

COMMUNICATION ON PROGRESS 2012

PROGRESSIVE AND BUSINESS-DRIVEN CORPORATE RESPONSIBILITY

Nordjysk Elhandel is constantly working to improve the group's impact on social conditions and the environment. The group's CSR policy (Corporate Social Responsibility) is based on the UN Global Compact's 10 principles for social and environmental responsibility. The CSR policy is revised every year and is part of the annual report. Nordjysk Elhandel's CSR policy has been approved by the Board of Directors and comprises the entire group. Nordjysk Elhandel has been committed to the UN Global Compact (GC) since 2008.

It is a recurrent element in our CSR policy that the group gives high priority to exercising business-driven CSR and that several of our business areas in themselves contribute to the transition to more renewable energy and reduced CO₂ emissions. Among other things, this is achieved by constantly working to increase the profitability – and thus competitiveness – of our customers' production of renewable energy and by actively and progressively operating on new markets to promote the basis for more renewable energy and the spread of the low-carbon economy. Nordjysk Elhandel's opportunity to help shape tomorrow's energy and climate markets is based on our social competences – namely the knowledge, visions and ideas of our employees for a sustainable energy future are the main reason that the group has created very strong market positions within renewables and climate where our CSR policy goes hand in hand with good business.

DIRECTING OUR EFFORT TO MAKE A BIGGER DIFFERENCE

The company's head office is situated in Aalborg Denmark (The head office is the only office in the group). All employees are employed under the Danish labor legislation prescribing excessive labor rights and anti-discrimination and anti-corruption laws which in fact are issues of little prevalence in Denmark. Our due diligence on anti-discrimination and anti-corruption are focused on our business activities in Asian and African countries where we participate in Clean Development Mechanism (CDM) projects. For this we have implemented a code of conduct with guidelines for establishing knowledge on matters of human rights, labor rights and anti-corruption.

Operating strictly as a trading and management company



with no energy production facilities and only limited energy consumption the most comprehensive efforts in the support of the GC are made via our engagement in CDM projects. Through the CDM Nordjysk Elhandel actively promotes the GC and initiates and contributes to extraordinary CSR programs to establish e.g. schooling for children of plantation workers, better health care for local villagers, education of women on women's rights and recycling etc. The CSR programs vary in content dependent on the present issues of concern locally and are usually based on engagement from the local community, the project host, Nordjysk Elhandel and in some cases NGOs with specialties and experience regarding the issues at hand.

To frame the scope of Nordjysk Elhandels due diligence for the GC it is our view point that the results of our domestic CSR work for the larger part should ensure wellbeing, health and diversity in the workplace, the situation is very different in, for example, the Ivory Coast where we have taken the initiative to start a major CSR program, which is carried out in conjunction with a CDM project. The program involves several parties, including the local population in the village of Akouedo and the NGO CARE International, which will act as coordinator in connection with the implementation of the program. Initially, measures for protection against malaria have been taken and the overall CSR program, which will run for 10 years, is under development and will be initiated as soon as the CDM project starts to generate CER credits.

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DEFINING OUR POLICY ON GC

Nordjysk Elhandel continuously develops and adds new elements to the company's CSR policy. The basis is our company specific interpretation of the UN Global Compact's 10 principles for social and environmental responsibility within internal as well as external focus areas.

INTERNAL FOCUS AREAS

Nordjysk Elhandel offers all employees excellent opportunities for professional and personal development. We are committed to ensuring proper treatment of all employees and to guaranteeing flexible working conditions that ensure a balance between their work and personal life. Nordjysk Elhandel is focused on recruiting managers and employees who support the company's values in respect of competence accumulation and innovation throughout the organisation.

Diversity

Nordjysk Elhandel does not discriminate on the basis of sex, race, colour, religion or faith, political opinion, sexual orientation, national, social or ethnic origin, age or disability. Nordjysk Elhandel aims to ensure that there is no discrimination in connection with recruitment, dismissal, transfer, promotion, remuneration, working conditions or training. All decisions relating to recruitment, promotion, dismissal, remuneration and other working conditions are based on relevant and objective criteria. Diversity is an important and necessary characteristic of Nordjysk Elhandel, which enables the company to function under a variety of changeable conditions. Discrimination is seen as an unacceptable social principle and a barrier to the company's business development.

Health

Nordjysk Elhandel aims to help promote the general health of its employees. This is to be achieved by improving health conditions for employees in terms of a good working environment and initiatives aimed at promoting a healthier lifestyle and greater well-being among the company's employees. Good health is essential for our employees' well-being, at work and during leisure. Employees at Nordjysk Elhandel are offered a health check-up, and a number of exercise options are available at the workplace and outside. The company encourages its employees to participate in events that combine social interaction and exercise such as company soccer, relay race etc. The company's headquarters in Aalborg have an award-

winning canteen with full-time kitchen staff who put together a menu and buffet according to healthy diet principles and featuring a wide selection and variation, making it possible for employees to eat healthy at work.

Knowledge

Nordjysk Elhandel is very much a knowledge-based company, which has appointed specialists to fill key positions. Attracting and retaining capable employees has very high priority. We therefore want to actively accumulate and maintain knowledge resources among company employees by stimulating a knowledge-based working environment, dedication to a high degree of professionalism and skills development.

Nordjysk Elhandel will contribute to each employee's career development, and talented employees will be regularly coached to ensure job satisfaction and adequate challenges. Our extensive innovation activities are also actively used in the development of talented employees and the company aims to nurture interdisciplinary cooperation and expand collaboration with scientific institutions and relevant interest organisations.

Climate

Nordjysk Elhandel's total consumption of energy is CO₂ neutral. The group's consumption of power is ECCS certified wind power, and CO₂ emissions that can be directly attributed to the group's property are neutralised through cancellation of approved CO₂ credits. See Climate accounts below. In our facility management we are constantly striving to limit our energy consumption through energy savings and improvement of energy efficiency.



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EXTERNAL FOCUS AREAS

Customer relations

Nordjysk Elhandel wants to have long-term and mutually profitable customer relations. Customers must be treated with respect in all situations – and with respect for the individual customer's situation and needs. We want to offer existing as well as potential customers the best possible service and we will exercise good business ethics in connection with consultancy and customer relations in general. All customer groups must be guaranteed easy access to Nordjysk Elhandel's services and we aim to achieve permanent and a high degree of customer satisfaction.

Development of market and society

Nordjysk Elhandel wants to contribute to society through development of the energy markets towards increased liberalisation, more renewable energy and less CO₂ emissions. We also want to contribute and commit ourselves to the development of society on a cultural and social level, for example through sponsorships and support for various cultural and social events.

Knowledge and innovation

Nordjysk Elhandel will work to contribute to knowledge development and competence accumulation within the energy area. The organisation and regulation of the energy markets, energy supply and energy infrastructure are closely connected to science and political decisions. Nordjysk Elhandel will work actively to develop the 'energy of the future' through cooperation with educational and research institutions and the political system.



Anti-corruption

Nordjysk Elhandel's climate project development activities under CDM will continue to be expanded and will focus on development in LDCs (Least Developed Countries), where corruption can also be a real problem. In line with the principles of the UN Global Compact, no Nordjysk Elhandel employee may give or receive unjustified benefits to/from Danish or foreign public or private sector employees. Nordjysk Elhandel will follow and enforce Danish legislation in accordance with the European Council corruption convention and OECD convention on combating bribery in international business transactions.

Climate

Nordjysk Elhandel has several business activities within climate and low-carbon economy including:

- CDM project development
- Management and trading of more than 2,600 MW installed capacity renewable power across Europe
- Management and trading of certificates (RECS, Guarantees of Origin, Voluntary Emission Reductions etc.) for renewable energy and carbon offsetting

On this basis we enforce progressive and business-driven approach to climate action. It is our ambition to promote the use of renewable energy by making it more profitable and relieve risks associated with investing in renewables and integrating renewables in the supply. For this we have invested heavily in IT systems to help forecast, report and remote control production from e.g. wind power and solar. All to make it even more compatible to traditional fossil based production facilities. Also it is our ambition to promote the development of a global low-carbon economy by participating in the CDM and promoting the qualities and environmental reach of the mechanism. Also, we are among the most active in the structuring of renewable electricity certificates across Europe and we participate in the development of a pan-european standard for renewable electricity certificates in the EU founded Renewable Electricity Certificate System International (RECS International). Internally, we work actively to reduce the company's own environmental impact, and we have developed a business area as accounted for below.

Nordjysk Elhandel is a pure trading company without energy intensive production facilities. Nevertheless, we still want to prepare climate accounts for the group's energy consumption at our headquarters in Aalborg. While in 2010 we stated emissions on the basis of monetary value, we will use the physical

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volume, i.e. the consumption of power and district heating, in the climate accounts for 2011. To be able to continue to state our climate impact in a cost-efficient manner and reduce emissions, we restrict our climate accounts to the consumption of electricity and heating. In case a best practice is established or a standard for climate accounting Nordjysk Elhandel will implement this in our annual reporting. In 2011 the consumption figures for Nordjysk Elhandel were:

	2011	2010
District heating	6,738 m ³	9,781 m ³
Electricity	473,264 kWh	485,960 kWh

Compared to our consumption in 2010, there has been a significant reduction of our heating consumption, which can also partly be attributed to a generally warmer winter in the consumption year 2011. The electricity consumption at our headquarters has dropped marginally.

An important reason for the group's limited emissions is our purchase of wind power for the headquarters. The emission factor from wind power is significantly lower than the emission factor of 558g CO₂/kWh for the traditional Danish electricity mix. The purchase of GoO-certified Danish wind power corresponds to the total electricity consumption for 2011 of 473,264 kWh.



With respect to the consumption of heating, we are favoured by the location in Aalborg where district heating is produced at Nordjyllandsværket, Reno Nord and Aalborg Portland. The production of district heating at the latter is CO₂ neutral. According to recent information, the production of district heating at Reno Nord and Nordjyllandsværket emits 3.7 kg of CO₂/m³ district heating.

The consumption of district heating in 2011 is CO₂ neutralised through cancellation of voluntary emission reductions – VERs – from the Shimba Hills National Reserve project in Kenya. The project involves replacing the population's existing fireplaces with simple energy-saving stoves, which will reduce CO₂ emissions by 50% as the stoves only require half the amount of firewood. Nordjysk Elhandel's website includes a film about the project for anyone who is interested - <http://www.neas.dk/privat/el/klimastr%c3%b8m/shimba+hills+projektfilm>.



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NOTABLE PROGRESSION IN 2011

During 2011 Nordjysk Elhandel has put even more attention into business-driven corporate responsibility for the promotion of the GC and for added value to our business activities. In the area of carbon emissions reductions Nordjysk Elhandel is co-financing three CSR programs on three CDM projects. Two programs are in operation and one very ambitious program is under development set for launch in January 2013. The two programs in operation are:

- A schooling program for the children of plantation workers in at a palm oil mill in Sabah Borneo, in cooperation with project host Cepawawasan Group Berhad and local NGO Humana Borneo Child Aid. For further information please view a project video produced by Nordjysk Elhandel for the group company NE Climate A/S at <http://www.necclimate.com/cdm+olutions/project+video>
- A program to sustain better schooling facilities and recreational facility in the Kampot province in Cambodia planed and operated by project host Kampot Cement Co.,Ltd and co-financed by Nordjysk Elhandel.

The CSR program under development will be finalized in 2012 in cooperation with the NGO Care International and the project host in the village of Akouedo in Cote'D'Ivoire. The program will have funding from the income from the sale of CERs from the CDM project and the program will run for the entire CDM project period. The investigations carried out by CARE International and input gain from the local community suggests that the program must make efforts to support new

entrepreneurship, women's work-life, efficient use of recycling and health care among other issues.

In relation to the groups CSR account for 2011 it must be mentioned that Nordjysk Elhandel in the 2011 climate account in the annual report 2011 reports on scope 1 (mandatory reporting on direct emissions and scope 2 (mandatory reporting on indirect emissions from purchased energy) whereas reporting on scope 3 (voluntary reporting indirect emissions from sources other than purchased energy) have not been carried out due to lack of a best practice methodology. It must also be mentioned that the group has introduced an account on knowledge management to help retain knowledge and implement policies to support the generation of new knowledge and new business ideas in energy trading and management. With the knowledge of the employees as the number one asset in Nordjysk Elhandel it is of the outmost importance to keep account of knowledge to embed knowledge in the group and utilize the value of knowledge to create positive results for the group and new better ways of dealing with energy and low-carbon development.

"In Nordjysk Elhandel we continue to support the UN Global Compact and are committed to follow the principles in the Global Compact through our corporate responsibility. Internally in the group and through our business activities throughout Europe and in developing countries we will promote the UNGC principles. Consistent with our primary business activities in trading and management of energy we put in a special effort to strengthen the competition of renewable energy sources and low-carbon energy production. We look forward to support and advocate for the UNGC yet again in 2012 and 2013".

Bo Lynge Rydahl, CEO Nordjysk Elhandel