

Corporate Social Responsibility Report **2014-2015**



UN Global Compact

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

NKT

NKT is signatory to the UN Global Compact and this report provides Communication on Progress (COP) for the period 1 July 2014 to 30 June 2015. The business units Nilfisk and NKT Cables have also been autonomous signatories to the UN Global Compact since 2010 and 2011, respectively.

NKT at a glance

Reporting structure

NKT's three businesses have diverse product portfolios, organisations and markets. Accordingly, they differ in focus areas and challenges in terms of sustainability. The first part of this report deals with the Group's overall performance on selected parameters while the second part addresses progress in each of the businesses.

In the NKT Group, the overall responsibility for Corporate Social Responsibility (CSR) lies with the Board of Directors, while the targets are set by the individual businesses. To ensure commitment, all targets must be as specific as possible and concrete actions to achieve them must be clearly defined.

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BUSINESSES



Professional cleaning equipment



Energy cables



Hightech products based on optical fibers

SUSTAINABLE MEGATRENDS

supporting business strategies



Urbanisation

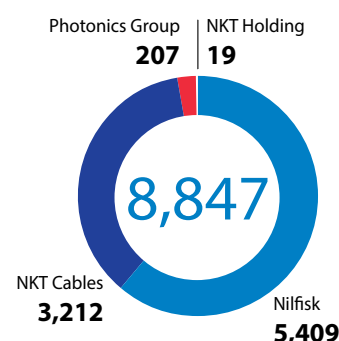


Sustainable energy supply



Healthcare demand

NO. OF EMPLOYEES*



GLOBAL PRESENCE



FINANCIALS*

Amounts in DKKm	Nilfisk		NKT Cables		Photonics Group		NKT total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Revenue	7,019	6,665	9,304	9,208	285	282	16,605	16,155
Operational EBITDA	764	797	670	386	14	10	1,415	1,166

* Last Twelve Months, LTM (July-June)



Visit www.nkt.dk to learn more about NKT

NKT Group statement



“

NKT's business strategic direction is based on megatrends such as urbanisation, sustainable energy supply, and increasing healthcare demand”

Since NKT became signatory to the UN Global Compact in 2009, the ten principles laid down in this initiative have served to guide the focus of our efforts within social responsibility. We will continue to support the principles and use them as a framework for further progress within the areas defined.

NKT's business strategic direction is based on megatrends such as urbanisation, sustainable energy supply, and increasing healthcare demand. We believe these trends will remain strong macro drivers in the coming years and provide opportunities for further development of our businesses. We also believe that it is by being an active player in these areas that we can make our largest contribution to a sustainable future.

Joint efforts are required to meet global development challenges. Since acceding to the UN Global Compact we have urged all our major suppliers to comply with the same initiative, our target being to achieve 80% acceptance. Due to diverse composition in terms of supplier base this is a challenging target for some of our business units, but we will continue to pursue our goal.

The safety of our employees is top priority in all our businesses and is an integral part of our strategies. Our goal is to be best-in-class within our industries, and I am pleased to see that we are on the right track although there is still room for improvement.

Being an attractive workplace is essential for recruiting and retaining the best people. During the period under review all our businesses have conducted global employee engagement surveys. In the course of this process we have gained valuable insight into the parameters which drive employee engagement and where improvement is required.

Social responsibility is an ongoing process and the present report gives insights into our targets and the progress realised.

Michael Hedegaard Lyng
Group Executive Director



Group performance

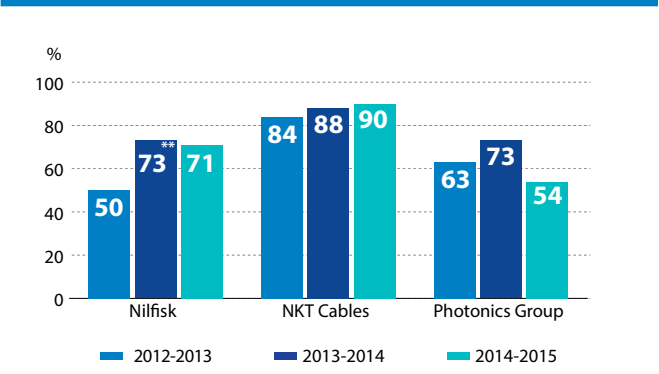
HUMAN AND LABOUR RIGHTS

The NKT Group has a global presence and strives to operate in compliance with local laws and regulations and with respect for international rights. Incorporated in numerous policies, this compliance is also an integral part of NKT's due diligence procedures for acquisitions.

Supplier support for UN Global Compact

Since 2009, suppliers selling to NKT for more than EUR 50,000 annually have been requested to comply with the principles of the UN Global Compact. The target is to obtain the compliance of 80% of the suppliers concerned.

Suppliers* complying with UN Global Compact



* Annual purchase value above EUR 50,000
** Adjusted due to error in 2013-2014 reporting

In the period under review both Nilfisk and NKT Cables experienced stable levels of supplier compliance with UN Global Compact, and in both business units the UN Global Compact is an intrinsic part of the standard purchase contracts. Nilfisk has recently established a Social Supplier Audit Unit within its Global Procurement department to assist suppliers with compliance in all areas where the principles of the UN Global Compact are not already fully implemented. More than 250 direct and indirect suppliers will be encompassed by the audit programme.

One reason for the continued disparity in supplier compliance levels relates to the composition of the supplier base. NKT Cables has a small number of large suppliers, primarily located in Europe, while Nilfisk has a large number of small local suppliers around the world. Photonics Group also predominantly has small local suppliers, and the level of compliance differs significantly between the entity's product segments. Changes in product mix were the main reason for the significant decline in compliance recorded in the period under review. All business units will continue to urge their suppliers to adhere to the UN initiative.

Diversity profile unchanged

The NKT Group continuously monitors the diversity profile of its senior management in terms of age, gender and nationality. NKT operates in industries which historically have a preponderance of men, and this is still reflected in the fact that relatively few women hold senior management or staff positions.

Diversity in senior management 2014-2015

	Senior Man.	Age profile			Gender		No. of nationalities
	Total	<40	40-54	>54	Women	Men	(The predominant nationality in %)
NKT Board of Directors*	6	0	2	4	1	5	2 (Danish 83%)
NKT Management	5	2	3	0	0	5	1 (Danish 100%)
Nilfisk	42	6	31	5	2	40	20 (Danish 43%)
NKT Cables	65	15	46	4	5	60	12 (German 50%)
Photonics Group	10	0	8	2	1	9	4 (Danish 40%)
Total	128	23	90	15	9	119	

* Elected at the Annual General Meeting

NKT is firmly committed to providing equal opportunities for all employees and candidates, and it is recommended that both genders be represented among the candidates for a vacant management position. However, the primary consideration is to achieve diversity through combining optimal competences with appropriate social and cultural skills.

It is NKT's objective that both genders should be represented among the AGM-elected members of the Board of Directors, with 17% as the target for the under-represented gender. This target was achieved for 2014-2015.

Reduction of occupational injuries is a strategic target

A safe and healthy working environment is an integral element in the new business strategies launched by Nilfisk and NKT Cables in 2015. Both business units are aiming at best-in-class industry standards, the ultimate goal being to eliminate injuries altogether. For Nilfisk the ambition of a safe workplace is integrated in its core values, whereas for NKT Cables the reduction of occupational injuries constitutes one of four must-win battles to achieve its strategic targets. To further reduce the number of accidents the business

units have increased safety training and the number of awareness campaigns. They have also increased their focus on eliminating unsafe situations and behaviours and on analysing the root causes of incidents registered.

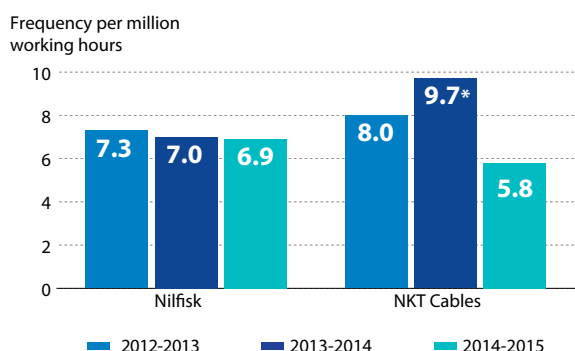
ENVIRONMENT

NKT's approach to reducing environmental impact is twofold: Reduce consumption of resources by NKT's own businesses, and develop and supply products that reduce user energy consumption (Nilfisk) and promote the spread of sustainable energy production (NKT Cables and Photonics Group).

Reduced CO₂ emissions relative to output

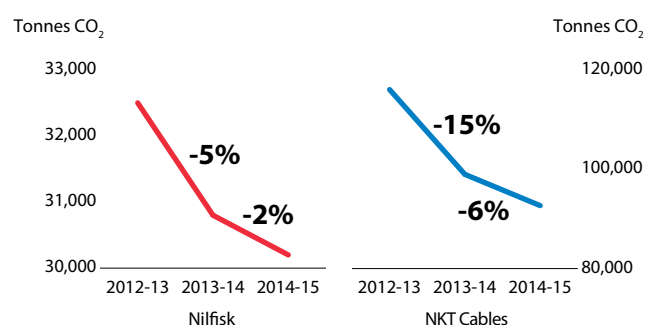
Nilfisk and NKT Cables both continued to reduce CO₂ emissions relative to output. Nilfisk realised a decrease of 2% which was, however, less than expected. In NKT Cables the reduction of 6% was driven by both increased revenue and saving initiatives relating to an efficiency improvement programme named DRIVE, launched in early

Occupational injuries causing work absence



* Part of the increase is due to the inclusion of data from a plant acquired in Sweden in 2013

CO₂ emissions (Scope 1+2) relative to output



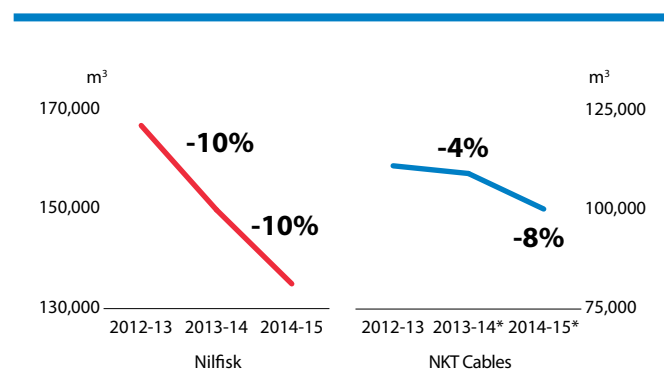
CO₂ emissions from Photonics Group are insignificant
 Scope 1: Energy consumption for heating
 Scope 2: Energy consumption for production

2014 and fully implemented during 2015. Both business units are striving to further reduce CO₂ emissions.

Reduced water consumption

Both Nilfisk and NKT Cables again registered significant reduction in water consumption. This was the result of a general decrease across all sites, combined in the case of NKT Cables with the impact of the DRIVE programme.

Water consumption



Photonics Group does not register water consumption.

* Water consumption is not adjusted for the acquirement of a plant in Sweden, in 2013.

contact with external partners are aware of and trained in NKT's anti-corruption policy. No cases of corruption were registered in the present reporting period while one case of misuse of company assets was registered.

Whistleblower system to include external stakeholders

In 2010, NKT set up an internal whistleblower system with the aim of disclosing any internal irregularities. The system is maintained by an external provider and enables all employees to report any serious concerns with regard to irregularities within the company. Reports may be submitted in a number of languages, and in writing or orally. None of the reports submitted for 2014-2015 necessitated material adjustments in business procedures.

As from 2016 NKT has decided to take its responsibility for ethical business conduct a step further by granting external stakeholders access to the whistleblower system for disclosure of any irregularities. System access will be via www.nkt.dk and the business unit websites.

Compliance Committee established

After the end of the reporting period, NKT established a Compliance Committee responsible for determining compliance strategy at both Group and business unit level. The Compliance Committee acts in collaboration and alignment with the Audit Committee established by NKT's Board of Directors.

The purpose of the Compliance Committee is to review and oversee the NKT Group compliance programme, including but not limited to, evaluating its effectiveness and receiving updates about compliance activities. The members of the Compliance Committee are the CEOs of the three business units, and representatives from NKT Group Legal and Compliance as well as Finance.

Appeal against European Commission decision

In April 2014 NKT received a fine of DKK 29m following an investigation conducted by the European Commission into alleged price-fixing activities in the high-voltage power cable industry in 2002-2006, cf. Company Announcement No. 8, 2014. NKT disagrees with the Commission's decision and therefore lodged an appeal in Q2 2014. NKT will inform the market once the appeal is heard.

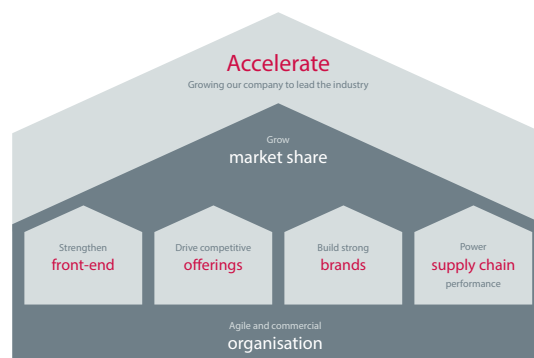
ANTI-CORRUPTION

NKT has business operations worldwide, including areas where corrupt practices used to exist and to some extent still do. Some business units are also active in sectors previously governed by cartels. It is therefore crucial for NKT's credibility to be a strong advocate of fair competition and lawful practices.

Internal compliance

All managers of NKT entities complete an annual Statement of Representation. This statement includes an extensive anti-corruption review that must report any findings relating to potentially corruptive practices, such as cartels, money laundering, bribery and facilitation payments. The Statement must also specify whether necessary actions are taken to ensure that employees in

Nilfisk statement



Key strategic levers to support growth

Parallel with the introduction of Accelerate, Nilfisk's new business strategy, we have defined a value proposition which states that we are 'Clearing the way for a safer, cleaner and more productive everyday'. This proposition reflects Nilfisk's commitment to act responsibly by offering cleaning solutions with focus on health, safety and efficiency.

Nilfisk believes that the adoption of the UN Global Compact with respect to human rights, labour rights, anti-corruption and environment will help us develop our business in a positive direction and at the same time address the growing demand from customers and regulations in this regard.

In an effort to become more proactive a new Social Supplier Audit Unit has been established within our Global Procurement department to place even greater focus on our business partners' adherence to the UN Global Compact principles.

The Accelerate business strategy combined with our sustainability strategy Green Meets Clean, which emphasises cleaning solutions that provide a sustainable balance between cleaning efficiency, environmental improvements and responsible behaviour within the industry, will be fundamental in our striving to continuously support the UN Global Compact agenda.

Jonas Persson
President and CEO, Nilfisk

Accelerate

Growing our company to lead the industry

Promise made in the Accelerate strategy to Nilfisk customers:

Nilfisk **acts innovatively** and **responsibly**, and leverages over 100 years of **professional experience** to offer a **wide range of high quality** and **fully supported** cleaning **solutions** that help **people** and **businesses** all over the world

Highlights 2014-2015



Nilfisk SC450 scrubber dryer offers low management costs and eco-friendliness achieved by minimised water and detergent consumption



Accelerate business strategy - our value proposition to our customers

Safer

- Lower health hazard for workers
- Less accidents on the job
- Increased security handling dangerous dust and liquids

Cleaner

- More pleasing home
- Healthier and better working environment
- Improved hygiene and less bacteria
- Particle-free surroundings

Productive

- Optimise customers' business
- Improve productivity and efficiency
- Increase up-time and running business



ORACLE - an energy-saving demonstration project

Nilfisk, in cooperation with Serenergy, Aalborg University and Danish Power Systems, has been part of project ORACLE (Outdoor Reliable Application using Clean Energy). The aim of the project, partly sponsored by EUDP (the Energy Technology Development and Demonstration Programme from the Danish Energy Agency), was to demonstrate and verify advantages of fuel cells in outdoor cleaning vehicles to achieve higher energy efficiency and reduced CO₂ emissions.

As an outcome of the project, Nilfisk has implemented more energy-efficient fans on motors in vacuum cleaners, while additional learning is currently investigated.



Nilfisk core values

Nilfisk has implemented a set of core values shared by all constituent companies and entities around the world.

To succeed in the execution of our strategy common goals have been defined, and our core values explicitly encourage collaboration and treating others with respect.

Our values

- Customers - we are customer-driven
- People - we know people make the difference
- Performance - we want to win
- Professionalism - we do things right
- Quality - we stand for reliability

HUMAN AND LABOUR RIGHTS

Nilfisk's approach to the UN Global Compact principles is defined and globally communicated through the code of ethics and business integrity principles introduced in 2012.

We have also implemented core values that are shared by all our companies and entities around the world. These core values are part of our culture and important to the success of the Accelerate strategy. One of them is 'People - we know people make the difference'. To ensure dialogue and foster commitment and engagement, an employee engagement survey was launched globally in 2012 and is conducted annually

2014-2015 Employee Engagement Survey

42 countries
4,627 respondents
91% response rate
72 engagement index


Based on the most recent survey results and an employment engagement index rating of 72, which is above average for comparable global companies, two global focus areas have been identified: 1) 'Employee connection', which relates to leadership communication and recognition, and 2) 'Growth and execution', which is mainly about understanding our strategy and how it impacts our work. Teams and units in companies and entities across Nilfisk work with initiatives to support these two focal areas.

To support the development of our organisation and leadership, more than 100 managers have attended a comprehensive leadership training programme. Additional leaders have attended a light version of the programme carried out locally in the Americas, Europe and Asia.

Nilfisk is firmly committed to providing equal opportunity to its employees and will not tolerate discrimination or harassment of any kind. During the present reporting period a number of cases relating to this area were recorded, duly investigated and internal actions were taken.

Another priority area is to ensure that the company's suppliers conform to Nilfisk's standards and observe the principles of the UN Global Compact which are fully integrated in our standard contracts. We have achieved a 71% signature rate and we will strive to improve this further by initiating relevant activities in entities with lower supplier adherence. Nilfisk has also worked with SGS, a world-leading auditing services company, as our third-party supplier auditor, and this has resulted in the establishment of a Social Supplier Audit Unit within our Global Procurement department. More than 250 manufacturers supplying parts or finished products to Nilfisk either directly or indirectly have been identified, and they will all be a part of our comprehensive UN Global Compact social supplier audit programme. This programme will interact proactively with the supplier and assist the supplier with learning and adopting the UN Global Compact principles in all areas, if not already fully implemented.

It is important for us to continue reducing the number of occupational injuries. The level was stable compared with the previous reporting period, and to increase the focus on this area additional steps will be taken in selected entities, including the assignment of an internal EHS coordinator position and replacement of the external EHS consultancy.

 Goals & actions - Human and labour rights	2014-15		30.06.15
	Target	Achieved	Status
Management			
All local managements have been informed of our policies, have issued their comments, and endorsed the policy.	100%	100%	✓
Zero tolerance of acts of discrimination of any kind.	100%	100%	✓
A 2015 engagement index of 77. This measures the managers' ability to foster customer focus, empower the organisation, promote team spirit, and ensure alignment in the organisation.	Index 77	Index 72	(✓)
Procurement			
By end-2015, 80% of procurement (above EUR 50,000 in value) to be supplied by partners who have agreed to abide by the principles of the UN Global Compact.	80%	71%	÷
Occupational injuries			
Improving performance with a short-term goal of less than 5.5 accidents per 1 million working hours. The long term goal is zero accidents.	<5.5	6.9	÷
Labour rights			
The UN Global Compact principles are an integral part of Nilfisk's M&A due diligence process and any non-conformities are reported.	100%	100%	✓

÷ Not accomplished

(✓) Partly accomplished or behind schedule

✓ Accomplished or on track

ENVIRONMENT

Cleaning equipment invariably consumes energy and water and sometimes detergents are employed. When designing future equipment Nilfisk constantly seeks new technologies and innovative solutions with view to increasing cleaning performance, improving productivity and reducing environmental impact. This is achieved both through our technology development programme and through product innovation.

During the reporting period a significant number of new product introductions targeted environmental improvements. A new product development process has been commissioned with the focus on sustainability and environmental improvements in energy, water and detergent consumption and improved end-of-life disposal features. 71% of new product introductions contained improvements within at least one of the environmental focus areas. On top of this, product platforms in the consumer and commercial vacuum cleaner segments have been optimised in terms of energy performance to comply with the European regulation on eco-design requirements for vacuum cleaners.

Nilfisk also constantly focuses on the performance of new products in the working environment, and during the period under review 76% of all new product introductions featured improved noise emission and ergonomics.

Internal consumption of resources is another area of focus for Nilfisk, and we continuously strive to minimise environmental impact in our manufacturing entities. In the present reporting period Nilfisk introduced the Accelerate strategy comprising substantial front-end investments, including employment of sales personnel. This led to a significant rise of CO₂ emissions from company cars. As the effect of the investments materialised later than expected only 2% reduction of CO₂ emission relative to output was achieved at this point of time. It is estimated that in the coming reporting period the targeted average reduction of approx. 4% annually will be achieved.

In terms of indirect CO₂ emissions we achieved a reduction of 22%, mainly as a result of improving the transport of goods. In total, direct and indirect CO₂ emissions were reduced by 13% in the 2014-2015 reporting period.

Goals & actions - Environment	2014-15		30.06.15
	Target	Achieved	Status
Product development			
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 end-of-life disposal.	75%	71%	(✓)
CO₂ emissions			
8% reduction relative to output over 2013-2015, equivalent to ~4% annually.	4%	2%	(✓)
Product environmental footprint			
Actively participate in industry-related activities, boards and committees to push for agreement on industry standard for measuring environmental performance of products.	100%	100%	✓

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

ANTI-CORRUPTION

The Nilfisk code of ethics expresses our commitment to promote ethical standards, compliance and accountability. As a supplement to the code of ethics we have introduced business integrity principles that provide all Nilfisk employees with guidelines on how to and how not to conduct themselves in specific matters and situations related to our business. To increase attention to this area, Nilfisk plans to carry out an internal communication campaign with the ambition of having 90% of all employees complete a code of ethics programme by end-2016. The programme will also be part of new employees' introduction plan as well as having all current employees signing off to these principles every second year.

To ensure top-level commitment and support of our anti-corruption agenda, the local managements of all Nilfisk entities are obliged to sign a personal Statement of Representation on the principles

of the UN Global Compact. The individual statements are then consolidated and signed by the CEO of Nilfisk. One case of misuse of company assets was reported during the 2014-2015 period, and relevant investigation and internal actions were taken.

Furthermore, Nilfisk's global whistleblower system enables employees to report anti-corruption and other unlawful incidents. Such reports are dealt with by an independent party. All incidents filed during the reporting period were accorded the highest priority, being discussed and dealt with by the Group Management of Nilfisk and NKT. In 2016 we expect to expand our whistleblower system to also enable external stakeholders to report. Furthermore, we plan to run an internal awareness campaign supporting the possibility to speak out.

Goals & actions - Anti-corruption	2014-15		30.06.15
	Target	Achieved	Status
Management			
Local managements have been informed of our policies, issued their comments and endorsed our policies.	100%	87%	÷
Anti-corruption			
Reported corruption or cartel cases.	0	0	✓
Ensure that employees are aware how to act in accordance with Nilfisk's expectations where issues of business integrity are concerned.	100%	95%	(✓)
Apply risk management in growth markets on business integrity issues.	100%	20%	÷

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



HIGH-PRESSURE WASHERS WITH CLEAR SUSTAINABLE PROFILE

The new versions of SC DUO 6P/7P stationary high-pressure washers contain several improvements. The steel cabinet has been replaced by more environment-friendly expanded poly-propylene (EPP), which has also led to significant noise and weight (~18 kg) reduction, resulting in less shipment energy, lower cost as well as improved disposal.

Some product variants enable higher water pressure, which increases cleaning performance while using less time and hence less water. The SC4MPS variant has a new foam sprayer system to minimise detergent usage. The sprayer system is placed in connection with the gun with the aim of reducing spills as the detergent does not have to travel through the complete hose.

NKT Cables statement



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*NKT Cables wishes
to set standards of
excellence in everything
it does”*

An increasingly urbanised world population is making ever greater demands for mobility, trade, communication and improved living standards. In our globalised and interconnected world, much depends on electrical power. Satisfying these growing demands in a way that is truly sustainable and socially responsible poses a challenge: how do we provide a basis for future growth that does not harm present or future generations? For more than a century NKT Cables has demonstrated a passion for developing sustainable and socially responsible solutions for infrastructure, transport and construction.

NKT Cables acceded to the UN Global Compact in 2011. Being signatory to the UN Global Compact has helped us greatly in expanding the reach and awareness of corporate social responsibility throughout our company. We view our relations with customers, suppliers, communities and other stakeholders through the framework provided by the UN Global Compact.

NKT Cables wishes to set standards of excellence in everything it does. We are committed to responsible and ethical behaviour, and as an active corporate citizen we embrace a principled approach to the way we conduct business around the world. Our organisation is committed to upholding the tenets of the UN Global Compact, and the ten principles on human and labour rights, environment and anti-corruption are the foundation for our corporate social responsibility profile. We believe that living by these principles is essential for sustainability, the long-term survival of our business, and the greater good of the global community.

Our participation in the UN Global Compact strengthens and energises our commitment to working ethically and responsibly.

Michael Hedegaard Lyng
President and CEO, NKT Cables



Highlights 2014-2015

Knowledge transfer and continuous focus on training is essential to improve safety in NKT Cables' workplace



Whistleblower system for reporting ethical concerns

NKT's whistleblower system was established to provide a channel for reporting ethical concerns. It is operated by an independent third party to ensure that issues can be raised safely and securely. No major concerns were reported in the period under review.

The system is currently available to all employees and in 2016 it will be extended to vendors and business partners. An awareness campaign will accompany the extension.



Go Green - sustainable product offerings

NKT Cables' Go Green strategy is focused on offering products and solutions which reduce CO₂ emissions and feature environmental innovations. As an alternative to their enquiry for a conventional product, customers are offered a Go Green solution that combines ecological and economic advantages based on a total cost of ownership approach. To quantify the advantages in terms of sustainability, NKT Cables has developed a scoreboard method that can directly compare the difference between both solutions. As a company focused on economic product performance and ecological sustainability, NKT Cables is a pioneer in its market.

HUMAN AND LABOUR RIGHTS

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


NKT Cables conducts regular surveys of its suppliers' commitment to the above 10 principles. The results of the most recent survey revealed that the commitment level among suppliers has continued to increase. In the 2014/2015 reporting period, 90% of the total purchase volume of materials/components used in our products came from suppliers who had pledged binding allegiance to the ten principles. This represents an increase of 2%-points over the previous reporting period. To further promote and increase acceptance of the UN Global Compact among suppliers with purchase value above EUR 50,000, NKT Cables will in future introduce agreed conditions of purchase that will render suppliers' compliance mandatory for doing business with us.

The improvement and maintenance of safety continues to be given the highest priority at NKT Cables. A programme was set up in 2013

aiming at eliminating a minimum of 3,000 unsafe situations and behaviours annually, and this goal has been achieved in the last two reporting periods. The annual target for reduction of accidents was achieved in the July 2014 - June 2015 reporting period and continued focus will be placed to maintain attention on this important task.

After the reporting period, our new business strategy, EXCELLENCE 2020, was launched supported by the following vision statement: 'By driving excellence we will be the best power cable company by 2020 in the eyes of our customers and our people.'

A key element of this strategy is 'Safety, People and Organisation', and one target is to achieve a job satisfaction rating of at least 80% by the year 2020. This goal is challenging and ambitious as results from the employee engagement survey conducted at end-2014 revealed a low satisfaction rate. The next survey is planned for early 2016 and will be conducted by an independent external partner.

 Goals & actions - Human and labour rights	2014-15		30.06.15
	Target	Achieved	Status
Procurement			
Supplier commitment to the Global Compact by all with purchase value above EUR 50,000	100%	90%	(✓)
Occupational injuries			
Improve safety performance towards best-in-class industry standards, defined as a frequency of less than 5 accidents per million working hours. Starting point 2010: Number of accidents 131, frequency 22.6. Annual target is a 25% reduction.			
Number of accidents in the reporting period.	<40	32	✓
Frequency per million working hours in the reporting period.	<7.7	5.8	✓
Eliminate the number of unsafe situations and behaviour.	>3,000	3,204	✓
Employees			
Measurement of employee satisfaction by global survey in autumn 2014. Development of action plans based upon the findings.	100%	100%	✓
New goal: Employees trust index >80% by 2020			
Health management			
Provide the resources and management systems to ensure a safe and healthy work environment. All sites to create action plans based on OHSAS 18001 by end-2015 in line with NKT Cables' health & safety policy.	100%	100%	✓
<div> <div>÷ Not accomplished</div> <div>(✓) Partly accomplished or behind schedule</div> <div>✓ Accomplished or on track</div> </div>			

ENVIRONMENT

Environmental impact from cable production is relatively small and mainly related to CO₂ consumption and the use of limited natural resources, especially copper.

During the last few years NKT Cables has successfully implemented multiple initiatives, achieving significant reduction in energy consumption and the utilisation of natural resources.

- CO₂ emissions from Scope 1&2 relative to output were reduced compared with the last reporting period by 6%, while absolute emissions were reduced by 3% and totalled 81,180 tonnes.
- Power consumption was 891 MWh lower than last year, clearly exceeding the target of a reduction of 340 MWh, while the reduction target for natural gas consumption was not achieved
- Water consumption was reduced by a further 8,900 m³ and a new reduction target will be defined in the beginning of 2016.


Copper is an essential material for the manufacture of cables. As a result of initiatives related to the DRIVE efficiency improvement programme, which was launched early 2014, a change in our material utilisation trend was recorded. After the utilisation

efficiency remained unchanged for several years, we achieved an improvement from 94.8% to 95.6%, but still below the target of 96.3% by the end of the present reporting period. The overall target of 96.6% is therefore a challenge, and the target year has been redefined as 2020 with the aim of continuing the focus on improvements in the manufacturing processes.

NKT Cables has more than 55 years of experience with recycling of both its own production scrap, such as metals and plastic, and worn-out leads and cables from our customers. NKT Cables is one of the few cable manufacturers operating a complete recycling of specific cables and our facility is certified in accordance with the ISO 14001 standard.

The ISO 50001 Energy Management System was implemented at the plant in Nordenham, Germany, making it easier for us to integrate our energy management into our overall efforts to improve quality and environmental management.

2014-2015 performances show a need for further changes in terms of the development of solutions, as well as the need for an increase in capital spending to secure ambitious innovations for environment-friendly activities. The first effects of the revised environmental strategy are expected to be visible in 2016.

 Goals & actions - Environment	2014-15		30.06.15
	Target	Achieved	Status
CO₂ emissions			
CO ₂ emissions from comfort heating reduced by more than 40% compared with 2010.	>40%	46.5%	✓
CO ₂ emissions reduction (Scope1+2) versus 2013-2014 results.	2%	3%	✓
Reduce consumption of natural gas by end-2015.	490 MWh	380 MWh	÷
New goal: Reduce consumption of natural gas by another 150 MWh by end-2016.			
Reduce power consumption by end-2015.	340 MWh	891 MWh	✓
New goal: Reduce power consumption by another 500 MWh by end-2016.			
Implement ISO 50001 Energy Management System at plant in Nordenham, Germany.	100%	100%	✓
Material utilisation efficiency			
Increase efficiency by 0.1% yearly, i.e. to 96.3% in 2015 Target redefined: Increase efficiency by 0.2% yearly, i.e. to 96.6% in 2020.	96.3%	95.6%	÷
Water			
Save 5,000 m ³ drinking water by end-June 2015. A 2013-acquired plant in Sweden will be included in a new baseline for 2016.	>5,000 m ³	8,900 m ³	✓
<div> <div>÷ Not accomplished</div> <div>(✓) Partly accomplished or behind schedule</div> <div>✓ Accomplished or on track</div> </div>			

ANTI-CORRUPTION

At NKT Cables we are fully committed to being a reputable partner and employer wherever we do business. The NKT Group's code of conduct allied to the continuous development of our compliance policies helps us to achieve these goals by striving for fair and responsible practices throughout our company.

We believe that acting responsibly and fairly are critical to ensuring long-term success for ourselves and our business partners. Our code of conduct sets out common standards for business ethics and for our everyday conduct.

Code of conduct and compliance

NKT Cables' commitment to good business ethics and compliance with international regulations and internal policies is anchored in our code of conduct and other internal corporate guidelines. These directives outline the fundamental requirements for how NKT Cables operates and set out the ethical standards expected of all our employees and our business partners.

We are continuously developing training materials, and during 2016 we expect to add further training and new reporting procedures to foster transparency and improve our compliance performance.

To ensure a streamlined and aligned process, the further training of employees has been postponed and incorporated in future training.

The model form contract has been developed and implementation of the clauses is in progress.

Also in 2016 NKT Cables expects to implement a new software system to support and optimise the NKT Group's proactive efforts to identify, assess and minimise risks related to business conduct and compliance. When fully implemented, the system will ensure and document our employees' knowledge of compliance guidelines.

Whistleblower system

The NKT Group's whistleblower system enables employees to report activities that may involve criminal conduct or violations of our company policies. It consists of a website and phone hotline which are managed by an independent third party to ensure the highest level of security and confidentiality. During 2016 the whistleblower system will be widened so that also vendors and business partners may report possible criminal activities or other irregularities in relation to NKT Cables. An awareness campaign concerning this new feature of the whistleblower system will be launched in 2016.

 Goals & actions - Anti-corruption	2014-15		30.06.15
	Target	Achieved	Status
Anti-corruption			
New goal: Provide access to NKT whistleblower system for vendors and business partners associated with NKT Cables.			
Include anti-corruption and competition law as part of legal training programmes.	100%	50%	÷
Develop a model form contract including clear statements regarding anti-bribery.	100%	80%	÷
New goal: Kick-off an awareness campaign about the NKT Group's whistleblower system and access to the system for vendors and business partners.			
New goal: Develop a compliance mindset throughout the organisation through awareness campaigns.			

÷ Not accomplished

(✓) Partly accomplished or behind schedule

✓ Accomplished or on track

Photonics Group

statement



“

Demands for greater environmental accountability, increased security and improved living conditions are important drivers in our business development”

Photonics Group's products and solutions are integrated in applications aimed at better and more efficient use of energy resources such as oil and gas, new and improved equipment for early detection of diseases, and systems for improved human safety and protection of high-value assets.

We operate in global businesses characterised by increasing focus on sustainability. The entire supply chain, from the materials and components used in our products to the end-users of our customers' solutions, is geared to delivering environment-friendlier products and to ensuring that these products are manufactured in a safe and responsible manner. Accordingly, our suppliers and business partners are urged to adhere to the principles of the UN Global Compact. In the present reporting period we have registered a decline in adherence on the part of suppliers, and strengthened focus will therefore be placed on realising our target of 80% compliance.

Our products are marketed and sold with a reputation for high quality and represent significant input in the form of R&D and investment. For us it is therefore of paramount importance that the players in our industry compete on fair terms, and we will tolerate no form of bribery or other acts contributing to unfair competition.

It is vital to our business that we can attract and retain the best people in terms of competences and commitment and provide them with an incentive to do their best. We therefore strive to offer our employees a good, stimulating and challenging workplace based on continued dialogue on both job- and non job-related development, goals and performance.

We believe that our continued focus on sustainability will support our business opportunities and at the same time contribute to improving living conditions for future generations.

Basil Garabet

President and CEO, Photonics Group



Highlights 2014-2015

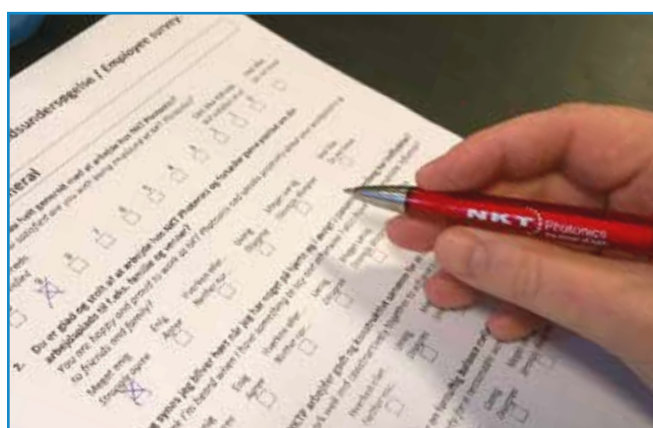
Cleanroom facilities for manufacture of fiber laser products



Early-stage, accurate disease diagnosis

With the advances in medicine and growth in population the need for accurate diagnostic tools is increasing. Modern photonics technology, and especially the use of super-continuum lasers, is making possible radically improved quality, cost and speed of diagnostics.

Optical Coherence Tomography (OCT) enables high-resolution images of, for example, the eye, blood vessels and skin. In 2015, Photonics Group released an OCT product with the highest resolution commercially available on the market, aimed at pre-clinical studies for early-stage diagnosis of e.g. skin cancer, diabetes and cardio-vascular diseases.



Group-wide employee engagement survey

In the period under review Photonics Group conducted its first ever global employee engagement survey.

The survey was designed to meet the needs and requirements of all business entities, and the wording of the questionnaire was discussed with employee representatives in advance to obtain the most accurate result. The findings and resulting action plans were subsequently presented to the employees and the survey will henceforth be conducted yearly to track developments and trends.

HUMAN AND LABOUR RIGHTS

Historically, Photonics Group's chief focus in terms of human and labour rights was on the correct conduct of business. Today, we combine this with ensuring that, throughout the production chain to customer delivery, all our products are manufactured responsibly and without infringing human rights. We demand the same of our major suppliers, our target being to achieve 80% compliance with the UN Global Compact among these companies.

During the period under review the level of adherence decreased from 73% last year to 54%. This was partly due to a change in product mix in one specific business unit, as a result of which a larger proportion of the product components are supplied from partners who have not explicitly confirmed compliance with the principles of the UN Global Compact. Focus on supplier adherence to these principles is being strengthened in the coming period.


We strive to offer our people a safe and healthy working environment. Many of our employees work with very high light intensities when developing and manufacturing our lasers. Careless handling or accidents can cause serious eye damage and eye tests are therefore conducted every two years. Numerous precautions have also been

introduced, such as eye protection, screening and alarm systems, and no cases of eye injury have been reported for the past five years.

Employee engagement is vital to our performance in a global and competitive business environment. Accordingly, Photonics Group has for some years conducted engagement surveys covering some 50% of our work force. During the present reporting period the survey was extended to cover all Photonics Group entities, the response rate being 68%. Based on the feedback, focus will now be placed on addressing job security and improve internal communication.

ENVIRONMENT

The manufacture of our products is associated with minimum environmental footprint and the use of relatively small volumes of raw materials. Almost all our products incorporate and use electrical components and are manufactured in compliance with the directive restricting the use of hazardous substances in electronic and electrical equipment (RoHS directive) and similar regulations.

 Goals & actions - Human and labour rights	2014-15		30.06.15
	Target	Achieved	Status
Procurement			
80% of our procurement (above EUR 50,000 in value) is to be supplied by partners who have agreed to abide by the UN Global Compact principles.	80%	54%	÷
Development of plan to monitor, through inspections, the extent to which our suppliers comply with the agreed conduct. Target date revised: 30.06.2016.	100%	0	÷
Occupational injuries			
Accidents causing absence in 2nd half 2014 or 1st half 2015.	0%	0%	✓
Eye injuries caused by work with high light intensities recorded in connection with eye test to be conducted every 2nd year.	0%	0%	✓
New goal: No accidents causing absences in 2nd half 2015 or 1st half 2016.			
New goal: No eye injuries caused by work with high light intensities recorded in connection with eye test to be conducted every 2nd year.			
Employee engagement			
Employee engagement is measured in all business areas and action plans are made, based on the results.	100%	100%	✓
New goal: Global employee survey to be conducted every year.			

÷ Not accomplished

(✓) Partly accomplished or behind schedule

✓ Accomplished or on track

Our principal environmental impact relates to the use of our products in solutions intended to improve either environmental conditions, supply of goods, personal safety or human living conditions. Examples of product and solution applications include fire detection in tunnels, optimised use of high-voltage cables, leak detection in oil and gas pipelines, quality control of food, development of new and improved medicines and diagnosis of diseases.


ANTI-CORRUPTION

We are a company with global activities, and we therefore operate in parts of the world where corruption and facilitation payments are very rare and also in other areas where they occur regularly. We strive to compete on fair and honest terms and we do not tolerate employee involvement in corruption or acceptance of facilitation

payments. Exception to this rule may only be made if the safety of our employees is threatened.

Employees involved in external contacts at a high level have been trained in our anti-corruption policy and further training is a high priority. The scope of training for employees with a narrower external contact profile will be of future focus, along with attention on potential breach of our anti-corruption policy in our ongoing risk assessment when evaluating new business partners, geographical areas and potential acquisitions, etc. The risk assessment of high risk business areas and regions has to be pro-active and further formalised and documented in order for Photonics Group to fully achieve their targets within this area - which is a goal for 2016.

Photonics Group has registered no instances of corruption during the present reporting period.

 Goals & actions - Anti-corruption	2014-15		30.06.15
	Target	Achieved	Status
Anti-corruption			
Train all relevant employees in our anti-corruption policy relative to their specific job functions including integration of a documented standard procedure for training. Target date revised: 2016	100%	75%	÷
Facilitation payments			
Non-acceptance of facilitation payments. No facilitation payments were recorded in the reporting period.	0	0	✓
Agents and distributors			
All agents and distributors are informed of our Fair Trade Policy.	Ongoing	100%	✓
Formalised and documented risk assessment of business areas and regions in which we are active, plus active follow-up on employees, agents and distributors in high-risk areas.	100%	50%	÷
<div> <div>÷ Not accomplished</div> <div>(✓) Partly accomplished or behind schedule</div> <div>✓ Accomplished or on track</div> </div>			

Reporting principles

NKT deploys three key elements for monitoring progress on Corporate Social Responsibility:

1. Data collection of various Key Performance Indicators (KPI's) are registered, covering parameters such as occupational injuries, CO₂ emissions, utilisation of raw materials, irregularities such as environmental spills and fines and development in diversity in senior management. The business units are responsible for data collection and KPI quality.
2. An annual Statement of Representation on Corporate Social Responsibility, signed by all local managers in the business unit, certifying that they are familiar with and actively working to advance the principles of the UN Global Compact.
3. An internal whistleblower system, maintained by an external provider, which allows all NKT employees to raise concerns about seemingly inappropriate conduct, events or circumstances. Reporting may be done in a number of languages.

The reporting and the Statement of Representation embrace around 100 legal entities worldwide.

Reporting methodology

The reporting methodology remains unchanged from previous reports, and NKT has chosen to assess a total of 19 GRI (Global Reporting Initiative), G3.1 indicators. An overview is available on page 22.

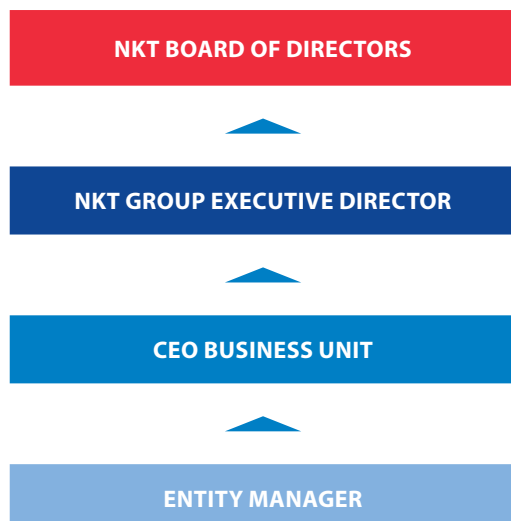
Data integrity

While the majority of data is estimated to be sound, CO₂ emissions data for transport of goods is still subject to some uncertainty. Focus is maximised on areas under the company's control, and the data for Nilfisk solely covers transport of goods from the company factories to distribution centres.

Auditing

The present report was not audited by an independent auditor.

Statement of Representation



NKT wishes to ensure that CSR is an integral element in the daily activities of all business units and entities. Annually, all entity managers (around 100) draft and sign a Statement of Representation detailing the progress with compliance made by the entity concerned on all UN Global Compact principles.

Each Statement of Representation is submitted to the CEO of the relevant business unit who signs a Statement on behalf of the unit as a whole. Ultimately, NKT's Group Executive Director signs a Statement of Representation for the entire Group and the Board of Directors is informed of the conclusions.

GRI

indicators

The Global Reporting Initiative (GRI) is a comprehensive sustainability reporting framework which enables all organisations to **measure** and **report** their economic, environmental, social and governance performance - **the four key areas** of sustainability

The NKT business units report on parameters inspired by the GRI indicators listed below. Not all parameters are elaborated upon in the present report, but data are used in other contexts.

GRI, G3.1 indicators	GRI parameters*	Nilfisk	NKT Cables	Photonics Group
Human Rights				
Investment and Procurement practices	HR1, HR2, HR3	✓	✓	✓
Non-discrimination	HR4	✓	✓	✓
Freedom of association and collective bargaining	HR5	✓	✓	✓
Child, forced or compulsory labour	HR6, HR7	✓	✓	✓
Labour Practices & Decent Work				
Employment	LA1		✓	✓
Occupational health & safety	LA7	✓	✓	✓
Diversity and Equal Opportunities	LA13	✓	✓	✓
Environment				
Materials	EN1, EN2	✓	✓	
Energy	EN3, EN4, EN5, EN6, EN7	✓	✓	✓
Water	EN8	✓	✓	
Emissions, Effluents and Waste	EN16, EN17, EN18, EN23, EN24	✓	✓	✓
Product and Services	EN26		✓	✓
Compliance	EN28	✓	✓	✓
Transport	EN29	✓	✓	✓
Anti-corruption				
Local Community	SO1, SO9		✓	✓
Anti-corruption	SO2, SO3, SO4	✓	✓	✓
Public Policy	SO5, SO6	✓		✓
Anti-Competitive Behaviour	SO7	✓	✓	✓
Compliance	SO8	✓	✓	✓

* In-depth descriptions are available on page 23.

GRI, G3.1

- Appendix

Human Rights

HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone screening on human rights and actions taken
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained
HR4	Total number of incidents of discrimination and actions taken
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour
HR7	Operations or significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour

Labour Practices & Decent Work

LA1	Total workforce by employment type, employment contract, and region broken down by gender
LA7	Rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities by region and by gender
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

Environment

EN1	Materials used by weight or volume
EN2	Percentage of materials used that are recycled input materials
EN3	Direct energy consumption by primary energy source
EN4	Indirect energy consumption by primary source Non-renewable energy source
EN5	Energy saved due to conservation and efficiency improvements
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives

EN7	Initiatives to reduce indirect energy consumption and reductions achieved
EN8	Total water withdrawal by source
EN16	Total direct and indirect greenhouse gas emissions by weight
EN17	Other relevant indirect greenhouse gas emissions by weight
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved
EN23	Total number and volume of significant spills
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce

Anti-corruption

SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes. Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting
SO2	Percentage and total number of business units analysed for risks related to corruption
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures
SO4	Actions taken in response to incidents of corruption
SO5	Public policy positions and participation in public policy development and lobbying
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations
SO9	Operations with significant potential or actual negative impacts on local communities

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