

# Corporate Social Responsibility Report **2012-2013**



## **UN Global Compact**

NKT wishes to protect the environment, safeguard human and labour rights and work against corruption

# About this report

The objective of NKT's sustainability reporting is to **create transparency** and to serve as a **benchmark** in terms of progress against comparable companies

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NKT became signatory to the UN Global Compact in March 2009 and this fifth CSR Report fulfils the company's obligation to provide Communication on Progress (COP) for the period 1 July 2012 to 30 June 2013.

The business units NKT Cables and Nilfisk-Advance are also autonomous signatories to the UN Global Compact, and their obligation to provide Communication on Progress is likewise fulfilled by this CSR Report.

### Reporting structure

NKT consists of three business units with very diverse product portfolios, organisations and markets. Accordingly, their sustainability focus areas and challenges also differ. The first part of this report therefore contains an overview of the NKT Group and its CSR performance while the second part addresses progress in each of the business units separately. NKT sets the guidelines, whereas the goals are predominantly set by the business units in close dialogue with NKT. To ensure commitment, all goals must be as specific as possible and concrete actions to achieve them must be clearly defined.

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**Michael Hedegaard Lyng**, Group Executive Director & CFO

## Foreword by **the CFO**

Since the formation of the current structure of the NKT Group in 1991 the principle aim of everything we do is to create value by exercising a long-term and active ownership in areas of business where NKT is best owner.

To ensure our continued success and growth also in coming years it is fundamental that we conduct our businesses in a responsible way and always aim for sustainable solutions. We consider this a prerequisite for constant value growth of our businesses. We therefore place strong focus on employee commitment, care for the environment, and non-participation in illegal market practices.

Being signatory to the UN Global Compact has formalised this work, and progress is becoming increasingly visible every year. I particularly wish to emphasise two areas where significant improvements have been made. First, the number of occupational injuries resulting in absence from work has declined by 56% over the last two years, and second, Group CO<sub>2</sub> emission relative to output has decreased significantly since we set the first target in 2008, and we continued to see a notable reduction of 6% in 2012. These achievements should not lead us to rest on our laurels, however, and continuous efforts must be made to improve our sustainability further. That is our responsibility as an active owner of businesses with a global presence.

### **Megatrends as strategy drivers**

NKT's business strategy 'Powered by NKT' spotlights global megatrends such as urbanisation, renewable energy, sustainability and emerging markets. We expect these trends to generate new sales and business opportunities, which we believe the NKT Group is well positioned to exploit. We also believe that as an active player in these fields we can contribute to making the world a good and better living place for coming generations.

For NKT, long-term value creation in our businesses and in the international community goes hand in hand. It is the only way to ensure future development and growth, as we see it.

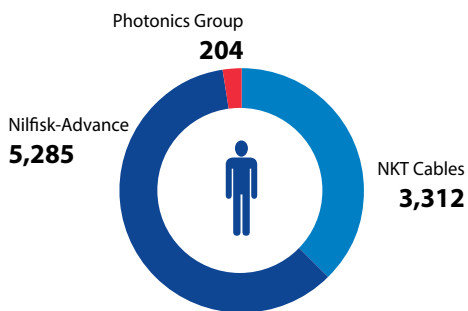
# NKT Group in brief

## Group facts

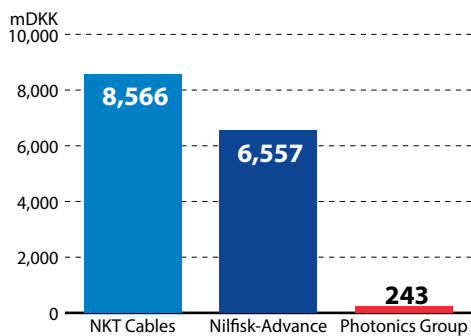
Global presence

**+100** countries

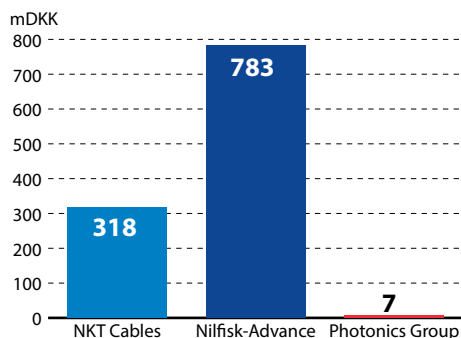
Employees as of 30 June 2013



Revenue (LTM)\*, market prices



EBITDA (LTM)\*



\* Last twelve months (1 July 2012 - 30 June 2013)

NKT is an industrial conglomerate driven by a global mindset and focus on growth and value creation through **long-term** and **active ownership** of its businesses

NKT is headquartered in Denmark whilst 92% of Group revenue (2012) is generated abroad and some 87% of the workforce is based in other countries. The NKT Group is active in six continents through three separate business units:

**NKT Cables** is a front-line supplier of power cables to the energy sector primarily in Europe and China. Focus is on supplying cables and solutions for expansion of transmission and distribution grids (electrical infrastructure), cables for buildings, wires for cars, as well as catenary wires for high speed railways and signal cables. NKT Cables' main focus is to be at the forefront developing sustainable innovative products and solutions.

**Nilfisk-Advance** is one of the world's leading manufacturers of professional cleaning equipment. The products are sold worldwide and primarily focus on the commercial cleaning market, but vacuum cleaners and high pressure washers are also supplied to the domestic market segment. Nilfisk-Advance's strategic focus is to become Customer's Preferred Choice - partly through supplying resource-efficient products that reduce customer cleaning costs while promoting a more sustainable cleaning profile.

**Photonics Group** manufactures technologically sophisticated products based on the unique light-conducting properties of optical fibers as well as lasers for multiple purposes. The products are used in a broad range of industry sectors in the development of totally new and innovative solutions. This development is typically fuelled by the need for more efficient use of global resources, smarter communications tools, increased security of food and energy supplies, prevention of pollution and heightened personal safety.



Visit [www.ntk.dk/uk](http://www.ntk.dk/uk) to learn more about the NKT Group.

# Group strategy

NKT's strategy 'Powered by NKT' builds on key **trends driving global development** such as urbanisation, renewable energy and emerging markets, combined with the need to find **sustainable solutions**

Recent decades' increased globalisation is breaking down the hitherto more regionalised distribution of economic growth, higher living standards, competition, trading patterns, etc. This new 'world order' is leading to growing urbanisation, demographic changes, improved living standards - and thus also the need to find sustainable solutions to preserve scarce global resources.

All NKT's business units are strongly positioned within their markets to provide products and solutions that are inherently environment-friendly. However, NKT can create much greater impact in terms of a more sustainable future by providing products that deliver substantial savings when deployed in solutions and by end users.

This opens up an opportunity as the above-mentioned trends will necessitate investments in:

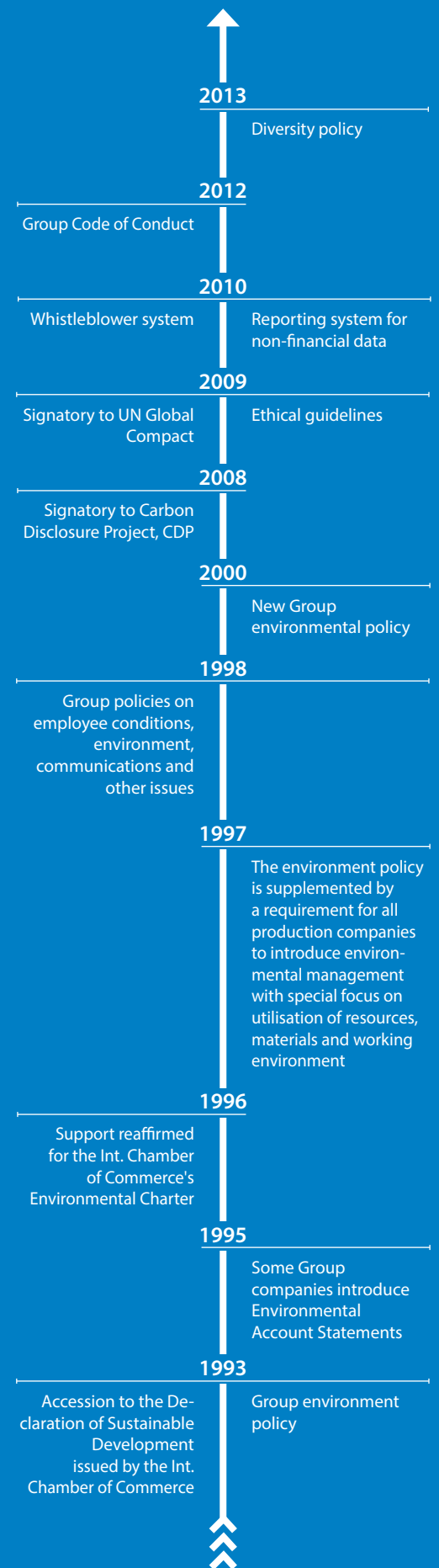
- Efficient and flexible electricity supply (e.g. high and medium voltage cables and optic-fiber sensors)
- Sustainable energy production (e.g. submarine cables for offshore wind farms)
- Expansion of transport infrastructure (e.g. catenary wire for high speed railways and optic-fiber fire sensors for tunnels)
- Deepwater oil recovery (e.g. optical sensors for seismic surveys)
- Improved recovery from existing oil and gas reservoirs (e.g. optical sensors)
- Development in new growth markets with improved pay and prosperity levels, and increased environmental focus (e.g. automation of cleaning processes and related need for cleaning equipment).

Visit [www.nkt.dk/uk](http://www.nkt.dk/uk) to:



- Read more about NKT's strategy
- See the video about NKT and urbanisation

## NKT Sustainability timeline



# Diversity

In NKT diversity is primarily a matter of ensuring the **right and best competences** combined with **social and cultural skills** in order to reach business strategy and goals

NKT perceives diversity as an important asset and is firmly committed to providing equal opportunities to all our employees. Therefore we do not tolerate discrimination or harassment of any kind.

For several years NKT has been collecting data and monitoring the development in diversity, including gender distribution, in the senior levels of management in the entire Group. Data shows that women are under-represented both in the management and in the staff functions in general. The reason is partly historical and may be ascribed to the sectors in which NKT operates and where there is a marked preponderance of men.

NKT will continue to focus on offering both sexes equal conditions for achieving a position at all management levels and has in 2013:

## 1. Defined target figure for AGM-elected Board members

It is the objective that both sexes shall be presented as AGM-elected Board members. The target for the under-represented sex is 17%, corresponding to one AGM-elected member.

The prerequisite for achieving this target is that the list of candidates prior to nomination for first-time election always includes persons of both sexes.

## 2. Set up an action plan to promote equal conditions for both sexes to attain a senior position

NKT will:

- Demand of recruitment firms and headhunters that both sexes shall be represented in the field of candidates for senior positions.
- Annually monitor the development in diversity, including gender distribution, in the most senior levels of management.
- Increase focus on career plans at annual staff development interviews with persons having management potential.



Visit [www.ntk.dk/uk](http://www.ntk.dk/uk) to learn more about diversity in NKT.

## Gender diversity in senior management 2013

	Senior Man.	Age profile			Gender		No. of nationalities
	Total	<40	40-54	>54	Women	Men	(The predominant nationality in %)
NKT Board of Directors*	6	0	4	2	1	5	2 (Danish 83%)
NKT Management	6	3	2	1	1	5	1 (Danish 100%)
NKT Cables	70	14	45	11	5	65	11 (German 50%)
Nilfisk-Advance	72	12	47	13	2	70	31 (Danish 36%)
Photonics Group	14	0	9	5	0	14	3 (Danish 43%)
<b>Total</b>	<b>168</b>	<b>29</b>	<b>107</b>	<b>32</b>	<b>9</b>	<b>159</b>	

\* Elected at the AGM

# Group performance

In 2012-13 NKT introduced a Group **Code of Conduct**, realised another **significant reduction** in number of **occupational injuries**, and **increased** supplier acceptance of the UN Global Compact

In 2009 NKT published an Ethical Statement outlining the Group's position on a number of issues based on the UN's Universal Declaration of Human Rights, ILO (International Labour Organisation) Principles of Rights at Work, and the ten UN Global Compact principles.

In the present reporting period NKT added a Group Code of Conduct providing guidance on appropriate conduct for everyone at NKT - employees, management and Board of Directors - in a number of ethically challenging scenarios. These

scenarios are divided into three main categories: Employees, External Relationships, and Environment & Society. All business partners representing NKT are also expected to know, comply with and respect the NKT Code of Conduct.

The Code of Conduct applies everywhere NKT companies do business subject to local laws and regulations. However, each NKT business unit may formulate further details or add additional guidelines if necessary.



Visit [www.ntk.dk/uk](http://www.ntk.dk/uk) to learn more about NKT's Ethics Statement and Code of Conduct .

## Key sustainability figures

As of 30.06.2013	2012-2013			2011-2012			2010-2011		
	NKT Cables	Nilfisk-Advance	Photonics Group	NKT Cables	Nilfisk-Advance	Photonics Group	NKT Cables	Nilfisk-Advance	Photonics Group
Revenue LTM, standard metal prices (mDKK)	5,588	6,557	243	5,436	6,433	228	5,782	6,000	191
Number of employees	3,312	5,285	204	3,367	5,329	189	3,609	5,378	181
Occupational injuries with absence from work	47	71	0	98	93	0	139	130	0
Suppliers* accepting the UN Global Compact (%)	84	50	63	86	44	43	80	36	37
CO <sub>2</sub> Scope 1+2 (tonnes CO <sub>2</sub> )	78,012	26,213	700	82,409	29,043	864	94,141	29,294	645
Emission relative to revenue (tonne CO <sub>2</sub> per DKK million, standard metal prices)	13.96	4.00	2.88	15.16	4.51	3.79	16.28	4.88	3.38
Emission relative to employees (tonne CO <sub>2</sub> per employee)	23.55	4.96	3.43	24.48	5.45	4.57	26.09	5.45	3.56
Material utilisation efficiency (%)	95.8			95.8			95.6		
Water (m <sup>3</sup> )	111,116	166,934	N/A	144,375	199,330	N/A	188,305	190,853	N/A
Development projects with environment improvements (%)		71			71			60	

N/A: Not available

\* Annual purchase value above 50,000 EUR

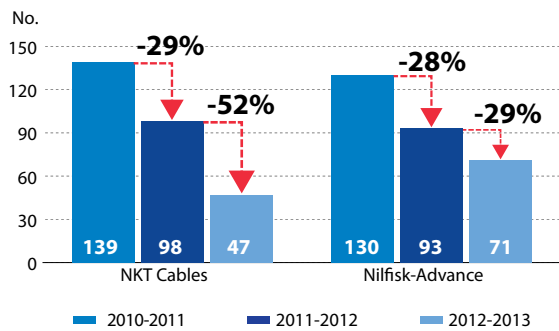
## HUMAN AND LABOUR RIGHTS

NKT has a global presence and its licence to operate is based on compliance with local laws and regulations. Furthermore, NKT is a strong advocate for respect for international rights, also in areas of the world where these rights may not necessarily be prioritised. Compliance is integrated in NKT's due diligence procedures when acquiring companies as well as in numerous policies.

### Significant reduction of occupational injuries

All NKT business units attach great importance to having a safe and healthy working environment, and efforts focused on specific injuries are bearing fruit; the Group has registered a 38% decrease in occupational injuries in the present reporting period and an impressive 56% reduction over the last two reporting periods.

### Occupational injuries causing work absence



No injuries have occurred in Photonics Group for the past three years

The table above shows the development in occupational injuries in NKT's businesses over the last three reporting periods. Part of the significant improvement is due to the introduction by NKT Cables in 2011 of a new Health & Safety Policy, and the renewed focus on this issue has led to not only fewer injuries but also increased awareness of unsafe situations and actions. The ambition is to reach best-in-class level by 2016 by reducing the accident frequency by a minimum of 75% compared with 2011, corresponding to 5 occupational injuries per million working hours or less (current reporting period: 8.0). In Nilfisk-Advance, e.g. training sessions for new employees have led to increased attention on reduction of injuries.

### Employee engagement surveys

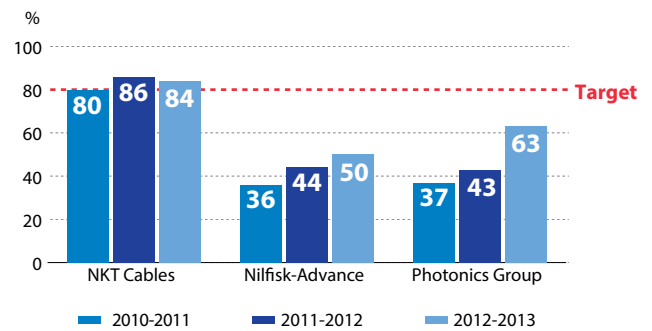
In the current reporting period Nilfisk-Advance finalised a comprehensive employee engagement survey covering more than 40 countries and some 4,400 employees. Based on the results, key focus areas have been identified, and these will be the main drivers for Nilfisk-Advance to become an even more attractive workplace. NKT Cables conducted a similar survey in the previous reporting period and has launched a number of initiatives based on the results, including an opportunity for employees to meet the management for discussions on relevant issues.

### Increasing supplier acceptance of UN Global Compact

In the previous reporting period and particularly in the present, Nilfisk-Advance has noted significant progress in obtaining UN Global Compact acceptance by US-based suppliers, and acceptance by this segment now exceeds 80%. Suppliers in parts of Asia remain hesitant, so Nilfisk-Advance continues to push this agenda when negotiating new contracts and expects to reach a target of 80% compliance by 2015.

The continuous focus on this issue is based on an initiative taken by NKT when the Group became signatory to the UN Global Compact in 2009. At the same time NKT introduced the requirement that suppliers representing an annual purchase value above 50,000 EUR should also comply with the ten principles. The target was to obtain acceptance from 80% of the suppliers concerned. Progress since the launch is illustrated in the table below.

### Suppliers\* accepting the UN Global Compact



\* Annual purchase value above 50,000 EUR

A reason for the fluctuating results is that the business units differ considerably in terms of supplier base. Whereas NKT Cables has a small number of large suppliers and procurement is concentrated in Europe, Nilfisk-Advance has many small, local suppliers around the world. Photonics Group also has small, local suppliers.

## ENVIRONMENT

NKT's efforts relating to environmental savings have a twofold objective: to reduce the Group's own utilisation of resources, and to supply products with environment-friendly purposes and/or direct environmental savings.

### CO<sub>2</sub> emissions reduced

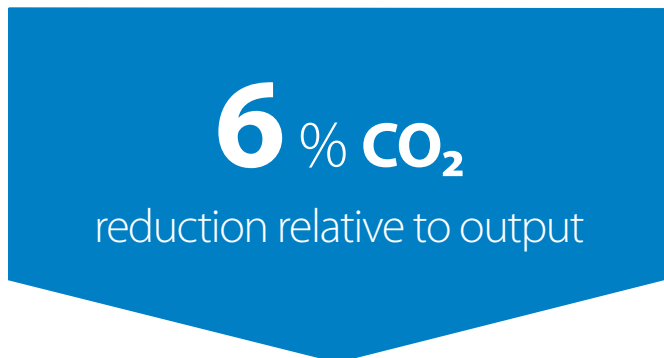
Having reduced CO<sub>2</sub> emission by 12% relative to revenue over a three year period from 2009-2011, NKT has set new targets for reducing CO<sub>2</sub> consumption

- An average 3% annual reduction in fossil energy consumption primarily for heating of buildings (Scope 1 emission)



- An average 3% annual reduction in total energy consumption measured in relation to revenue calculated at standard metal prices (Scope 1+2 emissions)

These objectives are based on the reported CO<sub>2</sub> levels in 2011 and NKT's existing number of business units and entities. The 2012 result reported to the Carbon Disclosure Project in May 2013 was:



#### Product development with focus on energy

The NKT Group's greatest environmental contribution, however, is development of new products that reduce user energy consumption or support the spread of sustainable energy production. Examples are:

- Nilfisk-Advance strives to incorporate environmental improvements in new products in at least one of four focal areas: water consumption, energy consumption, use of detergents and disposal. In the present reporting period 71% of new launches featured improvements in at least one of the four areas.
- NKT Cables develops its submarine cables and high voltage products to meet the need for energy infrastructure created by the growing number of alternative energy sources. For example submarine cables are used to convey electricity from offshore wind farms to the high voltage grid on shore.
- The optical fibers supplied by Photonics Group are typically incorporated in innovative applications driven by the need for improved use of global resources, new discoveries within life sciences, smarter communication tools, prevention of pollution and greater food or personal safety.



For more information about NKT's CO<sub>2</sub> emissions please visit [www.nkt.dk/uk](http://www.nkt.dk/uk).

## ANTICORRUPTION

NKT has business operations worldwide, including in parts of the world where corrupt practices have previously existed and to some extent still do. Some of the business units also operate in sectors where cartels have occurred. It is therefore crucial for our credibility that NKT is a strong advocate of fair competition and lawful practices.

#### Internal compliance

An extensive anticorruption review is part of the annual Statement of Representation (see section 'Reporting Principles' for more information) signed by the managers of all NKT entities. The managers submit their findings, if any, on a number of potential corrupt practices, such as cartels, money laundering, bribery and facilitation payments. The managers also declare whether necessary actions are taken to ensure that employees in contact with external partners are aware of and trained in NKT's anticorruption policy. In the present reporting period there were no registered cases of corruption or other misconduct.

#### Whistleblowing

NKT has an internal whistleblower system, provided by an external partner, who's purpose is to help disclose any irregularities. All employees can anonymously report any serious concerns about irregularities or inappropriate actions. Reports may be submitted in a number of languages and in writing or orally.

None of the reports submitted for 2012-2013 have led to material adjustments in business procedures.

#### Statement of objections

In July 2011 NKT Cables and NKT Holding received a Statement of Objections from the European Commission in connection with the Commission's investigation of the submarine and underground high voltage cable markets in the period 1998-2008. NKT Cables and NKT Holding examined the documentation from the European Commission and submitted their response by the deadline in early November 2011. Subsequently the European Commission produced additional documents, and NKT Cables and NKT Holding launched a review. The findings of this review were submitted on 16 March 2012. NKT Cables and NKT Holding gave an oral presentation of NKT's viewpoints at a hearing held by the European Commission in June 2012. The European Commission is expected to reach a decision on this issue within the next few years.



*The 2012 employee survey revealed a wish for an increased level of communication, appreciation and recognition throughout the NKT Cables organisation. 'Meet the Board' sessions have therefore been set up giving everyone the opportunity to participate in informal meetings with a Board member. Here ideas and experiences are exchanged and open discussions on all relevant subjects take place. This initiative has proved popular and will continue.*

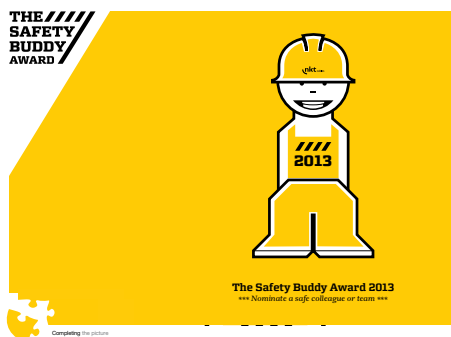
# NKT Cables

## Highlights 2012-2013

### Water consumption halved since 2010

A number of improvements ranging from substitution of evaporation cooling to establishment of closed free cooling or compressor systems, and identification and repair of leakages, have resulted in a halving of the total water consumption since 2010.

### Number of accidents in free fall



The new health and safety (H&S) policy rolled out since autumn 2011 giving H&S top priority has shown its value. Accident frequency fell by 25% from 22.4 to 16.8 in the first 12 month period and by a further impressive 52% to 8.0 in the current reporting period (July 2012 - June 2013).

### Combined heat and power plant saves CO<sub>2</sub>

Demolition of an old boiler and outsourcing of heat supply to a combined heat and power plant has reduced carbon footprint for both electricity and heat at one of our plants in the Czech Republic.



**Result:** An annual atmospheric emission saving of approx. 3,000 tonnes CO<sub>2</sub>.

# NKT Cables

## CEO letter

Our **relations** with co-workers, customers, suppliers, communities and other stakeholders are seen within the **framework** provided by the **UN Global Compact**

Our actions are guided by strict adherence to our Corporate Social Responsibility (CSR) principles as we believe this provides for a strong and lasting foundation for our business. In some ways CSR has been part of our heritage and our way of doing business for decades, even before it was given a global framework by the United Nations.

The NKT Group acceded to the UN Global Compact in 2009, with NKT Cables autonomously following suit in 2011. Being signatory to the UN Global Compact has helped us greatly in expanding the reach and awareness of CSR to all parts of the company and making CSR unconditional. Our relations with customers, suppliers, communities and other stakeholders are seen within the framework provided by the UN Global Compact. Our plant operations focus on minimising any negative environmental impact and on being a good citizen of the communities of which we are part.

With our commitment to the UN Global Compact we continue to invest in the development of our company, our employees as well as in our product and production standards. We continue to train our employees in the importance of compliance with laws and regulations. We continue to work hard at generating the awareness that all our employees can contribute to a safer working environment and that an accident-free work place is a realistic and feasible medium-term goal. We continue to invest resources in reducing the energy and water consumption of our operations and in reducing the emissions that our operations generate. We see process optimisation to reduce the materials consumption of our products as a never-ending challenge. We know that for all of the above, measuring and reporting is key, and we continue to invest in further improvements in this domain. By keeping up our commitment we will ensure that respect for CSR standards continues to be part of how we conduct our business.

Our efforts have generated progress in many fields but, as we continue to expand our business internationally, we know we can and must do more. We will therefore not relax our efforts in this regard. We are strongly convinced that our CSR principles will help us to be a long-term successful company in our industry, a good partner to our customers and a great place to work.

Marc van't Noordende  
CEO, NKT Cables Group



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*With our commitment to the UN Global Compact we continue to invest in the development of our company, our employees as well as in our product and production standards”*

# Human and labour rights

As a global company with locations in more than 20 countries and with suppliers and customers all over the world, NKT Cables is committed to respecting human and labour rights as a natural part of daily business. Accordingly, we annually ask all our local management teams to sign a Statement of Representation affirming adherence to the principles of the UN Global Compact to ensure that the fundamental principles of NKT's ethical guidelines are known and complied with throughout our organisation. NKT Cables also conducts regular surveys with its suppliers regarding their position on acceptance of the UN Global Compact. The most recent survey results showed that 84% of NKT Cables' total purchase volume was represented by suppliers committed to the ten principles.

Our Health & Safety policy was updated in January 2013 by introducing firm focus on unsafe situations and behaviour. If unsafe situations and behaviour are eliminated the risk of accidents is also minimised. All production sites have been asked to identify such cases and make risk assessments followed by relevant improvements. The target is to be able to close a minimum of 3000 cases in 2013. A clear cause and effect might be difficult to prove, but the accident frequency has been halved during the last 12 months. To keep employee focus on Health

& Safety, a Safety Buddy Award will be introduced in second half 2013 and first election of a 'champion' is scheduled for the beginning of 2014.

Our employees are our key asset and we firmly believe that their education and training positively influence the company's results. In line with this conviction, NKT Cables has successfully implemented special training sessions on communication skills, offered English classes, and provides organisation-wide development opportunities regardless of gender, race, age or religion.

Against this background NKT Cables conducted a worldwide employee survey in 2012 to identify further focus areas and to measure employee satisfaction. The results showed a desire for greater communication, appreciation and recognition throughout the company and have been translated into specific actions at all locations. For its part, the management of NKT Cables has organised periodic 'Meet the Board' sessions at all sites (read more on page 10).

The next employee survey is planned for 2014 to measure the effectiveness of the actions taken and the progress made.

Goals & actions	2012-13		30.06.13
	Target	Achieved	Status
<b>Procurement</b>			
Based on results of the previous survey, a further improvement in compliance with the UN Global Compact will be targeted by seeking a similar commitment also from smaller suppliers.	100%	84%	(✓)
Request for commitment to UN Global Compact principles shall become standard procedure in qualification process for new raw material suppliers.	100%	100%	✓
<b>Occupational injuries</b>			
Improve safety performance towards best-in-class industry standards defined as less than five accidents per one million working hours. Target is an annual 25% reduction (frequency 2011-2012: 16.6 vs. 2012-13: 8.0).	25%	52%	✓
<b>Employee training</b>			
Improve employee competences and capabilities, thereby improving company competitiveness. The process is ongoing and has our commitment.	100%	100%	✓
Measurement of employee satisfaction by conducting a global people survey and developing action plans.	100%	100%	✓
<b>Health management</b>			
Focus on health management, all units being requested to address this issue in the action plans following the employee survey, if necessary by Group initiatives and a monitoring system.	To be defined	To be defined	

÷ Not accomplished      (✓) Partly accomplished or behind schedule      ✓ Accomplished or on track

# Environment

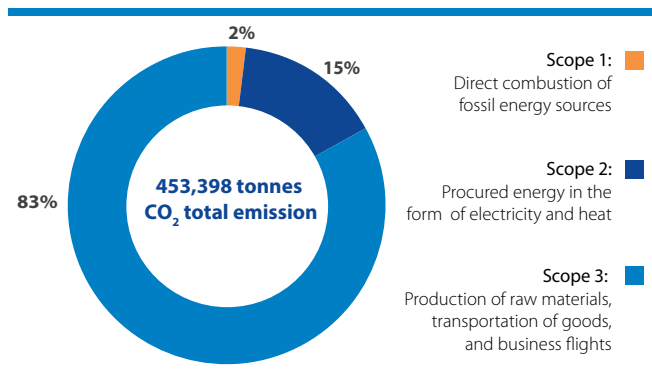
An overall evaluation of the environmental aspects of our activities shows that traditional industrial environmental impacts such as black smoke, loud noise and toxic effluent are not an issue. Discharge of substances of environmental concern to the atmospheric, terrestrial and aquatic environment is negligible, except for the greenhouse gas carbon dioxide deriving mainly from natural gas-fuelled boilers that provide comfort heating.

Careful examination of our activities has identified four main potential areas for environmental improvement along with results to date:

- Energy consumption (consumption for comfort heating has decreased by 45% on 2008)
- Water consumption per tonne of cable (reduced by 43% compared with 2010)
- Materials utilisation efficiency (improved by 0.6% from 95.2% in 2008 to 95.8%)
- Product substitution (e.g. introduction of lead-free PVC cables in the 1990s. 10 years later we substituted the PVC plasticiser DEHP with other phthalates of less health concern and marketed halogen- and PVC-free alternatives for installation cables).

Moreover, we have successfully extended our business involvement in renewable energy fields by helping customers to conserve natural resources and reduce CO<sub>2</sub> emissions. Our submarine cables are instrumental in realising the benefits of offshore wind farms, and our supply of monitoring solutions and technologies contributes to significant reductions in transmission and distribution losses.

## 83% of NKT Cables' carbon footprint relates to our suppliers of raw materials



Goals & actions	2012-13		30.06.13 Status
	Target	Achieved	
<b>CO<sub>2</sub> emissions</b>			
CO <sub>2</sub> emission from comfort heating reduced more by more than 40% compared with 2008.	40%	45%	✓
Optimise machinery energy consumption. Ongoing measurements followed by data analysis will lead to definition of specific goals.	Target to be defined	>30 actions planned	(✓)
<b>New goal:</b> Reduce natural gas by 500,000 kWh, i.e. approx. 1% saving in company consumption by 2014.			
<b>New goal:</b> Reduce electricity consumption by 1,000,000 kWh, i.e. approx. 0.7% saving in company consumption by 2014.			
<b>Material utilisation efficiency</b>			
Increase efficiency by 0.1% annually, i.e. to 96.1% in 2013.	96,1%	95,8%	(✓)
<b>Water</b>			
Water saving of 35% per tonne of cable output compared with 2010 to be achieved before end-2013. (Results: 2010: 815 l/tonne cable vs. 2013: 468 l/tonne cable).	35%	43%	✓
<b>New goal:</b> Save 5,000 m <sup>3</sup> drinking water, i.e. approx. 5% saving in company consumption by 2014.			

÷ Not accomplished      (✓) Partly accomplished or behind schedule      ✓ Accomplished or on track

# Anti- corruption

A growing number of companies across the world are increasingly recognising that doing business with integrity is the only sustainable option. Doing business with integrity is more likely to attract and retain highly-principled and motivated employees and investors. In contrast, companies confronted with corruption cases have faced reputational damage.

Accordingly, NKT Cables engages in transparent business relations with partners who must respect the principles of the UN Global Compact. We are also committed to taking responsible corrective action wherever and whenever we detect deviations from these principles. Rules and guidelines based on these principles are communicated throughout the company, and local management teams are regularly required to sign a Statement of Representation affirming their knowledge of and compliance with the rules defined.

Additionally, as part of an awareness campaign, the management has given presentations emphasising compliance with laws and regulations. The awareness campaign attracts continued attention and commitment from management.

“  
NKT Cables engages in transparent business relations with partners who must respect the principles of the UN Global Compact”

Goals & actions	2012-13		30.06.13
	Target	Achieved	Status
<b>Anticorruption</b>			
Explicit communication to be established and understood by all employees and business partners. An awareness campaign started in 2012 using a variety of tools and forums.	100%	70%	(✓)
<b>Facilitation payments</b>			
Ban on facilitation payments. Communication on non-acceptance of facilitation payments has been part of the awareness campaign.	100%	100%	✓
<b>Compliance with laws and regulations</b>			
Renewed attention to be given to the Code of Ethics as regards conduct in contacts with competitors by inclusion of this aspect in the awareness campaign and by scrutinising memberships of associations.	100%	100%	✓

÷ Not accomplished      (✓) Partly accomplished or behind schedule      ✓ Accomplished or on track



*Nilfisk-Advance is committed to reducing environmental impact by maintaining full cradle-to-grave responsibility and ensuring minimum environmental impact from life-expired machinery and equipment.*

# Nilfisk-Advance

## Highlights 2012-2013

### **Cradle-to-grave responsibility**

In 2012 Nilfisk-Advance was one of the founding partners of European Cleaning Machines Recycling (ECMR), a Dutch-based initiative that recycles life-expired machinery and equipment. The equipment is donated to ECMR which strips out all the useful components. ECMR operates in accordance with the ISO 26000 standard, the international guidelines for Corporate Social Responsibility. Nilfisk-Advance is a proud partner of ECMR and was the largest contributor in the current reporting period, donating ~20% of ECMR's equipment intake in 2012.

### **Nilfisk-Advance core values**

Nilfisk-Advance's core values are shared by all its constituent companies around the world.

We enable  
sustainable  
cleaning  
worldwide  
to improve  
quality  
of life

To succeed with our strategy of becoming Customers' Preferred Choice by 2015, common goals have been defined. Shared core values will help us to realise our objective by guiding our internal conduct.

### **Sustainability concept**

At Nilfisk-Advance we continuously work to improve our products. New products are required to provide equal or enhanced cleaning efficiency while using less energy, less water and less detergent. We and our customers alike see significant potential in developing cleaning solutions that deliver improved environmental performance.

We are committed to a leading position in this development, and we call our approach

green  
meets  
clean

# Nilfisk-Advance CEO letter

## **Sustainability** and **responsibility** are crucial to achieving our ambition of becoming **Customers' Preferred Choice**

Our company has existed for more than a century, and there is no doubt in our minds that respect and pro-active behaviour when it comes to sustainability are essential to a company's long-term prospects.

Being one of the world's leading manufacturers of professional cleaning equipment we have an obligation to lead the industry by setting high ethical standards.

Sustainability and responsibility are crucial to achieving our ambition of becoming Customers' Preferred Choice. We were therefore the first company in our industry to become signatory to the UN Global Compact. By adhering to its ten principles and in every way acting as a respectable business partner we can create a long-term advantage for both our customers and Nilfisk-Advance.

The UN Global Compact sets high standards for our behaviour as a global company: Respect human rights, say no to bribery and take care of the environment. We are certain that committing to this agenda will help us develop our business in a new and positive direction and at the same time meet the growing demand from customers for sustainable and more efficient products and offerings.

We have named our Corporate Responsibility strategy Green Meets Clean, and are currently working on Green Meets Clean 2.0 to further improve our sustainability efforts. This strategy is a promise to both ourselves and our customers that we will dedicate ourselves to delivering cleaning solutions that are efficient and that improve the sustainability of the industry. Green Meets Clean is also a promise to continuously work to improve our environmental footprint as a company.

Our fifth Communication on Progress Report contains data and status on goals and initiatives defined by Nilfisk-Advance. The data show that we have improved our performance in many areas and there is much of which to be proud. We consider the results achieved to be a significant stepping stone on our path to becoming an even more sustainable company.

Jørgen Jensen  
CEO, Nilfisk-Advance



*Our **Green Meets Clean** promise to customers:*

*We develop products with **improved environmental performance** and hereby enhance your capacity for delivering sustainable cleaning services.*

*We lower your **total cost of operation** and maximise your **return on investment** by developing products that uses less energy, water and detergents.*

*We enable you to **deliver on your promises** in a long-term sustainable way.*

*We respond to the needs for sustainable cleaning and **develop new opportunities** for you to **create lasting value** for you, your employees and owners.*



# Human and labour rights

We consider it important that all our employees are assured of good and fair conditions, and we are committed to setting an example in the countries where we operate. As a global company we operate in parts of the world that have a long tradition of respect for individual rights, and also in parts of the world where these rights are not necessarily prioritised.

Our approach to human and labour rights is described and globally communicated through the Nilfisk-Advance Code of Ethics and through Business Integrity Principles that were introduced in 2012. It is also mandatory for human and labour rights to be addressed at local business board meetings at least once a year.

We are firmly committed to providing equal opportunities to our employees and will not tolerate discrimination or harassment of any kind. Accordingly, we have established a registration system for such cases in our whistleblower system. No incidents were registered during the current reporting period.

To achieve our business goals it is crucial to have a dedicated workforce, an inspiring working environment and an ability to continuously foster new talent. To ensure dialogue and generate

commitment and engagement, our first global Employee Engagement Survey was conducted in 2012 and a response rate of 90% was obtained.

Based on the results, key focus areas have been identified and will be the main drivers for Nilfisk-Advance to create an even more attractive workplace regardless of location, and to ensure that our people have the opportunity to achieve their full potential.

Furthermore, through our new 'Ride-on programme' 300 managers were hand-picked for a training and education course to ensure the continued development of our talent.

Our customers wish to make sure that the products they use have been produced in a responsible way. We are therefore in the process of ensuring that not only we, but also our suppliers, conform to our standards and observe the principles of the UN Global Compact. The full integration of these principles in our standard supplier contracts led to a 50% signature rate in the current reporting period, an improvement of 6% points on last year, but we realise that we still have a way to go to reach our target of 80% by end-2015.

Goals & actions	2012-13		30.06.13
	Target	Achieved	Status
<b>Management</b>			
All local managements have been informed of our policies, have issued their comments, and have endorsed the policy.	100%	100%	✓
Zero tolerance of acts of discrimination of any kind and hence no cases to be reported.	100%	100%	✓
We will foster talent so that skilled employees have the opportunity to achieve their full potential.*	Index 77	Index 70	(✓)
<b>Derived goal:</b> To conduct global Employee Engagement Survey and set targets for Employee Engagement Index.	100%	100%	✓
<b>Procurement</b>			
80% of procurement (above 50,000 EUR in value) to be supplied by partners who have agreed to abide by the principles of the UN Global Compact by end-2015.	80%	50%	(✓)
<b>Occupational injuries</b>			
Reporting of the number of injuries leading to absence from work, followed by definition of reduction target.	To be defined	71	
<b>Labour rights</b>			
Our Code of Ethics is an integral part of Nilfisk-Advance's M&A due diligence process and any non-conformities are reported.	100%	100%	✓

\* With the 2015 target being a score of index 77 on the internal leadership assessment.

÷ Not accomplished      (✓) Partly accomplished or behind schedule      ✓ Accomplished or on track

# Environment

We see environmental sustainability as an element of sound business practice. If we can reduce our consumption of all forms of resources it will benefit the environment and will benefit us and our customers financially as well. Green Meets Clean reflects Nilfisk-Advance's environmental approach to developing new products for our customers.

Our cleaning machines consume energy, water and sometimes detergent. Designing equipment that can clean to the same high standard but uses fewer resources is therefore our greatest challenge. It is therefore also the area where our efforts can achieve the greatest possible environmental impact.

The environmental impact of future products is a high-priority parameter for our technology development platform 'Customer Focused Technology Development'. 71% of new products launched by Nilfisk-Advance in the present reporting period include environmental improvements in at least one of the four environmental focus areas: Energy consumption, water consumption, use of detergents and disposal.

We have a methodology for identifying the environmental footprint of our products, and we have introduced it in one of our seven product groups to reduce the environmental footprint of new products.

Our own consumption of resources is another focus area. In our manufacturing entities we continuously strive to minimise environmental impact. Single-site examples include installation of new low-energy lighting in our Chinese factories, and installation of new and faster automatic gates in our European Distribution Centre to minimise heat loss during winter. Rollout of company-wide initiatives is currently being discussed as we closely monitor our energy consumption and related CO<sub>2</sub> emissions.

In the present reporting period we have achieved a 3% reduction in CO<sub>2</sub> emissions normalised to revenue, which is an important second step in achieving our overall reduction target of 10% over three years; 2012-2014. Last year we reduced our emissions by 7%, so this goal has already been achieved one year ahead of schedule.

Our target of a 5% reduction in energy consumption for heating and electricity in manufacturing facilities has partly been reached, mainly due to a higher level of efficiency and focus on resource consumption.

New targets will be created as a part of the Green Meets Clean strategy 2.0 that we are currently developing.

Goals & actions	2012-13		30.06.13
	Target	Achieved	Status
<b>Product development</b>			
All new products feature sustainability improvements in at least one and preferably more of the following four areas: Energy consumption, water consumption, use of detergents and disposal.	100%	71%	(✓)
<b>CO<sub>2</sub> emissions</b>			
10% reduction in 2014 normalised to output as compared with 2011.	10%	10%	✓
Reduction in energy consumption in our manufacturing facilities compared with 2011. - Heating*, ** - Electricity**	5% 5%	2% 8%	(✓)
<b>Product environmental footprint</b>			
Set target for reducing environmental footprint for best-selling products based on conclusions from previously conducted pilot project.	100%	0%	÷
Actively participate in industry-related activities, boards and committees to push for agreement on industry standard for measuring environmental performance of products.	100%	100%	✓

\* Based on natural gas consumption only. \*\* From plants with consistent data for 2011-13.

÷ Not accomplished (✓) Partly accomplished or behind schedule ✓ Accomplished or on track

# Anti- corruption

As a global company doing business in all parts of the world, Nilfisk-Advance is committed to combatting the negative effect that corruption has on fair competition and the development of a stable society. Based on the Transparency International Corruption Perceptions Index ([www.transparency.org](http://www.transparency.org)), we have identified areas of the world where business integrity issues are most likely to occur.

In order to support our business integrity efforts we have published the Nilfisk-Advance Code of Ethics stating our position on this issue. To further support our efforts in this area, a code of Business Integrity Principles provides everyone at Nilfisk-Advance with guidelines on what and what not to do in specific circumstances and situations related to our business.

To ensure management commitment and promote our anticorruption agenda, all our local company managements are obliged to personally sign a Statement of Representation affirming their commitment to the principles of the UN Global Compact. The individual documents are then consolidated by the CEO of Nilfisk-Advance. The Statement of Representation receives significant attention from all parties. No major incidents were registered in the present reporting period.

“  
In order to support our business integrity efforts we have published the Nilfisk-Advance Code of Ethics stating our position on this issue”

Nilfisk-Advance also has a global whistleblower system enabling employees to anonymously report corruption and other unlawful incidents. These reports are handled anonymously by an independent party. Every case receives the utmost attention, being discussed and dealt with by NKT Group Management.

Goals & actions	2012-13		30.06.13
	Target	Achieved	Status
<b>Management</b>			
Local managements have been informed of our policies, have issued their comments and have endorsed our policies.	100%	100%	✓
Implement global Code of Conduct by end-2012.	100%	100%	✓
<b>Anticorruption</b>			
No reported corruption or cartel cases.	0%	0%	✓
Ensure employees are knowledgeable regarding how to act in accordance with Nilfisk-Advance expectations on business integrity issues.	100%	100%	✓
Apply risk management in growth markets on business integrity issues. Markets have been identified and the first step in the process has been completed.	100%	20%	÷

÷ Not accomplished      (✓) Partly accomplished or behind schedule      ✓ Accomplished or on track



*For the fourth consecutive year no occupational injuries were recorded by Photonics Group. Occupational injuries in the labour market are usually easily observed and registered. At Photonics Group, however, there is a risk of gradual and unnoticed eye damage as a number of employees work with high-intensity laser light sources. Employees subject to particular exposure therefore undergo eye tests every two years. To date, no cases of eye damage have been identified.*

# Photonics Group

## Highlights 2012-2013

### **New cooling system to reduce CO<sub>2</sub> emission**

In the long-term testing of our high power laser products a significant amount of electrical energy has previously been used to cool the power sources. A new cooling system has now been built based on passive cooling by use of forced water and air cooling, and this is expected to lead to sizeable reduction in our CO<sub>2</sub> emission.



### **Strong stance on facilitation payments**

Photonics Group does not accept facilitation payments. The only exception to this rule is if the safety of our employees is threatened. Although this strict policy has in some cases caused considerable delays in obtaining product approvals and has thus meant loss of orders, we continue to uphold this stance as we know it is the only way to bring such unfair business practices to an end.

### **Support to colleagues who were victims of Hurricane Sandy**

When Hurricane Sandy hit the east coast of the United States in October 2012 it caused severe damage in the region of New Jersey where Vytran is located. As a consequence the company had no power supply for three weeks, some employees had their homes damaged and some lost their cars. Photonics Group employees started a collection to help the victims and the total amount was quadrupled by the NKT Group.



# Photonics Group

## CEO letter

We develop and supply **technologically advanced** high-quality fiber and laser-based products which **enable solutions of high value** for the customer

Photonics Group's products and solutions are instrumental in enabling the development of new applications that will lead to better and more efficient use of energy resources, new and improved tools for early detection of diseases, and better systems for human safety and for protecting high-value assets, etc. These are solutions and applications that contribute to a better and more sustainable development of our planet. We consider this important and we are proud that our efforts support better living conditions for future generations.

Our customers are leading global professionals. They - and the end users of their products - are increasingly demanding more environment-friendly products, and they are asking for assurance that the products are produced in a safe and responsible manner. Of course, these expectations also extend to the materials and components we receive from our suppliers. We in turn therefore make similar demands on our supply chain and business partners for the responsible provision of goods and services.

As designers and manufacturers of high-performance products it is vital that we can attract and retain skilled and committed employees and provide them with an incentive to do their best. Accordingly, continuous dialogue is maintained with our employees concerning the company's developments, goals and our performance. A positive working environment is also important and we are therefore dedicated to offering our employees a good, stimulating and also challenging workplace.

Our products are marketed and sold with a reputation for high quality, and they represent significant input in the form of R&D and investment. For us it is therefore of paramount importance that the players in our industry compete on fair terms. We tolerate no form of bribery or other acts contributing to unfair competition. Human and labour rights and anticorruption are thus priority issues for Photonics Group. Our parent company is a signatory to the UN Global Compact, underlining its commitment to responsibility and to promoting sustainable global development. Photonics Group wholeheartedly supports this initiative.

Søren Isaksen  
Chairman of the Board of Directors, Photonics Group



“

*We are proud  
that our efforts support  
better living conditions  
for future generations”*

# Human and labour rights

Photonics Group is based on business started in Denmark, Germany and the US. Today we buy components and services worldwide, we sell our products globally, and we have sales offices internationally. In this context we need to ensure that respect for human and labour rights is and remains an integral part of how we run our business.

Historically, our focus has been to ensure that we conduct correctly. Now, our focus is to ensure that, throughout the production chain to customer delivery, all our products are manufactured responsibly and without infringing the rights of the individual. These same demands are therefore also made on our suppliers. Currently our sights are primarily set on companies from whom we have a large and stable procurement volume; In the past year the target of 80% supplier acceptance of the UN Global Compact (see also table below) has been achieved by one of our three business units, and overall compliance has improved from 43% to 63% during the present reporting period.

A safe and healthy working environment is also important. Very high light intensities are often used in the development and manufacture of our lasers, and this can cause eye damage in case of accident or careless equipment handling. As well as detailed work instructions we therefore take numerous precautions, such as eye protection, screening and alarm systems.

We operate in a global and very competitive high-tech business environment and employee engagement is therefore vital to our performance. Following employee engagement surveys covering some 50% of our personnel in the previous reporting period, surveys for the remaining 50% were scheduled for 2012-2013. However, these have now been postponed to the next reporting period.

Goals & actions	2012-13		30.06.13
	Target	Achieved	Status
<b>Procurement</b>			
80% of procurement (above 50,000 EUR in value) is to be supplied by partners who have agreed to abide by the principles of UN Global Compact.	80%	63%	✓
Development of monitoring plan, based on inspections, to check the extent to which the conduct of our suppliers conforms to the agreed criteria. <b>Delayed - new target date:</b> 30.06.2014.	100%	0%	÷
<b>Occupational injuries</b>			
No injuries causing work absence to be registered in the reporting period.	0%	0%	✓
Eye tests conducted every two years reveal no eye injuries caused by working with high light intensities.	100%	100%	✓
<b>New goal:</b> No injuries causing work absence in the next reporting period.			
<b>Employee engagement</b>			
Employee engagement to be measured in all business areas and action plans to be prepared on the basis of the results. <b>Delayed - new target date:</b> 30.06.2014.	100%	50%	÷

÷ Not accomplished      (✓) Partly accomplished or behind schedule      ✓ Accomplished or on track

# Environment

Photonics Group's environmental footprint from production is very modest. The principal environmental impact relates to the use of our products.

Many of our products find application in solutions aimed at improving either environmental conditions, supply of goods, personal safety or human living conditions. Examples include fire detection in tunnels, efficient use of high voltage cables, improved use of wind energy, quality control of food, development of new and improved medicines and diagnosis of diseases. Demands for greater environmental accountability, increased security and improved living conditions are thus important development drivers for our business and support our investments in the photonics field.

We use a significant and increasing amount of energy in testing our high power laser products, and the power sources need cooling to avoid catastrophic damage. We have invested in

a new system that replaces traditional electrical cooling with one that combines passive cooling via relatively low outdoor temperatures with electrical cooling. This is planned to produce a sizeable reduction in our internal energy usage.

We have developed a new fiber design suitable for peak-power pulsed lasers. The new fiber replaces traditional solid-state lasers in such equipment and significantly reduces energy consumption.

As a manufacturer of electro-optical products and production equipment we use relatively small raw material volumes in our products. Electrical components are used and installed in almost all our products, and new products are designed to comply with the directive to restrict the use of hazardous substances in electronic and electrical equipment (RoHS Directive) and similar regulations. Older products are being re-designed to comply with this directive or being phased out.

Goals & actions	2012-13		30.06.13
	Target	Achieved	Status
<b>CO<sub>2</sub> emissions</b>			
12% reduction of CO <sub>2</sub> intensity* relative to the 2008 level by end-2011. Increased activity in long-term testing of high power products has led to increase of power consumption compared to the set-up in 2008. <b>Deadline redefined:</b> 30.06.15.	12%	-3%	÷
15% reduction in CO <sub>2</sub> intensity* relative to level at 30.06.11 (25.2 tonnes of CO <sub>2</sub> /mEUR) planned to be by achieved 30.06.14. This reduction has been achieved one year ahead of schedule.	15%	15%	✓
<b>Transition to unleaded products</b>			
All products must comply with the RoHS Directive by 30.06.2013 (all new product designs completed or in development are now in compliance with the directive).	100%	>95%	(✓)
<b>Improved efficiency of microstructured fibers</b>			
We will offer microstructured fibers for commercial use in pulsed lasers with a long-term conversion efficiency above 60% by 30.06.2013.	100%	100%	✓

\* CO<sub>2</sub> intensity is defined as CO<sub>2</sub> emissions from Scope 1+2 activities relative to output.

÷ Not accomplished      (✓) Partly accomplished or behind schedule      ✓ Accomplished or on track

# Anti- corruption

We consider corruption to be a problem for the international community. As a company with global activities we operate in parts of the world where corruption and facilitation payments are very rare, and in other areas where they are a regular occurrence.

We wish to compete on fair and honest terms. We will not tolerate our employees being involved in corruption or accepting facilitation payments. The only exception to this rule is if our employees are exposed to situations where their safety is threatened. We have therefore developed a programme for training all employees in our anticorruption policy. The structure of this programme was presented to the management group in June 2013 and all employees must be trained within the next year.

Photonics Group has registered no instances of corruption during the present reporting period. As in the previous period, however, we have experienced that our policy on facilitation payments has caused considerable delays in obtaining product approvals and that such delays have meant loss of orders. Our patience has paid off in the sense that approval has eventually been granted in such cases.

“  
We have developed a programme for training all employees in our anticorruption policy”

Goals & actions	2012-13		30.06.13
	Target	Achieved	Status
<b>Ethical conduct</b>			
A code of conduct is to be established and communicated to all employees by end-2012.	100%	100%	✓
<b>Anticorruption</b>			
Develop a programme by 30.06.2013 for training all employees in our anticorruption policy.	100%	100%	✓
<b>New goal:</b> Train all relevant employees in our anticorruption policy relative to their specific job functions within the coming year.			
<b>Facilitation payments</b>			
Non-acceptance of facilitation payments. No facilitation payments to be reported.	0	0	✓
<b>Agents and distributors</b>			
All agents and distributors have been informed of our Fair Trade Policy.	100%	100%	✓
<b>New goal:</b> Risk assessment of business areas and regions in which we operate, and active follow-up on employees, agents and distributors in high-risk areas by 30.06.2014.			

÷ Not accomplished      (✓) Partly accomplished or behind schedule      ✓ Accomplished or on track



# Reporting principles

A **comprehensive reporting system** provides data from the individual business units and delivers most of the necessary information on which **NKT's CSR efforts** and reporting are based

NKT's reporting system is composed of four elements:

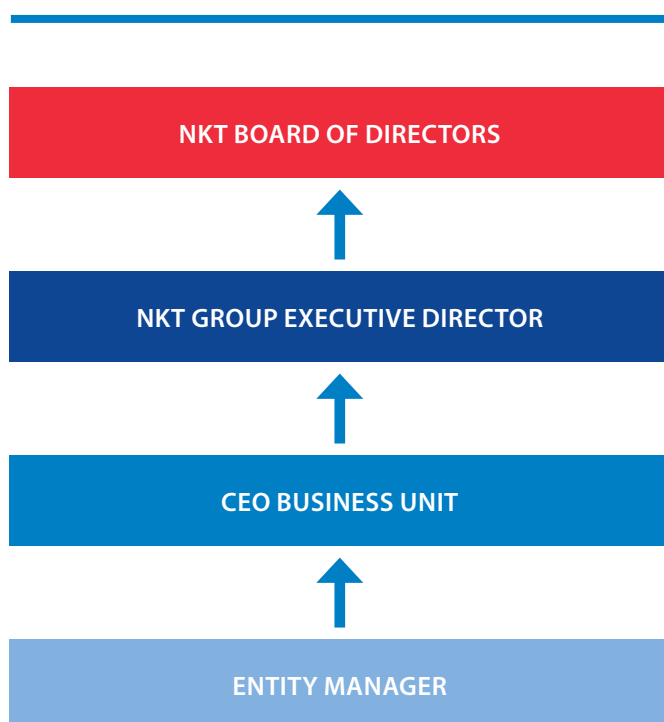
- A whistleblower system, maintained by an external provider, which allows all NKT employees to raise serious concerns about seemingly inappropriate conduct, events or circumstances. Reporting may be anonymous.
- A data collection system where various Key Performance Indicators, KPIs, are registered on a quarterly basis, covering e.g. occupational injuries, types and amount of fuel and energy consumption, CO<sub>2</sub> emissions from travel and transport, utilisation of raw materials and irregularities such as environmental spills and fines. The business units are responsible for the data collection and for KPI quality. Data consolidation is done by the NKT Finance Department.
- A Statement of Representation on Corporate Social Responsibility signed off by local management in the business unit entities once a year to ensure that managers are familiar with and work to advance the principles of the UN Global Compact.
- A special reporting scheme where the business units annually report on matters such as diversity in management in terms of nationality, gender and age, R&D efforts to support the UN Global Compact, etc.

The reporting system and the Statement of Representation both comprise around 100 legal entities worldwide.

## Global Reporting Initiative (GRI)

NKT has been inspired by the parameters of the Global Reporting Initiative (GRI). Based on the methodology proposed by GRI an assessment of the materiality of the GRI indicators has been carried out. The methodology remains unchanged from the previous report, and NKT has chosen to assess a total of 20 GRI, G3.1 indicators. An overview is available on page 27.

## Statements of Representation



*NKT wishes to ensure that CSR is an integral part of the daily activities in all NKT business units and entities. Once annually therefore all entity managers (around 100) draft and sign a Statement of Representation detailing the progress on all UN Global Compact principles within the entity concerned.*

*Each Statement of Representation is submitted to the CEO of the relevant business unit who signs a Statement on behalf of the entire unit. Ultimately, NKT's Group Executive Director signs a Statement of Representation for the entire Group and the Board of Directors is informed of the conclusions.*

**Data reliability**

Since the start of data registration in 2010 the majority of data have become more consistent. However, the CO<sub>2</sub> emission data for transport of goods are still subject to some uncertainty. Consequently, as from 2012 the data relating to Nilfisk-Advance solely cover the transport of goods from company factories to distribution centres. This has been done to focus efforts more effectively on areas under the company's control.

All Group companies apply the NKT reporting system (see page 25). However, in the present reporting period NKT Cables has collected data in a similar reporting system. NKT Cables has used this alternative system internally for a number of years and no discrepancies between the two systems have been observed. The reporting system deployed by NKT Cables is actually more elaborated than the NKT Group system. It is the opinion of NKT that the NKT Cables approach will generate an even more accurate reporting.

**Auditing**

The NKT CSR report for 2012-13 has not been audited by an independent auditor.

In the previous reporting period a readiness assessment was conducted by KPMG, an international provider of audit services. The process looked into NKT's CSR governance and information flow with a view to identifying the strengths and weaknesses of the current management and reporting system. Based on this assessment and NKT's own observations, CSR reporting was considered to have improved in terms of data accuracy across the business units. NKT intends to conduct similar readiness assessments at certain intervals to track systems development and data quality.

# GRI indicators

The Global Reporting Initiative (GRI) is a comprehensive sustainability reporting framework which enables all organisations to **measure** and **report** their economic, environmental, social and governance performance - **the four key areas** of sustainability

The NKT business units report on parameters inspired by the GRI indicators listed below. Not all parameters are elaborated upon in the present report, but are data used in other contexts.

GRI, G3.1 indicators	GRI parameters*	NKT Cables	Nilfisk- Advance	Photonics Group
<b>Human Rights</b>				
Investment and Procurement practices	HR1, HR2A, HR3	✓	✓	✓
Non-discrimination	HR4	✓	✓	✓
Freedom of association and collective bargaining	HR5	✓	✓	✓
Child, forced or compulsory labour	HR6, HR7	✓	✓	✓
<b>Labour Practices &amp; Decent Work</b>				
Employment	LA1	✓	✓	✓
Labour/Management Relations	LA7	✓	✓	✓
Training and Education	LA10, LA11, LA12	✓	✓	
Diversity and Equal Opportunities	LA13, LA13A-C	✓	✓	✓
<b>Environment</b>				
Materials	EN1A-D, EN2B-C	✓	✓	
Energy	EN3, EN4, EN5, EN6, EN7	✓	✓	✓
Water	EN8, EN8A	✓	✓	
Emissions, Effluents and Waste	EN16, EN17, EN18, EN23, EN24	✓	✓	✓
Product and Services	EN26	✓	✓	✓
Compliance	EN28	✓	✓	✓
Transport	EN29	✓	✓	✓
<b>Anticorruption</b>				
Local Community	SO1, SO9	✓	✓	✓
Anticorruption	SO3, SO4	✓	✓	✓
Public Policy	SO5, SO6	✓	✓	✓
Anti-Competitive Behaviour	SO7, SO7A-B	✓	✓	✓
Compliance	SO8	✓	✓	✓

\* In-depth descriptions are available on page 28.

# GRI, G3.1 - Appendix

## HR Human Rights

HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening
HR2	A Percentage of significant suppliers, contractors and other business partners that have undergone screening on human rights and actions taken
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained
HR4	Total number of incidents of discrimination and actions taken
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour
HR7	Operations or significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour

## LA Labour Practices & Decent Work

LA1	Total workforce by employment type, employment contract, and region broken down by gender
LA7	Rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities by region and by gender
LA10	Average hours of training per year per employee by gender and by employee category
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
LA12	Percentage of employees receiving regular performance and career development reviews by gender
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity
LA13	A Distribution of employees by gender
LA13	B Distribution of employees by age group
LA13	C Distribution of employees by nationality

## EN Environment

EN1	A Materials used by weight or volume
EN1	B Materials used by weight or volume
EN1	C Materials used by weight or volume
EN1	D Materials used by weight or volume
EN2	Percentage of materials used that are recycled input materials
EN2	B Percentage of materials used that are recycled input materials
EN2	C Percentage of materials used that are recycled input materials

EN3	Direct energy consumption by primary energy source
EN4	Indirect energy consumption by primary source Non-renewable energy source
EN5	Energy saved due to conservation and efficiency improvements
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives
EN7	Initiatives to reduce indirect energy consumption and reductions achieved
EN8	Total water withdrawal by source
EN8	A Total water withdrawal by source
EN16	Total direct and indirect greenhouse gas emissions by weight
EN17	Other relevant indirect greenhouse gas emissions by weight
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved
EN23	Total number and volume of significant spills
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce

## Social Anticorruption

SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes. Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting
SO3	Percentage of employees trained in organisation's anticorruption policies and procedures
SO4	Actions taken in response to incidents of corruption
SO5	Public policy positions and participation in public policy development and lobbying
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country
SO7	Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes
SO7	A Facilitation payments (to public body)
SO7	B Sales agent non-specific payments
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations
SO9	Operations with significant potential or actual negative impacts on local communities