oeko-Tex. No new labelling schemes were found relevant.	New fabric products will carry either the EU Ecolabel or Oeko-Tex label, and Gabriel will go on examining new labelling schemes to support sales on Gabriel's more recent markets.
Gabriel Group: initiate any necessary changes to Gabriel's existing products after adoption of the new EU Ecolabel criteria.	The criteria were adopted in June 2014, and have resulted in stricter chemical demands, stricter demands regarding production units and new CSR requirements. All 30 affected products have been reviewed and all necessary changes to meet the new requirements are completed.	The goal has been achieved.
Gabriel Group: at least three more Masters obtain at certification at the end of the 2014/15 financial year.  Conduct training within the individual Masters in management systems and processes as part of the roll-out of the individual certification.	One Master obtained certification. Additionally, three more Masters are upcoming, but will not be completed before the finalising of this report.  Training is ongoing as Masters work on their processes.	Obtain ISO9001 certification of the business units UAB FurnMaster and FurnMaster Sp. z.o.o.  Update core processes related to product development and price competitiveness.  Continue with individual certification and training of Masters.

### Development and innovation: objectives and results

Objectives 2014/15	Results 2014/15	Objectives 2015/16
QEP-Master: new possibilities and partners are considered. Participation in external networks as a mean to create new contacts and partnerships is constantly investigated.	Resources have been focused on new companies in the Gabriel Group. However, QEP-Master is involved with one new external customer regarding energy management.	Engage in external networks to ensure a pipeline of active projects.
Gabriel Group: partnership with Aalborg University (AAU) regarding circular economy and ZenXit.	Both projects are in their last phases, and the lessons learned are informing new projects at Gabriel.	Partnership with AAU on the project Sustainable Production 3.0, where circular business models for ZenXit and furniture are the main focus.
		Gabriel Group: evaluate and update CSR strategy together with main stakeholders to reflect the ongoing development of the Gabriel Group. Make plan for implementing findings in policies, plans, tools and procedures.
		Gabriel A/S: complete CSR-training for relevant employees.

## Working at Gabriel

As an international company, Gabriel must be able to attract and retain employees with the right skills and knowledge for the continued creation of innovation and growth. Gabriel gives priority to everyone using, developing and sharing knowledge and skills. All employees are familiarised with Gabriel's vision, strategy, targets and activity plans and are regularly updated on their work situation as part of employee development dialogues and employee meetings. This ensures that all employees work towards clear goals and with clear areas of responsibility, and that their professional and personal development is stimulated. Job satisfaction is a continuous focus for Gabriel, and all Masters have prioritised initiatives for the purpose of maintaining and improving job satisfaction.

Gabriel aims to be an attractive employer for all and fulfils its social responsibility in the local community. Gabriel is active in health promotion, and all companies in the Group offer their employees different types of health promotion initiatives.

In addition, each company in the Group have implemented specific employee benefits, which match conditions in the country where they are operating.

As an example, Gabriel A/S (Denmark) offers flex jobs, training places and trial jobs, and there is an annual subsidy for sports activities. Another example is Gabriel Asia Pacific, which offers, for example, family property insurance and an annual health check.

### Gabriel buildings and facilities

Gabriel occupies a number of locations throughout the world. The head office is situated at the spot where it all started in 1851. In 2014/2015, Gabriel has established an American operating company, Gabriel North America Inc., in Grand Rapids, Michigan, USA. Furthermore, the operating company Gabriel A/S has established a sales company, Gabriel Sweden AB in Stockholm, Sweden. Before the end of 2015 Gabriel will also open a new office in Paris dedicated to the furniture industry and the architect community.

New locations are chosen based on a number of parameters; e.g. possibility of strengthening new or existing markets, accessibility for Key Accounts, availability of competent staff, the neighbourhood, and making sure the building is as sustainable as possible.

### Global player

- **Gabriel Europe**  
Head office  
Aalborg, Denmark

- Sales offices  
Bingen, Germany  
Stockholm, Sweden  
Paris, France

- **Gabriel North America**  
Sales office  
Grand Rapids, Michigan

- **Gabriel Asia Pacific**  
Sales office  
Beijing, Shanghai and Guangzhou

- **Distribution centres**  
USA, Lithuania and China

- **FurnMaster production**  
Lithuania and Poland

- **SampleMaster production**  
Lithuania



### Working at Gabriel: objectives and results

Objectives 2014/15	Results 2014/15	Objectives 2015/16
Gabriel A/S: hold all mandatory employee appraisal and half-yearly follow-up interviews.	All mandatory interviews were held.	Gabriel Group: hold all mandatory employee appraisal interviews.
Gabriel A/S: register and analyse absences due to illness and initiate actions based on the results.	Registration of absences due to illness was initiated. Short-term absence is 2.0%.	Gabriel Group: all units register absence due to illness, and set up relevant action plans based on performance.
Gabriel A/S: update the workplace assessment.	The assessment is updated, responsibility and deadlines assigned. The assessment is part of the ongoing work of the working environment council at Gabriel.	The objective is achieved.
		Gabriel A/S and FurnMaster units: prepare action plan for OHSAS 18001 certification. Complete work environment mapping and have system certification initiated.



## Consolidated data

The statement covers the period 1 October 2014 to 30 September 2015.

	2014/15	2013/14	2012/13	2011/12	2010/11
<b>ENVIRONMENTAL DATA AALBORG, DENMARK</b>					
District heating (m <sup>3</sup> )	10,832	13,333	23,192	23,205	31,655
Electricity (MWh)	500	555	548	532	435
Share of renewable electricity (%)	47	35	24	26	
Calculated CO <sub>2</sub> emission (heat and electricity) (tons)	191	262	258	287	311
Waste water (m <sup>3</sup> )	1268	1178	1053	1029	860
Industrial waste (tons)	16.9	28.5	15.3	14.5	16.4
Cardboard for recycling (tons)	3.9	2.2	2	4.3	5.1
Metal for recycling (tons)	2.0	14.1			
Plastic for recycling	0	0.5	0	1.2	0
<b>ENVIRONMENTAL DATA, SCANDYE LT</b>					
Natural gas (m <sup>3</sup> /kg)	0.90	0.92	1.02	1.08	1.03
Electricity (MWh/kg)	1.35	1.37	1.50	1.52	1.44
Calculated CO <sub>2</sub> emission (tons/kg)(electricity and gas)	2.02	2.08	2.46	2.59	2.47
Water consumption (l/kg)	136	131	143	140	158
<b>CONSUMPTION OF RAW MATERIALS</b>					
Wool goods (tons)	783	792	758	727	947
Polyester goods (tons)	906	798	670	531	346
Percentage of materials used that are recycled input materials*	1.8				
<b>TRANSPORT</b>					
Proportion of transport by sea (%)	99.0	93.6	98.5	99.1	75.4
<b>PRODUCT LABELLING</b>					
Proportion Oeko-Tex (%)	90	71	80		
Proportion EU Ecolabel (%)	45	43	40		
Proportion Cradle to Cradle Certified (%)*	5				
<b>SUPPLY CHAIN MANAGEMENT (FABRICS) *</b>					
Percentage of new suppliers (category A and B) that were screened using environmental and social criteria (%)	100%				
Percentage of existing suppliers (category A) which are certified according to ISO14001 or equivalent, or have defined objectives and action plans related to environment and CSR (%)	100%				

\* The indicator is introduced for the first time in the CSR Report 2014/15, and therefore no historic data are presented.

## Notes: measuring and basis of calculations

### Accounting policies

Information in the report is based on data from ongoing internal and external readings and reports under the environmental management system. The environmental report includes absolute quantities, key figures and qualitative descriptions. Only significant impacts are included. Data covering UAB FurnMaster and FurnMaster Sp. z o.o. will be included in the CSR Report 2015/16 when data collection and validation systems are implemented.

### Key indicators

The reporting of key indicators is based on an assessment of the most significant impacts. Indicators listed by the Sustainability Reporting Guideline (G4) by the Global Reporting Initiative (GRI) have been reviewed as a source. Resource consumption data related to production operations are presented relative to the amounts produced.

### Energy

The calculation of CO<sub>2</sub> emissions for Aalborg is based on the environmental declaration from Aalborg District Heating. The production of one kWh average current in Denmark consisted in 2014 of 30% coal, 7% natural gas, 47% wind, water and solar energy, 13% waste, biomass and biogas, 0% oil and 3% nuclear power (www.energinet.dk).

UAB Scandye (Lithuania) is supplied with 100% renewable electricity, originating from hydro power.

The Danish Gas Technology Centre's emission calculations for big boilers are used to calculate CO<sub>2</sub>-emissions for natural gas consumption in Lithuania.

Emissions of SO<sub>2</sub>, NO<sub>x</sub> and CH<sub>4</sub> are not included, as the quantities emitted are deemed insignificant.

### Wastewater

Wastewater amounts equal the purchased quantity of public drinking water for all units.

### Consumption of raw materials

The stated consumption of raw materials includes production waste, which is approximately 5%. Commodities are also included. The numbers are based on statements from Gabriel ERP (Enterprise Resource Planning) systems. Only the share of recycled material input is included, as wool is a renewable resource.

### Transport

The transport breakdown into sea and air for goods produced in China is calculated on the basis of invoices for carriage according to calendar year. The breakdown is calculated on the basis of the consignments' total weight in kg. The number represents year-to-date performance related to the calendar year 2015 (as of 30.09.2015).

### Product labelling

The proportion of labelled products is calculated by counting the total number of products in Gabriel's standard range as of 30.09.2015 relative to the total number of products labelled with either the EU Ecolabel, Oeko-Tex or Cradle to Cradle. Calculation principles have been changed to better reflect the standard range of products. Therefore the score is significantly improved for this reporting period.

### Supply Chain Management

The number is based on records from the Supplier Management System, which is updated on a quarterly basis or as suppliers provide updated information.

***The independent auditor's report*****To the stakeholders of Gabriel Holding A/S**

We have carried out a systematic review of registrations, calculations and balances in Gabriel Holding A/S's CSR Report for the 2014/15 financial year, which was prepared in accordance with the statutory rules on green accounting and section 99a of the Financial Statements Act as well as the measuring methods and calculation basis described.

The management of Gabriel Holding A/S is responsible for Gabriel Holding A/S's CSR Report. Our responsibility is to express an opinion on the CSR report on the basis of our review.

**Object and scope of the review**

We conducted our audit in accordance with generally accepted principles and standards. The review was organised and conducted for the purpose of expressing an opinion with limited assurance.

On the basis of an assessment of environmental significance and risk, we reviewed Gabriel Holding A/S's documentation and data reported for the company. The review also includes an assessment of Gabriel Holding A/S's system for data collection and Gabriel Holding A/S's own checks and quality assurance of data, including our opinion on the accounting policies and an assessment of the overall presentation of the CSR Report.

In the review special emphasis is placed on the data sources and aspects of the data gathering procedure which are assessed to be subject to a major/higher risk of errors, taking into account the risk management methods applied to minimise the degree of uncertainty.

The review was conducted by examining documentation and data, assessing measuring methods and calculation models, and, where possible, comparing the data with the financial statements. Interviews were performed with management representatives and employees during the review.

We believe that the review which was carried out is appropriate to provide a basis for our statement.

**Statement**

In our review no aspects came to our attention which challenges the credibility of Gabriel Holding A/S's CSR Report. No aspects has been brought to our attention which challenges the compliance of Gabriel Holding A/S's CSR Report with the statutory rules for green accounting or Section 99a of the Financial Statements Act, or with the analysis and measuring methods described by Gabriel Holding A/S.



Tommy Lund  
Lead Auditor



Annette Kromann  
Resource Manager

# Gabriel®

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