

Sustainability Report 2011-2012





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.

**green
meets
clean**

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

**We enable
sustainable
cleaning
worldwide
to improve
quality
of life**

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.

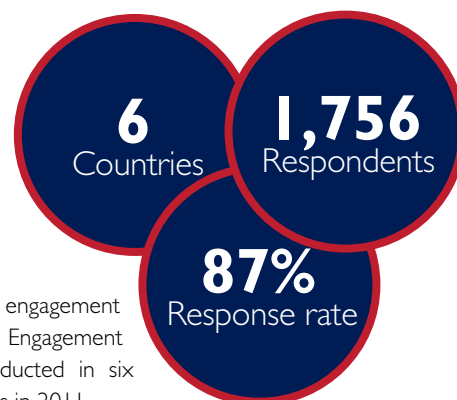
Our approach to Human and Labour Rights is described and globally communicated through the Nilfisk-Advance Code of Ethics and Business Integrity Principles which were introduced in February 2012. Furthermore, it is mandatory that Human and Labour rights are on the agenda at local business board meetings 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
Management		
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	(✓)
Derived goal: Conduct global Employee Engagement Survey and set targets for Employee Engagement Index.	30.06.13 - and ongoing	
Procurement		
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	÷
Work injuries		
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	(✓)
Labour Rights		
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	✓
<div>÷ Not accomplished</div> <div>(✓) Partly accomplished or behind schedule</div> <div>✓ Accomplished or on track</div>		

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 CO₂ 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 CO₂ 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 CO₂ emissions normalised to revenue, which is an important first step in achieving our overall CO₂ emission reduction target of 10% over three years; 2012-2014.

GOALS & ACTIONS



Environment

	Deadline	Status 30.06.12
Product Development		
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	(✓)
CO₂ emissions		
10% reduction in 2014 normalised to output as compared to 2011 (30.06.12: 7%, not corrected for climate).	31.06.14	✓
New goal: 5% reduction of energy consumption for heating and electricity in our manufacturing facilities compared to 2011.	30.06.13	
Products environmental footprint		
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	✓
<div> <div>✚ Not accomplished</div> <div>(✓) Partly accomplished or behind schedule</div> <div>✓ Accomplished or on track</div> </div>		

Anti-Corruption

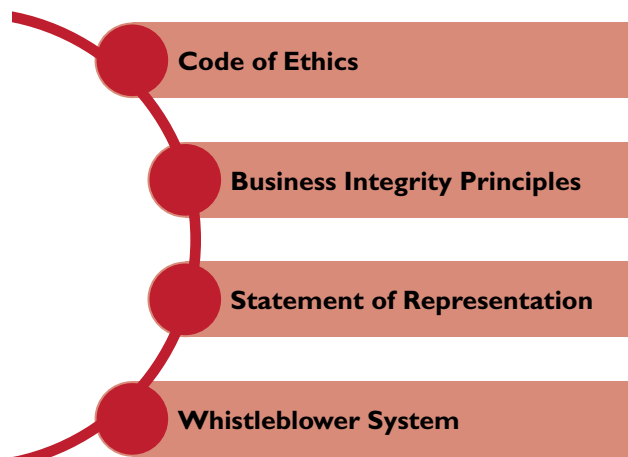
As a global company doing business in all parts of the world, Nilfisk-Advance is committed to working against the negative effect that corruption has on fair competition and the development of a stable society. Based on the Transparency International Corruption Perceptions Index (<http://www.transparency.org>) 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
Management		
Local unit general managers are informed of our policies, have issued their comments, and have endorsed our policies.	30.06.10 - and ongoing	✓
New goal: Implement global Code of Conduct.	31.12.12	
Anti-Corruption		
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	(✓)
<div>÷ Not accomplished</div> <div>(✓) Partly accomplished or behind schedule</div> <div>✓ Accomplished or on track</div>		



Nilfisk-Advance A/S
Sognevej 25
DK - 2605 Brøndby
Denmark