



Sustainability

Report 2021

We innovate to integrate®

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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.



Leading Sustainable energy

KK Wind Solutions is a leading supplier to the global renewable energy industry – and as such, sustainable technologies and solutions are at the core of our DNA and are reflected in how we operate and govern our company.

This report provides an overview of our sustainability efforts, including focus areas and specific activities in the past year and goals for the coming period.

Integrating sustainability
With a strong company purpose to deliver climate impact and a vision to lead sustainable energy, sustainability is deeply embedded in our business.

Our core competencies, technology and solutions contribute to sustainable energy production, and together with the rest of the industry, we are innovating to lower the cost of renewable energy, making it the most competitive energy source.

Decarbonising our industry
Decarbonisation is a strategic imperative for our industry and our company. In 2021, we established our CO2e emissions baseline based on our operation. We are now intensifying our efforts to decarbonise and become carbon neutral in our operation by 2030.

People make all the difference
We are dedicated to ensuring a safe workplace and a healthy working environment where each employee feels valued and can prosper.

Focusing on people development and diversity, we will tap into a significant pool of as yet unutilised resources and leverage the competitive advantage and talent that diverse teams and inclusive cultures can bring to our business.

Ongoing commitment to sustainability
In KK Wind Solutions, we support and recognise that all the UN Sustainable Development Goals are essential for all people and our planet. We focus our efforts on those within our sphere of influence and where we can make the most significant impact and positive effect.

We are committed to and focused on our corporate social responsibility in the areas of human rights, employees, the environment, anti-corruption and society in general.

Mauricio Quintana
Chief Executive Officer



Strategy and materiality to deliver impact

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

Based on the prioritisation of all SDGs, we have focused our contribution on the targets in SDG 7 and 13.

In 2021, we further integrated sustainability into our business strategy, defining a new and unique purpose for our company, explaining why we do what we do and why it matters. We want to make 'Climate 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 ourselves to make renewables the most cost-effective and sustainable energy source, providing affordable and clean energy to the world.

New objectives

Going forward, we aim to work even more structured with sustainability and the UN Sustainable Development Goals.

We acknowledge that we need to prioritise the increasing number of sustainability issues. In 2022, we will conduct a materiality assessment to map the most significant sustainability impacts against our stakeholders' interests.

Furthermore, we will conduct a thorough analysis of which SDGs we additionally wish to commit to, embracing sustainability from a holistic perspective.



SUSTAINABLE DEVELOPMENT GOALS



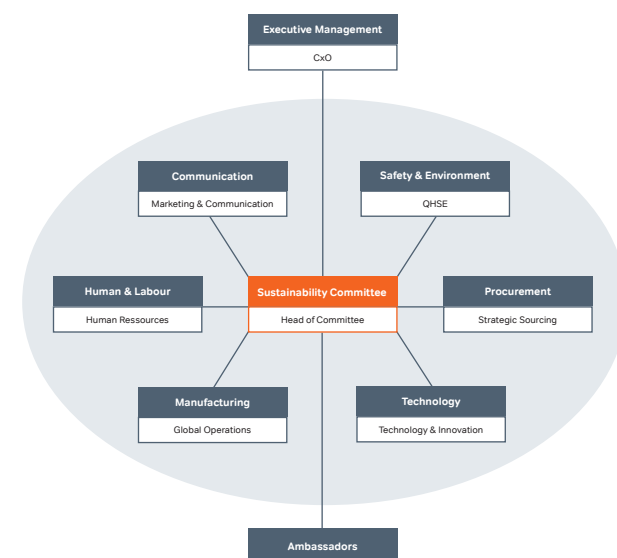
Governing sustainability and anchoring efforts

To advance our sustainability efforts, we performed a CO₂e baseline calculation and developed a sustainability tracker. This section describes how sustainability is managed and governed.

The executive management has passionately embedded a strong sustainability agenda into our strategy to mobilise a grassroots movement, uniting the organisation to contribute ideas, undertake actions and promote change.

To sustain and boost this movement, we have established a strategic Must-Take-Initiative on sustainability to ensure focus, priority and acceleration on initiatives.

In 2019, we established a cross-functional Sustainability Committee to develop, govern and coordinate initiatives while ensuring progress and sustained conformity according to UN Global Compact. We acknowledge that our Sustainability Committee and the surrounding governance need to evolve as we progress to lead transformation within our industry.



The committee reports to the executive management with a planned meeting frequency of four times a year, bringing proposals for new programmes and major investments for approval. The executive management receives sustainability strategy updates and approves the annual Sustainability Report.

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

Tracking sustainability initiatives

In 2021, our Sustainability Committee developed a sustainability tracker to collect ideas and track the progress of activities. In the coming year, we will launch this initiative and encourage employees to contribute with new ideas on sustainability.

Establishing a CO₂e baseline

In 2021, we performed an extensive CO₂e baseline calculation on scope 1 & 2, following the Greenhouse Gas Protocol (GHG) standard for corporate accounting and reporting.

This has enabled us to set new ambitious targets on reducing our consumption, emissions and carbon footprint, which will be further elaborated in this report.



Principles of the UN Global Compact

The UN Global Compact outlines ten principles that companies should support and uphold. A set of core values and fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. At KK Wind Solutions, we have incorporated these principles into strategies, policies and procedures to establish a culture of great integrity.

Human rights

- 1: Businesses should support and respect the protection of internationally proclaimed human rights.
- 2: 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 develop our sustainability actions as we remain committed to ensuring responsible business practices and transparency in reporting on our progress following four themes.



Human rights

Human rights are a precondition for freedom and for responsible and sustainable growth on which we depend as a business. Respect for human rights is rooted in our values and key to our license to operate.

Focus areas

We are committed to protecting 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.

By regularly conducting risk assessments and audits, we reinforce compliance with our Code of Conduct to prevent and address adverse human rights impact associated with our business activities.

With anticipated future growth and globalisation of our operations, we support effective and balanced regulation that promotes a global level playing field for responsible business conduct.



Employees

Our employees are our greatest and most valuable asset. All our employees will be treated fairly in a safe and healthy working environment. We are committed to creating an inclusive working environment where each employee feels valued and can prosper.

Focus areas

We are dedicated to ensuring a safe workplace and a healthy working environment where employees feel empowered. We aim to continue to develop highly skilled employees whose contribution is meaningful and recognised. Our approach includes structured onboarding, annual personal development dialogues, extensive training and consistent follow-up on safety and performance.

We aspire to create an inclusive culture and diverse global workforce where all employees feel a sense of belonging and contribute to their fullest, regardless of gender, age, ethnicity, sexual orientation or religious beliefs.

Focusing even more on people development and diversity, we will tap into a significant pool of as yet unutilised resources and leverage the competitive advantage and talent that diverse teams and inclusive cultures can bring to our business.



Environment

Decarbonisation is a strategic imperative for our industry and our company. We are intensifying our efforts to decarbonise our operations and become as energy efficient as possible, to support our customers to decarbonise their supply chains.

Focus areas

Being part of the renewable energy industry, we aim to maximise 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 increasingly sustainable manner.

Based on the GHG protocol, we direct our attention towards establishing a complete overview of our greenhouse gas emissions. We do this to guide our decarbonisation initiatives to deliver on our goal of achieving carbon neutrality in our operation by 2030.

We continuously ensure that our electricity consumption is covered by wind energy or other renewable energy sources across our facilities.

With a strong focus on reducing waste, we aim to support our customers in producing zero-waste turbines and creating a value chain that generates no waste and enables circularity.



Anti-corruption

Corruption undermines development and destabilises the business environment. We are committed never to engage in any form of corruption, bribery, extortion, embezzlement or any illegal method to influence public officials, the judiciary or any other private parties.

Focus areas

We direct our attention to ensuring that all employees fully understand the importance of following company ethical guidelines despite local culture and practices. To ensure commitment, we require that all new employees to sign our Code of Conduct.

All contracts with suppliers, 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.

We will ensure full compliance with tax regulations in all countries where we operate, being an accountable and responsible taxpayer.

Entering new markets and regions, we will ensure responsible business conduct that complies with legislation on anti-corruption and responsible tax practices.

Reinforcing our Code of Conduct

We reinforce our Code of Conduct to ensure responsible procurement and business practices in our own operation and towards our suppliers.

Status

We work to ensure that we have the proper measures and assessments in place to secure 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 this reason, we will first and foremost focus on our employees and suppliers.

We expect our suppliers to respect and comply with our Code of Conduct and require that they sign the Code of Conduct as a part of our supplier contracts.

To ensure that standards are met, we evaluate our suppliers regarding compliance with the Code of Conduct, UN Global Compact and integrated principles of UN Global Compact.

Progress

To ensure a solid internal understanding and commitment to our Code of Conduct, signing the Code of Conduct is now a part of the standard onboarding process for all employees.

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 risk comes from our supply chain, and we remain committed to ensuring that our suppliers uphold the same standards as we put forward.

Our Code of Conduct includes:

- Legal compliance
- Human rights and labour
- Health and safety
- Environment
- Anti-corruption and business ethics

We will secure a constant commitment from suppliers to our Code of Conduct and recognise the importance of clear communication of expectations and cooperation with suppliers.

To ensure this, we have a supplier compliance setup that oversees supplier sustainability, compliance and quality assurance as well as supporting our supply chain to understand and comply with our values and requirements.

One of the fundamental tools we apply, when monitoring supplier compliance, is our supplier assessment process. A crucial part of the supplier assessment checklist is related to our Code of Conduct compliance and sustainability requirements. Parameters reviewed in that area refer to the 10 principles from UN Global Compact.

New suppliers of critical components will have to undergo a comprehensive assessment process before being approved.

Aside for the supplier assessment for new suppliers, we continuously monitor and regularly follow up with a re-audit process to secure that our suppliers stay in line with our expectations - and keep focus on our principle aspects.

If we, during a supplier assessment or re-assessment, discover any non-compliance with our Code of Conduct or insufficient focus on health and safety aspects, we will block the supplier's approval and use.

New objectives

In 2022, we will further increase our focus on sustainability, especially regarding environmental and climate change aspects. Our goal is to collect CO2e emission data from our supply chain, including transportation impact, as well as improving reporting on environmental compliance from our supply chain.

Going forward, we will keep a constant focus on human and labor rights, health and safety and environmental impact related to our suppliers and their sub-suppliers.



Human rights rooted in our values



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

Status

Respect for human rights is rooted in our values and key to our license to operate. 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 ensure human rights are protected and decent work conditions are provided throughout our supply chain.

New objectives

As we expand our global footprint and supplier base, we will continue to embed human rights into company-wide governance and compliance systems.

Corporate citizenship

We take pride in building strong partnerships and supporting passionate people representing good causes and shared purpose in the local communities and regions in which we operate.

In 2021, we contributed and supported local communities and good causes:

• Universities & education

In 2021, we partnered with many new interns and students as part of our global cooperation with universities.

We supported the 'Energy Sponsor Programme' at Aalborg University, strengthening technology cooperation and supporting the students' educational programme.

In addition, we partnered with Engineer The Future to help educate and inspire children to become engineers and foster the new generation of Green Power Wizards.

• Partnerships

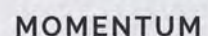
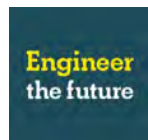
We actively engaged in the Momentum network - a network of wind OEM suppliers working together to advance the sustainability of the wind industry.

We also proudly supported local sports activities in the vicinity of our headquarters by sponsoring the FC Midtjylland football team, the Herning BlueFox ice hockey team and the HH women's handball team. All these teams play in the top Danish, professional sports leagues.

• Charity

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

Among other initiatives, we continue to support SOS Children's Villages.



**Engineer
the future**

Safety, health & wellbeing in focus



Our goal is to maintain a culture that encourages and supports the development of our employees. Furthermore, we are committed to ensuring a safe and healthy working environment where each employee feels valued and can prosper.

Status

We aim to create a strong culture and inclusive work environment focused on high employee motivation, diversity, competency development, leadership and safety by developing our people.

We are certified according to the ISO 45001:2018 Occupational health and safety management systems standard. This certification ensures our commitment to continuous implementation and improvement of the way we manage our health and safety systems.

Progress

In 2021, we started implementing the Vision Zero philosophy to advance the progress of safety, health and wellbeing. The Vision Zero concept is developed by the international organisation ISSA. Vision Zero prevention strategy and its 7 golden rules are tools to measure and manage safety, health & wellbeing at work.

Our target was to have a maximum absence of 4.5% for blue-collar and 2.5% for white-

collar workers. In 2021, employee absence was reported at 6.5% for blue-collar and 2.3% for white-collar workers. Absence was naturally impacted by the global pandemic, and the precautionary measures implemented to protect our employees from spreading the virus and keeping our contractual obligations towards customers has proven very successful.

In addition, we have focused on maintaining a healthy psychological work environment, by offering lectures on stress and mental health in the workplace and using leadership tools to avoid excessive workload and build team resilience. We care for our employees and have a strong support system to help those in need.

Aiming to achieve zero work accidents, our short term target was less than 3 accidents per 1 million work hours. Working intensively on Vision Zero and proactive leading indicators, we reduced our work accidents per 1 million working hours from 3.5 in 2020 to 2.9 in 2021.

New objectives

In the coming year, we will fully implement Vision Zero to improve the safety, health and wellbeing of our employees. This assessment tool will furthermore enhance our knowledge-sharing capabilities across our sites. Our vision is to achieve zero accidents throughout the company. For 2022, the target is less than 2 accidents per 1 million work hours.

To foster a culture that promotes and encourages people development, we aim to have 50% of all senior specialist/manager positions and above filled by internal recruitments by 2030.

In addition, we commit to being a diverse and inclusive company that hires new employees based on competencies regardless of gender, age, ethnicity, sexual orientation or religion. By 2030, we aim to have a minimum of 40% women in managerial positions.



VISION ZERO

What is Vision Zero?

- A mindset: All occupational accident, diseases and harm are preventable.
- A process: Continuous improvements and learning process – rather than a target.
- A culture: Develop a strong culture that integrates both Safety, Health, Wellbeing and Sustainability at work.

Decarbonisation and circularity are key



Decarbonisation is a strategic imperative for our industry and our company. We are intensifying our efforts to decarbonise our operations and become as resource-efficient as possible.

Status

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

As part of the renewable energy sector, we aim to maximise our positive impact on the environment through the products and services we offer and our actions to manage the business in an ever more sustainable manner. We were off to an encouraging start, and many people across our operations are working to support our transition.

For renewable energy to be a viable alternative to traditional fossil fuels, it has to be competitive, and at KK Wind Solutions, we contribute to advancing the industry by developing cost-effective supply chain solutions.

Progress

With a strong focus on reducing waste, we aim to support our customers in producing zero-waste turbines. In 2021, 90% of our waste was recyclable, and 98.8% was partially recyclable.

We continued to ensure that our electricity consumption was covered by renewable energy by entering renewable power 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.

We also accelerated the conversion of company cars from diesel to electric or hybrid vehicles. We installed new car charging stations at our facilities to promote electric vehicles among our employees.

In 2021, we developed a localised manufacturing setup in Taiwan to support our customers locally and in a more sustainable manner.

New products within power backup and Power-to-X are strongly contributing to a sustainable future. By offering repowering and retrofit solutions together with leading condition monitoring, we strive to increase wind turbine lifetime and performance, providing a strong and sustainable business case for asset owners.

New objectives

By reducing waste in our operations and implementing 'Green By Design' and 'Circular Lifecycle' principles, when designing new products, we aspire to create a value chain that generates no waste and enables circularity.

We remain committed to further reducing the environmental impact of our operations and monitoring our decarbonisation progress based on GHG protocol principles. In 2022, we will direct our attention towards establishing a complete overview of our greenhouse gas emissions, including scope 3.

We do this to guide our decarbonisation initiatives to reduce carbon emissions by 50% by 2025 and deliver on our goal to achieve carbon neutrality in our operation by 2030 on scope 1 & 2.

CO₂e

neutral in scope 1 & 2
by 2030.



We aim to make the pursuit of solutions that contribute to a sustainable future, by embedding sustainability into our processes and customer offerings in the years to come.

Mauricio Quintana, CEO, KK Wind Solutions

Establishing our CO2e baseline

At KK Wind Solutions, we acknowledge that a detailed overview of our Greenhouse Gas (GHG) footprint is essential for guiding our GHG reduction initiatives. We follow the GHG protocol to ensure complete, consistent and transparent emission calculations.

In 2021, we performed an extensive CO2e baseline calculation following the Greenhouse Gas Protocol (GHG) standard for corporate accounting and reporting. CO2e (Carbon dioxide equivalent) is describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO2e signifies the amount of CO2 which would have the equivalent global warming impact.

We finalised our baseline calculation on scope 1 and 2 in the baseline year of 2019. The result revealed a baseline of 1,234 tonnes of CO2e. The calculation of our CO2e emissions in 2021 is in progress and results are expected in Q2 2022. Going forward, we aim to conclude past year's CO2e emission data in this report to improve the reporting on our CO2e progress.

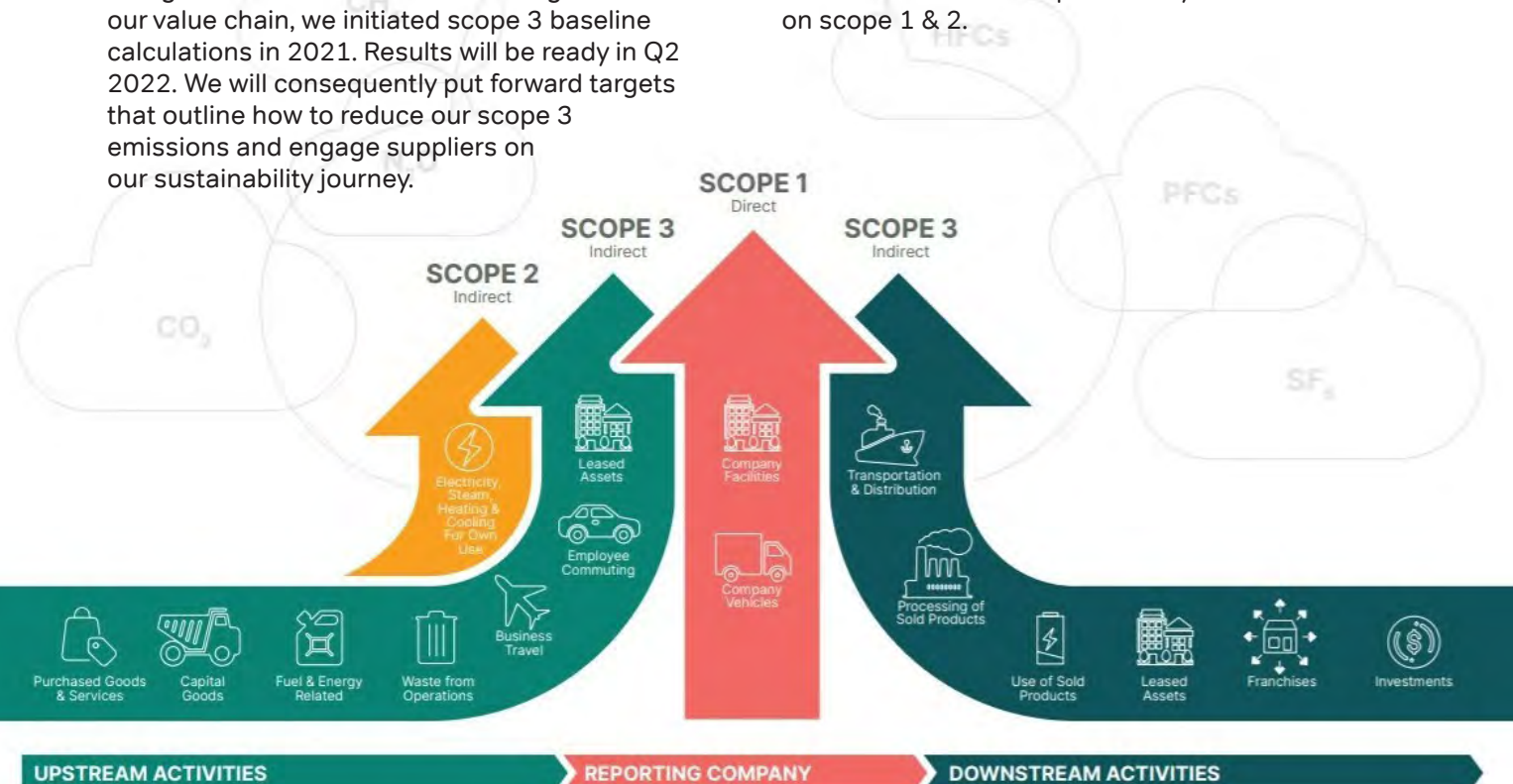
Being aware that most emissions originate in our value chain, we initiated scope 3 baseline calculations in 2021. Results will be ready in Q2 2022. We will consequently put forward targets that outline how to reduce our scope 3 emissions and engage suppliers on our sustainability journey.

New objectives

Our GHG calculations have revealed that stationary combustion in our facilities in Poland contributes to a significant part of our scope 1 emissions. Therefore, we will focus on phasing out gas for heating in Poland and substitute it with electrical heating from renewable energy sources.

We will also ensure that our electricity consumption is covered by renewable energy sources. Our goal is to reduce our CO2e emissions in scope 1 and scope 2 by 10% in 2022 relative to our baseline year, 2019.

Reducing our scope 1 and 2 emissions by 10% is the first step in our journey towards becoming carbon-neutral in 2030. In the coming year, we will put forward a detailed roadmap for becoming carbon-neutral in our operation by 2030 on scope 1 & 2.



Three 'scopes'

The Greenhouse Gas (GHG) Protocol divides emissions into three groups or 'Scopes':

- Scope 1 covers direct emissions from owned or controlled sources.
- Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.
- Scope 3 includes all other indirect emissions that occur in our value chain.

Business ethics and anti-corruption



We are committed never to engage in any form of corruption, bribery, 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 need to focus on maintaining a very high moral level as we become an increasingly globalised company.

We will ensure full compliance with tax regulations in all countries where we operate, being an accountable and responsible taxpayer.

Excellent standards and responsible business practices are essential for our corporate culture and behaviour.

Progress

In the past year, our target was zero incidents of corruption. We have not registered any form of breach of 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, we pay specific attention to this topic when onboarding new employees and leaders.

In 2021, we aspired to train our employees on our gift policy, detailing when and what type of gifts are appropriate to give or receive as part of a business relationship. Unfortunately, we did not manage to complete the training in 2021, however, we are committed to doing so in the coming year.


New objectives

KK Wind Solutions remains committed to never engaging in any form of corruption or irresponsible business practices.

In 2022, we will set up a global whistleblower system with a range of options for our employees to communicate potential corruption cases, irresponsible business conduct or grievances in general.

As we advance, we will continue to seek out the best possible ways of maintaining a culture with very high ethical standards and zero tolerance towards corruption.





About KK Wind Solutions

Building on more than 40 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.