

Sustainability

Report 2019



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Powering a brighter 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 report provides 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 are 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 involves close cooperation with universities and industry partners.

Ongoing commitment to sustainability

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

It's in our DNA that we continuously assess and improve the environmental impact 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 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

COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



Sustainable development powered by wind

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

Based on principled prioritisation of all SDG's we 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 supports 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, providing affordable and clean energy to the world.

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.

New objectives

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

In 2020, we will re-access our impact on the remaining development goals, by conducting a self-assessment based on the SDG Lens created by DNV GL.



Governing sustainability while growing the grassroots

To take sustainability at KK Wind Solutions to the next level, a Sustainability Committee with cross-functional participation has been established. This section describes how sustainability is managed and governed.

During the past years, sustainability matters have been passionately communicated by the executive management to mobilise a grassroots movement, uniting people to undertake actions and promote change inside our company.

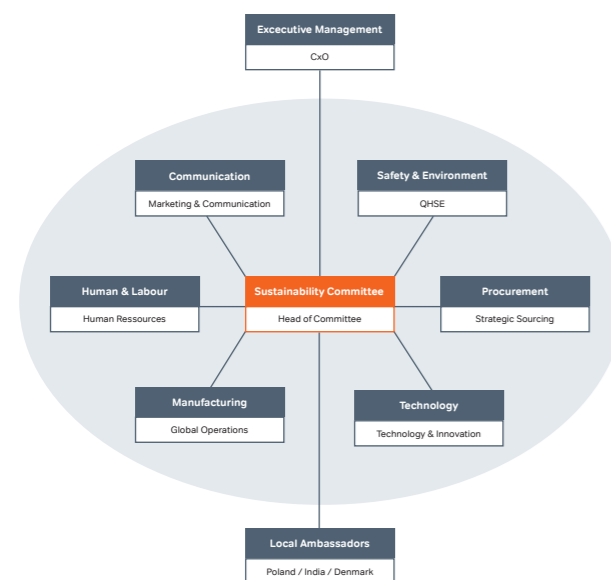
We want to sustain and grow this movement, but realise that to take our sustainability actions to the next level, we need to apply a focused management system and governance.

In 2019, a Sustainability Committee with cross-functional participation was established and will continue to evolve, as our business transformation progresses further.

The role of the Sustainability Committee is to develop, prioritise, oversee, and coordinate cross-functional sustainability initiatives in KK Wind Solutions and ensure sustained conformity according to UN Global Compact.

The committee reports to the Executive Management with a planned meeting frequency of four times a year, bringing proposals for new programmes for approval as and when relevant. The Executive Management receives sustainability strategy updates, and also reviews and approves the annual Sustainability Report.

Responsibility for sustainability performance and responsible business practices resides with the functional departments.



Principles of the UN Global Compact

The UN Global Compact (UNGC) outlines ten principles that companies should embrace, support and enact. A set of core values and fundamental responsibilities in the areas of human rights, labour, 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.



Sustainability framework

Our ambition is to continuously develop our sustainability actions as we remain committed to ensuring that our business practices are safe, responsible and transparent. Hence, we have concentrated our communication 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 active integration with our 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 continue 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 keep developing our highly skilled workforce whose contribution is meaningful and recognised. Our approach includes structured introduction schemes, extensive training and consistent follow-up on safety and performance.

Moreover, we have established a unique global leadership programme educating our people within leadership and cross-cultural collaboration. The programme encourages personal development while empowering people to lead transformation and execute our strategy effectively.

We remain convinced that by focusing even more on leadership, we will be able to tap into a significant pool of so far unutilised and hidden resources, recently documented by our Employee Engagement Survey.



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 sustainable 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 2019, we succeeded in increasing our recycled share of waste to 87% and reducing our heating consumption by 9.6%. However, our electricity consumption increased by 3.9% due to an increase in activity levels across our facilities.

Going forward, we aim at keeping this high level of recycled waste along with maintaining a low level of energy consumption. We continuously ensure that our electricity consumption across our facilities is 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 of following company ethical guidelines despite local culture and practices. To ensure commitment from our employees, we require that 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.

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

Reinforcing our Code of Conduct

We continuously work to reinforce our Code Of Conduct to secure responsible business practices in our operation and towards our suppliers.

Status

We continuously work to ensure that we have the right measures and assessments in place when it comes to ensuring responsible business practices in our operation and supply chain. 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 and comply with our Code of Conduct and require that they sign our Code of Conduct as a part of our supplier contracts.

To ensure our standards are 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 2019, we initiated a process for all employees to sign our Code of Conduct to ensure strong internal understanding and commitment. Signing the Code of Conduct, is now a part of the standard onboarding process.

We continued our efforts emphasising 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.

A significant part of our CSR footprint comes from our supply chain, and we are committed to ensure that our suppliers uphold the same

Our Code of Conduct includes:

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

standards as we put forward. Consequently, all expectations towards suppliers within this area are covered by our Code of Conduct, which is 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 several risk parameters. These parameters have helped to prioritise the efforts in screening our supplier base. The parameters are based on the 10 principles from UN Global Compact.

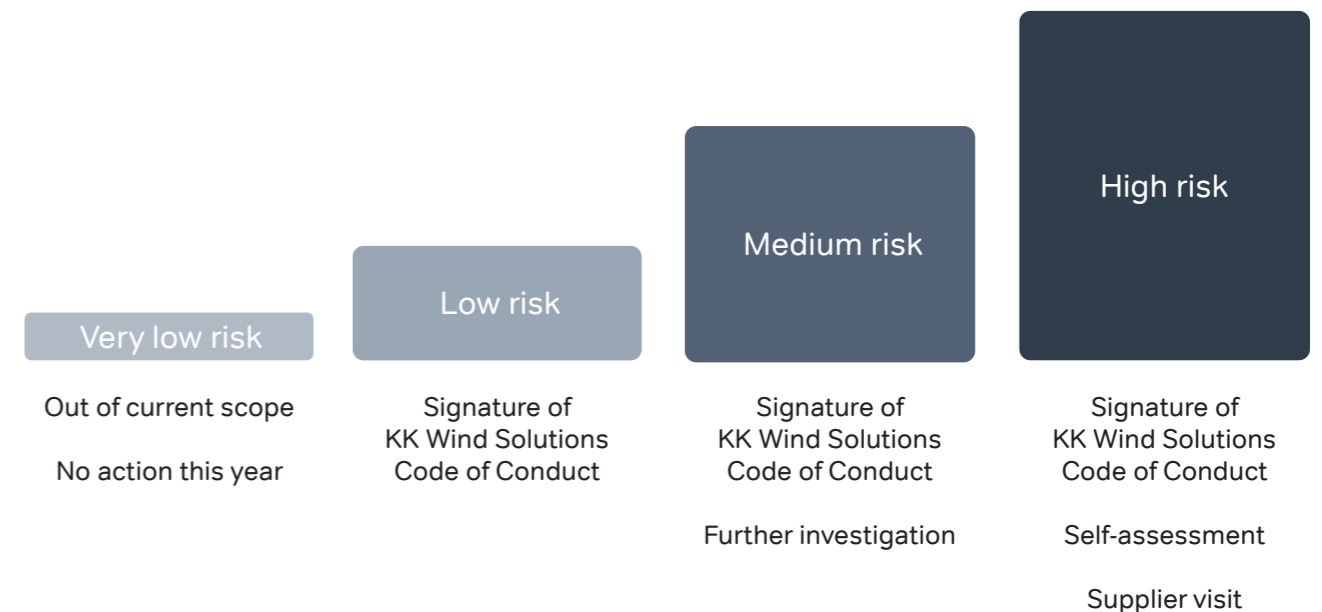


Figure illustrating four different supplier categories that require different actions and levels of attention.

During 2019, 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 prioritised on ethical matters in the same way as quality is assessed and prioritised.

New objectives

In 2020, 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 2020, all suppliers will sign the Code of Conduct during our supplier introduction process, ensuring that all suppliers have understood and accepted the requirements.

Finally, we will ensure that all remaining employees will sign our Code of Conduct by the end of 2020.

Creating impact through **collaboration**



We are committed to the protection of human rights and rights at work. In addition, we support local communities and regions in which we operate.

Status

Our Code of Conduct ensures our commitment towards employee rights at work and responsible business conduct.

Progress

By regularly conducting risk assessments of our suppliers in compliance with our Code of Conduct, we continuously ensure human rights are protected and decent work conditions are provided throughout our supply chain.

New objectives

As we continue expand our global footprint and supplier base, we persistently direct our attention towards human rights and work environment.

Corporate citizenship

In 2019, we decided to contribute and support local communities on a number of areas:

• Universities

In 2019, we partnered with many new interns as part of our global cooperation with universities.

We supported the 'Energy Sponsor Programme' at Aalborg University which enables us to strengthen technology cooperation while encouraging the next generation of Wind Power Wizards.

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

• Partnerships

We are proud to support local sport activities in the vicinity of our headquarter by sponsoring the FC Midtjylland soccer team and Herning BlueFox ice hockey team, both clubs playing in the top Danish leagues.

In addition, we partnered up with Project Wild to help protect some of the last wild places in the world.

We also joined CO2 Neutral Website, to provide visitors with a sustainable online experience.

• Charity

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

Among others, we continuous support SOS Children's Villages.



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 & 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 and will adapt to the new ISO 45001 standard. This certification ensures our commitment to continuous implementation and improvement of the way we manage our health and safety systems.

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 3 accidents per 1 million work hours.

In 2019, employee absence was reported at 6.2% for blue collars and 3.1% for white collars, while unfortunately 7.2 working accidents per 1 million work hours were registered.

We continuously use risk analysis to prevent accidents, and during 2019 many corrective actions were performed and safety awareness further intensified. As a result, we achieved 100 consecutive days without accidents in October.

Building team resilience was an integrated part of the leadership programme we launched in 2019. We see leadership focus on building resilience as a natural part of being a responsible employer and increase employee well-being.

During 2019, we continued our internal 'Safety First' campaign for all employees, to further increase safety awareness and behaviour.

New objectives

In the coming year, we will implement Vision Zero to improve the health, safety and well-being of our employees. This assessment tool will furthermore enhance our knowledge-sharing capabilities across our different sites.

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

Our vision is to achieve zero accidents throughout the company and a 2020 target of less than 3 accidents per 1 million work hours.



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



TOP PROJECTS	
WEEK	34
1.	Jhoké
2.	EFEKTYNNOS
3.	55

Renewable electricity 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 87%. Moreover, we have recycled and partially recycled 97.8% of our waste.

In 2019, we restructured our power supply to ensure that our global electricity consumption was covered by renewables. We entered into renewable electricity purchase agreements directly with local utilities. In countries where local utilities could not provide these contracts, we purchased certificates to ensure that our electricity consumption was covered by sustainable sources.

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

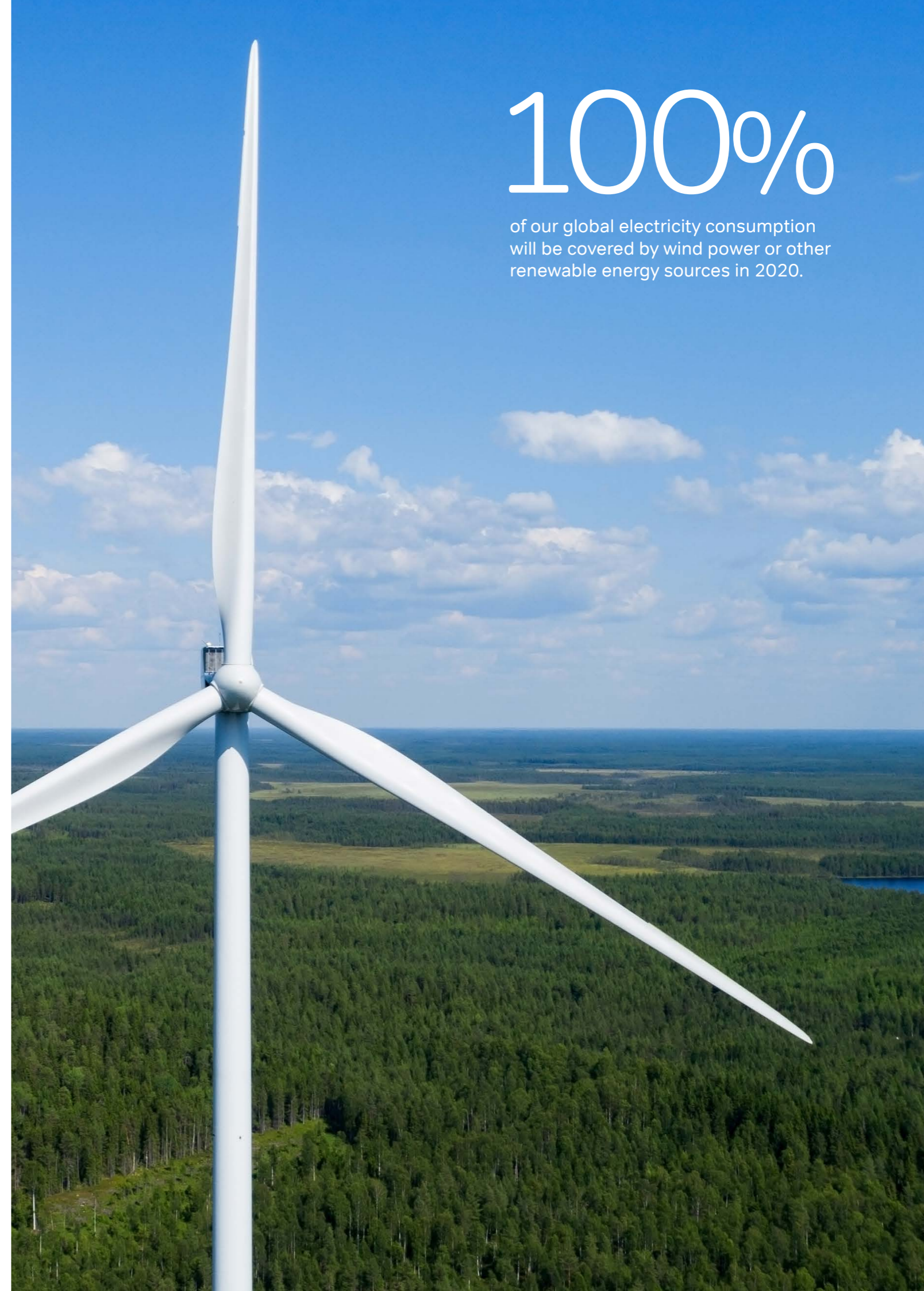
At KK Wind Solutions, we remain committed to further reduce the environmental impact of our operations. We will continuously work towards reducing our energy consumption and ensuring that our electricity consumption is fully sustainable. Our target for recyclable waste remains at the current high level.

New products within energy storage have been added to the portfolio and will be further developed, to remove the need for offshore diesel generators and reduce short term fluctuations in wind power output. By offering repowering and control system retrofit solutions, we strive to increase wind turbines lifetime and performance, providing a strong and sustainable business case for asset owners.

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 2020.



Business ethics and anti-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 and responsible business practices 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. In 2020, we will implement a gift policy detailing when and what type of gifts are appropriate to give or receive as part of a business relation.

We will continue to investigate the 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 electro-mechanical 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.