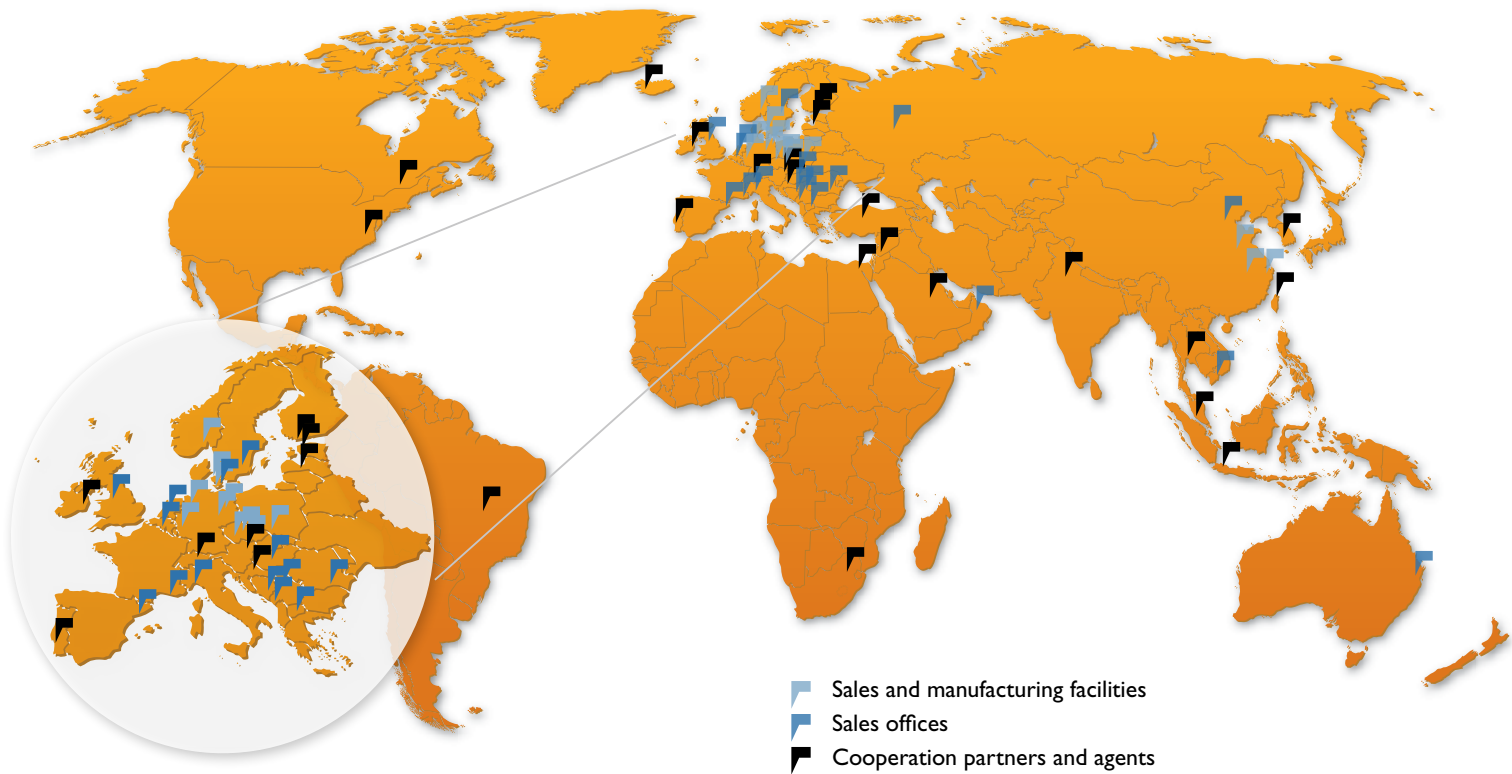


Corporate Social Responsibility Report 2011-2012





nkt cables in brief

nkt cables is a global front-line supplier to the energy sector. Our vision is to create value for our customers by providing solutions with cables

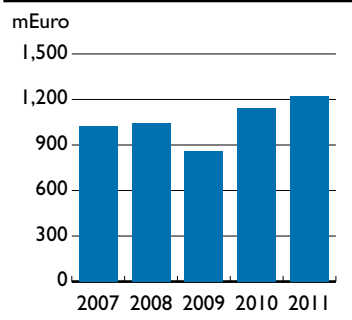
nkt cables develop, manufacture and market high quality cables and solutions to the electrical infrastructure, the construction area, the railway and the automotive industries. We supply creative, innovative and high technological and sustainable products, services and solutions for our customers.

the highest technological level. CO₂ emissions have a high priority as to neutral production and waste prevention with our brand new state-of-the-art factory in Cologne being amongst the most modern in the world.

Our manufacturing plants are among the most modern, flexible and cost-effective in the world, and we invest heavily to keep them at

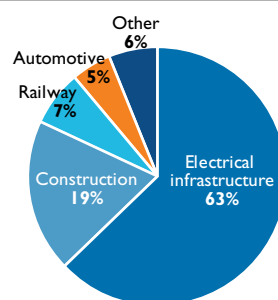
Our main focus is to be at the forefront and find innovative products and solutions whilst taking care of the environment.

Development in turnover

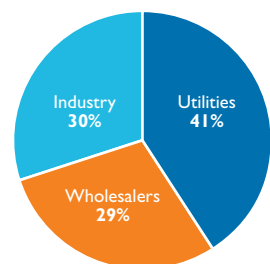


Numbers concern 2011

Sales by application areas



Sales by customers





nkt cables

Highlights 2011-2012



WE SUPPORT

nkt cables joins the UN Global Compact

In 2009 NKT became signatory to the UN Global Compact, and from the outset, **nkt cables** has fully supported this initiative. In December 2011, **nkt cables** became a participant itself, to underline the commitment to the UN Global Compact. This CSR Report fulfils the obligation to provide Communication on Progress (COP) for the period 1 July 2011 to 30 June 2012.

Heating

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



nkt cables' plant in Cologne, Germany

Water

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

Accidents reduced

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



RECUN

Employee development programme

All employees (400 in total) at **nkt cables** in Denmark have completed the "RECUN" development programme, a two-year EU funded project with the objective to train employees in problem



solving skills, to take more responsibility at the workplace and to have a better understanding of how the company targets depend on the performance of everyone. The registered results include higher job satisfaction and reduced sickness absence.



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



Marc van't Noordende
CEO
nkt cables group

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

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

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

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

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

Human and labour rights

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

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

Additionally, we have finalised the development programme RECUN (see page 3), where focus of the last modules has been on using the learned methods in our day-to-day business. Development opportunities are provided throughout the organisation, regardless of gender, race, age or religion.

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

A new Health & Safety policy was signed by the Top Management Team 25 October 2011. The vision is 'People leave work as healthy as they arrived before'. The ambition is to achieve "best in class level" in 5 years, that is an accident frequency of below 5 per 1 million working hours in 2016, compared to 22 last year. Read more about the policy on page 3.

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



GOALS & ACTIONS Human and labour rights

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

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

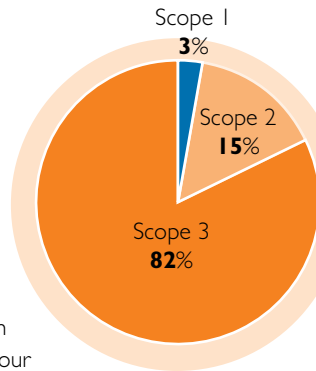
Environment

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

- Saving energy and water (see cases on page 3)
- Optimising material utilisation
- Substituting substances of environmental concern

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

Production scrap is an inevitable follower with industrial activities. Since 2008 the material utilisation efficiency has increased from 95.2% to 95.8%. This means a reduction of more than 2,000 tonnes CO₂ in our total carbon footprint (cradle to cable).



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

375,000 tonnes CO₂
Total emission (cradle to cable)

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

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

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

GOALS & ACTIONS	Environment	Deadline	Status 30.06.12
CO₂ emissions			
CO ₂ emission from heating reduced to less than 80% of 2008 level.		31.12.13	✓
Derived goal: As 34% reduction has been achieved already, the goal is tightened up to be less than 60% before end 2013.		31.12.13	
Reduce total CO ₂ emission from heating and production by 4-5% compared to 2008 level corrected for climate and insourcing (5.1% reached in the present reporting period).		31.12.13	✓
Optimise the energy consumption on machinery. Ongoing measurements followed by analysis of data will lead to definition of specific goals.		31.12.13	(✓)
Material utilisation efficiency			
Material utilisation is to be increased by 0.2% per year from 95.2% in 2008 to reach 96% in 2012 (1st half 2012: 95.8%).		31.12.12	(✓)
New goal: Increase utilisation 0.1% per year:		31.12.13 - and ongoing	
Water			
Water saving of 35% per tonne cable produced compared to 2010 (last 12 months: 26% savings).		31.12.13	✓

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

Anti-Corruption

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

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

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

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

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

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

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

GOALS & ACTIONS



Anti-Corruption

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



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