

# Corporate Social Responsibility Report 2011-2012





Thomas Hofman-Bang, President and CEO

## Content

Foreword by the CEO	2
Reporting principles	3
NKT in brief	4
Group performance	5
NKT Cables	10
Nilfisk-Advance	15
Photonics Group	20
GRI indicators	25

### UN Global Compact

Signatory since 27 March 2009  
Number of employees: 8,900  
Sector: Electricity

### Reporting period and date

The report for the period 1 July 2011 - 30 June 2012 is submitted to the UN Global Compact 12 October 2012

### Contact

Helle Gudiksen  
Communications Consultant, NKT Holding A/S  
Email: helle.gudiksen@nkt.dk

Cover photos: With courtesy of NKT companies



### UN Global Compact

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

The NKT Group is present in all parts of the world. We have learned from our history that a global mindset and the ability to conduct our business in a responsible manner is a prerequisite to continued success and growth.

### Sustainable products and plants

One aspect of doing business in a responsible manner is offering a portfolio of sustainable products. All NKT business units have a strong position within their markets for providing products and solutions that are environmentally friendly in themselves but, just as importantly, also offer savings when deployed by end users.

At the same time we constantly strive to optimise our production facilities so that they are as process- and energy efficient as possible. On that account I am very pleased that by year end 2011 NKT achieved the target of reducing CO<sub>2</sub> emissions by 12% relative to output in the period 2009-2011. We will set new CO<sub>2</sub> reduction goals in the coming year.

### Respecting conventions

Another aspect of being a responsible business is to recognise and respect human rights and ILO (International Labour Organisation) conventions. NKT is signatory to the UN Global Compact and wishes to send a strong signal to all our stakeholders that we take our role as a global player seriously, and we will take an active part in the dissemination and respect for that policy.

### Make demands on the suppliers

A part of that role is to strongly urge our suppliers to support the UN Global Compact principles. Only by following that path can we claim to do true responsible business and, therefore, we have also set an ambitious target for contractually committing the majority of our suppliers to respect the principles of that policy.

Doing responsible business is an integrated part of NKT's genes, business model and strategy. For us it is the only way to further development and growth.

Thomas Hofman-Bang  
President and CEO  
NKT Holding A/S



# Reporting principles

The objective of NKT's sustainability reporting is to create transparency and, being based on international protocols, serve as a benchmark against comparable companies

On 27 March 2009 NKT became a UN Global Compact participant and this CSR Report fulfils the obligation to provide Communication on Progress (COP) for the period 1 July 2011 to 30 June 2012.

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

On 4 April 2012 NKT sold NKT Flexibles to the American company National Oilwell Varco. Therefore, NKT Flexibles is no longer part of NKT's UN Global Compact reporting and, hence, not included in this report.

## Reporting structure

NKT consists of three business units with very diverse product portfolios, organisations and markets. Hence, their sustainability focus areas and challenges differ as well. Therefore, we report on Group performance as well as on 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, present and future, must be as specific as possible and concrete actions to achieve them be defined.

The CSR Report is based on the 10 principles of the UN Global Compact and is divided into three sections: Human & Labour Rights, Environment and Anti-corruption.

## Group guidelines

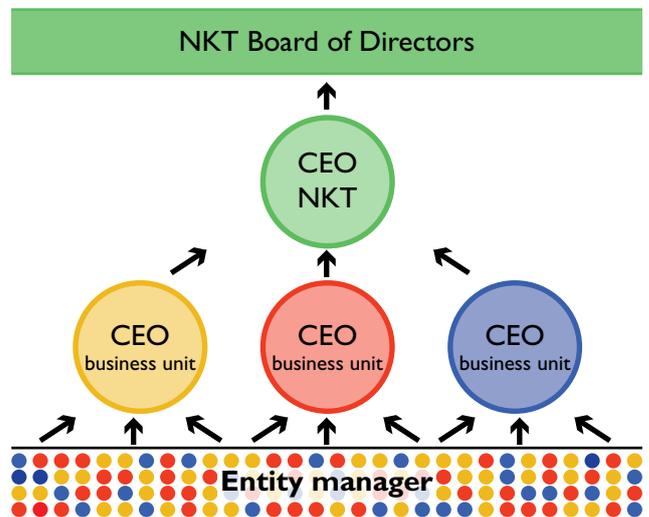
NKT's Ethics Statement is formulated on the basis of the UN Global Compact. More Group guidelines elaborate on the various principles and have been communicated to the entire organisation. The business units can extend Group guidelines but never ease them.



Group guidelines are available at [www.nkt.dk/uk/Menu/About+NKT/Policies](http://www.nkt.dk/uk/Menu/About+NKT/Policies).

## Reporting system

A comprehensive reporting system provides data and information from the individual units and delivers most of the necessary data and information on which our CSR efforts and reporting is based. The business units are responsible for the data collection and the quality



## Statements of Representation

To ensure that CSR is integrated in the daily activities in all NKT business units and entities, once a year all entity managers (around 100) must draft and sign a Statement of Representation. In this statement the managers report on the status of all UN Global Compact principles within their part of the organisation. The Statements of Representation are submitted to the NKT Executive Management Board. Ultimately the CEO of NKT signs a Statement of Representation for the entire Group and the Board of Directors is informed of the conclusions.

of the Key Performance Indicators (KPIs). Data is consolidated by the NKT Finance Department.

The reporting system is composed of four elements:

- A whistleblower system where all NKT employees can raise serious concerns about a range of behaviours, events or circumstances that seem inappropriate. Reporting can be anonymous.
- A data collection system where various KPIs are registered on a quarterly basis, such as work accidents, types and amount of fuel and energy consumption, CO<sub>2</sub> emissions from travel and transport, raw material consumption, undesirable events such as environmental spills and fines.

- A Statement of Representation on Corporate Social Responsibility signed off by local management in the business unit entities once a year to ensure that they are familiar with and work to advance the UN Global Compact principles.
- A special reporting scheme where the business units annually report on matters such as diversity in management, efforts within R&D to support the UN Global Compact, etc.

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

### GRI

NKT has been inspired by the parameters of the Global Reporting Initiative (GRI). An assessment of materiality of the GRI indicators based on the methodology proposed by the GRI has been carried out. The methodology remains unchanged from 2011, and we have chosen to report on a total of 20 indicators. An overview is available on page 25.

### Data reliability

The NKT reporting system was implemented in 2010 and at that time some uncertainties of the primary input data were registered and hence influenced the conclusions of the first Communication on Progress reports. The majority of data has since become more consistent as the employees gain more experience in reporting. However, e.g. data on CO<sub>2</sub> emissions from transportation of goods are still subject to a high degree of uncertainty as a growing number of local suppliers and business unit entities participate. It is therefore not possible to benchmark such data against results from previous years.

### Auditing

The NKT CSR-report 2011-12 has not been audited by an independent auditor:

Our own experience of working in this rather new field of reporting for us is that

- Reporting and management systems are in place
- The quality and consistency of environmentally related data has clearly improved and is on a high level approaching a good standard
- There is a high awareness at management level of the UN Global Compact focus areas
- We are progressing in creating transparency throughout our organisations, which is fundamental to make progress

## UN Global Compact principles

### Human rights - businesses should

1. Support and respect the protection of internationally proclaimed human rights
2. Ensure they are not complicit in human rights abuses

### Labour - businesses should

3. Uphold the freedom of association and the effective recognition of the right to collective bargaining
4. Uphold the elimination of all forms of forced and compulsory labour
5. Uphold the effective abolition of child labour
6. Uphold the elimination of discrimination in employment and occupation

### Environment - businesses should

7. Support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies

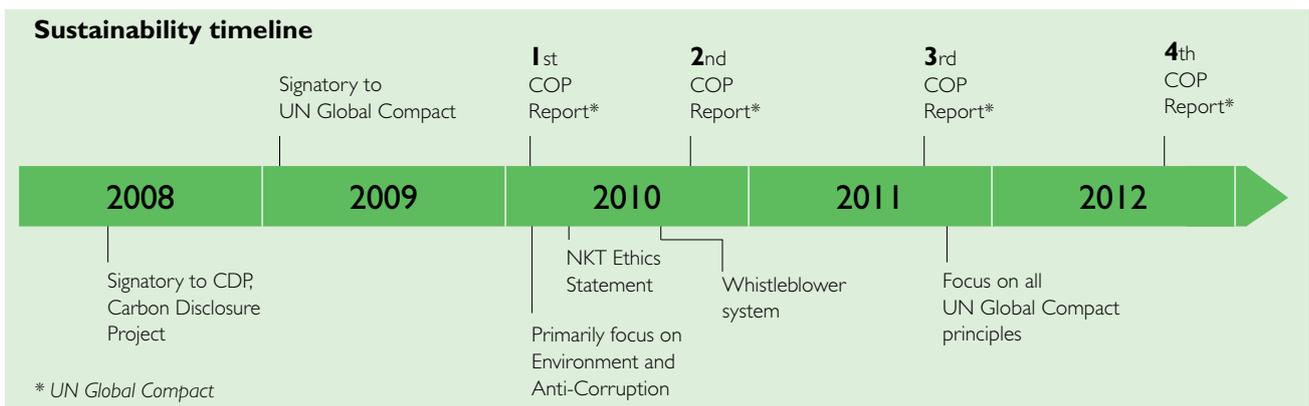
### Anti-Corruption - businesses should

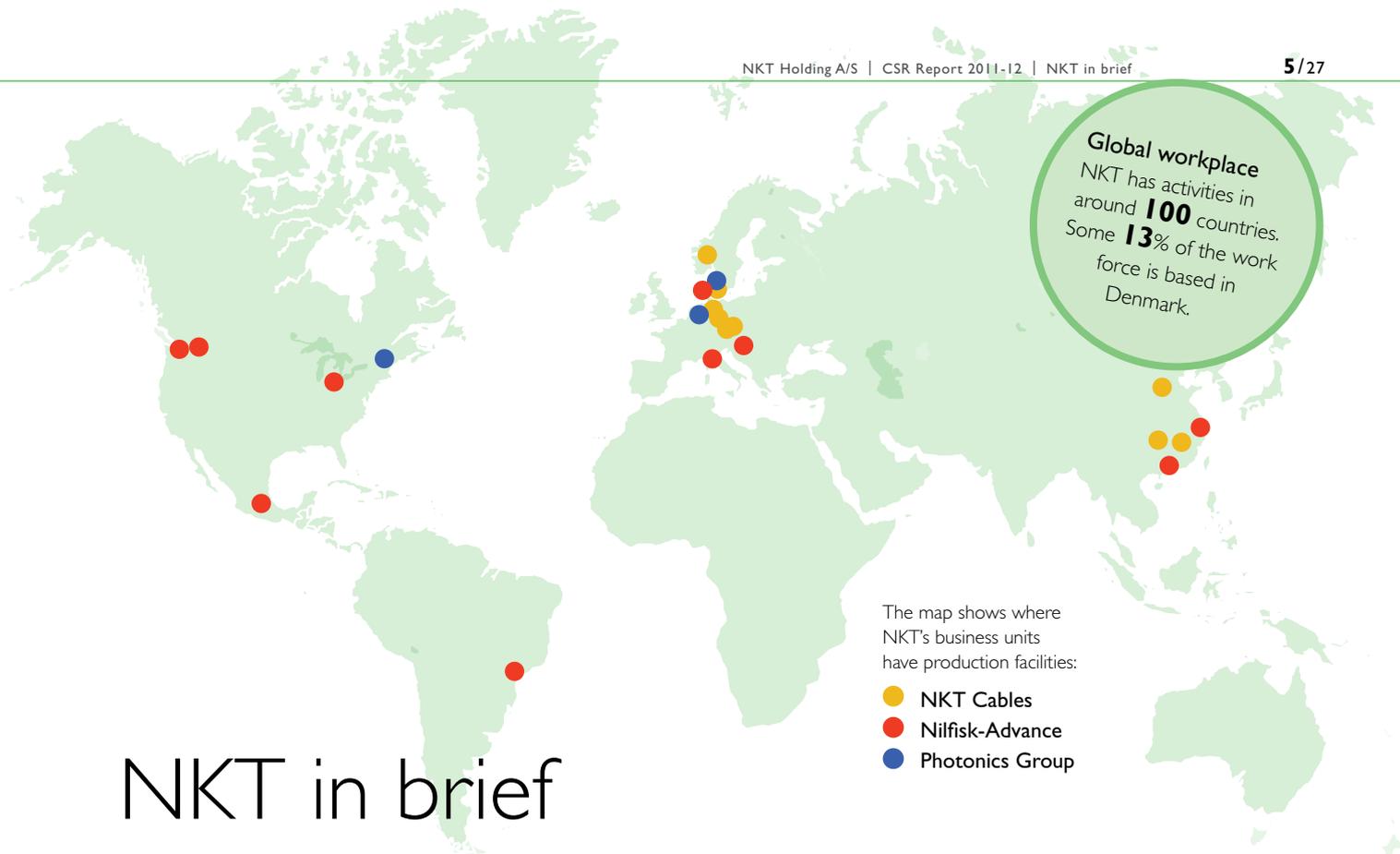
10. Work against corruption in all its forms, including extortion and bribery

However, to get an outside view of the quality of our systems and the information generated by these systems, a readiness assessment has been conducted in selected companies within the NKT Group on the basis of data submitted for the present report.

The readiness assessment has been a process that looked into the CSR governance and information flow of NKT with the purpose to identify the strengths and weaknesses in the current management- and reporting system. The assessment was conducted by KPMG, an international provider of audit services.

Based on this assessment and our own observations we have concluded that the CSR reporting has been improved with regard to the data accuracy across the business units. We will at certain intervals conduct similar readiness assessments to follow the development of our systems and data quality. For the time being we have decided not to audit our CSR data and progress reports.





# NKT in brief

NKT is an industrial conglomerate and a 'home' for its companies. NKT's mission builds on active ownership and a long-term industrial mindset, and ensures a firm financial focus on value creation

NKT comprises three individual business units:

**NKT Cables** is a front-line supplier of power cables to the electricity sector primarily in Europe and China. Focus is on supplying system solutions for expansion of transmission and distribution grids, and installation cables for buildings, wires for cars, and catenary wires for high speed railways. The products are sold worldwide.

**Nilfisk-Advance** is one of world's leading manufacturers of professional cleaning equipment. The products are primarily focused on the commercial cleaning market, while vacuum cleaners and high pressure washers are offered to the domestic market segment. The products are sold worldwide.

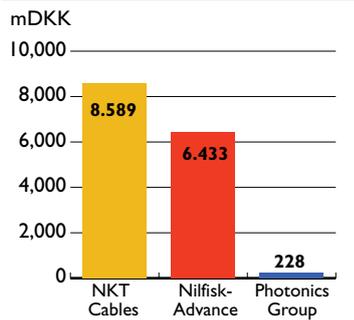
**Photonics Group** manufactures sophisticated products based on the unique light-conducting properties of optical fibers. For example, they make it possible to 'see what is otherwise invisible'. The products are sold worldwide.

### NKT commitments

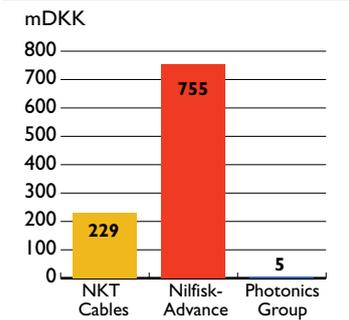
NKT has adopted a number of voluntary projects and principles with emphasis on sustainability:

Organisation or project	Signatory since
Carbon Disclosure Project	2008
UN Global Compact	2009

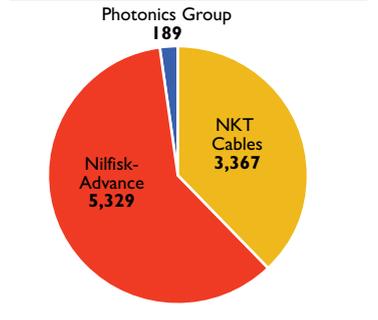
### Revenue (LTM)\* market prices



### EBITDA (LTM)\*



### Employees as of 30 June 2012



\* Last twelve months



# Group performance

In 2011-12 NKT reached an ambitious CO<sub>2</sub> reduction target, employee engagement surveys were conducted in all business units and sustainability targets were further integrated in the business activities

NKT bases the majority of its sustainability work on the UN Global Compact principles. Since the first Communication on Progress report in 2009 we have focused mainly on Environment and Anti-Corruption, as they were assessed to contain the largest potential for impact.

However, growing attention to especially Health & Safety issues and employee engagement has led us to also focus on the Human & Labour Rights area during the last year.

## NKT receives award for Best COP Reporting

In September 2012 NKT was awarded Best COP Reporting to the UN Global Compact 2012 by The Institute of Public Accountants in Denmark (FSR). NKT's COP Report 2010-2011 was rewarded 'because in only 33 pages they manage to provide insight into the progress and results of their work relating to the UN Global Compact's 10 principles for sustainable development in such a lucid and structured manner that the reader entirely forgets that the

company is a global corporation with four very diverse business units. And because NKT also has the courage to express the dilemmas involved in CSR work.'



Responsible for Group CSR, Group Executive Director, CTO, Søren Isaksen receives the award for 'Best COP Reporting 2012'.

## Key sustainability figures

As of 30.06.2012	2011-2012			2010-2011			2009-2010		
	NKT Cables	Nilfisk-Advance	Photonics Group	NKT Cables	Nilfisk-Advance	Photonics Group	NKT Cables	Nilfisk-Advance	Photonics Group
Revenue LTM, Standard metal prices (mDKK)	5,436	6,433	228	5,782	6,000	191	4,750	5,446	164
Number of employees	3,367	5,329	189	3,609	5,378	181	3,323	5,019	171
Number of occupational injuries with absence	98	93	0	139	130	0	127		0
Suppliers* accepting the UN Global Compact (%)	86	44	43	80	36	37			
CO <sub>2</sub> Scope 1+2 (tonnes CO <sub>2</sub> )	82,409	29,043	864	94,141	29,294	645	84,935	47,449**	547
Emission relative to revenue Metric ton CO <sub>2</sub> per Million revenue, Standard metal prices	15.16	4.51	3.79	16.28	4.88	3.38	17.88	8.71**	3.34
Emission relative to employees Metric ton CO <sub>2</sub> per employee	24.48	5.45	4.57	26.09	5.45	3.56	25.56	9.45**	3.20
Material utilisation efficiency (%)	95.8			95.6			95.2		
Water (m <sup>3</sup> )	144,375	199,330	N/A	188,305	190,853	N/A	N/A	N/A	N/A
Development projects with environment improvements (%)		71			60			N/A	

N/A: Not available

\* Annual purchase value above 50,000 EUR.

\*\* Data reliability for the period 2009-2010 is weak, hence not comparable to data from the following years.

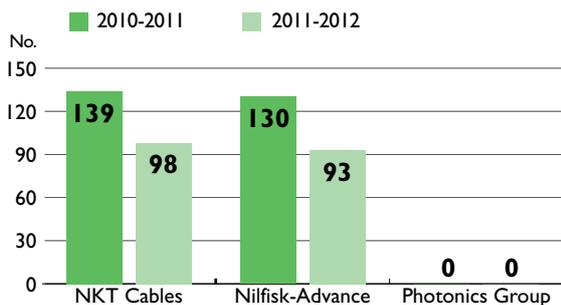
# Human and labour rights

NKT is present worldwide and, as a global player we have an obligation to advocate for compliance - internally and at external partners - with internationally recognised rights, such as the UN Universal Declaration of Human Rights, also in areas of the world where they may not necessarily be prioritised. The issue is integrated in NKT's due diligence procedures in, for example, M&A (merger and acquisition) processes.

## Occupational Safety and Health

It is a priority of NKT to have a safe and healthy working environment. All business units assess their levels of safety regularly and make any adjustments that may be necessary. Occupational injuries are reported in all business units and, NKT Cables has reduced the number of injuries significantly in 1st half 2012. The ambition in NKT Cables is to reach best in class level by 2016 by reducing the accident frequency by a minimum of 75%, corresponding to 5 or below. Strong focus on evaluating the near-miss incidents as a way to reduce the number of actual accidents and an increased awareness due to a new Health & Safety policy are the main reasons for this achievement in NKT Cables. Nilfisk-Advance has also experienced a significant reduction of injuries.

### Occupational injuries causing absence



## Employee engagement surveys

All business units conducted comprehensive employee engagement surveys in the reporting period. Nilfisk-Advance conducted the first step of its new employee engagement survey in 2nd half 2011 in six countries, involving some 1,700 employees. The next step is to run the survey throughout the entire organisation in 2nd half 2012. Also NKT Cables and Photonics Group initiated surveys in 1st half 2012. NKT Cables involved all employees whereas 50% of the employees in Photonics Group were involved. In the latter the survey was designed in cooperation with employee representatives. Based on the results all the business units have identified and communicated a number of focus areas to be the drivers for their efforts to create even better workplaces.

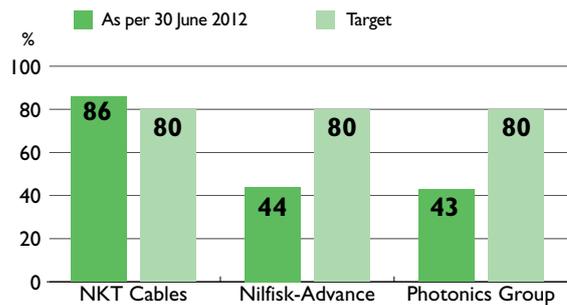
## Policies

In 2011 NKT introduced a policy on diversity, stating - among other things - that all business units must work on diversity in terms of balancing experience and new inspiration, cultural width and social openness. The policy in its entirety can be found at [www.nkt.dk/uk](http://www.nkt.dk/uk) along with all NKT Group policies. Policies on, for example, Health & Safety and business integrity principles were implemented in more business units. For further information please read the business unit chapters of this report.

## Supplier acceptance of UN Global Compact

For NKT, social responsibility is also to ensure implementation of Human & Labour rights in its value chain. In 2009 we defined a goal of contractual acceptance of the UN Global Compact principles by at least 80% of the suppliers (annual purchase value above 50,000 EUR) by the end of 2011. All business units have registered increased acceptance in the reporting period and especially suppliers in China and the US have become more open towards the requirements.

### Suppliers accepting the UN Global Compact (annual purchase value above 50,000 EUR)



The supplier bases of the business units are not comparable. NKT Cables has a smaller number of large suppliers and procurement is centralised in Europe whereas Nilfisk-Advance has a large number of smaller, local suppliers around the world. Photonics Group has also local suppliers.

The target has not been reached completely for the entire Group and the issue will continuously be pushed when negotiating new contracts.

# Environment

NKT has high attention on environmental savings, both in terms of reducing our own utilisation of scarce resources and in terms of developing products with a clear environmentally friendly purpose or profile.

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

In 2008 NKT set a CO<sub>2</sub> reduction target for the first time. With 2008 as the baseline, the target was to reduce CO<sub>2</sub> emissions relative to output by 12% in the period 2009-2011. The target was set before the financial crisis, at a time when NKT experienced high growth rates and at a time when we did not have a clear understanding of the CO<sub>2</sub> contribution from various sources. Despite these circumstances in May 2012 NKT was able to announce in connection with the submission of CO<sub>2</sub> data to the Carbon Disclosure Project that the target was reached. The CO<sub>2</sub> reduction has led to savings of some 25 mDKK on energy expenditure. Some of the key factors to our reaching the target were:

- NKT Cables has relocated all production in Cologne, Germany, to a new, energy-efficient factory in which, for example, heat from various manufacturing processes is recycled in production areas and offices. At its factories in the Czech Republic the company has invested in insulation and in more efficient generation of heat
- Nilfisk-Advance has relocated production lines to more energy-efficient facilities in countries such as Hungary and Mexico
- Energy-saving activities and campaigns have been stepped up in all business areas. For instance, employees in Vytran (Photonics Group) took an initiative for the company to buy green energy as of now.



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



## Product environmental footprint

Environmentally friendly product development is one of the key measures for NKT to obtain even more significant CO<sub>2</sub> reductions. Especially products that provide lower energy consumption for the user.

NKT Cables' products are to a large extent environmentally friendly in usage, and in recent years the company has also built a strong position in the market for providing submarine cables to transport energy from offshore wind farms to high voltage grids on land.

Another important aim for NKT Cables is to continuously optimise the material utilisation efficiency. The company has a target of increasing material utilisation by 0.1% per year onwards.

Nilfisk-Advance aims at introducing new products with a clear environmental improvement compared to old or similar products within at least one of these areas: Consumption of energy and/or water; use of detergents and disposal of the unit.

Photonics Group has recently developed optical fibers for laser equipment that promise to reduce energy consumption significantly, depending on the usage.

# 71%

of new products launched by **Nilfisk-Advance** in 2011-2012 provided environmental improvements such as reduced consumption of water, energy or detergents or were designed for sustainable disposal.

# 95.8%

is the average material utilisation efficiency in **NKT Cables**. The company is focused on minimising scrap and maximising recycling potential.

# Anti-Corruption

NKT has business entities worldwide, including in areas where corruptive actions have been, and to a certain extent still are, present. Furthermore, some of the business units operate in sectors with cartel incidents. Therefore it is crucial to NKT's credibility to be a strong advocate for fair competition and lawful practices.

## Internal compliance

An extensive anti-corruption review is part of the Statement of Representation (see page 3 and 4) that all NKT entity managers sign every year. The managers submit their findings, if any, - on behalf of the entire business entity - on a number of potential corruptive actions, such as cartels, money laundering and bribery. Furthermore, the manager declares whether necessary actions are taken to ensure that employees in contact with suppliers and/or customers are aware of and trained in NKT's anti-corruption policy. In the reporting period there were five registered cases of corruptive behaviour or other misconduct requiring action to be taken, such as termination of employment contracts.

## 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.



## Whistleblowing

Since 2010 NKT has implemented an internal whistleblower system to improve our ability to discover irregularities. All employees can anonymously report any serious concerns about irregularities or inappropriate behaviour. Reports can be submitted in a number of languages, and in writing or orally.

None of the registered reports for 2011-2012 have led to material adjustments in business procedures.

## Facilitation payments

Late 2011 NKT revised its Ethics Statement and standpoint towards facilitation payments. Previously NKT had reluctantly accepted facilitation payments in certain cases. Awareness campaigns and/or internal codes of conduct had led to increased focus on the subject and subsequently to a revised standpoint and implementation of non-acceptance of facilitation payments. It is our aim to take measures to contractually oblige our external partners, such as agents, to act in accordance with our policies.

The firm standpoint towards facilitation payments has led to delays in obtaining product approvals and consequently lost orders in Photonics Group in the reporting period.



nkt cables

# Highlights 2011-2012



## nkt cables joins the UN Global Compact

In 2009 NKT became signatory to the UN Global Compact, and from the outset, **nkt cables** has fully supported this initiative. In December 2011, **nkt cables** became a participant itself, to underline the commitment to the UN Global Compact.

## Accidents reduced

A new Health & Safety (H&S) policy was introduced in the autumn of 2011. The policy's focus areas are: H&S is now a top management priority; it is a regular topic at all meetings, and is integrated in incentive programmes. The H&S policy now involves an increased use of safety walks, communication campaigns, visible action plans and training programmes as well as a greater degree of employee involvement. These efforts are bearing first fruits as the accident frequency dropped by 25% on average over the last 12 months (July 2011 - June 2012).



## Heating

Concerted efforts, including the replacement of several old and inefficient boilers, the move from old buildings to new premises in Cologne, Germany, and the concentration of production in a smaller area at Czech sites resulted in an average 34% reduction of emission of greenhouse gasses due to space heating in the last 12 months (July 2011 - June 2012) compared to full year 2008.



*nkt cables' plant in Cologne, Germany*

## Water

An investigation on water consumption at all plants revealed several technical defects and leaks. The subsequent repairs and other improvements at several sites resulted in a 26% reduction (average) of water consumption in the last 12 months (July 2011 - June 2012) compared to full year 2010.

## RECUN

### Employee development programme

All employees (400 in total) at **nkt cables** in Denmark have completed the "RECUN" development programme, a two-year EU funded project with the objective to train employees in problem solving skills, to take more responsibility at the workplace and to have a better understanding of how the company targets depend on the performance of everyone. The registered results include higher job satisfaction and reduced sickness absence.





” Under the banner of our commitment to the UN Global Compact we have invested in the development of our employees, our products and the environment,”



**Marc van't Noordende**  
CEO  
nkt cables group

## **nkt cables** believes that strict adherence to CSR principles helps to create a sustainable and profitable future for our activities

Corporate Social Responsibility has been a recognised priority of **nkt cables** for many years. For example we have 55 years of experience with cable recycling and we were among the first in the industry to offer environmentally friendly cable products.

NKT joined the UN Global Compact in 2009, and **nkt cables** autonomously in 2011. Being a participant of the UN Global Compact has contributed significantly to raising awareness of the importance of Corporate Social Responsibility within **nkt cables**. The 10 UN Global Compact principles provide us with a framework when taking decisions, dealing with our customers and suppliers all the way to the day-to-day operations at the plant floor. Under the banner of our commitment to the UN Global Compact we have invested in the development of our employees, our products and the environment. We have trained employees on a variety of subjects such as respect for legal, ethical and HSE standards. We have focused on providing employees a safer working environment. We have developed and are offering our

customers alternative cable constructions without materials of environmental concern such as phthalates or PVC. We have developed slim line products with less use of limited resources. We have further improved internal reporting requirements and have developed an extensive data collection on CSR parameters as a basis for measuring our progress as well as identifying further improvement potential. We have implemented projects for reduction of greenhouse gas emissions, and energy and water consumption. Finally, we have made respect for CSR standards part of the way we conduct our business in all the markets we operate in.

Our efforts have generated progress in many fields and we are committed to do more where we can. We continue to be strongly convinced that living up to our CSR principles will make **nkt cables** a better supplier to our customers, a better customer to our suppliers, a better neighbour in our communities and, last but not least, a better place to work for our employees.

# Human and labour rights

For **nkt cables** as a global company represented in more than 20 countries and with suppliers and customers from all over the world consideration of human and labour rights is a natural part of our daily business. Once a year we ask the local management teams in **nkt cables** to draft and sign a Statement of Representation of adherence to the UN Global Compact principles to ensure that the fundamental principles in NKT's ethical guidelines are known and followed throughout the organisation. Last year we started to promote the same principles in our supplier base. We have continued our survey with more and new suppliers regarding their position towards the UN Global Compact. During this reporting period the purchase volume with suppliers that commit to the ten principles has increased by 6 percentage points to 86%.



Our employees are our key asset and we firmly believe that education and training of employees positively influence the company's results. We have continued our focus on communication skills and have provided English classes, and we have launched a special training programme for start of our customer service centre.

Additionally, we have finalised the development programme RECUN (see page 10), where focus of the last modules has been on using the learned methods in our day-to-day business. Development opportunities are provided throughout the organisation, regardless of gender, race, age or religion.

In March 2012 we conducted a worldwide employee survey to further identify our key assets' needs. Based on the results a number of focus areas will be identified in the next reporting period.

A new Health & Safety policy was signed by the Top Management Team 25 October 2011. The vision is 'People leave work as healthy as they arrived before'. The ambition is to achieve "best in class level" in 5 years, that is an accident frequency of below 5 per 1 million working hours in 2016, compared to 22 last year. Read more about the policy on page 10.

Also, an extensive Root Cause Analysis tool will be taken into use as from mid-2012 in order to find the cause of each work accident.

**GOALS & ACTIONS**  **Human and labour rights**

	Deadline	Status 30.06.12
<b>Procurement</b>		
Based on results of the previously conducted survey a further improvement of suppliers' commitment to the UN Global Compact will be targeted by also approaching smaller suppliers to do the same.	30.06.12	(√)
<b>New goal:</b> Request for commitment to UN Global Compact principles shall become standard procedure in qualification process for new raw material suppliers.	30.06.13	
<b>Work injuries</b>		
Improve safety performance towards best-in-class industry standards. Best in class is defined as frequency less than 5 accidents per 1 million working hours (frequency reduced by 25% the last 12 months).	30.06.16	✓
<b>Employee education</b>		
Improve employees' competences and capabilities, thereby improving the company competitiveness. The RECUN project has been initiated and completed in the Danish operations.	01.03.12	✓
Measurement of employee satisfaction by conducting a global people survey and developing action plans based upon the findings.	31.12.12 ongoing	✓
Improve communication skills by launching a training project for Customer Service Centre Staff.	30.06.12	✓
<b>Health management</b>		
<b>New goal:</b> Focus on Health Management, where all Units are requested to address the subject in the action plans following the employee survey, if necessary supported by group initiatives and a monitoring system.	30.06.13	

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

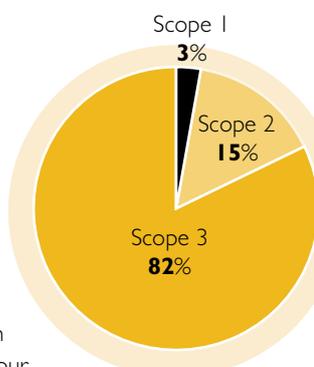
# Environment

Traditional industrial pollution such as black smoke, heavy noise and poisonous waste water is not an issue in modern cable production. Our discharge of substances of environmental concern to air and water is negligible, except for greenhouse gas carbon dioxide due to space heating, mainly from natural gas-fuelled boilers. An overall evaluation of our activities has identified consumption of energy and water as well as use of non-renewable raw materials, including some of environmental concern, as the areas with the greatest potential for environmental improvement. In the light of these facts we have identified as most important topics for environmental improvement:

- Saving energy and water (see cases on page 10)
- Optimising material utilisation
- Substituting substances of environmental concern

Action plans on these topics will benefit the environment as well as improve the competitiveness of **nkt cables**.

Production scrap is an inevitable follower with industrial activities. Since 2008 the material utilisation efficiency has increased from 95.2% to 95.8%. This means a reduction of more than 2,000 tonnes CO<sub>2</sub> in our total carbon footprint (cradle to cable).



**80%** of **nkt cables'** carbon footprint is at our suppliers of raw materials

**375,000 tonnes CO<sub>2</sub>**  
Total emission (cradle to cable)

- Scope 1:** Direct combustion of fossil energy sources
- Scope 2:** Procured energy in the form of electricity and heat
- Scope 3:** Production of raw materials, transportation of goods, and business flights

Over the years, **nkt cables** has made a great effort to substitute substances of environmental concern. For example we were the first to provide lead-free PVC cables in the 1990s, ten years later we substituted the PVC softener DEHP with other phthalates of minor health concern and we marketed halogen and PVC-free alternatives for installation cables.

Moreover, we have successfully extended our business involvement in the fields of renewable energy by assisting our customers in conserving natural resources and reducing 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 of transmission and distribution losses.

GOALS & ACTIONS	Environment	Deadline	Status 30.06.12
<b>CO<sub>2</sub> emissions</b>			
CO <sub>2</sub> emission from heating reduced to less than 80% of 2008 level.		31.12.13	✓
<b>Derived goal:</b> As 34% reduction has been achieved already, the goal is tightened up to be less than 60% before end 2013.		31.12.13	
Reduce total CO <sub>2</sub> emission from heating and production by 4-5% compared to 2008 level corrected for climate and insourcing (5.1% reached in the present reporting period).		31.12.13	✓
Optimise the energy consumption on machinery. Ongoing measurements followed by analysis of data will lead to definition of specific goals.		31.12.13	(✓)
<b>Material utilisation efficiency</b>			
Material utilisation is to be increased by 0.2% per year from 95.2% in 2008 to reach 96% in 2012 (1st half 2012: 95.8%).		31.12.12	(✓)
<b>New goal:</b> Increase utilisation 0.1% per year.		31.12.13 - and ongoing	
<b>Water</b>			
Water saving of 35% per tonne cable produced compared to 2010 (last 12 months: 26% savings).		31.12.13	✓

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

# Anti-Corruption

**nkt cables** engages in transparent business relations with partners who should respect the UN Global Compact principles. We are committed to taking responsible corrective action wherever and whenever we detect deviations from these principles.

**nkt cables'** management has established rules and guidelines based on these principles and encourages our employees to view them as non-negotiable.

Once a year, local management teams must draft and sign a Statement of Representation to ensure knowledge and adherence to the set of rules. Additionally, as part of an awareness campaign the management has given presentations emphasising compliance with laws and regulations.

A whistleblower system has been rolled out in **nkt cables**. During the reporting year the internal company newsletter was used to encourage the use of this facility. The system is designed to let any individual employee anonymously raise significant concerns so that wrongdoings or irregularities that may arise can be stopped, thus protecting the companies in the NKT Group and its stakeholders. Management support for this system sends a clear signal to everybody that we will act in the event of wrongdoings or irregularities.

Although not an anti-corruption case, it should be mentioned that in July 2011 **nkt cables** and NKT Holding received a Statement of

” We are committed to taking responsible corrective action wherever and whenever we detect deviations from these principles ”

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.

**GOALS & ACTIONS**



**Anti-Corruption**

	Deadline	Status 30.06.12
<b>Anti-Corruption</b>		
Explicit communication is to be established and understood by all employees and business partners. An awareness campaign started in 2012 using a variety of tools and forums.	30.06.12 - and ongoing	(✓)
<b>Facilitation payments</b>		
Ban on facilitation payments. Communication on non-acceptance of facilitation payments has been part of the awareness campaign.	30.06.12	✓
<b>Compliance with laws and regulations</b>		
Renewed attention to the Code of Ethics behaviour in relation to competitors by including this aspect in the awareness campaign and by scrutinizing memberships to associations.	Immediate	✓
÷ Not accomplished      (✓) Partly accomplished or behind schedule      ✓ Accomplished or on track		



# Nilfisk-Advance

## Highlights 2011-2012

### Sustainability Concept

At Nilfisk-Advance we continuously work to improve our products. New products must provide equal or enhanced cleaning efficiency while using less energy, less water and less detergents. We, as well as our customers, see great potential in developing cleaning solutions with a better environmental performance.



We want to take a leading position in this development, and we call our approach

**Green Meets Clean**

Read more on the Nilfisk-Advance approach to sustainability here:



### Nilfisk-Advance Core Values



### Respect for people

The Nilfisk-Advance Group has implemented a set of core values that we share in all our companies around the world. To succeed with our strategy of becoming Customers' Preferred Choice we all need to work towards common goals, and defined and shared core values can help us achieve this as they guide our internal conduct.

### Caring for the environment

#### Expanding ISO14001 Certification

In 2011 Nilfisk-CFM, manufacturer of industrial vacuum cleaners located in Zocca (Italy), successfully applied for ISO14001 environmental management certification, bringing the count of certified Nilfisk-Advance production sites to eight. The target of ISO14001 is to reduce the environmental impact due to manufacturing activities and ensure environmental performance improvement.



An example of reducing the environmental impact is to sort waste, making a distinction between dangerous waste such as cadmium and lead batteries, spray cans, and urban mixed waste, and special non-dangerous waste, such as wood and liquids.

# Green Meets Clean - our sustainability approach



Our company has been around for more than a century, and there is no doubt in our minds that respect and proactive behaviour when it comes to sustainability is essential to a company's long term perspective.

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 are therefore the first company in our industry to become signatory to the UN Global Compact. By adhering to the ten principles of the UN Global Compact and in all ways 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 how we behave 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. It is a promise to both ourselves and our customers to dedicate ourselves to offering cleaning solutions that are efficient and that improve the sustainability of the industry. At the same time it is a promise to continuously work to improve our environmental footprint as a company.

Our 4th Communication on Progress Report contains data and status on goals and initiatives set forth in Nilfisk-Advance. Data shows that we have improved our performance in many areas and there is a lot to be proud of. We consider the results achieved to be a significant stepping stone on our path to becoming an even more sustainable company.

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

## Our Green Meets Clean promise to our 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 maximize your **return on investment** by developing products that uses less energy, water and detergents.

We enable you to **deliver on your promises** in the long term in a 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.

**Jørgen Jensen**  
CEO  
Nilfisk-Advance



# Human and labour rights

We consider it important that all our employees are assured 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.

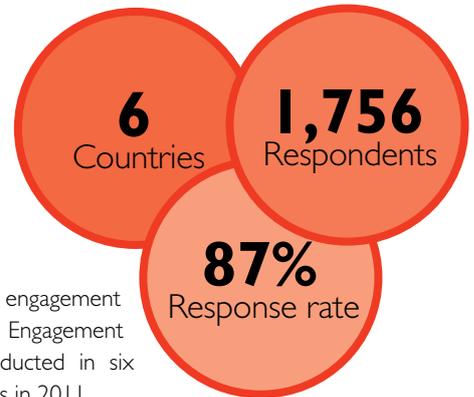
Our approach to Human and Labour Rights is described and globally communicated through the Nilfisk-Advance Code of Ethics and Business Integrity Principles which were introduced in February 2012. Furthermore, it is mandatory that Human and Labour rights are on the agenda at local business board meetings at least once a year.



We are firmly committed to providing equal opportunities to our employees and will not tolerate discrimination or harassment based on religion, race, colour, gender, age, sexual orientation, political orientation, birthright or other status. Therefore we have established a registration system for reporting cases of discrimination. Zero incidents were reported in the COP 2012 period.

To reach our business goals it is crucial to have a dedicated workforce, an inspiring working environment and to be able to continuously foster new talents. To ensure dialogue and foster

## Employee engagement Survey:



commitment and engagement a new Employee Engagement Survey was conducted in six selected countries in 2011.

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

Our customers want to make sure that the products they use have been produced in a responsible way. We have therefore started the process of ensuring that not only we, but also our suppliers conform to our standards and observe the UN Global Compact principles. In 2011 we fully integrated the principles of the UN Global Compact in our standard supplier contracts and achieved a 44% signature rate, an improvement of 8% points compared to last year, but we realise that we still have a way to go to reach our target of 80%. We will continue our efforts in this area.

## GOALS & ACTIONS Human and labour rights

	Deadline	Status 30.06.12
<b>Management</b>		
All local managements have been informed of our policies, have issued their comments, and have endorsed the policy.	30.06.11 - and ongoing	✓
Zero tolerance of acts of discrimination of any kind and hence no cases to be reported.	30.03.11 - and ongoing	✓
We will foster talent so that skilled employees have the opportunity to achieve their full potential.	30.06.11 - and ongoing	(✓)
<b>Derived goal:</b> Conduct global Employee Engagement Survey and set targets for Employee Engagement Index.	30.06.13 - and ongoing	
<b>Procurement</b>		
80% of the procurement (above 50,000 EUR in value) is to be supplied by partners who have agreed to abide by the principles of the UN Global Compact (30.06.12: 44%).	30.06.11	÷
<b>Work injuries</b>		
Regular reporting on the number of occupational injuries followed by definition of target for reduction of injuries (leading to absence). Last twelve months: 93 accidents were reported. Reporting in place, target remains to be defined.	30.06.11	(✓)
<b>Labour Rights</b>		
Code of Ethics is an integrated part of the M&A due diligence process, and non-conformity findings are reported.	30.06.12 - and ongoing	✓

÷ 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 is how Nilfisk-Advance works with environmental consciousness in developing new products for our customers.

Our cleaning machines naturally consume energy, water and in certain product areas also detergents. Designing equipment which can clean to the same high standard, but by use of fewer resources is therefore our greatest challenge. Hence, this is the area where we can make the highest possible impact in our environmental efforts.

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

In 2011 we established a methodology to identify the environmental footprint of products and we have introduced this methodology in our Floor Care product development division. Based on this learning we will set targets for reduction of the environmental footprint of new products.

We actively engage and participate in 30 industry-related boards and committees to push for agreements on industry standards e.g. for measuring environmental performance on products.



## Hybrid and ePower™ CS7000

The machine offers 30% fuel savings and corresponding CO<sub>2</sub> emission reductions compared to other competitive sweeper-scrubbers using conventional hydraulic drive technologies.

Our own internal consumption of resources is another focus area. In our manufacturing entities we continuously strive to minimise environmental impact. We closely monitor our energy consumption and related CO<sub>2</sub> emissions and set reduction targets, e.g. through our ISO 14001 environmental management system in our European and Asian factories.

For the present reporting period we have achieved a 7% reduction in CO<sub>2</sub> emissions normalised to revenue, which is an important first step in achieving our overall CO<sub>2</sub> emission reduction target of 10% over three years; 2012-2014.

### GOALS & ACTIONS



### Environment

	Deadline	Status 30.06.12
<b>Product Development</b>		
All new products contain sustainability improvements within at least one, and preferably more, of the following four areas: Energy consumption, water consumption, use of detergents and disposal (30.06.12: 71%).	30.06.10 - and ongoing	(✓)
<b>CO<sub>2</sub> emissions</b>		
10% reduction in 2014 normalised to output as compared to 2011 (30.06.12: 7%, not corrected for climate).	31.06.14	✓
<b>New goal:</b> 5% reduction of energy consumption for heating and electricity in our manufacturing facilities compared to 2011.	30.06.13	
<b>Products environmental footprint</b>		
Product footprints from best selling products are to be identified. Pilot project conducted.	31.12.11	(✓)
Set target for reduction of best selling products' footprint on environment, based on conclusions from pilot project.	31.12.15	(✓)
Actively participate in industry-related activities, boards and committees to push for agreement on industry standard for measuring environmental performance on products.	31.06.12	✓
÷ Not accomplished                          (✓) Partly accomplished or behind schedule                          ✓ Accomplished or on track		

# Anti-Corruption

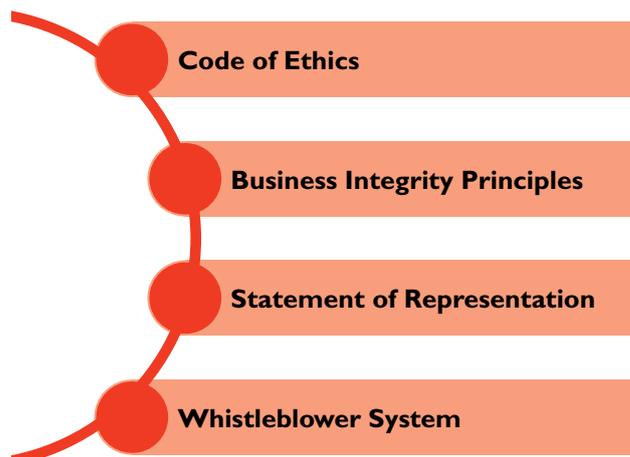
As a global company doing business in all parts of the world, Nilfisk-Advance is committed to working against the negative effect that corruption has on fair competition and the development of a stable society. Based on the Transparency International Corruption Perceptions Index (<http://www.transparency.org>)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

In order to support the work on business integrity we have drafted and communicated the Nilfisk-Advance Code of Ethics in which our position on business ethics is stated. To further support our efforts in this area, in February 2012 we introduced a set of Business Integrity Principles providing all individuals in Nilfisk-Advance with guidelines on what to do and what not to do in specific circumstances and situations related to our business.

To ensure management commitment and promote the anti-corruption agenda, local management in all Nilfisk-Advance entities are obliged to personally sign a Statement of Representation on the UN Global Compact principles. The Statement of Representation is then consolidated and signed by the CEO of Nilfisk-Advance.

Furthermore, a global whistleblower system in Nilfisk-Advance enables employees to anonymously report anti-corruption and other unlawful incidents.

We consider it a substantial asset in relation to our customers that we are not party to unlawful anti-competitive practices and we are a strong advocate of fair competition and want to always work towards eliminating inefficient and unfair business patterns.



” In order to support the work on business integrity we have drafted and communicated the Nilfisk-Advance Code of Ethics in which our position on business ethics is stated ”

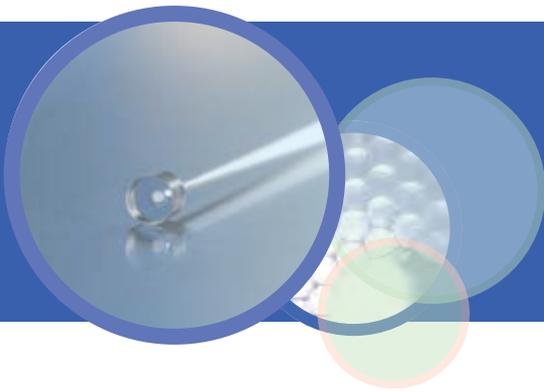
**GOALS & ACTIONS**



**Anti-Corruption**

	Deadline	Status 30.06.12
<b>Management</b>		
Local unit general managers are informed of our policies, have issued their comments, and have endorsed our policies.	30.06.10 - and ongoing	✓
<b>New goal:</b> Implement global Code of Conduct.	31.12.12	
<b>Anti-Corruption</b>		
No reported corruption or cartel cases. None were reported in this reporting period.	30.06.13 - and ongoing	✓
Ensure employees are knowledgeable on how to act according to Nilfisk-Advance expectations on business integrity issues.	30.12.12	✓
Apply risk management in growth markets on Business Integrity issues. Markets identified and first step in the process completed.	30.06.12	(✓)

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



# Photonics Group

## Highlights 2011-2012



### FOCUS ON EYE PROTECTION

In working with crystal fibers and fiber lasers, very high light intensities are used that can cause damage to the retina in case of an accident or careless handling of the equipment. This is why **NKT Photonics & Lios Technology** take numerous precautions such as work instructions, eye protection, screening and alarm systems. Employees involved in developing and manufacturing these products and who are subject to particular exposure, undergo eye tests every two years. As in previous periods, no eye injuries were recorded in this reporting period.

### Strong stance on facilitation payments



We are occasionally presented with more or less direct requests for facilitation payments. We categorically decline taking part in such transactions. Based on experience from this reporting period, we know that this policy has caused considerable delays in obtaining product approvals and that such delays have meant loss of orders.

### Green energy

An employee of **Vytran (US)** has proposed using electricity from renewable sources and after detailed examinations of the North American market, at 1 August 2012 the company has decided to switch to electricity generated exclusively from renewable sources, in this case wind turbines.



### Aid to **Tsunami Victims**

**Vytran** has a long tradition of strong business relations with Japanese companies. After the March 2011 tsunami disaster in Japan, Vytran's employees started a collection to help the victims, and the company matched the collected amount 4:1.

The donation of some 8,000 USD was made through the humanitarian organisation Doctors Without Borders.



” **Our customers are increasingly demanding more environmentally friendly products and requiring assurance that they are produced in a safe and responsible manner,**”



**Søren Isaksen**  
CEO  
Photonics Group

**In Photonics Group we develop and supply technologically advanced high-quality crystal fibre and laser products with a great potential utility value for the customer**

Our products are often instrumental in the development of entirely new and innovative final applications that contribute to creating better conditions for a sustainable development of our planet. The applications are typically driven by a need for better utilisation of global resources, improved medicines or treatment of diseases, more sophisticated communications tools, improved security of supply of food and energy or increased personal safety. We are proud that our innovations can contribute to creating a better and more sustainable basis for development worldwide.

We work with customers who are leading, global professionals. Our customers - and the end users of their products - are increasingly demanding products that are more environmentally friendly and requiring assurance that they are produced in a safe and responsible manner. Of course, these expectations include the materials and components we receive from our suppliers. We therefore submit corresponding demands to our supply chain and our business partners that their products and services are produced in a responsible way.

As designers and manufacturers of high-performance products, it is vital to be able to attract and retain skilled and dedicated people and to give them an incentive to do their best. Accordingly, we maintain continuous communication with our employees about the company's developments and the goals, performance and working conditions of the individual employee. A good working environment is also important and therefore we are dedicated to offering our employees a good, stimulating and also challenging workplace.

Our products are marketed and sold on a high quality reputation, and they represent significant input in the form of R&D and investment. It is therefore important that players in our industry are competing on fair terms. We do not tolerate any form of bribery or other acts contributing to unfair terms. Respect for human and labour rights and anti-corruption are thus priority issues for Photonics Group. Our parent company has signed the UN Global Compact, underlining its commitment to being a responsible company and supporting sustainable global development. We at Photonics Group wholeheartedly support this initiative.

# Human and labour rights

Photonics Group is based on business started in Denmark, Germany and the US. We have thus developed our business in geographical areas with a long tradition of respect for individual rights.

We buy components and services worldwide, our products are sold globally, and today we have sales offices in other parts of the world as well. In this new context we still need to ensure that respect for human and labour rights is and remains an integral part of how we run our business, regardless of geography.

Historically, our focus has been to ensure correct conduct in internal matters. Now, we also wish to ensure that, throughout the production process until the customer receives them, all of our products are manufactured responsibly and without infringing the rights of the individual. Therefore, these demands are made towards our suppliers, too. We are primarily aiming at suppliers from whom we have a large and stable purchasing volume.



A good working environment is also important. Therefore a global employee survey was initiated in 1st half of 2012 covering some 50% of the employees. The survey was designed in cooperation with employee representatives and the results have subsequently been presented to and discussed with the employees. Furthermore, the key findings have been transformed into management actions points and progress is discussed with employee representatives.

## Work-related injuries



**GOALS & ACTIONS**



**Human and labour rights**

	Deadline	Status 30.06.12
<b>Procurement</b>		
80% of our procurement (above 50,000 EUR in value) is to be supplied by partners who have agreed to abide by the UN Global Compact principles (30.06.12: 43%).	30.06.12 - and ongoing	÷
<b>New goal:</b> Development of plan to monitor; through inspections, the extent to which our suppliers comply with the agreed conduct.	30.06.13	
<b>Work-related injuries</b>		
No accidents causing absences in 2nd half 2011 or 1st half 2012.	30.06.12	✓
<b>New goal:</b> No accidents causing absence in 2nd half 2012 or 1st half 2013.	30.06.13	
<b>New goal:</b> No eye injuries caused by work with high light intensities recorded in connection with eye test to be conducted in 2nd half 2012.	31.12.12	
<b>Employee satisfaction</b>		
<b>New goal:</b> Employee satisfaction is measured in all business areas and action plans are made, based on the results.	30.06.13	

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

# Environment

The environmental footprint of Photonics Group's own activities is very limited. The main environmental impact is related to products manufactured by the Group's enterprises.

Many products find application in situations aimed at improving either environmental conditions, security of 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, food quality control, development of new and improved medicines and diagnosing of diseases. Demands for greater environmental accountability, increased security and improved living conditions are thus important drivers for the development of our business, and support our investments in the area of photonics.



In our efforts to reduce the environmental impact of our business our focus going forward will be on reducing CO<sub>2</sub> emissions from our own energy consumption and on reducing the energy

consumption of our products sold in larger volumes. The optical crystal fibers developed by NKT Photonics are tested by our customers in their development of energy-consuming laser equipment for the processing of microelectronic components such as semiconductor components, solar cells, mobile phone screens, etc. We are developing a new fiber design suitable for peak power pulsed fiber lasers to replace traditional solid state lasers in such equipment and thereby significantly reducing the energy consumption of such equipment.

As manufacturers of electro-optical products and production equipment we use relatively small amounts of raw materials in our products. We use and mount electrical components in almost all our products. New products are designed to comply with the RoHS Directive on the restriction of hazardous substances in electronic and electrical equipment and similar regulations. Older products are re-designed to comply with the RoHS Directive or are being phased out.

**GOALS & ACTIONS**



**Environment**

	Deadline	Status 30.06.12
<b>CO<sub>2</sub> emissions</b>		
12% reduction of CO <sub>2</sub> -intensity* relative to the 2008 level. Increased activity in long-term testing of high power products have led to 12% increase of power consumption.	31.12.11	÷
15% reduction of CO <sub>2</sub> -intensity* relative to the level at 30.06.11 (25.2 tonnes of CO <sub>2</sub> /mEUR).	30.06.14	(✓)
<b>Transition to unleaded products</b>		
All products must comply with the RoHS Directive (all new product designs that are completed or in development are now in compliance with the RoHS Directive).	30.06.13	(✓)
<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%.	30.06.13	✓

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

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

# Anti-Corruption

We consider corruption to be a major 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 parts of the world 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, nor are facilitation payments tolerated.

In this reporting period we have not observed any instances of corruption in Photonics Group, but based on experience from this period we know that our policy on facilitation payments has caused considerable delays in obtaining product approvals, and that such delays have meant loss of orders.



<b>GOALS &amp; ACTIONS</b>  <b>Anti-Corruption</b>	Deadline	Status 30.06.12
<b>Ethical conduct</b>		
New goal: A code of conduct is to be established and communicated to all employees.	31.12.12	
<b>Anti-Corruption</b>		
All white collar employees must know how to act in accordance with our policies.	30.06.12	✓
New goal: We will develop a programme for our employees to be trained in our Anti-Corruption Policy.	30.06.13	
<b>Facilitation payments</b>		
We do not accept facilitation payments. No facilitation payments were recorded in the reporting period.	Ongoing	✓
<b>Agents and distributors</b>		
All agents and distributors are informed of our Fair Trade Policy (30.06.12: Agents and distributors representing approx. 50% of the sales volume are informed).	30.06.12 - and ongoing	✓
÷ Not accomplished      (✓) Partly accomplished or behind schedule      ✓ Accomplished or on track		

# GRI indicators

GRI (Global Reporting Initiative) 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 partly on the GRI indicators listed below. Selected subjects are elaborated in the present report

GRI indicators	GRI parametres*	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>Anti-Corruption</b>				
Local Community	SO1, SO9	✓	✓	✓
Anti-Corruption	SO3, SO4	✓	✓	✓
Public Policy	SO5, SO6	✓	✓	✓
Anti-Competitive Behaviour	SO7, SO7A-B	✓	✓	✓
Compliance	SO8	✓	✓	✓

\* In-depth descriptions are available on page 26.

# GRI - 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		Programs 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 on gender
LA13	B	Distribution of employees on age group
LA13	C	Distribution of employees on 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 organization's operations, and transporting members of the workforce

## Social Anti-Corruption

SO1		Percentage of operations with implemented local community engagement, impact assessments, and development programs. Nature, scope, and effectiveness of any programs 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 Anti-Corruption 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 behavior; 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

Source: GRI indicators as of November 2011, see more information at [www.globalreporting.org](http://www.globalreporting.org)



NKT Holding A/S  
Vibeholms allé 25  
DK - 2605 Brøndby  
Denmark