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Statement from the Chairman

Dear colleagues, partners and friends of KAEFER,

The document you are about to enjoy is the fourth annual KAEFER Sustainability Report. Looking back over the past years, we have been able to maintain the same strong engagement, spirit and emphasis we have been demonstrating right from the very start. At the same time, we have been continuously improving the group-wide coordination of our activities in the field of sustainability. Not only have we increased the availability and quality of our indicators and reporting results, but we have also successfully broadened the communication and awareness of all sustainability dimensions; in this report, for example, we have been able to provide for the first time detailed figures on our company’s material consumption, thanks to the new initiatives conducted by our Corporate Supply Management department.

For me, the loyalty and mutual support demonstrated by our people in the following pages is one of the many facets that make KAEFER a responsible and sustainable company, proving that the term ‘family company’ goes much further than our shareholder structure. My sincere appreciation goes to all those who have taken the extra step to support and help others in the many cases where support is required.

The efforts shown by members of the KAEFER family all over the world reflect our core principles: caring for the health and safety of our people and our environment; basing our long-term client relationships and profitability on excellence in quality and continuous process improvement; and respecting cultural differences while promoting value-based, entrepreneurial leadership. Guided by our prevailing vision “to eliminate the energy waste”, sustainability is the underlying principle of all our corporate actions and individual behaviours at KAEFER. It is for this reason that we have explicitly dedicated a section of our new ‘RED’ business strategy to sustainability. In addition to our commitment to becoming “recognised, more efficient and different - RED”, we also proudly promote our sustainable mindset and achievements to our stakeholders by evaluating smart ways to further promote the sustainability topic at KAEFER as an appealing aspect also to our clients. Indeed, one of the proven measures to achieve this goal is through this very report! Furthermore, we promote and support many projects and initiatives outside our value chain. I am very proud and happy to learn about all the enthusiastic, committed and altruistic people at KAEFER who have initiated and conducted activities all around the globe. I would like to take this opportunity to express my heartfelt gratitude to all those employees who emphasise the importance of social, environmental and philanthropic engagement on an ongoing basis. You conduct our business in a sustainable way and you colour KAEFER RED!

Let us all continue to advance and prosper with this sustainable mindset as employees, clients and partners of KAEFER. I hope you feel inspired as you learn more about these initiatives through the following pages.

Yours sincerely,

Peter Hoedemaker
Chairman of the Board of Directors
Sustainability and RED

Recently we launched our new business strategy, which focusses on recognition, efficiency and differentiation; in short ‘RED’. The question we should ask ourselves from a Corporate Responsibility and Sustainability point of view is: how can our sustainable mindset influence this strategy and what impact does this strategy have on our sustainable mindset? Is sustainability a differentiator itself or does it support the differentiation strategy? Does sustainability help us to be recognised or does recognition imply a sustainable approach? And, last but not least: are we more efficient by being sustainable or is sustainability increasing our efficiency?

From my point of view, it does not matter from which angle you look at it; it is crystal clear that sustainability and the sustainable mindset in our company are a fundamental part of RED, intrinsic to our business strategy. If we do not think, act and work sustainably, we won’t be recognised, efficient or different. We need to keep this in mind every day, when defining our goals in the short, medium and long term.

Sustainability is not just a buzzword for us; we are living it. You can find it everywhere: not only in our vision and mission, but also in our core principles and in our Lean philosophy. The commitment of everyone at KAEFER to being sustainable certainly makes us recognised, more efficient and different. The many diverse initiatives we are pursuing worldwide, some of which we have been involved in for many years, demonstrate that together we can - and we will - make a difference.

I am sure you will enjoy reading this Sustainability Report 2014 which showcases how our colleagues all over the world have been further developing their sustainable mindset.

We look forward to working together with all of you to ensure that when we colour KAEFER RED, this colour remains sustainable!

Francisca Gorgodian
Head of Corporate Responsibility & Communication

Sheep and insulation?

Sheep are one of the most versatile domestic animals. They are robust and resistant, frugal and flexible, and, of course, master craftsmen in respect to insulation: sheep cannot freeze as long as they have their hard-wearing fleece! Wool, the fibre made from the fleece of sheep, is by far the most used natural material for fabrics. It is durable, insulating, fire-resistant and moisture-absorbing. That is why we decided to use the sheep theme for this sustainability report. You will learn much more about these animals on the following pages.
In 1918, Carl Kaefer founded a company in Bremen, which specialised in the supply of insulation material and services to the shipbuilding industry. His idea was to use peat in order to insulate the walls of cold storage stores – the vision of an efficient energy economy was born and has remained at the forefront of our thinking ever since. Carl Kaefer did not only recognise the sign of the times; he was a pioneer, and his idea has stayed relevant for generations. Today, 96 years later, methods to reduce energy losses and thus cut carbon dioxide (CO2) emissions and energy costs are more relevant and demanded in daily life and business than ever before. There is still a significant untapped energy saving and CO2 mitigation potential out there. As an international company with a long history, and with our deeply engrained vision “to eliminate the energy waste”, sustainability is part of our mindset, guiding our daily actions. So, our vision is not just a simple phrase; it comes from our roots and drives our more than 26,000 employees worldwide to provide solutions that benefit our clients on a daily basis. It has and will continue to guide us on our path to a successful future.

Starting of as a small German insulation company in the shipbuilding sector, KAEFER today operates worldwide in three divisions: Industry, Marine & Offshore and Construction. That means we facilitate continuous operations in power plants and factories, ensure safety and quality on the seven seas and make sure buildings have a pleasant atmosphere. Although it all started with tailor-made insulation, KAEFER nowadays offers a broad range of complex work and services. Following market developments and corresponding to clients needs, we went from seeing ourselves as a provider of complete insulation solutions to a deliverer of the most professional integrated services and solutions. Today our core services are Insulation, Access, Surface Protection, Passive Fire Protection and Interior Outfitting. Not only can you find us where hot things need to stay hot, and where cold things need to stay cold, but we also provide protection from wind and weather, stop fire in its tracks and bring cosiness to every room. Besides that, we can carry out our work anywhere as we offer a wide range of access solutions.

There for you all over the world

Total turnover and employees as of 31.12.2014
Looking at some of our project highlights, you can see that offering integrated service packages has been the logical response to market developments and that this approach meets the needs of our clients.

At the end of 2013 for example, KAEFER ENERGY took on a project as comprehensive as the full spectrum hook-up of the Valemon Platform in Norway, which involved Insulation, Access, Surface Protection, Passive Fire Protection and Interior Outfitting for the global player Statoil. This project involved the work and expertise of all of our core services.

Another example is KAEFER LLC Abu Dhabi, a company which has won a further three–year maintenance contract for the provision of insulation, painting and scaffolding support services at GASCO’s industrial complex in Abu Dhabi. GASCO (Abu Dhabi Gas Industries Ltd.) is currently one of the largest gas processing companies in the world.

A global network of expertise is necessary to be able to offer such a broad range of complex work all over the world. This means that exchanging know-how, sharing best practices and identifying synergies and strengths within the group are becoming more and more important.

The Corporate Competence Centres (CCC), based at our head office in Bremen, focus on applications and support the operating units with know-how and expertise. CCC also maintains close contact to key account customers around the world. Its pool of acquired knowledge is a constant source of product and service innovation and makes KAEFER stand out from its competitors. KAEFER engineers and technicians operate all over the world to maintain and develop specific expertise and ensure that services and skills worldwide are of a consistent high quality.

Being active in more than 50 countries and having over 2,000 locations worldwide, we have the most extensive global presence of any company in our league.

You can find us nearly everywhere – we are there for you all over the world. We are active in factories and power stations, on drilling platforms, in tunnels, on piping, on ships, in football stadiums, in research facilities, in clinics, in hotels and in schools.

Communicating clearly and interacting on a regional as well as local level allows KAEFER to take on projects as complex as the hook-up of the Valemon Platform in Norway or as small as a thermal modernisation of apartment blocks in a Polish housing cooperative.

Today, we have the critical mass and mobilisation power to deliver complex projects anywhere. Safety, quality, state-of-the-art
technology and availability are always guaranteed and very much appreciated by our clients.

As we execute our mission "to support our clients' success by delivering the most professional integrated services and solutions for the Industry, Marine & Offshore and Construction business worldwide", it is our top priority to create this extra value for the client.

As we continuously improve processes and practices based on how we can be even better tomorrow, each of us plays an important role in further increasing customer satisfaction and supporting the success of our clients.

Our integrated services and solutions make life, work, the production and the environment safer and more comfortable.

Our core services

Insulation
We are experts in insulating and equipping industrial and offshore facilities, ships and buildings. We insulate pipelines and turbines, identify sources of noise and muffle them, outfit interiors and design cabins so that people feel right at home in them.

Access
On construction sites, all contractors must be able to reach the areas where they are needed. To ensure access, we provide innovative scaffolding solutions, abseiling techniques as well as qualified staff. This allows servicing, repairs and inspection of the most hard-to-reach areas.

Surface Protection
Buildings and facilities need to be protected from fire, wind and weather. Our surface protection ensures that the structure remains intact for longer so corrosion does not have a chance.

Passive Fire Protection
To stop fire, smoke and toxic gases making their way from room to room, deck to deck or from floor to floor, our fire-protection systems stop these threats in their tracks. We line rooms with non-flammable, smoke-impermeable materials, so that walls, ceilings and steel structures can resist the flames for longer and poisonous gases cannot spread.

Interior Outfitting
Everyone should be able to relax in a comfortable, secure environment even if they work on a drilling platform. This is the principle behind the way we design and fully equip rooms in buildings, on oil platforms or on ships. Our task is to create spaces for work, travel and living.
Our governance bodies

The Board of Directors (BoD) is the highest operational and decision-making body in KAEFER. All questions of fundamental or significant importance for the Group are decided by the Board. Topics it focusses on include strategic development, the implementation of standards and systems and the promotion of regional activities. The BoD of KAEFER Isoliertechnik GmbH & Co. KG is made up of Peter Hoedemaker (Chairman), Philipp Dalheimer and Steen Hansen, and is the official legal representative of the Kommanditgesellschaft (KG - private limited partnership). All other group entities are legally subordinated to the KG, thereby complying with German law.

The BoD members are appointed by the Advisory Board and report directly to it. The Advisory Board consists of six independent, non-executive members who meet a minimum of four times a year. Three members represent the shareholders of KAEFER; the other three are external members.

KAEFER is structured into eight regions. The regions are headed by Regional Directors. The Board together with the Regional Directors forms the Group Management Committee (GMC), which focusses on Group-wide topics.

To support the Regional Directors, Regional Management Centres have been established. Generally they comprise the Regional Director, a Regional Finance Officer and a Regional Operating Officer. The purpose of these Regional Management Centres is to strengthen collaboration among countries in a region by placing management closer to operations, both geographically as well as culturally.
Sustainability at KAEFER

Sustainability follows a long tradition at KAEFER, stemming from the basic idea developed by our founder to clad the walls of a ship with peat on the path towards energy efficiency. This is where we come from. Over the years, more and more topics and aspects have developed to complete our picture of sustainability. Our approach consists of four equal dimensions – economic, social, environment and cultural. These four cornerstones also form the structure of this report.

These dimensions are supported by our vision "to eliminate the energy waste" and the three core principles which are part of the KAEFER Business Strategy:

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

They serve as valuable guidelines to all our employees. Our aim is to raise awareness for sustainability and to enable everyone to think, act and work in a sustainable way.

In order to improve our sustainability performance, we need the support and input of our colleagues throughout the company. Our employees are always involved in our sustainability activities as you can see from this report. Our goal is to make sure they understand the part they can play and to encourage them to take action. We engage with our employees all over the world through internal communication channels such as our reporting, the global intranet or our newsletter ‘CRS News’. Raising awareness for sustainability will help improve the knowledge base of our people in order to create change.

More than 30 colleagues make up the Sustainability Champions Network at KAEFER. These employees serve as local contacts for their colleagues and implement campaigns and projects within the area of responsibility, supporting and spreading the mindset. Being sustainable, this network avoids travelling and focusses on meetings online. By sharing success stories and lessons learnt within this group, we further improve the quality of our activities.

Another way of advancing sustainability at KAEFER is the Sustainability Working Group where representatives from the Corporate Health, Safety and Environment, Supply Management, Technology and Research, Controlling and Corporate Responsibility and Sustainability departments meet under the direction of the Chairman of the BoD. Within this group, strategic topics are addressed and defined.
Outlook 2015

BRIMUN 2015
In March, KAEFER sponsors the BRIMUN 2015 at the Jacobs University in Bremen. The conference was founded to encourage today’s youth to become politically engaged. The topic of 2015 is ‘Energy and Environment – Conserving the Present, Planning the Future’ which is clearly a topic close to KAEFER’s heart.

Survey on sustainability within the Marine & Offshore, North America and South Africa (M&OFS, NA&SA) region
In March, employees in the M&OFS, NA&SA region are invited to participate in a survey assessing attitudes towards sustainability.

SafeDay 2015
At the end of April, KAEFER joins in the ILO’s (International Labour Organization) celebration of the ‘SafeDay’ at work focusing on the topic of ‘building a culture of prevention on Occupational Safety & Health’.

KAEFER Chair for renewable energy and environmental politics
Since 2011, KAEFER has been funding a professorship for Renewable Energy and Environmental Politics at the Jacobs University in Bremen, a cooperation which will also continue in 2015.

‘Cine Scene’ in Brazil
In spring, RIP Industrial Services Ltd. sponsors the project ‘Cine scene in Brazil’, which facilitates free public movie sessions for those who had never seen a film in a cinema. More than 8,200 people, including RIP employees, enjoy the cultural events.

KAEFER Employee Survey 2015
In April, the second group-wide KAEFER Employee Survey takes place inviting all employees to provide feedback.
The Economic Dimension

All over the world, sheep play an important role in the economy. They can serve as essential assets for families in developing countries. Their milk and meat are commodities that are traded, thereby stimulating parts of the economy, and sheep wool is made into various goods and items that are sold and traded on every continent.

At KAEFER, we are also active worldwide. We aim to continuously strive to improve our processes, ensure economic growth, and deliver high-quality services to our customers all over the world.
Growth, challenges and strategy

It is our vision and our mission that drive us every day to give our best in a very competitive market. Through our geographic expansion, we have strived over the past decades to become the world’s largest provider of the most professional integrated services and solutions.

With more than 26,000 employees all over the world and an annual turnover of around EUR 1.4 billion, KAEFER today holds a worldwide leading position as an integrated services and solution provider.

However, in recent years our market has gone through a global economic crisis. Although the world market is slowly stabilising and market consolidations as well as new growth opportunities are arising, there are still many issues that may affect us, including political unrest, economic instabilities and health issues all over the world.

Another challenge that affects our working environment is climate change. The higher risk of flooding has already impacted on our business, as we have experienced for example in South America and Germany. Working on offshore facilities and in shipyards close to the coast requires sharper attention in our daily work, as we are faced with severe weather conditions more often. Heat waves and storms also have an influence on our work, especially in remote areas and in difficult climate zones. A good example of how we cope with such challenges is our ‘Beat the Heat’ campaign, initiated by our management in the Middle East in an effort to remind our colleagues to drink enough water and avoid dehydration and other health problems. In caring for the health and safety of our employees and taking responsibility for the environment, we prove that we take climate change and the risks associated with it very seriously.

All these challenges have an impact on our main markets, and we need to be prepared and able to react. As our environment changes, we have to increase our competitive strength in order to become the best performer in the industry. This is why we have taken our business strategy to the next level.

Our new strategy, which we launched in October 2014, focuses on increasing our competitive strength by being recognised (R), more efficient (E) and different (D) – in short RED. While being recognised implies demonstrating our excellent reputation, being more efficient focusses on driving continuous improvement. Being different is all about creating extra value for our clients and employees.

With the acquisition of RIP Serviços Industriais Ltda., a pioneer in the Brazilian industrial services market, KAEFER has become market leader in Brazil, thereby considerably increasing our market share in South America. With the expertise offered by RIP in the industrial market and our well established operations in Brazil, we provide our clients with additional diversity, know-how, capacities and project management strengths.

Another example of how an acquisition has recently reinforced our business strategy is the acquisition of the surface specialist VALLEE ANTICORROSION by KAEFER WANNER. As with RIP, the combined capabilities of the two companies will support our clients’ success and increase our competitive strength but also strengthen KAEFER WANNER’s business by widening its range of services.

We are convinced that these are excellent steps towards reaching the goals established in our new RED strategy that will make us recognised, more efficient and different.
One PACT Day!

11 March 2014 was an amazing day all over the KAEFER world. Nearly all of our colleagues across the globe took part in the PACT Day to promote quality as one of our core principles.

The 2013-14 quality campaign was coming to an end and we wanted to demonstrate our commitment to this important topic by agreeing to the KAEFER Quality ‘PACT’, which stands for Planning, Administration, Communication and Technical Quality. The idea behind this event was to make clear to everybody that KAEFER stands for quality and that quality begins with every one of us. It is essential to have the right attitude and mindset in order to achieve the highest quality in everything we do, and therefore be and stay successful. Moreover, we want to encourage our employees worldwide to continue down this path and establish a permanent, quality-driven mentality with a goal to improve the overall quality performance at KAEFER not only in the present, but also in the future.

All entities of KAEFER throughout the world addressed quality. It was a hot topic in meetings, toolbox talks and get-togethers, where our people committed to quality by signing banners and posters or distributing T-shirts, caps or helmet stickers. Several countries arranged quality contests and gave prizes to the winners. Others convened for lunch, a BBQ or cake time to exchange ideas on quality. The largest event took place at the Rabigh site in Saudi Arabia where more than 1,000 KAEFER employees enjoyed and celebrated PACT Day.

We have never conducted such an international event before, and we are really proud to have arranged this first global KAEFER event. Many colleagues around the KAEFER world worked hard to organise local events in honour of PACT Day and to enable all employees to hear the message of continuous quality improvement.

The worldwide KAEFER PACT Day was a tremendous success and the huge KAEFER world came a little closer together. It was a great opportunity to show that together we are part of one KAEFER Team.
KAEFER Chair for Renewable Energy

Since 2011, KAEFER has funded a Chair for Renewable Energy and Environmental Politics at the Jacobs University in Bremen. This professorship is held by Dr. Karen Smith Stegen, who is an expert in international politics and renewable energies. Within the associated bachelor program Integrated Environmental Studies (IES), Professor Smith Stegen lectures and supervises theses.

Smith Stegen’s research focusses on the interface of energy efficiency and renewable energy and the associated technical and political challenges. A large number of publications in top scientific journals as well as attendance at international conferences and symposiums reflect her successful research. Smith Stegen is a member of numerous scientific committees and networks and also a reviewer for various scientific journals.

Since KAEFER is linked to each of Prof. Smith Stegen’s presentations and keynote speeches, we regularly attract positive attention concerning themes such as renewable energy and environmental politics.

Leadership and Sustainable Personnel Development: the key to success in changing environments

Our motivated and well-qualified employees are at the heart of KAEFER, making the KAEFER strategy come alive. In a quickly changing economy and environment, we feel responsible to offer personnel development programmes, instruments and methods to enable our employees to carry out their jobs successfully and in a professional way.

Our KAEFER Academy provides high-level education through professional and leadership development programmes. We are convinced that providing high quality education for our employees leads to high quality performance and the complete satisfaction of our customers. Since starting on our Lean Journey two years ago, we have been focussing on continuously improving processes. We feel inspired by our people’s ideas and desire to improve; we rely on their commitment for the success of our company. Therefore, we designed a new modular Lean Training programme to be part of the KAEFER Academy’s portfolio.

Another key to success is leadership. The KAEFER Academy programmes are closely aligned with the KAEFER Business Strategy and value-based leadership is part of this. In line with the introduction of the new strategy RED, our leadership principles have been updated. They define leadership norms, values and behavioural rules. The updated ‘Leadership at KAEFER’ statements have orientated the focus to visible leadership, process optimisation and the coaching and empowerment of employees. They provide a framework for all hierarchy levels from Top Managers to Site Managers. Commitment to our Leadership statements is one of the elements that unifies KAEFER as a group.
KAEFER apprentices: seizing opportunities at home and far afield

In 2014, KAEFER and the Sportgarten e.V. in Bremen continued their long-standing collaboration. As in previous years, we successfully worked together on two forward-looking projects. In February, two apprentices from KAEFER in Bremen went to South Africa to immerse themselves into the work and home life of the iSithumba Sportgarten in the ‘Valley of Thousand Hills’, close to Durban. Drywall installer apprentice, Sven Lüppen, and insulation fitter apprentice, Tom Franke, were this year’s holders of the scholarship from the Sportgarten in Bremen in cooperation with the Carl Duisberg Gesellschaft, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Verein Partnerschaft-Bremen-Durban. This is the third year running that KAEFER apprentices received this scholarship.

During their time in South Africa, Sven and Tom helped locals to refurbish parts of the iSithumba Sportgarten by installing running water pipes and upgrading sanitary facilities. As they lived with local host families, they were able to integrate well into the community and learn a lot about local traditions. For both of them it was an unforgettable experience, which not only fostered a greater understanding of cultural differences, but also gave a new perspective on life back home in Germany.

Elsewhere, the second annual KAEFER-Trophy took place in June at the Sportgarten in Bremen. As a soccer cup for pupils, this event is an unconventional approach to recruiting motivated and qualified apprentices. More than 250 participants from 14 different schools in and around Bremen took the opportunity to compete on the football pitch and learn about the various apprenticeship possibilities that KAEFER offers. Alongside the highlights of the sporting events, KAEFER trainees put together different activities and stands, where the pupils were able to gain insight into the different jobs of the participating companies. Presenting information in such a dynamic way to this selected audience proved once more to be a sunny success and left a very positive impression on all participants.

KAEFER KOSTEC training scheme

KAEFER’s local branch in Peru has initiated a training program to teach young adults the skills required for insulation work. More than 70 pre-selected trainees have been introduced to all the different thermal insulation processes since the programme’s inception one year ago. By opening their own school and ensuring a trained workforce, KAEFER KOSTEC invested in the quality and consistency of their work, as well as in the future of the company. Given that Peru has such a fast growing economy, it is vital to gain advantages and distinguish oneself from other competitors. With over 70 new employees, KAEFER KOSTEC has significantly grown and is able to take on more and bigger projects. As a local employer, KAEFER also invests in the future of the region by creating new jobs and opportunities for further development and qualification.

Awards for KAEFER in Poland

On 12 June 2014, the 5th Polish Championship of Industrial Insulation Contractors took place at the KAEFER site in Tarnow, Poland. There was a strong sense of competition among the participants, which encouraged the KAEFER competitors to do their best. Their efforts paid off, and we are proud to announce that the first three places were won by our KAEFER SA colleagues. Congratulations go to Łukasz Woroń, Michał Pabian and Damian Cup! As the winner, Łukasz got to represent Poland during the 11th European Championship of Industrial Insulation Contractors in Cracow.
ESR Certificate for KAEFER Aislamientos in Mexico

We interviewed Dalila Pimentel, our Sustainability Champion in Mexico, who proposed to start up this project.

What exactly is the ESR Certificate?

The award is an annual accreditation in Mexico given by the Mexican Center for Philanthropy (Cemefi) and AliarSE. It proves that we have taken action in all social matters, both inside and outside the company.

Why is it so important for our company in Mexico?

The distinction not only adds value to the brand and profitability, but also proves to employees, investors, customers and society in general that the company has voluntarily and publicly committed itself to social responsibility management, making us more recognised as part of our new RED strategy. In Mexico, around 774 companies now have the ESR Logo as part of their culture and business strategy.

How long did it take to achieve this?

The challenge was the extensive work that had to be done to meet all the requirements of the award. Altogether, it took us six months to successfully implement the necessary measures. We are very proud to have achieved it together as a team.

The ESR is, however, not a one-time commitment; it must be endorsed every year to keep the culture of social responsibility alive.

The KAEFER Code of Business Conduct

The KAEFER Code of Business Conduct (CoC) is a common set of guidelines that covers different topics such as good governance and lawful and responsible behaviour and the fight against all forms of corruption. The CoC provides a professional, sustainable and ethical model for all KAEFER colleagues worldwide. It is a mandatory internal standard and is applicable to all business activities at KAEFER. The document is currently available in ten different languages and can be downloaded from the KAEFER website. The main aspects of the guidelines are correct dealings with business partners, customers, authorities etc., recognising and avoiding conflicts of interest, lawfulness of sideline work and compliance with data protection regulations. Uncertainties and queries should be discussed with superiors and the management and also can be reported to a special email address where the matter is treated confidentially. In 2014, employees used this email address to post questions, but no violations were reported to this. Minor occurrences raised were clarified.

Business ethics program launched at KAEFER WANNER

In a world with growing globalisation and challenges such as political unrest and economic instabilities, companies need to share and communicate their defined values and ethics. However, the business ethics set forth in the KAEFER Code of Conduct are more than a collective commitment; they place demands on individuals as well.

To further strengthen the commitment of individuals, our colleagues in France created the KAEFER WANNER Programme of Business Ethics, which was introduced and launched on Ethics Day on 25 September 2014.

The programme provides information about the risks of unethical behaviour and provides an ethics programme toolkit consisting of the KAEFER WANNER ethics website, committee meetings, trainings as well as audits and appraisals.

Besides that, an alert system has been implemented and introduced, which allows all employees to bring up topics or ask questions by sending an email to an Ethics Committee Manager.
The Social Dimension

As social creatures, sheep have strong flocking and herding instincts. As a close-knit group, sheep only graze with others, grouping together socially for solidarity and protection; they must inherently engage in teamwork to succeed against threats or danger.

At KAEFER, we also look out for one another, caring for our people and the communities in which we are active. This is also reflected in our sustainability projects and initiatives worldwide, which are often initiated by our strong network of Sustainability Champions, who proudly promote the topic of sustainability and spread its mindset.
The Social Dimension

Recognition: KAEFER in Brazil awarded ‘Social Company 2014’

KAEFER’s client Cenibra honoured KAEFER in Brazil for donating 50 food baskets to a charity. The annual fundraiser helps families in need in the region. KAEFER is fully aware of its social responsibility within each country and was awarded the ‘Social Company 2014’ for making the biggest donation.

Running events at KAEFER

Staying ahead of the competition is something KAEFER takes very seriously. However, in doing so, it is important to stay motivated as a team. As in previous years, colleagues from around the world formed sports groups and took part in different running events.

In July, KAEFER was one of the 166 companies to take part in the 7th BMW Company run in Bremen. More than 40 co-workers stood together on the starting line, ready to take on the challenge of running 5.1 km from one side of the Weser River to the other. It was the biggest KAEFER Running Team ever, and motivation and enthusiasm were visible on every face. Knowing that it is the team that wins the race, all participants waited for each other at the end to cross the finish line together. Another running event the KAEFER Running Team in Bremen took part in was the annual “Venuslauf”, organised by the Cancer Society in Bremen. Every kilometre completed raised money for the good cause. Our team of 14 runners ran an impressive 150 km combined.

Our KAEFER colleagues in France and Austria also got together to take part in organised runs in their respective cities. In Vienna, colleagues took part in the 14th Business Energy Run and in France people from the head office took part in an inter-company race that supports people with mental illnesses.

In Poland, our colleagues participated in the “V Kwidzyn Papermaker’s Run” in May. The aim of this run was to promote healthy lifestyles. The route consists of two 5-km laps along the streets of Kwidzyń. The streets pass by two major facilities in the city, one of which is the biggest pulp and paper mill in Poland. In Australia, co-workers from different locations teamed up together to support a fundraiser for breast cancer. In total, they collected 385 Australian dollars.

These are just some examples of how KAEFER co-workers around the world enthusiastically come together through sport to support a good cause and increase team spirit. Our colleagues experienced that training and competing together has many more advantages than just staying sporty.

Morning Tea in Australia

In May, KAEFER Integrated Services in Australia held their annual ‘Biggest Morning Tea BBQ’ event. The ‘Biggest Morning Tea’ is a national event where organisations and individuals hold morning tea parties to raise money for the Cancer Council – our colleagues raised money with individual donations, raffles and games. The barbecue’s theme was ‘Mad Hatter’s BBQ’ and employees were invited to wear their favourite or self-created hat to spice up the game.

Nelson Mandela Day in South Africa

Nelson Mandela had three values by which he lived: free yourself, free others and serve every day. It is in this spirit that Nelson Mandela Day was born.

On 18 July 2014, a day that commemorates these values and allows each individual the chance to do something worthy for someone else, employees of KAEFER Thermal in South Africa came together and dedicated 67 minutes to changing the world for the better; one minute representing every year that Mandela devoted to public service and social justice. They donated children’s clothing and toys to ‘Chubby Chums’, a child protection organisation that looks after children left destitute by poverty. The organisation looks after 45,500 children, one-third of whom are orphaned due to HIV/AIDS. The organisation ensures that the children have a home, a sense of belonging, safety, security and family. At the Elandsvallei Home for the Aged in Johannesburg, 10 KAEFER volunteers lent a hand to 44 elderly residents by donating blankets, socks as well as a delicious treat for their morning tea. All our colleagues were very pleased to devote a little of their time to helping those in need and to make a positive difference in their lives.
Interview on the KAEFER Aids Relief Programm (KARP)

We interviewed Kent Ziervogel (Human Resources Manager) and Nonhlanhla Maloi (Human Resources Officer) from KAEFER Thermal in South Africa to gain an insight into the world of KARP.

Where did the idea for KARP come from?

At KAEFER we are proud that we care and are concerned about the well-being of our employees. Realising the impact of HIV/AIDS on our workforce prompted us to take action. In 2007, the Gesellschaft für Internationale Zusammenarbeit (GIZ, formerly GTZ) partnered with KAEFER to effectively implement KARP as a Public-Private-Partnership. After the cooperation contract ended, KAEFER took over the implementation of the KARP programme. Since this time, KAEFER has seen many positive developments that involve assuming full responsibility and accountability. KARP has proven to be a sustainable programme, and we will continue to make further improvements to the programme to facilitate its growth and value.

How was the programme implemented and how were intentions realised?

The KAEFER HIV/AIDS Policy provides a strong foundation and directs the activities of KARP. The policy is in line with national and international Codes of Good Practice. It upholds the rights of all employees. The policy was extensively communicated through information and awareness sessions and is displayed at all sites. Peer education is the cornerstone of KARP. We have appointed and trained Peer Educators who implement the information and awareness activities, incorporate HIV/AIDS into daily toolbox talks at least once a week and present the weekly HIV/AIDS topic to their colleagues. The Peer Education Programme is coordinated from head office to ensure consistency and continuity. They are very active and are well received by their peers. We organise special promotional materials for Peer Educators to keep the contents up-to-date and relevant.

In order for KARP to be really effective, basic levels of knowledge and understanding are needed throughout the organisation. In 2008, training offered through KARP reached Senior Managers, Site Managers, Supervisors and Peer Educators. In 2009, we extended this training to our Shop Stewards. In addition to this, KARP distributes condoms to all the sites and offers voluntary counselling and testing to all our employees once a year.

What has the feedback been like?

We have had great results because participation in voluntary counselling and testing increases each year. In 2013, we asked employees to share their views on the current situation and how to improve. Employees indicated that they are grateful for the initiative because the awareness level the company is creating not only focusses on their work life but also extends to their personal lives. As part of this great initiative, we have monitoring programmes in place with external providers whereby every month all affected employees are given calls for counselling purposes to ensure they are living healthily, taking their medications (ARV’s) and are using protection to avoid re-infections.

To expand this and bring assurance that KAEFER cares for its employees, in Durban, we give employees (both affected and unaffected) nutritional meals/supplements daily to improve their health and general wellbeing. The programme has been very successful and well received by all.

Stigma has been a major concern as the people do not want to be associated with this virus. In order to alleviate this, we have signed an agreement with the Majority Labour Union in which we agree to a policy of non-disclosure to uphold the rights of employees who test positive.
Integration of people with disabilities

At KAEFER, we work towards a better future for people with disabilities who are least able to integrate into the labour market. To provide the necessary support and integration KAEFER in Spain cooperates with the Adecco Foundation. The Adecco Foundation offers our employees with impacted families multidisciplinary work geared to the disabled beneficiary and also offers support to their families such as information and assessment, a contact network, family break and family therapies.

Thanks to the ‘Plan Familia’, the cooperation offers support to our employees’ relatives who have a recognised disability of at least 33%. This plan is valued at EUR 1,500 per person and includes a one-year programme consisting of care in five different areas of intervention – clinic and medical, family, social, labour and training area. The support in these areas can be used as many times as needed.

Last year our colleagues in Spain attended a drawing competition organised by the Adecco Foundation. The main aim of this initiative was to increase the awareness children have when talking about mental and physical disabilities. By reading the fairy tales of Calista, a tight-rope walker, and Adán, an astronaut, the children learnt about certain disabilities, such as birth malformations or Asperger’s syndrome, in a fun and magical way. The ‘Paper Dreams’ initiative enables parents to talk openly with their children about the different types of disabilities. Discussing such topics at an early stage helps to diminish intolerance and stereotypes that may develop due to ignorance.

Our colleagues at the ‘Normandie Ile de France Centre’ in France engage with people with disabilities on a working level. They work with a company that employs people with disabilities to work in their postal service. They send the monthly HSE newsletters to all the team leaders, magazines such as the K-WERT to around 600 employees and all documents related to asbestos removal to regulatory agencies on a regular basis. Our colleagues in that region also use a catering service for all meetings and training that works with people with disabilities.

In South Africa, our colleagues from KAEFER Energy Projects (KEP) supported the local community by donating to an organisation that fights and advocates for people who suffer from hearing impairment or who are physically and mentally impaired. To support these people, KAEFER donated watches and talking calculators.

“People with disabilities just require a little more help than people without disabilities. They are more than capable of supporting themselves. KAEFER will strive to assist people with disabilities to live full and normal lives in whatever way we can,” says Martin Kruger, the KEP Operations Director.

Such examples allow disabled persons to work in a more protected environment and give both the employer and the employees the chance to discover and reveal the full potential of people with disabilities.

Food distribution in Morocco

KAEFER in Morocco organised a food distribution initiative to help impoverished families during the month of Ramadan. As this time can be extremely difficult for poorer families who cannot afford to indulge in large and substantial meals at sunset and sunrise, food baskets were distributed over three days to 40 needy families in the surrounding areas of Jorf Lasfar in the ‘El Jadida zone’.

KAEFER employees were the ones who decided to give the food to the poorer families in this area, as most of the company’s construction projects are situated there. Supported by one of the local supermarkets, our employees were in charge of collecting and distributing the food baskets to the families, who were able to celebrate the month of Ramadan without worrying about the cost of food thanks to the efforts of our colleagues. With the ingredients, the families were even able to cook the traditional ‘Harira’ soup, a very common food during the month of fasting.

Donation initiative in Brazil

In Brazil, KAEFER’s local branch was honoured with a prize for showing responsibility by donating spare beds to ‘Lar Vicentinas Divinas Ferreira Braga’ which is located near the company’s office in Contagem. As part of the project, our colleagues also spent some time caring for the institution’s residents. The initiative was praised by both residents and employees.
Health & Safety at KAEFER

We are active in an industry where health and workplace safety is vitally important. These topics have always been and will continue to be our number one priorities. But being a responsible employer goes further than this: we want KAEFER to be a company that is free of injuries and incidents. With this in mind, we are striving towards the overall goal to reduce incidents by 20% each year in every business entity, thus becoming a world leader in health, safety and environmental performance. A network of Health, Safety and Environment co-workers and our Corporate Health, Safety and Environment (CHSE) team work closely together to ensure the highest levels of health and safety in the workplace and to further strengthen the safety culture within KAEFER by focussing on the fundamental principles of leadership, competence and safe working environment.

Key measures for incidents are LTIF and TRCF. LTIF stands for ‘Lost Time Incident Frequency’ meaning the so-called lost time incidents per one million man-hours. ‘Lost time’ is described as a situation where a worker needs to stay home following the injury. TRCF stands for ‘Total Recordable Cases Frequency’ and consists of all incidents that have to be included in the statistics and is also counted per one million man-hours. Despite improving our overall health and safety performance, the target to annually reduce incidents by 20% was not met for the LTIF (-8%). The target was, however, nearly achieved for the TRCF (-19%).

In order to work towards achieving our target, the CHSE department took steps and began to implement measures such as improving incident investigation procedures worldwide, thereby improving root cause analysis and corrective action planning. Along with other tools and initiatives, we are confident that we can improve our performance because we consider all types of incidents unacceptable and are therefore working continuously to make our vision of zero incidents a reality.

In 2014, on average 11.9 days of absenteeism were reported per employee compared to 8.2 in 2013 and 13.9 in 2011.²

Taking care of the health and wellbeing of our employees

As we are a people company, our employees’ health and wellbeing is the most important aspect for us as a company. We need to ensure that we do our very best in order to provide a safe but also healthy working environment. In 2014, as well as in previous years, we launched numerous initiatives and campaigns to raise awareness of this topic and to support our employees on a daily basis.

One of them was the ‘Beat the Heat’ campaign. KAEFER is active on sites all over the world, including regions where it may become very hot in the summer. We are aware that it can be challenging to work under conditions where temperatures may rise up to 50°C. But even in other geographic regions, seasonal temperature rises are more likely to occur as a result of climate change. In these cases, it is essential to take regular breaks and to drink enough water in order to stay healthy and keep the body hydrated. KAEFER introduced the ‘Beat the Heat’ campaign which is supported by our Health & Safety mascot, Max. The aim is to remind everyone of this important topic and to make sure that people are taking care of their own personal wellbeing as well as the health of their colleagues. Max, who is our well-known ambassador for Health & Safety topics, helps us spread this message.

Another event was the ‘Health & Safety Week in Brazil’. The SIPAT (Semana Interna de Prevenciòn de Accidentes de Trabajo) is a week that is dedicated to preventing work-related accidents and tackling health issues. Various conferences were held with the objective of increasing awareness about possible safety hazards or potential diseases and teaching their employees how to prevent them. In the same spirit, a vaccination campaign was introduced offering a vaccine that works against flu viruses such as H1N1.

In November, KAEFER in Chile organised a ‘Health Day’. This initiative began in 2012 as a support for our KAEFER Health & Safety year. From then onwards, KAEFER in Chile decided to celebrate this day on an annual basis, as a way of enhancing our aim to care for the health and well-being of our people. This year’s celebration consisted of a ‘healthy breakfast’, which was held in the head office. The main objective was to promote and encourage healthy living, prioritising the consumption of healthier foods such as fruits, low fat milk, cereals, yogurt and juices.
The Environmental Dimension

In order to find better weather conditions and new grazing areas, sheep flocks constantly keep moving from one place to another. Although they can withstand drought periods longer than most mammals, sheep are still environmentally sensitive animals and often rely on their shepherd to lead the way to a rich and safe future.

At KAEFER, we are leading the way to a more sustainable way of thinking. By offering our customers innovative solutions to save energy and reduce emissions, we work towards fulfilling our vision “to eliminate the energy waste”.
KAEFER C&D offices run with renewable energy

In September 2012, two wind-driven turbines were installed at our Jarrow office in the UK. The turbines are capable of producing 15 kilowatts each and stand out from other small-scale wind turbines due to their unique blade and hinge design, which allows them to regulate their rotational speed and therefore maximise output.

They not only supply sufficient energy to power both the office block and the production workshop, but also enough so there is some left over. This excess electricity can be sold to the national power grid in the UK. It is estimated that the turbines will require about seven years to recover their initial outlay.

As in previous years, diesel is the primary energy resource consumed at KAEFER, accounting for 77% of the total consumption. Energy generated from petrol is the second in line; after a decline last year, it now makes up 16.6% of the total. While natural gas still provides 4.5% of energy, primary sources such as oil (light fuel oil), LPG and ethanol are only marginal.

For EN4, the per capita consumption in 2014 rose in all countries but Germany. In many cases the increase of energy is lower than in the year before, indicating that the awareness for saving energy generally increased. Continued efficiency initiatives need to stay in the focus ensuring further improvement for the years to come.

It is quite natural that the most waste by far accumulates at KAEFER construction sites; building materials account for the largest percentage of total refuse. Compared with previous years, the proportion of building material waste has continuously increased and reached about 80% in 2014. The remaining amount of waste is mainly allotted to metal, mixed municipal, paper, plastic and wood waste. The quantities of electrical, glass and food and drink waste are virtually irrelevant.

EN22 Waste

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Sustainability on the move

With the introduction of its green car policy in 2010, KAEFER started to pave the way to a greener form of transporting and mobility. The aim of our policy was to save fuel and reduce CO2 emissions with a view to both protecting the environment as well as cutting costs. This way, the policy complies with EU regulations, which stipulate that CO2 emissions of cars should be cut down to below 130g/km by 2015. Due to KAEFER’s early engagement in reducing CO2 emissions, we already successfully reached this goal in 2013. In 2014, four years after the launch of the green car policy, KAEFER’s average CO2 emission per vehicle decreased by 12%; in some cars this reduction was even as high as 18%.

Thanks to this achievement, KAEFER was once more recognised with ‘The Green Fleet 2014 Award’ by the Volkswagen Leasing GmbH and the German Society for Nature Conservation. Out of 102 companies, we were chosen as one of the top ten for our focus on environmentally friendly vehicle fleet management and reduction of CO2 emission in our VW and Audi cars.

A further step towards green mobility was made by Damon Evans, fleet manager at KAEFER C&D UK, with the introduction of a fuel savings initiative. The initiative consists of three steps which should ideally lead to a reliable and long-term reduction in fuel usage. While the first step speaks to the motivation of employees by recognising and awarding driving achievements, the second and third steps explore new technical possibilities. One technological trial is investigating the use of ‘AdBlue’ in truck diesel engines, whereas the other trial is looking into engine remapping, which can lead to a reduction in fuel consumption of up to 10%. The results have not yet been evaluated in detail, but already KAEFER C&D UK has made huge progress.
Material consumption in regard to EU Ship Recycling Regulation

Health and safety is a hot topic worldwide that raises concerns related to the environment. One theme in particular has been discussed for many years: the scrapping of redundant ships in beaching facilities without sufficient minimum standards determined in advance.

The EU Regulation No. 1257/2013 on Ship Recycling entered into force on 30 December 2013 to reduce the negative impacts linked to the recycling of ships. According to this new guideline, the installation or use of certain hazardous materials (such as asbestos, ozone-depleting substances and antifouling compounds and systems) will be prohibited or restricted.

Each new ship built in the EU, or every ship flying a flag of a third country and entering an EU port or anchoring there, is required to have a verified inventory of hazardous materials on board, specifying the location and quantities of those materials. As a result, all materials that are brought on board during construction, refitting or maintenance works to the vessel must be documented.

As this involves a considerable amount of documentation, such as material declarations from all suppliers, KAEFER Schiffsausbau GmbH in Germany has started to set up an IT-based system to merge and compile the information. Once finally established, this system can then be used to collect the necessary information, archive it and access it whenever necessary. This will not only help the German company to manage this task but also all other locations that deal with this topic.

Green building

At the end of 2012, our colleagues in France decided to merge the project sites of Bollène, Orsan and Sorgues into one single site at the joint development zone (ZAC) of Notre Dame in Mondragon. This construction project was the opportunity to continue the environmental effort by solidifying our commitments in terms of security and sustainability. In 2014, the colleagues successfully moved.

There were many aspects involved. Firstly, our colleagues in France needed a concept to satisfy all the environmental criteria and to respect the new thermal regulations (introduced in 2012) that limit the average consumption of primary energy in new buildings to 50kWh EP/sqm per year. The building needed an excellent quality of insulation and thermal bridges so it would consume the lowest amount of energy possible. This procedure and the ‘bio climatic’ analysis were first considered right at the beginning of the design phase. This allowed the building to be constructed more intelligently and to be better insulated.

The second important point was to better manage waste and effluents by installing specific containers for recycling. In the same vein, it was necessary to agree on a contract of waste management that matched the set requirements.

Thirdly, each material benefits from its own warehouse space that takes into account the specific risks associated to the product. The production areas and the offices are physically separated to limit the mixing of activities and accident risks and to keep the premises clean.

In conclusion, our colleagues can now benefit each day from a working environment that is adapted to their needs, well-lit and pleasant to work in. Everyone is very happy and proud to be working in this new establishment that is tailored to the needs and represents the eco-friendly image of KAEFER.
Ecological insulation thickness

In today’s world and in light of future challenges, sustainability is becoming more important than ever, and sustainability demands are being made on many processes and on lifestyle. Sustainability is closely related to energy efficiency and, consequently, with the carbon footprint, which indicates the impact of human activities on nature. All sorts of companies and businesses are being challenged to show what they are doing to reduce carbon emissions and contamination to the atmosphere and to handle resources sparingly.

This is why the Corporate Technology and Research (CTR) Team has been looking for a way to use the sustainability concept to measure the efficiency of insulation systems in industrial plants. As a result, CTR has come up with the idea of applying a ‘Life Cycle Assessment’ (LCA) to industrial insulation systems and to calculate an optimal insulation thickness in ecological terms.

To generate an LCA, it is necessary to take into account the carbon dioxide (CO2) emitted in every individual step or process during the system’s lifetime. It involves not only the assembly process, but also the emissions during the fabrication of the system’s components, such as the insulation materials, their transport, the energy required for assembly, CO2 emissions during operation of the insulation and possible recycling at the end of the lifecycle. Of course, the insulation helps reduce CO2 emissions, but at the same time the system has emitted CO2 indirectly during fabrication and directly during assembly of the insulation. Higher CO2 emissions result when manufacturing thicker insulation layers, but after its installation, the CO2 savings will be greater, too.

These emissions are represented (in the figure above): blue stands for the emissions during the manufacturing process, red stands for the emissions during the ‘operational’ time of the insulation. The green curve represents the sum of both emissions, the total CO2 ‘lifecycle’ emissions of the system.

There is a ‘minimum’ point (indicated in the figure). This point represents the balance between the CO2 emitted and the CO2 saved; it means that at this theoretical thickness the insulation has achieved its ‘sustainability optimum’.

We called this point ‘ecological thickness’ (Seco). It might not be achievable with the current technological state, but it shows that there is a limit to the recommended insulation thickness, and that thicker insulation is not always the better insulation. The results of this study will be implemented as reference in the new guideline VDI 4610, which describes the way to design more efficient insulation thicknesses and which will establish energy classes for industrial installations according to their energy efficiency.
KAEFER celebrated World Environmental Day in 2014 by promoting the importance of taking care of the environment and thereby continuing to “go green”.

This special day is run by the United Nations Environment Program and takes place every year on 5 June. The aim of the WED is to encourage organisations and independent citizens to undertake a positive initiative for the environment, such as waste reduction, organising walk-to-work days, recycling rallies or tree planting.

As a symbol to remember this day and to acknowledge the importance of environmental sensibility, our employees in Saudi Arabia, both in the head office in Jubail as well as in Yanbu Facility planted a tree in their newly created garden, which is a gift from KAEFER to our employees in Saudi Arabia. The enormous heat during the summer months can be a very challenging and difficult time for our workers. Therefore KAEFER decided to show our solidarity and support by creating a beautiful garden in front of the Yanbu facility and at the Jubail facility where the Headquarters and accommodation for 500 people are located.

Working towards paper-free offices

In 2014, we collected tips and tricks to reduce paper consumption and published them on our global intranet. By following these easy suggestions, such as limiting the number of printers, promoting scanning, or printing on both sides of a sheet of paper, we are trying to help our offices become more environmentally friendly.

Cutting down on the amount of printing in a company not only saves money but can also have a huge impact on the reduction of energy, wood and water consumption. So we hope that by promoting a more digitalised working environment and by putting together these easy tips, we will be able to sustainably help the environment and reduce unnecessary consumption and waste.

Although it may not be possible to completely reduce paper consumption to zero, the correct recycling of printer cartridges needs to be ensured; in this respect, our colleagues in Germany had an innovative idea. Initiated by our Corporate Information Technology (CIT) colleagues from Butzbach, the KAEFER locations in Butzbach, Darmstadt and Munich in Germany decided to support the CaritasBox initiative, a campaign to raise money by recycling old ink cartridges and mobile phones.

The Caritas boxes are arranged in the copy rooms so colleagues can easily dispose of their used cartridges and at the same time support the campaign. Once full, the CaritasBox are picked up by the organisation, and the materials are recycled and resold.

Once more in 2014 we aimed to further decrease our annual paper consumption at the KAEFER Headquarters. In the case of color printing we managed to meet our target and again reduced the quantity in comparison to the previous year. Unfortunately, the number of black and white prints, and thereby total prints, slightly increased.

<table>
<thead>
<tr>
<th>Year</th>
<th>Colour prints</th>
<th>B/W prints</th>
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<tbody>
<tr>
<td>2011</td>
<td>256,896</td>
<td>756,086</td>
</tr>
<tr>
<td>2012</td>
<td>245,207</td>
<td>749,180</td>
</tr>
<tr>
<td>2013</td>
<td>223,364</td>
<td>687,242</td>
</tr>
<tr>
<td>2014</td>
<td>207,531</td>
<td>725,859</td>
</tr>
</tbody>
</table>
Material consumption

We are specialists in insulation. Since our know-how is applied in many different industries, a variety of materials are used in our daily work life. These include typical insulation materials like mineral wool and glass fibres, as well as different kinds of metals and coatings. The detailed information, based on purchasing volume is displayed in the charts below. Outstanding changes observed in the material consumption mostly reflect changes to the sales volumes in single divisions. As our business is characterised by project work, the consumption of materials varies depending on current tasks and their specifications.

In the group of insulation materials, stone wool is the by far most widely used and accounts for nearly 70% of total consumption. It is followed by glass wool and glass fibres. Compared to 2013, the consumption of calcium silicate and perlite have more than halved, contrary to the consumption of ceramics and microporous insulation material, which more than doubled in 2014. However, each of the four accounts for just one to three percent of the total amount of insulation materials used at KAEFER.

The most commonly used metal in our daily business is galvanised steel, which accounts for 34% of the total volume, followed by aluminium, stainless steel and aluzinc. Making up more than 60% of the total quantity, adhesives are the main coatings used at KAEFER. Primer, intermediate and topcoats as well as thinner, solvents and cleaners all account for nearly one-third of the total consumption of liquid coatings. Since interior paints for aesthetic purposes plummeted more than 95% from 2013 to 2014, they currently account for just 2% of the total.

ENs Material consumption: insulation material, metals and coatings based on purchasing volume representing approx. 80% of the total group volume.
The Cultural Dimension

Although sheep in herds are often assumed to be all the same, they have diverse characteristics: sizes, horns, coats, colours, etc. They might appear similar standing in a flock, but they are not the same. They can be found all over the world and make up an essential part of local economies.

KAEFER employees form an international community including more than 50 countries. We embrace our diversity by culturally adapting our concepts and strategies and designing projects and initiatives on a local level. With more than 26,000 employees all over the globe, our daily work is shaped by multiple lifestyles, languages, cultures and traditions which are all united by common goals and values.
KAEFER Photo Competition 2014 - “A different point of view”

Backed by popular (and international) demand, the third KAEFER International Photo Competition took place in August 2014. Once again, KAEFER employees from the world over were asked to send in their pictures.

This year’s theme “A different point of view” motivated the most creative and professional photographers as well as all the passionate shutterbugs who just love to capture moments. It was amazing to see how many different pictures, impressions and emotions came together from around the globe – in total we received 478 photos from 197 participants in 25 different countries. The pictures, which impressed our international jury, were taken from different angles of unique motives and landscapes and mirror the diversity at KAEFER. In the end it was a tough job in itself to pick only 20 winning photos! We are already looking forward to the next photo competition in 2016.

Harmony day – celebrating cultural diversity

On Saturday, 21 March, Australia celebrated ‘Harmony Day’, a national day recognising Australia’s cultural diversity. This year marked the 15th Anniversary of Harmony Day and to celebrate, the Perth head office held an international potluck lunch on Friday, 20 March in the board room. Each person brought a dish served in their country of origin.

In total, the head office has 13 different nationalities; each country was represented by a flag on the wall. An event such as this brought the team together and encouraged conversations about food and our different countries and cultures truly reflecting the aim of Harmony Day.
Christmas initiatives

In most parts of the world, the Christmas season is a time of giving. Amongst others, our colleagues in Germany and the UK were more than willing to give and motivate their colleagues to contribute as well.

For example, KAEFER C&D was very active last Christmas and took part once more in the Shoe Box appeal, which supports young children in Ghana. But they have also been helping communities closer to home by donating money and food to provide free Christmas dinners to the homeless in their community centre. Colleagues at the site of Killingholme took on the challenge of collecting a ‘Mile of Pennies’ to raise money for E.ON’s charity of the year: ‘Teenage Cancer Trust’. To pledge their support, other offices and KAEFER sites in the UK also placed collection boxes in their reception areas.

In Germany, colleagues from KAEFER Industrie decided to support the ‘Bremen Christmas Charity’, raising money for children in need in Bremen and the surrounding areas. The charity aims to reduce poverty for young children and their families by allocating donations according to various needs so the children can be given gifts such as bicycles, winter clothes or shoes, school supplies or even special medical treatment.

As in the years before, the KAEFER Headquarters in Bremen were transformed into a christmas calendar with 24 donations to local charities.

In addition to these ones, there were many more initiatives around the KAEFER world that demonstrated our solidarity and support for one another during this past Christmas season.

A secret skill: being creative with metal

Wojciech Nyckowski, who has been working for KAEFER SA in Poland for many years, has a secret talent he shared with us. In addition to working at KAEFER, he expertly creates small works of art primarily from iron sheet.

This amazing skill, which requires a great deal of time, patience and concentration, has been used by Wojciech to create a range of models. For example, he has impressively modelled the Gudrun platform in the Norwegian North Sea and created a miniature model of an eco-incinerator plant. Wojciech worked on it during his days off for three months - the result is spectacular and worth the wait.

KAEFER SA was so fascinated by this work of art that it chose to put it on display at the exhibition stands at the trade fairs in both Belchatów and Cracow.

At KAEFER we are excited to have such talented and diversely skilled employees, and cannot wait to see what else our employees have in store.
The KAEFER Foundation gGmbH

Unfortunate things happen all over the world that require supportive action. Not only our employees but also their families and communities require support by way of donations and special commitments. Various natural disasters, such as the 2011 flood in Thailand, as well as issues concerning education and health have significant impacts and cannot be ignored; they require action and support. That’s where the KAEFER FOUNDATION steps in.
The KAEFER Foundation gGmbH was founded in 2010 as a non-profit, charitable organisation supported by KAEFER Isoliertechnik GmbH & Co. KG with the goal of helping those who need it most. The foundation supports projects that are not directly related to our business and projects with a clear non-profit goal (e.g. the KAEFER AIDS Relief Programme) in the following areas:

- Humanitarian work
- Prevention of diseases such as HIV/AIDS, tuberculosis and support for patients with these illnesses
- Education, apprenticeships and training
- Science and research
- Protection of the environment and ecosystem; especially climate protection and energy efficiency
- Development projects for younger generations
- Natural disasters and catastrophes

As a non-profit organisation, the KAEFER FOUNDATION is exempt from tax and support is funded solely through donations. Thanks to contributions, we are able to support the initiatives mentioned on the next page and achieve long-lasting goals. If you want to make a difference you can make a one-off or monthly donations to:

KAEFER Foundation gGmbH
Deutsche Bank AG
Account No. 1690049
Bank code 290 700 50
IBAN DE 62 29 0700 5001 6900 4900
BIC (SWIFT) DEUTDEHBXXX

Please note that individuals and organisations in Germany are able to receive donation receipts for tax purposes.

The promotion of the KAEFER FOUNDATION has been a big step towards raising awareness for our goals and expectations. We are very happy to see the positive reaction and participation of all our employees and the benefits of their donations. Our goal for the next year is to further develop our project scope and continue supporting our current initiatives.

We welcome your support for a month, for a year or even longer. Give for as long or as short a period as you want. You can cancel your recurring donation at any time. We hope, however, that you will continue to remain a KAEFER FOUNDATION member once you see the positive impacts your donations are making.

Together we can make a difference!

Dirk Brand-Sassen
Francisca Gorgodian
Projects

World AIDS Day

Each year, KAEFER shows its support for World AIDS Day on 1 December. For this year’s effort, candy canes were sold at the Headquarters in Bremen and all the money raised went to the KAEFER AIDS Relief Programme (KARP) in South Africa (for more information about KARP please refer to page 19). Stigma and discrimination towards people living with HIV or suffering from AIDS is still very much a reality. At KAEFER we pledge a policy of zero discrimination and want to take the opportunity during World AIDS Day to remind everyone to fight prejudice. As a result of our continuous commitment, we are able to highlight the importance of supporting affected employees and their families in an ongoing manner.

Charity Postcards

Entries from the KAEFER International Photo Competition are turned into postcards that are sold internally, raising funds for the KAEFER FOUNDATION. Among other locations, they are available at the reception in the corporate Headquarters.

Scientific Purification Indicator (Scipio)

The Scipio team is made up of five electrical engineers from the University of Bremen. They have invented an innovative cylindrical tool that is capable of determining if water is drinkable or not, when placed in a PVC bottle of water under direct equatorial sunlight. Their aim is to change the fact that 3 billion people on our planet do not have access to clean water by making their product accessible in developing countries.

As one of Scipio’s sponsors, the KAEFER FOUNDATION helped enable the students to compete at COSIMA (Competition of Students in Microsystems Application) in November 2014, where they impressively tied for 1st place. With the prize money, the engineers have already ordered all the necessary parts and materials to make a finished product to sell. In fact, the students are also preparing for the iCAN nano and micro technology contest in Alaska in June 2015 and are excited to be able to take this opportunity to network with an international community.

The Scipio team is already in contact with several NGOs, and once their end product is finalised, they would like to start producing it to make it available to as many people as possible and achieve their goal with the help of the KAEFER FOUNDATION.

Further initiatives and projects are constantly being developed. Additional information on current projects and activities are available on the KAEFER website:

www.kaefer.com/kaefer_foundation.html
About this report

Sustainability Reporting at KAEFER aims to show our commitment, the progress we have made so far, and to share our ideas, projects and initiatives that are related to the topic of sustainability.

This is the forth Sustainability Report for KAEFER, which covers the period from 1 January to 31 December 2014.
About our report

The KAEFER Sustainability Report 2014 aims to inform all our stakeholders about the Corporate Responsibility & Sustainability (CRS) activities of KAEFER worldwide. The report is organised in different sections according to the dimensions of our sustainable mindset.

KAEFER’s reporting cycle is annual and the previous report was published in August 2014. This is the fourth group-wide Sustainability Report for KAEFER covering the year 2014 (1 January – 31 December 2014). We do our reporting in accordance with the Global Reporting Initiative (GRI) Guidelines G3.1. The information provided in this document has not been audited by a third party but we strongly believe that the data along with the earlier reports as well as the KAEFER website are sufficient to meet the requirements for GRI’s level C. If not stated differently, this report covers the KAEFER administration offices of the following countries:

> Australia
> Austria
> Brazil
> France
> Germany
> Mexico
> Norway
> Poland
> Saudia Arabia
> South Africa
> Spain
> Thailand
> UAE
> UK
> Vietnam

For Germany only the offices in Bremen were considered.

We are confident that as we learn and progress we will understand how to further improve our approach and performance regarding our responsibility as a company and our sustainability strategy and activities. Compared to past reports, we have made some progress in expanding the scope such as in the field of material consumption data. Furthermore, we are convinced that we were able to broaden the understanding of sustainability within the entire organisation. However, we are fully aware that there is still a lot of work ahead of us. Our aim is to share best practices and to communicate effectively in order to get an accurate picture of sustainability at KAEFER.

In order to reach this goal we rely on the ongoing support from our Sustainability Champions worldwide. They are the ones who complete the questionnaires that lend data for our report and provide us with the information for the stories that are an essential part of this document. Our sincere appreciation goes to them for all their dedication, support, time and creative ideas. We also would like to thank all the colleagues who have been involved in creating this report. The texts and articles have been written by KAEFER employees to reflect their own point of view and experiences. This also leads to different writing styles that show the diversity we have at KAEFER.

Looking ahead, KAEFER aims to better fulfil the expectations of its stakeholders by integrating the results of our 2015 stakeholder survey as well as the feedback we receive in our planning for the next edition. We invite you to join the conversation and get in touch with us at crs@kaefer.com

Materiality

The fact that we offer a wide range of services and are active in different markets results in a complex business environment with a diverse network of partners. Our main stakeholders are our employees, our clients, suppliers, competitors as well as local communities.

Defining materiality means identifying key aspects that are essential to us and our stakeholders. These relevant topics were selected for the KAEFER Sustainability Report through a materiality assessment consisting of an intensive research and analysis. In addition, the topics have been discussed with the Sustainability Champions and the Sustainability Working Group. These aspects were then transcribed into the GRI indicators and form the basis for this report. The most material aspects can also be found in the chart on the right hand side.

Due to commercial sensitivity, KAEFER’s health and safety figures have been excluded from this report.

We do not report on minorities since definitions vary from country to country and it is furthermore illegal in some countries to ask employees about this topic.

Although we took great care when collecting and analysing the data provided by the individual entities, mistakes cannot be excluded with absolute certainty.
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Additional notes:

1. LA10 Training
   The following countries reported on this indicator: Austria, Brazil, France, Germany, Mexico, Norway, Poland, South Africa, Spain, Thailand, UAE, UK and Vietnam.

2. LA7 Absenteeism
   The following countries reported on this indicator: Brazil, France, Germany, Mexico, Norway, Poland, South Africa, Spain, Thailand, UK and Vietnam.

3. EN3 Energy consumption
   Based on the information from Australia, Austria, Brazil, France, Germany, Mexico, Norway, Poland, South Africa, Spain, Thailand and UK.

4. EN4 Electricity consumption
   Due to a new reporting system, we are now able to calculate the per capita consumption for more locations in France. The figures for the last two years were also included resulting in an update of the chart.

5. EN22 Waste
   Based on the information from Austria, France, Germany, Norway, Poland, Spain, Thailand, UK and Vietnam.
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