

Corporate Social Responsibility Report **2012-2013**



UN Global Compact

Nilfisk-Advance wishes to protect the environment, safeguard human and labour rights and work against corruption



Nilfisk-Advance is committed to reducing environmental impact by maintaining full cradle-to-grave responsibility and ensuring minimum environmental impact from life-expired machinery and equipment.

Nilfisk-Advance

Highlights 2012-2013

Cradle-to-grave responsibility

In 2012 Nilfisk-Advance was one of the founding partners of European Cleaning Machines Recycling (ECMR), a Dutch-based initiative that recycles life-expired machinery and equipment. The equipment is donated to ECMR which strips out all the useful components. ECMR operates in accordance with the ISO 26000 standard, the international guidelines for Corporate Social Responsibility. Nilfisk-Advance is a proud partner of ECMR and was the largest contributor in the current reporting period, donating ~20% of ECMR's equipment intake in 2012.

Nilfisk-Advance core values

Nilfisk-Advance's core values are shared by all its constituent companies around the world.



To succeed with our strategy of becoming Customers' Preferred Choice by 2015, common goals have been defined. Shared core values will help us to realise our objective by guiding our internal conduct.

Sustainability concept

At Nilfisk-Advance we continuously work to improve our products. New products are required to provide equal or enhanced cleaning efficiency while using less energy, less water and less detergent. We and our customers alike see significant potential in developing cleaning solutions that deliver improved environmental performance.

We are committed to a leading position in this development, and we call our approach



Nilfisk-Advance CEO letter

Sustainability and **responsibility** are crucial to achieving our ambition of becoming **Customers' Preferred Choice**

Our company has existed for more than a century, and there is no doubt in our minds that respect and pro-active behaviour when it comes to sustainability are essential to a company's long-term prospects.

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 were therefore the first company in our industry to become signatory to the UN Global Compact. By adhering to its ten principles and in every way 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 our behaviour 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, and are currently working on Green Meets Clean 2.0 to further improve our sustainability efforts. This strategy is a promise to both ourselves and our customers that we will dedicate ourselves to delivering cleaning solutions that are efficient and that improve the sustainability of the industry. Green Meets Clean is also a promise to continuously work to improve our environmental footprint as a company.

Our fifth Communication on Progress Report contains data and status on goals and initiatives defined by Nilfisk-Advance. The data show that we have improved our performance in many areas and there is much of which to be proud. We consider the results achieved to be a significant stepping stone on our path to becoming an even more sustainable company.

Jørgen Jensen
CEO, Nilfisk-Advance



*Our **Green Meets Clean** promise to 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 maximise your **return on investment** by developing products that uses less energy, water and detergents.*

*We enable you to **deliver on your promises** in a long-term 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.*

Human and labour rights

We consider it important that all our employees are assured of 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 through Business Integrity Principles that were introduced in 2012. It is also mandatory for human and labour rights to be addressed 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 of any kind. Accordingly, we have established a registration system for such cases in our whistleblower system. No incidents were registered during the current reporting period.


To achieve our business goals it is crucial to have a dedicated workforce, an inspiring working environment and an ability to continuously foster new talent. To ensure dialogue and generate

commitment and engagement, our first global Employee Engagement Survey was conducted in 2012 and a response rate of 90% was obtained.

Based on the results, key focus areas have been identified and will be the main drivers for Nilfisk-Advance to create an even more attractive workplace regardless of location, and to ensure that our people have the opportunity to achieve their full potential.

Furthermore, through our new 'Ride-on programme' 300 managers were hand-picked for a training and education course to ensure the continued development of our talent.

Our customers wish to make sure that the products they use have been produced in a responsible way. We are therefore in the process of ensuring that not only we, but also our suppliers, conform to our standards and observe the principles of the UN Global Compact. The full integration of these principles in our standard supplier contracts led to a 50% signature rate in the current reporting period, an improvement of 6% points on last year, but we realise that we still have a way to go to reach our target of 80% by end-2015.

 Goals & actions	2012-13		30.06.13
	Target	Achieved	Status
Management			
All local managements have been informed of our policies, have issued their comments, and have endorsed the policy.	100%	100%	✓
Zero tolerance of acts of discrimination of any kind and hence no cases to be reported.	100%	100%	✓
We will foster talent so that skilled employees have the opportunity to achieve their full potential.*	Index 77	Index 70	(✓)
Derived goal: To conduct global Employee Engagement Survey and set targets for Employee Engagement Index.	100%	100%	✓
Procurement			
80% of procurement (above 50,000 EUR in value) to be supplied by partners who have agreed to abide by the principles of the UN Global Compact by end-2015.	80%	50%	(✓)
Occupational injuries			
Reporting of the number of injuries leading to absence from work, followed by definition of reduction target.	To be defined	71	
Labour rights			
Our Code of Ethics is an integral part of Nilfisk-Advance's M&A due diligence process and any non-conformities are reported.	100%	100%	✓

* With the 2015 target being a score of index 77 on the internal leadership assessment.

÷ Not accomplished

(✓) Partly accomplished or behind schedule

✓ Accomplished or on track

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 reflects Nilfisk-Advance's environmental approach to developing new products for our customers.

Our cleaning machines consume energy, water and sometimes detergent. Designing equipment that can clean to the same high standard but uses fewer resources is therefore our greatest challenge. It is therefore also the area where our efforts can achieve the greatest possible environmental impact.

The environmental impact of future products is a high-priority parameter for our technology development platform 'Customer Focused Technology Development'. 71% of new products launched by Nilfisk-Advance in the present reporting period include environmental improvements in at least one of the four environmental focus areas: Energy consumption, water consumption, use of detergents and disposal.


We have a methodology for identifying the environmental footprint of our products, and we have introduced it in one of our seven product groups to reduce the environmental footprint of new products.

Our own consumption of resources is another focus area. In our manufacturing entities we continuously strive to minimise environmental impact. Single-site examples include installation of new low-energy lighting in our Chinese factories, and installation of new and faster automatic gates in our European Distribution Centre to minimise heat loss during winter. Rollout of company-wide initiatives is currently being discussed as we closely monitor our energy consumption and related CO₂ emissions.

In the present reporting period we have achieved a 3% reduction in CO₂ emissions normalised to revenue, which is an important second step in achieving our overall reduction target of 10% over three years; 2012-2014. Last year we reduced our emissions by 7%, so this goal has already been achieved one year ahead of schedule.

Our target of a 5% reduction in energy consumption for heating and electricity in manufacturing facilities has partly been reached, mainly due to a higher level of efficiency and focus on resource consumption.

New targets will be created as a part of the Green Meets Clean strategy 2.0 that we are currently developing.

 Goals & actions	2012-13		30.06.13
	Target	Achieved	Status
Product development			
All new products feature sustainability improvements in at least one and preferably more of the following four areas: Energy consumption, water consumption, use of detergents and disposal.	100%	71%	(✓)
CO₂ emissions			
10% reduction in 2014 normalised to output as compared with 2011.	10%	10%	✓
Reduction in energy consumption in our manufacturing facilities compared with 2011. - Heating*, ** - Electricity**	5% 5%	2% 8%	(✓)
Product environmental footprint			
Set target for reducing environmental footprint for best-selling products based on conclusions from previously conducted pilot project.	100%	0%	÷
Actively participate in industry-related activities, boards and committees to push for agreement on industry standard for measuring environmental performance of products.	100%	100%	✓

* Based on natural gas consumption only. ** From plants with consistent data for 2011-13.

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

Anti- corruption

As a global company doing business in all parts of the world, Nilfisk-Advance is committed to combatting the negative effect that corruption has on fair competition and the development of a stable society. Based on the Transparency International Corruption Perceptions Index (www.transparency.org), we have identified areas of the world where business integrity issues are most likely to occur.

In order to support our business integrity efforts we have published the Nilfisk-Advance Code of Ethics stating our position on this issue. To further support our efforts in this area, a code of Business Integrity Principles provides everyone at Nilfisk-Advance with guidelines on what and what not to do in specific circumstances and situations related to our business.

To ensure management commitment and promote our anticorruption agenda, all our local company managements are obliged to personally sign a Statement of Representation affirming their commitment to the principles of the UN Global Compact. The individual documents are then consolidated by the CEO of Nilfisk-Advance. The Statement of Representation receives significant attention from all parties. No major incidents were registered in the present reporting period.

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Nilfisk-Advance also has a global whistleblower system enabling employees to anonymously report corruption and other unlawful incidents. These reports are handled anonymously by an independent party. Every case receives the utmost attention, being discussed and dealt with by NKT Group Management.

Goals & actions	2012-13		30.06.13
	Target	Achieved	Status
Management			
Local managements have been informed of our policies, have issued their comments and have endorsed our policies.	100%	100%	✓
Implement global Code of Conduct by end-2012.	100%	100%	✓
Anticorruption			
No reported corruption or cartel cases.	0%	0%	✓
Ensure employees are knowledgeable regarding how to act in accordance with Nilfisk-Advance expectations on business integrity issues.	100%	100%	✓
Apply risk management in growth markets on business integrity issues. Markets have been identified and the first step in the process has been completed.	100%	20%	÷
<div>÷ Not accomplished</div> <div>✓ Partly accomplished or behind schedule</div> <div>✓ Accomplished or on track</div>			



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