

# Corporate Social Responsibility Report **2013-2014**



## **UN Global Compact**

nkt cables wishes to protect the environment, safeguard human and labour rights and work against corruption

# nkt cables statement

In the long history of our company, **Corporate Social Responsibility** has always been an implicit and explicit part of how we do business to **achieve sustainable success**

As an active corporate citizen, **nkt cables** has a clear philosophy and conviction about our social responsibilities. With strict adherence to our CSR principles and the framework of the UN Global Compact, we take our commitment towards high ethical standards seriously wherever we seek to do business and to abide by all local laws and regulations and respect the rights of all individuals. Accordingly, we continue to train our employees and promote awareness of our zero-tolerance attitude towards non-compliance with laws and regulations. To underline this commitment, we ask the management of the units in the countries and regions of our activities to sign an annual Statement of Representation confirming adherence to the 10 principles of the UN Global Compact.

Along with our participation to the UN Global Compact charter we continuously work to increase the awareness of the importance of CSR and we constantly develop new objectives to improve our performance in this respect. We keep in our focus the pursuit of the reduction of energy, water and material consumption as well as the emissions of our production facilities. Against this background we continue to invest in the development and improvement of our products and relevant production standards. Furthermore, we pursue a safe and accident-free working environment.

With regard to our objectives we have achieved good progress in many areas, but we know that we can and need to do more. We are convinced that financial success, social responsibility and protection of the environment are fully interlinked and essential for long-term sustainability. We want our business partners to choose **nkt cables** as their partner because of our commitment to high ethical standards for the human interaction in and around our company as well as because of the high standards for the quality of our products and services.

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



“  
*nkt cables is an active corporate citizen of the global society with a clear and firm philosophy and conviction about our social responsibilities”*



# nkt cables

## Highlights 2013-2014

*Hands-on experience with installation trials*



### First Safety Buddy Award

With view to maintaining focus on safety, an annual Safety Buddy Award was established in 2013. At a ceremony in Cologne attended by an audience that included the CEO of **nkt cables** and the 10 winners of the local Safety Buddy Awards, a special trophy was presented to the first Group Award winner, Vaclav Hajny, from the Kladno site in the Czech Republic.



### New distributor and agency contracts

In order to further prevent potential bribery and corruptive practices in connection with purchasing, new distributor and agency contracts have been formulated. These contracts also incorporate acceptance by the supplier of the principles of the UN Global Compact.

The revised contracts were introduced in 2013 as standard for new agreements while existing agreements will be replaced by the new contracts when renegotiated.



### 20 energy saving projects launched

Energy saving is one of the components in a comprehensive programme with the aim of increasing efficiency and improving profit ability in **nkt cables**. Consequently, 20 energy projects are currently in progress.

Some of the saving targets for the period 2014 to 2015 included a 340 MWh reduction of electricity and a 490 MWh reduction of natural gas - generating in total a reduction in CO<sub>2</sub> emissions of about 270 tonnes per year.

## HUMAN AND LABOUR RIGHTS

Respecting human and labour rights is fundamental to our business. **nkt cables** has established ethical guidelines, and our local management teams in all countries are asked to sign a Statement of Representation affirming adherence to the principles of the UN Global Compact.

**nkt cables** conducts surveys on a regular basis regarding the position of our suppliers on these 10 principles, and the results of the last survey showed that the commitment level among suppliers had increased to 88%. In order to further facilitate and increase the acceptance of the UN Global Compact, **nkt cables** is to roll out new general conditions of purchase which will make suppliers' compliance mandatory for doing business. **nkt cables** thus continuously monitors its goals with regard to human and labour rights and ensures that the fundamental principles are known and followed throughout the company and also by its suppliers.

All accidents have causes. Removing these causes reduces accidents, and a programme was set up in 2013 aimed at eliminating a minimum of 3,000 dangerous situations and behaviours annually. This goal was reached in the reporting period under review. Despite these efforts the targeted 25% annual reduction in accidents was not achieved in the period. Very sadly one fatality occurred in August, after the end of the reporting period. A root cause analysis was instituted to identify any shortcomings in the safety risk assessments.

We value a diverse workforce and we firmly believe that not only does offering international career opportunities, talent management programmes and training opportunities make **nkt cables** an attractive workplace but that a skilled and highly motivated workforce is a prerequisite to a continued success of our business. We conduct worldwide Engagement Surveys on a regular basis to measure employee satisfaction and to identify

areas for improvement. Our Meet-the-Board initiative introduced in 2012 has proven very valuable for opening discussions between employees and Group Management.

## ENVIRONMENT

Environmental impact from cable production is relatively small and mainly related to CO<sub>2</sub> emission and use of limited resources, especially copper.


Looking at our carbon footprint, 83.8% is attributable to suppliers of raw materials, whereas 2% is direct emissions (Scope 1) from our sites, and 14.2% is related to our power consumption (Scope 2). The development in carbon footprint allocation is a mirror of the improvements made since last year's reporting:

- CO<sub>2</sub> emissions from heating have been reduced by 17% - or 4% when adjusted for climate.
- CO<sub>2</sub> emissions from production have been reduced by 11% per tonne of cable.

The 50001 Energy Management System was implemented at the Cologne plant and is planned for introduction at another German plant in Nordenham.

Copper is an essential part of manufacturing cables. The potential for savings lies in optimising material utilisation and reducing insulation thickness. The material utilisation rate has been stable for several years, but as the target of 96.2% is challenged, continuous focus is required. A number of slim-line cables have been developed, reducing the amount of plastics used for insulation.

In addition to goals for reducing CO<sub>2</sub> emissions, **nkt cables** is engaged in fostering research and development relating

 <b>Goals &amp; actions - Human and labour rights</b>	2013-14		30.06.14
	Target	Achieved	Status
<b>Procurement</b>			
Based on results of the last survey, a further improvement in supplier commitment to the Global Compact will be targeted.	100%	88%	✓
Supplier compliance with Global Compact principles incorporated as standard item in new purchasing contracts and a mandatory condition for doing business.	100%	100%	✓
<b>Occupational injuries</b>			
Improve safety performance towards best-in-class industry standards, defined as a frequency of less than 5 accidents per 1 million working hours. Starting point 2010: Number of accidents 131, frequency 22.6. Annual target is a 25% reduction.	<53	58	÷
Number of accidents in the reporting period.	<8.8	9.7	÷
Frequency per million working hours in the reporting period.			
Eliminate the number of unsafe situations and behaviour.	>3,000	3,976	✓
<b>Employees</b>			
<b>New goal:</b> Measurement of employee satisfaction by conducting a global survey in the autumn 2014. Development of action plans based upon the findings.			
<b>Health management</b>			
Provide the resources and management systems to ensure a safe and healthy work environment. All sites are to create action plans based on OHSAS 18001 by end-2014 in line with <b>nkt cables'</b> health & safety policy.	100%	100%	✓

÷ Not accomplished

(✓) Partly accomplished or behind schedule

✓ Accomplished or on track



## Goals & actions - Environment

	2013-14 Target	2013-14 Achieved	30.06.14 Status
<b>CO<sub>2</sub> emissions</b>			
CO <sub>2</sub> emission from comfort heating reduced more by more than 40% compared with 2010.	>42%	44%	✓
Optimise machinery energy consumption. Ongoing measurements followed by data analysis will lead to definition of specific goals. An action plan is defined in the period under review.	100%	100%	✓
Reduce consumption of natural gas by 500 MWh by end-2014.	500 MWh	1,930 MWh	✓
<b>New goal:</b> Reduce consumption of natural gas by another 490 MWh by end-2015.			
Reduce power consumption by 1,000 MWh by end-2014.	1,000 MWh	794 MWh	(✓)
<b>New goal:</b> Reduce power consumption by another 340 MWh by end-2015.			
<b>New goal:</b> Implement ISO 50001 Energy Management System at plant in Nordenham, Germany.			
<b>Material utilisation efficiency</b>			
Increase efficiency by 0.1% yearly, i.e. to 96.2% in 2014.	96.2%	94.8%	÷
<b>Water</b>			
Save 5,000 m <sup>3</sup> drinking water by end-2014. A 2013-acquired plant in Sweden is not included.	>5,000 m <sup>3</sup>	1,433 m <sup>3</sup>	÷

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

to renewable energy and knowhow in this field. In 2011, **nkt cables** was the prime mover in sponsoring the Offshore Wind Studies Programme and the Wind Energy Research Centre at the Ozzietzky University Oldenburg in Northern Germany. The programme offers knowhow relating to the engineering of sustainable power production and creates common ground for all parties and professions within the energy sector. By sponsoring and sending our employees to this programme, our goal is to strengthen a further expansion of the sustainable energy sector.

taking immediate corrective action. **nkt cables** also engages in transparent business relations with partners who undertake to respect the principles of the UN Global Compact. As part of a continuous awareness campaign, these principles, rules and guidelines are communicated throughout the company, and training sessions are held in compliance with laws and regulations.

In addition, a code of conduct has been implemented in order to provide all employees involved in Group purchasing activities with guidelines for compliance with our corporate governance and to prevent possible bribery and corruptive practices in connection with procurement.

## ANTI-CORRUPTION

**nkt cables** is committed to conducting its business in a manner which allows the company to make positive contributions to society and ensures compliance with national and international laws and regulations in a manner that is consistent with principles of integrity, honesty, respect - and also internal policies.

Acting with integrity is the central requirement for sustainable success and a maxim that we follow in our daily business. If these guidelines are violated, **nkt cables** is committed to

### Compliance awareness campaign and employee training

Our awareness campaign continued in the period under review, increasing the attention of our employees on compliance, anti-corruption, facilitation payments and **nkt cables'** policies. Training sessions are continued with a view to instilling permanent employee awareness of these matters.



## Goals & actions - Anti-corruption

	2013-14 Target	2013-14 Achieved	30.06.14 Status
<b>Anti-corruption</b>			
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%	✓
More training sessions are planned in order to instil permanent awareness in employees. Train relevant employees in anti-corruption and competition law topics.	100%	25%	(✓)
<b>New goal:</b> Develop a model form of contract that includes clear statements regarding anti-corruption.			
<b>Facilitation payments</b>			
Ban on facilitation payments. Communication on non-acceptance of facilitation payments is part of the awareness campaign.	100%	100%	✓

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