

COP2010 - COMMUNICATION ON PROGRESS

CUBE Engineering GmbH has joined the UN Global Compact initiative on 6th of October 2009. Through its participation the company underlines its core philosophy to contribute to a more sustainable and social world by providing clean energy to the people of all countries. As a globally acting company, CUBE is confronted with several challenges in terms of complying with internationally recognized principles such as those outlined in the UN Global Compact. Therefore, the company values the participation in the Global Compact as an important opportunity to receive strategic guidance on how to put the 10 principles into action.

This Communication on Progress (COP) outlines the steps CUBE Engineering has taken since the initiation of its participation in the Global

Compact to comply with the 10 principles. In addition, it sets out some indicators which will support the company in monitoring its activities and further progress in corporate responsibility actions throughout the upcoming months and years.



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(1) Description of actions undertaken since October 2009

First and foremost and independent from a single principle, a Code of Business Conduct has been developed for the company that shall guide the corporate action of all employees in their future actions. This Code of Conduct responds specifically to the 10 Global Compact principles. It states CUBE's commitment to comply with the 10 principles and sets out a due diligence directive for each of the four categories of corporate responsibility, namely Human Rights, labor, environment and anti-corruption. The directive reviews the rights and standards including their respective sources for each of the categories and describes actions to be taken by CUBE's employees that will prevent a violation of these rights and enhance responsible and sustainable business behavior. It obliges all employees to apply the United Nations Human Rights & Business Learning Tool in order to get sensitized with respect to Human Rights issues which include all other of the 10 principles. As the Code of Business Conduct has been finalized recently,

its application will have to be tested, monitored and constantly enforced. On the basis of the experience gained through its application, the Code will be adapted and further developed according to specific needs identified by CUBE's employees.

The application of the Code of Business Conduct refers to the entire sphere of influence of the company. The sphere of influence includes its core business activities being the services required to plan and construct a power plant based on clean and sustainable resources (e.g. WTG, wind farm, PV plant) in any country of the world. For a wind farm this includes for example site identification, feasibility studies, wind measurement and resource assessment, Environmental Impact Assessment (EIA), wind farm layout and design, construction supervision, etc. Within its core business activities, the 10 principles apply to the treatment of CUBE's employees and any employees locally recruited in the countries of assignment. As CUBE regularly operates with business partners, it will apply the principles also to partners, clients and employees operating within its supply chain. CUBE's activities have a clear influence on communities being often in the vicinity of the wind farm construction site. Therefore, its sphere of influence clearly includes communities and local as well as regional and national governments as CUBE also does consultation with respect to wind energy policies and tenders.

The level of responsibility of CUBE for a breach of any of the 10 principles within its sphere of influence will have to be evaluated on a case by case basis.

(2) Actions responding to specific principles

Principle 1&2: Businesses should support and respect the protection of internationally proclaimed human rights and make sure that they are not complicit in human rights abuses.

In order to correctly respond to these two principles, an employee of CUBE Engineering has participated in two training courses on "Business and Human Rights" provided by the German Global Compact. These training courses were thought to help the company in identifying possible future Human Rights issues and preventing violating actions. The outcomes of the training course have been included in the Code of Business Conduct for the company and will therefore be applied and tested in the future. One case of possible complicity has been brought to the attention of the participants and the trainer of the training course and jointly been evaluated as not lying within the sphere of influence of the company. The case has been an interesting and important example which has been commu-

nicated to all of CUBE's employees. Thus sensitized, the employees will constantly improve their ability to evaluate CUBE's responsibility and possibilities to prevent and act on Human Rights violations. This will be especially important when interacting with communities in different countries which are affected by the erection of wind farms.

Principle 3-6: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.

CUBE Engineering has not experienced any situation relevant to principles 3-5 within the past year. It has therefore not taken any explicit measure to respond to these principles. With respect to principle 6 CUBE permanently strives to increase the rate of female employees and has reached a share of 36% within the company last year. Six new female employees have been employed since October 2009. Furthermore, the company sticks to its strategy on working closely with local partners in the respective countries of assignment and cares for non-discrimination as with the selection of its partners. Within the company it tries to keep the team international. It currently employs an employee from Nigeria, one from Romania, one from Mexico and one from the United States. Thereby it does not discriminate as to gender, race, religion or whatsoever.

In general, CUBE Engineering has improved the labor environment of its employees by announcing a responsible person for Health and Safety standards as well as data protection (HSSE). All of CUBE's employees have been informed about procedures to implement the Health and Safety standards in January 2010.

Principle 7-9: Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

The development and diffusion of environmentally friendly technologies, as outlined in principle 9, represents the core business of CUBE Engineering GmbH. As its business are the consultancy, engineering, advice and training for energy projects with Renewable

Energies (RE) like wind farms, PV power plants and distributed generation CUBE contributes to the widespread distribution of e.g. wind turbine generators (WTG) as an effective way to make use of a sustainable and renewable source of energy. As Environmental Impact Assessments (EIA), as a means of preventing any harmful effect of a wind farm on its social and natural environment, is an obligatory part of each of CUBE's projects, it automatically contributes to the accomplishment of principles 7 and 8.

As an additional step to contribute to principle 9, CUBE has implemented a combined Heat and Power plant in his office building in October 2009. The plant produces electricity and heat which supplies the entire company first and which will be fed into the national grid in the future in addition. Through this power plant, CUBE saves about 56% of its former CO₂ emissions.

Furthermore, since early 2009 CUBE is applying the concept of a "lean office" which includes the efficient and effective organization of internal procurement and distribution processes through the active participation of every employee. Thus, the employees are taken into responsibility when communicating on and organizing internal processes in the most time and cost effective manner.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

This principle is in effect a very important principle for CUBE Engineering as the company is involved in many processes, such as international and national tenders and joint projects with governments, which are regularly affected by corruption. The Code of Business Conduct outlines several preventive measures and actions to be taken by CUBE's employees when corruptive actions come to their knowledge. As the Code has only recently been finalized, the implementation of these guidelines can only be reported on in the next Communication on Progress.

(3) Measurement of current and expected outcomes

The following table summarizes some indicators through which CUBE's performance on implementing the 10 Global Compact principles will be measured and monitored in the future. The effectiveness of the indicators will be tested throughout the second reporting year (2010-2011) and lead to the set up of specific measurable goals with respect to each of the principles for the upcoming years.

Principle	CUBE's specific INDICATOR	2010/2011	2011/2012	2012/2013
1	Number of countries and projects for which a human rights - specific due diligence assessment has been carried out and preventive actions taken			
2	Number of project partners and clients which have been reviewed according to a human rights – specific due diligence in order to avoid possible complicity			
6	Share of female employees (in %) / number of international employees within CUBE			
7	Number of Environmental Impact Assessments carried out			
8	Number of initiatives undertaken to promote greater environmental responsibility			
9	Number of Megawatt installed through the service and support of CUBE Engineering GmbH			
10	Number of cases in which CUBE has rejected or uncovered and denounced corruptive action			