

# CSR REPORT 2011



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KMD A/S

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CSR Report 2011

1st year of publication

## A WORD FROM THE CEO

Welcome to KMD's first CSR report, which provides an introduction to our work on corporate social responsibility.

Since 1972 KMD has played a key role in building the modern welfare society for which Denmark is known today. We have digitised large parts of the country's public sector and now handle the payment of social security benefits literally from cradle to grave, processing the equivalent of 25% of Denmark's GDP every year, and we are currently supporting the digitisation of the school, health and elderly care sectors.

In other words, KMD has a strong interest in how we shape, foster and develop our society, and so it is only natural for KMD to play an active part in society and bear its share of responsibility.

In 2011 we moved our work on CSR in a new strategic direction, committing to the UN Global Compact's ten principles in the areas of human rights, labour, environment and anti-corruption. We consider it a given that a company of KMD's size and position will aspire to have a positive influence on society.

We consulted our employees and conducted ongoing dialogue with key stakeholders on where KMD should concentrate its CSR efforts. In the light of this process, we have chosen to focus on the following five themes in our CSR work:

- \_Welfare
- \_Digital Denmark
- \_Employees
- \_Climate & Environment
- \_Supply Chain

These five themes illustrate how we, as a company, have our roots in the Danish welfare society but also have a keen interest in how digital possibilities benefit the whole of society. At the same time, we are well aware that, with a workforce of more than 3,000, KMD has an important responsibility for the welfare of our employees. Our size and consumption of resources also mean that we have an impact on the climate and the environment, an impact that we are doing our utmost to reduce while also providing technological solutions that can help others in the quest for a more sustainable world. Finally, we are very conscious that, as a company, we have a duty to ensure that our responsible approach to the running and development of our business does not stop at our door but also extends to our suppliers and, ultimately, delivery to our customers.

You can read more about specific initiatives and our goals for the future on the following pages. I hope that you will take the time to consider our contributions and feel free to contact us with any questions or comments.

Happy reading!

Lars Monrad-Gylling  
CEO

# OUR APPROACH



## KMD JOINS UN GLOBAL COMPACT

On 1 November 2011 KMD’s Chairman Vagn Sørensen and CEO Lars Monrad-Gylling signed the UN Global Compact, thereby committing KMD to ten principles of responsible business spanning human rights, labour, environment and anti-corruption.

The aim of the Global Compact is to involve businesses in overcoming the considerable social and environmental challenges associated with globalisation. The principles of the Global Compact are therefore intended to be used

as general guidance for private enterprise. The individual company can either tailor the principles for integration into its business strategy as general guidelines for responsible enterprise, or focus on the principles most appropriate to its field of business.

The table below shows how the principles of the Global Compact relate to the goals in KMD’s CSR strategy for 2015.

KMD CSR		The UN Global Compact’s ten principles									
Themes	Focus areas	1	2	3	4	5	6	7	8	9	10
Welfare	Schools	•									
	Health & Care	•									
Digital Denmark	Knowledge sharing	•									
	Digital self-service	•									
Employees	Respect	•		•	•	•	•				
	Pride	•		•	•	•	•				
	Equal opportunities	•		•	•	•	•				
Climate & Environment	Carbon emissions							•	•	•	
	Electronic waste							•	•	•	
	Environmental management							•	•	•	
Supply Chain	Corporate compliance	•	•	•	•	•	•	•	•	•	•
	Partnerships	•	•	•	•	•	•	•	•	•	•
	Transparency	•	•	•	•	•	•	•	•	•	•

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#### THE UN GLOBAL COMPACT'S TEN PRINCIPLES

1. Businesses should support and respect the protection of internationally proclaimed human rights
2. Businesses should make sure that they are not complicit in human rights abuses
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
4. Businesses should uphold the elimination of all forms of forced and compulsory labour
5. Businesses should uphold the effective abolition of child labour
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation
7. Businesses should support a precautionary approach to environmental challenges
8. Businesses should undertake initiatives to promote greater environmental responsibility
9. Businesses should encourage the development and diffusion of environmentally friendly technologies
10. Businesses should work against corruption in all its forms, including extortion and bribery

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#### THE FIVE THEMES OF KMD'S CSR WORK

**WELFARE** With its extensive knowledge of the public sector, KMD will spearhead the development of the digital welfare society without compromising democratic rights. This includes ensuring that people have the skills they need.

**DIGITAL DENMARK** KMD will work towards 80% of communication between members of the public and authorities being digital by 2015, with the benefits this will bring for society and citizens alike.

**EMPLOYEES** KMD wants to have ambitious, proud and healthy employees who reflect the diversity of the society in which we operate.

**CLIMATE & ENVIRONMENT** The IT sector is responsible for 2% of total carbon emissions. As one of Denmark's largest IT companies, it is both necessary and natural for KMD to adopt an active approach to global climate and environmental problems.

**SUPPLY CHAIN** KMD recognises that, as part of the global economy, the company is responsible for influencing its supply chain and will strive for all strategic suppliers to work in compliance with the principles of the UN Global Compact by 2015 at the latest.

## SCOPE OF THE REPORT

This report covers the whole of the KMD Group with the exception of KMD Informatik A/S (formerly Rambøll Informatik A/S), which was acquired by KMD in October 2011 and has not yet been fully integrated into KMD's HR systems and energy measurements.

The report serves as KMD's Communication on Progress with respect to the UN Global Compact and presents

the strategy process work behind the five themes chosen for KMD's CSR efforts – Welfare, Digital Denmark, Employees, Climate & Environment and Supply Chain – as well as the results achieved in 2011 and goals for 2012. It also shows how these themes and the resulting initiatives tie in with the company's work on the Global Compact's ten principles.

## CSR STRATEGY AND GOVERNANCE

KMD occupies a key position in the Danish welfare society. We consequently have both a desire and an obligation to play an active part in society and bear our share of social responsibility. KMD has therefore chosen to work strategically on CSR, as illustrated by the recruitment of our first Head of CSR in 2011.

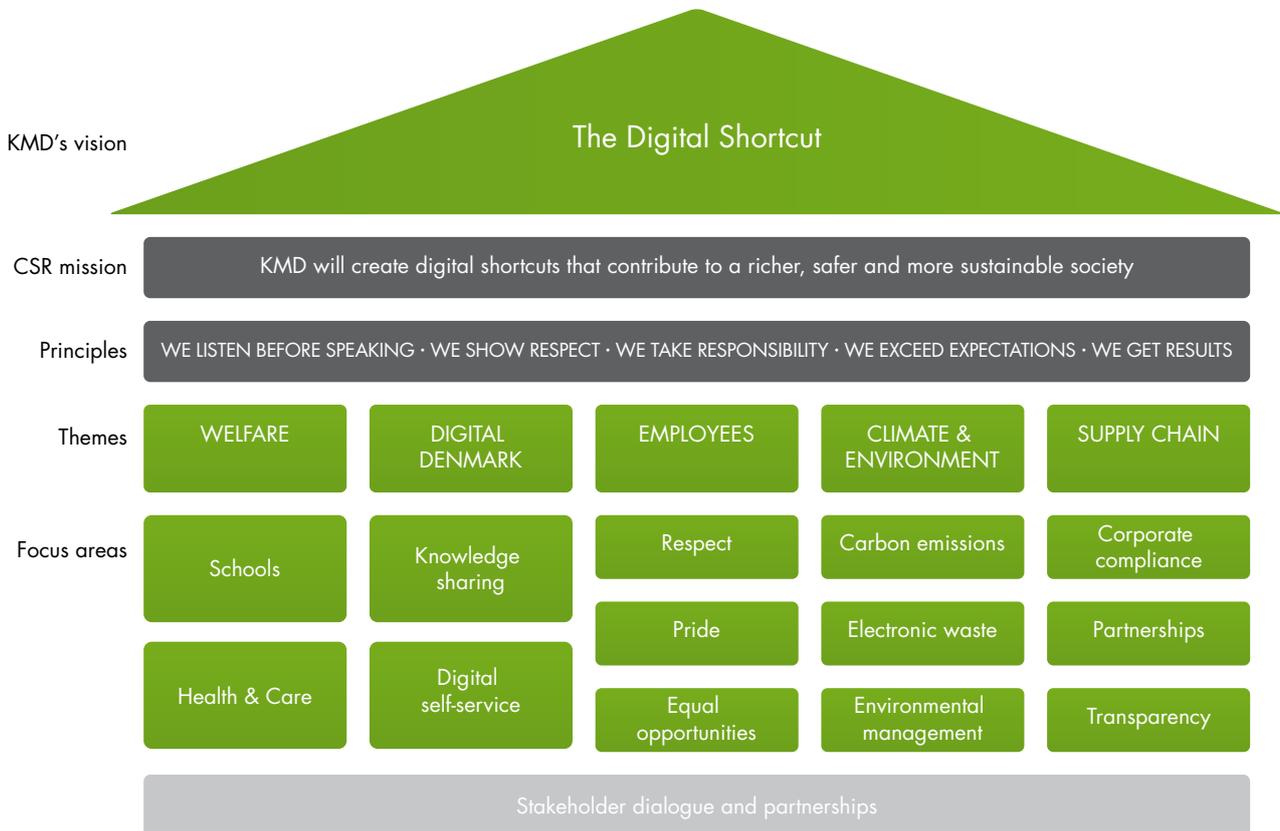
KMD decided in 2011 to embark on a comprehensive strategy process regarding its CSR work, involving managers and other employees across the business. A questionnaire survey of employee attitudes to KMD's role as a socially responsible business and KMD's commercial strategic objectives was used to identify a number of themes for work on CSR. These themes and KMD's overall goals for this work were then discussed by an ad hoc subcommittee of KMD's works council. The input from both the questionnaire and the subcommittee proved very useful, especially in terms of employee involvement.

Input on the main elements of the strategy was also obtained through dialogue with external stakeholders. This dialogue has subsequently led to concrete projects under the various themes.

The new strategy identifies the following five themes for KMD's CSR work: Welfare, Digital Denmark, Employees, Climate & Environment and Supply Chain.

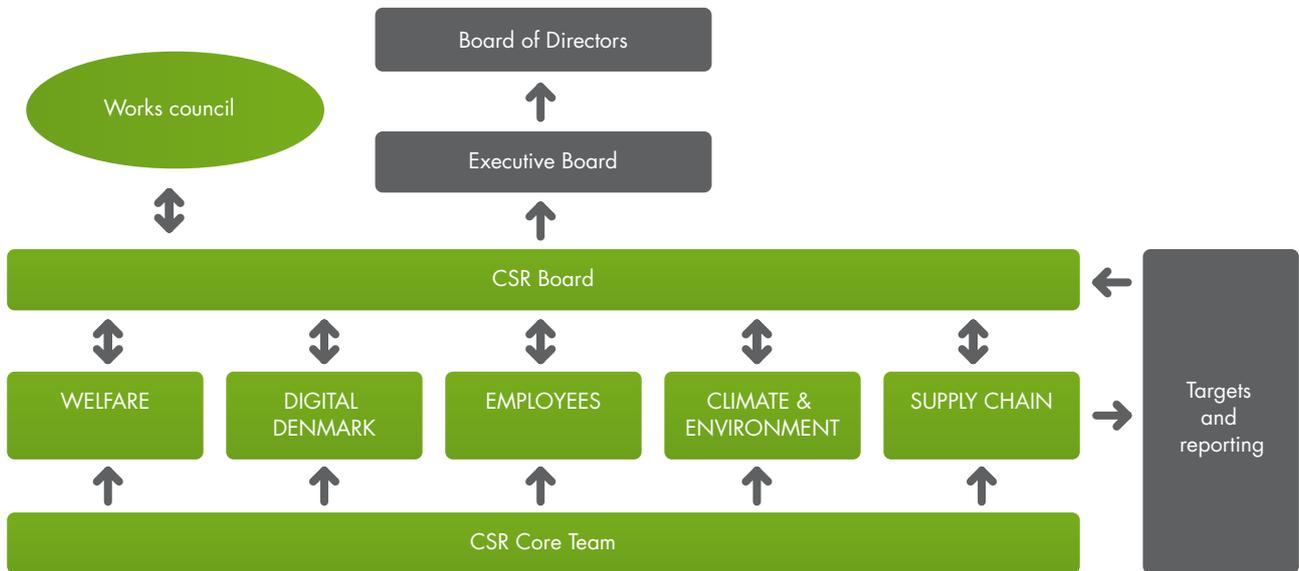
This entails starting from KMD's position as an IT company with a vision of creating digital shortcuts for customers and society. In terms of CSR, this means that KMD will create digital shortcuts that contribute to a richer, safer and more sustainable society.

The diagram below provides an overview of KMD's CSR strategy.



KMD has also chosen to introduce a governance structure that ensures that its CSR strategy is clearly anchored in top management. Responsibility for CSR work rests with a CSR Board chaired by CEO Lars Monrad-Gylling, which was set up in 2011 and also includes the Vice Presidents for Business Development, Sales and Marketing, Facility Management and Law, and HR and Communication.

The CSR Board issues guidelines for the company's CSR efforts and monitors and drives progress on the targets set for the various themes. KMD's works council also serves as a reference group for the development of CSR work.



# WELFARE



KMD has played a key role in the Danish welfare society for 40 years. Many of our systems support the public sector daily, handling payments, transfers, registrations and services for millions of Danes.

Our core business is to create digital shortcuts which make life easier and more efficient for public servants and the public alike.

The Danish welfare society currently faces a major challenge: achieving more with less. KMD sees considerable potential for digitisation here, but we must ensure that

everyone, regardless of age or life situation, feels that the digitisation of welfare is a benefit, not a drawback.

KMD is therefore investing in improving the IT skills of weaker groups and demonstrating how IT can help increase the capabilities of everyone in Danish society. Our goal is to support effective implementation of the many focus areas identified in the government's digitisation strategy. More specifically, KMD has chosen to focus on schools, health and elderly care, entering into partnerships with ARD, Metropolitan University College and DaneAge as discussed below.

## IT SKILLS AMONG THE ELDERLY

In autumn 2011 KMD teamed up with Denmark's largest organisation for the elderly, DaneAge, to develop an e-learning programme for use in DaneAge's work on teaching IT skills to the elderly.

Statistics show that there are still 400,000 elderly people in Denmark who have never been on the Internet. As the public sector looks to step up the number of digital self-service solutions and expand the use of welfare technology, this is a barrier for both the authorities and the individual senior citizen in terms of mutually benefiting from digital services. We therefore consider it only natural for KMD to be involved in work on increasing computer literacy among the elderly.

The programme is being developed by KMD's e-learning team in Aalborg, while DaneAge is responsible for the areas in which training is to be given. As part of the process, KMD will hold a series of workshops with volunteers from DaneAge's IT team and test the product on the actual target group.

The product will be put up on DaneAge's website and used in training courses held by DaneAge around the country.

The goal is for 10,000 people to complete the programme during the first year. KMD and DaneAge will then consider how the programme can be improved and expanded.

## WELFARE TECHNOLOGY IN PRACTICE

KMD also entered into a partnership with Metropolitan University College in Copenhagen in autumn 2011. Together we aim to create an education programme which gives tomorrow's welfare personnel an understanding of new welfare technology.

Metropolitan University College provides a wide range of courses in health and elderly care, training nurses, care assistants, physiotherapists, occupational therapists and school teachers. As these are the people who will be spearheading the future digitisation of the welfare society, it is naturally in KMD's interests to introduce them to welfare technology.

Together with teaching staff at Metropolitan, KMD is developing a programme which gives students an introduction to welfare technology and a chance to test their new knowledge in practice during their work experience. KMD employees will also help teach parts of the course. After their work experience, students will have an opportunity to give KMD feedback on the potential for welfare technology in their particular area in practice, which KMD can then use as input when developing new products and improving existing ones.

The concept will be trialled for the first time in February 2012, after which a decision will be taken on whether to expand the project to include even more students.

## ONLINE HELP WITH HOMEWORK

KMD began working with the State and University Library in Aarhus in 2011 on a project called Lektier Online to provide online help with homework for disadvantaged children.

From 1 April 2012 KMD will set up its own online study cafés staffed by KMD employees who will swap their normal working hours for shifts as online helpers.

KMD decided to get involved in the project because it is a very clear example of how digital aids can increase disadvantaged children's chances of completing their schooling and going on to further education.

## KEEPING KIDS ACTIVE

Aktiv rundt i Danmark (ARD) is Denmark's largest exercise movement for children, now in its fifth year. Almost 140,000 pupils from almost 7,000 classes at more than 1,100 schools across the country were involved in 2011.

KMD decided to support ARD to the tune of DKK 200,000 in 2011 because exercise has been a priority at KMD for several years, both internally for our employees and externally through our sponsorship of the KMD Challenge Copenhagen, KMD Challenge Aarhus and KMD 4:18:4 triathlon events.

By sponsoring ARD, KMD can also learn more about what really works in schools and what motivates and develops both teachers and pupils. This knowledge can then be used actively in our work on digitising the school sector.

## PCS FOR CHILDREN IN CARE

KMD decided in December 2011 to donate DKK 100,000 to Børnenes IT-Fond, a fund set up jointly by the Danish IT Industry Association, the National Council for Children, International Data Group and children's charity Børnehjælpsdagen to provide PCs for children in care for educational use.

KMD's donation translates into PCs for 40 children who would not otherwise have daily access to their own computer, removing one of the barriers faced by these children in terms of both education and leisure. KMD hopes that the donation will help bring these disadvantaged children closer to a normal life and increase their chances of completing their schooling and going on to further education.

## WELFARE INNOVATION DAY

Together with think-tank Monday Morning, insurer Alka Forsikring, the Danish Service Industries Federation and welfare technology initiative velfærdsteknologi.nu, KMD co-hosted the conference Welfare Innovation Day, which brought together more than 800 practitioners and managers from the Danish welfare sector in Copenhagen. KMD took the opportunity to present its Online Omsorg solution for tomorrow's care sector as well as the first of two analyses from KMD Analyse looking at digital possibilities for improvements and optimisation of resources in the care of the elderly and chronically ill.

## RESULTS AND GOALS

Focus area	Results in 2011	Goals for 2012
<b>Schools</b>	<p><b>Aktiv rundt i Danmark</b> KMD supported children's exercise movement ARD to the tune of DKK 200,000.</p> <p><b>Børnenes IT-Fond</b> KMD donated DKK 100,000 to Børnenes IT-Fond, ensuring that 40 children in care received a PC to support their education.</p> <p><b>Lektier Online</b> KMD entered into an agreement with the State and University Library in Aarhus on setting up study cafés for online homework assistance staffed by KMD employees.</p>	<p><b>Lektier Online</b> Together with Lektier Online, KMD will open one or more study cafés at KMD sites staffed by up to 45 KMD employees, who will be able to swap their normal working hours for shifts providing help with homework.</p>
<b>Health and elderly care</b>	<p><b>DaneAge</b> KMD entered into a partnership agreement with DaneAge on the development of e-learning programmes for the elderly to be used in the movement's work on teaching IT skills to the elderly. A total of 118 hours were spent on developing the programme in 2011.</p> <p>KMD entered into a partnership agreement with Metropolitan University College on the development of training in welfare technology for students on health care courses.</p>	<p><b>DaneAge</b> KMD will launch a new e-learning programme in 2012 for DaneAge's work on teaching IT skills to the elderly. The aim is to increase the computer literacy of at least 10,000 people over the age of 65 by the end of 2013.</p> <p><b>Metropolitan University College</b> Together with Metropolitan University College, KMD will pilot a programme in welfare technology for students on health care courses.</p>

# DIGITAL DENMARK



When it comes to the digitisation of Denmark, KMD can legitimately claim a stake. The solutions that we have helped deliver over the past 40 years have played a major part in Denmark topping the rankings of the world's most digitised countries year after year.

To retain this position, it is important for KMD to help shape developments – and be shaped by them. KMD's CSR work therefore also focuses on using our considerable expertise in and for society so that we can help find and deliver appropriate solutions to all kinds of problems.

KMD is keen to work together in many different ways with many different stakeholders – customers, organisations and individuals alike. KMD therefore supports research projects, arranges conferences and publishes analyses that encourage debate and enable society to make use of the wealth of knowledge that we have amassed during almost 40 years in the market for digital solutions. We believe that this is one of the most important contributions to society that we as a company can make.

## THE DIGITAL COUNCIL

KMD's CEO Lars Monrad-Gyilling is among the three members of the Digital Council, which was set up to promote constructive debate about the digitisation of the public sector in Denmark, including discussion of its potential and impact. Each year the council publishes two or three reports looking in depth at challenges and perspectives in relation to the digitisation of the country's public sector.

2011 brought reports on welfare through growth and digitisation, and the local government sector's channel strategy for servicing the public. Previous analyses have included the digitisation of schools and digital self-service solutions.

The council has three equal-ranking members:

Lars Monrad-Gyilling, KMD  
Jørgen Bardenfleth, Microsoft  
Martin Lippert, TDC

As part of its work, the council has an ongoing dialogue with key public servants from central, regional and local government in order to ensure a connection between the council's analyses and reality in the public sector.

## KMD ANALYSIS

KMD Analysis is a unit at KMD which prepares analyses of digital opportunities in Denmark in both the public and private sectors.

The unit published four reports in 2011, all focusing on digital potential in the Danish welfare society. With its reports on the digitisation of care for the elderly and those with chronic illnesses, KMD Analysis is setting the agenda for the further development of the Danish welfare society. The reports conclude that more widespread use of digital solutions can release resources in the public care sector running into billions of kroner. In connection with the parliamentary elections in autumn 2011, KMD Analysis

published a report on public attitudes to digital solutions in the democratic process, such as e-voting. Finally, the unit published a report on benefit fraud in Denmark and the solutions, both digital and non-digital, available to prevent it.

KMD Analysis is working together with the Center for Digital Government (CEDI) and others on developing analyses and will continue to stimulate debate on digital topics in 2012.

## THE GENERAL ELECTION VISITS KMD

There is no more important event in terms of Danish democracy than the parliamentary elections, and KMD is proud to have played a key role in them since the 1970s. The elections are monitored very closely by KMD's election support and technical experts at head office in Ballerup, who are on red alert on election night.

KMD also experienced democracy close at hand when six parliamentary candidates, including two former and three

current ministers, took part in a televised debate in KMD's canteen at head office in Ballerup where KMD's employees had an opportunity to put questions to the candidates. KMD employees take a keen interest in politics, as the decisions taken in parliament often have a direct impact on the services that KMD is to deliver. We therefore consider it a natural part of our social engagement to give employees an opportunity to get involved in the political debate.

## DIGITISATION PRIZE

For a number of years KMD has sponsored the Digitisation Prize awarded at the Digitise Denmark conference hosted by the Ministry of Finance's Digitisation Board.

The aim of the prize is to further the digitisation of the public sector, as innovative use of IT can increase efficiency in the public sector and improve service levels for the public. This will help maintain Denmark's position as a leading IT nation with a world-class public sector and enhance the country's prospects in the global knowledge economy.

This is a direct extension of KMD's overall goal for its CSR work, which is to support the government's target of 80%

digital communication between the public sector and the public by the end of 2015. KMD naturally has a commercial interest in this area, but we also believe that it is here that we as a company can be of greatest value to society as a whole. By supporting successful realisation of the government's objectives, we are also helping create better and more efficient solutions to the benefit of citizens, employees and society as a whole. This puts KMD in a unique position in Danish society, and we need to be conscious of this responsibility and help identify the best solutions and reward those who go that extra mile. For this reason KMD is part of the Digitisation Prize.

## KMD INNOVATION AWARD

In 2011 KMD in association with the IT University of Copenhagen presented the KMD Innovation Award with the intention of giving students an incentive to research and challenge the public sector with welfare technology solutions. The winner was Anders Lisdorf with his proposal to reward members of the public with points when they "behave responsibly". If, for example, someone fails to turn up for a scheduled operation, this costs society a great deal of money. The points offer an incentive for attending and could then be used on the Internet in a special webshop to support selected charitable and social projects.

## DANISH IT INDUSTRY ASSOCIATION WORK EXPERIENCE WEEK

KMD took part in the Danish IT Industry Association's work experience week for the fourth successive year in 2011. We welcomed 32 schoolchildren in year 9 from across the country for a week of work experience and gave them an opportunity to contribute to the development of IT for schools. At the end of the week, the pupils presented proposals to a panel of KMD employees who chose the best idea from among the following:

\_A learning game for teenagers studying languages

\_A formal chat forum for pupils and communication with teachers

\_A combined database of pupils' and teachers' materials, submissions and help videos

\_An app store for the iPad and iPhone where pupils can obtain textbooks and audio books

\_An extension of the Skolekom portal for pupils and teachers where pupils can borrow and review books and find timetables and other practical information

\_A desk with an integral docking station so that pupils can recharge their iPhones and laptops without having cables everywhere (the winning solution)

By doing this, KMD is helping make IT an exciting and contemporary subject with endless possibilities. IT will be one of the most critical areas in overcoming many of the challenges that Denmark faces as a welfare society in the coming years. KMD will open its doors in this way once again in 2012 in order to stimulate interest in IT and the company itself in the longer term.

## RESULTS AND GOALS

Focus area	Results in 2011	Goals for 2012
<b>Knowledge sharing</b>	<p><b>KMD Analysis</b> KMD Analysis published four reports on the digitisation of Danish society to encourage debate.</p> <p><b>Danish IT Industry Association work experience week</b> KMD participated in the IT Industry Association's work experience week, welcoming 32 school pupils to its three biggest sites.</p> <p><b>The Digital Council</b> As a member of the Digital Council, KMD delivered two reports on the digitisation of Danish society.</p>	<p><b>KMD Analysis</b> KMD Analysis will publish at least two analyses of the digitisation of Danish society.</p> <p><b>Danish IT Industry Association work experience week</b> KMD will again take part in the IT Industry Association's work experience week and expects to welcome at least 30 school pupils nationwide.</p> <p><b>Welfare technology think tank</b> KMD will set up a think tank on welfare technology to prepare a strategy for the practical implementation of welfare technology at local government level.</p> <p><b>The Digital Council</b> As a member of the Digital Council, KMD will publish at least two analyses of the digitisation of Danish society.</p>
<b>Digital self-service in the public sector</b>	<p><b>Digitisation Prize</b> KMD took part in the selection and presentation of the Digitisation Prize 2011.</p> <p><b>ITU KMD Innovation Award</b> KMD in association with the IT University of Copenhagen presented the KMD Innovation Award, which highlights welfare technology solutions developed by students.</p>	<p><b>Digitisation Prize</b> KMD will take part in the selection and presentation of the Digitisation Prize 2012.</p>

# EMPLOYEES



KMD's social responsibility also extends to its employees, including both their working conditions and their ability to realise KMD's social responsibility.

KMD already creates considerable value for society on the strength of its products, but we are keen to do even more. Our employees are crucial in this respect, as well as when it comes to developing, maintaining and updating digital solutions for the whole of Danish society. Our CSR work therefore centres on the workforce's combined skills, because it is here that we can see KMD delivering the most value to society.

## FOCUS ON EMPLOYEE SATISFACTION

There was a decrease in employee satisfaction at KMD in 2011. Drilling down into the data, we can see that KMD's employees are generally very proud of their workplace (82%) but have found it hard to get to grips with the major changes seen over the past three years, with new ownership, a new organisation, a new performance culture and increased competition.

As a result, KMD decided at the end of 2011 to involve both managers and other employees in developing new initiatives to support KMD's goal of happy, healthy and proud employees. More specifically, four working groups have been set up to work on the following areas: job satisfaction and pride; management and communication; skills and tools; and procedures and processes.

KMD's goal is for these and a variety of other initiatives to shift employees' perception of the business in an even more positive direction in 2012.

As a member of the UN Global Compact, KMD has a responsibility to ensure that our employees have sound working conditions. We therefore also focus on providing a framework which offers the necessary flexibility in terms of work/life balance. We offer attractive terms for older workers and parents and easy access to sports facilities, and we believe in close dialogue with employees and their elected representatives on working conditions and the working environment at the company.

## FOCUS ON HEALTH AND SAFETY

KMD also turned the spotlight onto the working environment in 2011 with a new health and safety organisation. The organisation has been slimmed down, and the number of health and safety representatives has been reduced from 70 to 50, but there is now greater emphasis on the key aspects of health and safety. Together with the recruitment of KMD's first Head of Health and Safety, this signalled a fresh focus on the working environment at the company.

As a result of the restructuring of the health and safety organisation and the ensuing process, no specific targets for health and safety at KMD were set for 2011. The results of the company's statutory workplace assessment will not be available until January 2012, after which a position will be taken on where KMD is to concentrate its efforts.

## FOCUS ON HEALTH

Employee health has been on the agenda at KMD for many years. No fewer than 820 employees ran in the DHL Stafetten mass relay race in 2011, equivalent to more than a quarter of the workforce. KMD also sponsored the Computerworld relay race, in which more than 200 KMD employees participated, and more than 400 KMD employees took part in the Danish Cyclists' Federation's cycle-to-work campaign, putting more than 83,000 km behind them – equivalent to almost twice around the Earth.

2011 also saw KMD working with YWC Sports on the long-distance triathlon events KMD Challenge Copenhagen (full Ironman<sup>1</sup>) and KMD Challenge Aarhus (half Ironman). As part of the alliance, KMD is also sponsoring the shorter 4:18:4 triathlon<sup>2</sup>, in which several hundred KMD employees are expected to take part. KMD will therefore work with the company's sports clubs in 2012 to organise joint training

sessions with a special focus on the three disciplines of the triathlon: swimming, cycling and running.

Employees also have a health scheme which provides quick and free access to a range of treatments (chiropractic, physiotherapy, reflexology and massage) for occupational injuries.

KMD's focus on employee health is also reflected in sickness absence, which averaged 6.0 days per employee in 2011. This is 14.3% below the national average of 7.0 days for the private sector<sup>3</sup>. KMD's goal is sickness absence below the national average and will strive to maintain the low level through a focused effort on sport and exercise and on the physical and psychological working environment. Objectives for the latter area will be set on the completion of the statutory workplace assessment in January 2012.

## DIVERSITY

KMD planned to step up and improve its work on diversity in 2011, but it was not possible to begin this work due to a lack of resources.

KMD nevertheless continued to focus on attracting a larger proportion of women to senior positions and on equal pay. The number of female managers at KMD has been stable around 30% since 2006, while the number of women on the Executive Board has increased from 0% to 20% in the same period.

Our goal is for the percentage of female managers to match the percentage of female employees at the company as a whole, which was 34% in 2011, so we are well on our way. KMD also has a policy that a female candidate must be interviewed for all management positions.

KMD continued and expanded its partnership with the Specialist People Foundation, which employs people with autistic spectrum disorders, and provided work experience for nine such people in 2011.

KMD aims to introduce a diversity policy in 2012 to support work on creating a workplace where diversity contributes positively to development and helps KMD ensure that the top talents in the Danish labour market choose KMD regardless of gender, ethnicity, age, religion or sexual orientation.

1. A full Ironman consists of a 2.4 mile swim followed by a 112 mile bike ride and a 26 mile run.  
 2. The 4:18:4 triathlon consists of a 400 metre swim, an 18 kilometre bike ride and a 4 kilometre run.  
 3. Statistics Denmark, News from Statistics Denmark no 625. The figures are for 2010 and are the latest available at 31.01.2012.

## RESULTS AND GOALS

Focus area	Results in 2011	Goals for 2012
<b>Respect</b>	<p><b>Focus on health</b> More than 800 KMD employees ran in the DHL Stafetten relay, more than 400 took part in a national cycle-to-work campaign, more than 250 ran in the Computerworld relay race (which KMD also sponsored), and 50 took part in the KMD 4:18:4 triathlon.</p> <p><b>Head of Health and Safety</b> KMD recruited its first Head of Health and Safety in 2011 and restructured its health and safety organisation.</p>	<p><b>Focus on health</b> KMD will arrange special training sessions for participants in the KMD 4:18:4 triathlon. More than 200 employees are expected to take part.</p> <p><b>Workplace assessment</b> KMD will complete a workplace assessment and use it to identify future focus areas in terms of both the physical and the psychological working environment.</p> <p><b>Low sickness absence</b> KMD will work to maintain sickness absence at a maximum of 6.0 days and thus below the national average for private companies according to Statistics Denmark.</p>
<b>Pride</b>	<p><b>Working group</b> In the light of the results of the year's employee satisfaction survey, KMD set up a working group to focus on job satisfaction and pride.</p>	<p><b>Activities to increase pride</b> KMD will carry out a variety of activities with employee involvement in order to identify ways of increasing employee pride.</p>
<b>Equal opportunities</b>	<p><b>Female managers</b> KMD again had 30% female managers.</p> <p><b>Diversity initiative</b> A lack of resources meant that planned activities relating to KMD's diversity initiative had to be postponed.</p>	<p><b>Diversity policy</b> KMD will introduce a diversity policy along with relevant objectives and initiatives.</p>

# CLIMATE & ENVIRONMENT



Climate and the environment have been a priority at KMD for a number of years.

The IT industry is responsible for more than 2% of total global carbon emissions, which is the same as the airline industry. This is due mainly to the many kilowatt-hours of electricity used to operate data centres and private PCs, and the large amounts of CO<sub>2</sub> produced in the manufacture and disposal of hardware.

On the positive side, IT solutions can help to considerably reduce carbon emissions by limiting the need for travel

and increasing efficiency. Digital government in particular has been highlighted as one of the areas with the greatest potential for positive climate effects<sup>4</sup>.

As one of Denmark's largest IT companies, KMD naturally has an interest in reducing both our own environmental impact and our customers' carbon emissions. We have therefore launched an ambitious environmental policy intended to lower our carbon emissions and establish partnerships with suppliers and customers so that our overall environmental impact is minimised.

## KMD'S WORK ON CLIMATE AND THE ENVIRONMENT

KMD has been working actively on maximising energy efficiency since 2008, when we launched an environmental policy setting clear targets for energy efficiency, travel and environmental management. By 2010, KMD had made energy savings of 4.04 million kWh, thereby exceeding its target of a 10% reduction in energy consumption relative to 2008. There was also a focus on lowering carbon emissions from travel by KMD's employees, primarily between our various sites. Thanks to a more restrictive travel policy and the introduction of videoconferencing, carbon emissions from travel were cut by 725 tons or 19% from 2008 to 2010, well in excess of the 10% target.

In the light of this work in 2008-2010, KMD launched a new environmental policy at the end of 2010 with the ambitious goal of reducing our energy consumption by a further 7% from a baseline of 34.4 million kWh in 2010. KMD also wishes to remain focused on reducing carbon emissions from travel and will therefore work towards a further 10% reduction from a baseline of 2,975 tons of CO<sub>2</sub> in 2010.

KMD therefore continued its work on improving energy efficiency across the organisation in 2011. The goal is to find concrete savings of 2.4 million kWh by the end of 2012, and we managed savings of 1.9 million kWh in 2011 alone. These were achieved primarily by replacing air-conditioning and humidifying equipment and the associated control systems, as well as undertaking smaller energy-saving projects in KMD's offices.

Total electricity consumption nevertheless increased by 1.3%, or 410,907 kWh, which should be seen in the light of a 13% increase in production at the company's data centres as measured by server numbers. With more customers, the need for server capacity is greater, leading to higher energy consumption. The increase would, however, have been greater had KMD not chosen to consolidate its data centre operations at sites in the Copenhagen area. The closure of a data centre at KMD's site in Odense cut energy consumption by 919,800 kWh.

Carbon emissions from KMD's heating consumption were reduced by 48.7% or 577 tons of CO<sub>2</sub> by switching from

4. SMART 2020: Enabling the low carbon economy in the information age, GESI 2008.

natural gas to district heating. This means that KMD's total carbon emissions came to 17,823 tons of CO<sub>2</sub>, a decrease of 1.9% or 354 tons from 2010.

In addition, KMD aims to cut carbon emissions from travel by 10% from 2010 to 2012. Emissions from travel were reduced by 1.1% to 2,945 tons of CO<sub>2</sub> in 2011, and so there is a need for further measures if we are to hit the

target of 10% by the end of 2012. KMD will therefore launch a number of new initiatives in 2012 to promote a more climate-friendly meeting culture at the company. For example, there will be a focus on increased use of video communications between KMD's sites and the introduction of unified communications, which will reduce the need for physical meetings and, therefore, travel.

## CARBON-NEUTRAL ENERGY CONSUMPTION

KMD's direct energy consumption<sup>5</sup> has been carbon-neutral since 2009<sup>6</sup> thanks to its partnership with DONG Energy, whereby KMD has agreed to buy electricity from the Horns Rev 2 offshore wind farm corresponding to the Group's total direct energy consumption. The transition to green energy means that KMD purchases renewable energy corresponding to the output from two turbines at Horns Rev 2, the world's largest offshore wind farm. KMD also purchases carbon credits corresponding to its heating consumption. KMD was the first large Danish-based IT company to switch to wind power and carbon-neutral heating, with the result that the IT systems that KMD operates at its data centres are now based on sustainable energy. KMD extended its agreement on carbon-neutral energy in 2011.

## NEW ENVIRONMENTAL MANAGEMENT

KMD introduced a new environmental organisation in 2011, including its first ever Head of Environmental Affairs. The new organisation is intended to bring about a sharper focus on the environment so that KMD can meet its targets for environmentally and climate-friendly operation, with specific reference to KMD's goal of attaining certification under the ISO 14001 environmental management standard in 2013 and its continued focus on energy efficiency and collaboration with suppliers.

## DONG ENERGY CLIMATE PARTNER

KMD entered into a Climate Partnership agreement with DONG Energy in 2008 with the aim of reducing KMD's impact on the climate and the environment by switching to green energy and making energy savings. KMD decided to extend this agreement in 2011.

KMD and DONG Energy are also working together on identifying and verifying energy savings across KMD's sites.

This work resulted in savings of 1.9 million kWh in 2011. In 2012 KMD and DONG Energy will continue to work together on energy efficiency, wind power and, for the first time, a joint initiative targeting KMD's customers and employees.

5. The total amount of energy used in KMD's data centres and other properties (including rented properties) in the form of electricity and heating (mainly natural gas and district heating).
6. Until October 2009 KMD purchased RECS certificates issued for electricity generated by Danish wind turbines, but since Horns Rev 2 opened in October 2009 KMD's electricity has come from there as part of its climate partner agreement with DONG Energy. KMD's energy consumption is therefore now based on sustainable energy.

## RESULTS AND GOALS

Focus area	Results in 2011	Goals for 2012
<b>Carbon emissions</b>	<p><b>Climate partner agreement</b> KMD extended its climate partner agreement with DONG Energy, keeping KMD's direct energy consumption carbon-neutral through investment in the Horns Rev 2 offshore wind farm.</p> <p><b>Reduced carbon emissions</b> KMD reduced total carbon emissions by 1.9% and made energy savings of 1.9 million kWh in 2011.</p> <p>Electricity consumption nevertheless increased by 1.3%, which should be seen in the light of growth of 13% in production at KMD's data centres as measured by server numbers.</p> <p>KMD cut carbon emissions from heating consumption by 48.7% by switching from natural gas to district heating.</p> <p><b>Reduced carbon emissions from travel</b> KMD reduced carbon emissions from travel by 1.1% relative to 2010.</p>	<p><b>Climate partner agreement</b> KMD will remain carbon-neutral in terms of direct energy consumption through its climate partner agreement with DONG Energy.</p> <p><b>Rationalising energy consumption</b> KMD will carry out projects together with DONG Energy with a view to making energy savings of at least 800,000 kWh.</p> <p><b>Reducing paper consumption</b> KMD will reduce the consumption of paper in its offices by at least 1 million printed pages from a 2011 baseline of 13 million.</p> <p><b>Internal campaign</b> KMD will run an internal campaign focusing on energy savings, travel habits and printer use. The aim is to find savings of 300 tons of CO<sub>2</sub>.</p> <p><b>Reducing carbon emissions from travel</b> KMD will reduce carbon emissions by a further 8.9% relative to 2010.</p>
<b>Electronic waste</b>	<p><b>Measuring electronic waste</b> KMD launched a procedure for measuring electronic waste at the company. In 2011 KMD recorded 12,976 tons of electronic waste from its sites.</p>	<p><b>Take-back of electronic waste</b> KMD will partner with hardware suppliers on the take-back of electronic waste for environmentally friendly destruction or recycling.</p>
<b>Environmental management</b>	<p><b>New environmental organisation</b> KMD recruited its first Head of Environmental Affairs and introduced a new environmental organisation with a view to ISO 14001 certification in 2013.</p>	<p><b>New environmental management system</b> KMD will conduct a pre-audit for ISO 14001 and verify data quality.</p>

# SUPPLY CHAIN



KMD signed the UN Global Compact in November 2011. This means that KMD must take a position on how the company can impact positively on human rights, labour rights, the environment and anti-corruption.

A natural part of this work is to look at conditions at our suppliers and at our own conditions as a supplier. KMD must be able to guarantee its customers products manufactured under acceptable conditions and with the least possible negative impact on the environment and climate.

KMD has therefore embarked on the process of integrating the UN Global Compact's ten principles into the requirements we make of our suppliers. This will enable KMD to encourage suppliers to make improvements in problem areas. It will also give KMD an advantage in its dealings with customers, as we will be able to document that we comply with the Global Compact's principles.

## CORPORATE COMPLIANCE

KMD introduced an ethical code in 2011 with clear guidelines for employees' conduct in the seven focus areas for its corporate compliance programme: anti-corruption, information security, competition law, contractual risk management, intellectual property rights, authorisations and document management/storage.

The code of conduct was prepared in conjunction with KMD's works council, which includes local union representatives and employee representatives. The finished code was then approved by KMD's Executive Board.

KMD also focused on preparing and updating policies and processes for each of the seven focus areas and

ensuring that the company's overall corporate compliance programme was implemented. All KMD employees, including the Executive Board, therefore underwent a compulsory e-learning process based on dilemmas in each of the seven focus areas, including the company's code of conduct.

All employees are also now required to comply with KMD's code of conduct under their employment contracts.

In addition, a corporate compliance subsite has been created on the company's intranet, running through the specific policies in each area covered by the code.

## WHISTLEBLOWER SCHEME

In 2011, KMD applied to the Danish Data Protection Agency for a permit to set up a whistleblower scheme. This will make it possible for KMD's employees, including the Executive Board and the Board of Directors, to report irregularities in any of the seven aforementioned focus areas to KMD's own corporate compliance team or to an independent external lawyer. KMD expects the scheme to become operational in early 2012 once a permit is granted.

## AUDIT OF STRATEGIC PARTNERS

On the basis of a country screening and assessment of market conditions, KMD decided in 2011 to conduct an internal audit of its strategic partner in India, Mahindra Satyam. The audit was carried out by KMD's own audit team. No breaches of the UN Global Compact's ten principles were identified, and conditions were satisfactory in terms of KMD's other focus areas.

## NEW SUPPLY CHAIN MANAGEMENT POLICY

KMD began work on a new central supply chain management policy in 2011 based on the UN Global Compact's ten principles.

A number of workshops for key buyers and other relevant staff at KMD were organised during the year. Against the background of these workshops, work began on identifying risks in relation to the Global Compact in KMD's current supply chain. KMD will present its new central supply chain management policy in 2012.

KMD will continue to audit its strategic partners in 2012. We will also explore the possibilities for extending our CSR work to include India together with Mahindra Satyam.

## RESULTS AND GOALS

Focus area	Results in 2011	Goals for 2012
<p><b>Corporate compliance</b></p>	<p><b>Ethical code of conduct</b>                      KMD introduced an ethical code of conduct for its employees focusing on corporate compliance in seven areas: anti-corruption, information security, competition law, contractual risk management, intellectual property rights, authorisations and document management/storage.</p> <p>KMD's employees undertook an e-learning course in the ethical code of conduct. As at 31 December, 79.6% of the workforce had completed the course.</p> <p>All employees are now required to comply with KMD's code of conduct under their employment contracts.</p>	<p><b>Whistleblower scheme</b>                      KMD will introduce a whistleblower scheme as soon as a permit is received from the Danish Data Protection Agency.</p> <p><b>Ethical code of conduct</b>                      All of KMD's employees will complete the e-learning course in the ethical code of conduct.</p>
<p><b>Partnerships</b></p>	<p><b>Code of conduct for suppliers</b>                      KMD held a number of workshops to provide a basis for further collaboration with suppliers.</p>	<p><b>Best practice</b>                      KMD will introduce general guidelines for collaboration with suppliers on best practices.</p> <p>KMD will enter into agreements with hardware suppliers on the take-back and environmentally friendly destruction of hardware.</p>
<p><b>Transparency</b></p>	<p><b>Supplier audit</b>                      KMD conducted an audit of its strategic supplier Mahindra Satyam and found no irregularities in relation to the ten principles of the UN Global Compact.</p>	<p><b>Code of conduct for suppliers</b>                      KMD will introduce a separate code of conduct for suppliers based on the ten principles of the UN Global Compact.</p> <p><b>UN Global Compact</b>                      KMD will conduct audits of strategic suppliers based on risk assessments in relation to the ten principles of the UN Global Compact.</p>



## WANT TO KNOW MORE?

Keep up to date with KMD's CSR efforts at [www.csr.kmd.dk](http://www.csr.kmd.dk).

We always value feedback and you are very welcome to contact us with your comments or questions. Write to us at [samfund@kmd.dk](mailto:samfund@kmd.dk).