

# Sustainability

Report 2022



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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.



### Letter from our CEO

As a leading systems supplier to the renewable energy industry, KK Wind Solutions recognises its responsibility to work actively with sustainability to benefit our customers, employees, and society.

For more than 40 years, we have delivered solutions that promote a future powered by renewable energy, and we have made it an integral part of our company's purpose to deliver a positive climate impact.

Sustainability is deeply ingrained in our organisational culture and reflected in our operations and governance.

This report accounts for our sustainability efforts over the past year, including progress made in different focus areas and new objectives and commitments for the upcoming years.

### Renewable energy as the solution

Achieving net-zero targets and transitioning to a low-carbon future means providing accessible, affordable, sustainable, and clean energy sources to citizens across the globe. As a company, we must continue developing innovative technologies that increase the renewable energy supply and reduce reliance on non-renewable energy sources.

### Our sustainability journey

This past year, we have made significant progress on our sustainability journey. We continue working to integrate our sustainability efforts and maturing our understanding and how we work with sustainability issues and opportunities. We remain committed to reaching carbon neutrality in our own operations by 2030.

### **Prioritising our people**

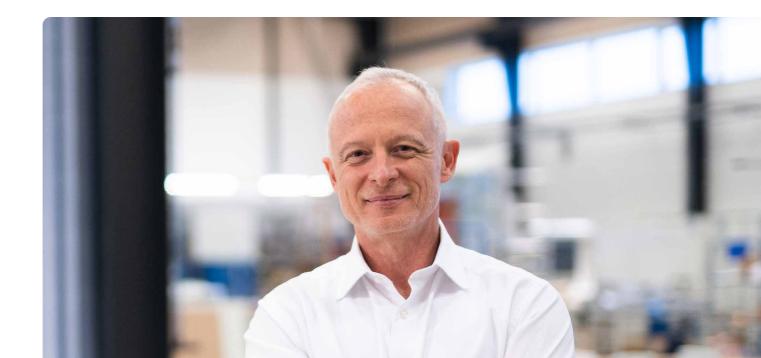
Our employees are vital to our success, and we are committed to continuously building a strong culture that promotes our employees' health, safety, and wellbeing. We will continue to foster a strong culture centred around diversity, safety and teamwork, creating an environment where our employees can thrive and, above all, return to their loved ones safely every day.

### Continuous commitment

As we strive to contribute to the UN Sustainable Development Goals, we focus our efforts on making a positive impact within our domain of influence. We remain dedicated to advancing initiatives that promote human rights, support our employees, protect the environment, combat corruption, and contribute to society at large.

Mauricio Quintana Chief Executive Officer

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# Our sustainability journey

Our ambition is to develop our sustainability program. We wish to integrate sustainability into every aspect of our business, involve stakeholders, prioritise action on key issues, and track progress towards a more sustainable future.

### **Delivering positive impact**

KK Wind Solutions is a leading systems supplier to the global renewable energy industry. Therefore, we are responsible for acting socially and environmentally conscious in the countries where we operate.

Since 1981, we have supplied electro-mechanical solutions and products for wind turbines globally, helping to bring renewable energy to the public.

Sustainability is deeply ingrained in our organisational culture, and we strive to make renewable energy the most cost-effective energy source available, enabling clean and affordable energy to the world.

Regarding our specific efforts within sustainability, stakeholders such as customers, employees, owners, authorities, and local communities expect us to address aspects of corporate risk and responsibility.

As such, the Sustainability report is essential for communicating our sustainability progress to our stakeholders.

### Our progress

Integrating our sustainability efforts into our company's operations and decision-making processes is critical to our success.

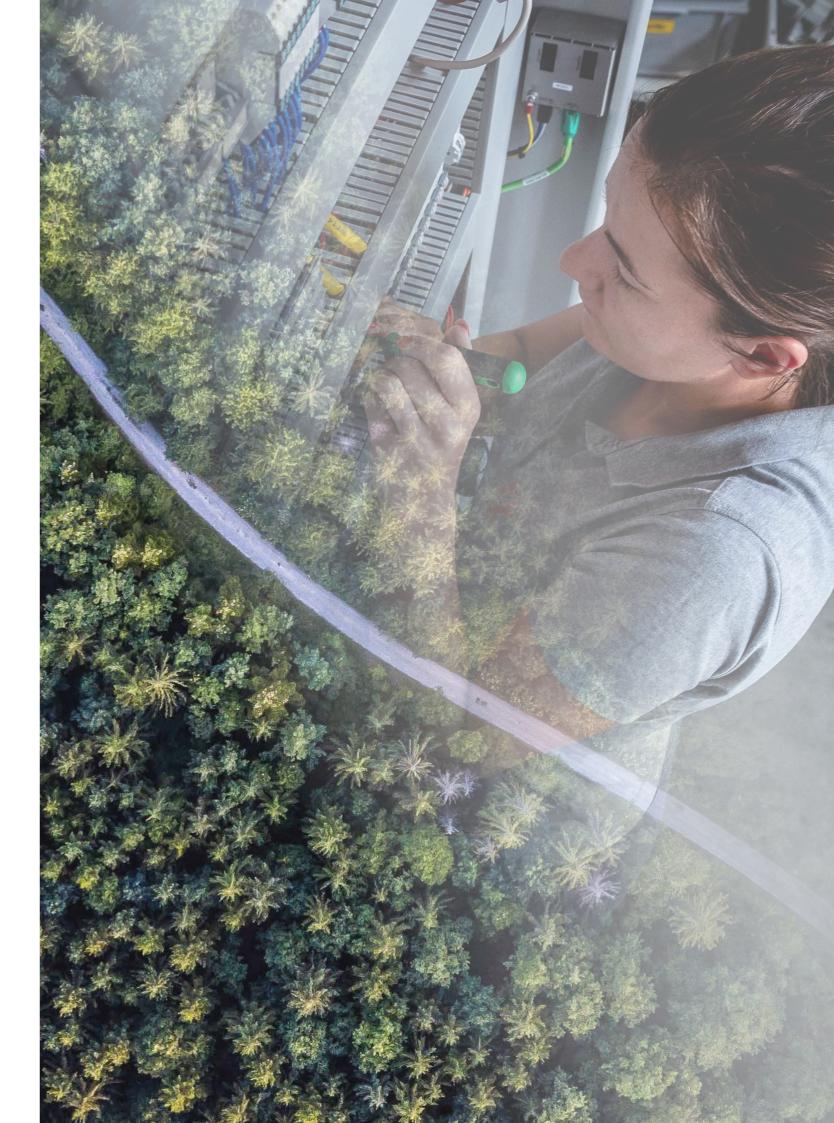
We aim to balance economic, social, and environmental outcomes and create long-term value for our stakeholders.

This includes considering the impact of our business on the environment, promoting ethical and inclusive workplace practices, and ensuring good governance and transparency in our operations.

In 2022, significant progress was made, including:

- Establishing a complete overview of our greenhouse gas emissions (Scope 1, 2 & 3) based on the Greenhouse Gas Protocol (GHG) standard for corporate accounting and reporting
- Completed our first materiality assessment to determine which SDGs to prioritise
- Broadening the range of Sustainable Development Goals we want to work with
- Improve our data foundation, enabling us to strengthen our decision-making

For 2023, the focus will be on further implementing sustainability initiatives and setting measurable targets to monitor progress effectively.



# Core material topics

At KK Wind Solutions, we identify the most important issues for our company and stakeholders through our materiality assessment. This enables us to prioritise our efforts and focus on a select set of United Nations Sustainable Development Goals. where we can have the most significant positive impact.

In 2022, we conducted an extensive materiality assessment to help us determine and prioritise the ESG issues and opportunities of utmost importance and relevance to our company.

This materiality assessment is crucial to provide the blueprint for our ESG efforts, pinpointing the areas with the highest relevance to our operations.

Additionally, the materiality assessment was conducted using a "double principle", meaning all material topics were evaluated by their effect on our business and how our business affects each specific material topic.

It is important to note that our understanding of material topics continues to evolve and will be re-evaluated regularly to ensure that it continuously reflects our material topics and informs our ESG efforts.

Following the materiality assessment and an internal process, we identified five Sustainable Development Goals that our business operations can positively influence, expanding our previous focus from two SDGs.

On the following page, you will find the SDGs that were identified in our materiality assessment, and which we will actively work to address.

Core material topics identified in materiality assessment





### SDG 7 - Affordable and clean energy

Our offerings play a crucial role in the shift towards green energy, contributing to offering citizens cost-effective and green energy options. We will focus on increasing energy efficiency and advancing clean energy technologies, solutions, and services.



### SDG 9 - Industry, innovation and infrastructure

We want to contribute to building resilient and high-quality infrastructure that drives sustainable progress in industrialisation. We will focus on exploring ways in which our research and innovation capabilities can have a positive impact.



### SDG 10 - Reduce inequality

Focusing on our people, we recognise the significance of promoting equal opportunities for all, enhancing diversity, and eradicating all forms of discrimination. We will focus on equality from multiple aspects, not just limited to addressing specific inequalities.



### SDG 12 - Responsible consumption and production

As a leading systems supplier to the global renewable energy industry with a global supply chain, we recognise our responsibility to develop and promote cleaner production and consumption practices. We must and will take steps to support responsible production and consumption methods.



### SDG 13 - Climate action

We will continue to develop products that aid the shift towards green energy and commit to reducing our climate impact through specific initiatives. We seek to become a company that operates with responsibility and consideration for the environment throughout all aspects of our supply chain and understand the importance of mitigating any adverse effects on the climate.

# Governing our sustainability efforts

Our sustainability governance structure supports us in carrying out our efforts, overseeing progress and reporting, and guaranteeing that the overall responsibility is upheld.

In 2019, we established a cross-functional Sustainability Committee, which reports directly to the executive management team. Its purpose is to develop, govern, and coordinate sustainability issues and initiatives while ensuring progress. Our company regularly adapts to external developments, and we adjust our Sustainability Committee according to these changes.

Since its creation, the Sustainability Committee has held meetings once every quarter. As we mature and our sustainability efforts become more anchored in our organisation, our responsibilities have become more evident. Therefore, we have increased our meeting frequency to bi-monthly.

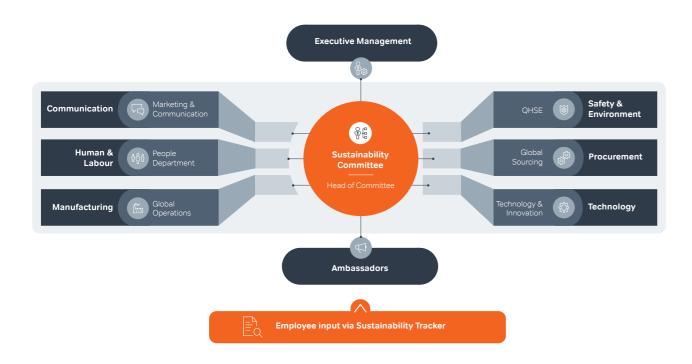
During these meetings, the progress of current initiatives and proposals for new ones are reviewed and approved.

The executive management is updated on the sustainability strategy and approves the annual Sustainability report. The various functions within the company are responsible for ensuring sustainable performance and responsible business practices.

### Sustainability tracker

From our perspective, the best way to contribute positively to the sustainability agenda is to involve and empower employees to contribute with ideas and suggestions.

Therefore, our Sustainability Committee developed a sustainability tracker to collect ideas and track the progress of ongoing activities and initiatives. Launched at the beginning of 2022, it tracks existing initiatives and harvests new employee ideas and suggestions for changes, assessing whether these ideas can be converted into actual activities.





## A guiding framework

With a focus on transparency and continuous improvement, we strive to integrate Environment, Social, and Governance (ESG) considerations into all aspects of our operations, addressing opportunities and goals and creating a positive impact on society.

### New framework

We have implemented an Environment, Social and Governance (ESG) framework to ensure our stakeholders understand how we seek opportunities, progress and mitigate risk around sustainability and ethical issues.

As our work with sustainability continues to mature, this framework will allow us to report our priorities, target-setting, and, most importantly, track the progress of our commitments.

We will continue to work with the UN Global Compact Goals, aligning our strategies and operations with the Compact's ten human rights, labour, environment, and anticorruption principles.

Our commitments to the UN principles are still the foundation of our Sustainability report. Therefore, we have embedded these into our ESG framework, which is directly incorporated into strategies, policies and procedures that secure a culture of great integrity.

We will use the term "ESG" as it is used by many of our stakeholders and emphases how we track and present our progress. In this report, you will find that we use "sustainability" and "ESG" interchangeably.



### **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

As part of the renewable energy industry, we aim to impact the environment positively. We achieve this not only through the products we develop but also by managing our business increasingly sustainably.

Based on the GHG Protocol, we prioritise obtaining a comprehensive overview of our greenhouse gas emissions. This allows us to guide our decarbonisation initiatives effectively and achieve our goal of becoming carbon-neutral in our operations by 2030.

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

As part of our waste reduction efforts, we aim to help our customers produce zero-waste turbines and support a circular value chain. We aim to eliminate waste and promote circularity at every stage of our operations.



### Social

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 employees can thrive and feel valued.

### Focus areas

We are committed to continuously building a strong culture that promotes our employees' health, safety, and wellbeing.

We will continue to foster a strong culture centred around safety and teamwork, ensuring that our employees are protected not just during their work hours but also mentally and physically after they leave the workplace. We want our employees to thrive and feel empowered and valued.

Our approach involves structured onboarding, annual personal development dialogues, extensive training, consistent follow-up on safety and performance, and wellbeing dialogues.

Focusing on people and development, we are committed to building a diverse and inclusive workplace where people are hired based on their skills and competencies and advance in their job, irrespective of gender, age, ethnicity, sexual orientation, or religious beliefs.



### Governance

Corruption undermines development and destabilises the business environment. We are committed never to engaging 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 focus on ensuring that all employees fully understand the importance of following company ethical guidelines despite local culture and practices. We require all new employees to sign our Code of Conduct to ensure commitment.

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 and 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.

# Reaching carbon neutrality in 2030

Reducing the carbon emissions of our company's operations is a crucial and necessary step towards meeting our goal of reaching carbon neutrality. To achieve this, we focus on minimising carbon emissions in Scope 1 and 2 and maximising resource efficiency across our operations.

#### Status

We are focused on delivering products and services that contribute to providing clean energy and improving our operations by reducing our carbon footprint.

Our company is certified under the ISO14001 international environmental standard, establishing a systematic and documented approach to internal environmental procedures.

In 2022, we further progressed on our sustainability journey by completing vital development activities and delivering CO2e target reductions.

### **Progress**

As reported last year, we are committed to achieving carbon neutrality in our operations (Scope 1 & 2) by 2030, relative to our 2019 baseline.

In 2021, we set the important objective of reaching a 10% reduction in CO2 emissions for 2022. We have successfully accomplished this goal and reduced our COe by 33% in 2022, compared to our 2019 baseline.

Regarding maturing our waste cycle and waste reduction activities, we constantly strive to reduce the waste in our supply chain and ensure that materials can be recycled.

We are focused on increasingly reusing and recycling materials and eliminating materials that will end up as landfill waste. Moreover, we have started informing customers about the waste generated.

We have begun defining key performance indicators, which help ensure progress in our sustainability efforts.

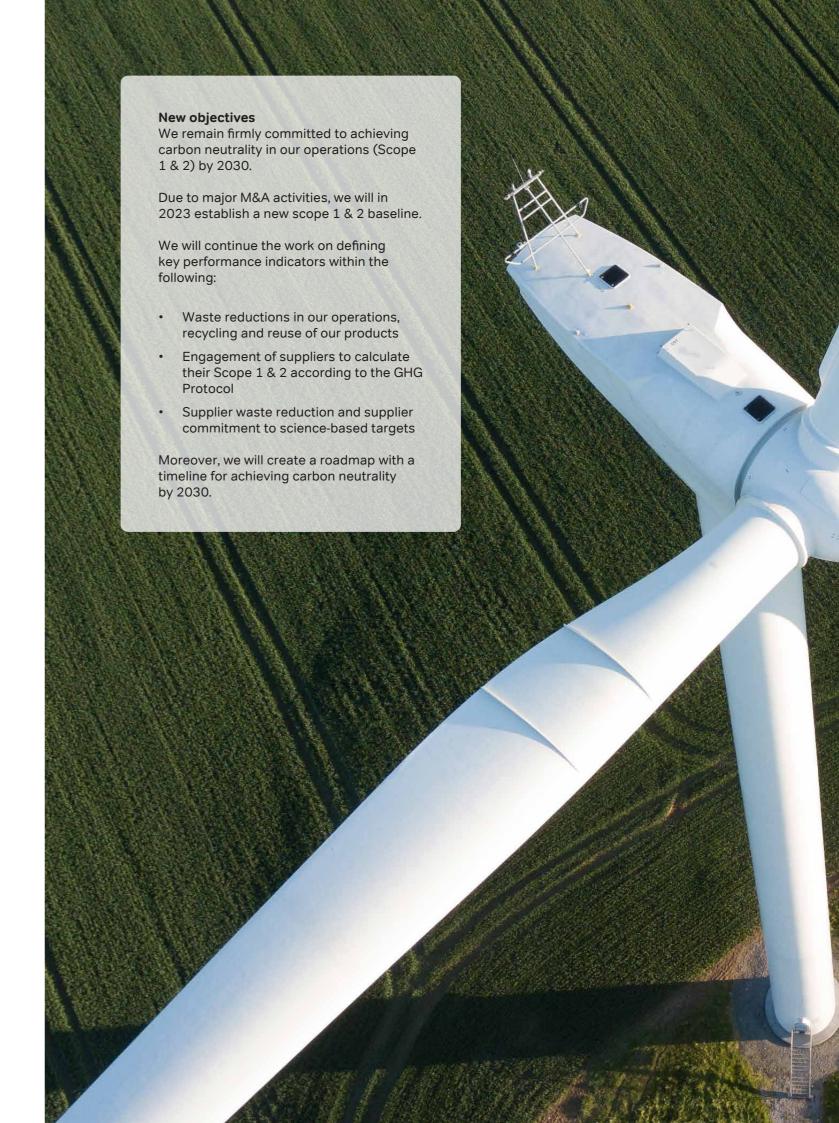
These areas include waste reductions in our operations, recycling and reuse of our products, engagement of suppliers to comply with GHG Protocol, supplier waste reduction and supplier commitment to science-based targets.

Using a market-based method by the GHG Protocol, we have mapped four initiatives across our entire business to help us achieve this carbon neutrality:

- Purchasing renewable energy certificates and power purchase agreements across all sites
- Phasing out the use of gas for heating in owned and rental buildings in Denmark and Poland
- Electrification of our company car fleetboth owned company vehicles and leased company vehicles
- Replacing diesel generators with battery backup in India

Moreover, to support our business strategy and plans for future growth, we have developed a framework for identifying and planning how to reduce carbon emissions concerning acquired businesses.

From an early stage, this framework will allow us to identify the carbon emissions we are acquiring and how to minimise these through various initiatives.



### 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.

### Status

Our CO2e baseline is calculated following the Greenhouse Gas Protocol (GHG) standard for corporate accounting and reporting. CO2e (carbon dioxide equivalent) describes 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.

Our CO2e baseline calculation for Scope 1 & 2 was recorded in 2019 and amounted to 1,496 tonnes CO2e. The calculation is market-based per the GHG Protocol.

### **Progress**

In 2022, we finalised the baseline calculations for Scope 3. The baseline is recorded in 2020 as 110.681 tonnes of CO2e and accounts for 98.7% of our total CO2 emissions (market-based).

As most of our CO2 emissions come from Scope 3, we have decided to work with the Supply Chain Engagement Strategy outlined by the GHG Protocol.

This work includes selecting suppliers, engaging procurement staff, and developing a method for managing supplier data.

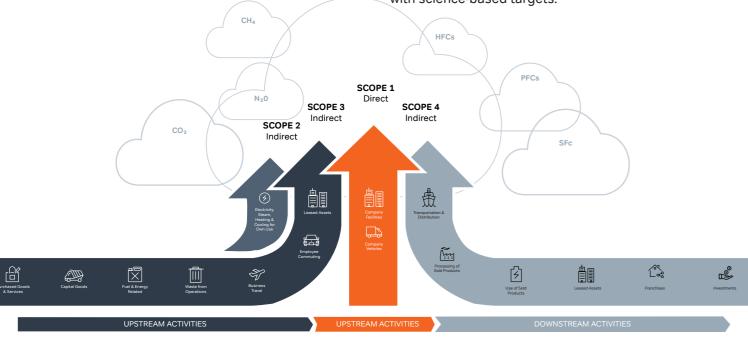
We aim to continuously engage our suppliers to join our sustainability journey, encouraging them to calculate their Scope 1 & 2, so we can quantify the impact of our products and services.

### **New objectives**

In 2023, we are committed to establishing key performance indicators within supplier compliance with the GHG Protocol, supplier waste reduction and supplier commitment to science-based targets.

Based on the Scope 3 baseline calculation, we will begin scoping suppliers covering most of our Scope 3 emissions. After defining key suppliers, we will initiate an engagement program to support them to start calculating their Scope 1 & 2.

Correspondingly, we will educate and support our supply chain for the next steps, including calculating and defining reduction targets aligned with science-based targets.





### Case story

## 3D-printed busbars

Utilising the latest technology and innovation in 3D printing, we have designed a new conductive busbar together with the Danish Technological Institute - a busbar is an essential component for power distribution in a wind turbine.

### Innovating an important component

At KK Wind Solutions, we promote a sustainable future through innovative products and solutions that pave the way for renewable energy. We demonstrate our ability to design and develop more sustainable production practices by developing our new, innovative busbar.

Conductive busbars are essential components in many wind turbine subsystems, including the converter.

Traditionally, busbars are made from copper, which provides lower power loss, voltage drop and electrical resistance than most metal types. However, the traditional busbar forming process relies on subtractive manufacturing, which has a higher CO2 impact.

### 3D-printed innovation

3D printing has the potential to revolutionise production, service, and maintenance by unlocking new design possibilities, optimising material usage, and reducing costs.

Previously, we only used 3D printing on a limited scale for experimentation, mock-ups. scale models and sales models. We have now advanced to a level where we are ready to embrace new opportunities with 3D metal printers.

This technological advancement has significantly increased our innovation capabilities, enabling us to improve the quality of our products and prioritise reducing our carbon footprint.

In close collaboration with the Danish Technological Institute (Teknologisk Institut), we have worked to produce a 3D-printed busbar in aluminium.

### A material with considerable advantages

Aluminium is highly recycled and offers several benefits. Its lightweight properties reduce weight while maintaining a high conductivity level, reducing transport costs. Ultimately, this reduces CO2 emissions and offers a positive climate impact.

> Three key differences between the original busbar in copper and the 3D-printed version in aluminium:

### 1. Weight reduction:

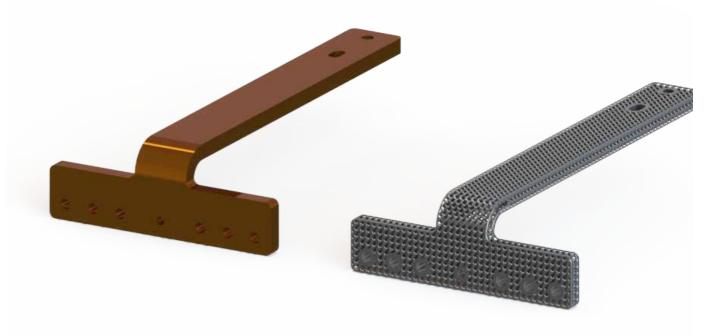
The 3D-printed version is made of aluminium, which on average weighs approx. 30% less than copper while retaining approx. 60% of its conductivity. This weight reduction increases its efficiency and helps reduce transport and logistical costs.

### 2. Savings in material consumption:

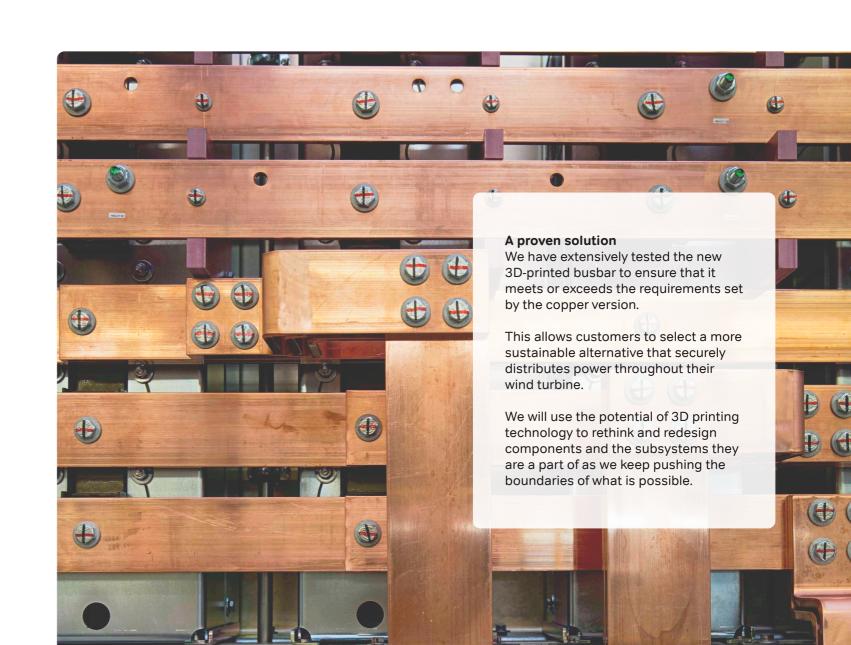
The 3D-printed version achieves a remarkable 96% savings in material consumption, thanks to its choice of material and unique structure.

### 3. Improved cooling:

The innovative design of the new busbar features a large surface area constructed in a lattice structure, resulting in a lighter component and significantly improved cooling effectiveness.



On the left: The original copper busbar. On the right: The 3D-printed busbar in aluminium with its distinct lattice structure.



# Safety, health & wellbeing of our people

We are committed to ensuring a safe and healthy work environment for all employees where each person thrives and feels valued. Furthermore, we aim to foster a strong teamwork culture and support our employees' development.

### **Status**

Our employees are our most important and valuable resource. We are committed to providing a safe and healthy workplace to treat all employees fairly.

We aim to foster a robust safety culture, ensuring that our employees are protected not just during their work hours but also mentally and physically after they leave the workplace.

We are dedicated to providing a safe work environment and promoting health and wellness for our employees. We want our employees to feel empowered and valued.

We support their growth through structured onboarding, regular personal development dialogues, comprehensive training, and ongoing attention to safety and job engagement.

We are certified according to the standards of ISO 45001:2018 Occupational health and safety management systems.

This certification ensures our commitment to continuous implementation and improvement of how we manage our health and safety systems.

In 2021, we implemented Vision Zero – a prevention framework and philosophy. Developed by the International Social Security Association (ISSA), Vision Zero contains seven golden rules that act as tools to measure and manage safety, health and wellbeing.



### **Progress**

This past year, the company as a whole has increased its focus on safety, health and wellbeing, continuing to embed the Vision Zero philosophy further into the organisation.

From a safety perspective, we continue to work towards achieving zero work accidents. In the past year, we have reduced our lost-time frequency rate (LTFR) – defined as the number of work accidents per one million working hours – from 2.9 in 2021 to 1.3 in 2022.

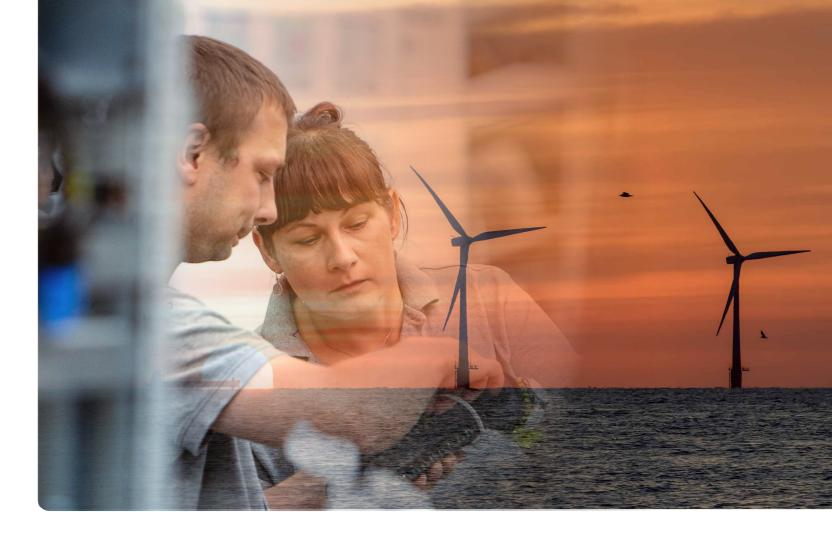
Moreover, we also began developing and implementing preventative initiatives defined as leading indicators.

From a health perspective, we are dedicated to reducing absence across our company. Our current targets for absence are 4.5% for blue-collar workers and 2.5% for white-collar workers. In 2022, blue-collar worker absence declined to record low levels, totalling 5.5%. This is a 1.0%-point reduction compared to 2021.

The absence reduction can be directly attributed to increased attendance conversations we conducted with blue-collar workers at our Polish manufacturing site during 2022.

In contrast, white-collar worker absences increased slightly to 2.6% in 2022, an increase of 0.3%-point compared to 2021.

In 2022, we took various steps to enhance the wellbeing of our people. We conducted an internal investigation of our work environment, focusing on how we can reduce stress and illness.



Based on this, we identified preventative measures which we performed, such as training managers on how to recognise stress, establishing wellbeing guidelines, and setting up a system for conducting dialogues between managers and employees on the topic of wellbeing.

In addition, our annual employee engagement survey now includes questions about the employee's views on health and wellbeing. The survey results provided insights into the areas where we can improve the conditions for our employees.

### New objectives

In 2023, we will continue our work to embed the Vision Zero framework and philosophy into the organisation. This includes developing leading indicators that increase awareness and help prevent accidents from happening. In 2023, our goal is to reach our LTFR target of 1.0.

We aim to foster a work environment that promotes mental health, reduces burnout and stress, and supports our employees to thrive. In 2023, we will establish KPIs to guide our efforts towards improving health and wellbeing.

We will continue building upon the wellbeing initiatives introduced in 2022, ensuring that managers and employees know the guidelines and take advantage of the opportunities for wellbeing dialogues.

We are committed to creating a diverse and inclusive workplace where people are hired based on their skills and competencies regardless of gender, age, ethnicity, sexual orientation, or religion. Therefore, we plan to set KPIs to monitor our progress towards greater diversity and inclusiveness across our company.

Additionally, we remain dedicated to nurturing a culture that supports growth and development for all employees and aims to have 50% of all senior specialist/manager roles filled through internal recruitment by 2030

Currently, 16% of managerial roles in our organisation are held by women. In order to achieve our objective of 40% of women in managerial roles by 2030, we will continue to attract talented women to our organisation and support the professional growth of current female employees through skill enhancement and career development.

# Reinforcing our Code of Conduct

We reinforce our Code of Conduct to ensure responsible business practices in our operations 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 it as a part of our supplier contracts.

Regarding procurement, we ensure that standards are upheld and assess our suppliers in terms of their adherence to our Code of Conduct and the integrated principles of the UN Global Compact.

By frequently performing risk evaluations and audits, we reinforce compliance with our Code of Conduct to prevent and address adverse human rights impacts associated with our business activities.

From a compliance standpoint, we require employees to read and sign the Code of Conduct as part of their onboarding, ensuring that employees understand the objectives of our Code of Conduct and our commitments.

### **Progress**

In 2022, we further increased our focus on sustainability, especially regarding environmental and climate change aspects. Our goal is to collect CO2 emission data from our supply chain, including transportation impact, and improve

### **Our Code of Conduct includes:**

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

reporting on environmental compliance from our supply chain.

We continue to emphasise the importance of safe working conditions and effective processes and anticipate that our suppliers and their respective sub-suppliers abide by and maintain these standards.

A substantial portion of our risk originates from our supply chain, and we remain committed to ensuring that our suppliers adhere to the same standards we establish.

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 and supports



our supply chain to understand and comply with our values and requirements.

Our supplier assessment process is one of the fundamental tools we apply when monitoring supplier compliance. A crucial part of the supplier assessment checklist relates to our Code of Conduct, compliance, and environmental and sustainability requirements.

New suppliers of critical components will have to undergo a comprehensive assessment before approval.

Aside from the supplier assessment for new suppliers, we continuously monitor and regularly follow up with a re-audit process to ensure that

our suppliers stay in line with our expectations - and keep the focus on our principle aspects.

If we uncover any non-compliance with our Code of Conduct or inadequate attention to health and safety concerns during a supplier evaluation or reevaluation, we will revoke the supplier's approval and utilisation.

### **New objectives**

In 2023, we will continue to reinforce, assess and ensure compliance on human and labour rights, health and safety, and environmental impacts of our suppliers and their sub-suppliers.

# Business ethics and anti-corruption

We are committed never to engaging 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 affirms our dedication to consistently conducting our business in an ethical and accountable manner. However, as we become a more global company, we must maintain high ethical standards.

All agreements and contracts with suppliers, agents, intermediaries, and consultants contain anti-corruption clauses. The contract holder must comply with all applicable laws and regulations and our Code of Conduct.

We will ensure full compliance with tax regulations in every country we operate, acting as responsible and accountable taxpayers. High standards and responsible business practices are fundamental to our corporate culture and behaviour.

To ensure that all employees are fully aware of the significance of complying with our Code of Conduct, we give special consideration to this subject during the onboarding process for new employees and leaders.

### **Progress**

In the past year, our target was zero incidents of corruption. We have not registered any breach of our Code of Conduct concerning corruption, extortion or bribery.

In 2022, we established a global whistleblower system accessible via our website. It functions as a system of early detection, allowing our employees and other stakeholders to bring attention to potential corruption, irresponsible business behaviour, and non-compliance with regulations or internal policies.

To maintain the complete anonymity of the reporter, the platform is operated by an external partner. The whistleblower system is crucial for us to maintain ethical business conduct and behaviour whilst preserving the trust of our customers, employees, and the public.

### **New objectives**

KK Wind Solutions is steadfast in its commitment to avoiding any form of corruption or unethical business practices.

As we progress, we will persistently strive to cultivate a culture with the highest moral standards and an unwavering intolerance towards corruption and unethical business conduct.

