

Corporate Social Responsibility Report **2013-2014**



UN Global Compact

Nilfisk-Advance wishes to protect the environment, safeguard human and labour rights and work against corruption

Nilfisk-Advance statement

Our company has existed for more than a century, and there is no doubt in our minds that **respect and proactive behaviour** when it comes to sustainability **are essential** to a company's long term prospects



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We wish to head the industry by setting high business standards”

Our Green Meets Clean promise to our customers:

We lower your total cost of operation and maximise your return on investment by developing products that use less energy, water and detergent.

We develop products with improved environmental performance and thereby enhance your capacity for delivering sustainable cleaning services as a customer.

We respond to the need for sustainable cleaning and develop new opportunities for you to create lasting value for you, your employees and owners.

As one of the world's leading manufacturers of professional cleaning equipment, we wish to head the industry by setting high business standards.

Sustainability and responsibility are crucial to achieving our ambition of becoming our customers' preferred choice. As a part of this ambition, we were first in our industry to become signatory to the UN Global Compact. By acting as a responsible business partner we can create a long-term advantage for both our customers and ourselves.

The UN Global Compact sets high standards for how companies should act: Respect human rights, say no to bribery and take care of the environment. We as a company have always had high standards which are in line with those of the UN Global Compact, and we are convinced that committing to this agenda will help us develop our business in a positive direction and at the same time meet the growing demand from customers for sustainable and more efficient products and offerings. As examples, our whistleblower system, our annual Statement of Representation and our Code of Ethics are all initiatives that help us uphold high business standards.

Our sustainability strategy is termed Green Meets Clean. In 2013, we launched a revised version of this strategy to further improve our sustainability efforts, focus on innovative product development, green operations and increased collaboration on recyclability. Green Meets Clean is our pledge to both ourselves and our customers to dedicate our activities to offering cleaning solutions that are efficient and improve the sustainability of the industry. It is also our pledge to continuously work to improve our environmental footprint as a company.

Our Communication on Progress Report contains data and status on goals and initiatives launched by Nilfisk-Advance. The data show that we have improved our performance in many areas and there is much to be proud of. We consider the results achieved to be a significant stepping stone on our path to becoming an even more sustainable company.

Jonas Persson
President & CEO, Nilfisk-Advance

Nilfisk-Advance

Highlights 2013-2014

Nilfisk-Advance employees assembling consumer high-pressure washers and vacuum-cleaners in our ISO9001 and 14001 certified factory in Suzhou, China

green
meets
clean



Sustainability concept

Nilfisk-Advance continuously works to improve its products. New products must provide equal or enhanced cleaning efficiency and feature environmental improvements in at least one of four focus areas: Energy consumption, water consumption, use of detergents and disposal.

Both we and our customers see significant potential in developing cleaning solutions with improved environmental performance.

We wish to be a leading player in this development: Our approach is titled *Green Meets Clean*.

Award to Nilfisk-Advance partner for cradle-to-grave responsibility

In May 2014, European Cleaning Machines Recycling (ECMR) was a proud winner of ISSA InterClean's Innovation Award in the Cleaning Management category.

Nilfisk-Advance donates life-expired equipment to ECMR, which strips out all useful components. ECMR works to ISO 26000, the international CSR guidelines.

Nilfisk-Advance is a partner of ECMR and was the company's leading contributor, donating approximately 20% of its machine intake in 2013.

Collaboration with universities on recycling

Given the scarcity of resources and a rising, global middle class, we believe that recycling will be increasingly important in our industry. We therefore collaborate with a number of Danish universities on life-cycle analyses to better understand the impact of our equipment in all steps of the value chain.

Together with the University of Southern Denmark (SDU), Nilfisk-Advance is now examining the possibilities for further recycling of its products - an initiative which will meet the increasing customer demand for products manufactured as sustainably as possible.

HUMAN AND LABOUR RIGHTS

We consider it essential that all our employees are assured of good and fair working conditions, and we are committed to setting an example in the countries where we operate. As a global company we operate in parts of the world that have a long tradition of respect for individual rights, and also in areas where these rights may be less highly prioritised.

Our approach on human and labour rights is defined and globally communicated through the Nilfisk-Advance Code of Ethics and the Business Integrity Principles introduced in 2012. The subject of human and labour rights is also a mandatory agenda component at local business board meetings at least once a year.

We are firmly committed to providing equal opportunities to our employees and will not tolerate discrimination or harassment based on religion, race, colour, gender, age, sexual orientation, political orientation, birth right or other status. We have therefore established a system for reporting cases of discrimination in our whistleblower system. No incidents were reported in the COP 2013-14 period.

Achieving our business goals is dependent on having a dedicated workforce, an inspiring working environment and being able to continuously foster new talent. To ensure dialogue and promote commitment and engagement, our Employee Engagement Survey was launched globally in 2012 and has now been conducted for three consecutive years. To support the development of our organisation and our leaders, 200 of our managers were selected for a comprehensive leadership training programme to ensure the continued development of our talent.

The next step, which is about to commence, is the provision of training to 300 of our leaders next in line.

2013-14 Employee Engagement Survey

45 countries
4,930 respondents
91% response rate

Based on the results from the global Engagement Surveys, key focus areas such as knowledge of the future direction of Nilfisk-Advance, employee recognition and strong customer focus have been identified as main drivers for creating an even more attractive workplace regardless of location and for ensuring that our people have the opportunity to achieve their full potential.

Our customers want to be sure that the products we supply have been produced in a responsible way. And we are committed to ensuring that not only we, but also our suppliers, conform to our standards and observe the principles of the UN Global Compact. These principles are now fully integrated in our standard supplier contracts, which achieved an 80% signature rate, an improvement of 30% points compared to last year. Although the end-2015 target of 80% has already been reached we will continue our efforts in this area.

 Goals & actions - Human and labour rights	2013-14		30.06.14
	Target	Achieved	Status
Management			
All local managements have been informed of our policies, have issued their comments, and have endorsed the policy.	100%	100%	✓
Zero tolerance of acts of discrimination of any kind and hence no cases to be reported.	100%	100%	✓
We will foster talent so that skilled employees have the opportunity to achieve their full potential. With the 2015 target being a score of index 77 on the internal leadership assessment.	Index 77	Index 74	(✓)
Derived goal: To conduct global Employee Engagement Survey and set Employee Engagement targets Index.	100%	100%	✓
Procurement			
80% of procurement (above 50,000 EUR in value) to be supplied by partners who have agreed to abide by the principles of the UN Global Compact by end-2015.	80%	80%	✓
Occupational injuries			
Improving performance with a short-term goal of a frequency less than 5.5 accidents per 1 million working hours. The long term goal is zero accidents.	<5.5	7.0	(✓)
Labour rights			
Our Code of Ethics is an integral part of Nilfisk-Advance'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

We view environmental sustainability as an element of sound business practice. If we can reduce our consumption of resources it will not only benefit the environment but also our customers and Nilfisk-Advance financially. Green Meets Clean is Nilfisk-Advance's environmental approach to developing new products for our customers.

Cleaning equipment naturally consumes energy, water and sometimes detergents. Designing future equipment which can clean to the same high standard, but uses less resources, is therefore our foremost challenge. This is therefore also the area in which we can make the greatest possible environmental impact.

The environmental impact of future products is a high priority consideration in our technology development platform: Customer Focused Technology Development. 71% of all new products launched by Nilfisk-Advance in the reporting period under review feature an environmental improvement in at

least one of the four focus areas: Energy consumption, water consumption, use of detergents and disposal.

In collaboration with Technical University of Denmark (DTU) we have created a life-cycle analysis of a few of our products in order to better identify and understand the environmental footprint of products.

Our own consumption of resources is another focus area. Our production units continuously strive to minimise environmental impact by use of low-energy light, natural light, internal wells and other initiatives. We also closely monitor our energy consumption and related CO₂ emissions.

For the present reporting period Nilfisk-Advance achieved a 4% reduction in CO₂ emissions normalised to revenue, which is an important second step in achieving our overall CO₂ emission reduction target of 8% over three years; 2013-2015. This goal was set in 2013 as a part of the sustainability strategy review.

Goals & actions - Environment	2013-14		30.06.14
	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 disposal.	75%	71%	(✓)
CO₂ emissions			
8% reduction over 2013-2015, equivalent of ~4% annually.	4%	4%	✓
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



Auto Booster 5M
 Nilfisk-Advance has introduced a new series of stationary high pressure washers with the choice of up to three detergents and five programmes from light to intensive cleaning. With these adjustable settings any cleaning requirement can be met while water and energy consumption is reduced.

ANTI-CORRUPTION

As a global company doing business in all parts of the world, Nilfisk-Advance is committed to combat the negative effect that corruption has on fair competition and the development of a stable society. Based on the Transparency International Corruption Perceptions Index (www.transparency.org) we have identified areas of the world where business integrity issues are most likely to occur.

In order to support our activities in the domain of business integrity, our position is set out in the Nilfisk-Advance Code of Ethics. To further support these efforts a set of Business Integrity Principles has been introduced which guides all Nilfisk-Advance employees on what to do and what not to do in specific circumstances and situations.

To ensure management commitment and to promote our anti-corruption agenda the local managements in all Nilfisk-Advance entities are obliged to personally sign a Statement of Representation on the UN Global Compact principles. The individual Statements are then consolidated and signed by the CEO of Nilfisk-Advance. The Statement of Representation receives significant attention from all parties. The findings for 2013-2014 revealed no major concerns.

Nilfisk-Advance furthermore has a global whistleblower system which enables employees to anonymously report corruption and other unlawful incidents which are subsequently dealt with by an independent party. All reported cases receive the utmost attention, being discussed and dealt with by the Group Management of Nilfisk-Advance and NKT.

Goals & actions - Anti-corruption	2013-14		30.06.14
	Target	Achieved	Status
Management			
Local managements have been informed of our policies, have issued their comments and have endorsed our policies.	100%	100%	✓
Anti-corruption			
No reported corruption or cartel cases.	0%	0%	✓
Ensure employees are knowledgeable regarding how to act in accordance with Nilfisk-Advance expectations on business integrity issues.	100%	100%	✓
Apply risk management in growth markets on business integrity issues.	100%	20%	÷

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



One of our many professional and trained service technicians inspecting a SW900 sweeper for a routine check.



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