

STATUTORY STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

This statutory corporate social responsibility statement, cf. section 99(a) of the Danish Financial Statements Act, forms part of the Management's Review in NKT's 2010 annual report and covers the financial period 1 January - 31 December 2010

CORPORATE SOCIAL RESPONSIBILITY

NKT is a global group with production spanning several continents and a number of industries, including power cables, cleaning equipment, fiber lasers and offshore flexible pipe systems. Responsibility is a fundamental NKT principle, and in its work the Group has always shown respect for its employees and other stakeholders. Formerly a primarily Danish company, NKT is now an international player in countries such as China, the United States and Eastern Europe, and the requirements to NKT have changed.

NKT wishes to show action and direction through its support for the UN Global Compact (signed by NKT in March 2009), and has therefore committed itself to work for the UN's global standards in the areas of human rights, labour rights, environment and anti-corruption. NKT submits a yearly progress report to the UN which can be found on www.nkt.dk under the heading 'CSR' / 'UN Global Compact'. (<http://www.nkt.dk/dk/Menu/CSR/UN+Global+Compact>). See also the report on www.unglobalcompact.org. These reports provide more detail on the statutory CSR statement, cf. section 99(a) of the Danish Financial Statements Act.

POLICIES

NKT has established a set of ethical guidelines stipulating how its business must be run. These guidelines applying to all parts of the Group and the internal guidelines of the individual business units are subjects to the Groups. The ethical guidelines can be found on the NKT website under the heading 'About NKT' / 'Policies'. The ethical guidelines date from September 2009 and cover:

- Acknowledgment of and support for human rights, including commitment to ensure equal rights for employees and not to tolerate discrimination or harassment on grounds of religion, race, colour, gender, age, sexual or political orientation, nationality or other reasons
- Freedom of association and the right of employees to voluntarily establish and join associations.
- Condemnation of child labour and use of forced labour, including compulsory prison work
- NKT wants a safe and healthy work environment for the employees, by implementation of preventive measures to protect employees against occupational risks
- Business integrity and compliance with prevailing legislation and regulations, and achievement of results through ethically correct

business activities, including non-participation in corrupt and fraudulent activities such as money laundering and bribery

- Limitation on use of facility payments as practised in certain countries to facilitate administrative processes to which legal entitlement otherwise exists
- Consideration for the environment through sustainable business processes, compliance with regulations and environmental legislation, and reduction of consumption of resources and pollution arising from business activities. Waste management is effected in a conscientious and environmentally appropriate manner by means of recycling systems
- Innovation based on developing, utilizing and promoting environmentally sustainable products and processes

NKT has also established a number of policies defining the framework for CSR work, including internal guidelines, goals, strategies, etc. These policies can be found on the NKT website and include, in addition to the ethical statement, NKT's principles relating to conduct, health & safety, environmental policy, and principles relating to equipment for military purposes.

NKT reports annually to the Carbon Disclosure Project on its activities to reduce carbon emissions submissions.

HOW ARE POLICIES TRANSLATED INTO ACTION?

Since 2009, NKT's CSR-related activities have been the responsibility of Group Executive Director, Søren Isaksen. Through an internal network consisting of environmental and CSR managers in NKT's four business units, reporting and follow-up procedures have been established.

In 2010 work took place on setting up a management information system to report non-financial data from the business units as a basis for management of Group CSR initiatives. The system uses the Global Reporting Initiative (GRI) as a basis. Procedures and systems relating to various control measures and data quality are currently being run in. Data gathered includes information on occupational accidents, oil, energy and raw materials consumption, carbon emission from travel and product transport goods, and details of pollution, lawsuits or fines.

In 2010 a central whistleblowing scheme was set up that enables all Group employees to anonymously report some situations, events or circumstances which seem wrong and in conflict with NKT guidelines. Furthermore, as part of the fight against

corruption, an annual management declaration was also introduced for signature by local NKT managements certifying their compliance with NKT's ethical statement.

RESULTS IN 2010

NKT Cables, Nilfisk-Advance, Photonics Group and NKT Flexibles all recorded progress in the areas of human rights, labour rights, environment and anti-corruption. There is a heightened awareness in all four business units concerning energy and raw materials consumption and this is having both environmental and business benefits. In 2010 this awareness led to changes in for example factory layout and production processes, and the increased focus on CSR also led to reconsideration of product development in the context of sustainability, recycling and energy efficiency.

NKT Cables is a front-runner in producing environment-friendly solutions in the area of raw materials, energy consumption and disposal of production scrap. Development of sustainable solutions is seen as both a business opportunity and a social responsibility.

Guidelines can only be followed if they are known. Local managers in NKT Cables are therefore responsible for ensuring that all employees know and understand the company's policies on anti-corruption and human and labour rights.

In 2010 presentations were held for senior staff and company policies were published on the intranet. These policies are on the agenda for discussion at local meetings at least once a year; policy compliance is now also an integral part of the agenda.

Energy consumption is being reduced through a number of initiatives, including a new economy lighting system at the factory in Poland and a more efficient cooling system at the Danish factory. These measures are expected to lead to power and water savings of 3% and 7%, respectively. In addition, a new and advanced energy-efficient factory was established in Cologne, and video conferencing equipment was installed in all production units and in a number of sales subsidiaries worldwide aimed at reducing the need for air travel.

Minimizing production scrap has a high priority at NKT Cables. The company has made major efforts over many years with a view to the recycling of cable scrap both from internal production and customers. In 2010, NKT recycled 80% of its production scrap.

Eliminating hazardous or potentially hazardous materials is also a longstanding priority for NKT Cables. Activities in 2010 included work to phase out product use of DEHP, a PVC plasticizer. In the course of 2010 the use of DEHP was eliminated in most markets, and DEHP fabrication was discontinued at all but one of the company's production sites. Work is under way to find an alternative to DEHP.

NKT Cables is to increase its product development efforts to help customers conserve natural resources and reduce carbon emission. New products support environmental improvements, such as submarine cables used in conjunction with offshore wind farms, and monitoring systems and technologies which can reduce power losses in transmission and distribution by up to 50%.

NKT Cables is certified in accordance with ISO 9001 and the environmental management system ISO 14001.

Nilfisk-Advance's cleaning equipment uses energy, water and, in specific product segments, also detergents. The biggest challenge is therefore to design equipment that delivers cleaning excellence and minimizes environmental impact. This is one of two main focus areas in the company's environmental effort, the other being to reduce consumption within the company of resources in daily working, e.g. factory operation, product transport, in offices, etc.

In 2010 Nilfisk-Advance established a policy for all new company cars and service vehicles aimed at ensuring a maximum future carbon emission of 150 g/km and thereby minimizing environmental footprint. Under the policy, new vehicles are also required to have a minimum of four Euro NCAP stars, thereby increasing employee safety.

An important goal was reached in June 2010 with Nilfisk-Advance's decision that all new products must embody sustainability improvements in at least one of the following areas: Energy consumption, water consumption, detergent use and disposal. The company has introduced a new Customer Focused Technology Development programme in which the environmental impact of future products is a high priority parameter.

In 2010 Nilfisk-Advance implemented its code of ethics. This code defines the company's commitment to promoting ethical standards, complying with regulations and demonstrating responsibility. The code is included in all employee manuals, and it is both demanded and expected that all persons doing business on behalf of the company will abide by the code.

All Nilfisk-Advance factories in Europe and Asia are certified in accordance with ISO 9001 and the environmental management system ISO 14001.

The **Photonics Group** companies develop advanced, high-tech, high-quality products with high potential utility value for customers. Product applications are often driven by a need for improved use of global resources, increased food safety, personal safety or reliability of supply. The products frequently contribute to development of entirely new end-uses. Product development is based on a long-term perspective, and creation of a stable and sustainable society is therefore an essential condition and driving force for business.

New products are designed to comply with the Restriction of Hazardous Substances (RoHS) directive and related statutory legislation aimed at limiting use of hazardous substances in electronic and electrical equipment. Older products have been redesigned for RoHS compliance or are currently being phased out. At the end of 2010 only one product had yet to comply.

The company's work with light-conducting crystal fibers and lasers involves the use of very high light intensities, and eye damage may result in the event of accident or inappropriate use of production equipment. Photonics Group therefore gives focus to working instructions, eye protection, safety guards and warning systems. On 30 June 2010 an eye injury recording system was introduced and personnel exposed to particular risk will receive periodic eye tests.

Photonics Group is committed to minimizing facility payments, and a system for recording such payments was set up in 2010.

LIOS Technology, which develops monitoring equipment, has reduced the energy consumption of its new generation of products from 35 W to 22 W. The new system also includes a sleep-mode function which dramatically reduces power consumption when the product is idle.

NKT Photonics' production in Birkerød, Denmark, is certified in accordance with ISO 9001. LIOS Technology is certified in accordance with ISO 9001 and the environmental management system ISO 14001.

NKT Flexibles is a player in the offshore oil and gas industry, a sector with strong focus on all aspects of safety. The company is committed to minimizing its environmental impacts, ensuring health and safety, and developing and maintaining routines to combat accidents and avoid asset loss due to safety violation.

As a supplier of technically complex industrial products to the international market NKT Flexibles is skills-intensive, and quality in all respects is the most important customer parameter. All employees have contributed to defining the company's core values of leadership, flexibility, respect, safety, innovation and credibility.

NKT Flexibles has developed a code of ethics to govern internal operations and external relations. During 2010 the contents of the code were presented and discussed at meetings of all the employees.

The company is committed to competition on fair terms and respect for human and labour rights and the fight against

corruption are therefore key issues. In 2010 a reporting system was established which provides an overview of all fees to agents and representatives. Guidelines for agents' fees have also been defined. For example, all such fees must be approved by the company's chief executive. Fees are also presented and discussed at an annual Board of Directors' meeting.

NKT Flexibles is certified in accordance with the safety system OHSAS 18100 and the environmental management system ISO 14001.

FUTURE TARGETS

All four business units work closely together with NKT Holding regarding their collective involvement in CSR. Focus issues include:

- Minimizing occupational accidents. For example, NKT Cables has targeted the introduction of regular reporting of occupational injuries by 30 June 2011, after which goals will be set for 2011-2012
- Targets have been set for NKT's energy consumption and carbon emission. For 2011 the aim is to reduce total carbon emission by 12% relative to revenue (in standard metal prices) compared with 2008. NKT's reports to the Carbon Disclosure Project are published on www.cdproject.net
- NKT urges suppliers Group-wide to join in supporting the 10 principles of the UN Global Compact. As one example, Nilfisk-Advance has targeted 30 June 2011 as the date by which 80% of procurement (with a value of more than 50,000 EUR per supplier) must be effected through partners who have agreed to support the principles of the UN Global Compact

