Sustainability at KAEFER
Yesterday, today, tomorrow
Eight years ago, when I started building the sustainability department at KAEFER, we discussed what name to give it. CSR – the most commonly used name in those days? Sustainability? Or “simply” Responsibility? We needed a name which made it clear that our focus was broader than just the ‘social’ elements of business, a name which spoke to a mindset – a sustainable and responsible way of doing business. After much thought, we went for Corporate Responsibility and Sustainability.

During the last eight years, the department has worked hard to help everyone in the company embrace sustainability. In part, this has involved supporting the efforts to develop environmental, social, and charitable initiatives. To some extent, it has involved drawing attention to a fact in which we can all take pride. KAEFER is a sustainable company, which cares about the health and safety of its employees. The company was founded nearly 100 years ago to reduce the energy waste on ships sailing from the port of Bremen, and our achievements over the past century can be traced to a determination to always think in the long-term.

While the department acts as a focal point, it’s our employees – in every one of the more than forty countries in which we operate – who have to take credit for putting our sustainable principles into practice. If we don’t talk about sustainability as much as we used to, it’s because it has become intrinsic to the way we do business. After much thought, we went for Corporate Responsibility and Sustainability.

During the last eight years, the department has worked hard to help everyone in the company embrace sustainability. In part, this has involved supporting the efforts to develop environmental, social, and charitable initiatives. To some extent, it has involved drawing attention to a fact in which we can all take pride. KAEFER is a sustainable company, which cares about the health and safety of its employees. The company was founded nearly 100 years ago to reduce the energy waste on ships sailing from the port of Bremen, and our achievements over the past century can be traced to a determination to always think in the long-term.

While the department acts as a focal point, it’s our employees – in every one of the more than forty countries in which we operate – who have to take credit for putting our sustainable principles into practice. If we don’t talk about sustainability as much as we used to, it’s because it has become intrinsic to the way we do business. Sustainability lies at the heart of everything we do.

At KAEFER, we aim to secure our future through prioritising strong economic performance, health and safety, quality, climate protection, long-term employment and great customer relationships. The KAEFER strategy RED (Recognised, Efficient, Different), commits us to a philosophy of continuous improvement through non-stop evaluation of processes and practices at all levels, divisions, and regions of the company.

Sustainability follows a long tradition at KAEFER, starting with the founder’s original idea to improve energy efficiency through cladding the walls of ships with peat. This is where we come from. Today, our approach to sustainability consists of four equal dimensions – economic, social, environmental and cultural – supported by our vision “to eliminate the energy waste” and the three core principles at the heart of the KAEFER business strategy:

1. We care for the health and safety of our people and our environment.
2. We base our long-term client relationships and profitability on excellence in quality and continuous process improvement.
3. We respect cultural differences and promote value-based, entrepreneurial leadership.

Occasionally, however, it is important to make time to review our achievements. The purpose of this Sustainability Report is to talk about our continuing work in this area. Due to the space available, it has only been possible to feature a small selection – an overview which barely captures how many KAEFER people around the world are engaging and participating.

So, let me take this opportunity to thank you all for your constant ideas and support! I hope you enjoy 2015’s relatively short report. We are currently upgrading our sustainability reporting to bring it in line with Global Reporting Initiative (GRI) standards, from G3 to G4 and plan to publish a more comprehensive document for the year 2016.
A recognised partner

Organised to address project-specific needs, KAEFER is composed of three divisions: Industry, Marine & Offshore, and Construction. They offer services including Insulation, Access, Surface Protection, Passive Fire Protection and Interior Outfitting.

Here are some project highlights from 2015:

**Industry**

An 88,917m² insulation project at the E.ON Benelux Maasvlakte PP3 Power Plant in the Netherlands.

A maintenance project requiring 252,000 man hours of insulation and 35m high access at the ESKOM Power Station in South Africa.

A 750,000 man hour access project for the Tokuyama Poly-Silicon (Petrochemistry) plant in Bintulu, Malaysia.

**Marine & Offshore**

Interior outfitting of the Disney Magic cruise ship, which included refurbishment of the restaurant, spa, and retail shop. KAEFER handled design, steelwork, HVAC, interior finishing, logistics, and material supply. A follow-up project is already on its way – the Disney Wonder cruise ship.

A maintenance contract for the Gjøa platform owned and operated by the GDF Suez Group, which included thermal and acoustic insulation, access management, surface protection, and material supply.

**Construction**

Passive fire protection for the European Central Bank: installation of structural steelwork whilst operating at heights of up to 80m using special access systems.

Employees per region

- WEU (15%)
- LATAM (24%)
- CEE (31%)
- CONMAR (11%)
- MESA (14%)
- NASA (4%)
- Holding (1%)

Employees per category

- Total
- Blue Collar
- White Collar

Based on the data for the following countries: Australia, Austria, France, Germany (Bremen), Norway, Poland, Qatar, South Africa, U.A.E., UK and Vietnam (Due date 31.12.2015)
Although a global problem, the effects of HIV have been at their devastating worst in sub-Saharan Africa. For management and staff at KAEFER South Africa it was personal, as valued colleagues succumbed to AIDS and HIV related illnesses. In 2005 alone, an estimated ten employees lost their lives due to these causes, from a total workforce of 800. And all indicators suggested that worse was to come. KAEFER began to look for ways to help.

Nils Ritterhoff (at the time, Executive Assistant to the Chairman of the Board Norbert Schmelzle, now Regional Director WEU) got involved with the Relief Programme early. In addition to his work at KAEFER, he had also been pursuing a Master’s Degree in International Relations. With KAEFER’s encouragement, he studied the situation in South Africa carefully before producing a report entitled ‘Recommendations for an HIV/AIDS workplace programme in the low wage sector’.

Nils takes up the story:

“The KAEFER AIDS Relief Programme was launched in 2005. There were sound economic motives behind the initiative – the company invests significant time and money in training staff – but these were far from the prime considerations. These were men on low wages, often without access to adequate medication and care, and the desire to help was very evident, both in South Africa and in Bremen. Funds were made available to run a general awareness campaign, distribute condoms and provide staff with anonymous access to testing and counselling. My report was intended to make sure the time and money given by staff and management were spent effectively. To do this, it rapidly became clear we needed outside expertise. Too often, people stopped taking their medication as soon as their symptoms were under control. When symptoms reappeared, the virus had developed resistance to the most widely available and cost-effective treatments.”

To meet this challenge, we needed a partner with the resources to create case management and tracking systems, and supply medication – and were lucky enough to find one in GIZ (the Deutsche Gesellschaft für Internationale Zusammenarbeit, or German Society for International Cooperation).”

Clearly, the problem of AIDS hasn’t gone away, but this partnership proved its worth many times over, and not only for KAEFER employees. Our formal cooperation with GIZ came to an end in 2009, but not before we had gained the necessary expertise to ensure the continuation of the programme and not before, we were able to demonstrate that companies in the ‘low wage sector’ can engage with the problem of HIV/AIDS in a meaningful way, to help create lasting solutions.

Over the years, KARP has become an integral part of KAEFER’s Corporate Responsibility Strategy. For me personally, it was a great privilege to be involved. Carrying out the initial analysis, combining the energy and goodwill at KAEFER with the expertise provided by GIZ, led to the creation of an effective, professionally run program which continues to have a very positive impact on lives today. Now run by KAEFER alone, it has also helped the company to become an active part of the communities in which it operates.
Health and safety is our number one priority

SafeDay 2015

Promoted by the UN and International Labour Movement, World Day for Safety and Health at Work takes place on April 28 each year. Its aim, to highlight the importance of safe working practices and fair conditions, made this the perfect day to launch a number of KAEFER initiatives with a special focus on behavioural safety.

First and foremost among these was the KAEFER Health and Safety quiz, designed to raise awareness of the key issues. Launched on April 28 to coincide with Safeday, the 25 prize winners were drawn in July from the nearly 5,500 entries we received from around the world.

Huge thanks to everyone who took part!

Rolling out the KAEFER Global Safety Culture program

Since SafeDay 2015, 2,700 KAEFERites have taken the opportunity to suggest ways in which health and safety can be improved. We are grateful for every contribution and are hard at work incorporating these into the roll out of our global safety culture program.

Following pilot events in Great Britain, Germany and Poland, HSE experts from all over the world visited Bremen in November to attend the annual HSE Council Meeting, and take part in the company’s unique ‘safety culture training course’. Designed with Oliver Vibrands, a recognised leader in the field of applied psychology, the course focuses on the theme of transformational leadership and helps prepare our HSE experts to act as ambassadors and implement KAEFER safety culture around the world.

KAEFER – Moving towards a global safety culture through shared values

<table>
<thead>
<tr>
<th>Standards</th>
<th>Comportment</th>
<th>Stakeholders</th>
<th>Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unifying the group through common standards</td>
<td>Encouraging and helping staff to be better every day</td>
<td>Improving stakeholder management by demonstrating high HSE standards</td>
<td>Making sure that all incidents are reported and standardising the process across all KAEFER entities</td>
</tr>
</tbody>
</table>

KAEFER Group safety figures for 2015

TRCF - Total Recordable Case Frequency, LTIF - Lost Time Incidents Frequency

A big thank you to KAEFER employees around the world for outperforming targets for both key indicators - lost time injuries and total recordable cases.

Pink October, Blue November

KAEFER in Brazil, through its subsidiary RIP Servicios Industriais, plays an active role in the worldwide "Pink October" and "Blue November" campaigns, designed to raise awareness of breast cancer and prostate cancer respectively.

Both these forms of cancer are common, but responsive to treatment if diagnosed early enough. The campaigns emphasise the potentially life-saving importance of regular self-examinations and visits to the doctor.

Go the extra mile!

Across the world, many KAEFER people like to run – to keep fit, promote teamwork and raise money for important causes. In Vienna, staff took part in the 14th Business Energy Run, and in Paris, many completed the 16km course from Paris and Versailles. In Bremen alone, staff took part in three separate events in 2015:

In July, more than 50 KAEFERites – all in bright RED running shirts – took part in the 8th BMW ‘Firmenlauf’. Being first is not the true purpose of the run – team spirit and solidarity are more important. The KAEFER team included runners of all ages and abilities, from across departments at the Bremen Headquarters and Branch Office. Every runner completed the course at their own pace, then waited at the finish to cross the line as a team. The money raised went to a great cause – the Special Olympics Bremen, a charity which helps disabled people take part in sporting events and competitions.

The KAEFER Running Team also took part in the Nachtlauf, or Night Run, in Bremen to collect money in support of colleagues affected by the terrible earthquake in Nepal; and the Venuslauf, in support of cancer patients in Bremen.
**We care for the environment**

**“Ton kla” in Thailand**

“ton kla” is a Thai expression to describe people whose actions are motivated by a desire to help the community and spread happiness.

In recent years, KAEFERites in Thailand have replanted communal areas used by the Ta Guen community at Sai Thong beach, built a dam at Yai Da Hill and, in August 2015, pitched in to help clean a three-kilometre area of Khao Leam Ya-Mu, on the beautiful island of Kho Samet. Plans are already well underway for 2016, forging employee unity and developing environmental awareness among staff and within local communities. Congratulations to everyone involved, and especially to KAEFER Thailand’s Corporate Social Responsibility team for harnessing the spirit of ‘ton kla’.

![Image of KAEFERites in Thailand helping to clean Khao Leam Ya-Mu](image)

**KAEFER and Offshore Wind Solutions (OWS)**

Financed by the German government, KAEFER is one of thirteen companies and four research institutes that are pooling their expertise in the state of Mecklenburg Vorpommern, attempting to drive improvements in the next generation of offshore wind terminals. KAEFER’s particular focus is storage. The wind does not always blow, and solving the problem of storage is a crucial step on the path to a more sustainable future.

The KAEFER Corporate Competence Center Liquefied Gases department (CCCL) are exploring methods of storing energy with cryogenic liquefied gas. If successful, this could lead to huge increases in efficiency.

"TON KLA"
KAEFERites in Thailand help to clean the area of Khao Leam Ya-Mu

**ESOS Energy Audit**

In 2015, as part of the Energy Savings Opportunity Scheme (ESOS), KAEFER UK was required to gather, collate and submit information relating to over 90% of the company’s energy use, as well as identify areas where energy savings can be made in the future.

KAEFER UK were applauded by the assessors for having already implemented so many energy saving initiatives, including wind turbines, sensor light switches and LED lighting. A small number of further opportunities were identified, and we are currently looking at these as part of our ongoing commitment to eliminating the energy waste.

**KAEFER’s future rests on finding the right people**

At KAEFER, we are committed to long-term employment and career development, and so it’s a source of huge pride that nearly half of all employees in Germany began as apprentices, including four of the company’s most senior executives.

2015 marked 80 years of apprenticeships in Germany, offering a chance to look back at a long history of investing in the future. At a celebration to mark the anniversary, the latest generation put on a show for invited guests – staff, external partners and former apprentices – providing an entertaining insight into life in the workshops, on sites, and in the office. For those of you who missed the show, it’s available on the KAEFER YouTube channel.

**Uncovering potential through sport, developing it through experience**

Good people are key to KAEFER’s success, and the company participates in a number of initiatives to make sure we find the best. One example is the KAEFER-Trophy; a football tournament which took place for the third time in 2015, attracting more than 320 young men and women from 15 schools to the Sportgarten in Bremen. Between matches, KAEFER employees answered questions, and gave prospective apprentices a taste of life at KAEFER, making 90° bends in pipe insulation and building ceiling models.

Also on hand were current apprentices Tomasz Frelichowski (insulation fitter) and Janek Jüder (interior outfitter), who had returned from a one-month placement in South Africa. Organised in partnership with iSithumba Sportgarten, the programme is now in its fifth year. Tomasz and Janek helped renovate several classrooms at Buhlebethu Primary School; the work was rewarding, and both young men gained a huge amount from the experience. Above all, they were delighted by the warmth and gratitude of the people they met.

In some countries, diesel generators are used to produce energy. For Vietnam, Norway and France, electricity is also used for production workshops.

EN4 Electricity consumption per capita in kWh
Geoffrey Godoy reflects on the strong bond between KAEFER staff in the United Arab Emirates, and the extraordinary response to the terrible earthquake in Nepal.

KAEFER employees in the Middle East are an extraordinary group, especially when you consider that 95% of the workforce, performing to the very highest standards in extreme heat, are expatriates living thousands of miles from their homes and families.

In my eight years at KAEFER, I’ve often been moved by the impressively strong bond this has created among employees, and their high levels of engagement in the expatriate community as a whole – unfortunately, there are companies in the region which refuse to offer the same rights, benefits and working conditions as KAEFER.

In cooperation with the Valley of Love, a non-profit organization dedicated to improving the quality of life for exploited expatriates in the United Arab Emirates, money has been raised by the company and its staff to meet the hospital bills of a child who needed heart surgery and a teenager who needed a kidney transplant. They have provided financial assistance to the families of sick or injured workers, and helped with visas and repatriation costs. There is also a free medical camp annually in cooperation with a local hospital as well as a blood donation campaign.

When employees or their children marry, KAEFER in the Middle East makes it a practice to present them with cash gifts, but the distances involved make it difficult for the company to take a more direct role in assisting the communities from which our people come.

The Nepal Earthquake – “there were just so many heroes.”

The spontaneous reaction to the terrible earthquake in Nepal (in April 2015) revealed a truly humanitarian side to both management and staff in the region.

Of KAEFER’s 1,117 Nepalese staff, 184 were directly affected. Of these, 86 lost family members and/or their homes to the devastating tragedy.

“I can honestly say I’ve never witnessed anything like the response among KAEFER staff, at all levels of the company. The news arrived on a Saturday; within minutes Mr. Datt, the Regional Director, was on the phone with the relevant Managing Directors, trying to identify which of our employees had been affected. In the beginning, there was such confusion. Our Nepalese employees couldn’t reach their families, they couldn’t find out if they were safe and were understandably distraught.

About a hundred KAEFER staff were on annual leave in Nepal at the time. Nearly all of them gave up their holidays to try and contact people on behalf of their colleagues. Many also volunteered to help direct KAEFER relief efforts on the ground, distributing money, food and water.”

Assistance continues to be provided through the KAEFER FOUNDATION. The generosity of KAEFER employees has been staggering, not just in the Middle East, but from around the world.

The team from KAEFER UK and the #Grads4Nottm students
We need to be clear about this. We may not talk about sustainability in the company as much as we used to do a few years ago, but imagine what would happen if we suddenly stopped thinking, acting and working sustainably. That would be the moment to pack our bags, close the door and dedicate ourselves to something else. Why? Because when we talk about sustainability, we talk about remaining a key player in the market, about being ‘best in class’ and becoming better every day. To many people this may sound like I am talking about our Lean journey and not about sustainability, but this is exactly the point. It’s our RED Strategy, our Lean journey and our sustainable way of acting that makes us who we are. It is what guides us into the future.

Nowadays, and I have to say regretfully, sustainability is often placed in the same category as the protection of the environment or CSR activities, but I believe that it’s much more – that it’s the core of our business and of our vision “to eliminate the energy waste”. Of course, it includes our commitment and contribution to society; supporting the integration of refugees in Germany for example, helping the families of our workers after the terrible earthquake in Nepal, and supporting long-standing partners such as the Deutsche Kammerphilharmonie Bremen or the Kunsthalle Bremen. It also comprises running the KAEFER FOUNDATION as a non-profit organisation with clear commitments, and organising fund raising events all over the KAEFER world. Additionally, a sustainable approach includes risk management, data analysis, and the implementation of measures to improve our consumption of energy, water and materials, whilst making sure that we follow new and stricter rules and regulations in this regard worldwide.

Taken together, sustainability is a mindset. It is what allows us to deliver on the goals which will ensure that we are a long lasting partner for our clients, a trusted employer for our people and a reliable company for all stakeholders worldwide. This is what makes us sustainably RED (recognised, efficient and different)!

Peter Hoedemaker
Chairman of the Board