

Sustainability

Report 2020



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Enabling a future powered by wind

KK Wind Solutions is a leading supplier to the global wind industry – and as such, sustainable technologies and solutions are at the core of our company.

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

Passionate about renewables

With a strong company vision of 'Enable a Wind Powered Future', sustainability is deeply embedded in our business and is reflected in the way we operate and govern our company.

We apply the Triple Bottom Line's strategic ideology, staying committed to delivering a positive contribution to our people, planet, and profit. Hence, we continue to focus on developing our people and leaders while delivering a strong contribution to global sustainability.

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

Leading the way through a pandemic

The COVID-19 pandemic affected everybody in 2020 and brought significant challenges to KK Wind Solutions. Being a safety-first company, our priority has been the health and well-being of our employees, their families, and our partners.

All employees have adapted remarkably to new routines and pushed through with projects and customer deliveries, despite sudden and unexpected obstacles.

For this and much more, we owe all our 1,600 colleagues heartfelt thanks as they continue to keep everyone safe across our locations.

Ongoing commitment to sustainability

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

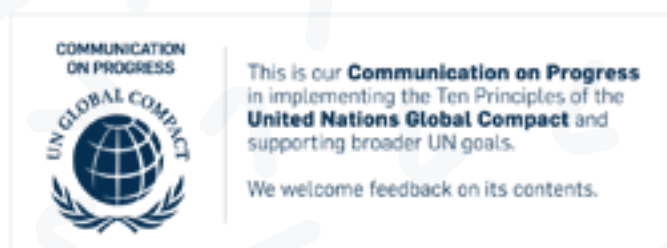
It is in our DNA to assess and improve the environmental impact of our operations. We do this through a product lifetime approach to development, continuous waste reduction in our supply chain and innovative logistics solutions that are both better for the environment and our customers.

In 2021, we have initiated a CO2 baseline measurement in order for us to set new ambitious targets on reducing our consumption and carbon footprint.

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



Kind regards,
Chlinton A. Nielsen
Chief Executive Officer



Accelerating Sustainable development

In KK Wind Solutions, we support and recognise that all the UN Sustainable Development Goals are essential for everyone and our planet. 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 a prioritisation of all SDGs, we remain fully committed to contributing to the targets in SDG 7 and 13. Furthermore, we have started an internal strategic target setting on selected subgoals of SDG 3, 5, 6, 8, 12 & 16.

We have 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 and sustainable 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 2021, we aim to further integrate sustainability into our business strategy and set the baseline for our carbon footprint, driving this throughout our value stream.



Governing sustainability and carbon footprint

To take sustainability at KK Wind Solutions to the next level, the Sustainability Committee has initiated a CO2 baseline calculation following the Greenhouse Gas Protocol (GHG). This section describes how sustainability is managed and governed.

The executive management has passionately communicated sustainability matters to mobilise a grassroots movement, uniting our people to undertake actions and promote change within our company.

To sustain, govern and grow this movement, we established a cross-functional Sustainability Committee back in 2019, which is continuously evolving, as our business transforms.

In 2020, our Sustainability Committee focused on our continued commitment to the 17 SDGs by suggesting setting strategic targets and additional subgoals.

The Sustainability Committee's role is to develop, prioritise, oversee, and coordinate 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 they become 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.

Establishing a CO2 baseline

In 2021, we began to initiate and perform an extensive CO2 baseline calculation following the Greenhouse Gas Protocol (GHG) standard for corporate accounting and reporting, together with leading experts within this field.

This will enable us to set new ambitious targets on reducing our consumption, emissions and carbon footprint. Moreover, it allows us to prioritise our efforts and invest in high impact areas.

The baseline calculation will provide an overview of where our greenhouse gas emission has its sources and increase internal awareness of sustainability. Establishing a baseline will also provide a strong foundation for corporate reporting to a broader group of stakeholders, and drive this agenda across our customers, suppliers, employees, owner and the public.

The assessment will include scope 1 and 2 at KK Wind Solutions' locations: Denmark, Poland, Spain, US, India, Germany and China. In addition, we will start to prepare a scope 3 calculation.

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.

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 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.

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

With an anticipated growth and globalisation of our operations, we persistently focus on safety and human rights, both in regard to our own and collaboration partners' employees.



Employees

Our goal is to remain a company that encourages and supports our employees' development 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 continue to develop our highly skilled workforce whose contribution is meaningful and recognised. Our approach includes structured introduction schemes, annual personal development dialogues, extensive training and consistent follow-up on safety and performance.

Moreover, we have established a unique global leadership programme, educating our managers, key specialists and supervisors 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 and followership, we will tap into a significant pool of as yet unutilised and hidden resources, documented by our yearly 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 increasingly 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 recycled waste.

In 2020, we succeeded in increasing our recycled share of waste to 92%. However, our electricity consumption increased by 5.7% and heating consumption increased by 30% against a target of 3% reduction on the previous year. This was due to an increase in activity levels across our facilities.

In 2021, we will establish a CO2 baseline according to GHG protocol scope 1 & 2. This initiative will help us move forward while maintaining a high level of recycled waste along with a special focus on reducing our energy consumption and carbon footprint.

We 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.

For potential suppliers, we include a review of their anti-corruption policy during our supplier assessment and ensure that all new suppliers sign or are in line with the regulation in 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 work to reinforce our Code Of Conduct to secure responsible business practices in our operation and towards our suppliers.

Status

We work to ensure that we have the right measures and assessments in place to ensure responsible business practices in our operation and supply chain.

We realise that it requires training and integration of our processes to achieve this implementation. For this 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 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 and integrated CSR-measures.

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 CSR footprint 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:

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

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

All suppliers are rated through several parameters, including sustainability aspects. These measures help us locate suppliers who underperform and enable us to work actively with the supplier to get back on track.

To enhance our efforts in achieving the sustainability goals, Global Sourcing re-organised its structure and established a new position focusing on supplier compliance. This position oversees supplier sustainability, CSR and quality assurance as well as supporting our supply chain to understand and comply with our values and requirements.



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

One of the crucial parts of the Supplier Assessment format is a chapter related to Sustainability requirements. Parameters reviewed in that chapter refer to the 10 principles from UN Global Compact.

Missing Code of Conduct found during a supplier audit will be treated as a non-conformance and will trigger an immediate improvement action with an agreed implementation date.

New objectives

In 2021, we will further increase our focus on sustainability, especially with regard to

environmental and climate change aspects and focus on labour rights, health, safety impact at suppliers and their sub-suppliers. If we discover or suspect any non-compliance with our Code of Conduct or insufficient focus on health and safety, we will block the supplier's approval and use.

We will also introduce a complete follow-up and re-audit process to ensure that our key suppliers continue to develop in line with our expectations.

In 2021, our Global Sourcing department will focus on defining a more detailed strategy and create KPI's for supplier sustainability for the coming years.

Partnerships with purpose



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

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

Corporate citizenship

In 2020, we continued to contribute and support local communities in several areas:

• Universities & education

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, enabling us to strengthen technology cooperation and support the students' educational programme.

We also sponsored the annual 'Innovation Days' event at Aarhus University.

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

• Partnerships

We are proud to support local sports activities in the vicinity of our headquarters by sponsoring the FC Midtjylland football team, the Herning BlueFox ice hockey team and the HIH women's handball team. All these teams play in the top Danish leagues.

In 2020, we also joined momentum - a network of wind OEM suppliers working together to advance the sustainability of the wind industry.

We are also partnering with customers and suppliers to rethink and challenge our existing ways and innovate competitive, sustainable solutions. In 2020, we partnered with Vestas to deliver significant sustainability impact across our business, earning us the Certificate of Sustainability Commitment.

• Charity

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

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



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.

Chlinton A. Nielsen, CEO, KK Wind Solutions

Safety, health & wellbeing in focus



Our goal is 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 2020, we adopted the new 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

Our target was to have a maximum absence of 4.5% for blue collar and 2.5% for white collar workers. Aiming at achieving zero working accidents, our short term target was to have less than 3 accidents per 1 million work hours.

In 2020, employee absence was reported at 7.4% for blue collar and 1.8% for white collar workers, while unfortunately, 3.5 work accidents per 1 million work hours were registered. Absence in 2020 was impacted by the global pandemic and the precautionary measures implemented to protect our employees from spreading the virus.

We use risk analysis to prevent accidents, and during 2020 many corrective actions were performed and safety awareness further intensified. As a result, we reduced work accidents per 1 million from 7.2 in 2019 to 3.5 in 2020.

In 2020, we won the prestigious Vestas "Safety Award", recognising the great effort and progress made on our safety journey and the many successful safety initiatives during the global COVID 19 pandemic. In particular, our "Iron Fence" principle has proven very successful.

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. In addition, we have joined the Danish Vision Zero Council.

We will furthermore continue to improve our health and safety culture and launch new initiatives to stimulate stronger preventative safety awareness among all employees.

Our vision is to achieve zero accidents throughout the company. For 2021, the target is 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

Renewable electricity and increased recycling



As part of the renewable energy industry, we strive 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 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 advancing our products and developing new innovative solutions that contribute to the optimisation of wind energy. Furthermore, we are working in partnership to extend lifetime and reduce the cost of wind turbines.

Progress

In the past year, we have focused on reducing the environmental impact of our operations and increasing the share of recycled waste to 92%. We have recycled or partially recycled 98.5% of our waste. In addition, we have set up an advanced sewage treatment plant for wastewater recycling at our facility in India.

In 2020, we ensured 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.

We also continued our conversion of company cars from diesel to electric or hybrid cars.

In 2020, we installed LED lights and sensor-controlled lighting at our facilities in India to reduce our energy consumption.

In addition, we installed a centralised air conditioning system optimising airflow and reducing energy consumption by 30%.

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

New objectives

At KK Wind Solutions, we remain committed to further reducing the environmental impact of our operations. We will create a CO2 baseline according to GHG protocol scope 1 & 2. This initiative will help us to work towards reducing our carbon footprint. Our target for recyclable waste remains at its current high level.

New products within energy storage are making a strong contribution to a fully sustainable wind industry and have already made an impact on offshore wind turbines, removing the need for diesel generators in case of grid-loss. By offering repowering and control system retrofit solutions together with leading condition monitoring, we strive to increase wind turbines lifetime and performance, providing a strong and sustainable business case for asset owners.

Furthermore, we are developing localised supply chain solutions and establishing a more global footprint to support our customers locally in a more sustainable manner and bring growth to societies.



100%

of our global electricity consumption is covered by wind power or other renewable energy sources.

Feature story:

Ingenuity saves energy in **battery testing**

A new test setup has made battery lifetime cycle testing fully sustainable by replacing dump load with a grid converter, feeding electricity back into the power grid.

As part of ensuring superior quality and long product lifetime, power testing needs to be performed. The purpose of testing is to make an accelerated lifetime test of the battery modules for our wind turbine power back up system.

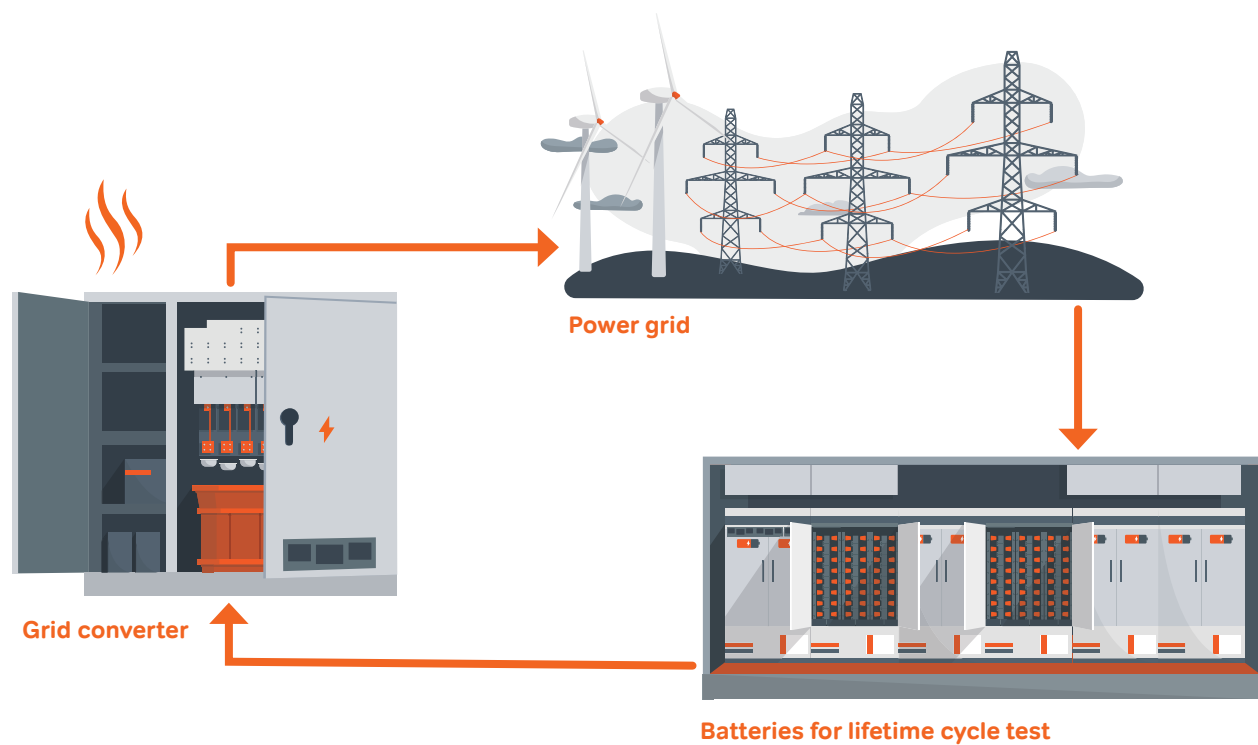
A battery test of the power backup system runs 12 power cycles a day, charging and discharging the batteries. The test setup consumes approximately 1MW electricity per day, and over a test period of 300 days, this becomes quite significant.

Traditionally the electricity in this test setup has been fully consumed by performing a dump load of power.

Our engineers' ingenuity has resulted in a new sustainable test setup to replace dump load with a power grid converter, returning the electrical power in test directly back into the grid.

The new test setup only consumes the heat losses in the electrical power conversion. The remaining discharge power is returned directly to the grid via a grid converter.

This means that over 90% of the power is returned to the grid, saving more than 275MW in the test setup.



+90%

Reduction in electricity consumption when performing accelerated battery lifetime testing.



Feature story:

Promoting a diverse and **wild nature**

Transforming our outdoor areas from a green grass desert into a wild and diverse flower habitat where bees and insects can thrive, and employees can walk, work or rest.

In the spring of 2021, we will join the movement to intentionally make our outdoor areas wilder around our headquarters in Ikast, Denmark. We do this to support biodiversity and help re-establish some of the natural living places and food sources for insects and wildlife in general.

Like many other companies, we trimmed our lawns, ensuring our green areas were well maintained. However, we have come to realise that trimming our grass areas creates a green monoculture desert that is damaging to the biodiversity and further reduces the habitats for wildlife and valuable insects.

We will join this movement to create a local impact by making nature wilder, richer and more diverse. We will do this by re-establishing the wild landscape and sowing various wild flower seeds that are suited to the local wildlife.

When this is done and nature takes over, we will have provided a simple contribution to biodiversity while providing employees with new nature experiences and the ability to conduct outdoor meetings in the wild.

Partnering with WILD

Over the past year we have continued to support the WILD Nature Foundation, consisting of wildlife photographers Helle and Uri Løvevild Golman. Together they have travelled the world, taking breathtaking images of remote locations and endangered animals to support nature conservation and help save the last remaining wild places on our planet.

The purpose of their work is to compile all their stunning images in a limited edition book called WILD, accompanied by a specially designed Montegrappa fountain pen. During 2021, they will present the WILD book and pen to the world's leaders with these words: "With this book, you have the document of the world's last wild places, and with this pen, you have the power to rewrite the future of our planet!"

In 2020, we supported WILD by acquiring 1,400 copies of the WILD book and giving it to all of our employees as a token of appreciation for their extraordinary efforts during the COVID-19 pandemic.



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 to increase our focus on keeping a very high ethical level as we become an increasingly globalised company.

Excellent standards and responsible business practices are an essential part of 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, this is given 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 2021, we will 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.

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



We enable a
Wind Powered Future





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.