



SEAS-NVE

2013 Communication on Progress

UN Global Compact



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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 (CSR). 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 goals for sustainable development.

Reporting

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

SEAS-NVE membership of the Global Compact

Member since: September 6, 2012

Number of employees: 780

Industry: Electricity

Reporting date: April 24, 2014

Reporting period: January 1, 2013 - December 31, 2013

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

About SEAS-NVE

At SEAS-NVE, we make sure that our customers enter the future safely with the best products in the area of energy, fiber-optic broadband, and energy consulting. We have 100 years of experience and an expertise that can be seen. We are also Denmark's largest cooperatively owned energy and fiber-optics company with 400,000 customers, 375,000 of whom own a small share of us as members.

In 2013, SEAS-NVE had 780 employees and totaled DKK 3.3 billion in sales, generating a net income of DKK 144 million. We are proud of that. It is how we create value for private as well as for government and corporate customers inside and outside our service area in West and South Zealand and Lolland-Falster.

We are experts when it comes to energy, fiber-optic broadband, and energy consulting. It is our goal to introduce the technologies of the future within these three areas. This way we will contribute to leading our customers safely into the future, thus ensuring opportunities for development in our region.

Our vision is to be our customers' best connection, and our mission is to be a responsible pioneer in securing energy and fiber-optic broadband for our members.

In 2013 we celebrated our 100th birthday. This means that we have many years of experience in running a cooperative company where up to 162 publicly elected members of our board of directors represent our customers – our owners.

SEAS-NVE facts

2013 revenues: DKK 3.3 billion

Number of employees: 780

Members: 375,000

Cable network length: 26,562 km

In 2013, SEAS-NVE transported 3.9 billion kWh



Letter from the CEO

In 2013, we celebrated the 100th anniversary of the foundation of what we now know as SEAS-NVE. The 100th anniversary celebration gave us the opportunity to look back at our history and the original foundation of SEAS and NVE. 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 and contributing to enabling development to gain speed in those areas as well. Acting as a responsible business remains a cornerstone in SEAS-NVE's activities. It is enshrined 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 broadband. We wish to do this by taking the lead and taking responsibility.

SEAS-NVE's vision is to be our members' best connection. This we accomplish through responsible implementation of the technologies 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 receive a visit from a broadband technician, meet a technician who restores lost power during a storm, or receive advice from an energy consultant or one of our many customer service representatives. It is our clear ambition to make every contact a positive experience.

In 2012, we presented our first Communication on Progress (COP) to the UN Global Compact. This marked the beginning of our journey toward a structured, business-oriented approach to corporate social responsibility. We continued this journey in 2013 with a series of concrete measures that we are presenting in our 2013 Communication on Progress.

With this report on social responsibility, we at SEAS-NVE declare our continued full support for the UN Global Compact.

Sincerely,

Jesper Hjulmand
CEO
SEAS-NVE

SEAS-NVE's activities in 2013

In 2013, SEAS-NVE focused on social responsibility through a series of internal as well as external measures in the organization. Externally, we focused on living up to our responsibility as the region's electricity and broadband provider and on delivering a high certainty of supply. This task was particularly challenging with last fall's stormy weather and flooding that threatened the power supply for a number of our customer in the affected areas. We also focused on energy savings and on the environment and the green change.

Based on SEAS-NVE's business activities and Danish roots, we have defined our focus areas for social responsibility around the following: Employees, environment and climate, and community. These areas are key to SEAS-NVE. At the same time, they are also elements in the principles on which the UN Global Compact is based.

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, it is key for us to ensure that SEAS-NVE is an attractive work place with a good work environment that considers diversity, equality, safety, and personal development.

Environment and Climate

Together with the rest of the community, we will take joint responsibility for developing the technologies that will contribute to sustaining the green change. Meanwhile, we will be working continuously toward improving and structuring our environmental effort. In this regard, our areas of focus are energy leadership, energy consumption, and sustainable electricity products.

Society

Our mission is to create value for our members. We do this by listening to them and by including them in SEAS-NVE in our board of representatives. Our areas of focus are certainty of supply, cable installation, remote meter reading, expansion of fiber-optic broadband, and green change. We also want to contribute to our local community. We do this by creating local jobs and through donations that support local initiatives.

Employees

A strong, shared culture creates managers who are in touch with employees. All leaders are role models. They are the ones who will participate daily in creating and strengthening our corporate culture and the positive work environment. For this reason, all our new leaders complete the Pathfinder Seminar where they learn to be the best they can be and to stand for what we call high-performance team building. They also complete the Responsible Leadership module. But it is not only management that plays an important role; all of our co-workers do.

For this reason, all new employees become assimilated into the SEAS-NVE culture through introductory seminars. In 2013, we welcomed 59 new employees. As something new, in 2013 we introduced courses for employees that include elements from the Pathfinder Seminar. Many of our team members have been requesting this for several years, and in 2013 we were able to introduce a training seminar that provides our employees with some really useful tools to work with. This is a

benefit to them, personally as well as professionally. In our experience, this creates even better communication and connections throughout the company. We have seen that it contributes very positively to strengthening our good culture and our way of connecting with our customers – face-to-face, on the phone, by e-mail, and on Facebook. A total of 95 team members participated in the three versions of these courses in 2013, and even more will be signing up for 2014.

In 2013, we had an average of 780 employees. Our team members' engagement was reflected in a low number of sick days, which averaged 1.55 for the group in 2013, and without long-term leaves due to illness. The level was the same as in 2012.

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 creates 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 2013, we had 20 reported workplace accidents. That is two less than the previous year. Fourteen of these accidents required less than one sick day, which means we were not required to report them. The majority consisted of minor accidents such as falls, stumbling, and carrying loads that were too heavy. It is also reflected in the number of sick days; as mentioned, fourteen of these accidents required less than one day's absence, and only one caused a leave that lasted 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 machinery – 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-stress work under pressure, work under pressure, and first aid. In 2013 we started the practical portion of the low-stress work under pressure for our technicians. It consisted of 3.5 hours of theory + 3 hours of practical exercises, followed by an evaluation. The practical exercises consisted of everyday situations for a technician. The practical portion received such a high rating that in 2014, it was expanded to also cover those of our technicians who perform installation duties. The practical exercises will be updated on a continuous basis and will be adapted according to relevant tasks.

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

- Connections for 10kV systems
- Team leader duties and responsibilities
- Firefighting skills
- Hot work
- Lifting techniques
- Transportation of hazardous goods
- The Road as Our Workplace
- Keep Your Eyes on the Road

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

	2010	2011	2012	2013
Reported workplace accidents	25	16	22	20
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	Less than 1 day = 14 1-3 days = 4 4-6 days = 1 7-13 days = 0 14-20 days = 0 21-30 days = 0 More than 31 days = 1

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 change of society. This section describes a number of the activities that SEAS-NVE is involved in to reduce the impact on the environment.

Energy consulting

Among many green change 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.

Whereas in 2012 SEAS-NVE was required to help customers save 98 million kilowatt-hours, the Danish Energy Agency had an established energy savings goal for SEAS-NVE of 154,217,882 kWh in 2013. The goal for 2014 has been set even higher at 158 kilowatt-hours. In 2013, we reported 149,147,000 kilowatt-hours. Of these, 101,969,300 kilowatt-hours were realized in 2013, while the realized energy savings were rolled over from previous years' surplus in realized energy savings relative to the legally required goals. The 149,000,000 kilowatt-hours include the energy savings that we generated for business partners, including Nakskov and Vordingborg Power Network.

Private homes accounted for around a third of the achieved savings. Among other things, this was the result of SEAS-NVE having an online portal where associated technicians and partners can report the home improvements that private customers carry out. The reporting portal is a shared point for the joint effort of customers, technicians, and SEAS-NVE in saving energy.

In partnership with corporate customers nationwide, in 2013 SEAS-NVE generated 72,358,155 in saved kilowatt-hours among corporate customers and government institutions that implemented energy improvements. Energy consulting for corporate and government customers is first and foremost based on our energy optimization concept – *energy leadership*.

Energy savings achieved

	2011	2012	2013
Energy savings	113,000,000 kWh	120,000,000 kWh	149,147,000 kWh
Equivalent to the consumption of (for 4,000 kWh)	28,250 single-family homes	30,000 single-family homes	37,287 single-family homes

SEAS-NVE Energy Leadership

Energy leadership is a systematic, on-going effort to make better use of energy. Energy leadership is a structured tool that allows for measuring and analyzing energy consumption annually using a series of key figures. These figures can form the basis for complementary measures for even further reducing energy consumption in an enterprise and thus contributing to a reduced environmental impact and documented savings for the enterprise.

In 2013, SEAS-NVE initiated a preliminary study aimed at a transition to internal energy leadership within the company during 2014. By introducing the energy leadership concept, SEAS-NVE will be able to achieve significant energy savings to the benefit of the environment as well as finances. Once the energy leadership concept has been implemented in SEAS-NVE, we will be working with concrete goals for reducing energy consumption. SEAS-NVE will likewise look at advantages and options for possible future certification of the energy leadership concept.

The effects of the energy leadership concept will be documented annually in an energy leadership report and in SEAS-NVE's CSR report.

100% environmentally friendly power product

GlobalEnergi by SEAS-NVE is the first Danish electricity product developed specifically in accordance with a declaration on green electricity products sponsored by the Danish Energy Association, the Danish Ecological Council, the Danish Society for Nature Conservation, the Danish Competition and Consumer Authority, the Danish Energy Agency, the Danish Electricity Traders Association, and Energinet.dk. With GlobalEnergi, the customer only pays DKK 0.12 per kWh in addition to the price of electricity. For the average family, it only costs about DKK 50 per month to participate. The DKK 0.12 are transferred in their entirety to Klimafonden ("the Climate Foundation"), which has

as its objective to invest in sustainable energy systems such as new windmills. This increases the amount of sustainable energy, making us less dependent on oil, coal, and gas. In 2013 we experienced an increase in the number of private and corporate customers who chose our environmentally friendly power product.

Wind energy

In December 2013, we entered into a purchase agreement with the energy company E.ON for 80 percent of the marine windmill park Rødsand 2, located in the waters south of Rødby with its 90 windmills. Our company is thus once again involved with windmills like we have been since 1950 when SEAS erected the first windmill in South Zealand that ran on alternating current. A few years later – in 1957 – we built the Gedser Mill, which still remains an inspiration for the development of new windmills. The investment is a link in creating value to the region and to our owners. With an overall effect of 207 megawatts, it is capable of producing more than 830 million kilowatt-hours per year, equivalent to the standard electricity consumption of 200,000 homes.

Own solar cell and geothermal heating systems

With SEAS-NVE's own solar cell system in Svinninge, we are saving our shared environment more than 37 tons of annual CO₂ emissions. At Pionergården, our training facility in Kalundborg, we installed a geothermal heating system that generates an annual savings of DKK 120,000 compared to a conventional furnace. In addition, the system also contributes to a better environment as Pionergården's CO₂ emissions were reduced in half from 58 to 27 tons.

SEAS-NVE and the community

At SEAS-NVE, the customers are the guests of honor, and it is their interests that we safeguard – when we lay underground power cables, roll out fiber-optic cables, and renovate street lamps; and when we invest in windmills, create innovation for the future, and provide energy consulting. It is a modern ownership structure that makes a difference. The objective is always to create growth and development to the benefit of the customers – private, government, and corporate – in the region's local community.

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

Every year, SEAS-NVE invests a significant amount of money in our shared infrastructure – the power network in our distribution area. In addition to contributing to maintaining a high certainty of supply of electricity and to expanding fiber-optic broadband, these investments also contribute to job creation in our region.

Certainty of supply

Maintaining the power supply is of vital importance to the average citizen, government institutions, and the business community. Without power, Denmark shuts down. For this reason, the certainty of supply is the most important task for SEAS-NVE.

During 2013, SEAS-NVE continued its effort to replace suspended cables with underground cables. Installing underground cables secures the distribution network against breakdowns associated with extreme weather conditions, and the many areas with underground cables meant that the two storms, Allan and Bodil, only had a minimal effect on the certainty of supply.

In 2013, the average number of power outage minutes was 23.9 minutes per member. That is only three seconds more than in 2012, but a good four minutes from our goal, and this is because of the floods in December. We have now launched a fact-finding effort to determine how we can even further protect the power network against flooding.

Fiber-optic broadband provides access to communication

Digitalizing our region is a joint community task. At SEAS-NVE, we want to foster this development and take responsibility for providing both citizens and businesses in our region with the opportunities that come from fiber-optic broadband. It is our mission to safeguard the interests of our members when it comes to fiber-optic broadband. We are well underway to making this dream come true; in 2013, our broadband network passed home number 133,000. At SEAS-NVE, at the end of the year we had 49,806 broadband customers. That represents a growth compared to 2012, when we had 42,000 customers.

Development projects

Again in 2013, we focused on innovation and development. Together with the rest of the community, we will take joint responsibility for developing the technologies that will contribute to sustaining the green change. We participated in networks and projects aimed at concrete solutions that will enable our customers to change their energy consumption and make it sustainable. We complete all our development projects in close partnership with our business partners and members. This cooperative effort provides us with invaluable contributions to green change.

Smart City Kalundborg

Smart City Kalundborg is a pilot project with the purpose of finding and testing methods for how a city can best exploit energy and become independent from fossil fuels to the benefit of the city's residents, business community, and the green change. Our task is to get the systems that control electricity, water, heat, transportation, and buildings to communicate on an open platform where the providers of electric vehicles, solar cell systems, and heating pumps can make their technology and know-how available.

An example of how the residents of Kalundborg are participating in testing some of the new smart solutions is Strandstien Walkway. During a one-year period, we installed 16 street lamps with movement sensors that adjust the volume of light according to current traffic conditions without compromising safety and comfort. The light is reduced to 15 percent of the maximum luminosity when there are no pedestrians or bicyclists on the walkway, thus making it possible to reduce energy consumption and CO₂ emissions. This is particularly beneficial between 5 p.m. and 8 p.m. when the load on the power network is at peak, but it is also considered an alternative to turning off the lights. People using the walkway have expressed greater satisfaction with the lighting, and that they feel just as safe on the walkway now as they used to.

Changing consumer behavior

In the project Win with New Electricity Habits, we tested the customers' willingness to change their electricity habits and the meaning of changed behavior. The project is Denmark's most ambitious project of this nature so far. For a number of years, we have examined the extent to which customers react to different electricity prices and change their nighttime electricity consumption. The 292 consumers receive free electricity between 8 p.m. and 6 a.m. when the energy reserve is large but demand – and thus consumption – is low. The motivation is two-sided: On the one hand, they are able to save money; and on the other hand, they are impacting the environment less by using the energy surplus from the windmills at night.

Another project, named Move Over, is likewise focused on customers' willingness to move their consumption. However, with the Move Over project, the focus is on the so-called network rates. At present, customers only pay around DKK 2.01 per kilowatt-hour, including VAT and not including subscription. Out of that amount, DKK 0.27 go to transportation to the customer's residence, regardless of what time the consumption occurs. This is referred to as network rate. During the pilot project, the network rate is calculated according to three different prices during the 24-hour period. The purpose of the pilot project is to see the extent to which customers are able and willing to move their consumption away from the 5-8 p.m. time slot; that is the time when SEAS-NVE's power network has the heaviest load. Like with the Win with New Electricity Habits project, the motivation is two-sided: On the one hand, they are able to save money; and on the other hand, they are impacting the environment less by using the energy surplus from the windmills at night. 550 customers in the Kalundborg area are participating in the pilot project.

Using hydrogen for storing surplus electricity from windmills

We continued the hydrogen project in the small-town community of Vestenskov on the island of Lolland. The purpose of the project is to make it possible to store surplus electricity generated by windmills and allow small micro power heating plants to convert it into electricity and heat. This project is being followed closely at home and abroad.

In 2013, we installed the last of a total of 32 plants that delivered electricity and heat year round to 15 homes in the city, as well as to municipal facilities such as schools and retirement homes. In 2014 we are going to shut down the project as planned and will then analyze the plants for defects and wear and tear. Conclusions of the project so far indicate that hydrogen is an interesting storage medium when it comes to supporting green change in Denmark, but it still not ready for the market.

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.

Sponsorships

SEAS-NVE is a regional cooperative society that focuses on delivering value to its members. In 2013, we did this through sponsorships and cooperation agreements, among other things. We also sponsored three regional soccer clubs: The Super League club FC Vestsjælland, HB Køge from the BetSafe League, and the 2nd Division club Nykøbing FC (formerly the Lolland-Falster Alliance).



Donations

In 2013, SEAS-NVE adopted a new policy for supporting local initiatives in the region that we cover. Based on a pool of DKK 200,000, twice a year we are going to give away 10 x DKK 10,000 to local associations and initiatives that benefit the common good in the local community. When donating the funds, we prioritize activities that:

- will benefit an association, a club, or an activity;
- are regional;
- are in line with SEAS-NVE's new focus on accountability and pioneer spirit; and,
- are not carried out by SEAS-NVE employees or their families.

The first distribution took place in October in 2013. The following initiatives received DKK 10,000:

- The Blue Scouts of Haslev: Renovation of Scout Cabin
- Paraplyen, Haslev: Christmas event for socially marginalized people
- Svovlstikkerne, Næstved: Christmas assistance for socially marginalized people
- Vordingborg Handicap Idræt, Vordingborg: Grant for sports school for the disabled
- Svinninge Sports Association, Svinninge: Grant for score board
- Stubbekøbing Badminton Club, Stubbekøbing: Youth player development
- Nøbbet Gymnastics Association, Horslunde: Grant for training supplies
- Acitivity Association for Præstevænget Retirement Home: Nykøbing Sjælland Grant for field trip
- Rørvig Yacht Club, Rørvig: Grant for escort boat
- Polish Barracks Museum, Lolland: Grant for operating the museum

Our Plans for 2014

In 2014, we plan to continue structuring our effort with CSR. We are going to do this by, among other things, implementing concrete activities that in part are CSR-related and related to our focus areas, and that in part can contribute to the development of SEAS-NVE's business activities.

We expect that in the long term, our energy leadership efforts will become an activity that will reduce SEAS-NVE's impact on the environment. The results of our energy leadership efforts will be published in future COPs.