



Communication on Progress 2011

NKT AND THE COMMUNITY

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MEMBERSHIP

Membership date: 27 March 2009

Number of employees: 9,800

Sector: Electricity

REPORTING DATE AND PERIOD

13 October 2011

The report covers the period 1 July 2010 - 30 June 2011

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Cover photos: With courtesy of NKT companies.

UN GLOBAL COMPACT

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



CEO STATEMENT

In NKT we believe that a global mindset is a prerequisite for success. Therefore we think and act globally in order to positively influence all stakeholders in our value chains to strive for sustainable businesses. Only by worldwide interaction and commitment can we succeed in developing a sustainable future

Accountability has been a part of NKT's values throughout our almost 120-year history. We work with respect for our employees, shareholders, suppliers, customers and other stakeholders. We care for the environment, not only by constantly seeking to reduce environmental impacts from our own production facilities, but also by taking the customers' use of our products into serious account. This is another aspect of having a global mindset.

NKT takes responsibility

The pressure on the world's scarce resources will most probably increase further. As a result, the urgency to develop a sustainable future is evident. We are present all over the world, so the challenge of achieving sustainable solutions for the benefit of everyone is also ours. In NKT, we have already taken action to carry our share of the global efforts to achieve a sustainable world by setting striving goals internally, and also by influencing our entire value chain to be ambitious in this matter. This is why NKT strongly supports the UN Global Compact; adhering to these principles constitutes an important part of our Corporate Social Responsibility (CSR) initiatives. And meanwhile we strongly urge our suppliers to do the same. In fact, this is one of our main goals within the Human and Employee Rights area.

NKT sets ambitious goals

The 10 UN Global Compact principles are well on the way to being integrated into NKT's CSR efforts. Two years ago we applied for membership and we have already reached the first goals in each of the four focus areas. We now have an extensive database on reported parameters and the overview will help us to define more specific and focused goals in the future, whilst further establishing our expectations towards both our internal and external value chain.

This is our third Communication on Progress Report. Our aim is continuously to provide a fair picture of our achievements, providing factual information and being straightforward about our successes as well as our challenges. In this reporting period we have seen decreasing Group CO₂ emissions and although encouraging, it will be a challenge to meet the goal of 12% emission reduction relative to output by the end of 2011.

After the closing of this reporting period, NKT received a Statement of Objection from the European Commission in connection with an investigation of the cable market, and NKT is providing its observations. The investigation could take one or

two years before being settled. However, this challenge does not change our strong emphasis on fair and equal business conditions for all companies.

Although we are well on the way to deploying the UN Global Compact into our CSR profile, businesses and value chain, we cannot guarantee there will be no setbacks. What we can promise is that the NKT Board of Management will tackle the work with complete dedication and remain fully focused on our Corporate Social Responsibility.

We see the work with CSR as a long, continuous journey and we hope that the efforts may be a source of inspiration just as the efforts of others have inspired us.

Brøndby, Denmark
13 October 2011
Thomas Hofman-Bang
President and CEO
NKT Holding A/S



THE NKT GROUP IN BRIEF

The NKT Group comprises four business areas:

NKT Cables

NKT Cables develops, manufactures and markets a wide selection of cables. From low voltage cables for domestic lighting, to catenary wires that supply power for high-speed trains travelling between China's major cities, to submarine cables that connect together offshore wind turbines, to cables for cars. The products are sold worldwide.

Nilfisk-Advance

Nilfisk-Advance supplies indoor and outdoor cleaning equipment to a global, professional clientele as well as vacuum cleaners for private use. Individual service agreements and spare parts sales are also provided, giving customers availability at all times. The products are sold worldwide.

Photonics Group

Photonics Group consists of three companies all active in the field of advanced fiber technology. Products are based on the unique light-conducting properties of optical fibers. The products comprises crystal fibers, fiber lasers and systems used in material processing, sensing and life science industry, temperature measuring equipment for applications such as tunnel fire detection as well as equipment for splicing, joining and forming optical fibers. The products are sold worldwide.

NKT Flexibles

NKT Flexibles supplies flexible pipe systems for offshore oil and gas production. The company is one of only three in the world manufacturing pipes that can withstand internal pressures as high as 600 bar and temperatures of up to 130°C. The pipes are used to link the well with the production rig, and the flexibility of the pipes enables them to absorb both wave action and platform movements. The products are sold worldwide. NKT Flexibles is a joint venture in which NKT Holding holds 51% ownership.

NKT Commitments

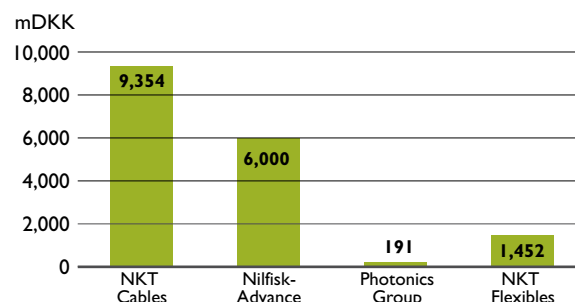
NKT has adopted a number of voluntary projects and principles with emphasis on Corporate Responsibility:

Organization or project	Year of adoption
Carbon Disclosure Project	2009
UN Global Compact	2009

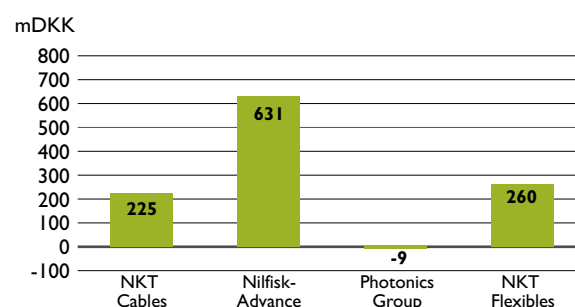
The NKT Group also participates in relevant trade, industry and standardization associations around the world.

According to internal policies, NKT does not engage in political activities nor contribute to or support political parties, candidates or committees.

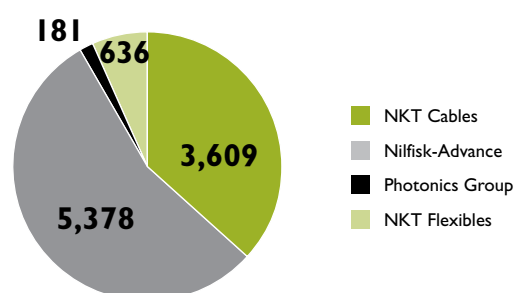
Revenue (LTM)



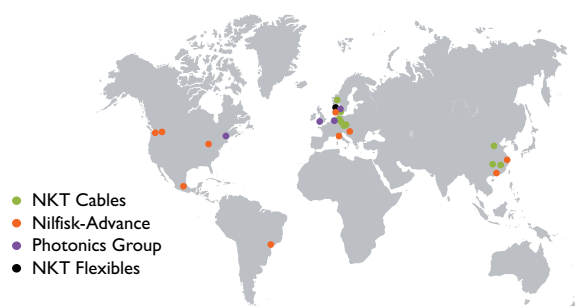
EBITDA (LTM)



Number of employees, 30 June 2011



Production sites



REPORTING

The NKT sustainability model is based on the innovation and commitment of our entire value chain. Our report builds on international protocols, which allows comparability among our business areas and with other companies

NKT signed the UN Global Compact on 27 March 2009 and this is our third Communication on Progress (COP) Report, covering the period 1 July 2010 to 30 June 2011.

Reporting structure

Given that the Group's four business areas are diverse, so are the challenges related to CSR. Therefore, we report separately on each of the four business areas. Our COP reports address the UN Global Compact's 10 principles divided into three parts: Human & Employee Rights, Environment and Anti-corruption.

Group guidelines and policies

The first efforts on a corporate level were to relate the 10 principles of the UN Global Compact to our company standards, leading to a definition of ethical guidelines for the Group. These guidelines have been supplemented by Group policies and have been communicated throughout the Group. Some of the business areas have taken the guidelines a step further and enhanced them with Codes of Conduct.

Reporting system

To improve benchmarks and ensure continuous progress we have established a comprehensive reporting system within the Group. The reporting system provides data and information from the individual units within the Group and now delivers most of the necessary data and information on which our CSR works and future reporting will be based. The four business areas are responsible for data collection and the quality of the Key Performance Indicators (KPIs).

The reporting system is composed of four elements:

- A whistleblower system where all Group employees can report serious concerns about a number of behaviours, events or circumstances that seem incorrect. Reporting can be made anonymously.
- A data collection system where we can continuously register various KPIs, such as work accidents, type and amount of fuel and energy consumption, CO₂ emission 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 Group companies 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 four business units annually report on matters such as diversity in management, efforts within R&D to support the UN Global Compact, etc.

Both the reporting system and the Statement of Representation include almost 100 units worldwide.

GRI

NKT has been inspired by the parameters of the Global Reporting Initiative (GRI). We have carried out an assessment of materiality of the GRI indicators based on the methodology proposed by the GRI. The methodology remains unchanged from 2010, and we have chosen to report on a total of 16 indicators.

In cooperation with the business areas, the Group has formulated a comprehensive set of parameters, reporting procedures and related instructions which form the basis for this reporting system.

Data reliability

Although the implementation of the consolidated reporting system is complete, some elements are not yet fully operating in all areas. Procedures and instructions related to data quality, data traceability and control measures are still under development. Therefore, the uncertainties of the primary input data, which still exist as a result of this ongoing work, have to be taken into account when considering the conclusions of this report. However, the employment of data has become more consistent as the employees gain more experience in reporting.

Auditing

The NKT Communication on Progress 2011 Report on the Group's CSR efforts is not audited by an independent auditor.

It is the intention to conduct test audits in selected companies within the NKT Group in the coming reporting period. The test audits will focus on data collection procedures, data quality and business procedures in general.

FOCAL AREAS

NKT primarily centres on the environmental and anti-corruption areas of the UN Global Compact. However, targeted efforts within Human & Employee Rights have also been made. The first goals have been achieved, promising results are in the pipeline, and new challenges are appearing

When adhering to the UN Global Compact in 2009 we assessed which action areas would have the most impact on a relative short-term basis to assure buy-in throughout the organization. Our assessment was and is continuously based on:

- The UN Global Compact 10 principles
- Our business situation
- Our business culture

Based on a thorough business analysis we identified the largest potential for positive impact in the areas of Environment and Anti-corruption. We deemed it relevant, however, to initiate actions and targets within all of the main areas and report on these. Furthermore, NKT intends to widen the initiatives and report within other societal areas in the future.

To ensure that the principles are propagated and complied with throughout the Group, all NKT unit general managers must annually report on the situation in their units via our Statement of Representation. In this statement they report on facts and declare their adherence to the UN Global Compact principles as managers and on behalf of their units.

HUMAN AND EMPLOYEE RIGHTS

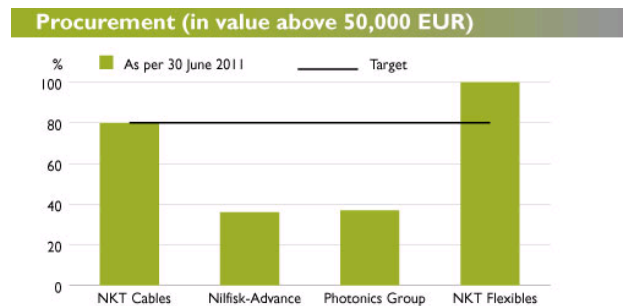
Being a global company it is also our obligation to assure these rights in areas of the world where they are not necessarily prioritized. This is especially important when NKT acquires companies in such areas. For NKT, consideration of these issues is now an integral part of M&A procedures. In addition, NKT also has a set of policies related to Human and Employee Rights. They are available on our corporate website: www.nkt.dk/uk/Menu/About+NKT/Policies.

Codes of ethics

All business areas have goals for manager information and acceptance of the UN Global Compact. Some business areas have elaborated on the NKT Ethics Statement with the aim to make their own version known, understood and accepted by all white collar employees. More initiatives will follow in the next reporting period.

Value chain adherence to UN Global Compact

One of our goals is to integrate Human and Employee Rights in our value chains. We therefore require that our suppliers also comply with the UN Global Compact. Our objective is that by the end of 2011 at least 80% of the Group's suppliers (annual purchase value above 50,000 EUR) shall be contractually committed to the 10 principles, see the figure below.



While suppliers in EMEA/APAC countries show great willingness to adhere to the UN Global Compact, suppliers in other geographic areas remain reluctant. However, NKT continues to push this issue when negotiating new contracts.

THE 10 PRINCIPLES OF THE UN GLOBAL COMPACT

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

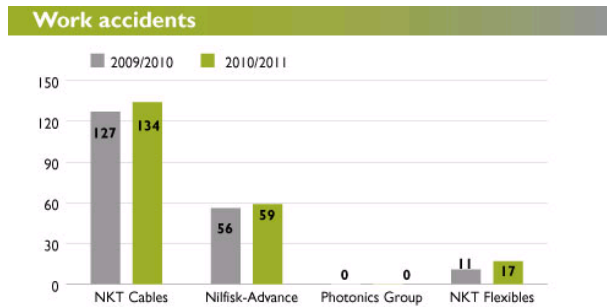
7. Support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies

Anti-corruption – businesses should

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

Work accidents

The health and safety of our employees is a key NKT management concern. Absence caused by occupational injuries is reported in all our business units, and high targets for improvement are set. Although well on the way, status shows that in some business areas even more attention is needed in this area in order to be among the best. More business areas have set a zero occupational injury goal.



It's all about people

Attracting and retaining the right employees with unique competencies is alpha and omega for a specialized group such as NKT. Many business areas have special talent development programmes while others e.g. offer English courses to ensure that the employees can work across borders in a continuously growing global company.

ENVIRONMENT

We track energy consumption for all our business units. Improvement targets, indexed to levels of activity, are established for business segments as well as for the Group as a whole. NKT reports its annual CO₂ emission to the Carbon Disclosure Project organisation.

Ambitious CO₂ target challenged

In 2009 we declared our objective to reduce overall CO₂ emission by 12%, relative to output for the period 2009-2011. Although 2010 showed a decrease of approximately 2% compared to the previous year, it is proving to be somewhat challenging to reach the target which is based on 2008 expectations. The target was set before the financial crisis and was therefore based on significantly higher growth rates than actually realized, and on a product mix that is slightly different from actual market demands. It remains to be seen if the goal will be realized by year-end 2011.

Data reliability

Our data collection system implemented in 2010 revealed a significant deviation between previous and present reported CO₂ data. Reporting period data are currently found to be reliable and consistent when it comes to Scope 1 and 2 emissions. Scope 3 data are still less accurate and incomplete. This is primarily due to varying calculation methods used by transportation companies, and that many NKT business units have just started collecting data and to report on this parameter.

Product environmental footprint

The products of NKT Cables and NKT Flexibles are to a large extent environmentally friendly in usage. Therefore, our greatest contribution is to continuously reducing the level of production

scrap, and in contributing to develop entirely new products or product applications that can reduce the environmental load in the overall supply chain.

In Nilfisk-Advance we believe that the greatest environmental challenges and improvement measures lie within the areas of reduction of environmental load from products in use. This is a focal point in the product development.

ANTI-CORRUPTION

We buy large volumes, operate with large projects and we are active in sectors where there have been incidences of cartels and corruption. Furthermore, we are a global company with presence in parts of the world where corruption has been and still is more widespread.

Internal compliance concept

NKT is a strong advocate for fair competition. We consider it to be an important asset to our customers that we are not party to unlawful, anti-competitive practices. We want to ensure that our policies on this issue are in focus and complied with. Therefore, an anti-corruption review is part of the aforementioned Statement of Representation signed by all NKT unit managers once a year. The document is affirming, among other things, that management action has been taken to ensure that employees with extensive interface with suppliers or customers are aware of NKT's anti-corruption policy and the consequences of non-compliance. In addition, we register and will report all filed incidences of corruption, cartels and money laundering. During this reporting period we have not registered cases of corruptive behaviour or money laundering.

Statement of Objection

After the closing of this reporting period NKT Cables and NKT Holding received a Statement of Objection from the European Commission in connection with an investigation of the submarine and underground high voltage cable markets in the period 1999-2008. NKT is now providing its observations to the European Commission. The investigation could take one or two years before being settled.

Facilitation payments

Until now we have reluctantly accepted that facilitation payment may to some extent be necessary to ensure that agreed services can be offered or supplied, or that the reasonable safety or rights of employees can be provided. A system to record and track facilitation payments has been established and has been very helpful in creating awareness of the proportion of this matter. A few cases have been recorded in this reporting period.

The increased awareness has led many of our businesses to work with setting up internal awareness campaigns and/or introducing codes of conduct to support the approach of a revised standpoint of non-acceptance of facilitation payments.

Moving forward we intend to focus also on people out of our own ranks, including agents. We will start by taking measures to ensure that our business partners are contractually obliged to act in accordance with our policies.

Whistleblower system

A whistleblower system is in place to improve our ability of discovering irregularities. It allows employees to report serious concerns about a number of irregularities or inappropriate behaviour. Reports can be made anonymously in any chosen language, and in writing or orally. Two of the registered reports for 2010-2011 have lead to material adjustments in business procedures. None of these were of a corruptive nature.

NKT CABLES

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 within NKT Cables for many years. Almost three years ago the NKT Group became a participant in the UN Global Compact and from the start NKT Cables fully supported this initiative. This commitment to UN Global Compact has contributed significantly to raising awareness of the importance of Corporate Social Responsibility within NKT Cables. Observance of the principles of UN Global Compact is visible in all aspects of our business, from management decisions to relations with our customers and suppliers all the way to the day-to-day operations on the plant floor.

Under the banner of our commitment to UN Global Compact we have trained employees on a variety of subjects such as respect for legal, ethical and HSE (Health, Safety, Environment) standards. We invested in the development of our employees. We have defined internal reporting requirements and installed data collection processes. We have implemented projects on reduction of emissions, energy consumption and the usage of hazardous materials. Finally, we have made respect for CSR standards part of how we conduct our business in all the markets where we operate.

Our work has generated progress in many fields, but we know we are not perfect and that we cannot relax our efforts. We are, however, confirmed in our conviction that living up to our CSR principles makes 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.

Cologne, Germany, 13 October 2011

Marc van 't Noordende
CEO, NKT Cables Group



MARC VAN 'T NOORDENDE

CEO
NKT Cables Group

- Observance of the principles of UN Global Compact is visible in all aspects of our business.

HUMAN AND EMPLOYEE RIGHTS

NKT Cables is a global company represented in more than 20 countries. All local management teams in NKT Cables are required, on a yearly basis, to draft and sign a Statement of Representation on the UN Global Compact principles to ensure that the fundamental principles in NKT's ethical guidelines are known and followed throughout the organization. We have made efforts to promote the same principles in our supplier base. We have communicated our commitment to the UN Global Compact to our top suppliers and surveyed them regarding their position towards the UN Global Compact.

Our employees are our key assets and we firmly believe that the company's results can only be improved by educating our employees. We provide training and development opportunities throughout the organization, regardless of gender, race, age or religion.

In all countries in which NKT Cables operates, we will provide our employees with a safe and healthy working environment. We have a goal of zero accidents for every factory. We continuously measure, analyse and improve our processes as part of our efforts to achieve this zero accidents goal.

We have established an extended monthly reporting system (accident scorecards) and over the last 5 years we have reduced the frequency of accidents by more than 25%. A new action plan is underway to strive for zero accidents.

GOALS: HUMAN AND EMPLOYEE RIGHTS

Management

Goal: 30.06.10

All local management teams have been notified of human and employee rights, have issued their comments, and have endorsed the approach

Status



Procurement

30.06.11

An overview of suppliers is to be established regarding their position on the UNGC. Subsequently goals will be defined

Actions

A central purchasing function has been established

Status as of 30.06.11

A survey on NKT Cables top suppliers' position towards the UNGC has been completed successfully. 80% of the suppliers have agreed.



ENGLISH COURSE PROGRAMME

NKT Cables is based on a "One Company" philosophy. To obtain a common internal communication platform it was necessary to improve the employees' English skills as it is the corporate language. A customized programme was implemented worldwide, for employees working in both administration and operational functions. Various levels of training lessons met the different requirements, such as in-house training by colleagues, professional teachers, online training and DVDs.

New goal: 30.06.12

Based on results of the previously conducted survey a further improvement of suppliers' commitment to the UNGC will be targeted

Actions

To approach smaller suppliers to participate in the same survey

Work accidents

Goal: 30.06.11

Regular reporting of the number of occupational injuries and goal-setting for 2011-2012

Actions

Operations has established a comprehensive, monthly reporting system (accident scorecards)

Status as of 30.06.11

Accident frequency* decreased to 22 in first half-year 2011 (23 in first half-year 2010 and approx. 30 at the start of the millennium).

**New goal: 30.06.16**

Current safety performance is insufficient. Goal is to improve safety performance towards best-in-class industry standards

Actions

Validate current incident tracking, reporting and follow-up system. Define safety targets. Liaise with the Group so that all units ensure development of local plans in line with Group objectives

Employee education

Goal: 30.06.11

Improving employees' communications skills

Actions

An English course programme has been offered to selected employees throughout the company

Status as of 30.06.11

More than 570 employees from administration and operational functions have participated in the programme worldwide.



The activity continues because of its success

Goal: 01.03.12

Improving employees' competencies and capabilities, thereby improving company competitiveness

Actions

A project called RECUN has been initiated in NKT Cables' Danish operations

Status as of 30.06.11

400 employees in Denmark have completed 9 of the 11 planned modules of the development programme. The remaining 2 modules are scheduled so that every participant knows and can use the RECUN tools.

New goal: 31.12.12

Measurement of employee satisfaction worldwide

Actions

Employee engagement survey planned for Q1 2012 in order to identify the needs

New goal: 30.06.12

Improve communication skills

Actions

Launch of "Communication/skills" project for Customer Service Centre Staff

Accomplished 

Partly accomplished 

Not accomplished 

* Number of accidents per 1 million working hours.

ENVIRONMENT

Today our cable manufacturing processes have limited impact in terms of external noise, waste water and air pollution. The main environmental impacts from our business activities stem from two sources: the energy consumed at our production facilities and the use of non-renewable resources in products, primarily copper, aluminium and plastics originating from oil derivatives. Thus it is important for us to:

- Minimize the use of energy
- Minimize scrapping raw materials and maximize recycling possibilities
- Avoid the use of hazardous materials in our products and processes

Initiatives along these lines will benefit the environment as well as improve the competitiveness of NKT Cables.

A diverse portfolio of initiatives is underway to reduce energy consumption in our operations.

This includes:

The commissioning of the new factory, a new production building, a replacement of one coal boiler by ground source heat pumps and one steam boiler by a combined heat and power plant.

Finally, at NKT Cables we have successfully extended our business involvement in the fields of renewable energy by assisting our customers to conserve natural resources and reduce CO₂ emissions. Our submarine cables are instrumental in realising the benefits of offshore wind farms, and our supply of monitoring solutions and technologies contributes to a significant reduction of transmission and distribution losses.

GOALS: ENVIRONMENT

Phthalate (DEHP)

Goal: 31.12.10

To phase out the use of DEHP, and during 2010 the use of DEHP-softened PVC is to be phased out in most markets

Actions

Cease offering products containing DEHP-softened PVC

Status as of 30.06.11

The use of DEHP was phased out at all sites before the end of 2010.



CONSUMPTION OF GAS AT FACTORY IN COLOGNE, GERMANY

Energy reduction was an important topic in the planning and design of the new factory in Cologne. Consumption of natural gas in the new factory is reduced by approximately 40-50% compared to the old factory. The electric heaters in the degassing chamber were replaced by recycled heat supplemented with natural gas. This way CO₂ emissions are reduced by almost 50% and the use of electricity in the degassing chambers eliminated.

CO₂ emission

Goal: 31.12.11

Direct emission from factories and indirect emission due to consumption of electric power is to be reduced by 12% in 2011 revenue compared to 2008, measured in standard metal prices

Actions

We have moved to a new factory in Cologne, Germany. A number of old boilers were substituted by new, more efficient ones at plant in Denmark

Status as of 30.06.11

Heating: CO₂ emission is reduced by 8% compared to 2008. Production: CO₂ emission at a steady state.

We do not expect to reach the goal within the defined timeline.



The goal cannot be accomplished, hence it is revised

Revised goal: 31.12.13

CO₂ emission from heating reduced to less than 80% of 2008 level. The weighted CO₂ emission reduction of heating and production by 4-5% compared to 2008 level

Actions

Establish reporting and follow-up system to ensure local action plans, including time frame and expected results.
Planned projects: Change from coal boiler to heat pumps and from steam boiler to combined heat and power plant

Material utilization

Goal: 31.12.12

Material utilization efficiency is to be increased from 95.2% in 2008 by 0.2% per year, thereby reaching 96% in 2012

Actions

We register our material utilization on a monthly basis in all manufacturing units using operations scorecards.
We establish reporting and follow-up system to ensure local action plans, including time frame and expected results.
Material utilization to be incorporated as KPI in the management reporting

Status as of 30.06.11

Material utilization first half of 2011: 95.7%.

As the markets demand more sophisticated cable constructions, it is uncertain whether the goal will be reached

Water savings

New goal: 31.12.13

Water savings of 35% per ton of cable compared to 2010 level

Actions

Focus will lead to better management and identification of leakages, optimization of cooling systems and the phasing out of open cooling systems

Energy savings

New goal: 30.06.13

Optimize the energy consumption on machinery.

Actions

Measure and analyse energy consumption for important machinery to define specific goals

Accomplished  Partly accomplished  Not accomplished 

ANTI-CORRUPTION

NKT Cables engages in transparent business relations and with partners adhering to the same UN Global Compact principles. We are committed to taking responsible corrective action wherever and whenever NKT Cables detects deviations to these principles.

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

Local management teams must annually sign a Statement of Representation to ensure knowledge and adherence to set of rules.

A whistleblower system is being rolled out in NKT Cables. The system is designed to let all employees raise 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 on wrongdoings or irregularities.

Although not being an anti-corruption case it must be addressed that after the closing of this reporting period NKT Cables received a Statement of Objection from the European Commission in connection with an investigation of the cable market. NKT is now providing its observations. The investigation could take one or two years before being settled. For further information please see the NKT Q2 2011 Interim Report.

GOALS: ANTI-CORRUPTION

Management

Goal: 30.06.10

All employees with customer and/or supplier interaction shall be familiar with NKT Cables' policies

Actions

Status



Anti-corruption

Goal: 30.06.10 and onwards

Explicit communication established and understood by all employees and business partners

Actions

An awareness campaign will be implemented in 2012 using a variety of tools and forums. This campaign will include additional explanation to the employees of the purpose and functioning of the whistleblower system

Status as of 30.06.11

Each local unit general manager has signed a Statement of Representation in which he/she must explain and sign on to procedures. Whistleblower system has been rolled out.



Continuous focus required

Facilitation payments

Goal: 31.12.10

Our goals within the area will be defined before 1 January 2011

Actions

Setting up a structure to collect data and define subsequent goals

Status as of 30.06.11

Data collection from the entire organization completed.



New goal: 30.06.12

No facilitation payments

Actions

Facilitation payments will be part of the awareness campaign described in the paragraph on 'Anti-corruption'

Compliance to laws and regulations

New goal: Immediate

Renewed attention to the Code of Ethics behaviour in relation to competitors

Actions

The Code of Ethics behaviour in relation to competitors will be part of the awareness campaign described in the paragraph on 'Anti-corruption'

Accomplished  **Partly accomplished**  **Not accomplished** 

NILFISK-ADVANCE

Nilfisk-Advance is introducing “Green meets clean”, sustainable cleaning, as the headline of our work with Corporate Responsibility in the coming years

We are proud to be one of the world's leading producers of professional cleaning equipment. Our products are manufactured on three continents and used worldwide. We offer our customers cleaning solutions that are both efficient and improve the sustainability of the industry.

We constantly work to improve our products. New products shall provide equal or enhanced cleaning efficiency while using less energy, less water or less detergent. 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 it “Green meets clean”.

Being a participant of the UN Global Compact we are also dedicated in ensuring that Nilfisk-Advance is a good company to work for, for all our people regardless of location. We focus on the environment when conducting our business and we wish to ensure that our principles on business integrity are well-known and live within our organisation.

We are certain that our commitment to the UN Global Compact and Corporate Responsibility will help us to develop our business in a new and positive direction. It will also enable us to meet the growing demand from customers for sustainable and more efficient products and processes.

Brøndby, Denmark, 13 October 2011

Jørgen Jensen

CEO, Nilfisk-Advance A/S

**green
meets
clean**



JØRGEN JENSEN

CEO
Nilfisk-Advance A/S

- We offer our customers cleaning solutions that are both efficient and improve the sustainability of the industry.

HUMAN AND EMPLOYEE RIGHTS

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. 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.

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.

A wide range of initiatives help establish the commitment of Nilfisk-Advance with our people. We have both global and local initiatives to ensure that we act as a corporate citizen and are an employer of choice for our employees.

Our products are attracting professional, responsible customers. They too want to ensure that the products they use have been produced responsibly. We know that wherever we operate, the responsibility for compliance lies with ourselves, and not only with the local authorities. We are therefore committed to ensure that not only we, but also our suppliers conform to our standards and observe the UN Global Compact principles.

As an important part of our efforts within this field we have drafted the Nilfisk-Advance Code of Ethics and communicated this throughout the entire organization.

We have also established a whistleblower system where any violations or breaches can be anonymously reported by anyone in Nilfisk-Advance.

GOALS: HUMAN AND EMPLOYEE RIGHTS

Management

Goal: 30.06.10

All local management teams are informed of our policies, have issued their comments and have endorsed the policy

Actions

Status



Goal: 30.06.10 and onwards

All local management teams are informed of our policies, have issued their comments, and have endorsed the policy

Actions

Local management teams are to sign a Statement of Representation on the UNGC principles at least once a year.

Human and employee rights are part of the standard agenda at local business board meetings at least once a year

Status as of 30.06.11



The activity is ongoing

Goal: 30.03.11

Zero tolerance for acts of discrimination of any kind and consequently no cases to be reported

Actions

To establish a registration system for reporting cases of discrimination

Status as of 30.06.11

A registration system for reporting cases of discrimination has been established. One incident was reported in the COP 2011 period.



The activity is ongoing



100 YEARS UNION ANNIVERSARY

An important part of how we comply with human rights is to ensure freedom of association in our company. An illustrative example is from Denmark where we had the pleasure of celebrating an impressive 100-year anniversary for workers' union group "Klub 32 Metal" of the Danish Metalworkers' union in Nilfisk-Advance.

Goal: 30.06.11

We will foster skilled employees so that they have the opportunity to achieve their full potential

Actions

The People Review Programme will be extended from Top60 to include Top200 leaders in our company

Status as of 30.06.11

Activities to develop a strong culture and excellent leadership skills have been initiated to support this goal.



The activity is ongoing

Procurement

Goal: 30.06.11

80% of the procurement (value above 50,000 EUR) is to be supplied by partners who have agreed to abide by the principles of the UNGC

Actions

The principles of the UNGC are part of the text in new supplier contracts. When contractual agreements are in place, we plan to carry out control visits based on a risk assessment at some suppliers

Status as of 30.06.11

EMEA*/APAC** countries have continued their positive development on this target: 76% of direct spend (in value) is now with suppliers who have agreed to comply with the principles of the UNGC.

The result on global scale is somewhat lower at 36%. It is an improvement, but we also realize that we still have a long way to go to reach our target.

We will continue our efforts in this area.



The activity is ongoing

Work accidents

Goal: 30.06.11

Regular reporting on the number of occupational injuries followed by definition of target for reduction of injuries (leading to absence)

Actions

We measure and define progress goals, take preventive initiatives and follow up on all incidents

Status as of 30.06.11

A registration system has been established and regular reporting on occupational injuries is conducted.

Investigation is ongoing as to the nature of occupational injuries to ensure best practice in local follow-up and preventive measures.



The activity is ongoing

Labour Rights

New goal: 30.06.12 and onwards

Code of Ethics is an integrated part of the M&A due diligence process, and non-conformity findings are reported

Actions

Based on non-conformity findings we ensure that employees from newly acquired companies are treated equal and fair

Accomplished 

Partly accomplished 

Not accomplished 

* EMEA: Europe, Middle East and Africa

* APAC: Asia-Pacific

ENVIRONMENT

We see environmental sustainability as an element of sound business practice. If we as a company can reduce our consumption of resources it will benefit the environment, not to mention the economic benefits for ourselves and our customers.

"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 using fewer resources is, therefore, our greatest challenge. Thus this is the area where we can make the maximum possible impact in our environmental efforts.

Our own internal consumption of resources is also an area of environmental focus. In our manufacturing entities we continuously strive to minimize environmental impact. And in our sales entities, offices and in our daily behaviour, we encourage environmentally sound choices through initiatives and environmentally justifiable policies.

GOALS: ENVIRONMENT

Product development

Goal: 30.06.10 and onwards

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

Actions

The sustainability of products is an important part of the decision in the product development process

Status as of 30.06.11

Our platform for technology development, 'Customer Focused Technology Development' has taken the environmental impact of future products as a high priority parameter in activities.

Worldwide, 60% of new products launched by Nilfisk-Advance last year contained an environmental improvement within at least one of the four environmental focus areas.



The activity is ongoing



50% SAVINGS ON ELECTRICITY

We collect suggestions from our employees on potential solutions for energy saving. One result from the extensive initiatives on electricity, is segregating the lighting system into small areas in one of our production units in China so that only the active parts of production halls are lit. And replacing the electrical heating system with a solar heating system which has reduced electricity from 110KW to 8KW. By taking these measures, the production unit successfully reduced their use of electricity by 50%.

CO₂ emission

Goal: 31.12.11

12% reduction in 2011 on reported emission relative to output (revenue) as compared to 2008

Actions

Monitor and report on the emission at all locations. Based on this we ensure local focus on energy reduction in our processes

Status as of 30.06.11

It is not possible to conclude on reported emission data from 2008 due to problems with data quality.

The data collection process has significantly improved towards COP 2011.

Adjusted target is 10% reduction in COP 2014 relative to output as compared to COP 2011.

The goal is redefined

Products' environmental footprint

Goal: 31.12.11

Product footprints from highest selling products are to be identified

Actions

We will identify and reduce the full environmental impact from our highest selling products within energy and water consumption, use of detergents and disposal

Status as of 30.06.11

We have established a methodology to identify the environmental footprint of our top products, and the first pilot project has been conducted.

The goal is ongoing

Goal: 31.12.15

Set target for reduction of highest selling products' environmental footprint

Action

Finalize environmental footprint pilot projects and evaluate results. Use outcome to set target for reduction of highest selling products' environmental footprint

Status as of 30.06.11

Worldwide, 60% of new products launched by Nilfisk-Advance last year contained an environmental improvement within at least one of the four environmental focus areas in product development: water, detergents, energy and disposal.

The goal is ongoing

New goal 31.06.12

Actively participate in industry-related activities, boards and committees to push for agreement on industry standard for measuring environmental performance of products

Action

Ensure Nilfisk-Advance representation in relevant bodies of influence

Accomplished 

Partly accomplished 

Not accomplished 

ANTI-CORRUPTION

We consider corruption a major challenge for the global community. We are committed to working against the negative effect that corruption has on fair competition and towards the development of a stable society.

Corruption undermines healthy competition, and money ends up in the wrong hands. As corruption is particularly widespread in poor communities, this makes the effect even worse.

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.

Furthermore, a global whistleblower system has been established in Nilfisk-Advance enabling employees to anonymously report anti-corruption as well as other unlawful incidents.

We have also established procedures in Nilfisk-Advance to ensure all our people, both at management and employee levels, are duly informed and conscious of company policies on business integrity.

GOALS: ANTI-CORRUPTION

Management

Goal: 30.06.10 and onwards

Local unit general managers are informed of our policies, have issued their comments and have endorsed our policies

Actions

Local management teams are to sign a Statement of Representation on the UNGC principles at least once a year.

Human and employee rights are part of the standard agenda at local business board meetings at least once a year

Status as of 30.06.11

The activity is ongoing



Corruption

Goal: 30.06.10
Actions

Report the number of filed corruption and cartel cases, if any. None were reported


New goal: 30.02.12

Ensure employees are knowledgeable on how to act according to Nilfisk-Advance expectations on business integrity issues

Actions

Implement Code of Conduct with behavioural guidelines for all employees

New goal: 30.06.12

Apply risk management in growth markets on Business Integrity issues

Actions

Identify high risk areas of possible violation of Nilfisk-Advance Code of Ethics.

Implement Code of Conduct and initiate targeted training programme



COMMUNICATION OF CODE OF ETHICS

We have Nilfisk-Advance Code of Ethics and it is included in all employee handbooks, is presented to all new employees and posters are present in our offices and manufacturing facilities. We require and expect that anyone who acts on behalf of Nilfisk-Advance complies with these guidelines. The Code of Ethics is also raised at Business Board Meetings with all our companies, and we encourage all our suppliers to undertake their business in accordance with the principles of the UNGC.

Facilitation payments

Goal: 31.12.10

Submit a report on the first full year, perform assessment and define subsequent goals

Actions

To define what the concept of 'facilitation payment' means in our company

Status as of 30.06.11

We have adopted the OECD definition of facilitation payments.

A registration system has been established that requires local management to report cases of facilitation payments. As per 31.12.10 there have been no reported cases.

As of 01.01.11 this goal makes up a part of the other anti-corruption goals

Accomplished



Partly accomplished



Not accomplished



PHOTONICS GROUP

In cooperation with our customers and suppliers Photonics Group wishes to contribute to a more sustainable society. Accountability and sustainability are cornerstones in the development of our businesses

In Photonics Group we develop and supply highly sophisticated products based on optical fiber technology. We sell our products all over the world and many of our customers are large, global industries. A feature of our products is that in most cases they enable totally new solutions or applications for our customers. The spectrum of application ranges from more efficient use of wind energy and the invention of new medicines to more efficient production processes for making medical components and products to improve safety, security and defence systems. We are proud that our product development can contribute to creating a better and more sustainable basis for development worldwide.

Innovation

Our parent company has signed the UN Global Compact, underlining its commitment to CSR. This is an initiative we in Photonics Group support wholeheartedly.

We develop technologically advanced products of high quality and with a high potential utility value for the customer. Many of the applications which our products form part of are the result of a need for better utilization of global resources, improved security of supply of food and energy, or increased safety. Our products are often instrumental in the development of entirely new and innovative final applications. The perspectives, including potential valuation of our business development should therefore be viewed as a longer-term. The emergence of a stable and sustainable society is therefore a vital driving force for us.

As designers and manufacturers of high-performance products, it is vital to be able to attract and retain skilled and dedicated people. Our products are marketed and sold based 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. Respect for human and employee rights and anti-corruption are thus priority issues for Photonics Group.

We work with customers who are leading, global professionals. These increasingly demanding customers request products that are more and more environmentally friendly and are produced in a safe and responsible way. We then make corresponding demands towards our supply chain and our business partners.

Brøndby, Denmark, 13 October 2011

Søren Isaksen

Group Executive Director, CTO, NKT Holding A/S



SØREN ISAKSEN

Group Executive Director, CTO
NKT Holding A/S

- We are proud that our product development can contribute to creating a better and more sustainable basis for development worldwide.

HUMAN AND EMPLOYEE RIGHTS

Photonics Group consists of companies based in Denmark, Germany and the US. Therefore, we were founded and have developed in geographical areas with a long tradition of respect for individual rights.

As our businesses develop they gain a stronger global presence. We have set up businesses in new countries, our products are sold globally and we buy components and services worldwide. In this new context we still need to ensure that respect for human and employee rights is, and continuously must be, an integral part of how we run our business, regardless of geography.

Historically our focus has been to ensure correct conduct in internal matters. Moving forward we want to ensure that all of our products are manufactured responsibly and without infringing the inherent rights of the individual.

Therefore, these demands are made towards our suppliers too. Our focus will initially target suppliers where we have a large and stable purchasing volume.

A number of Photonics Group products require very high light intensities, and there is a risk of eye injuries due to accidents or careless handling of the equipment. As a result, many precautions are taken in the form of instructions, eye protection, screening and alarm systems in order to avoid such injuries. Employees subject to particular exposure now undergo periodic eye tests.

GOALS: HUMAN AND EMPLOYEE RIGHTS

Procurement

Goal: 30.06.11

80% of procurements above 50,000 EUR in value only to be supplied by partners who have agreed to abide by the principles of the UNGC. Date for achieving this goal has been extended to 30.06.12

Actions

The principles will now be embodied in the form of supplier contracts when value exceeds 50,000 EUR

Status as of 30.06.11

37%. The principles have primarily been incorporated only in contracts with suppliers with whom we have a sizeable frame contract.



Work accidents

Goal: 30.06.11

Regular reporting on accident count, including eye injuries

Actions

We register accidents and absence following such accidents, and we will perform regular tests of employees subject to particular exposure

Status as of 30.06.11

No accidents have been reported. All relevant employees have passed an eye test (completed end of 2010). No indication of injuries was observed. Regular eye tests will be performed every two years.



FOCUS ON EYE PROTECTION

In working with light-conducting crystal fibers and lasers, very high light intensities are used that can damage sight in an accident or careless handling of the equipment. This is why the Photonics Group company NKT Photonics A/S takes numerous precautions such as work instructions, eye protection, screening and alarm systems and, for employees subject to particular exposure, periodic eye tests every two years.

New goal: 30.06.12

No accidents leading to absence from work in second half 2011 and first half 2012

Actions

We register accidents and near miss accidents and take actions to prevent such events in future

New goal: 31.12.12

No eye injuries in the two-year period

Actions

We will perform a new eye check in the second half of 2012

Accomplished  **Partly accomplished**  **Not accomplished** 

ENVIRONMENT

A substantial part of the products manufactured by Photonics Group finds application in situations where they are used to improve either environmental conditions or human safety and security. Examples include fire detection in tunnels, efficient use of high voltage cables, improved use of wind energy, food quality control, and development of better foods and new and improved medicines. Demands for greater safety, security and environmental responsibility are thus driving forces for our business development and dictate our investments in this area.

The optical crystal fibers developed by NKT Photonics combined with Vytran fiber-handling equipment are tested by our customers in their development of energy-consuming material handling equipment for welding, sheet metal cutting and thin film scribing. The development of a new fiber design has shown that it is possible to reduce energy consumption of such equipment by 10-40%, depending on the laser type when employing this design.

As manufacturers of electro-optical products and production equipment we use relatively small amounts of raw material in our products. We use and mount electrical components in almost all our products. New products are designed to adhere to the RoHS Directive (Restriction of Hazardous Substances) or similar regulations. Older products are re-designed to adhere to the RoHS Directive or they are being phased out; defence equipment is, however, not subject to this rule.

Read more about the NKT policy Equipment for Military Use at www.nkt.dk.

In our efforts to reduce environmental impact in our business our future focus will be our own energy consumption and the energy consumption of our products sold in volumes.

GOALS: ENVIRONMENT

CO₂ emission

Goal: 31.12.11

12% reduction compared with 2008 level, adjusted in relation to revenue

Actions

We perform ongoing measurements and carry out economy campaigns in order to reduce CO₂ emission

Status as of 30.06.11

As described in this report the data collection in 2008 and 2009 were incomplete. We were therefore unable to track this goal. We believe that data collection since 2010 is reliable and can be used as a base line for defining a new goal.



Unable to track performance. New goal defined

New goal: 30.06.14

15% reduction in annual Scope 1+2 CO₂ emission compared to 30.06.2011 level, adjusted to revenue. Base level is 25.2 ton CO₂/mEUR

Actions

We perform ongoing measurements and carry out economy campaigns in order to reduce CO₂ emission



NEW FIBRE DESIGNS REDUCE ENERGY CONSUMPTION

NKT Photonics has a new microstructured fiber under development with a much higher efficiency than previous fibers. The improvements are achieved through the optimized combination of microstructured design and material composition. Preliminary results by potential customers who employed these new fiber designs have shown a standard reduction in energy consumption of high power lasers by 10-15%, and in certain cases up to 40% depending on the laser type.

Transition to unleaded products

Goal: 30.06.13

All civilian products shall adhere to the RoHS Directive

Actions

We re-design products that do not adhere to the RoHS Directive

Status as of 30.06.11

We have one product which is still lacking adherence to the RoHS Directive. We are preparing for a re-design of this product. Goal is unchanged.

Improve efficiency in pump energy conversion in microstructured fibers

New goal: 30.06.13

We will offer microstructured fibers for commercial use in pulsed as well as continuous wave lasers with a long-term conversion efficiency above 60%

Actions

We develop improved designs of microstructured fibres and test these designs in collaboration with key customers

Accomplished



Partly accomplished



Not accomplished



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, but also in 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' involvement in corruption, and facilitation payments will not be tolerated.

In this period of reporting we have not observed cases of corruption in the Photonics Group.

GOALS: ANTI-CORRUPTION

Corruption

Goal: 30.06.10

Local management teams have been informed of our policies and have endorsed them

Actions
Status

New goal: 30.06.12

All white collar employees must know how to act in accordance with our policies

Actions

Content to be debated and anchored amongst all white collar employees

Facilitation payments

Goal: 31.12.10

Our goal is to limit such payments as much as possible

Actions

To keep a record of possible facilitation payments throughout our company

Status as of 30.06.11

No payments were registered in this reporting period, and facilitation payments will not be accepted in the future.



Agents and Distributors

New goal: 31.06.12

All agents and distributors are informed about and have endorsed our policies on fair trade

Actions

We review agreements in which this topic is not specifically addressed. We engage in dialogue with agents to have their endorsement

Accomplished 

Partly accomplished 

Not accomplished 



FIRM STATEMENT ON FACILITATION PAYMENTS

Occasionally we are met with "requests" for facilitation payments. We have not taken part in such transactions during this reporting period and we have decided not to accept facilitation payments in the future. We are aware that this can result in loss of potential orders.

NKT FLEXIBLES

NKT Flexibles' customers are leading international companies with high demands regarding safety, quality and environment. We are proud of our reliability, product quality and environmental management

We supply flexible subsea pipe systems for recovering oil and natural gas reserves in demanding offshore conditions and for transporting water and chemicals in coastal waters all around the world. It is natural that we are focused on the quality and environmental performance of our products and their method of manufacture.

Last year, we introduced a Code of Business Ethics defining how we as a company wish to conduct our business responsibly both internally and in relation to external stakeholders. We set a series of goals for awareness across the organization in order to create a higher degree of knowledge at senior levels and they have been accomplished. We believe that in the future the Code of Business Ethics will strengthen the company vis-à-vis our customers and partners.

This year, we have focused on the concept of Transparency in our dealings. Arising in part from the added focus on agents' fees, NKT Flexibles is turning towards a strategy of responsible transparency where the need of confidentiality in business is tempered by a transparency whenever possible. Two cases in particular illustrate the value of transparency: the case of falsified Certificates of Conformity from Special Forged Products (SFP) and the award of the 9.7-billion DKK Frame Agreement II with Brazilian oil company Petrobras.

In the falsification case, our transparency strategy went both ways. We provided as much information as possible for all potentially affected clients. In our meetings with SFP owners SSG, we insisted on the same openness in order to get to the bottom of the case. The result was an investigation which in only

five months revealed that the falsifications, while serious, had not resulted in any circumstances which necessitated a shut-down of operations or reinstallation of flexible pipe systems.

With regards to Petrobras, our openness resulted in a much closer relationship and respectively a better contract than anticipated. Petrobras made it clear to our team of negotiators that our approach was a welcome change from many other companies.

Transparency makes demands on everybody involved, but two facts make it possible for us to take this approach and profit from it. First, as a supplier to the oil and gas industry, we partner with some of the world's leading corporations as well as many small and medium-sized companies in the customer segment and the supply chain – all clients which focus on quality and safety to appreciate open and honest communication. And second, as supplier of highly processed, technically complex industrial products to the international market we are characterized by a dedicated, highly-skilled workforce, a workforce which can handle a high level of communication and act independently on it in the best interest of the Company.

It is by continuing the approach of transparent partnership, and clear communication, and a constant focus on UN Global Compact principles that NKT Flexibles will continue our growth in Denmark and begin our new venture in Brazil.

Brøndby, Denmark, 13 October 2011

Michael C. Hjorth
CEO, NKT Flexibles



MICHAEL C. HJORTH

CEO
NKT Flexibles I/S

- It is by continuing the approach of transparent partnership, and a constant focus on UN Global Compact principles that NKT Flexibles will continue our growth in Denmark and begin our new venture in Brazil.

HUMAN AND EMPLOYEE RIGHTS

As part of the Frame Agreement with Petrobras, we are to open a production plant in Brazil in 2013, staffed mainly by a local workforce. Opening a factory across the globe in a culture significantly different from your own necessitates great care in terms of defining and adhering to human and employee rights.

In order to make sure the yet-to-be-named plant is run in accordance with all regulations and good business practices, we are concentrating our efforts on hiring local HR personnel, thus combining our visions for good labour practice with a native understanding of local customs and regulations.

GOALS: HUMAN AND EMPLOYEE RIGHTS

Management and staff

Goal: 30.06.10

All employees are to be acquainted with the principles of NKT Flexibles' Code of Business Ethics

Actions
Status

New Goal: 30.06.12

All white collar employees are continuously made aware of the principles of NKT Flexibles' Code of Business Ethics

Actions

All white collar employees are to address the contents of the Code of Business Ethics

Work accidents

Goal: 31.12.11

15% reduction of serious HSE incidents compared with 2009

Actions

Ongoing improvements to work processes. All accidents are analysed very thoroughly and a high effort is being put into preventing reoccurrence.

Status as of 30.06.11

The number of accidents is very low, so even one accident will have a dramatic effect on the injury frequency. 2010 is on par with the registered 2009 level.

Procurement

Goal: 31.12.11

80% of procurement above 50,000 EUR in value is to be supplied by partners who have agreed to abide by the principles of the UNGC

Actions

The principles of the UNGC or similar will be embodied in the formulation of supplier contracts

Status as of 30.06.11

All suppliers have adhered to the UNGC.



CODE OF ETHICS IN CROSS-CULTURAL TRAINING

With the establishment of NKT Flexibles do Brasil, we are faced with the challenge of introducing up to 300 Brazilian colleagues to a new corporate culture while maintaining focus on the aspects of Brazilian culture that have helped Brazil prosper. Part of the challenge is to establish a set of absolute rules while keeping everybody respectful towards each others differences. By maintaining focus on cultural differences while staying true to the Code of Ethics, we are set to enjoy the best of both worlds.

New goal: 31.12.12

UNGC compliance to be incorporated in all supplier audits

Actions

Supplier and auditors will be given common guidelines to ensure documentable compliance

Accomplished



Partly accomplished



Not accomplished



ENVIRONMENT

As a player in the oil and gas industry a dedicated focus to the environment is expected. NKT Flexibles wishes to help set the standard for protecting the environment, ensuring safe and healthy working conditions, and establishing expectations to the supply chain with regards to environmental responsibility.

As a part of NKT Flexibles' constant efforts for a minimum impact on the environment and personnel related to our operations, the company holds an ISO 14001 environmental certification and an OHSAS 18001 certification for occupational health. The core of these certifications is a baseline requirement for committed and structured work with continuous improvements. Therefore, NKT Flexibles is constantly balancing its operations and products against minimizing risk to environment and personnel.

One key element in this work is the commitment from all employees.

In 2011, NKT Flexibles launched an initiative to keep up the momentum, known as "Be a professional". Everybody in an organization strives to be perceived as a professional. By shifting focus from priority discussions to what it means to be a professional, it becomes much easier to agree that a professional naturally meets all targets such as a deadline, without any impact on environment or personnel.

The key elements here are proactiveness, experience sharing and open dialogue. Through the year 2011 all managers and selected key personnel have been trained in tools and attended inspirational sessions to obtain a deeper, common understanding of professionalism in the context of NKT Flexibles.

This shift in focus from top-driven safety and environmental initiatives to mobilizing a larger part of the workforce has paid off in numerous improvements, both large and small. These range from reduction in electric power consumption through to reduced material usage and reduction in the number of safety-related incidents.

Beyond internal efforts, NKT Flexibles also focuses on product development that will reduce the risk of catastrophic failures. One of our latest landmarks is the use of integrated fiber optics in the flexible pipe. By measuring minute changes in temperature and stress, the optic fibers will help clients keep their flexible pipe systems operative by discovering problems before they turn into potential disasters. And in addition to preventing incidents, using fiber optics will provide more accurate readings of the general state of the pipe, which in most cases will extend the pipe's operating lifespan.

GOALS: ENVIRONMENT

Energy for heating

Goal: 30.06.12

10% reduction compared with 2009 report (adjusted for expansion of production and storage area)

Actions

Activity-based control system for air exchange system implemented

Status pr. 30.06.11

A 2% reduction has been registered in the period.



OPTIMIZING THE PEX PROCESS

Traditionally, the PEX process is an extremely energy-consuming two-step process in which the sheath is first extruded and then, in a separate process, cross-linked to the pipe using enormous amounts of steam. We have developed a considerably more cost-effective and environmentally friendly method where we not only extrude and cross-link in a single process, but also heat the pipe using infrared radiation. This is also a clear signal to the market about our commitment to being as environmentally friendly as possible.

Energy for production processes

Goal: 30.06.12

10% reduction compared with 2009 report (relative to output volume)

Actions

Intelligent lighting system and activity-based control system for air exchange system implemented. Continuous reduction of consumption of engine cooling and control cabinets for machines

Status pr. 30.06.11

A 18% reduction has been registered in the period.

Water consumption

Goal: 30.06.12

10% reduction compared with 2009 report (relative to output volume)

Actions

Reuse of process water and water for hydrostatic pressure test

Status pr. 30.06.10

A 13% reduction has been registered in the period.

ANTI-CORRUPTION

As a company, NKT Flexibles is an integral part of the surrounding community. A significant number of employees are engaged directly in external activities and relations, and our company form the basis for many other jobs in companies and institutions with which we do business. In the light of the social importance of our activities we have a special responsibility to run the company on a healthy and sustainable basis within the framework established by the community.

We see corruption as a major challenge across the board, as in some areas it is an almost integral part of doing business. As a globally active company we operate in parts of the world where corruption and payment for furthering personal interests is virtually non-existing, and in parts of the world where such practice is a regular occurrence.

We wish to reduce the negative effect that corruption has on fair competition. Corruption distorts healthy competition in which technology, quality, price and supply constitute the primary decision-making parameters. Furthermore, corruption is by its very nature a hidden activity and, therefore, runs counter to our ideas on conducting business as transparently as possible.

Last but certainly not least, corruption invariably leads to a wrongful distribution of resources, and as corruption is particularly prevalent in poor societies, the effect of this corruption is even worse. Corruption is, therefore, a barrier to the development of a stable global society.

GOALS: ANTI-CORRUPTION

Agent fees

Goal: 30.06.10

Overview of fee amount and size.
Guidelines for agents to be defined

Actions

Status



Management and staff

Goal: 31.12.10

All employees are to be acquainted with the principles of NKT Flexibles' Code of Business Ethics

Actions

Status



New Goal: 30.06.12

All white collar workers are to be continuously acquainted with the principles of NKT Flexibles' Code of Business Ethics

Actions

All white collar workers are to address the contents of the Code of Business Ethics

Accomplished



Partly accomplished



Not accomplished



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