

Corporate Social Responsibility Report **2012-2013**



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



*The 2012 employee survey revealed a wish for an increased level of communication, appreciation and recognition throughout the **nkt cables** organisation. 'Meet the Board' sessions have therefore been set up giving everyone the opportunity to participate in informal meetings with a Board member. Here ideas and experiences are exchanged and open discussions on all relevant subjects take place. This initiative has proved popular and will continue.*

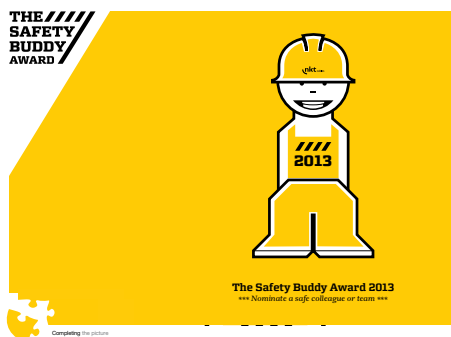
nkt cables

Highlights 2012-2013

Water consumption halved since 2010

A number of improvements ranging from substitution of evaporation cooling to establishment of closed free cooling or compressor systems, and identification and repair of leakages, have resulted in a halving of the total water consumption since 2010.

Number of accidents in free fall



The new health and safety (H&S) policy rolled out since autumn 2011 giving H&S top priority has shown its value. Accident frequency fell by 25% from 22.4 to 16.8 in the first 12 month period and by a further impressive 52% to 8.0 in the current reporting period (July 2012 - June 2013).

Combined heat and power plant saves CO₂

Demolition of an old boiler and outsourcing of heat supply to a combined heat and power plant has reduced carbon footprint for both electricity and heat at one of our plants in the Czech Republic.



Result: An annual atmospheric emission saving of approx. 3,000 tonnes CO₂.

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CEO letter

Our **relations** with co-workers, customers, suppliers, communities and other stakeholders are seen within the **framework** provided by the **UN Global Compact**

Our actions are guided by strict adherence to our Corporate Social Responsibility (CSR) principles as we believe this provides for a strong and lasting foundation for our business. In some ways CSR has been part of our heritage and our way of doing business for decades, even before it was given a global framework by the United Nations.

The NKT Group acceded to the UN Global Compact in 2009, with **nkt cables** autonomously following suit in 2011. Being signatory to the UN Global Compact has helped us greatly in expanding the reach and awareness of CSR to all parts of the company and making CSR unconditional. Our relations with customers, suppliers, communities and other stakeholders are seen within the framework provided by the UN Global Compact. Our plant operations focus on minimising any negative environmental impact and on being a good citizen of the communities of which we are part.

With our commitment to the UN Global Compact we continue to invest in the development of our company, our employees as well as in our product and production standards. We continue to train our employees in the importance of compliance with laws and regulations. We continue to work hard at generating the awareness that all our employees can contribute to a safer working environment and that an accident-free work place is a realistic and feasible medium-term goal. We continue to invest resources in reducing the energy and water consumption of our operations and in reducing the emissions that our operations generate. We see process optimisation to reduce the materials consumption of our products as a never-ending challenge. We know that for all of the above, measuring and reporting is key, and we continue to invest in further improvements in this domain. By keeping up our commitment we will ensure that respect for CSR standards continues to be part of how we conduct our business.

Our efforts have generated progress in many fields but, as we continue to expand our business internationally, we know we can and must do more. We will therefore not relax our efforts in this regard. We are strongly convinced that our CSR principles will help us to be a long-term successful company in our industry, a good partner to our customers and a great place to work.

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



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Human and labour rights

As a global company with locations in more than 20 countries and with suppliers and customers all over the world, **nkt cables** is committed to respecting human and labour rights as a natural part of daily business. Accordingly, we annually ask all our local management teams to sign a Statement of Representation affirming adherence to the principles of the UN Global Compact to ensure that the fundamental principles of NKT's ethical guidelines are known and complied with throughout our organisation. **nkt cables** also conducts regular surveys with its suppliers regarding their position on acceptance of the UN Global Compact. The most recent survey results showed that 84% of **nkt cables'** total purchase volume was represented by suppliers committed to the ten principles.

Our Health & Safety policy was updated in January 2013 by introducing firm focus on unsafe situations and behaviour. If unsafe situations and behaviour are eliminated the risk of accidents is also minimised. All production sites have been asked to identify such cases and make risk assessments followed by relevant improvements. The target is to be able to close a minimum of 3000 cases in 2013. A clear cause and effect might be difficult to prove, but the accident frequency has been halved during the last 12 months. To keep employee focus on Health

& Safety, a Safety Buddy Award will be introduced in second half 2013 and first election of a 'champion' is scheduled for the beginning of 2014.

Our employees are our key asset and we firmly believe that their education and training positively influence the company's results. In line with this conviction, **nkt cables** has successfully implemented special training sessions on communication skills, offered English classes, and provides organisation-wide development opportunities regardless of gender, race, age or religion.

Against this background **nkt cables** conducted a worldwide employee survey in 2012 to identify further focus areas and to measure employee satisfaction. The results showed a desire for greater communication, appreciation and recognition throughout the company and have been translated into specific actions at all locations. For its part, the management of **nkt cables** has organised periodic 'Meet the Board' sessions at all sites (read more on page 2).

The next employee survey is planned for 2014 to measure the effectiveness of the actions taken and the progress made.

Goals & actions	2012-13		30.06.13
	Target	Achieved	Status
Procurement			
Based on results of the previous survey, a further improvement in compliance with the UN Global Compact will be targeted by seeking a similar commitment also from smaller suppliers.	100%	84%	(✓)
Request for commitment to UN Global Compact principles shall become standard procedure in qualification process for new raw material suppliers.	100%	100%	✓
Occupational injuries			
Improve safety performance towards best-in-class industry standards defined as less than five accidents per one million working hours. Target is an annual 25% reduction (frequency 2011-2012: 16.6 vs. 2012-13: 8.0).	25%	52%	✓
Employee training			
Improve employee competences and capabilities, thereby improving company competitiveness. The process is ongoing and has our commitment.	100%	100%	✓
Measurement of employee satisfaction by conducting a global people survey and developing action plans.	100%	100%	✓
Health management			
Focus on health management, all units being requested to address this issue in the action plans following the employee survey, if necessary by Group initiatives and a monitoring system.	To be defined	To be defined	

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

Environment

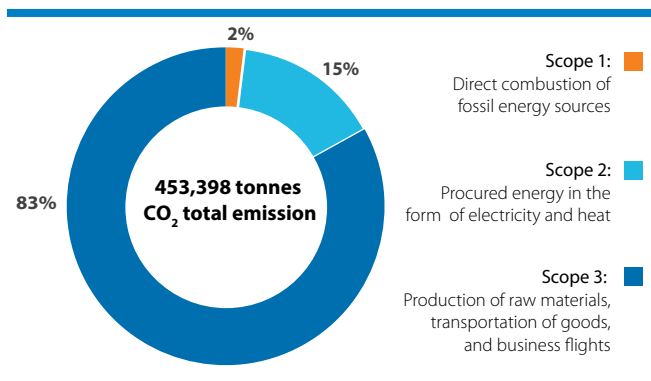
An overall evaluation of the environmental aspects of our activities shows that traditional industrial environmental impacts such as black smoke, loud noise and toxic effluent are not an issue. Discharge of substances of environmental concern to the atmospheric, terrestrial and aquatic environment is negligible, except for the greenhouse gas carbon dioxide deriving mainly from natural gas-fuelled boilers that provide comfort heating.

Careful examination of our activities has identified four main potential areas for environmental improvement along with results to date:

- Energy consumption (consumption for comfort heating has decreased by 45% on 2008)
- Water consumption per tonne of cable (reduced by 43% compared with 2010)
- Materials utilisation efficiency (improved by 0.6% from 95.2% in 2008 to 95.8%)
- Product substitution (e.g. introduction of lead-free PVC cables in the 1990s. 10 years later we substituted the PVC plasticiser DEHP with other phthalates of less health concern and marketed halogen- and PVC-free alternatives for installation cables).

Moreover, we have successfully extended our business involvement in renewable energy fields by helping 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 significant reductions in transmission and distribution losses.

83% of **nkt cables'** carbon footprint relates to our suppliers of raw materials



Goals & actions	2012-13		30.06.13
	Target	Achieved	Status
CO₂ emissions			
CO ₂ emission from comfort heating reduced more by more than 40% compared with 2008.	40%	45%	✓
Optimise machinery energy consumption. Ongoing measurements followed by data analysis will lead to definition of specific goals.	Target to be defined	>30 actions planned	(✓)
New goal: Reduce natural gas by 500,000 kWh, i.e. approx. 1% saving in company consumption by 2014.			
New goal: Reduce electricity consumption by 1,000,000 kWh, i.e. approx. 0.7% saving in company consumption by 2014.			
Material utilisation efficiency			
Increase efficiency by 0.1% annually, i.e. to 96.1% in 2013.	96,1%	95,8%	(✓)
Water			
Water saving of 35% per tonne of cable output compared with 2010 to be achieved before end-2013. (Results: 2010: 815 l/tonne cable vs. 2013: 468 l/tonne cable).	35%	43%	✓
New goal: Save 5,000 m ³ drinking water, i.e. approx. 5% saving in company consumption by 2014.			

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Anti- corruption

A growing number of companies across the world are increasingly recognising that doing business with integrity is the only sustainable option. Doing business with integrity is more likely to attract and retain highly-principled and motivated employees and investors. In contrast, companies confronted with corruption cases have faced reputational damage.

Accordingly, **nkt cables** engages in transparent business relations with partners who must respect the principles of the UN Global Compact. We are also committed to taking responsible corrective action wherever and whenever we detect deviations from these principles. Rules and guidelines based on these principles are communicated throughout the company, and local management teams are regularly required to sign a Statement of Representation affirming their knowledge of and compliance with the rules defined.

Additionally, as part of an awareness campaign, the management has given presentations emphasising compliance with laws and regulations. The awareness campaign attracts continued attention and commitment from management.

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Goals & actions	2012-13		30.06.13
	Target	Achieved	Status
Anticorruption Explicit communication to be established and understood by all employees and business partners. An awareness campaign started in 2012 using a variety of tools and forums.	100%	70%	(✓)
Facilitation payments Ban on facilitation payments. Communication on non-acceptance of facilitation payments has been part of the awareness campaign.	100%	100%	✓
Compliance with laws and regulations Renewed attention to be given to the Code of Ethics as regards conduct in contacts with competitors by inclusion of this aspect in the awareness campaign and by scrutinising memberships of associations.	100%	100%	✓

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