



# CSR Report 2018

United Nations Global Compact



We innovate to integrate®

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*This report also serves as our annual communication on progress in sustainability, as required by the United Nations Global Compact.*

# We enable a Wind Powered Future

KK Wind Solutions is a dedicated wind company in the renewable energy industry – and as such, sustainability is the core of our company.

This Progress Report gives you an overview of our efforts, including overall focus areas and concrete activities as well as our results for the past year and goals for the coming period.

**Wind Power Impact**

With a strong company vision of ‘Enable a Wind Powered Future’, sustainability and dedication towards the UN Sustainable Development Goals is fundamental in the way we operate and govern our company.

Developing and manufacturing solutions for the wind industry, the most positive impact we have on sustainability is obtained through our own and our customers’ solutions.

Our core competencies, technology and solutions contribute to sustainable energy production, and together with the rest of the wind industry, we are continuously innovating to lower the cost of wind energy making it even more competitive compared to fossil fuels. Part of this work involve close cooperation with universities and industry partners.

Furthermore, we aim to be an Industry 4.0 frontrunner introducing automation and intelligent manufacturing in our production.

**Environment**

To further reduce the environmental impact of our operations and support the wind industry, we are currently restructuring our power supply to ensure that our global electricity consumption is covered by wind power or other renewable energy sources.

At the same time, we are continuously assessing and improving the environmental impacts of our operations. We do this through a product lifetime approach to development, continuous waste reduction in our supply chain and innovative logistics solutions that are both better for the environment and for our customers.

We remain committed to and focused on our corporate social responsibility – both when it comes to human rights, employees, environment, anti-corruption and society in general.



Kind regards,  
**Chlinton A. Nielsen**  
Chief Executive Officer



# Sustainable development powered by wind

In KK Wind Solutions, we support and recognise that all the UN Sustainable Development goals are important. However, we focus our efforts on those that are within our sphere of influence and where we can make the largest impact and most positive effect.

In 2018, we conducted a principled prioritisation of SDG targets and committed ourselves to fully contribute to the targets in SDG 7 and 13.

We defined a unique purpose for our company, explaining the core reason for us going to work every day and why we do what we do. We want to make Wind Power Impact which directly support the realisation of SDG 7 and 13.

Being a responsible and sustainable company in all matters is part of our DNA. We constantly challenge and break the boundaries of wind system solutions to make wind energy the most cost-effective energy source.

We leverage our customers' strengths to achieve the greatest possible impacts: a more competitive and profitable wind industry and a meaningful contribution to global sustainability.

Going forward, we will continue to improve by setting ambitious targets and implementing processes that support sustainability and by influencing our stakeholders and suppliers.





# Principles of the UN Global Compact

The UN Global Compact (UNGC) outlines ten principles that companies should engage in in order to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

## Human rights

- 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.

## Labour

- 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.

## Environment

- 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.

## Anti-corruption

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





# Corporate Social Responsibility framework

Our ambition is to continuously develop and enhance our sustainability actions. To ensure our corporate social responsibility efforts are captured and well explained, we have concentrated our communication on progress around the following four themes.



## Human rights

We are committed to the protection of human rights and support the United Nations universal declaration of human rights and the International Labour Organization's declaration on fundamental principles and rights at work.

### Focus areas

By regularly conducting risk assessments of our suppliers in compliance with our Code of Conduct, we have ensured an effective integration with the CSR policies.

Also, we have integrated appropriate sustainability measures and our Code of Conduct in screening and assessing new suppliers and in finding accessible areas of improvement.

As we experience and expect future growth and globalisation we persistently focus on safety and human rights, both in regards to our own and collaboration partners' employees.



## Employees

It is our goal to remain a company that encourages and supports the development of our employees and creates attractive jobs. Furthermore, we are dedicated to ensuring a safe and healthy working environment that meet the highest standards.

### Focus areas

We aim to develop a highly skilled workforce whose contribution is meaningful and appreciated. Our approach includes structured introduction schemes, extensive training and consistent follow-up on performance.

Moreover, we are committed to build a unique global leadership paradigm, which will improve the organisation's ability to execute the growth strategy effectively.

We have already come a long way, but we strongly believe that by focusing even more on leadership, we will be able to tap on a significant pool of so far unutilised and hidden resources.

In addition, we will continuously improve our health and safety culture and new initiatives to stimulate stronger preventative safety awareness in all employees.



## Environment

As part of the renewable energy industry, we aim at maximising our positive impact on the environment, not only through the products we develop, but also through our actions aimed at managing the business in an ever more responsible manner.

### Focus areas

We direct our attention to improving our products and operations across the entire product lifecycle and the supply chain. This includes taking appropriate actions to reduce energy consumption, minimise waste, and increase the share of waste that is recycled.

During 2018, we succeeded in increasing our recycled share of waste to 81.8%. Unfortunately, our electricity consumption increased by 4% and our heating consumption increased by 2% due to increase in activity levels across facilities.

Going forward we aim at keeping this high level of recycled waste along with maintaining a low level of energy consumption.

In addition, we remain committed to further reducing the environmental impact by ensuring that all electricity consumption across our facilities will be covered by wind energy or other renewable energy sources.



## Anti-corruption

We are committed never to engage in any form of bribery, corruption, extortion, embezzlement or any illegal method to influence public officials, the judiciary or any other private parties.

### Focus areas

We direct our attention to securing that all employees fully understand the importance in following company ethical guidelines despite local culture and practices. In order to ensure commitment from our employees, we will have all new employees sign our Code of Conduct.

New contracts with agents, intermediaries and consultants include a section on anti-corruption. The contract holder must comply with all applicable laws and regulations along with our Code of Conduct. During 2019, a digital confirmation from suppliers to comply with our CSR rules during RFQ and quoting process will be implemented.

Entering new markets and regions, we will seek to create an organisational setup that ensure CSR compliance.



# Reinforcing our Code of Conduct



We are committed to the protection of human rights and support the United Nations universal declaration of human rights and the International Labour Organization's declaration on fundamental principles and rights at work.

## Status

We continuously work to ensure that we have the right measures and assessment in place when it comes to ensuring respect for human rights in our operations. We realise that it requires continuous training and integration of our processes to achieve this implementation. For that reason, we focus first of all on our employees and our suppliers.

We expect our suppliers to respect their employees' rights and provide them with decent working conditions. Therefore, we require that our suppliers sign our Code of Conduct.

To ensure our standards will be met, we have made a risk assessment of our suppliers in regards to compliance with the Code of Conduct and integrated CSR-measures.

## Progress

In 2018, all employees in our Indian facility and Global strategic sourcing signed our Code of Conduct. Furthermore, we have implemented a sexual harassment policy in India and established a sexual harassment committee.

As part of the continued efforts we have evaluated and revised our Code of Conduct to further emphasize the importance of safe working conditions and sound processes in our operations. We also expect our suppliers and their sub-suppliers to follow and ensure the standards.

## Our Code of Conduct includes:

- Human and labour rights
- Health and safety
- Environment
- Business ethics
- Legal compliance

A significant part of our CSR footprint comes from our supply chain, and we are committed to ensure that our suppliers uphold the same standards as we put forward. Consequently, all expectations towards suppliers within this area are covered by our Code of Conduct, which are included in all contracts with new suppliers.

We will continue to secure commitment from suppliers to our Code of Conduct in which we recognise the importance of clear communication of expectations and cooperation with suppliers.

All existing suppliers are continuously being rated through a number of risk parameters. These parameters have helped to prioritize the efforts in screening our supplier base. The parameters are based on the 10 principles from UN Global Compact.

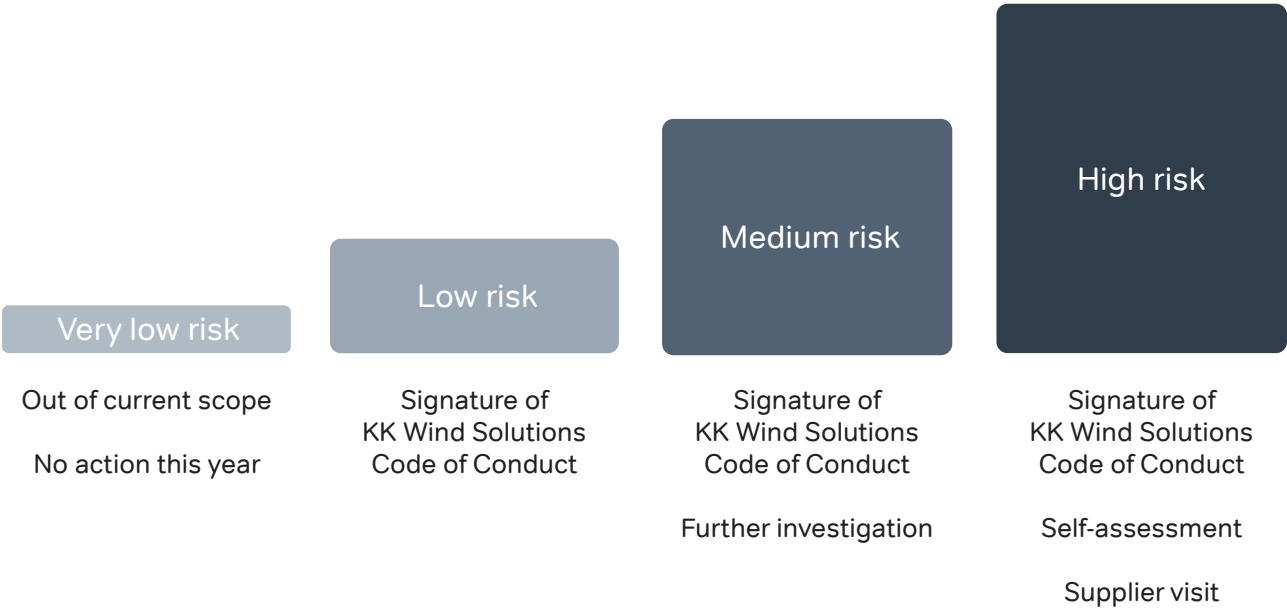


Figure illustrating four different supplier categories that require different actions and levels of attention.

During 2018, we have ensured that all suppliers in the medium or high risk categories sign our Code of Conduct or prove that they live up to the same high standards.

Furthermore, we have assessed suppliers in the high and medium risk category. New suppliers delivering components in the low to high risk category have also signed our Code of Conduct or proven similar standards during own programs, audits or self-assessments.

All medium to high risk suppliers will automatically be assessed and prioritized on ethical matters in the same way as quality is assessed and prioritized.

## New objectives

In 2019, we will increase focus on sustainability and continue to focus on labour rights, health, safety and environmental impact at suppliers and their sub-suppliers. If we discover or suspect any non-compliances with our Code of Conduct or insufficient focus on health and safety, we will block the approval and use of that supplier.

In order to ensure the commitment from our suppliers, we will initiate a new procedure for signing the Code of Conduct. In 2019, all suppliers will sign the Code of Conduct during our quoting process, ensuring that all suppliers have understood and accepted the requirements.

Going forward, we will initiate a new global HR process to ensure that all employees understand and sign our Code of Conduct.



# Creating social impact through collaboration



As a social responsible company, we are committed to support the local communities and regions in which we operate.

In 2018, we decided to contribute and help local communities on a number of areas.

## Universities

In 2018, we three doubled the number of interns as part of our global cooperation with universities.

We entered the 'Energy Sponsor Programme' at Aalborg University which will enable KK Wind Solutions to strengthen technology cooperation while supporting the next generation of Wind Power Wizards. Aalborg University is amongst the best and most acknowledged international engineering universities in the world. In 2018, Aalborg University was ranked best engineering university in Europe and number four worldwide by Best Global Universities.

Furthermore, we sponsored the annual event 'Innovation Days' and graduation prize 'Best Engineering Thesis' at Aarhus University.

## Sustainable IT disposal

In 2018, we made an agreement with FAIR Denmark to handle all our old IT equipment. FAIR Denmark is a non-profit organisation who converts used IT-equipment into IT- and resource centres / digital libraries in secondary schools, in one of the poorest countries in the world, Malawi.

## Sponsorships

We are proud to support local sport activities in the vicinity of our headquarters by sponsoring FC Midtjylland Football, a soccer club playing in the top Danish league.

## Charity

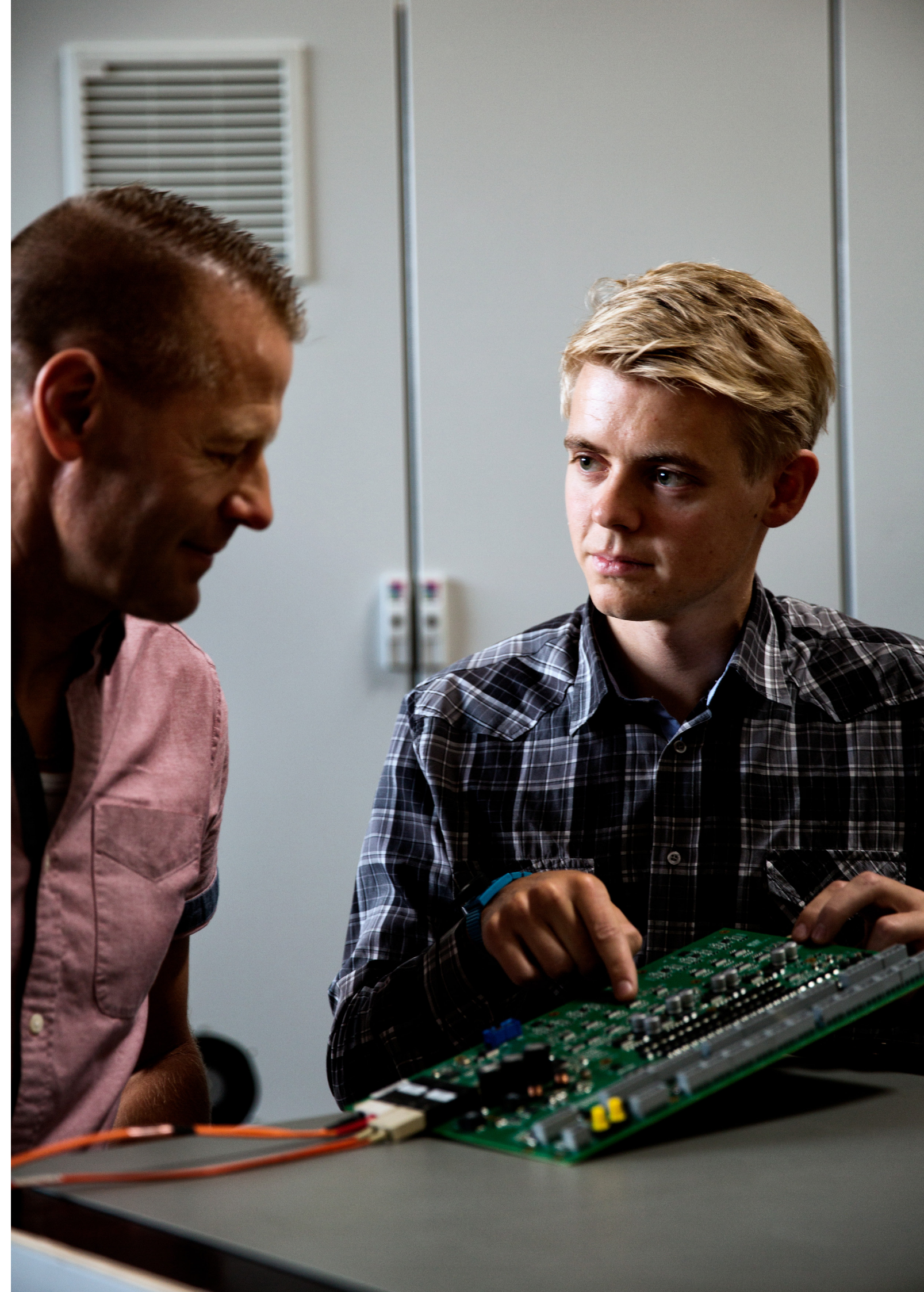
We have provided financial support for the national Danish fundraiser "Knæk Cancer" to help beat cancer.

Among others, we support a Children's home in Poland and SOS Children on a continuous basis.



We are proud to support the local communities and regions in which we operate through various good causes and strong partnerships.

**Chlinton A. Nielsen, CEO, KK Wind Solutions**





# Continued focus on health and safety



It is our goal to maintain a culture that encourages and supports the development of our employees. Furthermore, we are dedicated to ensuring a safe and healthy working environment that meets high ethical standards.

## Status

In the past year, we have sustained the OHSAS18001 certification. This certification ensures our commitment to continuous implementation and improvement of the way we manage our health and safety systems. Moreover, safety awareness has become deeply embedded in our corporate culture and behaviours.

## Progress

Our target was to have a maximum absence of 4.5% for blue collars and 2.5% for white collars. Aiming at achieving zero working accidents, our short term target was to have less than 4 accidents per 1 million work hours.

In 2018, employee absence was reported at 8.46% for blue collars and 2.54% for white collars, while unfortunately 3.6 working accidents per 1 million work hours were registered. We continuously use risk analysis to prevent further accidents.

During 2018, we launched an internal global 'Safety First' campaign for all employees, to further increase safety awareness and behaviour.

The campaign included:

- Safety seminars
- Safety walk training
- Digital mobile solutions for safety registrations
- Safety principles and guidelines

## New objectives

In the coming year, we will continue our effort to embed a strong safety awareness mindset, with the aim of achieving zero accidents throughout the company and a 2019 target of less than 3 accidents per 1 million work hours.

As a concrete action, each manager must conduct safety walks and immediate corrective actions for any near-miss must be performed within one day. Also, we are taking new technologies in use to make it easier to stay safe and to share knowledge with colleagues.

Hence, we continue to focus on both health and safety issues across all departments.



## Safety principles

- All accidents can be avoided
- All dangerous situations can be controlled
- Management is accountable for safety
- People are the determining factor when it comes to safety
- Working safely is a pre-requisite for employment



# Sustainable electricity consumption and increased recycling



As part of the renewable energy industry, we aim at maximising our positive impact on the environment, not only through the products we develop but also through our actions aimed at managing the business in an ever more responsible manner.

## Status

Our production facilities are certified according to the international environmental standard ISO14001, which ensures a systematic organisation and documentation of internal environmental procedures.

For wind to be a viable alternative to traditional fossil fuels, it has to be competitive. At KK Wind Solutions, we contribute to advancing the wind industry by continuously improving our products and developing new innovative solutions that contributes to the optimisation of wind energy. Furthermore, we are working in partnership to extend lifetime and reduce cost of wind turbines.

## Progress

In the past year, our focus has been reducing the environmental impact of our operations and increasing the share of recycled waste to 81,8%. Moreover, we have recycled and partially recycled 95.7% of our waste.

To further raise the awareness of environmental issues, more information about environmental practices and behaviours has been added to the introduction process for new employees.

## New objectives

KK Wind Solutions remains committed to further reduce the environmental impact of the company's operations.

In 2019, we will restructure our power supply to ensure that our global electricity demand is covered by wind power or other renewable energy sources. By entering wind electricity purchase agreements directly with local utilities, we aim to take local climate action. In areas where local utilities cannot enter these contracts, we will purchase certificates to ensure that our consumption is covered by sustainable energy.

New products are expected to be added to the portfolio, however, the target for recyclable waste remains at the current high level.

Furthermore, we are currently developing localised supply chain solutions to support our customers locally in a more sustainable manner.

# 100%

of our global electricity consumption will be covered by wind power or other renewable energy sources in 2019.





# A strong stand against corruption



We are committed never to engage in any form of bribery, corruption, extortion or embezzlement, or any illegal method to influence public officials, the judiciary or private parties.

## Status

Our Code of Conduct ensures our commitment to continuously focus on running our business in an ethical and responsible manner.

However, we see a need for increasing our focus on keeping a very high ethical level as we become an increasingly globalised company. Excellent standards is an essential part of our corporate culture and behaviour.

## Progress

In the past year, our target was to have zero corruption incidents. We have not registered any form of breach on our Code of Conduct in connection with corruption, extortion or bribery.

To ensure that all employees fully understand the importance of following our Code of Conduct this has special attention when onboarding new employees.

## New objectives

KK Wind Solutions remains committed never to engage in any form of corruption, extortion or bribery. We will continue to investigate best possible ways of keeping a culture with very high ethical standards and zero tolerance towards corruption.







### **About KK Wind Solutions**

Building on more than 35 years of experience in electrical systems for wind, KK Wind Solutions' capabilities span development of state-of-the-art technologies, high quality lean manufacturing, cost-efficient supply chain solutions and flexible service of turbines.