

# NKT AND THE COMMUNITY

COMMUNICATION ON PROGRESS 2010



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#### **MEMBERSHIP**

Membership date: 27 March 2009 Number of employees: 9,100

Sector: Electricity

#### **REPORTING DATE AND PERIOD**

25 October 2010

The report covers the period 1 july 2009-30 June 2010  $\,$ 

#### CONTACT

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Cover photo top: Courtesy of NKT Flexibles.

Cover photo bottom: Close-up of scrap from NKT Cables

recycling plant in Stenlille, Denmark.



# **CEO STATEMENT**

NKT gives high priority to accountability and sustainability and supports the 10 basic principles of the UN Global Compact. As an international group we strive to positively influence the business environment

Responsibility has been a part of NKTs value set throughout our almost 120-year history. We have worked with respect for our employees and other stakeholders. We care for the environment and have always developed our businesses with a long term perspective.

Forward looking we are facing immense pressure on the world's scarce resources and risks of political instability in major parts of the world. Thus we all face the challenge of developing a sustainable future. Being a globally operating company this challenge of achieving sustainability throughout the world is also ours. In NKT we will use our platform and take our share of the global efforts of realizing this goal. That is why NKT strongly supports the UN Global Compact with its 10 basic principles. Adhering to these principles constitutes an important part of our Corporate Social Responsibility (CSR) initiatives.

The 10 principles cover human and labour rights, environment and anti-corruption and will provide the basis for NKT's CSR efforts in the years ahead. I am convinced that universal standards in these areas will contribute to a more sustainable business environment that will benefit NKT as well as all our stakeholders.

At NKT Group level we have formulated Ethical Guidelines providing explicit high-level guidance for our employees. We want all of our employees to know of and to live up to our ethical standards. The ethical guidelines are unambiguous, and I trust they will be perceived as a useful tool by our employees. Life is simply easier when it is made clear what is right and what is The ethical guidelines are communicated throughout the Group by the respective business units so they become known by each employee in all entities of the Group. The guidelines are of a quite generic nature. Therefore, certain of the individual business units - in their adoption of our ethical standards - have formulated more detailed guidelines - Codes of Conduct - in areas where such guidelines are needed.

Annually we publish a report on the progress we make in working with the ten principles. Our aim is to provide a fair picture of our achievements, providing factual information and being honest with our successes as well as with our challenges. For we cannot guarantee that there will be no setbacks, but we can promise that the NKT Board of Management will tackle the work with absolute dedication and remain wholly focused on our social corporate responsibility.

We see the work with CSR as a long, never ending journey, and we hope that our efforts may be a source of inspiration just as the efforts of others have inspired us.

Brøndby, Denmark, 25 October 2010 Thomas Hofman-Bang President and CEO, NKT Holding A/S



#### THOMAS HOFMAN-BANG

- I simply see our support of UN Global Compacts 10 principles as a mean of doing - on one hand - what I consider being right and - at the same time - what I consider being in the best interest of NKT.

# THE NKT GROUP IN BRIEF

#### **NKT CABLES**

NKT Cables develops, manufactures and markets power cables and cable systems for electricity transmission (high voltage cables and accessories), electricity distribution (medium voltage cables and accessories), and electrical installations (low voltage cables). The company supplies fiber-based monitoring systems and optical ground wires (OPGW), catenary wires for railways (primarily high-speed lines) and automotive cables. Production facilities in Germany, the Czech Republic, Poland, Denmark, Norway and China. Products are sold globally.

#### **GROUP SHARE**

56%

Share of Group revenue

40%

Share of Group EBITDA

39%

Share of Group employees

#### **KEY FIGURES 30.06.10**

Revenue (LTM) in mDKK (market prices last 12 months)

EBITDA (LTM) in mDKK

3.323

Number of employees

#### **NILFISK-ADVANCE**

A world leading manufacturer and supplier of professional cleaning equipment, Nilfisk-Advance offers a broad range of indoor and outdoor products, including floor-care equipment (sweepers, washers, dryers and polishers), vacuums in all sizes, and an extensive selection of high-pressure cleaners. Nilfisk-Advance also offers individual service contracts and spare part sales. Production facilities in Hungary, Italy, Denmark, the US, China, and now also Mexico. Products are sold globally.

#### **GROUP SHARE**

43%

Share of Group revenue

54%

Share of Group EBITDA

Share of Group employees

#### **KEY FIGURES 30.06.10**

Revenue (LTM) in mDKK (market prices last 12 months)

482

EBITDA (LTM) in mDKK

5.019

Number of employees

### PHOTONICS GROUP

The three Photonics Group companies (NKT Photonics, LIOS Technology and Vytran) develop, manufacture and market sophisticated products with functionality rooted in the unique lightconducting properties of optical fibers. The products range from entirely new types of optical fibers to innovative lasers, advanced measuring equipment and production equipment related to fiber handling. Photonics Group has production facilities in Denmark, Germany, the UK and the US. Products are sold globally.

#### **GROUP SHARE**

1%

Share of Group revenue

-3%

Share of Group EBITDA

2%

Share of Group employees

#### **KEY FIGURES 30.06.10**

Revenue (LTM) in mDKK (market prices last 12 months)

EBITDA (LTM) in mDKK

171

Number of employees

#### **NKT FLEXIBLES**

NKT Flexibles develops, manufactures and markets flexible pipe systems for the offshore oil and gas industry. The products are resistant to extreme pressures and temperatures and the systems are currently in service down to 2,000 meters. NKT Flexibles is part-owned (49%) by the offshore contractor Acergy, which means the company is not fully represented in NKT's consolidated financial statements. No 'Group share' is therefore stated to the right. Production facilities are located in Denmark and the products are sold globally.

#### NØGLETAL 30.06.10

1119

Revenue (LTM) in mDKK (market prices last 12 months)

EBITDA (LTM) in mDKK

568

Number of employees

# **SUMMARY**

# NKT is committed to actively showing the way, and the UN's principles on corporate social responsibility are used as the basis for all our business operations

NKT signed the UN Global Compact on 27 March 2009. Our first efforts were to relate the UN principles to our company standards leading to a definition of ethical guidelines for the Group. These guidelines are supplemented by Group policies and have been communicated throughout the Group, and in certain business areas supplemented by Code of Conducts.

NKT published its first Communication on Progress (COP) Report by 17 February 2010. This is the second report and it covers the period I July 2009 - 30 June 2010.

Since the Group's four business areas are diverse, so are the challenges related to CSR. Thus, in the COP reports we have decided to report separately for each of the four business areas. Our progress reports address the UN Global Compact's 10 principles divided into three parts: Human and employee rights, Environment, and Anti-corruption.

In order to highten buy-in on the new principles and to ensure progress, since the first COP report we have established a comprehensive reporting system within the Group. This reporting system will provide data and information from the individual units within the Group and will henceforth supply most of the necessary data and information on which our CSR work and future reporting will be based. A generic set of parameters, reporting procedures and related instructions defined at Groupand business segment level, form the basis of this reporting system. The four business areas are responsible for the datacollection and the quality of these Key Performance Indicators, KPIs. The implementation and development of this consolidated reporting system is ongoing, as its elements have not yet been fully implemented in all areas, and the procedures and instructions related to data quality, data traceability and control measures are still under development. Hence, the uncertainties on the primary input data that yet exist as a result of this ongoing work, have to be taken into account when considering the conclusions of this report.

Our reporting system is composed of four elements:

- A whistleblower system that allows all Group employees to anonymously draw attention to behavior, events or circumstances that seem incorrect
- A data collection system by which we periodically register different Key Performance Indicators such as distribution of employers' diversity, work accidents, type and amount of fuel and energy consumption, CO<sub>2</sub> emission

- from travels and transport, raw material consumption, undesirable events in form of environmental spills, fines etc.
- A Statement of Representation on Corporate Social Responsibility that is annually signed off by local managements in the Group companies to ensure they are familiar with and work to advance the UN Global Compact principles
- A Special Reporting scheme where the four business units annually report on matters such as efforts within R&D to support UN Global Compact etc.

Our data collection system as well as our Statement of Representation includes almost 100 units distributed world wide.

The four business areas' engagement in CSR is undertaken in close cooperation and dialogue with the NKT Holding Board of Management. On Group level the following joint improvement initiatives - among many others - have been taken:

- Working injuries are to be minimized
- Group energy consumption and CO<sub>2</sub> emission targets have been defined and the goal is to reduce the overall CO<sub>2</sub> emission in 2011 by 12% compared to the emission in 2008 relative to output. (Revenue measured in standard metal
- A collective initiative has been activated in order to urge our suppliers to adhere to the UN Global Compact principles

# **FOCAL ARFAS**

We have launched initiatives in all the main areas covered by the UN Global Compact, with particular emphasis on environmental and anticorruption issues

Against the background of the 10 principles of the UN Global Compact, our business situation and business culture are inspired by the parameters of the Global Reporting Initiative (GRI), we have assessed which action areas will have most impact.

Based on identified opportunities and risks and the challenges that we are facing, we have chosen to focus primarily on Environment and Anti-corruption. We have deemed it relevant, though, to set forth initiatives within all of the main areas in the UN Global Compact and report on these.

#### **HUMAN AND LABOUR RIGHTS**

NKT foundation and much of our history has taken place in the northern European hemisphere. Therefore, the company shares this region's long-standing tradition of respect for individual rights as well as extensive cooperation between management and employees. We believe that NKT, a company with almost 120 years of history, is well equipped to observe and propagate the UN's six principles on human and labour rights. Read more here: NKT's Ethical Statement, Principles for NKT's Conduct, NKT's Health & Safety, and NKTs Environmental policy.

To ensure that the UN's six principles on human and labour rights are propagated and complied with in the NKT Group, all NKT unit general managers must annually, for a number of Key Performance Indicators, report on the situation in their units in the Statement of Representation based on the UN Global Compact principles.

Looking ahead, our human and labour rights focus has been directed towards our supply chains. We will require that our suppliers too work for the 10 principles of the UN Global Compact. Our objective is that within one year - ie. by end of 2011 - at least 80% of the suppliers of the NKT Group's purchasing (based on purchase value above 50,000 tEUR) shall be contractually committed to the 10 principles.

When we have the relevant contractual conditions in place our next step will be spot test monitoring based on a risk assessment of the supplier compliance with the principles by measures, such as audits. How the set-up will be organized is to be determined.

The health and safety of our employees is a key NKT concern. Absence caused by occupational injuries are now reported for all our business units and improvement targets will be set.

#### **ENVIRONMENT**

We are tracking energy consumption for our business units and improvement targets indexed to levels of activity are established for business segments as well as for the Group as a whole. NKT reports its CO<sub>2</sub> emission to the Carbon Disclosure Project organization and in 2009 declared our ambition to reduce overall CO<sub>2</sub> emission for the period 2009-2011 by 12%, relative to output. Our new data collecting system has revealed a significant deviation between earlier reported data and the data acquired in this newly established system. There are several causes of this discrepancy. First of all the earlier reported data were partly based on extrapolation from a (representative) share of the business units to all business units, and secondly, that the quality assurance of a new data collection system, which encompasses some 80 units distributed around the world, is not yet in place. Nevertheless, we continue our daily efforts to

#### THE 10 PRINCIPLES OF THE UN GLOBAL COMPACT

#### Human rights - businesses should

- 1. Support and respect the protection of internationally proclaimed human rights
- 2. Ensure they are not complicit in human rights abuses

#### Labour - businesses should

- 3. Uphold the freedom of association and the effective recognition of the right to collective bargaining
- 4. Uphold the elimination of all forms of forced and compulsory labour
- 5. Uphold the effective abolition of child labour
- 6. Uphold the elimination of discrimination in employment and occupation

#### Environment - businesses should

- 7. Support a precautionary approach to environmental challenges
- 8. Undertake initiatives to promote greater environmental responsibility
- 9. Encourage the development and diffusion of environmentally friendly technologies

#### Anti-corruption - businesses should

10. Work against corruption in all its forms, including extortion and bribery

reduce energy consumption in our units with the ambition of delivering a reduction in our CO<sub>2</sub> emission by 12% over this 3year period relative to output. And at the end of this period we hope to be able to make it plausible what the actual achivements have been. Forward going we expect to have a more reliable and consistent CO<sub>2</sub> reporting.

Two of our companies, NKT Cables and NKT Flexibles, process large amounts of metal and plastics applying energy-intensive processes. In this case, the total consumption of these raw materials will be measured, but the use and scale of consumption of these raw materials are largely dictated by the market. Environmentally, our greatest improvement contribution will therefore consist in continuously reducing the level of production scrap, and in helping to develop new products or product applications capable of reducing the environmental load in the overall supply chain. These two contributions will therefore be included in the future COP reporting for NKT Cables and NKT Flexibles.

In the supply chain in which Nilfisk-Advance is part, we believe that the greatest environmental challenges and improvement measures lie within the following two areas:

- Reduction of environmental load from products in use
- Product recyclability in the disposal situation

Both these areas will therefore be included in our future COP reporting with measuring points and improvement targets.

Due to our global activities, employees from different countries often participate in international meetings. Aiming to reduce flight travels and the related carbon emission, we have recently set up video conference facilities at a number of our sites.

#### **ANTI-CORRUPTION**

We operate in areas where there is risk of corruption for many reasons. We buy very large volumes, sell very large projects, and we are active in sectors where there have been incidences of cartels and corruption. Furthermore, we have in recent years expanded our business which traditionally focused on Scandinavia, into a global company with local presence in areas where corruption has been and is more widespread.

We are a strong advocate of fair competition. We consider it an important asset in relation to our customers that we are not party to unlawful, anti-competitive practices.

Our work is initially focused on unlawful practices not taking place within our own ranks. We will ensure that our policies are in focus and complied with. This has been done by having all NKT unit managers submitting a situation report in a Statement of Representation on the UN Global Compact principles. This document is affirming, among other things, that management action has been taken to ensure that employees who interface extensively with suppliers or customers are aware of NKT's anticorruption policy and the consequences of non-compliance. In addition, we are now registering and will report all filed incidences of corruption, cartels and money laundering. During this reporting period we have not experienced any such cases of corruptive behavior, cartel participation or money laundering.

We reluctantly accept that facilitation payment may to some extent be necessary to ensure that agreed services can be offered or supplied or that the reasonable safety or rights of employees can be provided. We have set up a system to record and track facilitation payments with the aim of constantly reducing and long-term eliminating this type of activities. The pure existence of this record system is very helpful in creating awareness of this overall goal.

In the next phase it is our intention also to focus efforts on persons outside our own ranks, including agents. We are starting by taking measures to ensure that our business partners are contractually obliged to act in accordance with our policies.

To improve our possibilities of discovering irregularities of anticorruption we have established a whistleblower system that allows employees anonymously to report irregularities or inappropriate behavior that they may have observed.



# **NKT CABLES**

NKT Cables believes that CSR principles will help to create a sustainable future. The focus initially is particularly on human and labour rights, environment and anti-corruption

Corporate social responsibility has been a long time standing goal within NKT Cables. Almost two years ago the NKT Group signed the UN Global Compact. In NKT Cables we appreciate and fully support this initiative. Committing to the Global Compact in 2009 has paved the way to further increase awareness of the importance of corporate social responsibility within NKT Cables. The observance of the principles in the UN Global Compact is paramount in all aspects of the work carried out in our company from top management decisions throughout to the daily business transactions.

NKT Cables has always been a front-runner when it comes to development of solutions that reduce the impact on the environment. That goes for the raw materials that we use, our own energy consumption and disposal of scrap. We see this development of sustainable solutions as a business opportunity as well as an obligation to society.

#### Strategic CSR

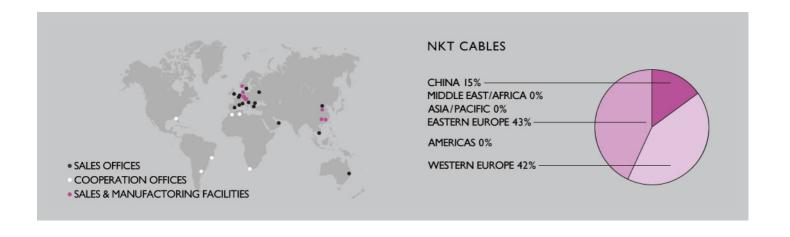
We have strategically chosen to enlarge our business participation in the fields of renewable energies - to help our customers preserve natural resources and reduce CO<sub>2</sub> emissions which we believe to be predominant goals of society in the future. By that choice NKT Cables directly documents our ambition to create a sustainable future for everybody in the

This year we are moving our largest plant into a new factory in Cologne that has been designed to reduce energy consumption

In NKT Cables we believe that having CSR principles and living

up to them will benefit all stakeholders and thus make NKT Cables a better company and a better place to work. This is also supported by our decision to follow the implementation of a whistleblower system in the NKT Group. The system is designed to let all employees raise concerns so that we can stop wrongdoings and thus protect the company and its stakeholders. Our goal is to assure and enhance the integrity, the processes and the assets needed by the stakeholders.

Cologne, Germany, 25 October 2010 Dion Metzemaekers CEO, NKT Cables Group





# **HUMAN AND EMPLOYEE RIGHTS**

Within the context of our activities and the countries in which NKT Cables is active, we will provide our employees with a safe and healthy working environment. The goal in every factory is zero accidents. We continuously measure, analyze and improve our processes as part of our efforts to achieve the zero accidents goal. As an example, in one of our operations we have been able to reduce the number of injuries by 50%. This has been accomplished by integrating the basic HSE (Health and Safety Effort) tasks as part of responsibilities in the production facilities. This means that the HSE representatives and the operators take joint responsibilities. These boards also become a source of improvements - and they can often implement the improvements themselves.

Our employees are our key asset. Our HR department keeps track of all employees to provide training and development opportunities - regardless of gender, race, age or religion. NKT Cables is a global company and is represented in more than 15 countries. To increase the communications skills and strengthen the One Company Strategy - ie. intensifying cooperation between our sites - NKT Cables has introduced an English course programme at the beginning of 2010.

To ensure that the fundamental principles in NKT's ethical guidelines are known and observed, all local management teams in NKT Cables are to produce a Statement of Representation on the UN Global Compact principles.

#### **GOALS: HUMAN AND EMPLOYEE RIGHTS**

#### **Management**

#### Goal: 30.06.10

All local management teams have been notified of human and employee rights, have issued their comments, and have endorsed the approach.

#### **Actions**

Presentations are to be held with senior staff and information to be given on our intranet. The policy will be an item on the agenda at local business review meetings at least once a year.

#### Status as of 30.06.10

Has been implemented at meetings and at the

Adherence to policies is now an established part of the business review meetings annual agenda.

#### Goal has been accomplished.

#### **Procurement**

#### Goal: 30.06.11

An overview of suppliers is to be established regarding their position on the UN Global Compact. After that, goals will be defined.

#### **Actions**

A central purchasing function will be established early 2010.

#### Status as of 30.06.10

A central purchasing function has been established.

Works are in progress towards claryfying suppliers' position on UN Global Compact.

#### Work accidents

#### Goal: 30.06.11

Regular reporting of the number of occupational injuries and goalsetting for 2011-2012.

#### **Actions**

We measure progress and define targets, take preventive initiatives and follow up on all incidents in all factories (COO responsibility).

#### Status as of 30.06.10

Number of injuries (leading to absence) is measured through the NKT Group reporting system. Targets for improvement will be defined by 30.06.11. Initiatives to reduce the number of accidents have been initiated.

#### Employee education

#### New goal: 30.06.11

Improving employees' communications skills.

# **Actions**

An English course programme is to be offered throughout the company to selected employees.

#### New goal: 01.03.12

Improving employees' competences and capabilities, thereby improving the company competitiveness.

#### **Actions**

A project called RECUN has been initiated in NKT Cables Danish operation.



### **ENVIRONMENT**

In our production processes, we use natural resources in the form of raw materials, and we consume energy and other resources. On the other hand, our products and systems help conserve natural resources and the environment by providing efficient means of transportation and distribution of energy.

Today, our cable manufacturing processes have negligible impact in terms of noise, water and air pollution. The main environmental impacts from our business activities stem from two sources: The energy we consume in running the businesses and the use of non-renewable resources in the products of which the most important is copper, but aluminum and plastics originating from oil derivatives are also extensively used in our products. Thus it is important for us to:

- Minimize the use of energy
- Maximize the utilization of raw materials
- Avoid the use of hazardous materials in our products and

Initiatives along these lines will benefit the environment as well as improving the competitiveness of NKT Cables.

A diverse portfolio of initiatives is underway to reduce energy consumption in our operations.

This includes: A new energy saving lighting system at our plant in Poland, a more efficient cooling system at our plant in Denmark leading to estimated electricity and water savings of 3% and 7% respectively, a new modern and energy efficient production plant in Cologne, installation of video conferencing facilities at all production sites and many sales offices throughout the world to reduce the need for flight travel, etc.

Minimizing scrap material in our production is of high priority in NKT Cables. Adding to this we have throughout our history invested a lot of efforts in recyckling our own as well as our customers' scrap material. Elimination of hazardous or potentially hazardous materials has also for a long period of time been an area of high priority in NKT Cables.

At NKT Cables we have chosen to widen our business involvement in the fields of renewable energies to help our customers conserve natural resources and reduce CO<sub>2</sub> emissions. We manufacture products that support environmental improvements - e.g. submarine cables that are required for off shore wind farms, and NKT Cables supplies monitoring solutions and technologies that can reduce electricity transmission and distribution losses by up to 50%.

#### **GOALS: ENVIRONMENT**

#### Phthalate (DEHP)

#### Goal: 31.12.10

We work to phase out the use of DEHP, and during 2010 the use of DEHPsoftened PVC is to be phased out in most markets.

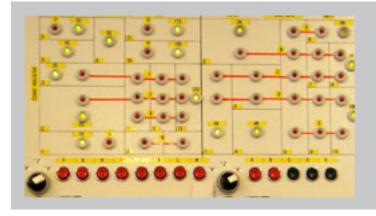
#### Actions

We will cease offering products containing DEHP-softened PVC.

#### Status as of 30.06.10

Phase out use of Phthalate DEHP is on track. PVC softener DEHP is phased out in all production sites but one.

Lack of supply of alternatives to DEHP at this site is expected to be solved before end of year 2010.



#### **NEW LIGHT SYSTEM IN POLAND**

In Poland NKT Cables have installed a centralized automatic control system for lighting in production plant, which turns on light only when intensity falls below 200 lux. The system can be turned on/off in zones so that we only use the electricity when required.



#### CO<sub>2</sub> emission

#### Goal: 31.12.11

Direct emission from factories and indirect emission due to consumption of electric power is to be reduced by 12% in 2011 revenue compared to 2008 measured in standard metal prices.

#### Actions

We will improve thermal insulation at some production sites and move some production to new, more energy-efficient

#### Status as of 30.06.10

Reduction of CO<sub>2</sub> emission with 12% per ton manufactured cable before the end of 2011 compared to 2008 is delayed.

The three main reasons for this is a an unfulfilled organic growth (which was a prerequisite for the goal), a delay in the closing down of activities in the old factory in Cologne, and in-sourcing of production of base components in China.

Our goal for 12% intensity reduction by the end of 2011 is therefore more than challenging. It is yet too early to conclude whether or not we will be able to meet this goal.

#### Material utilization

#### Goal: 31.12.12

Material utilization efficiency is to be increased from 95.2% in 2008 by 0.2% per year, and thereby reaching 96% in 2012.

#### **Actions**

We continuously register our material consumption in all manufacturing units and of 2010: 95.6%. work to reduce waste.

#### Status as of 30.06.10

On track. Material utilization first half



# ANTI-CORRUPTION

The NKT Cables business model is based on a fair, open and responsible attitude and openness towards employees, customers, suppliers and other stakeholders. This means that NKT Cables engages in transparent business relations with partners who will subscribe - to the extend possible- to the same principles. We are committed to taking corrective action, in a responsible way, wherever and whenever NKT Cables detect deviations to its model.

The NKT Cables' management has established rules and guidelines that make these principles clear to our employees and that encourage our employees to take them as non-negotiable.

All local managements in NKT Cables are once a year to sign off a Statement of Representation to ensure awareness of the rules and that they are followed throughout the organization.

A whistleblower system is being rolled out in NKT Cables. The system is designed to let employees raise concerns so that wrongdoings that may arise can be stopped and thus protect the companies in the NKT Group and its stakeholders. Employees may report irregularities or evidence of wrongdoings. This system sends a clear signal to everybody that we will act in case of wrongdoings!

#### **GOALS: ANTI-CORRUPITON**

#### **Management**

#### Goal: 30.06.10

All employees with customer and/or supplier interaction shall be familiar with NKT Cables' policies.

#### **Actions**

We will inform management teams and employees of our policies and ensure their rules and procedures that local endorsement. Furthermore, we will ensure management are responsible of regular reporting.

#### Status as of 30.06.10

NKT Cables' management has established implementing and maintaining. Each local unit general manager has signed a Statement of Representation in which every manager must confirm the guidelines.

Goal has been accomplished.

#### Corruption

#### Goal: 30.06.10

Explicit communication established and understood by all employees and business partners.

#### **Actions**

We will establish procedures to check.

#### Status as of 30.06.10

Each local unit general manager has signed a Statement of Representation in which she/he must explain and sign on to procedures.

Further procedures are to be developed. Goal is not yet fully accomplished.

#### Facilitation payments

#### Goal: 31.12.10

Our goals within the area will be defined before I January 2011.

#### **Actions**

We will set up a structure to collect data and define goals subsequently.

### Status as of 30.06.10

We have started collecting data from all the organization. These data will form the basis for definition of future goals.



#### F2C

f2c is the name of the new high voltage and submarine cable factory in Cologne, Germany. "f2c" is an abbreviation for "flow to customer" and symbols the idea that the plant and corresponding processes are organized to exceed customer expectations from the design of the product, raw material entering the facilities, and products reaching the customers on time. Thereby workflow is optimized while resource consumption is minimized.



# **NILFISK-ADVANCE**

Nilfisk-Advance is adjusting its operating practices to ensure ongoing compliance with the UN's recommendations on corporate social responsibility

We are proud to be one of the world's leading producers of professional cleaning equipment. Our products are manufactured on three continents and used worldwide. We offer our customers cleaning solutions that are both efficient and improve the sustainability of the industry.

Efficient and sustainable solutions

At Nilfisk-Advance we have become a signatory to the UN Global Compact on our own, in order to underline our commitment to be a responsible company. We are very much aware that through this increased focus we take on us a task that will lead to changes in the way we conduct our business. However, we are certain that this commitment will help us in developing our business in a new and positive direction. It will also enable us to meet the growing demand from customers for sustainable and more efficient products and processes.

We constantly work to improve our products. We, as well as our customers, see great potential in developing cleaning solutions with a better environmental performance, and new products are being developed using more eco-friendly designs and more recyclable materials. New products shall provide equal or enhanced cleaning efficiency while using less energy, less water and less detergent. We want to take a leading position in this development, and we see this as an opportunity to create new, attractive businesses for us.

Brøndby, Denmark, 25 October 2010 Jørgen Jensen CEO, Nilfisk-Advance





# **HUMAN AND EMPLOYEES RIGHTS**

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 prioritized. 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.

To reach our business goals it is crucial to have a dedicated workforce, an inspiring working environment and be able to continuously foster new talents. Nilfisk-Advance must be a good company to work for - regardless of location.

Our products are attracting professional, responsible customers. They too want to make sure that the products they use have been produced in a responsible way. We know that wherever we operate, the responsibility for compliance lies with ourselves and not only with the local authorities. We are therefore committed to ensuring that not only we, but also our suppliers conform to our standards and observe the UN Global Compact principles.

As a important part of our efforts within this field we have drafted Nilfisk-Advance Code of Ethics and communicated this throughout the entire organization.

#### **GOALS: HUMAN AND EMPLOYEES RIGHTS**

#### **Management**

#### Goal: 30.06.10

All local managements are informed of our policies, have issued their comments, and have endorsed the policy.

#### Actions

Local managements are to sign a Statement of Representation on the UN Global Compact principles at leat once a year.

#### Status as of 30.06.10

All local unit managers have delivered a Statement of Representation and a consolidated document is signed by the CEO of Nilfisk-Advance.

Human and labour rights are now included in the annual standard agenda for board meetings. Goal has been accomplished.

#### New Goal: 30.03.11

Zero tolerance for acts of discrimination of any kind and hence no cases to be reported.

#### New Goal: 30.06.11

We will foster that talent has the opportunity to achieve their full potential

#### **Actions**

Registration system for reporting cases of discrimination to be established

#### **Actions**

The People Review Programme will be extended from Top60 to include Top200 leaders in our company.



#### **NEW CAR POLICY**

We have adopted a new car policy that applies to all new corporate- and service cars in Nilfisk-Advance. The car policy ensures that in the future our cars will have a maximum CO2 emission of 150g per kilometer, so that we can reduce our environmental footprint. The policy also requires a minimum security clearance of our new vehicles of 4 Euro NCAP stars, providing enhanced safety in the vehicle.



#### **Procurement**

#### Goal: 30.06.11

80% of the procurement (in value above 50,000 EUR only) is to be supplied by partners who have agreed to abide by the principles of the UN Global Compact.

#### Actions

The principles of the UN Global Compact are part of the text in new supplier contracts. When contractual agreements are in place, we plan to carry out control visits based on a risk assessment at some suppliers.

#### Status as of 30.06.10

We work hard to introduce UNGC principles in our supplier agreements on a global scale. EMEA / APAC\* countries have been spear-head in this effort. Here ~70% of direct spend (in value) is now with suppliers who have agreed to comply with the principles of the UNGC.

#### Occupational injuries

#### Goal: 30.06.2011

Regular reporting on the number of occupational injuries followed by definition of target for reduction of injuries (leading to absence).

- \* EMEA: Europe, Middeleast, Africa
- \* APAC: Asia, Pacific

#### **Actions**

We measure and define progress goals, take preventive initiatives, and follow up on all incidents.

#### Status as of 30.06.10

A registration system has been established.

Locally follow-up and preventive initiatives are being implemented by managements and security committees.



# **ENVIRONMENT**

We see environmental sustainability as an element of sound business practice. If we as a company can reduce our consumption of all forms of resources it will benefit the environment. But it will also benefit us and our customers economically.

In Nilfisk-Advance we work with sustainability in two quite distinct areas, the products and the manufacturing processes: Determining the environmental footprint of new products over their service life is an integral part of our development work. Accordingly, we know that the principal environmental impact associated with these products comes from their use. 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 maximum possible impact in our environmental efforts.

Our second main area of environmental focus is to reduce our own internal consumption of resources caused by our daily work, such as running our offices and operating our manufacturing facilities, transportation of our products, etc. We believe that renewed focus in this area can significantly reduce consumption.

#### **GOALS: ENVIRONMENT**

#### Product development

#### Goal: 30.06.10 - and onwards

All new products contain sustainability improvements within at least one and preferably more of the following four areas: Energy consumption, water consumption, use of detergent and disposal.

#### **Actions**

The sustainability of the products is an important part of the decision in the product development process.

#### Status as of 30.06.10

We have introduced a new platform for technology development, 'Customer Focused Technology Development' in which environmental impact of future products is included as a high priority parameter in the activities.

73% of the new products we launched in the EMEA / APAC region in the reporting year included environmental improvements within one or more of the four areas.

#### CO<sub>2</sub> emission

#### Goal: 31.12.11

12% reduction in 2011 on reported emission normalized to output (revenue) as compared to 2008.

#### **Actions**

Monitor and report on the emission at all locations. Based on that we ensure local focus on energy reduction in our processes.

#### Status as of 30.06.10

Our change in data collection has led to inconsistencies in our base data (see UN Global Compact, Resume). The consequence is that not before mid 2011 do we expect to have sufficiently reliable base data on which to calculate and track CO<sub>2</sub> emissions and we will then reconsider our goals.



#### LESS WATER AND DETERGENT

EcoFlex is a series of patented dispensing systems, making it possible to clean using only water without detergents. In areas with very grimy surfaces, where there is a need for both water and detergents, the EcoFlex reduces water consumption by 50% and need for detergents by 35%. EcoFlex ensures a clean environment and minimizes resource consumption.



### Products' environmental footprint

#### Goal: 31.12.11

Product footprints from most selling products are to be identified.

#### Actions

We will identify and reduce the full environmental impact from our most selling products within energy and water consumption, use of detergents and disposal.

#### Status as of 30.06.10

We have decided to initiate the process by identifying our products' full environmental impact and use these data as a base for our future product developments.

We have introduced a new platform for technology development Customer Focused Technology Development in which environmental impact of future products is included as a high priority parameter in the activities.

#### Goal: 31.12.15

Set target for reduction of most selling products footprint on environment.



# **ANTI-CORRUPTION**

We consider corruption a major challenge for the global community. We are committed to working against the negative effect that corruption has on fair competition and the development of a stable society. Corruption undermines healthy competition, and money ends up in the wrong hands. As corruption is particularly widespread in poor communities this makes the effect even worse.

In order to support the work against corruption we have drafted and communicated Nilfisk-Advance Code of Ethics in which our position on business ethics appears. Furthermore, a global whistleblower system has been established in Nilfisk-Advance enabling employees anonymously to report anticorruption incidents.

#### **GOALS: ANTI-CORRUPTION**

#### Management

#### Goal: 30.06.10

Local unit general managers are informed of our policies, have issued their comments, and have endorsed our policies.

#### Actions

Local unit general managers sign a Statement of Representation on the UN Global Compact principles and this item appears on the agenda at local business board meetings at least once a year.

#### Status as of 30.06.10

Each local unit general manager has signed Statement of Representation and the consolidated document is signed by the CEO of Nilfisk-Advance.

Anti-corruption is included in the annual standard agenda for local board meetings.

Goal has been accomplished.

#### New Goal: 30.06.11

All management must repeatedly be informed of our policies, issue their comments and endorse our policies.

#### **Actions**

As above.

#### Status as of 30.06.11

#### Corruption

#### Goal: 30.06.10

Report the number of filed corruption and cartel cases, if any.

#### **Actions**

We monitor findings and establish a whistleblower system.

#### Status as of 30.06.10

A whistleblower system for filed cases of corruption and antitrust cases has been established. No cases have been reported.

Furthermore, the Statement of Representation requests local management to have a focus on this issue.

Goal has been accomplished.

#### Facilitation payments

#### Goal: 31.12.10

Submit a report on the first full year, perform assessment and define subsequent goals.

We define what the concept of 'facilitation payment' means in our company.

#### Status as of 30.06.10

We have adopted the OECD definition of facilitation payments.

A registration system has been established that requires local management to report cases of facilitation payments.



# PHOTONICS GROUP

# Photonics Group's customers demand safe, environment-friendly production. Sustainability is therefore a cornerstone of our business development

At Photonics Group, we develop and supply highly sophisticated products that are based on optical fiber technology and sold globally. A feature of our products is that in most cases they enable totally new solutions or applications for our customers. The spectrum of application ranges from more efficient use of wind energy and the invention of new medicines to more efficient production processes in order to improve safety, security and defense systems. We are proud that our product development can contribute to creating better and more sustainable basis for the world's development.

#### Innovation

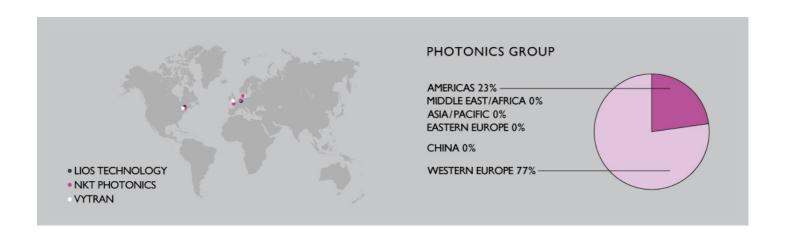
Our parent company has signed the UN Global Compact, underlining its commitment to CSR. This is an initiative we in Photonics Group support wholeheartedly.

We develop products with high technology content, a high level of quality and a high potential utility value for the customer. Many of the applications in which our products form part are the result of a need for better utilization of global resources, improved security of supply for food and energy, or increased safety. Our products are often instrumental in the development of entirely new and innovative final applications. The perspectives, including valuation potential, of our business development shall therefore be viewed at with a long time perspective. Emergence of a stable and sustainable society is thus a vital driving force for us.

As designers and manufacturers of high-performance products it is vital to be able to attract and retain skilled and dedicated people. Our products are marketed and sold on the basis of high quality reputation, and they represent significant input in the form of R&D and investment. It is therefore important that players in our industry are competing on fair terms. Respect for human and employee rights and anti-corruption are thus priority issues for Photonics Group.

We work with customers who are leading, global professionals. These customers require - and are increasingly demanding products that are still more environmentally friendly and have been produced in a safe and responsible way. We make corresponding demands towards our supply chain and our business partners in general

Brøndby, Denmark, 25 October 2010 Søren Isaksen Group Executive Director, CTO NKT Holding





# **HUMAN AND EMPLOYEES RIGHTS**

With companies in Denmark, Germany, UK, France and the US, Photonics Group is active in areas where there is a long tradition of respect for individual rights. Respect for human and employees rights is, and must continue to be, an integral part of how we run our business - regardless of geography.

Historically our focus has been to ensure correct conduct in internal matters. For the future we want to ensure that all of our products are manufactured responsibly and without infringing the inherent rights of the individual.

Therefore, demands in this field are made towards our suppliers

A number of products developed and manufactured by Photonics Group use very high light intensities, and there is a risk of eye injuries due to accidents or careless handling of the equipment. As a result, many precautions are taken in the form of instructions, eye protection, screening and alarm systems with a view to avoiding such injuries. Employees subject to particular exposure now undergo periodic eye tests.

#### **GOALS: HUMAN AND EMPLYEES RIGHTS**

#### **Procurement**

#### Goal: 30.06.11

80% of procurement in value above 50,000 EUR only to be supplied by partners who have agreed to abide by principles of the UN Global Compact.

#### **Actions**

The principles are now embodied in the form of supplier contracts.

#### Status as of 30.06.10

One of our companies within the Photonics Group has been used as spearhead in this process. Around 50% of purchase is now with suppliers who have agreed to comply with the principles of the UN Global Compact.

#### Work accidents

#### Goal: 30.06.11

Regular reporting on accident count, including eye injuries.

#### **Actions**

We register accidents and absence following such accidents, and we will perform regular tests of employees subject to particular exposure.

#### Status as of 30.06.10

Tracking systems for eye injuries have been established. No accidents (leading to absence) have been encountered during 1st half year 2010.



#### **EYE PROTECTION**

In working with light-conducting crystal fibers and lasers, very high light intensities are used that can damage sight by accident or careless handling of the equipment. This is why the Photonics Group take many precautions as work instructions, eye protection, screening and alarm systems and, for employees subject to particular exposure, periodic eye tests will now be routine.



# **ENVIRONMENT**

A substantial part of the products manufactured by Photonics Group find application in situations where they are used to improve either environmental conditions or human safety and security. Examples are fire detection in tunnels, efficient use of high voltage cables, improved use of wind energy, food quality control, and development of better foods and of new and improved medicines. Demands for greater safety, security and environmental responsibility are thus driving forces for our business development and dictate our investments in this area.

As manufacturers of electro-optical products and production equipment we use relatively small amounts of raw material in our products.

We use and equip electrical components in almost all our products. New products are designed to adhere to the RoHS Directive (Restriction of Hazardous Substances) or similar regulation. Older products are re-designed to adhere to the RoHS Directive or they are being phased out. Defense equipment is not subject to this rule, though. Read more about NKT's policy Equipment for Military Use at www.nkt.dk.

In our efforts to reduce the environmental impact in our business, in future focus will be aimed at our own energy consumption and energy consumption of our products sold in volumes.

#### **GOALS: ENVIRONMENT**

#### CO<sub>2</sub> emission

#### Goal: 31.12.11

12% reduction compared with 2008 level, adjusted in relation to revenue.

#### **Actions**

We perform ongoing measurements and carry out economy campaigns in order to reduce CO<sub>2</sub> emission.

#### Status as of 30.06.10

Our change in data collection has led to inconsistencies in our base data (see UN Global Compact Resumé). The consequence is that not before mid 2011 do we expect to have sufficiently reliable base data on which to calculate and track CO<sub>2</sub> emissions and we will then reconsider our goals.

#### Transition to unleaded products

#### Goal: 30.06.13

All civilian products shall adhere to the RoHS Directive.

#### **Actions**

We re-design products that do not adhere to the RoHS Directive.

#### Status as of 30.06.10

During the reported period we have redesigned one product to adhere to the RoHS directive. Only one product is now lacking adherence to the RoHS directive.



#### **ENERGY SAVINGS**

LIOS Technology moved into a new building in November 2008. This is a completely refurbished building with state of the art technology to reduce energy consumption. We have also installed energy saving lamps and motion detectors so that the light will be switched on and off automatically.



# **ANTI-CORRUPTION**

We consider corruption to be a major problem for the international community. As a company with global activities we operate in parts of the world where corruption and 'facilitation payments' are very rare, but also in parts of the world where they are a regular occurrence.

We wish to compete on fair and honest terms. We will not tolerate our employees being involved in corruption, but we can accept that employees may be compelled to resort to facilitation payments even though we seek to limit it.

#### **GOALS: ANTI-CORRUPTION**

#### Corruption

#### **GOAL: 30.06.10**

Local managements have been informed of our policies and have endorsed them.

#### **Actions**

Local managements formulate a Statement of Representation on the UN Global Compact principles that addresses corruption and other issues, and the topic is on the agenda at least once a year at board meetings.

#### Status as of 30.06.2010

All local unit general managers have delivered a Stratement of Representation and the consolidated document is signed by the Group Executive Director at NKT Holding.

Goal has been accomplished.

#### Facilitation payments

#### GOAL: 31.12.10

Our goal is to limit such payments as much as possible.

#### **Actions**

We keep a record of possible facilitation payments throughout our company.

#### Status as of 30.06.10

System to record such data has been established. No payments were registered in first half of 2010.



#### **INTENSIVE SALES EFFORTS**

Growth of our revenue is vital to the Photonics Group and our sales people therefore do their outmost to gain new orders. Nevertheless, all our sales people are clearly instructed that any kind of bribery or un-fair 'incentives' is strictly forbidden.



# **NKT FLEXIBLES**

NKT Flexibles' customers are leading international companies with high demands regarding safety, quality and environment. We are proud of our reliability, product quality and environmental management

As a supplier of flexible subsea pipe systems for recovering oil and natural gas reserves in demanding offshore conditions and for transporting water and chemicals in coastal waters, we are focused on the quality and environmental performance of our products and their method of manufacture. Our flexible pipe systems are used globally and we are proud of their broad reputation as high quality and extremely reliable products, and thus products that afford the best possible environmental protection.

#### Quality

At NKT Flexibles, we have introduced a Code of Business Ethics that defines how we as a company wish to conduct our business both internally and in relation to external stakeholders. The basic message of the Code of Business Ethics is that it underlines our desire to be a responsible company.

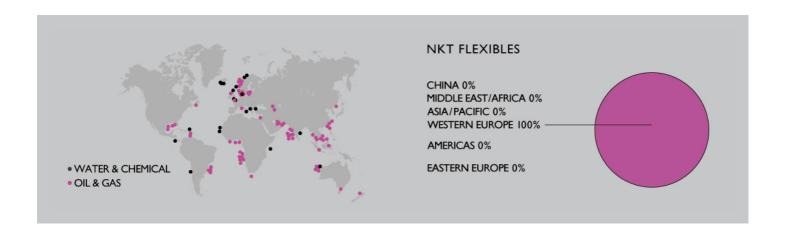
The introduction of the Code of Business Ethics is a key element in the continuing development of our enterprise culture. We are mindful that operating a business with optimal efficiency within the framework of such a code entails a continuous search for improvements within areas that we as a company can and wish to influence. It is our opinion that in the years ahead the establishment of the Code of Business Ethics will strengthen the company vis-à-vis our customers and partners, and not least strengthen our self-perception as a responsible company.

As a supplier of flexible pipe systems to the oil and gas industry, NKT Flexibles partners some of the world's leading corporations as well as many small and medium-sized companies in the customer segment and the supply chain. The oil and gas industry is characterized by very strong focus on safety in the wide sense. Efforts are made to minimize environmental impact, ensure health and safety at work, develop and maintain procedures to combat accidents, and avoid loss of assets through safety failure.

NKT Flexibles operates in a heavily competitive market. As suppliers of highly processed, technically complex industrial products to the international market we are characterized by a dedicated, highly skilled work force. Geographically we are situated in Denmark which is an area with a high level of costs. We consider quality, in all respects, to be the company's essential parameter in relation to customers. It is very important to us therefore, that competition takes place on fair terms. We wish to help set the standard for fair competition, and respect for human and employees rights, environment and anticorruption, are therefore key concerns.

Employees at all levels of the company have been involved in defining the following core values for NKT Flexibles: Leadership, flexibility, respect, safety, innovation and credibility.

Brøndby, Denmark, 25 October 2010 Michael C. Hiorth CEO. NKT Flexibles





# **HUMAN AND EMPLOYEES RIGHTS**

As a locally based but globally operating company we are active in parts of the world that have a long tradition of respect for individual human rights, and also in parts of the world where the interpretation of these rights differs from our own.

NKT Flexibles wishes to be seen as an attractive employer and we will strive to positively influence our stakeholders to respect basic human and employees rights, including equal opportunities for the individual and non-acceptance of the exploitation of child labour.

#### **GOALS: HUMAN AND EMPLOYEES RIGHTS**

#### Management and staff

#### Goal: 31.12.10

All employees are to be acquainted with the principles of NKT Flexibles' Code of Business Ethics.

#### **Actions**

All senior employees are to be acquainted with and to address the contents of NKT Flexibles' Code of Business Ethics.

#### Status as of 30.06.10

Content debated and anchored in the management team. Principles informed to all employees at a meeting.

Goal has been accomplished.

#### Work accidents

#### Goal: 31.12.10

15% reduction of serious accidents compared with 2009.

#### **Actions**

Ongoing improvements to work processes.

#### Status as of 30.06.10

Accidents are traced continously and show declining tendency.

#### **Procurement**

#### Goal: 31.12.11

80% of procurement in value above 50,000 tEUR, is to be supplied by partners who have agreed to abide by the principles of the UN Global Compact.

#### **Actions**

The principles of the UN Global Compact or similar will be embodied in formulation of supplier contracts.

#### Status as of 30.06.10

Standard purchase terms with the UN Global Compact requirements are under preparation.



#### SAFETY FIRST

NKT Flexibles compiles structured statistics on accidents with a view to improving existing procedures and eliminating accidents entirely. Statistics are also maintained on all reported incidents so that improvement initiatives can be focused where they are called for.



### **ENVIRONMENT**

As a player in the oil and gas industry a company is expected to show dedicated focus to the environment. NKT Flexibles wishes to help set the standard for protecting the environment, ensuring safe and healthy working conditions, and establishing expectations to the supply chain in regards of environmental responsibility.

Our flexible pipe systems are used to recover oil and gas from offshore fields, and a system leakage may potentially have grave environmental consequences. We take this responsibility extremely seriously, and our entire value chain is geared to ensure a very low risk of failure by our own pipe systems and by the interfaces they connect to. Quality assurance is a key parameter in this respect, and NKT Flexibles is certified according to API Specification Q1, ISO 9001, for quality assurance systems.

The environmental friendliness inherent in our operations also constitutes an obvious means to create increased competitiveness. The environmental friendliness inherent in our operations also constitutes an obvious means to create increased competitiveness.

Any reductions we can make in the consumption of all forms of resources will benefit the environment, the customer's economy, and our own bottom line. We feel committed to exploiting this means of combining environmental awareness with sound business operation.

When developing new products, one of the parameters that influence our decision making is the environmental impact of the materials used. When designing products and systems within our existing product portfolio, we have to use materials that have been tried, tested and qualified in accordance with international standards and our own internal quality norms and acceptance criteria. NKT Flexibles is certified according to ISO 14001 for environmental management systems and to ISO 18001 for health and safety.

Our energy usage in day-to-day operations is another preferred area of focus. We expend considerable amounts of electricity in our manufacturing processes, and there is additional environmental impact from transport of raw materials to the factory area, and from transport of the very large and heavy final products to their destination.

#### **GOALS: ENVIRONMENT**

#### **Energy for heating**

#### Goal: 30.06.12

10% reduction compared with 2008 report (adjusted for expansion of production and storage area).

#### Actions

We perform ongoing measurements and carry out campaigns in order to reduce CO<sub>2</sub> emission.

#### Status as of 30.06.10

Process started with intelligent lighting in areas without permanent activities.

#### Energy for production processes

#### Goal: 30.06.12

10% reduction compared with 2009 report (normalized in relation to output volume).

We perform ongoing measurements and carry out economy campaigns in order to reduce CO<sub>2</sub> emission.

#### Status as of 30.06.10

We are continuously assesing our performance.

#### Water consumption

### Goal: 30.06.12

10% reduction compared with 2009 report (normalized in relation to output volume).

#### **Actions**

We perform ongoing measurements and carry out economy campaigns in order to reduce water comsumption.

### Status as of 30.06.10

Where possible, re-use of process water and water for hydrostatic pressure is implemented.



# ANTI-CORRUPTION

As a company, NKT Flexibles is an integral part of the surrounding community. A significant number of employees are engaged directly in operations, and our activities form the basis for many other jobs in companies and institutions with which we do business. In the light of the social importance of our activities we have a particular responsibility for operating the company on a healthy and sustainable basis within the framework established by the community.

We wish to be an example to our stakeholders in the way we do business, and we wish to be perceived by society as a respected and credible business partner that shows leadership, innovation and flexibility in its dealings with others, and a proper responsibility for the environment and safety. This is consistent with the company's core values which all employees are expected to uphold.

We see corruption as a major challenge in general, as in some areas it is an almost integral part of doing business. As a globally active company we operate in parts of the world where corruption and payment for furthering personal interests is virtually non-existing, and in parts of the world where such practice is a regular occurrence.

We wish to reduce the negative effect that corruption has on fair competition. Corruption distorts healthy competition in which technology, quality, price and supply constitute the primary decision-making parameters. Corruption will furthermore invariably lead to a wrongful distribution of resources, and as corruption is particularly prevalent in poor societies, the effect of this corruption is even worse. Corruption is therefore in reality a barrier to the development of a stable global society.

#### **GOALS: ANTI-CORRUPTION**

#### Agent fees

#### Goal: 30.06.10

Overview of fee amount and size. Guidelines for agent fees to be defined.

#### Actions

All fees for payment to agents and representatives to be approved by the company CEO, and we will establish a reporting system.

#### Status as of 30.06.10

Procedures have been implemented. Fees are presented and discussed annually at board level.

Goal has been accomplished.

#### Management and staff

#### Goal: 31.12.10

All employees to be acquainted with the principles of NKT Flexibles' Code of Business Ethics.

#### **Actions**

All senior employees are to be acquainted with and to address the contents of NKT Flexibles' Code of Business Ethics.

#### Status as of 30.06.10

Content debated and anchored in the management team. Principles informed to all employees at a meeting.



#### **ACTION AGAINST CORRUPTION**

NKT Flexibles monitors the size of fees paid to agents and representatives for assistance with project sales. In the case of unexpected and unacceptable deviations, an investigation will be started that will result in the dismissal of employees involved and may be reported to the relevant authorities.

