



SEAS-NVE

Communication on Progress

UN Global Compact 2012



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The UN Global Compact – Corporate Social Responsibility

The UN Global Compact is the world's largest initiative for corporate social responsibility. It is an international initiative, started by the UN and aimed at involving private companies in solving the social and environmental challenges inherent to globalization. The Global Compact enables businesses worldwide to actively participate in solving these challenges.

The UN Global Compact has two main objectives:

- Businesses are encouraged to support ten principles in the areas of human rights, employee rights, the environment, and anti-corruption, and to implement these principles in their everyday operations.
- Businesses are encouraged to contribute with voluntary initiatives to promote the UN's sustainable development goals.

Reporting

When a business has joined the UN Global Compact, it is required to prepare an annual progress report (Communication on Progress (COP)). This report must be submitted to the UN Global Compact and is published afterwards on the initiative's web site.

SEAS-NVE membership of the Global Compact

Member since: September 6, 2012

Number of employees: 760

Industry: Electricity

Reporting date: April 24, 2013

Reporting period: January 1, 2012 – December 31, 2012

SEAS-NVE's COP is available at www.seas-nve.dk/csr in Danish and English.

About SEAS-NVE

SEAS-NVE is an energy and fiber-optic cooperative company. This means that the company is owned by our 375,000 members.

SEAS-NVE's task is to be a responsible pioneer that provides power and fiber-optic networks to its members. By responsible we are referring to a responsibility toward our members and customers; the environment; the region; our employees; and last, but not least, our assets. By pioneer, we are referring to the ability and willingness to secure the technology of the future for our members as soon as possible; hence, SEAS-NVE contributes actively to development opportunities in the region. Being a responsible pioneer is all about creating a balance between economic common sense and innovation with foresight.

SEAS-NVE's vision is to be our members' best connection. We accomplish this through responsible implementation of the technology of the future. We connect the region's workplaces, schools, and homes through fiber-optic and power networks. However, the personal connection is also important to us – the connection that our members experience when they meet a service technician who shows up to restore a lost connection, when they meet an energy consultant, or when they meet a sales associate or one of our many customer service representatives. Every interaction must be a positive experience.

As Denmark's largest customer-owned energy company, we are very conscious of our responsibility toward the individual customer and the world around us. This is something that comes natural to us; our business is run by our customers. Our highest executive level consists of our 155 representatives and board of directors, all of whom are elected from and by our customers. Likewise, we are very conscious of the fact that as the major regional energy company, SEAS-NVE can contribute to the development of our common region.

We strive to operate a joint, forward-looking business that will create value for our members and customers, even a hundred years from now.

SEAS-NVE facts

2012 revenues: DKK 3.12 billion

Number of employees: 760, 140 of whom are field service technicians

Members: 375,000

Cable network length: 16,227 miles

The green area on the map is SEAS-NVE's supply area on Sealand, Denmark

In 2012, SEAS-NVE transported 4.16 billion kWh



Statement of Support from the CEO

This year we are celebrating the 100th anniversary of the foundation of what we now know as SEAS-NVE. Right from the start, accountability to the society that we are a part of has been a cornerstone in the way we do business. In fact, our company was founded on the basis of a series of local pioneers who assumed the responsibility of lighting up the land. They made sure that electricity was not just reserved for a few privileged urban customers; they made it available in rural areas as well, thereby improving the living conditions of thousands of people in smaller communities. This contributed to the acceleration of development in those areas as well. Acting as a responsible business remains a cornerstone in SEAS-NVE's activities. It is formalized in our mission, which is to be a responsible pioneer who will safeguard the interests of the members in the area of energy and fiber-optic networks. We wish to do this by taking the lead and taking responsibility.

For this reason, social responsibility – or Corporate Social Responsibility (CSR) as it is also called – is nothing new to us. In 2012 we took a step toward formalizing our Corporate Social Responsibility. This happened when we became members of the UN Global Compact, a global strategic initiative for businesses that have committed to conducting their activities, processes, and strategies according to ten principles. The ten principles in the Global Compact cover areas within human rights, labor rights, the environment, and anti-corruption. It is an initiative that thousands of businesses worldwide have joined, and through which they have thereby committed to reporting their CSR activities.

I am proud to present SEAS-NVE'S first report to the Global Compact and hereby show the effort that we have made to live up to our mission and the ten principles. Although corporate social responsibility is a part of what our business is based on, structuring and formalizing the CSR responsibilities in our company remain a process that we will strive to improve even further. For this reason, in the coming years we are going to work on structuring and implementing our CSR efforts. We believe that this effort and our continued commitment to the Global Compact will contribute to enable us to develop our business as a responsible pioneer, thereby creating continued value for our stakeholders and for society.

Sincerely,

Jesper Hjulmand
CEO, SEAS-NVE

SEAS-NVE's CSR activities in 2012

In 2012, SEAS-NVE focused on corporate social responsibility through a series of internal as well as external measures. Employee satisfaction was sky-high, and we continued our big focus on safety and education. Externally, we focused on living up to our responsibility as the region's electricity and fiber-optic network provider and on delivering a high certainty of supply. We also focused on energy savings and on the environment and green conversion.

In this section, we will describe a number of our CSR measures based on the UN Global Compact. The Global Compact is a good starting point for making people aware of SEAS-NVE's effort in the area of corporate social responsibility and sustainability. In light of SEAS-NVE's business activities and roots in Denmark, we have structured this first report to the Global Compact according to our focus areas:

Employees, Environment and Climate, Society.

Employees

At SEAS-NVE, we believe that happy employees result in better customer experiences, happier customers, and greater flexibility when a major effort is needed. For this reason, we make a conscious employee satisfaction effort that we monitor closely, both at the management level as well as in the joint consultation committee.

Our employee satisfaction survey in November of 2012 showed that job satisfaction was sky-high: 78 points on an indexed scale. Virtually all of the employees responded to the survey and, among other things, expressed strong loyalty to SEAS-NVE. This makes us happy and proud. After all, it is what enables us to create value for our members and customers.

The results of the employee satisfaction survey will be used for identifying the areas where SEAS-NVE can make a future effort in its ongoing improvements.

Employee satisfaction survey

	2007	2011	2012
Rate of response	99%	95%	99%
Job satisfaction SEAS-NVE (indexed scale)	78	74	78
General level, Danish Employee Index (DMI)	70	70	70

Interpretation: Below 50 = very low job satisfaction, 50-59 = low job satisfaction, 60-69 = average job satisfaction, 70-79 = high job satisfaction, 80-100 very high job satisfaction

Safety

A central area of focus for SEAS-NVE is to create a safe work environment for our employees. In this regard, we firmly believe that educating and training employees create a positive influence on SEAS-NVE's results.

Our ambition is to have zero workplace accidents. For this reason, our Work Environment Department makes a constant effort to educate and train employees. In 2012, we had 22 registered workplace accidents. 15 of the accidents were not subject for reporting to the authorities as they required fewer than one days absence. Of these accidents, the majority were minor accidents such as slip and fall, taking a wrong step, excessive lifting, etc. This is also reflected in the number of absences; 15 of these accidents required fewer than one day's absence, and only two resulted in absences of more than a month. Through education and training, we make a constant effort to reduce the number of accidents.

All of our employees who work in the field – and employees who otherwise perform work involving heavy physical labor or the use of machines – receive ongoing safety training. Every year we hold mandatory safety days where the aforementioned employee groups take a number of mandatory seminars. These seminars cover low and high voltage work and first aid.

In addition, SEAS-NVE holds a number of other safety-related seminars for our service technicians. Over a five-year period, we hold a total of 23 different seminars in areas such as:

- Connections for 10kV systems
- Descending from poles
- Emergency operation of hoists
- Team leader duties and responsibilities
- Firefighting skills
- Hot work
- Lifting techniques
- The road as our workplace

First-aid courses are held for SEAS-NVE's administrative personnel at three-year intervals. These are conducted by our HR department.

In 2012, we held two basic first-aid courses for a total of 30 employees. In addition, 224 employees participated in follow-up courses in first-aid.

	2010	2011	2012
Reported work-place accidents	25	16	22
Number of sick days per reported accident	Less than 1 day = 9 1-3 days = 5 4-6 days = 2 7-13 days = 7 14-20 days = 0 21-30 days = 0 More than 31 days = 2	Less than 1 day = 11 1-3 days = 1 4-7 days = 1 19-22 days = 2 More than 31 days = 1	Less than 1 day = 15 1-3 days = 3 4-6 days = 1 7-13 days = 1 14-20 days = 0 21-30 days = 0 More than 31 days = 2

Environment and Climate

We are one of Denmark's largest energy companies, and we sell and deliver power to 400,000 customers. Electricity is a life necessity in our society, and as world citizens, we all have an impact on the environment, even if we do not think about it. At SEAS-NVE, we contribute to making Denmark a little greener. As a company, we are involved in a number of activities to ensure that we can help our customers reduce their energy consumption and ensure that they are able to buy their energy from environmentally friendly energy production. At the same time, we also make a big internal effort to reduce our own energy consumption. We are likewise spearheading a series of research projects, the purpose of which is to contribute to enabling us to, in the long term, take part in the green conversion of society. This section describes a number of the activities that SEAS-NVE is involved in to reduce the impact on the environment.

Energy consultation

Among many green conversion measures in the Danish climate and energy policy, all energy companies in Denmark are required to help consumers spend less energy and report energy savings to the Danish Energy Agency in accordance with the Energy Savings Agreement of November 13, 2012.

For 2012, the Danish Energy Agency had an established energy savings goal for SEAS-NVE of 97,816,000 kWh. SEAS-NVE fulfilled and surpassed that goal; we reported a whole 120,000,000 kWh between private and business. Of the 120,000,000 kWh, 42,500,000 kWh were in the private area. For 2013, the goal is to increase energy savings by 60 percent compared to 2012.

2012 was largely the year of the solar cell. We boosted our energy consulting and provided a large number of customers with advice and consultation about solar cells. At the end of 2012, the focus began to shift to other forms of energy optimization, and we noticed a growing interest in greater energy changes among private customers.

Energy savings achieved

	2010	2011	2012
Energy savings	106,986,130 kWh	113,000,000 kWh	120,000,000 kWh
Equivalent to the consumption of (for 4,000 kWh)	26,747 single-family homes	28,250 single-family homes	30,000 single-family homes

100% environmentally friendly electricity product

Several so-called "green" electricity products exist on the Danish market, but they are based on entirely different definitions of what green really is. It points out that the sale of electricity products with a special environmental value should be coupled with investments in reducing global CO₂ emissions; otherwise it is not fair to consumers to market these products as particularly climate or environmentally friendly. Also behind the statement are The Ecological Council, the Danish Society for Nature Conservation, the Consumer Agency, the Danish Competition and Consumer Authority,

the Danish Energy Agency, the Danish Electricity Trade Association (*Dansk Elhandel*), and Energinet.dk.

GlobalEnergi from SEAS-NVE is the first Danish electricity product that has been developed specifically in accordance with the new declaration. With GlobalEnergi, the customer only pays DKK 0.12 per kWh in addition to the electricity price. For an average family, it only costs about DKK 50 per month to participate. The DKK 0.12 are transferred in their entirety to the Climate Foundation (*Klimafonden*), which has as its objective to invest in sustainable energy systems such as windmills. This increases the amount of sustainable energy, making us less dependent on oil, coal, and gas.

We bury all power cables

Since 2001, SEAS-NVE has been in the process of burying the power cables in our supply area. This will provide even greater certainty that the lights will turn on when our consumers flip the switch –even in stormy weather. Indeed, the laying of cables also translates into less loss of electricity. When power cables are underground, the loss in the electricity network is 10 GWh less than when they are suspended in the air. This is equivalent to the savings of the annual consumption of 2,500 private residences. The goal of burying the cables in 15 municipalities has been met. The burying of the power grid will continue in rural areas in 2013 and in urban areas in 2014.

Wind power

A few years ago, SEAS-NVE was a pioneer in the installation of windmills. As a result, we have accumulated specialized expertise in large-scale wind projects at home and abroad. SEAS-NVE owns its own windmill, installed at Fuglebjerg between the cities of Næstved and Slagelse. It produces approximately 7 million kWh a year – enough to cover the electricity consumption of more than 1,500 homes. The power from this windmill is sold into the power grid on commercial terms.

Smart electricity meters

In 2012, SEAS-NVE helped 12,000 customers in our service area connect their new solar cell system to the power grid. With the new smart meters that SEAS-NVE has installed for all members, it is possible for SEAS-NVE to adjust the meter remotely so it can report the production of the solar cells. Meanwhile, the new meters also participate in saving the environment from large quantities of CO₂. Initially, the vast majority of private costumers can save about 10 percent on their energy consumption. This is because the new meter comes with the ability for customers to monitor their consumption online and pin-point any overconsumption in the home. In the longer term, the new meters will make it possible to equalize power consumption over a period and thereby avoid over consumption, which causes the highest stress to production.

Own solar cell system

As part of the conversion of our energy consumption to more environmentally friendly energy, and also to reduce our energy consumption, in 2012 it was decided to set up a solar cell system that would cover part of our own energy consumption. The system, which is expected to begin operating in the summer of 2013, will be 100 kWp and capable of producing about 92,000 kWh. This means that the system will be capable of covering 6% of SEAS-NVE's total electricity consumption.

SEAS-NVE and society

SEAS-NVE has its roots in the Danish cooperative society concept. To this very day, this means that we are accustomed to listening to our customers. People who live in SEAS-NVE's supply area and who are connected to the power grid are automatically members of SEAS-NVE.

In a cooperative society, the customers are the owners. It is easy for members to have an influence, and they can run to be elected to the board of directors, which is SEAS-NVE'S highest authority.

Through the board of directors, SEAS-NVE is in constant contact with the customers/members and knows what they want. This is why a cooperative society is a modern, market-focused form of operating a business.

As a cooperative society, SEAS-NVE does not have to generate the highest possible financial profit to a few shareholders. Rather, our mission is to create value for our members.

At SEAS-NVE, we feel an obligation to contribute to our local society where we are also an important regional employer. Through our annual investments of DKK 1 billion in infrastructure, we provide about 1,000 jobs in the region.

Certainty of supply

SEAS-NVE monitors the joint electricity and fiber-optic network 24 hours a day, 365 days a year. We do this so our members can rest assured that the lights will always turn on when they flip the switch. In 2012, the certainty of supply was more than 99.99 percent. As a member, that meant an average of 23.6 minutes without power in 2012. This 32% improvement, compared to 2011, was achieved through a targeted focus and a series of new measures and procedural changes.

Fiber-optic networks provide access to communication at lightning speeds

In 2012, we continued the implementation of fiber-optic networks to private and corporate customers. Now, ten years after the first customer received a fiber-optic connection in our region, even more customers enjoyed broadband connections at lightning speeds, including the outer-lying parts of our supply area. We consider it our responsibility to do our part to ensure access to a communication at lightning speeds to and from workplaces, educational institutions, hospitals, local government facilities, etc. And to and from private homes. In 2012, our cables reached home number 97,065, so the road to Internet and TV is now clear for many of our members.

Development projects

Inexpensive and sustainable. An ever-growing number of Danes produce their own power. The power grid must be able to handle that. SEAS-NVE is spearheading this development to enable our members and customer to use the energy in a smarter way – including in a hundred years from now. We are involved in several projects aimed at creating a concrete value for members and customers. For SEAS-NVE, it is focal to develop the business in close partnership with our members and customers.

In 2012, we established a partnership with Kalundborg Municipality and with the Technical Energy Development and Demonstration Program (EUDP), the Smart City Kalundborg project. This consists of finding and testing methods for how a city can exploit the energy in the most effective way possible and become independent from fossil fuels. Thus, the project also supports the UN focus on creating sustainable cities, enabling us to use the resources in a more efficient manner, obtain less costly energy, and achieve a green transition. The task will be to have the systems that control electricity, water, heat, transportation, and buildings talk to each other to make it easier to act in an environmentally friendly manner. The way for this to happen is for different suppliers of power and services – such as electricity, solar cell systems, electric cars, and heat pumps – to compete freely, providing innovative solutions capable of inspiring customers to change their consumption pattern and save energy.

As part of the project, we will test whether communication at lightning speeds via the fiber-optic network can optimize the power grid and the way it is operated. The Smart City Kalundborg project has a budget of DKK 100 million. It is supported by the EUDP, which falls under the Danish Energy Agency and is intended to foster new, environmentally friendly energy technology. Besides Kalundborg Municipality, the other partners in the project are the Danish Energy Association, Spirae, CleanCharge, Clever, Gaia Solar, Gridmanager, Danfoss, ABB, and Schneider Electric.

In 2012, we decided to increase the quality and contents of SmartHome before we launch the product on the market. For this reason, 350 families tested SmartHome, which makes it easy to control the family's energy consumption. The test families greatly enjoyed the product and gave us input for several measures aimed at improving the product and making it market ready. We expect the SmartHome equipment to be offered to our members and other customers by the end of 2013.

In the hydrogen project in the small town of Vestenskov on the island of Lolland – as part of the partnership for hydrogen and fuel cells – we worked toward the third phase in 2012 where an additional 20 members will be connected to the experiment. The project will make it possible to convert excess electricity from windmills into hydrogen, which will then be converted into electricity and heat by using small micro power heat systems in the homes. In 2012, the project also received a lot of attention from Japan, among other places, which sent several delegations to Denmark to seek inspiration and to learn from the project.

Also in 2012, we experienced the effect from the fact that all our members now have new electricity meters, enabling them to follow their home's electricity consumption hour by hour at minmaaler.dk. This has resulted in great interest in reducing energy consumption.

12,000 members installed solar cells and took advantage of our insight in this area. Via the data net, we programmed the electricity meters to have two counters so the meter will register both the electricity used as well as the electricity produced by the customer. This way, the new digital meter system saved us from replacing 12,000 meters, and our customers from expenses and inconvenience.

Our power grid must be geared to be able to distribute electricity to the customer's home and to absorb the electricity that the customer produces, such as via solar cells. Thus, in Borup in 2012 we tested the strain that solar cells on a residential street has on the power grid. We also tested how consumers will use electricity prices, which vary throughout the day, and how many electrical

vehicles in a residential neighborhood that the power grid is able to charge at the same time. All of the different tests are a part of our effort to secure and develop the power grid so there will always be electricity when the individual member flips the switch.

We complete all our development projects in close partnership with our business partners and members. As a part owner of the electrical vehicle company Clever, SEAS-NVE is participating in Europe's biggest electrical vehicle project "Test-An-Electric-Car", which will make Denmark wiser in terms of the position and potential of the electrical vehicle in Denmark. The project is run by Clever with support from a series of corporate partners, as well as by government business partners, including the Danish Transport Authority and the Danish Energy Agency.

The "Test-A-Car" project is a partnership with Denmark's leaders in the areas of transportation and energy – including universities, organizations, public sparring partners, and developers – for collecting, processing, analyzing, and reporting on the project's many unique results.

Business ethics

SEAS-NVE is engaged in working against corruption and in working in an ethically appropriate manner in our relationships. We desire to foster transparency in our business relationships with our partners. We are committed to taking responsible corrective measures for deviations from this.

Purchases for SEAS-NVE must take place according to applicable national and international laws and regulations. Thus, SEAS-NVE expects its suppliers and any sub-suppliers of the latter to comply with the applicable laws and international conventions regarding social responsibility and work environment, which they must be able to document upon request.

In 2012, SEAS-NVE's group management discussed implementing a contract policy that was adopted in early 2013. The contract policy states that when entering into more extensive agreements, an impartiality statement must be submitted to group management. The statement must include any relationships that the decision maker might have to individuals who are party to the agreement. Thus, openness must be ensured regarding any relationships and/or that cases are transferred to other individuals as representatives of the parties to the agreement in the event that it is determined that there is a risk of conflicts of interests.

Sponsorships

SEAS-NVE is a regional cooperative society that focuses on delivering value to its members. We do this through sponsorships and cooperation agreements, among other things. In 2012, we sponsored the two regional soccer teams, FC Vestsjælland and HB Køge, both of which play in the Betsafe Liga, and the 2nd division team Lolland-Falster Alliancen.

We likewise sponsored a number of local cultural institutions: The Stevnstoft Cold War Museum, the Kanten Cultural House, Amfi West Zealand, Stevn's Cliffs and the World Natural Heritage, and Kulturbio Holbæk.

Donations

In 2012, SEAS-NVE provided support for Denmark's 12 largest humanitarian organizations by donating DKK 150,000 to *Danmarksindsamlingen* ("the Denmark Collection"), which raised funds for projects that assist children in Africa who are in the process of fleeing. At SEAS-NVE we focus on

this because we wish to contribute to a safe and secure world with better opportunities for the rising generations.

Our Plans for 2013

Based on this initial report to the UN Global Impact, we will work toward further integrating the Global Compact principles in our business. We plan to do this by further developing and formalizing our corporate social responsibility in the coming year. We will continue to focus on the employees, the environment, and society, and we will continue to strengthen our competencies in these areas.

Next year we are going to focus on developing a policy and a strategy for corporate social responsibility.

In addition, we are going to make an effort to promote these principles among our suppliers, focus on additional strengthening of rules and ethical guidelines, and provide further training in this area for our business partners and our employees.

For this reason, we continue to support the human rights effort and are, indeed, aware of the UN Guiding Principles for Business and Human Rights, which we are going to work on implementing in our business.