
Responsibility Report

kk-electronic a/s • GLOBAL COMPACT • COMMUNICATION ON PROGRESS 2011





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Supporting the Global Compact

kk-electronic is committed to take on the responsibility of being a worldwide company and live up to the social obligations of that role.

WITH kk-electronic's position as a world leading supplier of control systems for wind turbines we see ourselves as being responsible of upholding a balance in Corporate Social Responsibilities.

By supporting the Global Compact program we see the opportunity to make proactive efforts in the ten principles, and our aim is to make the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company.

Our mission, our strong tradition and position in wind energy markets, coupled with a highly engaged workforce and a deep desire to do the right thing for our world, puts us in an excellent position to take on responsibility.

Responsibility for our employees. Responsibility for the value chain that we are part of. And in the end responsibility for a better global work environment.

Tommy G. Jespersen
CEO





Company profile

kk-electronic a/s is an international provider of wind turbine control system solutions.

kk-electronic a/s is a leading international provider of control system solutions for wind turbines. The company was founded in 1981 and has since the origin worked with and developed the capabilities of control systems. Our merits include the delivery of the first control system enabling the wind turbine to be grid-connected, the first electronic control system and the first control and monitoring systems for wind farms.

Over the years, kk-electronic has been selected for the most tough and difficult development jobs, and today offshore wind turbines is one of the areas where kk-electronic's control system competences is recognised; more than 40% of the global offshore wind turbine population relies on kk-electronic's control system to generate wind energy.

The headquarter in Ikast, Denmark has extensive research and development competences and prototype and test facilities, supplemented by sales & marketing, quality and procurement disciplines, and employs more than 200 specialists.

The production takes place in Szczecin, Poland and in our joint-venture company in Chongqing, China, kk-Qianwei, with more than 400 employees.

kk-electronic is part of the kk-group, which also comprises ELOGIC a/s, a manufacturer of distribution and control switchboards for industry and domestic housing.



Innovation

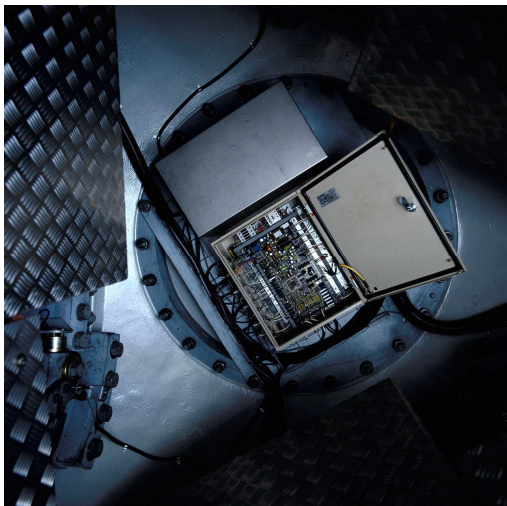
For more than 3 decades, kk-electronic has been in the forefront of wind energy developments. The company was the first to develop a control system which allowed a modern wind turbine to be connected to the electrical grid. Through continuous developments the company's control system has been able to ensure superior performance and reliability of the steady larger and larger wind turbines; from the 22 kW wind turbines to the 5000 MW wind power plants in 2010.



This has enabled us to stay in the front (still to-day) with respect to control systems for offshore wind and to make control solutions for the largest wind turbines being developed.

kk-electronic's more than 600 dedicated and ingenious employees are adapting consumer and customer demands into practical solutions and innovations, often in co-operations with partnering companies.

We recognize that control systems are one essential answer to energy efficiency and to reduce climate changes, and we are obliged to make a serious commitment to develop, promote and market more energy-efficient solutions for people in all markets.



...has been in
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The Ten Principles

- **Human Rights**

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2

make sure that they are not complicit in human rights abuses.

- **Labour**

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4

the elimination of all forms of forced and compulsory labour;

Principle 5

the effective abolition of child labour; and

Principle 6

the elimination of discrimination in respect of employment and occupation.

- **Environment**

Principle 7

Businesses should support a precautionary approach to environmental challenges;

Principle 8

undertake initiatives to promote greater environmental responsibility; and

Principle 9

encourage the development and diffusion of environmentally friendly technologies.

- **Anti-Corruption**

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.





Globally, more than 15000 wind turbines operate with a kk-electronic control systems

Worldwide responsibility

IN 2010 kk-electronic conducted a SWOT-analysis in each of the company's three locations Denmark, Poland and China. The purpose of the investigation was to clarify the status of ongoing activities and to identify weaknesses in our procedures and activities in relation to the Global Compact's 10 principles. In this first Communication Progress kk-electronic will focus on key areas that were encountered during the analysis in the three locations respectively. We will identify the targets and define our goals for implementation in 2011.

With different bases of experience we operate from different angles, and we have treated each location separately in order to give an impression of our different starting points.



WE SUPPORT

Status on Present

Business Practices

Internal score 5 = performs in line with principles; 1 = misses initiatives to support principles

Comments If country not stated = valid for all locations. DK = Valid for Denmark, PL = Valid for Poland, CH = Valid for China

Score Principle 1



Internally, kk-electronic operates with an employee program, where the employee in the first days after employment is informed about human rights, health & safety and duties. This introduction is applicable to local labour laws and regulations.

DK + PL: Additionally, regular employee opinion surveys are conducted to measure work satisfaction and register improvement ideas.

DK: Health & Safety is managed by a Committee of both management and employee representatives

PL: A Health, Safety & Fire specialist is hired.

Score Principle 2



The company is obliged to comply with local legislation to safeguard the human rights, and these are fulfilled in relation to our employees.

2010: Throughout our supply chain kk-electronic doesn't have any policies or a monitoring system to ensure, that human rights are protected amongst our suppliers.

Score Principle 3



DK: kk-electronic has a system with shop stewards, who according to agreements between employers- and employees associations has a special protection in their employment and the right to collective bargaining.

PL + CH: The company consults with employees on important issues (problem-solving or other needs of interest) regularly through employees' representatives.

Score Principle 4



The company uses contracts for all employees, which defines job descriptions and duties, as well as stating the procedures for leaving the job.

However, throughout our supply chain kk-electronic doesn't have any activities to ensure, that human rights are protected amongst our suppliers.

Score Principle 5



The company always uses employee's identity card to verify age before an recruitment process is concluded, and therefore the company will as such never employ underage persons (as defined by local laws).

However, throughout our supply chain kk-electronic doesn't have any activities to ensure, that child labour isn't used amongst our suppliers.

Score Principle 6



In our recruitment policy and our employee policy we try to ensure that discrimination neither in time of recruitment or during the employment will take place.

Managers will as part of their responsibilities conduct personal development talks and key performance indicators to motivate and encourage our employees to develop skills and competences to be able to address a long-term career path. The company also offer in-house & external training to those who are seeking developing skills to comply with the company needs.

Score Principle 7



As a supplier to the wind energy industry, kk-electronic is contributing to an environmental friendly trend. Wind energy is the utilization of natural and renewable resources, and as such it has a positive impact on global health.

DK+PL: The company obtained its ISO 14001-certification in 2009, and it is a management tool to focus on environment conditions and our ability to take care of environment, nature and our resources in our manufacturing processes. We are consciously working to reduce consumption of electricity, water and heat.

Environmental audits and evaluation of the results obtained are important to clarify where kk-electronic should concentrate its effort in order to minimize the unintentional environmental impacts.

CH: The company doesn't have a practice for its operations and products that confirms commitment to care for health and the environment.

Score Principle 8



DK+PL: Through our work with ISO 14001 we are consciously working to reduce consumption of electricity, water and heat.

CH: The company has developed KPI's to reduce the environmental impact through an energy conservation programme.

Score Principle 9



kk-electronic develops and manufactures wind turbine control systems, which is an essential tool to optimize productivity, and minimize downtime and stand-stills. Inputs from sensors and transducers throughout the wind turbine are collected and analysed in the control system to monitor, if the best possible performance is met. As such control systems are key components in industrial societies to ensure that resources are used efficiently.

Additionally, kk-electronic is marketing its products outside the wind energy sector, and our control systems are sold to wave energy installations and municipal wastewater treatment plants.

Score Principle 10



Up until recently, the Company only had internal values against the use of corruptions, extortion and bribery. With the entry into the Global Compact program it became clear that policies regarding anti-corruption should be developed and implemented. This work is ongoing.

Meanwhile, we have joined with Royal Danish Embassy Anti Corruption Partnership. It is both a strategic and a practical oriented partnership created to advance commitment and implementation of anti corruption practices.

The aim is to secure an ongoing update on trends and best practices and committing members to continuously evaluate and improve their anti corruption tools and activities in order to contribute actively to prevent corruption.





Efforts in Ikast, DK

kk-electronic's headquarter is situated in Ikast, Denmark.

kk-electronic's headquarter in Ikast will make a Code of Conduct applicable for all three locations. The conclusion of the headquarter's SWOT analysis pointed at the following improvements:

Principle 2

Make sure that the business is not complicit in human rights abuses

In Danish legislation there are several rules that protect human rights, and in kk-electronic we have an employment policy that contains the same protection area. However, throughout our supply chain we do not have any policies ensuring the protection of human rights.

2011 Scope

kk-electronic in Ikast will make a policy of human rights at the location as well as a policy of human rights for our audited suppliers.

Principle 4

The elimination of all forms of forced and compulsory labour

In the Ikast location we do not have activities throughout our supply chain, with the purpose of eliminating forced labour.

2011 Scope

kk-electronic in Ikast will make a collection of information at existing suppliers giving kk-electronic a guarantee of elimination of forced and compulsory labour.

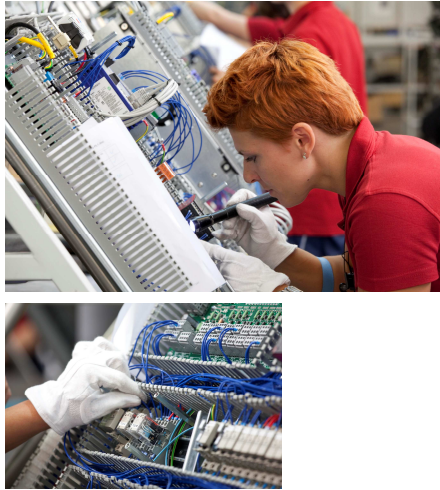
Principle 5

The effective abolition of child labour

Again, kk-electronic in Ikast does not have any activities in the supply chain that protects against child labour.

2011 Scope

kk-electronic in Ikast will make a policy of the non-use of child labour in our supply chain. Furthermore, we will collect information at existing suppliers giving kk a guarantee of abolition of child labour.



Efforts in Szczecin, PL

The main part of kk-electronic's production is located in Szczecin in Poland.

IN kk-electronic's location in Szczecin the conclusion of the SWOT analysis pointed towards improvements in the following areas:

Principle 2

Make sure that the business is not complicit in human rights abuses

There are several rules in Polish legislation that protects human rights, and in the company we have an Internal Employment Regulation protecting human rights in our direct employment. In our supply chain we do not have policies protecting the human rights, but when possible we are using services of companies that employ disabled workers in order to support them.

2011 Scope

In addition to the existing material kk-electronic in Szczecin will make a policy of human rights at the location as well as a policy of human rights for our audited suppliers.

Principle 4

The elimination of all forms of forced and compulsory labour

The Internal Employment Regulation protects against forced labour. However, we do not have activities throughout our supply chain, with the purpose of eliminating forced labour.

2011 Scope

In Szczecin kk-electronic will make a collection of information at existing suppliers giving kk-electronic a guarantee of elimination of forced and compulsory labour.

Principle 5

The effective abolition of child labour

In the Internal Employment Regulation there is regulation against child labour, but there is no activities in the supply chain that protects against child labour.

2011 Scope

In the Szczecin location we will make a policy of the non-use of child labour in our supply chain. Furthermore, we will collect information at existing suppliers giving kk a guarantee of abolition of child labour.



Efforts in Chongqing, CH

In Chongqing in China kk-electronic has a joint-venture with Qianwei, a part of the CSIC group.

IN kk-electronic's location in Chongqing the conclusion of the SWOT analysis pointed towards improvements in the following areas:

Principle 2

Make sure that the business is not complicit in human rights abuses

The company is obliged to comply with 'The Constitution of the People's Republic of China' in which it explicitly states that the State respects and safeguards the human rights. The company only works with suppliers that support the Global Compact.

2011 Scope

In addition to the current efforts kk-electronic in Chongqing will make a policy of human rights at our location as well as a policy of human rights for our audited suppliers.

Principle 4

The elimination of all forms of forced and compulsory labour

'The Constitution of the People's Republic of China' protects against forced and compulsory labour, and we only work with suppliers that support the Global Compact.

2011 Scope

In addition to this effort kk-electronic in Chongqing will collect information at existing suppliers in order to give the company a guarantee that forced labour is eliminated.

Principle 5

The effective abolition of child labour

'The Constitution of the People's Republic of China' protects against child labour, and the company only works with suppliers that support the Global Compact.

2011 Scope

In addition we will make a policy of the non-use of child labour in our supply chain. Furthermore, we will collect information at existing suppliers giving kk a guarantee of abolition of child labour.



World focus

In our business we have the world in focus and we are driven by the core issues of the renewable industry. At the same time our holistic focus stretches to other areas that make the world spin around. This is also the reason why we are supporting Global Compact's ten principles, and already before our commitment in the program we engaged in other issues.

We are member of an anti-corruption organisation, created by The Danish Embassy. The aim of The Royal Danish Embassy Anti Corruption Partnership is to counter corruption and demonstrate commitment.

Companies with a global reach get to achieve knowledge sharing across branches of how to avoid or handle corruptive activities, in order to continuously evaluate and improve their anti-corruption tools and activities.

Furthermore we support projects of 'SOS-

Children's Villages'. For more than 15 years we have supported 'SOS-Children's Villages' with economical support. Instead of sending Christmas presents to our collaborating partners we give our adopted children in foreign countries the funds, and the same goes for the funds collected at corporate activities, such as Christmas gatherings.

kk-electronic also donates funds for Denmark's Collection, who in 2011 raised funds for Africa's youth and thereby met some of United Nation's goals for 2015; The African youth must have education, get out of poverty and into the labour market, have access to health care and know their rights as well as participate in the democratic process.

Furthermore kk-electronic donates funds to areas experiencing nature catastrophes, such as the earthquakes in Haiti, Pakistan and Japan.



Our green efforts

Being a world leading supplier in the greentech industry kk-electronic live the values around the green mind set.

AS a participant in the green renewable industry, we do not only deliver green technology solutions, we live the values around the green mind set to create a society where the environment must be protected. Therefore, we are ISO 14001 certified and our efforts stretch to personal safety; Avoiding any danger to persons or equipment, and to unnecessary burden on the environment; Reducing waste and energy consumption and prevent contamination. Additionally, we are continually launching preventive activities to avoid any potential deficiencies in our processes and products.

Climate change is now generally accepted to be the greatest environmental threat facing the world, and keeping our planet's temperature at sustainable levels has become one of the major concerns of policy makers. The UN's Intergovernmental Panel on Climate Change projects that average temperatures around the world will increase by up to 5.8°C over the coming century.

In order to avoid the worst ravages of climate change, global greenhouse gas emissions must peak and begin to decline before 2020. Since the power sector is a major source of emissions, it is

essential that major emissions reductions in the power sector are introduced.

Wind power consumes no fuel and no water for continuing operation, and has no emissions directly related to electricity production. Wind turbines produce no carbon dioxide, nor other air pollutant (as do fossil fuel power sources) which are polluting the major cities of the world and costing billions in additional health costs and infrastructure damage. Within three to six months of operation, a wind turbine has offset all emissions caused by its construction, to run virtually carbon free for the remainder of its 20 year life. Further, in an increasingly carbon-constrained world, wind power is risk-free insurance against the long term downside of carbon intense investments.

Given the crucial timeframe up to 2020 during which global emission must start to decline, the speed of deployment of wind farms is of key importance. Building a conventional power plant can take 10 or 12 years or more, and until it is completed, no power is being generated. Wind power deployment is measured in months, and will start generating power and income as soon as the first turbines are connected to the grid.



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