

Corporate Social Responsibility Report

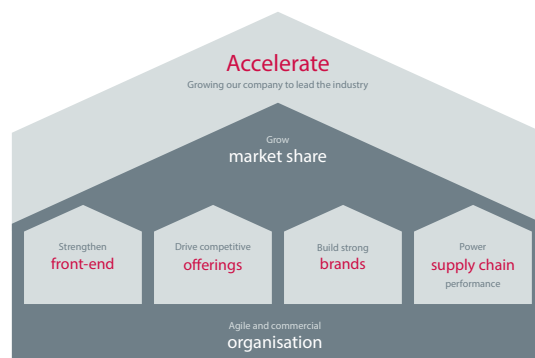
2014-2015



UN Global Compact
Nilfisk wishes to protect the environment,
safeguard human and labour rights, and
work against corruption



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 Target	2014-15 Achieved	30.06.15 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. For the present reporting period Nilfisk achieved 2% reduction of CO₂ emissions relative to output, which was below the targeted average reduction of approx. 4% annually. However, CO₂ emissions in absolute terms increased by 3% primarily due to higher activity level. Future reduction initiatives are mainly based on ISO 14001 environment management.

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%	✓
<div> <div>÷</div> <div>Not accomplished</div> <div>(✓)</div> <div>Partly accomplished or behind schedule</div> <div>✓</div> <div>Accomplished or on track</div> </div>			

ANTI-CORRUPTION

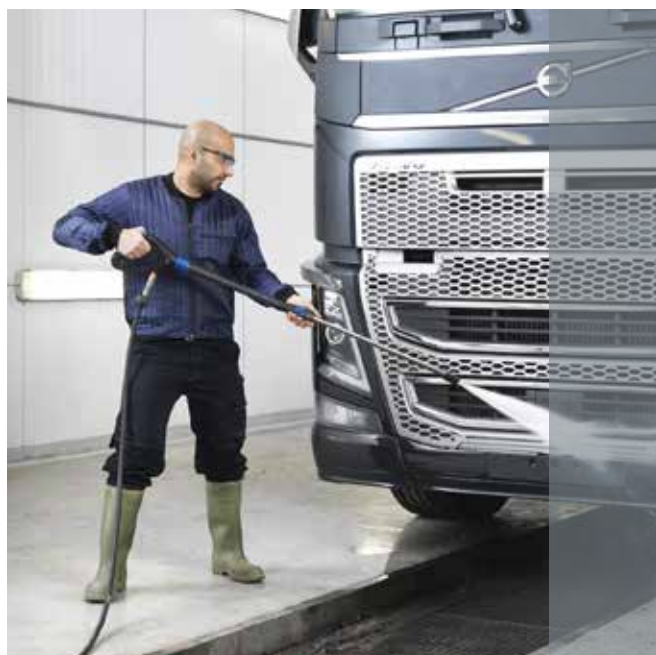
The Nilfisk code of ethics expresses our commitment to promote ethical standards, compliance and accountability. As a supplement to the code of ethics we have introduced business integrity principles that provide all Nilfisk employees with guidelines on how to and how not to conduct themselves in specific 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%	÷
<div>÷ Not accomplished</div> <div>(✓) Partly accomplished or behind schedule</div> <div>✓ Accomplished or on track</div>			



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.

