

OUR OPERATION IN PERSPECTIVE 2010/2011



Introduction

Pon Power's environmental report for 2010 presents the company in general and more specific how we work on improving our environmental profile.

Pon Power has an impact on the environment, both through the operation of the company and the products we deliver. We want to contribute to sustainable development by supplying environmentally sound and competitive products and services. We want to increase efficiency in use of resources and to minimise waste and polluting emissions. To ensure that focus is kept on continually improving our overall environmental performance Pon Power has an environmental management system.

Besides focusing on our own environmental efforts we also work on influencing our suppliers to follow the same environmental standards that Pon Power strives for and we also want to develop our association with strategic partners within the area of environmental technology.

Environmental management therefore remains a part of our long-term strategy to become an attractive partner in the market.

Being green when possible

Being a major player in the Scandinavian diesel engine market it is hard to say that we are an environmentally friendly company. That is why it is even more important for us to be green in our mindset and our business approach when ever possible.

During 2010 we have further increased our internal focus on the environment. One of the initiatives launched was to evaluate all of our critical suppliers and choosing those who are environmentally friendly, another is to influence the environmental attitude of PPS employees by publishing "Green tips" on a frequent basis on our internal website, and we encourage increasing use of phone, net and video meetings. These initiatives will continuously be followed-up during 2011 and we expect more to be initiated.

From a product perspective we are also constantly focusing on expanding our scope of supply to be able to offer environmentally friendly solutions to our customers. One of the focus areas is emissions, especially NOx reduction. During 2010 we sold 10 Selective Catalytical reduction systems and repowered 6 Caterpillar engines with a new C280 Electronic fuel system intended to reduce the Nox level.

In cooperation with STT Emtec and Nymo we have also developed a retrofit NOx reducing solution for existing engines – Exhaust Gas Recirculation. A solution we hope to commercialise further during 2011, not least due to improved financial initiatives provided by the Norwegian NOx-fond. From a CO₂ point of view looking forward one of our ambitions is to be able to offer CO₂ neutral engine solutions to our customers.

Fortunately we are not the only ones thinking about the environment. The marine industry in general is affected by various regulation legislation and initiatives, and from PPS perspective we highly welcome these inputs to the market.

For instance, the International Marine Organisation is constantly focusing on the marine environment and as of 01.01.2011 a restraint in NOx emissions from marine diesel engines installed on ships, Tier II, was put into force. This requires both us and our principal Caterpillar to continuously focus on developing greener products and ensures that environmental perspectives are not forgotten even in an otherwise polluting business segment.

In 2010 PPS increased its business focus on Oil & Gas. This is also the market where the Deepwater Horizon accident in April this year has put its fingerprint on upcoming safety and environmental regulations on a global level. In Norway and in the Scandinavian waters in general we are operating with a high level of regulation – e.g. the Norsok standards.

I am glad that we in Scandinavia generally are known to be leading all kinds of new environmental initiatives and regulations, and my hope is PPS as a company also will continue to be leading further developing of green solutions to our customers, whenever possible.



Trond Skaufel
Managing Director
Pon Power
Scandinavia

Introduction to the company

Pon Power in Scandinavia consists of Pon Power AS in Norway, Pon Power A/S in Denmark, Pon Power Marine AB in Sweden and Baltic Marine Contractors (BMC) in Estonia. All these companies are owned by Pon Holdings and are a part of the business group PON-CAT. The head office of Pon Power in Scandinavia is located in Copenhagen and the company also has area offices in Oslo, Esbjerg, Bergen, Aalesund, Gothenburg, Örnsköldsvik and Tallinn

Pon Power is the dealer for CAT and MaK engine and generators in Scandinavia and the Baltic States. We offer sales and service of Caterpillar and MaK engines and generators in Norway, Denmark, The Faroe Islands, Greenland, Sweden, Finland, Iceland and the Baltic States. Pon Power's customers are located within the markets marine, industrial, oil and gas and electric power (generator sets). We offer power package solution and marine power solution in the whole product range from 6.4 kW to 16 200 kW. Pon Power is known for quick response on service calls and parts delivery.



Environmental certification

We have a common ISO 14001 certificate granted by DNV covering both Denmark and Norway. Pon Power Sweden has their environmental certification (ISO 14001) with Pon Equipment Sweden.

Pon Power's environmental policy:

As a supplier of power solutions and related services, Pon Power in Scandinavia has obliged ourselves to be in the lead in environmental matters and make our customers associate us with a positive environmental profile. This is obtained in the following way:

- Develop new technical solutions with improved environmental profiles.
- Actively market and supply energy solutions with the lowest possible environmental impact.
- Influence our suppliers to live up to the same environmental standards that we strive for ourselves by annually evaluate their environmental performance.
- Formulate specific goals in environmental programs. The programs shall be a part of our daily business along with our environmental operational control.
- Commit ourselves to complying with current environmental legislation and regulations, and any other environmental requirements we engage in.

The environmental policy is decided by the Management Team and is reviewed at least once a year. The Management Team of Pon Power is responsible that the environmental policy of the company is understood, implemented and maintained at all levels in the organization.

The environmental system in Pon Power Scandinavia

Pon Power operates in a business, which has a substantial impact on the environment. This is recognised in the company and underlines the necessity of having an environmental management system to ensure that actions are taken to keep the environmental impact on an absolute minimum.

Environmental aspects within the company are evaluated by performing an environmental screening where scores are assigned to the different impacts of the environmental aspects identified within the company. The higher score the higher impact on the environment. Both aspects concerning operating the company and aspects concerning the products/services we deliver should be taken into consideration.

After each impact from each aspect has been given a total score the significant environmental aspects are determined. In PPS an environmental aspect is defined as significant if:

- The aspect has one or more impacts with a total score of 9 or above (on a scale from 0 –16).
- The aspects need to be controlled due to legislation
- The aspect is judged to have a strategic importance to PPS

All aspects defined as significant need be included in the environmental operational control. Exceptions are aspects that we cannot control or influence.

The aspects, objectives and targets can differ from location to location.

Organizational structure and management systems

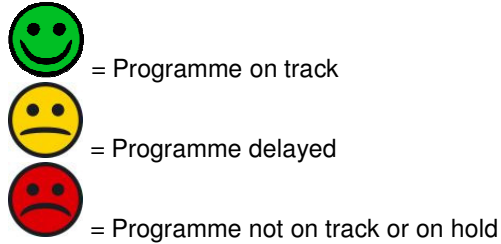
The Governance Manager is responsible for the operation of the company's quality management system (according to ISO9001) and environmental management system (according to ISO14001). Each department is responsible to follow up the goals and initiatives undertaken within both the quality system and environmental management system.






Environmental targets PPS






Every year new environmental programs are established for Pon Power by the management. Results from the environmental programs previous year, the operational control and the annual check of environmental aspects combined with market demands and the prospect for increased environmental awareness in the organization are the basis in the decisions made concerning the environmental programs for the coming year. Some programs might be valid for several years.



Environmental targets for 2010

Status coding:



Program	Target	PPS Location	Responsible	Deadline	Status
NOx reductions	- 10 SCR (Selective Catalytic Reduction) installation to be delivered	PPS	Commercial Directors CAT prime & after sales (ARY)	Specified targets – at the end of 2010. New target for 2011 will be set Q1 2011.	 (10 sold)
	- 2 EUI (Electronic Unit Injectors) upgrades for 3500 and 3600 engines to be delivered				 (6 sold)
	- 5 EGR (Exhaust Gas Re-circulation) installation to be delivered				 (0 sold)
Biogas engines	2 units sold	PPS	Business segment Manager EPG (KSI)	End of 2010	 (1 sold)
CO ₂ neutral prime offers	- Evaluate possibility to offer CO ₂ neutral prime solutions - X CO ₂ neutral solution in order book	PPS	Business segment managers CAT and MaK (SKO)	Evaluation made during 2010. Based on evaluation made in 2010 a 2011 target (X) is set in Q1 2011	

Program	Target	PPS Location	Responsible	Deadline	Status
Transport of goods from warehouse	NO: Existing Suppliers will be evaluated during 2010. Targets will be set in Q3. DK: Existing Suppliers will be evaluated during 2010. Targets will be set in Q4.	PPS	Warehouse supervisor/ Warehouse manager (ARY)	End of 2010	
PPS Meeting Structure	20 % of all meeting between location are video-, net or phone meetings	PPS	MT (CPI)	Target will be evaluated Q2 2010 Program will continue out 2011 maybe with adjusted target	
Hotels Request for "green alternatives"	75 % of overnight stays (indirect employees only) in Scandinavia should be at ecolabelled or environmental certified hotels	PPS	HR together with Procurement and QM (CPI)	End of 2011	
Rental cars Request for "green alternatives"	Collect information about level of use of rental cars in PPS. If use is considerable map our main supplier of car rental and their ability to supply environment friendly cars.	PPS	HR together with Procurement and QM (CPI)	Q1 and Q2 2010. If relevant target will be set in Q3 2010	
Marketing Material	Only use environmental friendly printing works.	PPS	Marketing coordinators (CPI)	Q2 and Q3 2010 - dialogue with present suppliers. Evaluate and choose future suppliers before end of 2010.	

Program	Target	PPS Location	Responsible	Deadline	Status
Reduce use of paper	15 % reduction in 2010 compared to 2009 seen in relation to average number of employees	PPS	Risk Analyst (ARY)	End of 2010	
Influence the environmental attitude of PPS employees	Publish "The green tip of the month" at Insight from Q2 2010.	PPS	QM & marketing (CPI og SKO)	Throughout 2010. If successful to be continued in 2011.	

Environmental targets for 2011/ 2012:

The number of environmental programs is reduced from 2010 to 2011/2012. This is because we want to have an improved focus on each target.

Program	Target	PPS Location	Responsible	Deadline	Status
NOx reductions	<ul style="list-style-type: none"> - 10 SCR (Selective Catalytical Reduction) installation to be delivered - 6 EUI (Electronic Unit Injectors) upgrades for 3500 and 3600 engines to be delivered 	PPS	<ul style="list-style-type: none"> - Commercial Directors CAT prime - Commercial Directors CAT after sales 	End of 2011	
PPS Meeting Structure	50 % of all meeting between location are video-, net or phone meetings	PPS	MT & QM	Result to be evaluated every quarter Target to be reached every quarter.	

Program	Target	PPS Location	Responsible	Deadline	Status
Reduce use of paper	15 % reduction in 2011 compared to 2010 seen in relation to average number of employees	PPS	ICT	End of 2011	
Influence the environmental attitude of PPS employees	Publish "The green tip" every quarter at Insight in 2011.	PPS	QM	Every quarter in 2011	



Pon Power and the environment in general

Diesel engines affect the environment due to noise, fuel consumption (use of non-renewable resources) and emissions (CO, NOx, Particulate Matters (PM) etc.). It is therefore of great importance that Pon Power can offer our customers competitive engine solution with

- Lower consumption of lube oil
- Lower fuel consumption
- Reduced emissions
- Longer durability

Pon Power does not manufacture diesel engines, but uses world-leading technology from our supplier Caterpillar. Pon Powers R & D department works continuously with projects related to reducing emissions and fuel consumption in the solutions we are selling.

As a dealer of Caterpillar products we are closer to the end users than the manufacturer and therefore one of our important missions must be to bring any environmentally related feedback to the manufacturer, so they continuously can adjust their product and hereby reduce emission and fuel consumption ensuring that the product we are dealing is in the leading edge with regard to environmentally sound developments

It is important to communicate to our customer that correct operation and maintenance increases the engine durability and reduces emissions. The customer must always be offered solutions that covers the criteria asked for, but the customer must also always be informed about how the solutions becomes as environmentally friendly as possible.

Pon Power also offers measurements of engine emissions followed by emission reducing proposals if possible/necessary.

Field service

When performing service at customers our service technicians must follow the instructions given by the customer with regard to handling oil, lube oil, chemicals etc. Waste resulting from the service job in the field must be treated according to customer instruction meaning that our service technicians must take part in proper sorting. The customers must in general take care of the waste disposal themselves.

Handling chemicals and waste

Handling chemicals, which covers both use and storage of chemicals as well as treatment of chemical waste must be done in compliance with the regulations of the local authorities.

Employees using chemicals must be familiar with where to find the relevant information about the chemicals. Both in DK and NO do we use an online database service to ensure that the safety data sheets are updated on a regular basis.

Our waste management in general must at least comply with the regulations of the local authority. All employees need to know the local waste sorting rules.

Our employees

During daily operation the employees must be aware of and follow the environmental guidelines of Pon Power but the employees are also requested to act with environmental awareness as private persons. One way Pon Power tries to influence the environmental awareness of our employees is by publishing a green tip every quarter inspiring our employees how they can be even more environmentally conscious in their daily life. Another way encourage our employees to use videoconference or phone meetings to reduce the travelling between our offices.

“Green Solutions”

In 2010 we worked further with improving and commercialising our NOx reducing measures, i.e. local emissions, although the financial crisis and uncertainty regarding the future of the NOx-fund made the commercial framework far more difficult.

Status of the 3 NOx-reducing products we offer:

- SCR – Selective Catalytical Reduction – we have sold 10 systems in 2010 all of which are for new-builds.
- EGR – Exhaust Gas Recirculation – we continued to develop the product onboard a supply vessel in full operation and at the same time fronted it to the market resulting in 2 new systems approved by the NOx-fund. In August our EGR-solution were nominated to the ONS Innovation Award in Stavanger.

- Engine upgrades – we have performed 6 upgrades in 2010 turning mechanical engines to electrical.

In September an EGR-seminar for customers and internal staff was arranged in Oslo. In December the same seminar was held in Esbjerg however only for internal staff.

We participated with our NOx-reducing products at the following fairs:

- Nor-Fishing in Trondheim in August
- ONS in Stavanger also in August

Other Corporate information

Numbers for 2010 are only presented for DK ,NO and BMC as Pon Power Sweden and was not a fully integrated part of Pon Power Scandinavia for the entire period”

Financial figures:

Total turnover in 2010:

NO: TNOK : 809.087

DK: TDKK : 445 689

BMC: € 3.232.943,-

Employees:

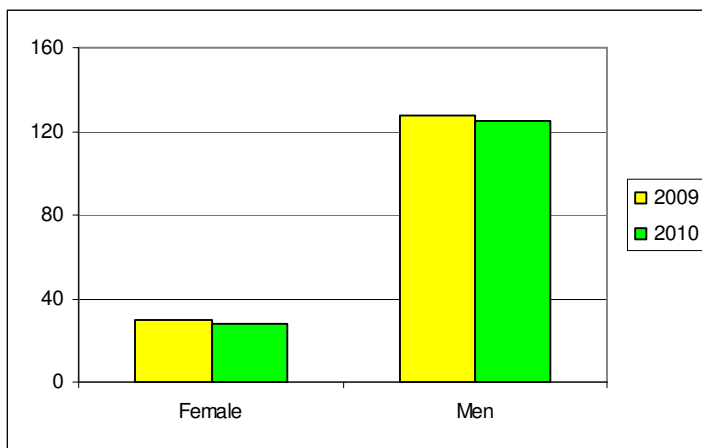
Total of employee's pr 31.12.10 in PPS:

In Norway: 153 employees

In Denmark: 153 employees.

In BMC: 17 employees

Number of female and male employees in PP Norway pr 31.12.2010



Average age all employees in NO: 40, 5

Average age female: 41

Average age male: 40

Number of female and male employees in PP Denmark pr 31.12.2010



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