Sustainability Report 2018
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At its core, sustainability is the art of thinking in the long-term. None of us can predict the future, but – with the right foundations, systems and people in place – it is possible to plan for it, anticipate it, and shape it.

That’s exactly what we’ve spent the last two years doing; adapting our administrative and operational processes to make them robust and secure, putting systems in place to improve cross-border and cross-disciplinary communications, and putting our finances on a stable footing to ensure we can meet the challenges – and seize the opportunities – which the future will bring.

We have all worked hard to reach this point and – without wishing to encourage complacency – we can say with confidence that KAEFER’s future is now in our own hands. This was a fact much remarked upon during our refinancing in 2018, when the Senior Secured Notes we offered in order to guarantee KAEFER’s financial stability over the next five years were purchased in record time. Together with our status as a family-owned company, this new financial arrangement gives us the freedom to concentrate our resources on what really matters; delivering new and better services for our clients, improving our existing processes, and becoming more efficient.

Since January 2019, KAEFER has changed from a Board of Directors under a single CEO to an Executive Board under two Co-CEOs. We are both acutely aware of what a privilege and responsibility it is to lead KAEFER into its second century and share the same priorities when it comes to ensuring a long and sustainable future for the company. We are determined to empower our people and keep investing in them as well as forging closer links between different KAEFER entities and disciplines. Reading through the stories collected here in our eighth edition of the Sustainability Report, it’s clear we’ve made a good start. In the last few years, we have launched global training and communication campaigns on subjects including health, safety, compliance and LEAN methodology. There are also multiple examples of individuals at KAEFER learning from one another, sharing know-how, and asking themselves if and how local initiatives might serve the interests of KAEFER around the world.

Continuing along this same path is key to securing KAEFER’s long-term success. We want everyone connected with KAEFER to feel personally invested in the company’s future. We face many challenges – from our competitors as well as changing geo-political and environmental conditions – but if we face them together, remembering that collectively we can make an important contribution to improving energy efficiency around the world, we can look forward with optimism. This is a question of trust. If we continue listening, sharing our ideas, and learning from one another, then everyone with a stake in KAEFER – from employees, to customers, owners, suppliers and partners – will be able to say to themselves with complete confidence: KAEFER delivers!

Yours sincerely,

Steen Hansen    Dr. Roland Gärber,
Co-CEO     Co-CEO

Dr. Roland Gärber und Steen Hansen

Empowering our future
Corporate Responsibility and Sustainability – the clue is in the name!

KAEFER’s Corporate Responsibility and Sustainability (CRS) department was founded in 2008 during a period of expansion, when more and more KAEFER employees were joining the Group and the concept of Corporate Social Responsibility was increasingly present in people’s minds. The department’s “adapted” name – CRS instead of the typical CSR – reflects our belief that KAEFER is well-placed to help eliminate energy waste and therefore make a positive long-term impact around the world. A company like KAEFER, with a workforce in the tens of thousands, operating in so many countries, environments and industries, has a duty to behave as a responsible actor in society.

One thing we’ve learned in the last ten years is that people at KAEFER, wherever they’re based, are bound by a shared desire to make a positive contribution to a sustainable future – in all senses of the word. Our role in the CRS department is to tap into that resource, helping to ensure that the environmental, charitable and community-based efforts of our employees are integrated, properly resourced and effective. We are proud of how much we have achieved over the last decade - and are determined to achieve even more in the future!
This Sustainability Report has been designed to provide an overview for our stakeholders into sustainability initiatives carried out at KAEFER in 2018, in each of the following areas:

1. **Economic**
   
   Over the last decade, the world has faced unprecedented economic challenges. That’s why it’s more important than ever to focus on how we contribute to worldwide economic growth and prosperity in a sustainable fashion.

   From stories on tackling the financial effects of climate change to tailored ethics programmes and an emphasis on continuous improvement, the following pages make clear that KAEFER sees economic sustainability from a wide variety of angles on local, regional and global levels.

2. **Social**
   
   People are social by nature. At KAEFER, we understand this and actively encourage social interaction among our staff, partners and communities. Features in this Report on our community-based and charitable initiatives make clear the degree of engagement and team spirit animating people at KAEFER – outside the value chain as well as within.

3. **Environmental**
   
   There is no limit to the number of ways in which energy waste can be minimised. One good idea leads to another, and then another, forming an unbroken line of opportunities for continuous improvement. From can-crushing programmes and efforts to make our offices truly paperless, to supporting the development of greener building materials, we aim to live and breathe the concept of eliminating energy waste in the way we act.

4. **Cultural**
   
   Most companies focus on just the economic, social and environmental dimensions of sustainability. At KAEFER, with over 28,000 employees worldwide, we feel it’s crucial to shine an equally powerful spotlight on the cultural dimension. People stand at the centre of everything we do and every individual at KAEFER makes an important contribution to our shared culture.

   As the company has become increasingly diverse and culturally rich, we’ve learned how much stronger we are when we work together. Greater engagement with the world drives greater engagement with social, environmental and cultural projects – and creates pride in being part of a globally connected, multi-cultural organisation.
Managing Sustainability at KAEFER – how we operate

Based in Bremen, the Corporate Responsibility and Sustainability (CRS) department was created in January 2008 with a specific mandate to answer the following question:

*What more can we do to strengthen our ties with the sustainability mindset and help to ensure a bright and secure future for our company?*

Priorities vary from place to place. The role of CRS is to set the framework and support local management. It’s the people on the ground – especially our Sustainability Champions – who are best placed to identify issues and propose solutions. Our job is making sure they have access to the resources and expertise they need.

Sustainability Champions

The CRS department works with a network of more than 30 KAEFER Sustainability Champions, located in different departments and KAEFER countries around the world.

Sustainability Champions act as local contacts, organise campaigns on issues related to sustainability, and share information for KAEFER’s sustainability newsletter – CRS News. They do so on a voluntary basis, in addition to their day-to-day tasks, and all of us owe them a vote of thanks for helping to create and strengthen a culture of positive change at the company.

Our commitment to transparency

KAEFER’s future success depends on a loyal and motivated workforce, satisfied clients, engaged shareholders and suppliers who know they can trust us to make good on our promises. With the help of our Champions, the KAEFER sustainability newsletter ‘CRS News’, appears four times a year in six different languages. It exists to keep people informed, share experiences and learn from each other. It is supported in turn by an annual Sustainability Report and our Stakeholder Survey.

KAEFER has published a [Sustainability Report](#) since 2011. Conforming to Global Reporting Initiative standards, the Report is where we publicise our efforts in each of KAEFER’s four sustainability dimensions, benchmark our progress from year to year, and set new goals for the future.

In addition, every two to three years the CRS department carries out a major [Stakeholder Survey](#) on sustainability at KAEFER, the results of which are used to determine the content and overall focus of the Sustainability Report. Most recently, stakeholders were invited to offer their views in early 2019. In total, 903 people responded between 24 January and 14 February – a 66% increase on the number of participants in 2016.

81% of participants consider KAEFER a sustainable company, which compares very favourably with the 2016 figure of 64%. Another source of satisfaction was the fact that 91% of respondents stated that they would be happy to recommend KAEFER as a business partner or employer, a 15% increase on 2016.

### Respondents were able to give more than one answer

- Occupational health and safety (668 – 74%)
- Training and education (468 – 52%)
- Economic performance (450 – 50%)
- Compliance and anti-competitive behaviour (380 – 42%)
- Diversity, equal opportunity and non-discrimination (368 – 41%)
- Labour-management relations and Employment (367 – 41%)
- Market presence (339 – 38%)
- Energy (297 – 33%)

The majority of respondents were KAEFER employees, hailing from 28 different countries around the world. At the same time, survey organisers were thrilled that such a large number of clients, partners, shareholders and suppliers (74) also took the time to share their opinions with us. KAEFER stakeholders rank sustainability topics in the following order of importance:
Sustainability Initiatives in KAEFER’s centenary year

KAEFER celebrated its 100th birthday in 2018 – in itself evidence of the company’s commitment to sustainability – and many of the initiatives carried out during the year were linked to the celebrations. Our long-term involvement to supporting the arts was on display at an anniversary party just a stone’s throw from KAEFER Headquarters Bremen. KAEFER are proud sponsors of the Deutsche Kammerphilharmonie Bremen, who dazzled 800 guests with their virtuosity. Our relationship with this orchestra dates back more than a decade and is inspired in large part by their Future Lab. This is an initiative which uses music to inspire children in one of Bremen’s most disadvantaged neighbourhoods and included the decision in 2007 to relocate the orchestra’s rehearsal rooms to the Bremen East Comprehensive School. At KAEFER’s centenary Family Day on 1 September 2018, guests were treated to a concert by pupils from the school and could clearly see and hear how much they had gained from sharing space and time with some of the most renowned musicians in the country.

In total, the day-long event was attended by 1,300 current and former employees – along with their families – from Bremen, Bremerhaven, Emden and Scheeßel. In addition to musical contributions, there was an interactive exhibition with stories and anecdotes from the last 100 years. In the labs, children visited the acoustic chamber, froze flowers in nitrogen and conducted experiments with the company’s thermal imaging equipment. But perhaps the biggest single cheer of the day came at the end of a football match screened live for guests, when local team Werder Bremen scored in the last minute to clinch a crucial win!

This was just one of many highlights at the Family Day, where the company’s commitment to sustainability was on wide display – in the complete absence of plastic tableware and cutlery, and the use of apples as promotional items (harvested locally and branded with a special sugar-based printing method). Demonstrating KAEFER’s holistic approach, leftover food was collected by the Foodsharing Bremen organisation which redistributes food that can no longer be sold or used for future events. In addition, the apples not eaten on the day were sliced, juiced and cooked by KAEFER volunteers who then sold the finished jelly to raise money for KAEFER’s AIDS Relief Programme in South Africa.
World Environment Day: Supporting UN efforts to Beat Plastic Pollution

Since the first major international conference on environmental issues took place nearly 50 years ago, 5 June has been celebrated as World Environment day around the globe. In 2018, numerous KAEFER entities played their part in helping to raise awareness of environmental issues. In Vietnam the air-conditioning was reset to 24°C, resulting in 10% savings in electricity consumption over the year. In Norway, heat pumps were installed to save energy at the Bryne workshop and an automatic door-closing mechanism installed at a warehouse to reduce heat loss in winter and air-conditioning loss in summer. In the Middle East, Earth Hour, World Earth Day and World Water Day were all celebrated across the region and in Germany a joint presentation was organised for senior managers, providing information on how to save energy in offices and buildings. Another key focus was supporting the UN’s drive to beat plastic pollution, the dramatic increase in which is becoming more and more of a global burden. We hope that more and more KAEFER entities around the world will soon follow the lead set by colleagues in the UK and begin challenging their suppliers to reduce or remove plastic from the supply chain:

“One recent win was with a supplier of safety gloves that come individually packaged in plastic wrappers. In future, they have agreed to box them as pairs. This reduces our plastic usage, eliminates the supplier’s need to individually package the gloves, reduces their handling of received goods and helps eliminate waste from our supply chain.”

Stuart Miller, Head of HSE in the UK
Welcome to KAEFER

Over the last hundred years, ever since Carl Kaefer began using peat to insulate the walls of cold storage spaces in ships, the company has grown from a niche insulation business in Bremen into one of the world’s market leaders for technical industrial services. With an annual turnover of €1.7b, approximately 28,000 employees and a large international presence, we are a global player – meeting the needs of clients all over the world. In addition to insulation, we offer access solutions, surface protection, passive fire protection & refractory, and interior outfitting as well as mechanical services.

Despite this growth, KAEFER remains wholly a family owned business, focussed on traditional values, a long-term mindset and an experienced workforce who combine the confidence to speak frankly with the desire to show initiative and be proactive when it comes to anticipating the needs of our clients.

While we certainly took our centenary as an opportunity to celebrate and look back, people at KAEFER also saw it as a springboard into the future – a perfect opportunity to reaffirm our commitment to a philosophy of continuous improvement and to conduct a realistic appraisal of the challenges ahead.

**Continuity and change at a family owned company**

One group who seized the opportunity to celebrate KAEFER’s 100th birthday were the great-grandchildren of former CEO and head of the owner-family, Heinz Peter Koch. On 6 August, 11 of the children visited the Bremen headquarters where they learned how to build a dry wall, were taken on a guided tour of the offices, and heard a presentation from our CEO. At the same time the third generation of the owner-family – Heinz Peter’s grand-children – took on a more prominent role within KAEFER, with Moritz Koch assuming the dual role of family spokesperson and deputy chair of the Advisory Board from his uncle Ralf Koch.

“On everyone’s behalf, I would like to thank my uncle Ralf Koch for his tireless contribution to KAEFER over so many years and in so many different capacities. His advice will provide valuable guidance as I become even more active at this fantastic company and help to ensure it becomes even stronger over the generations.”

Moritz Koch
A recognised partner on new build and maintenance projects

At KAEFER, we offer a comprehensive range of technical industrial services organised to address project-specific needs. Within each of our core services, we offer planning and development, manufacturing, material supply and delivery, assembly and installation, service and maintenance, project and quality management, general contracting services, inspection and testing, and auditing services.

Insulation – we’ve got it covered
Developing, creating and fitting insulation for industrial and high-tech applications lies at the heart of everything KAEFER does. From thermal and cryogenic insulation to noise protection, acoustic insulation, insulation mattresses and nuclear cassettes, we provide innovative solutions, products and services that protect, conserve and maximise efficiency and performance.

Access – scaling the heights
Access comes in many shapes and sizes. From scaffolding and rope access to elevated platforms and other specialist methods, KAEFER offers the entire spectrum of solutions to tackle even the most challenging and difficult projects. Innovations such as our dedicated Scaffolding Management Software ensure efficient and professional site management.

Surface Protection – the art of defence
The surfaces of industrial facilities need protection from wind, weather, water, process temperatures and chemical stress. As specialists in insulation, KAEFER is ideally placed to deliver services, solutions and ideas that increase efficiency and life-expectancy.

Our services include planning, conception, development and design; assembly and installation; service and maintenance; inspection and testing; and project and quality management.

Passive Fire Protection – a pro-active approach
Often, the importance of passive fire protection only becomes clear after the fact happens. That’s why KAEFER continually strives to stay one step ahead by developing and implementing passive fire protection systems that guarantee the highest possible safety levels – and protecting the people who live and work inside industrial facilities, buildings and structures. From the installation of a single firewall to the planning, development and installation of large-scale fire protection systems, KAEFER has the expertise to keep fire at bay.

Interior Outfitting – the ins and outs
KAEFER specialises in the interior outfitting of a wide range of facilities including offshore oil platforms, cruise ships, residential and office buildings, hotels and airports. Our range of expertise includes modular accommodation, galleys, noise protection, and engineering and technical services. We regularly deliver projects subject to substantial time pressure and difficult environmental conditions.

Case Study 1:
Long term multidiscipline Services in Wales
Between 2018 and 2023, KAEFER in the UK is planning to provide client Dow DuPont with 1,000,000 man-hours per year on maintenance turnarounds and projects. Individual services include scaffolding (including scaffolding design and engineering support), rope access, MEWP’s*, insulation services, non-destructive testing and inspection services, surface preparation, and painting.

Case Study 2:
Acoustic Insulation at the ORLEN Lietuva AB Refinery in Lithuania
A highly specialised project to reduce noise in air-gas and hydrogen generation compressor houses was successfully completed between November 2017 and February 2018.

Case Study 3:
Fire protection and insulation at Roche Diagnostics in Germany
Over a period of 16 months and 56,000 man-hours, the KAEFER team insulated over 70km of pipeline and installed 9,000 firewalls as part of a product line expansion which included the construction of employee training and qualification rooms.

Case Study 4:
High-end Turnkey Interior Outfitting in Germany
Over 23 months, the KAEFER team helped client Merck create an extraordinary new Innovation Centre in Darmstadt. The open, transparent space was designed as a spiral over six levels and equipped with comfortable working, communication, and meeting zones.

*Mobile Elevating Work Platforms
A champion of sustainability

Energy efficiency was at the core of the founder’s original idea to clad the walls of cold storage rooms in ships with peat. Sustainability is where we come from; it forms the basis of our business strategy and shapes our approach to health & safety, compliance, quality, climate protection, long-term employment, customer relationships, value-based leadership, and of course, profitability.

In addition, KAEFER actively collaborates with institutions and organisations – such as the European Industrial Insulation Foundation (EiIF) – who share our determination to maximise energy efficiency over the long term.

The KAEFER Supply Chain and Suppliers – an overview

A service provider rather than a manufacturer or producer, KAEFER operates as part of an extensive community of organisations, clients, sub-contractors, consultants and suppliers.

While the installation of tailor-made insulation is the seed from which we grew, these days the company offers an extremely broad range of complex works and services. Developed in response to the needs of our clients, this portfolio of services makes KAEFER a much-sought after partner for new build and maintenance projects all over the world, in sectors ranging from industry to marine and offshore and construction.

Projects vary, of course, but it’s safe to say our clients are invariably businesses, and that the work we carry out on their behalf can be characterised as ‘labour intensive’.

In 2018, KAEFER worked with nearly 15,000 suppliers in over 40 countries. Globally, it is possible to identify a group of core suppliers, with just 1,200 companies accounting for 80% of KAEFER’s purchasing spend.

Our business is characterised by project work. From year to year, consumption of materials depends on current tasks and their specifications. 60% of KAEFER’s purchasing spend goes on services, and a large proportion of the rest on materials commonly used in insulation, such as mineral wool and glass fibres. We also purchase the following items in significant quantities:

- interior outfitting materials
- scaffolding equipment
- metals and chemicals
- vehicles
- equipment and tools
- IT & communication media technology
- personal protection equipment
Forging new relationships for a secure and sustainable future

Planning for the future requires both financial stability and an outward-looking approach geared towards forming the partnerships and offering the services that will ensure we continue to fulfill – and exceed – the expectations of our clients. 2018 did not disappoint on either count:

**Financial stability** In 2018, KAEFER successfully extended its syndicated loan in the amount of €480m and placed €250m worth of senior secured notes with approximately 50 investors following a series of roadshows in London, Paris and Frankfurt. Consequently, we now have a comprehensive five-year financing schedule in place, giving us ample headroom to further develop our business.

**Strategic partnerships** In Norway, KAEFER Energy entered into a new, operational alliance consisting of Aker BP, KAEFER Energy, Prezioso Line Building and FORCE Technology. This “Asset Integrity Alliance” will ensure the technical integrity of all Aker BP installations on the Norwegian continental shelf through combining integrity management, platform services and access techniques. As well as taking responsibility for the execution of insulation, surface protection, access, interior outfitting, and HVAC, KAEFER Energy will also play a management role in the alliance.

In April, KAEFER Integrated Services in Australia acquired the assets of Maicon Engineering in Australia. This new business unit, which provides mechanical services to the growing mining and infrastructure sectors (with the potential for expansion into the highly specialised oil & gas and energy markets) means that KAEFER is now a true full-service provider for maintenance and new build projects in Australia. In addition, Maicon and KAEFER already serve many of the same clients, which is expected to facilitate numerous cross-selling opportunities.

These new relationships allow us to improve and broaden the range of services we offer our clients and ensure that KAEFER is ideally positioned to take advantage of developing markets and new opportunities.
Economic Performance
– focusing on an energy efficient future

Across the world, energy is being consumed at an ever-increasing rate. Given the diminishing reserves of raw materials and the growing reality of climate change, it is vital that energy is produced, stored and distributed as sustainably and efficiently as possible. This is what we do at KAEFER. Committing to a philosophy of continuous improvement secures the company’s financial health, guarantees growth and allows everyone connected with KAEFER to make a positive contribution to a sustainable future for us all.

In 2018, our commitment to continuous improvement took many forms. In administration, we improved IT security, launched a new Code of Business Conduct and an accompanying world-wide program of compliance training for all employees. In operations, we updated our project governance procedures and continued our transition to paperless and excel-free construction sites with DPMS, Digital Project Management Solution.

There was also change at the most senior level of the company, with the shift to an Executive Board consisting of two CEO’s, Dr Roland Gärber and Steen E. Hansen. Primarily responsible for operations and administration respectively, the two leaders will nonetheless work closely together, ensuring that the current focus on maximising potential through collaboration starts of the very top. People everywhere are already following suit, actively looking for opportunities to co-operate across disciplines and borders and integrate new methods and technologies into their daily routines.

Our headline figures are a source of satisfaction; the detail behind the figures even more so. KAEFER’s revenue streams are sufficiently diverse – and our portfolio of services sufficiently broad – that we are not dependent on any one industry, market or country. The ability to think with regard to long-term sustainability rather than short-term profit was repeatedly noted during our refinancing in 2018 and a key reason that the senior secured notes we offered were purchased in record time, ensuring KAEFER’s financial stability over the next five years and freeing-up the resources and energy we need to continually assess and plan for changing market-, environmental- and geo-political conditions.
The best ideas, known internally as rubies, are assigned to one of three categories and promoted accordingly:

> **Fast impact rubies** are best practices which can be quickly and straightforwardly implemented on site.

> **High impact rubies** are best practices which, if implemented across the KAEFER world, will have a significant impact on our overall profitability.

> **Strategic rubies** have the potential to significantly improve the company’s fortunes through the development of a new service, process or product.

Rubies are just the tip of the iceberg as a quick trip around the KAEFER world demonstrates. In France, for example, innovation forms a central pillar of the strategy launched by local subsidiary KAEFER WANNER in 2018. At a ‘speed dating’ event at the company’s Annual Convention in February, 14 innovative projects were presented to attendees, who then voted for their top three – with fantastic results:

1. Since the 2018 Convention, new digital procedures have been introduced to guide and record the assembly and disassembly of high-pressure vessel cover heads at nuclear power plants. The new system minimises time spent exposed to radiation, standardises working methods, and is now in use on both 900 and 1300MW reactors.

2. Electric stair climbing solutions for heavy load ports were first tested in February 2018 in Grand-Couronne. A prototype was purchased in April and pilot studies are currently looking at ways of adapting the mechanism for KAEFER WANNER activities including scaffolding, insulation and painting.

3. KAEFER WANNER teams are testing drone technology as a faster and more efficient way to conduct thermography. Images recorded by the drones are also being used to help develop improved access solutions.

**Video:** [https://www.youtube.com/watch?v=YqEr8heryzB](https://www.youtube.com/watch?v=YqEr8heryzB)

**Fit for purpose – a structure for KAEFER’s second century**

“**KAEFER has always been an innovative company, we always try to think one step further.**”

Andreas Pöppinghaus, Head of Corporate Competence Centers

Energy efficiency is what we focus on – and one of the most pressing concerns facing today’s world. Excellence in planning and execution is a vital part of preventing energy waste but achieving the energy savings demanded by our clients, and society as a whole, requires an equal commitment to looking for the best solutions. At KAEFER, we constantly seek new and more effective ways to improve every day. We embrace new technologies, examine and re-examine materials to understand their full potential, and do our best to constantly improve our performance as well as our portfolio in the areas where we are already active in.

In 2018, in order to ensure that KAEFER continues to lead the way in bringing new and improved services to the market, the company set up an Innovation Marketplace and an Innovation Board, designed to identify and support the strongest ideas developing from around the company.

“**Innovations and the underlying stage-gate process will help us stay ahead and serve the interests of our clients.**”

Thomas-Peter Wilk, Head of Corporate Innovation & Technical Excellence (CIE)

“Innovations and the underlying stage-gate process will help us stay ahead and serve the interests of our clients.”

Thomas-Peter Wilk, Head of Corporate Innovation & Technical Excellence (CIE)
Innovation was also a major theme in **South Africa** in 2018 – the high-point was an Innovation Day in November when clients, partners and suppliers were invited to an event which included demonstrations and presentations on the scope of KAEFER services, as well as exhibitions from suppliers. Not to be outdone, Bremen Headquarters invited a team from Microsoft to visit in December 2018 and present the latest developments in Artificial Intelligence, the Internet of Things, the Modern Workplace, Business Intelligence and Big Data.

### Supporting innovation in the Community...

New in 2018, the **KAEFER-Zukunftspreis**, or ‘Future prize’, was launched to support the next generation of innovative thinkers and promote sustainable development. Open to university students from Germany, the €5,000 prize will be awarded annually to an outstanding research project with a focus on decreasing emissions, energy efficiency, LEAN construction, insulation, process optimisation or materials research. Inaugural winner Leander Stützel was selected from numerous entries for his work on optimising the natural building material loam, specifically through improving its thermal properties. The result, after firing at an appropriate temperature, is a new lightweight insulation brick which could prove ideal for use in construction where the ecological properties of building materials are important.

KAEFER are also offering further support to runner-up Laura Marie Henning, who was honoured during the KAEFER Family Day for her work on removing environmentally harmful dyes from waste water.

Moving from the university lecture hall to the school classroom, KAEFER also supported the Germany-wide **Energiesparmeister** (Energy-saving Champions) competition in 2018. Among the many winners at a ceremony at the Federal Ministry for the Environment in Berlin, were the pupil’s of Bremen’s Halmerweg Primary School. By donating time and support, as well as €2,500 in prize money, KAEFER is proud to play a role in making sure that teachers at the school can continue educating their students on the topics of energy, resources and climate change.
Solar energy - Changing the world, one solution at a time...

**Polyphem** Imagine if people living in remote locations could be freed from their dependence on fossil fuels or expensive mainline connections. Imagine bringing clean, reliable energy to areas which currently rely on diesel generators, or which have no electricity at all due to a lack of infrastructure or problems with fuel supply.

In 2015, two KAEFER engineers did exactly this, showing great creativity, determination and technical knowledge in their quest to meet a rapidly growing need.

Working in the Corporate Competence Center Renewable Energies department, Andreas Pöppinghaus and Daniel Ipse have created Polyphem, a mini solar power plant capable of generating 100 KW of energy (enough to meet the needs of a medium-sized industrial operation) and small enough to be transported, ready-assembled, in a standard shipping container. Once on site, an electrician only has to lay the connections before the plant is operational.

Development costs are being covered by a €1.1M grant from the European Commission’s ‘Horizon 2020’ Research and Innovation program, with an additional €3.8m of investment capital shared between four research centres and four private companies. The first full project meeting took place in October 2018 and a prototype is currently being tested. Looking ahead, the team plans to have a market-ready product available in 2022 – one with the potential to truly change the world!

**Solar power** Renewables are also a growing area for KAEFER in Australia. When South Australia’s Copper Coast Council decided to reduce both electricity bills and their carbon footprint with the installation of two 150KW solar systems at their Waste Water Treatment Plants, they turned to KAEFER to make it happen.

Approximately 80 meters of cable trenching were required to connect the solar farm to the main switchboards at the treatment plants west of Adelaide. The system was fully designed by KAEFER engineers and the work completed in less than three months. The same client has recently commissioned KAEFER to develop comparable solutions for a solar farm and remote hybrid (solar/battery/generator) system.

KASH is king!

When KASH (KAEFER Second Hand) was launched in 2016 on KAEFER’s intranet ‘ONE’, no one could be entirely certain whether it would take off. The idea certainly had potential – creating a forum where everyone at KAEFER is able to buy, sell and rent pre-owned machines, tools, equipment and materials – but to be effective it required both a sustainable mindset and commitment to sharing information and know-how between KAEFER entities and disciplines.

Two and a half years later, we can report that KASH is going from strength to strength – as our colleagues in Sweden discovered when they noticed a Bingo 16 for sale on the platform. The machine was damaged, and no longer used by its original owners at KAEFER WANNER in France. Returned to working order by KAEFER technicians on a stopover in Germany before being sent on to its new owners, the machine is already proving its worth in Sweden:

> “We have a saying here – ‘one man’s rubbish is another man’s gold’. The Bingo 16 meets our business needs like a glove and will definitely lead to improved results in Sweden.”

Christian Jern (Managing Director, Sweden)
As a global company, KAEFER’s continued success rests on the ability to integrate people with different backgrounds, languages, skill sets and working methods into a single group, greater than the sum of its parts. Our goal is to provide our clients with the resources and quality assurance of a multi-national company, whilst ensuring that local KAEFER entities remain entrepreneurial and flexible enough to meet local needs and challenges.

KAEFER’s strategy is focussed on creating security and stability within our administrative and operational structures, and on generating organic growth. We also prioritise our digital agenda to simplify our work and make it more efficient and we improve cross-border and inter-disciplinary collaboration all over the company.

Our Market Presence

It remains the case that KAEFER operates in a highly competitive environment. It is equally true that our markets offer enormous potential. Our global presence and group-wide know-how offer significant opportunities for developing our business areas; the key to unlocking these opportunities lies in our commitment to genuine engagement in the communities where we operate. This is the reason we have no “expat” system at KAEFER, and the reason why approximately 90% of KAEFER managing directors around the world are natives of the countries where they work. Wherever possible, from entry-level starters to senior management, KAEFER is determined to recruit and support members of the local community, improving our ability to understand local needs and ensuring that our presence delivers a net benefit to the area.

Our Labour Relations

At KAEFER, we are proud of our record on labour relations and make strenuous efforts to listen to and empower our employees. That’s why we conduct regular stakeholder surveys and can demonstrate numerous examples of new initiatives launched in response to employee suggestions. KAEFER remains a family-owned business and we are convinced that this ethos continues to infuse all areas of the company.

Additionally, we have works councils in many of the countries where we operate, including Norway, Poland, Lithuania, France, Spain, the Netherlands and Germany. In other countries, such as Australia, Canada and Brazil, trade unions act as employee representatives. There is also a European Works Council, which meets on a regular basis to discuss different topics.

Inevitably, there are operational and regulatory differences between works councils in different countries. Where works councils do not currently exist, we nonetheless continue to make great efforts to stay informed of employee views and opinions.

Minimum notice periods regarding operational changes

At KAEFER, our aim is to maintain good employee relations through building trust. As part of our efforts toward this end, we have been collecting information on minimum notice periods regarding operational changes at all KAEFER companies. The results so far show that local rules and regulations vary too much from country to country to make it possible to introduce a groupwide policy. However, it has always been and remains our intention that people directly affected by operational changes should be informed internally before any public announcements are made.
Being an attractive employer

First impressions last. Whether it’s finding the right people or making sure they feel valued and supported from day one, KAEFER aims to be best in class. That’s why we recently launched a new homepage for young people interested in becoming KAEFER apprentices in Germany. Packed with information on the various different apprenticeship options available at KAEFER, as well as blogs and videos posted by past and present apprentices and a step by step guide to applying, the site is a treasure trove of insights into life at KAEFER. Visit www.ausbildung-bei-kaefer.de to learn more.

KAEFER has also developed a close relationship with the Economics department at Bremen University. In 2018, five business administration and business psychology students spend three weeks at the company to examine and hopefully improve our personnel planning procedures. A similar initiative also exists in the UK.

We take the same proactive approach when it comes to welcoming new employees. A good example are the regular events held at KAEFER’s Getreidestraße / Pillauer Strasse location to welcome starters from across Germany and inviting them to an induction and networking event. In June 2018, Head of Corporate Responsibility Francisca Gorgodian and Technical Support Specialist Heino Gustävel took attendees on an exciting journey through the KAEFER world – and through the peculiarities of cryogenic insulation! Another highlight was a tour of the various workshops and the KAEFER Lab, where many of the new starters got their first real taste of life at KAEFER.

Our Approach to Employment

In Germany and elsewhere, the secret to attracting and keeping the best people starts with our apprenticeships. Continuous vocational training is crucial for a sustainable future, even more so now as a result of demographic change, which is why it’s so important to ensure that our approach remains fresh and relevant. Taking the lead at KAEFER, a working group spent much of 2018 considering ways in which we can improve the support we give young people – both during and after their apprenticeships – and better demonstrate the benefits of taking a long-term view of employment at KAEFER. Cornerstones of the new approach include:

> a dedicated sponsor for each trainee, ideally for at least five years following the completion of their apprenticeship
> recognition and promotion of individual interests and talents from day one
> career development planning, including clearly defined conditions of employment, beginning in year two of the apprenticeship
> a scholarship to support further development for the best apprentice in each year
> an annual expert conference to take place at every apprenticeship location, designed to ensure that all apprentices receive the attention they need, increase KAEFER’s take-up rate, and improve integration into our core workforce.
Family Days – celebrating 100 years of KAEFER

**Germany** Beginning with a barbeque and magic show in Hanover in early June, KAEFER Industrie celebrated the centenary in style, with a series of Family Days held at or near branch offices around the country. Events in Munich, Berlin and Magdeburg followed in quick succession, all of which took place on boats – and all of which provided a special welcome for Captain K, a new arrival in the pantheon of superheroes, locked in endless battle against his enemies Mister Corrosion, Monsieur Flame and Donna Freddo! Captain K was present at a further ten events held at different locations throughout the long summer, as guests of all ages shared stories of the past and created new ones to be told on future occasions – of a truly unforgettable year for KAEFER Industrie.

Focus on Norway

– trail-blazers at the dawn of KAEFER’s second century

2018 was quite a year for KAEFER Energy, winners of the KAEFER Group’s prestigious “Best Performer” award as well as the TPM LEAN User Network’s “LEAN Inspiration Prize”. Perhaps the best testament to strong and sustainable growth in Norway, however, was in the area of recruitment. In January, Bård Bjørshol (KAEFER Energy CEO) announced that the company wanted to hire 100 new employees during the year. Partly this was in recognition of KAEFER’s 100th birthday; mostly it was in response to an increased workload and the successful implementation of smoother work patterns which avoid down periods during the winter months. Having already reached the target in June, a new announcement was made: 150 new employees by the end of the year. In the run-up to Christmas, Bård Bjørshol proudly announced that a total of 250 men and women had become new members of the KAEFER family in 2018 – all of whom are already hard at work. New contracts have recently been signed with Equinor for KAEFER Energy’s first project on the Statfjord B platform.
Common Values – photo competition

Our success over so many years is down to the conduct and integrity of KAEFER people. Celebrating the values which bind us is what enables the company to transcend language, culture and the borders of individual KAEFER countries. Living our values – a theme captured so memorably in our 2018 photo competition – is how we meet and overcome the challenges of the future, ensuring a sustainable and innovative business model for generations to come.
Living diversity
– every day, in every way

Diversity, across the width and breadth of the Group, is one of KAEFER’s great strengths. More than 28,000 skilled and globally interconnected people can count on colleagues from different cultures and disciplines, and the way we embrace and celebrate this diversity is vital to our continued success.

KAEFER – Our Shared Values

Our success over so many years is down to the conduct and integrity of KAEFER people. We take great pride in the fact that our employees play such an active role in the communities where they live and work. Examples from 2018 include events in Saudi Arabia and Malaysia.

In the former country, a new initiative was launched whereby employee birthdays are celebrated with gifts at more than 30 locations. Accompanied by games and snacks, the monthly events provide a great opportunity to celebrate our employees individually and make sure any recent starters receive a warm introduction to their new colleagues.

In Malaysia, staff and their families came together at headquarters on 2 June to celebrate Ramadhan Iftar and make a shared donation to the Rumah Perlindungan Fitrah Qaseh Orphanage, many of whose residents were also present at the dinner.

The evening’s motto at the celebration in Malaysia could hardly have been more fitting:

"Not everyone can do great things. But we can all do small things with great love.”

Working in so many countries, across such a range of local conditions and ethical norms makes it impracticable to issue a single set of rules on diversity. We recognise, however, that a shared set of values is essential in helping us transcend the borders of individual KAEFER countries.

A Declaration of KAEFER Values

- **Trust** means that relationships are characterised by trust, reliability and stability.

- **Professionalism** includes the constant pursuit of improvement in order to achieve even higher standards.

- Developing **respect for the individual** means winning people through open communication and never discriminating against them.

- **Collegiality** asks what is right, not who is right. Decisions are made on the basis of facts and logical arguments. Good cooperation creates something extraordinary.

- **Reliability**: we say what we do. And: We do what we say! All employees empower others to do a good job. We honour our agreements and speak openly if this is not the case.

- **Results orientation** includes working on oneself to create positive surprises by exceeding expectations. This added value creates competitive advantages.

- **Modesty** means not taking yourself too seriously and recognising things as they really are. We listen and make our contribution: Efficient, in the right way - and effective by doing the right things.
Diversity at Headquarters

Approximately 130 people are employed at KAEFER Headquarters in Bremen, representing 14 nationalities between them. As much as possible, we believe it is vital for the headquarters of any multi-national company to include representatives from different countries and cultures. We have a responsibility to consider the likely impact of our decisions on everyone associated with KAEFER and to ensure that global initiatives are tailored to local needs. We also have a responsibility to make sure our employees are kept informed. That’s why our Stakeholder Survey and our annual magazine (K-WERT) are published in six languages: English, German, French, Spanish, Portuguese and Polish. Global campaigns (such as the Compliance Campaign launched in 2018) and communication (including KAEFER’s 100th anniversary labels), are additionally conducted in Arabic, Dutch, Finnish, Hindi, Lithuanian, Malayalam, Malaysian, Nepali, Romanian, Sotho, Swedish, Thai and Zulu.

Employees at KAEFER headquarters represent 14 different nations:

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</tbody>
</table>

KAEFER Values ensure that:

> All employees are aware of our common history and culture

> Our customers can have confidence that we will deliver on our promises

> Our decentralised group empowers their people

Our Values outline who we are and what we are about, but they only become tangible when we put them into action. Every action shapes the ethical character of KAEFER; that character is at the heart of our company and is ultimately what sets us apart in the marketplace.
What is Compliance?

From the workforce on a construction site to project management, site management, administration and group management, everyone at KAEFER is legally and morally responsible for their actions. At the company, we define compliance as a series of internal rules and procedures that are voluntarily adopted by a company to prevent, detect, and resolve conduct or practices that are illegal or that do not abide by the company’s ethical and business standards.
A global approach -

Compliance training at KAEFER

KAEFER’s new compliance e-learning training program, designed to ensure that all employees are aware of their rights and responsibilities, was launched worldwide in September 2018, following successful pilot projects in Canada and the UK.

The basic training module – the KAEFER Code of Business Conduct – has since been completed by nearly 100% of permanent employees with a myKAEFER account while classroom sessions for employees without an e-learning account are currently underway. The roll-out of the next training – an anti-corruption e-learning module – is also due to take place in the first half of 2019. Additionally, an anti-trust e-learning module will be launched in the second half of the year.

Designed in collaboration with an external supplier, the training modules are straightforward, comprehensive and culturally sensitive. By ensuring that everyone at KAEFER is aware of their responsibilities and obligations in the field of compliance, we are guaranteeing the company’s future security and ability to operate with confidence wherever our services are required around the world. At group level, various communication materials have also been developed by Corporate Compliance & Audit (CCA), in cooperation with CRC, to support the training program. These include a booklet, intranet pages, and posters which feature characters designed to represent the many different nations which together make up the KAEFER family.

For further questions please do not hesitate to contact your local Compliance Officer. Our thanks go to everyone involved for their support and effort in setting up the system.

The KAEFER Compliance Management System

Together, the new Code of Conduct and accompanying training program make up just two components of a global Compliance Management System.

With the rise of globalisation, an increasingly networked world and new advances in digitalisation, KAEFER has to continually adapt to new rules and laws. Compliance management is especially important when it comes to our reputation and sustainability matters.

KAEFER’s system components include:

- A worldwide compliance organisation with local, regional and global compliance officers
- A global whistleblowing system for employees, business partners and other stakeholders. The KAEFER Compliance Helpline (external link: https://www.bkms-system.com/kaefer) enables early detection and prevention of misconduct relating to corporate crime.
- A new global anti-corruption rule which defines a groupwide minimum standard and is accompanied by location specific guidelines detailing dos and don’ts based on applicable local law.
- A new risk-based Business Partner Integrity Check.
- A groupwide-communication campaign designed to raise awareness of the topic of compliance and provide information to KAEFER employees around the world was launched in 2018 and will be updated in 2019.

ISO 37001: Congratulations to KAEFER in Brazil and Poland!

The ISO 37001 certificate defines rules and procedures to help organisations in the fight against corruption by establishing a culture of integrity, transparency and compliance. In 2018, Poland became only the second KAEFER entity to qualify for ISO 37001 certification, after Brazil in 2017. Covering the local whistleblowing hotline and global Compliance Helpline, the team in Poland have also produced a promotional film on the subject – The Ethics Line – available to view in English and Polish (only internally).

A key goal for the Compliance team in the next few years is to help more KAEFER countries through the complex qualification progress for this certificate.
First and foremost, sustainability is an exercise in making sure our employees work in safe and well-managed environments. Without KAEFER people, there is no KAEFER – and our safety record is something in which we take great pride. Against figures which are already impressive, our goal remains a zero-tolerance attitude to lost time accidents across all of the countries in which we operate.

We understand that a simple list of rules and regulations will not deliver this result, which is why KAEFER launched a global Safety Culture campaign and associated training program back in 2015. For us, the difference is clear; rules define an organisation’s formal health and management system. A safety culture is determined by everyone at KAEFER thinking, talking and living health and safety in order to deliver continuous improvement.

Our zero-tolerance approach is beginning to show results, not least in a drop in the overall number of incidents in 2018. Although the absolute numbers are on a low level, unfortunately, the proportion of these which involve lost time remains stubbornly consistent, which is why the Corporate Health, Safety and Environment (CHSE) department are currently looking at a range of new initiatives designed to avoid these more serious accidents. As the majority came about as a consequence of manual handling activities or slips, trips and falls, raising awareness of ‘best practice’ procedures when performing such tasks will be a key focus in 2019.

Additionally, CHSE is continuing to maintain the focus on mental health, develop unbreakable safety standards for all KAEFER entities and publicise them through a series of ‘best practice booklets’ (the next one planned for release will cover rope access).

Another of the department’s goals for the year is to continue optimising and standardising personal protective equipment (PPE) at the company. KAEFER employees, wherever they work, need the best available safety equipment. In this respect, 2018 saw the completion of one important project (‘standardisation of fall protection equipment’) and the beginning of another – sourcing ‘best in class’ helmets for KAEFER employees. A safe, comfortable and light-weight winner has been selected following a lengthy test period. The helmet in question is already being used in a number of countries, with a wider roll-out planned throughout the second half of 2019.

“A safety video produced by our colleagues in Brazil summed up our approach perfectly when they posed the question: What is an acceptable number of workplace accidents and injuries at KAEFER? The answer, of course, is none!”

Thomas Eickhoff, Head of CHSE

https://www.youtube.com/watch?v=5pPISZl6oWA
Health and Safety Culture Training

To help KAEFER make the transition to a safety culture, a bespoke training course was introduced in 2016. At the end of 2018, 2,341 line managers and senior managers from around the world had already taken part. Supported by multiple awareness-raising campaigns, the training is also subject to constant improvement as new concepts are developed and incorporated. One recent example of this process is the “Mission Securité” training concept for blue collar workers developed by KAEFER WANNER in co-operation with head of CHSE Thomas Eickhoff and Oliver Vibrans, an occupational psychologist based at MIT. In addition to France, similar training programs are already up and running in Germany, Brazil and Sweden.

The next major push in terms of spreading KAEFER’s safety culture is planned for the countries in SEA. Going forward, the safety culture training will also be meaningfully supplemented by a health management programme, currently under development following employee surveys in several KAEFER countries.

I am KAEFER...

I am a professional...
**Poland** In 2018, KAEFER SA launched a behaviour-based safety campaign called, “I am a professional...” focussed on the importance of wearing personal protective equipment. A connected campaign designed to encourage employees to report near-misses, dangerous situations and potential improvements has already led to improvements in our safety procedures and working methods.

I share what I’ve learned...
**Finland** In November 2018, KAEFER in Finland were invited by client Neste to demonstrate the efforts taken by KAEFER to implement and cultivate a company-wide safety culture. The highlight of the demonstration – which included pictorial materials used in toolbox talks for international teams (where not everyone shares a common language) – was an artistic masterpiece; a human figure made of sheet metal.

And in an excellent example of different KAEFER entities learning from one another, the team also showcased a Brazilian safety innovation which had caught their attention – a board game developed by colleagues at RIP designed to reinforce potentially life-saving habits.

I react to changing circumstances...
**Australia** The weeks leading up to Christmas are notorious for an increase in injuries and incidents, which is why KAEFER in Australia developed a seasonal campaign based on an advent calendar to celebrate every incident free day in the build up to Christmas.

**Malaysia** An awareness campaign, developed around a system known as UCUA (you see, you act), encouraged all employees to raise potential safety concerns via reporting cards. At the end of the one-year campaign, prizes will be awarded to both the person whose suggestion has led to the biggest measurable improvement and the person who has submitted the greatest number of suggestions.

I don’t switch off at the end of the day
**France** Responding to a rise in the number of commuting accidents and recognising that a true safety culture extends beyond the working hours, KAEFER WANNER made Road Accident Prevention a key topic at its annual Safety day on 15 March 2018.

**Canada** The Fit for Duty campaign encourages staff members to offer their support to colleagues who may be struggling with professional or personal issues. The key is talking – no one should have to suffer in silence – and we all have a responsibility to speak out if we think people are a danger to themselves or others.

And in an excellent example of different KAEFER entities learning from one another, the team also showcased a Brazilian safety innovation which had caught their attention – a board game developed by colleagues at RIP designed to reinforce potentially life-saving habits.

On the subject of mental health more generally, the KAEFER Cares program is a Canadian initiative designed to tackle the stigma attached to mental health. All employees should feel confident they can turn to colleagues or supervisors, especially as so many studies have shown that a supportive work environment leads to improved employee attendance, helps people make better decisions at work, and strengthens team spirit.

In 2018, as part of our drive to improve the support which KAEFER provides for employees struggling with mental health issues, CHSE also commissioned a Psychological Strain in the Workplace survey carried out in Germany and Belgium. 1,800 employees have taken part so far, contributing valuable and constructive suggestions which in turn are helping CHSE to identify weaknesses and develop concrete plans for improvement. We would like to take this opportunity to thank everyone who took part in the survey.
Health and Safety

– Notable achievements from around the KAEFER world

Each year brings its own challenges as we continually strive to eliminate incidents and accidents from KAEFER worksites. While there is never room for complacency, it is always important to celebrate the outstanding achievements delivered by our people around the world. Starting in Saudi Arabia in April 2018, employees were warmly congratulated by HSEQ Manager Sharath Shetty on the staggering achievement of delivering 35 million man-hours without LTI over a period of 1,772 days. The team were also recognised for their Outstanding Safety and Work Performance in 2018 at the Saudi ARAMCO Ras Tanura Refinery (RTR).

Not to be outdone, neighbours KAEFER LLC in the UAE were presented with an Outstanding HSE Performance Award in 2018 by client ADNOC Sour Gas for their maintenance work at the Shah Gas facility for the year 2017. In particular, the team were commended for their safe and successful scaffolding operations within the plant’s red zones, where carrying 45 lbs of protective equipment, including a self-contained breathing apparatus, was mandatory at all times.

In Germany, at an internal event on 23 November, Safety Awards were presented to the following locations and departments in recognition of their success in delivering an accident-free 2017: Bremen; Dusseldorf; Munich; KTS; Darmstadt; Nordhausen; Hannover; Hamburg; the Surface Protection department; and the Fire Protection department (south).

Last, but by no means least, huge congratulations to KAEFER’s South East Asia region which reached the landmark figure of 20 million man-hours without LTI in October 2018; a period of time which dates back to the moment when KAEFER began recording safety performance data in 2009 and includes a substantial contribution to the 5 million manhours without LTI celebrated at SAMSUNG’s Pengrang Integrated Complex in August 2018.

**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.
Getting involved
– running and cycling in support of good causes around the world

It’s a well-documented fact that helping others is a fabulous way of helping yourself – and can be lots of fun into the bargain! Colleagues in Australia demonstrated as much when they grew moustaches to raise money for men’s health issues as part of Movember. In France, KAEFER employees sponsored two students to drive a Renault 4L from Biarritz to Marrakesh in order to bring supplies to the Children’s Association of the Desert as part of the biggest humanitarian race in Europe.

And, as always seems to be the case at KAEFER, there were also a huge number of people determined to lace up their running shoes and climb on their bikes in order to raise money and awareness for some very worthwhile causes:

The Multiple Sclerosis Western Australia Ocean Ride is a unique cycling event that takes riders along the beautiful WA coastline from Fremantle to Hillary. Ten KAEFER employees took part to help raise money in support of Western Australians living with MS and other neurological conditions.

In Germany, a combined Running Team from KAEFER Construction in Butzbach, KAEFER Industrie in Darmstadt and CIT were among 63,870 runners who participated in the J.P. Morgan Run in Frankfurt, and played their part in raising an overall total of 255,000€ to improve access to sport for young people with disabilities.

In France, colleagues from KAEFER WANNER were among 16,000 participants in the Running FOR HER event in Lyon’s parc au Parilly. Running FOR HER is an association which contributes to the fight against women’s cancers by improving quality of life for women in care.

In the UK KAEFER runners eagerly seized the opportunity to cover their boss in paint for a worthwhile cause. Managing Director Ian Tattersall, his wife and 20 KAEFER employees participated in the Colour Run 2018, getting covered from head to toe in rainbow colours while raising money for Hospice at Home in West Cumbria. KAEFER also sponsored one of the colour stations, allowing us to make sure that everyone who passed was coloured RED!

And it wasn’t just runners and cyclists doing their bit to support good causes at KAEFER. 2018 also saw a KAEFER Cricket competition in Saudi Arabia, a KAEFER-sponsored junior football World Cup in Bremen and a Wheelie Bin Challenge in the UK. In the last of these, a team of employees walked 20 miles in boiling temperatures whilst pulling a wheelie bin to collect food from local schools for the North Cumbria Food Bank.
Launched in 2010 as a non-profit organisation, the KAEFER FOUNDATION reflects the enthusiasm with which people at the company have embraced the advantages and responsibilities that come with being a diverse and global company. People at KAEFER take pride in their work and feel a duty of care towards fellow members of the KAEFER family. Originally founded to provide quick and non-bureaucratic help to employees affected by natural disasters and climate change, the Foundation now lies at the heart of many of the charitable and community-minded initiatives pursued by KAEFER around the world.

2018 - Six initiatives that made a difference

**India** In 2018, the Foundation mobilised in support of KAEFER employees affected by the floods in Kerala, India. It was the worst monsoon in a century and caused almost 500 deaths, affecting at least one million people directly. KAEFER employs more than 2,000 people from Kerala in the Middle East, including 15 whose homes were destroyed or damaged in the floods. Donations were collected across the region and beyond and have partly been used to support the Chief Minister’s Distress Relief Fund. Together with the financial aid from the KAEFER FOUNDATION, these employees are now able to rebuild their homes.

**Kenya** In February 2018, the KAEFER FOUNDATION sponsored a children’s run in Nairobi, having been alerted to the event by a recipient of the Deutschlandstipendium* scheme (also supported by KAEFER). The purpose of the event was to collect money for a 50,000l water tank urgently needed at a local public school. More than 150 pupils of the German School in Nairobi took part. In addition to the run itself, different games and activities were organised by the pupils to ensure a great atmosphere and the successful completion of their fundraising goal!

*The Deutschlandstipendium scheme provides financial and non-material support to high-achieving and committed students from all over the world.

**Germany** The KAEFER FOUNDATION raised more than €10,000 from employees, business partners and guests at events to mark the company’s 100th anniversary in 2018. The three beneficiaries of this extraordinary generosity were the German Maritime Search and Rescue Association (who have used the money to digitise their rescue boats and install an AXIOM multifunctional display with integrated sonar), the Bremer Krebsgesellschaft (a society in Bremen promoting the improvement of care and rehabilitation for people suffering from cancer), and the Löwenherz Children’s and Youth Hospice (which provides accommodation for children, adolescents and young adults suffering from incurable diseases).

**South Africa** In 2010, when the KAEFER FOUNDATION was launched, the most pressing need was to create a vehicle that could provide effective support for the KAEFER AIDS Relief Program (KARP) in South Africa. Nearly ten years later, the program is still up and running – and continues very much in the thoughts of employees around the world. Our colleagues in Australia collected for the program in 2018 while, on World AIDS Day (1 December), employees at Headquarters in Bremen donated all the proceeds from a sale of delicious, homemade apple jelly.
Forward thinking – time to raise the KAEFER FOUNDATION’s profile

Since its launch in 2010, the KAEFER FOUNDATION has focussed its resources on providing help where it’s needed most, while relying on word of mouth to encourage greater numbers of employees to get involved. For the people behind the Foundation, it’s been amazing to see the positive reaction among employees, but there are still too many people who have never heard of the Foundation and its work – fully 66% according to our most recent Stakeholder Survey!

Now, with a solid track record of success to talk about, we recently invited Kübra Yilmaz – a student at Bremen’s University of Art – to help us develop ideas for a campaign to raise the Foundation’s profile and encourage a greater number of employees to get involved. Kübra turned out to be an ideal fit, with an attitude that perfectly matches our own:

“It’s the little things that count. It takes courage to face the challenges of life consciously and fearlessly. Despite this, we should work together to help as many people as possible and make them happy. We are not responsible for the whole world, but we should feel responsible for the world around us.”

Kübra Yilmaz

We can’t solve all the world’s problems, but if more of us come together and contribute what we can towards a shared goal – even if it’s just a few euros or half an hour’s time – we can make life easier for those of our colleagues whose lives have been turned upside down through no fault of their own. This is the central message of a campaign due to launch in late 2019. Designed in collaboration with Kübra Yilmaz, we hope it will raise the Foundation’s profile within the company, bringing employees up to date on current projects and providing them with the information and inspiration they need to get involved.

As always, huge thanks to everyone who supported our KAEFER FOUNDATION campaigns and initiatives.

The KAEFER Foundation gGmbH is a non-profit organisation that is funded solely through donations. If you would like to support their work, donations are more than welcome:

KAEFER Foundation gGmbH
Deutsche Bank AG
IBAN DE62 2907 0050 0169 0049 00
BIC (SWIFT) DEUTDEHBXXX
KAEFER is a people business; our success depends on having the right people with the right skills in the right place at the right time. It also depends on everyone working together as part of an inclusive and supportive team. Wherever possible, our goal is to hire and internally train our leaders of tomorrow, offering every incentive for them to remain at KAEFER throughout their working lives. Achieving this goal requires an integrated approach to issues ranging from remuneration to opportunities for career advancement. Above all, it means ensuring that employees see KAEFER as a place where they can fulfil their potential via a mixture of local and global training schemes tailored to their own career goals and the company’s strategic requirements.

KAEFER – Stars of 2018

We believe that everyone who works at KAEFER has the potential to shine. Four who caught our attention in 2018 include:

> Kevin Gräb from Germany, who came third at the European Insulation Championships in Cologne in May 2018. Kevin is also the 2016 German Industry Insulation Champion.
> Lillian Haugstad from Norway, HSE Manager and winner of KAEFER Energy’s RED Employee of the Year award for her outstanding contribution to creating a safe and supportive environment at the company’s Mongstad work site.
> Project Manager Stephen Moore from Australia, who become the first contractor employee on the Ichthys Onshore LNG project to be presented with the prestigious IFI CHAMPION Award.
> Ishwar Vickash and his team in South Africa, who won Contractor of the Year & SHE Rep Award at the Richards Bay Coal Terminal – for the fifth year running!

Congratulations to Kevin, Lillian, Stephen and Ishwar – and to all the stars at KAEFER who continually go above and beyond in the performance of their work!

### Training and Education – the KAEFER Way

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LEAN Update

Year by year, KAEFER accelerates its transition from being a company which does LEAN into a genuinely LEAN company – focused on maximizing customer value. In order to help us achieve this aim, KAEFER launched the global LEAN Development Programme at the beginning of 2017. This qualification programme covers trainings on LEAN principles and methodologies, change management and coaching, which is applied on LEAN Projects and includes a range of certification levels. Between 2017 and 2018, the number of employees receiving LEAN accreditation from the Programme more than doubled, allowing us to make it a precondition for project management. Several KAEFER countries, including Saudi Arabia, now boast more than 60% of line managers qualified as LEAN Practitioners. Elsewhere, a number of employees became the first in their countries to receive certification from KAEFER’s LEAN Development Programme:

**Canada** Congratulations to Walter Kosmin, General Superintendent, on becoming the first accredited LEAN Practitioner in Canada. Walter has completed the required training and supported on a successful LEAN project with measurable productivity improvements.

**Spain** Local LEAN Leaders have a busy time in Spain, handing certificates to a total of five graduates of the LEAN Development Programme. Congratulations to Emilio Diez and Aitor Bayón, who achieved the first certification level as Line Managers, and Javier Bilbao, Sebastián Garrucho and Salvador Hernández, who achieved the first certification level as Project or Site Managers.

**Australia** Following Local LEAN Classroom Training for management, then Module 1 and 2 training in June 2017, the project team in Australia proved their expertise on several LEAN projects before receiving LEAN Practitioner certificates from KAEFER Co-CEO Dr Roland Gärber. Among them is Managing Director Victor Bogos who is also a LEAN Practitioner. The team was also strengthened by the arrival of René Wenzel, former Project Manager at KAEFER Construction in Germany, now a Local LEAN Leader in Australia.

**Improvement + every department = LEAN culture**

Setting out on our LEAN Journey in 2013, the principle focus was on introducing LEAN processes and methods on site and among operational teams. Increasingly, however, LEAN culture is also making a positive impact on KAEFER’s daily administrative functions. For a good idea of the progress we’re making in this area, view our IT LEAN Campaign video on ONE (Only available internally) in which KAEFER CEO Steen E. Hansen explains how the introduction of LEAN methods in Corporate Information Technology (CIT) helped overcome major hurdles while implementing large cross-border projects.

All of these developments and more are being incorporated into KAEFER’s LEAN Leader trainings to train-the-trainer – the concept means by which we spread knowledge of LEAN methods and ensure consistency. Training sessions for LEAN Leaders from around the world took place at KAEFER Headquarters in Bremen throughout 2018, including: a three-day course in January to develop teaching and communication skills; two four-day courses April focussed on facilitating the exchange of best practices coaching, change management and an introduction to the improvement and coaching of KAEFER; a three-day course in October focussed on the LEAN Site Management as a Local LEAN Leader, which also included a tour of the Daimler Mercedes Benz factory; a three-day course in November on building a LEAN culture and effective coaching methods; and a five-day course in December on introducing LEAN principles and the toolbox presentations.

**Focus – KAEFER Industrie in Germany**

At the heart of LEAN lies the desire to continually improve the exchange coaching of each other and implementation of good ideas and best practices. It was in this spirit, and in line with the living transparency culture, that KAEFER Industrie invited colleagues to visit their LEAN room in Bremen. Guests – and the team hope there will be many more – were shown the various different ways in which project targets can be rewrite as follows: visualised, and participated in discussions on the importance of communication in implementing and maintaining improvements.

One of the projects discussed during the visit was Örtofta, a LEAN sugar silo project in Sweden which came to such a successful conclusion in 2017 that new contracts were signed for silos in Denmark and Slovakia. Thanks to overall process analysis, meticulous data collection and collaboration between entities, the lessons learned in Sweden could be smoothly implemented in Denmark and Slovakia – much to the client’s satisfaction!
Update

- Employee training programs from around the KAEFER world

In addition to KAEFER’s global training programs, at any given moment there are also numerous smaller initiatives underway, each of them tailored to local needs in the many different countries where we operate. These range from preventative health management schemes in Germany to careers information in Australia and financial support for specialised technical studies in Brazil. Below, we’ve gathered more information on a few of the programs which caught our attention in 2018:

**Project Manager training in Thailand** Supported by Corporate Project Governance and KAEFER’s SEA management team, 12 project managers in Thailand attended a three-day ‘hands-on’ training course in December 2018 – part of a global initiative to support the development and improvement of project management skills around the world and promote the exchange of know-how and experience.

**50 years of KAEFER SA’s Basic Vocational School** Winners at the Polish Industrial Insulation Fitter Championships in 2017 and bronze medallists at the 2018 European Insulation Championships, every member of Poland’s champion team is a graduate of KAEFER SA’s Basic Vocational School, a near-legendary institution whose history goes back to 1968 when 41 young people started training to become insulators. Over the last 50 years, a total of 1,409 students have passed through the school in Tarnów, and every single graduate from the 2018 class has gone on to take up a permanent position at KAEFER. The company owes a real debt of gratitude to all the teachers at the school and especially Principal Kazimierz Golec, who has been combining this role with other positions at KAEFER SA (including Regional Deputy Director and Manufacturing Director) since 1986.

**Congratulations to graduates of the KAEFER WANNER Insulation Academie CALO** Launched in 2017 to cement KAEFER WANNER’s position as France’s undisputed market leader in industrial insulation, two full classes of trainees have now successfully completed the year-long course of five theoretical and practical modules. The next intake (of 18 trainees) began work in January 2019, following a curriculum which is continually improved and refined as we receive feedback from each successive group.

**‘TWI Train the Trainer’ at KAEFER Canada** Training Within Industry (TWI) Job Instruction is a program of hands-on learning and teaching skills for supervisors and leaders who direct the work of others. The four-step methodology, first developed by the US military in the 1940s and then perfected by Toyota in Japan, is proven to effectively up-skill large numbers of employees within a short time-frame. Closely connected to LEAN, TWI generates cooperation and positive employee relations, teaches trainers how to quickly and correctly train others, creates a safer working environment and increases productivity and quality.

Supported by Global LEAN Trainers Axel Schulz and Saurabh Deshmukh, train the trainer sessions for senior managers, supervisors, estimators and process experts in Canada included the production of job breakdown cards and the four steps of successful instruction. The creation of a development program for KAEFER Canada’s Commercial Division is currently under way.

**Congratulations to graduates of the KAEFER WANNER Insulation Academie CALO**
Supporting education in our local communities

At KAEFER, we encourage everyone to support education outside the value chain in the communities where they operate.

Community involvement in Cumbria in the UK
KAEFER arrived in Cumbria in 2013 following the award of an Access and Insulation framework contract at Sellafield. Supported by a dedicated Social Impact Manager, the team of 350 (98% of whom were recruited locally) play an active role in supporting education in the area. Employees frequently volunteer at World of Work days at local schools, where popular sessions include mock interviews and an introduction to KAEFER’s recruitment process, and ‘Scaffold the World’, which takes students through the tendering process, trying out the different job roles and carrying out teamwork activities.

Supporting Education in South Africa
KAEFER employees in South Africa have a proud history of donating time, energy and money to schools in the areas where the company operates. Recipients of their generosity in 2018 included Letupu Secondary School, which received a renovated toilet block worth R400,000 (approx. €25,000); Ellisras Hoërskool (sports and exercise equipment and a new mural for the gymnasium); and Mokwele Primary School (new ceilings and wall partitions for the classrooms).

As part of South Africa’s Mandela Day celebrations in 2018, KAEFER employees and family members also visited Mokwele Primary School, where they helped renew the vegetable garden, planted fruit trees and vegetables, painted interiors and removed rubble and litter from the site.

SOS Children’s villages in Poland – a fruitful collaboration
Stowarzyszenie SOS Wioski Dziecięce (The SOS Children’s Villages Association), manages small ‘villages’ of 12-14 houses for children and their SOS foster parents. Unable to live with their biological parents for a variety of reasons, these children are nonetheless able to grow up in a safe and loving environment. In 2018, KAEFER SA got involved – to mark KAEFER’s centenary, employees took part in a specially organised Walkathon, which finished with the presentation of 100 fruit-tree cuttings to the SOS families.

Christmas in Brazil – supporting the Irmã Dulce Charity Association
Employees at RIP Serviços Industriais made a generous donation of Christmas baskets to this Indaiatuba-based association which supports families in the region through the provision of free healthcare and education to children and adolescents in situations of social risk.
ABOUT THIS REPORT

This report is intended to inform our stakeholders about sustainability at KAEFER and enable them to support our work. Since KAEFER’s reporting cycle is annual, this report provides information on our performance for the year 2018 (1 January – 31 December 2018). Prior editions, as well as additional information on Corporate Responsibility and Sustainability, can be found on our website www.kaefer.com. The most recent edition of the KAEFER Sustainability Report was published in 2018 for the year 2017.

As we report our sustainability performance using the internationally recognised framework of the Global Reporting Initiative (GRI), this document is produced in accordance with core GRI Standards. To help our stakeholders find necessary information easily, we have mapped the topics in the GRI Index (see following pages). External assurance was not obtained for the development of this report. However, we strongly believe that the data, along with the earlier reports and the KAEFER website, are sufficient to meet the requirements for GRI. All data has been collected by our global Sustainability Champions and departments located in the KAEFER Corporate Headquarters in Bremen, Germany.

Due to the size and the decentralised structure of the company, it is sometimes difficult to obtain all necessary data. For this report we try to cover all KAEFER’s entities worldwide. A note can be found next to indicators where complete data could not be obtained. Although we took great care when collecting and analysing data provided by the individual entities, mistakes cannot be excluded with absolute certainty. We are confident that as we learn and progress, we will continue to improve our approach and performance regarding our responsibilities as a company and our sustainability strategy and activities. Compared with previous reports, we have made progress in broadening the understanding of sustainability within the entire organisation. However, we are aware that there is still work ahead. Our aim is to share best practices and to communicate effectively in order to get an accurate picture of sustainability at KAEFER. To reach this goal, we rely on the ongoing support of our worldwide network of Sustainability Champions. They serve as a point of contact, initiating projects that help us reach our goal. Our sincere appreciation goes to them for their dedication, support, time and creative ideas. We would also like to take this opportunity to thank everyone involved in the creation of this report.

As always, we seek to fulfil the expectations of our stakeholders by integrating their feedback into planning for the next edition of the Sustainability Report and invite everyone to join the conversation at crs@kaefer.com. We’d love to hear from you!

Materiality:

With the last Stakeholder Survey and comprehensive update of our reporting system having taken place in 2016, in 2019 it was time to conduct a new survey and refresh the ongoing conversation with our stakeholders. This has given us a better understanding of the expectations and perspectives of those with whom we engage. We offer a wide range of services and operate in multiple markets, meaning that our work takes place in a complex business environment with a diverse network of partners. Our principal stakeholders are our employees, clients, suppliers, competitors and the local communities where we have operations.

To give as many people as possible the chance to participate, survey questionnaires were available on the KAEFER website for 3 weeks in 6 different languages. In total, 903 employees, clients, suppliers, shareholders and other business partners from 28 countries provided us with valuable feedback. Their input enables us to determine the focus areas that will help us to sharpen our sustainability strategy. These include:

- Compliance and anti-competitive behaviour
- Diversity, equal opportunity and non-discrimination
- Economic performance
- Energy
- Employment and labour-management relations
- Occupational health & safety
- Market presence
- Training and education

In this Report, as Energy represents KAEFER’s primary sector, we have taken the decision to combine this topic with Economic Performance. We continuously strive to contribute to the reduction of energy waste through our main field of work – insulation.

Subsequent decision-making steps included choosing which indicators correspond to “core” GRI options. Our progress so far, as well as detailed information on the material topics, is addressed within this report. As long as it is not stated separately, the topics focus on the entire value chain.
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<td>The Executive Board is the highest operational and decision-making body in KAEFER. All questions of fundamental or significant importance for the Group are decided by the Executive Board. The Executive Board is made up of Dr. Roland Gärber (Co-CEO) and Steen Hansen (Co-CEO) who are the official legal representatives of KAEFER Isoliertechnik GmbH &amp; Co. KG. (GmbH &amp; Co. KG). All other group entities are legally subordinated to the GmbH &amp; Co. KG. The members of the Executive Board are appointed by the Advisory Board and report directly to it. The Advisory Board consists of six independent, non-executive members (three of them being shareholders of KAEFER) who meet a minimum of four times a year.</td>
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