



**KAEFER**

# Sustainability Report 2017







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## Sustainability at KAEFER - Bringing our values to life

Dear friends and colleagues,

Causes for celebration are not in short supply in 2018. In addition to achieving our highest ever turnover last year, it won't have escaped anyone's notice that we are also celebrating our centenary. In my opinion, one crucial link between these two milestones is what they say about a sustainable mindset at KAEFER.

After several years of mergers & acquisitions, our turnover in 2017 was predominantly achieved through internal growth, and the sheer fact of having survived and thrived for 100 years is certainly testament to our staying power! We are undoubtedly fortunate at KAEFER – as a family-owned business founded on traditional values, we are able to build on a century of stability; a rare privilege in a rapidly changing world and a weighty responsibility. Stability, for 27,000 KAEFER employees all over the world, means the ability to plan with confidence for a better future.

Sustainable growth means building up the requisite skills and resources that will allow us to take advantage of the significant potential still waiting to be tapped in our markets. It means investing in KAEFER people, placing trust in their enthusiasm and expertise, and fostering a culture of innovation. Building on continuity and embracing change is what makes the difference when it comes to a sustainable future.

Looking through this Sustainability Report, the seventh we've produced in as many years, one thing is immediately clear: people at KAEFER care. They take pride in their work and want to make

a positive impact in the communities where they live. They care about our environment and are increasingly engaged in a wide variety of sustainability initiatives. Everywhere I went during 2017 I found people bound by a culture rooted in the proud traditions of skilled workmanship. The company's future success requires us to continue doing everything we can to ensure that everyone at KAEFER has the chance to fulfil his or her potential by serving our customers.

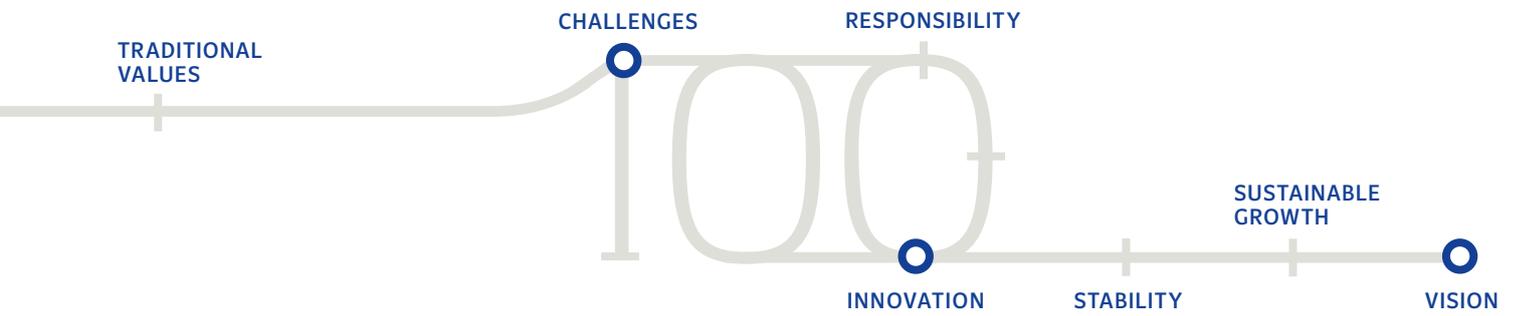
Our centenary is not a cause for complacency, but a spur to push on for new and greater heights, and this is also the true purpose of our KAEFER Sustainability Report, which confronts us each year with one, vitally important question:

*Are we doing enough to ensure a long and sustainable future for our company – economically, socially, environmentally and culturally?*

These are the four dimensions of sustainability at KAEFER and this is the scale of the challenge we face on the threshold of our second century. I hope you take the time to read the following pages and find inspiration in the many creative and effective initiatives being carried out by your colleagues around the world. Together, we can make a difference.

Yours sincerely,

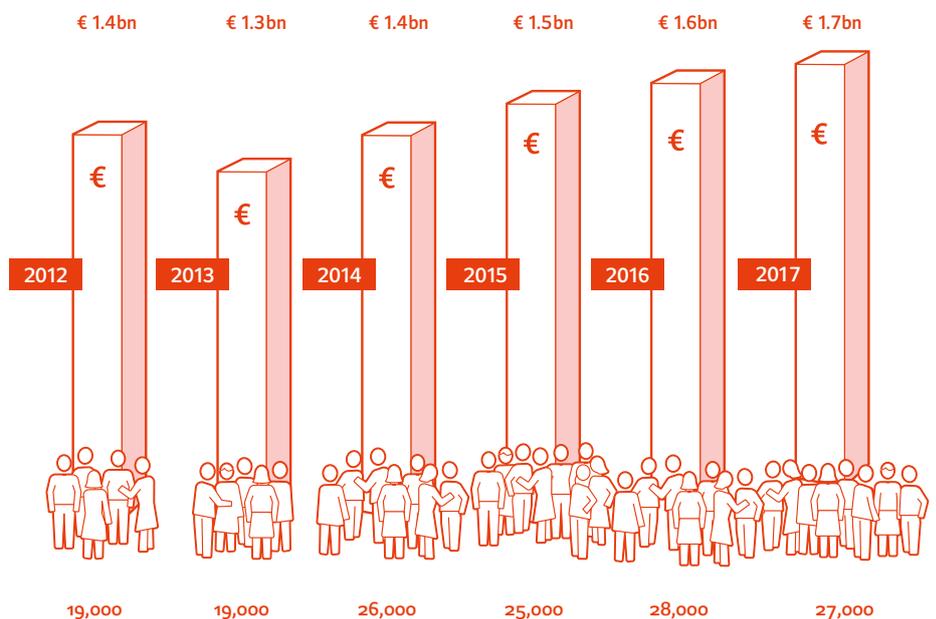
Peter Edelmann  
CEO

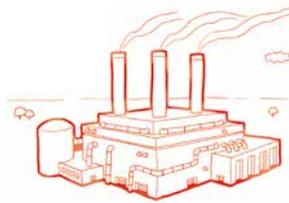


## Welcome to KAEFER

In 1918, Carl Kaefler began using peat to insulate the walls of cold storage spaces in ships. His idea worked so well it led to the foundation of our company, which has since developed from a niche insulation business in Bremen into one of the world's market leaders for plant integrity services and solutions in Industry, Marine & Offshore and Construction. With over 27,000 employees and a large international presence, we are a global player – meeting the needs of our 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 other additional services requested by our clients. In everything we do, we take pride in our efficient and innovative approach to overcoming challenges.





INDUSTRY



MARINE & OFFSHORE



CONSTRUCTION

## A recognised partner on new build and maintenance projects

Organised to address project-specific needs, KAEFER is composed of three main divisions: Industry, Marine & Offshore, and Construction.

KAEFER's **Industry** division provides Insulation, Access, Surface Protection, and Passive Fire Protection. The division has additional capabilities in 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 thermal auditing.

### CASE STUDIES – Industry:

**April 2017** – KAEFER Energy in Norway won a major contract to provide Insulation, Scaffolding and Surface Protection Services at the Mongstad plant in Norway. Scheduled to run over a two-year period, the contract will be carried out by a team of approximately 170, all making full use of Lean methodology as well as experience gained on similar projects.

**July 2017** – KAEFER's Corporate Competence Centre Materials (CCCM) was awarded a contract to engineer and supply insulation materials for two turnkey cement clinker production lines at the Yamama Cement Plant in Saudi Arabia. The total insulation surface is 80,000 m<sup>2</sup>.

**October 2017** – KAEFER won its biggest contract to date in the Kingdom of Bahrain, providing extensive insulation and fireproofing services at the first liquefied natural gas (LNG) receiving and regasification terminal in the Middle East.

KAEFER's **Marine & Offshore** division makes living and working on drilling platforms and ships safe and comfortable by providing Insulation, Access, Surface Protection, Passive Fire Protection, and Interior Outfitting services. The scope of work in this division is complemented by modular accommodation

### CASE STUDIES – Marine & Offshore:

**2016 & 2017** – KAEFER Finland constructed 6,500 m<sup>2</sup> of public interior spaces onboard the Megastar, Tallink's new LNG-powered high-speed ferry.

During the same period, KAEFER Schiffsbaus GmbH outfitted 1,000 m<sup>2</sup> of interior public spaces on the Crystal Bach and Crystal Mahler river cruise vessels.

**March 2017** – KAEFER Energy in Norway won a contract from Aibel AS to upgrade the galley area on the Statfjord B offshore platform.

KAEFER's **Construction** division provides a diverse scope of services, including Interior Outfitting, Passive Fire Protection, Acoustics, and Design.

### CASE STUDY – Construction:

**2017** – A KAEFER team in Vienna worked on the winning entry of European 7's Suburban Challenge competition. Employing Lean management systems, KAEFER's role in the project involved drywall installation of insulation in 115 housing units, including walls, ceilings, pre-empties and cellar covers.

# KAEFER's ROADMAP to SUCCESS

## The KAEFER Strategy

KAEFER is committed to a philosophy of continuous improvement. We achieve success by constantly asking ourselves how we can better anticipate and meet the needs of our clients, how we can work more efficiently, how we can fulfil our vision to eliminate the energy waste.

Our strategy – “Roadmap to Success” – is divided into the three aspects “Stabilise”, “Build Up” and “Innovate”:

**STABILISE** – Increasing efficiency is a core part of our vision, and the best way to eliminate the energy waste. By implementing Lean management and focussing on leadership, we assure consistent

evaluation of processes, practices and perspectives at all levels, divisions, and regions of the company.

**BUILD UP** – Already recognised for cutting-edge technical expertise and strong ethical values, at KAEFER we always believe we can get better. We are frontrunners in digitalisation, constantly developing new and tailored solutions for our clients.

**INNOVATE** – After 100 years in business, we continue to think of ourselves as pioneers. By embracing and encouraging the development of new methods and technologies, we create value for our clients and employees.

In addition, we are continuously working on our mission:



**CUSTOMER  
ORIENTATION**

Together, we support our clients' asset integrity by delivering reliable and smarter services and solutions throughout the entire life cycle.



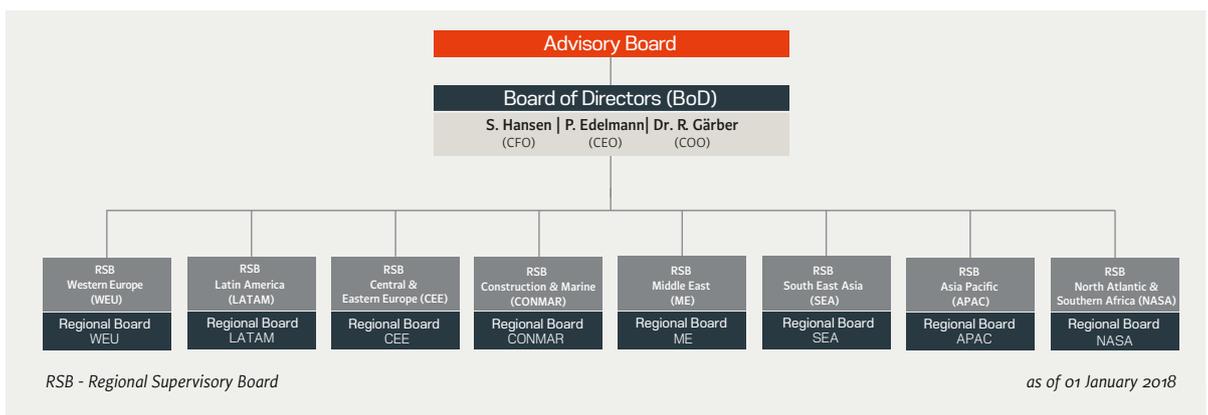
**EMPLOYEE  
ORIENTATION**

We want to be a caring company, where qualified employees apply their professional capabilities in a lifelong occupation.



**PROFIT  
ORIENTATION**

We want to remain independent as a family-owned company and continue to grow.





# One history. One team. One future.

– Celebrating KAEFER’s centenary in 2018



Our focus on sustainable practices is one of the main reasons KAEFER is celebrating its 100th birthday in 2018. Several events have been organised to mark the centenary, specially in the company’s home city of Bremen:

### Family Day – 1 September

Employees, their families and former employees are invited to anniversary celebrations at the Bremen branch office. KAEFER branches and companies in other German cities are also organising similar events.

### Centenary Party – 28 September

Taking place at Bremen’s concert house ‘Die Glocke’, employees, stakeholders, friends of the company and local personalities are invited to an anniversary ceremony, jubilee concert and reception – with music performed by Die Deutsche Kammerphilharmonie Bremen.

### Zukunftspreis – the KAEFER ‘future-prize’

To mark its centenary, KAEFER is launching the ‘KAEFER-Zukunftspreis’. Open to students from German universities, this €5,000 prize for innovation will be awarded to an outstanding research project in one of the following fields:

- > decreasing emissions
- > energy efficiency
- > Lean construction
- > insulation
- > process optimization
- > materials research

A KAEFER jury will chose the best project in July, with the results announced on 1 September 2018 as part of the company’s Family Day celebrations.

For more information on the prize, visit [www.zukunftspreis.kaefer.com](http://www.zukunftspreis.kaefer.com)

## Change and Continuity at the top

A crucial part of ensuring a strong and stable future for KAEFER is succession planning – having the right leadership team in place and making sure that changes in personnel are managed as seamlessly and advantageously as possible.

This was certainly the case on 1 January 2017, when Peter Hoedemaker stepped down as CEO after twenty years at KAEFER, a period which saw the company transformed from a regional player into the world's market leader in industrial insulation. Ensuring a smooth transition, his successor – Peter Edelmann – already possessed a good knowledge of the company after four years on KAEFER's Advisory Board.

*"My personal focus as CEO is to strengthen team spirit and achieve a very high degree of collaboration. It's important to remember we are a family owned company. We never work alone and everything we do is based on collaborating with people inside and outside KAEFER."*

Peter Edelmann

One year later, a second change took place on KAEFER's Board of Directors, when Philipp Dalheimer stepped down as Chief Operating Office in December 2017 after twenty years (six as COO) and was replaced by Dr. Roland Gärber starting in January 2018.

*"I joined KAEFER for the chance to make a genuine, worldwide impact on energy efficiency in industry. Few other companies of a similar size can demonstrate such a desire to innovate and take on new challenges."*

Roland Gärber

Dr. Gärber joined KAEFER from Bilfinger SE, where he spent 12 years in a variety of roles and locations, most recently as Executive President of the Middle East Division.

Like CEO Peter Edelmann, Roland Gärber is keen to emphasise the importance of teamwork and fairness in everything he does. The two form a close working relationship, along with CFO Steen Hansen, the third member of KAEFER's Board of Directors who has been in position since 2011.

## The KAEFER Supply Chain

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 & 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'.

### KAEFER Suppliers – An overview

In 2017 KAEFER worked with more than 18,000 suppliers in over 40 countries. Globally, it is possible to identify a core group of key suppliers, with just 1,370 companies accounting for 80% of KAEFER's purchasing spend.

Our business is characterised by project work. From year to year, consumption of materials varies according to current tasks and their specifications.

## »» The KAEFER Value Chain



### ENGINEERING & ESTIMATION

- > Receiving customer tender
- > Engineering & estimation

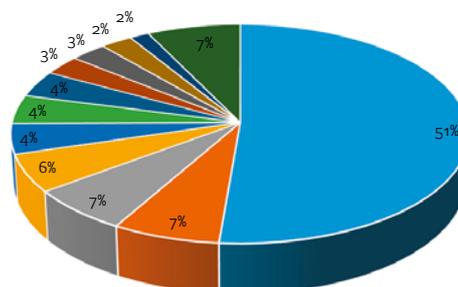
### PROCUREMENT & PRE-FABRICATION

- > Procurement of material
- > Pre-fabrication for installation

### INSTALLATION

- > Service execution

### Global spend according to categories 2017



- Services
- Interior Outfitting / Installation
- Scaffolding Material
- Insulation Materials
- Metals
- Equipment & Tools
- Vehicles
- Chemicals
- Safety, Accident Protection, PPE
- IT, Communication & Media Technology
- Machinery
- Others

# SUSTAINABILITY

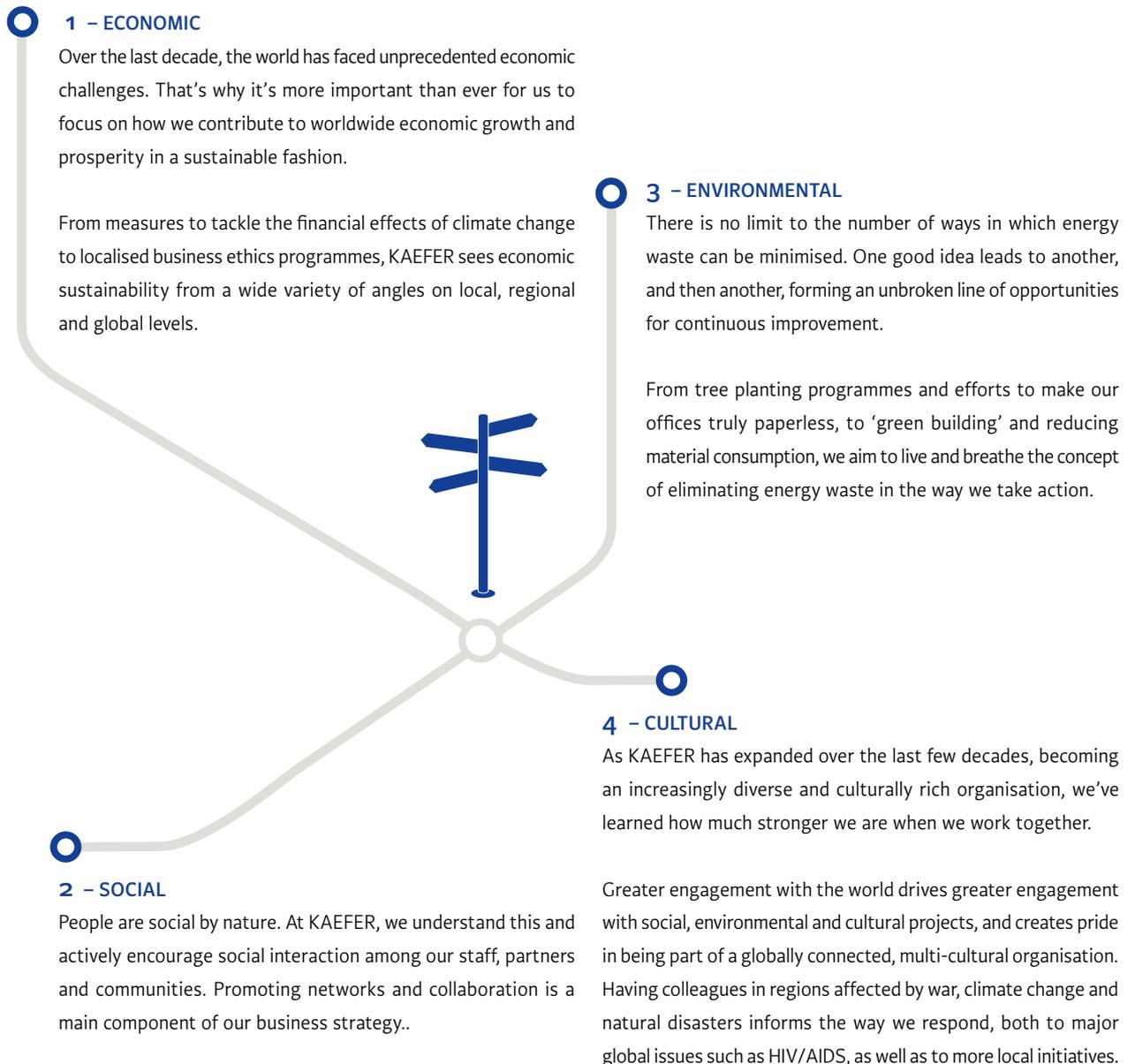
– part of KAEFER’s DNA from day one

Sustainability is where we come from – energy efficiency was the motivating factor behind our original idea to clad the walls of ships with peat. It forms the basis of our strategy and is continuously evident in the way that we think, act and work.

At KAEFER, we divide sustainability into 4 dimensions – economic, environmental, social and cultural.

Most companies focus on just the first three, but with over 27,000 employees in many different countries, we feel it’s crucial to shine an equally powerful spotlight on the cultural dimension of sustainability. People are our greatest asset and every individual at KAEFER makes an important contribution to our shared RED (standing for Recognised, Efficient and Different) culture.

## Thinking strategically – The four dimensions



# Managing Sustainability at KAEFER

Based in Bremen and reporting directly to CEO Peter Edelmann, the Corporate Responsibility & 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 movement and ensure a bright and secure future for our company?*

Priorities vary from place to place. In some countries, scarce natural resources such as water are the major issue. In other areas health and safety might be the number one priority.

In addition to organising campaigns and workshops, the role of CRS is to set the global framework and support strong regional and local management. It's the people on the ground – especially our Sustainability Champions, who are best placed to identify issues and solutions. Our job is making sure they have access to the resources and expertise they need.



## Sustainability Champions

The CRS department functions in close collaboration with a network of more than 30 KAEFER Sustainability Champions, working in different departments and KAEFER countries around the world.

Our Champions carry out this role in addition to their regular work and are often in middle-management positions. They act as local contacts, organise campaigns on issues related to sustainability, and collect stories for KAEFER's sustainability newsletter – CRS News.

They communicate with CRS and each other via a dedicated section on the KAEFER Intranet, and via regular online meetings – it was mutually decided that travelling around the world for face to face meetings would run contrary to the spirit of the enterprise!

While many of them have never met in 'real life', their work makes a tangible difference to the quality of sustainability activities at KAEFER. We all owe the Champions a vote of thanks for their work in helping create a culture of positive change at the company.

## Sharing good news, facilitating the exchange of best practices.

With the help of our Champions, the KAEFER sustainability newsletter 'CRS News', appears four times a year in six different languages. The newsletter exists to keep people informed and help spread good ideas from one KAEFER entity to another.

## Listening – The stakeholder survey and the Sustainability Report

Future success depends on a loyal and motivated workforce, satisfied clients, and suppliers who know they can trust us to make good on our promises.

In 2016, we carried out the second KAEFER survey on sustainability. The first took place in 2015. Both proved their worth in terms of helping us understand the wishes and expectations of KAEFER employees and other stakeholders, which is why we are currently planning our third by the end of 2018.

In addition, KAEFER has published an annual **Sustainability Report** since 2011. Conforming to Global Reporting Initiative standards, these reports help us benchmark our progress and set goals for the future.

## The KAEFER FOUNDATION – by the people who know it best

The KAEFER FOUNDATION lies at the heart of many of the charitable and community-minded initiatives pursued by KAEFER around the world. Here, Foundation Managing Directors Dirk Brand-Saßen and Francisca Gorgodian remember highlights from the last eight years and explain how they hope to see the Foundation develop in the future.

kind of order is something we try and avoid. KARP does stand out, however, if only for the fact that it's been up and running for more than 10 years now. In many ways, collecting money is the easy bit; it's sticking around and making sure it's spent effectively that's the real challenge.

*What should people do if they want to get involved with the Foundation?*

**Francisca:** Partner up in our project or make a donation, is the short and simple answer – small or large, as a one-time thing or over a period of months or years – it all helps. We also raise money through special events and the sale of our greetings cards, which feature the winning pictures from KAEFER's International Photo Competition. Every donation, and every card bought, is an investment in health, the environment and in our people. Our job is making sure it's all spent on high performing projects, so that people can be confident their money is going where it's needed most.

**Dirk:** Over the years, it's been amazing seeing the positive reaction and participation of employees, but we're still very small – even within KAEFER there are lots of people who've never heard of us. Partly that's our own fault – we're determined to spend all donations we receive on specific projects, rather than marketing activities. So, in terms of raising awareness, we rely on publications like this and – hopefully – word of mouth. People can help just by making sure their colleagues know about us!

**Dirk:** In 2010, we had one specific goal in mind for the Foundation, and one more general aim. Specifically, we needed a vehicle that could provide effective support for the KAEFER AIDS Relief Program (KARP) in South Africa. More generally, as we grew into a genuinely global company, we realised we needed the means to react quickly when colleagues and their families were affected by natural disasters such as flooding or earthquake.

**Francisca:** In the beginning, we were driven by a desire to be proactive when it comes to preventing and fighting diseases like AIDS. As the Foundation has evolved we've also started looking at promoting academic research, youth development, the protection of the environment. I doubt it will surprise anyone to learn that one major focus in the last few years has been supporting the integration of refugees in Bremen.

**Francisca:** And then, it's a question of donating time. We have colleagues playing regular football with teenage refugees here in Bremen and others volunteering at events to raise money. There are people going the extra mile all over the world and we'd like to take this opportunity to say a big thank you to all of them. Every support makes a difference!

*When you look back at your work with the Foundation, what stands out as a 'proudest moment'?*

If you would like to make a donation, the details are available on [www.kaefer.com](http://www.kaefer.com). If you have questions or project ideas, please contact us at [foundation@kaefer.com](mailto:foundation@kaefer.com)

**Dirk:** Every project we get involved with, however big or small, changes people's lives for the better, so ranking them in some



Francisca Gorgodian and Dirk Brand-Saßen

## Together, we can make a difference – Selected projects 2017

- > Playing football with refugees in Bremen: KAEFER employees in Bremen meet with a group of refugees every two weeks for a game of football. In 2017, a joint team of eight employees and six teenage refugees also entered the “SummerSpecial” charity football tournament organised by “AVS & Friends” to raise money for cancer research.
- > World AIDS Day: Employees at KAEFER HQ in Bremen were busy baking in the run-up to Christmas 2017, raising money for the KAEFER AIDS Relief Programme (KARP) in South Africa.
- > In August 2017, the KAEFER FOUNDATION supported an event at Hochschule Bremen: The 5th International Composium on Communication Disorders in Multilingual and Multicultural Populations

## Outlook – 2018

**Mental Health** In 2017, KAEFER BoD decided that money traditionally spent on Christmas presents for top management at the company would instead be donated to the KAEFER FOUNDATION, specifically to fund mental health initiatives around the KAEFER world. See pages 24.

### The KAEFER FOUNDATION supports the Nairobi charity run

The KAEFER FOUNDATION has agreed to sponsor a children’s run in Kenya, having been alerted to the initiative by a scholarship recipient of the “Deutschland-stipendium”. The run is being organised to raise money for a 50,000 litre water tank, urgently needed by another school in the area.

The KAEFER FOUNDATION was created in 2010 as a non-profit organisation which provides quick and non-bureaucratic help. Resources are limited and the deciding how best to direct them is no easy task for the Foundation’s directors. In the eight years since it was created, the Foundation has been involved with initiatives in the following areas:

- > Prevention of diseases like HIV/AIDS, tuberculosis, etc. and support for victims of 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

## KAEFER - Forming partnerships for a sustainable future

**Playing a role at the German CSR Congress** – Hosted by the Deutsche Bundesstiftung Umwelt DBU (German Federal Environmental Foundation), this congress, which took place on 9 and 10 November 2017 in Osnabrück, aimed to improve awareness of corporate social and environmental responsibilities, and improve the way these are communicated among employees.

Congress organisers included the Arbeitskreis CSR-Kommunikation der Deutschen Public Relations Gesellschaft (DPRG), Deutsches Netzwerk Wirtschaftsethik (DNWE) and B.A.U.M. e.V.

For more information, visit

<http://www.csr-kongress.de/die-konferenz/programm-2017.html>

**Supporting ‘Partnerschaft Umwelt Unternehmen’ (PUU)** – The PUU is an environmental network based in Bremen focused on

finding ways the business world can contribute to protecting our environment. In 2017, KAEFER supported an puu awareness campaign which run from 7 August to 29 September.

For more information, visit <https://www.umwelt-unternehmen.bremen.de/puu-1469>

**FESI** – KAEFER is a members of The European Federation of Associations of Insulation Companies (FESI). FESI promotes insulation as one of the best, most cost effective and sustainable ways to save energy.

**EiiF** – KAEFER is also a founding member of the European Industrial Insulation Foundation (EiiF), a neutral, non-profit organisation which campaigns to raise awareness of insulation as a means of improving energy efficiency and sustainability.



# COMPLIANCE at KAEFER

– One group. One set of values. One code.

As the world becomes smaller, and simultaneously more complex, KAEFER's service offering grows in scope and sophistication. Some things, however, remain as clear and straightforward today as they were on the day Carl Kaefer founded the company – our values.

- > **Trust** is the basis of all our activities – it develops when our actions are predictable and based on consistent behaviour.
- > Creating an environment of trust, and continuously striving to master our profession, allows us to achieve exceptional degrees of **collaboration**.
- > **Respecting individuals** facilitates dialogue and mutual learning.
- > **Teamwork** helps us make the right decisions in complex situations.
- > **Reliability** – and a focus on results – helps us exceed expectations.
- > **Modesty** keeps our feet on the ground.

KAEFER values may be timeless, but the environments in which we operate are in a state of constant flux, which is why the Corporate Compliance and Audit (CCA) team is currently updating the KAEFER Code of Business Conduct. The new version will be published in different languages at the beginning of July 2018.



## What is Compliance?

KAEFER defines 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.



## What is the KAEFER Code of Business Conduct?

The KAEFER Code of Business Conduct outlines how we act and do business. Regardless of the work we do daily, we all have to abide by the laws, standards, and guidelines that apply to our work. The Code applies to every person who conducts business with or for the KAEFER Group worldwide – all employees, including at all levels of management in the KAEFER Group, as well as consultants, contract workers and subcontractors.

The Code covers topics such as good governance, lawful and responsible behaviour, and the fight against all forms of corruption. A mandatory internal standard, applicable to all business activities at KAEFER, the Code is designed to help employees protect themselves against risk, organise necessary controls, and support improvements in our processes and procedures.

It is important to remember that written rules or codes cannot guarantee ethical decision-making or compliance with the law. All KAEFER employees are expected to act as follows:

- > **Act with honesty and integrity:** Conduct business in a manner that protects KAEFER's public image and reputation.
- > **Follow the rules:** Obey the law and abide by KAEFER's rules.
- > **Respect others:** Respect fellow staff members, government officials, business partners, and competitors.
- > **Ask:** If you are unsure about what to do or have questions about laws, rules, ethics, or other compliance issues, ask your manager or get in touch with the Corporate Compliance and Audit department.
- > **Report violations:** You are asked to promptly report all known or suspected violations of law, this Code, or company rules by going through the appropriate channels. If someone asks you or pressures you to do something that might constitute a violation, report this.

## Outlook – updating the KAEFER Code of Conduct

CCA Compliance Manager Petra Markwardt and Group Chief Compliance Officer Karsten Wirth talk about the new Code of Conduct

### **Petra Markwardt**

Petra joined KAEFER in 2017, specifically to implement a global compliance management system. She has 22 years of professional experience in banking, including several in the field of compliance.

### **Karsten Wirth**

Having joined KAEFER from PricewaterhouseCoopers in 2015, Karsten will hold the position of Group Chief Compliance Officer from July 2018.

*KAEFER already has a Code of Conduct. Why is it being updated now?*

**Petra:** KAEFER has grown substantially in recent years and expanded into parts of the world which traditionally have quite different ways of doing business. It simply makes good sense to take another look at our Code, given our current value and risk profile.

**Karsten:** The decision to update now also reflects internal developments – KAEFER’s 100-year anniversary and changes on the Board of Directors (BoD) are events which have both focussed people’s minds on the future. Are we ready for it? Are we keeping up to date with changes in our industry and in the world generally?

*Who has been involved in the process?*

**Karsten:** It’s been a collaborative process, led by the Corporate Compliance and Audit department, of course, but with substantial input from the BoD, Regional Management from around the world and the Workers’ Council in Germany. Compliance is a complex topic – the more people we have contributing ideas, the more comprehensive the final Code will be.

*So, it isn’t just a case of adding one or two new sections?*

**Petra:** No, it’s a completely new document. As well as new guidance on topics such as data protection, human rights and health, safety and the environment, there’s also revised or expanded guidance in many other areas. The new Code incorporates a much stronger commitment to compliance generally – it’s an absolutely clear statement, both internally and externally, that KAEFER adheres to international standards.

*Once the new Code of Conduct is published in July 2018, what are your priorities for the next few years?*

**Karsten:** To establish a solid and independent Compliance Organisation as the backbone for sustainable Risk Management at KAEFER.

**Petra:** And provide appropriate compliance-related training and advice to all employees. We want to make the Code as comprehensive as possible, but it’s not realistic to expect it to cover every imaginable scenario. That’s why we’re organising new training modules, both e-learning and on-site, expanding the KAEFER Rules and planning an awareness raising campaign. Additionally, we’ll be launching the KAEFER Compliance Helpline this summer, run by an external party to guarantee confidentiality. Contact information will be available on the Intranet and will be distributed through other channels.

*So, if someone at KAEFER thinks that there may be a compliance problem or simply wants more information on the topic, what should they do initially?*

**Karsten:** We’re trying to create as many options for people as possible. Read the Code of Business Conduct and the KAEFER Rules. Contact your supervisor, your Local Compliance Officer or get in touch with us directly at Corporate Compliance and Audit. When it comes to compliance, it’s always better to be safe than sorry!

## Compliance at KAEFER – going a step further in Brazil

RIP Servicios Industriais’s focus on compliance was formally recognised in 2017 with the coveted ISO 37001 certificate, awarded by Lloyds Register Brazil. The certificate defines rules and procedures to help organisations in the fight against corruption

by establishing a culture of integrity, transparency and compliance. RIP is the first recipient in Brazil (with certification accredited by Inmetro - National Institute of Metrology, Quality and Technology) – and is also DSC 10000 and ISO 19600 certified.



## 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 27,000 skilled and globally interconnected people can count on colleagues around the globe, and the way we embrace and celebrate this diversity is key to our continued success.

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.

### KAEFER – Our Shared Values

As we celebrate our 100th birthday, it is important to remember that our success over so many years is down to the conduct and integrity of KAEFER people.

Setting out our shared values is what enables us to transcend language, culture and the borders of individual KAEFER countries. Living by them is how we meet and overcome the challenges of the future, ensuring a sustainable and innovative business model for generations to come.

### KAEFER Values ensure that:

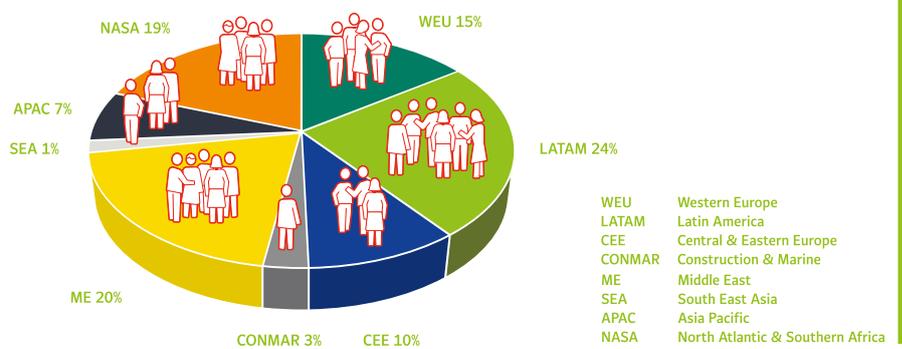
- > All employees are aware of our common history and culture
- > Our customers can have confidence that we will deliver on our promises
- > Our decentralised group develops and retains the leaders it needs

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. A perfect way to show that we are RED - Recognised, Efficient and Different.

### A Declaration of KAEFER Values

- > We respect the dignity of each individual. A person must never be perceived as a means to a business purpose
- > We treat others as we want to be treated by them
- > In all situations, we act in such a manner that our actions can be used as a basis for a general guideline
- > We must act in such a manner that we will always keep and intensify the trust and loyalty of our customers, employees and shareholders
- > We always put the common interest foremost in all of our actions
- > We take into account laws, ethical norms and the preservation of our environment
- > We adhere to our agreements and only make promises, which we can keep and stand by





- WEU Western Europe
- LATAM Latin America
- CEE Central & Eastern Europe
- CONMAR Construction & Marine
- ME Middle East
- SEA South East Asia
- APAC Asia Pacific
- NASA North Atlantic & Southern Africa

## Supporting equal opportunities and diversity outside the value chain

For 100 years, KAEFER values have sustained the company’s growth and economic success, and it’s a source of great pride that so many KAEFER employees play such an active role in the communities where they live and work.

### Supporting the Aveyron Autism Centre in the UAE

Founded in 2015 and officially opened in September 2016, the new Aveyron Autism Centre is a private, non-profit organisation which offers training, rehabilitation and accommodation to children with autism spectrum disorders.

When the Centre opened last year in Shakhbout City, Abu Dhabi, KAEFER in the Middle East were already involved. Physical activities are a vital part of improving general motor functions, so the team made a substantial contribution towards funding fit-for-purpose gym equipment.

### Plan Aflora in Spain

Through a process of awareness-raising and advice, Plan Aflora helps eligible employees obtain disability certification, which can lead to significant financial benefits. Launched in mid-2016, the Plan is a KAEFER initiative, run with the support of an external company to ensure confidentiality. Five workers from across the country have already shown interest, a number of whom are in the process of applying.

In addition, as part of Disability Day 2017, KAEFER in Spain produced posters to help promote a Fundación Adecco campaign designed to tackle signs of social prejudice towards individuals with special needs. The topic was also raised among employees during our Talks.

### International Women’s Day at RIP Servicios Industriais in Brazil

On International Women’s Day 2017, colleagues at the Volta Redonda Branch (CSN Site) were honored with small gifts in recognition of their hard work and invaluable contribution.

### KAEFER Construction and ‘Aktion Mensch’

Aktion Mensch is a social lottery supporting up to 1,000 projects every month for people with disabilities in Germany.

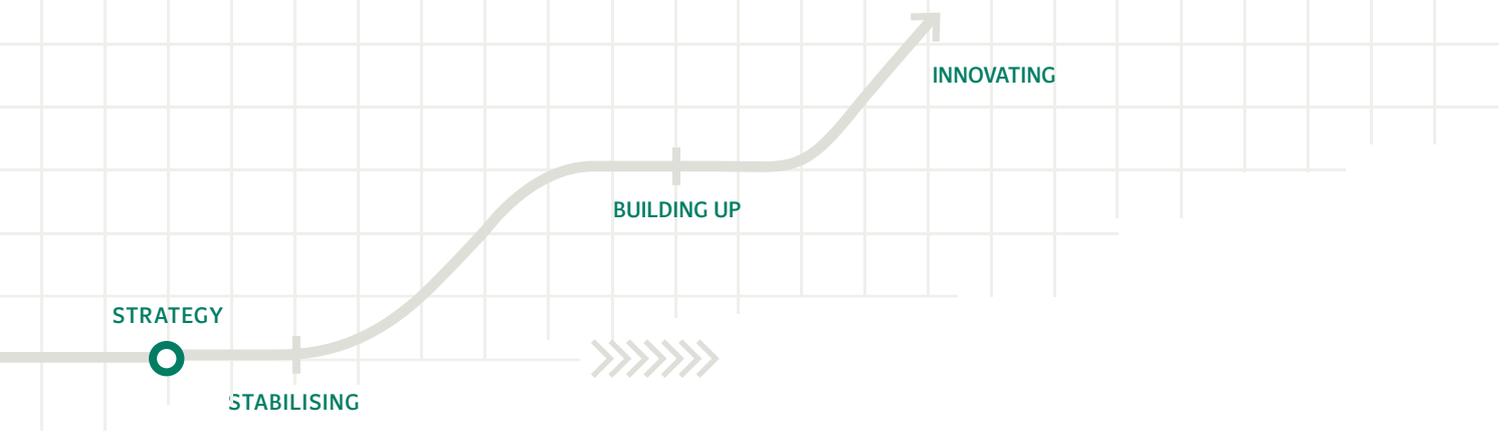
As a Christmas gift in 2017, KAEFER Construction gave 250 employees raffle tickets for this lottery, valid for one whole year. The gift serves two purposes. One, employees are in with a chance of winning up to half a million euros. Two, management at KAEFER Construction are able to make a meaningful contribution to a good cause, at the same time as expressing their awareness of social responsibility.

### Supporting refugees in Germany

In recent years, large numbers of people have been forced to leave their home countries as a result of war, economic crisis and terrorism. Many of them came to Germany.

On 6 December 2017, KAEFER donated small bags of gifts and sweets to the ‘Flüchtlingshilfe’ (Refugee Aid Organisation) in Bremen.

Gender	
Share of female employees	31.2 %
Share of male employees	68.8 %
Share of female blue collar workers	3.4 %
Share of male blue collar workers	96.6 %
Age	
Share of employees under 30 years	21.4 %
Share of employees between 30-50 years	58.3 %
Share of employees over 50 years	20.3 %



## ECONOMIC PERFORMANCE

*“In 2017, KAEFER turned over 1.7 billion Euros – our highest top line value ever. More importantly: we over-achieved on our budget. This success came about as the result of so many KAEFER people going the extra mile.”*

Peter Edelmann

A company can only be sustainable for as long as it makes money; the famous bottom line, and the first priority for members of the Board of Directors.

The Board defines KAEFER’s route to a successful and sustainable future, taking into account changing market-, environmental- and geo-political conditions. The Board’s principal tool is KAEFER’s Roadmap to Success business strategy, developed in 2017 following the appointment of Peter Edelmann as KAEFER CEO.

The strategy focusses on ‘Stabilising’ (after KAEFER’s rapid growth of the last few years), ‘Building Up’ (taking advantage of the potential for internal growth), and on developing structural support for the spirit of ‘Innovation’ which already exists at KAEFER.

### Innovation at KAEFER – Introducing Corporate Innovation & Technical Excellence (CIE)

Founded in 2017, the new CIE department will encourage and support a worldwide innovation process at KAEFER.

#### How?

Through enhancing innovations at the company and supporting implementation in the market. Through the introduction of active technology scouting (targeted analysis of new technologies in the marketplace), the development of an ‘innovation’ training program within the KAEFER Academy, active patent work, and intensified cooperation with universities and research institutions. The department is also rebuilding ‘expert networks’ to improve

the internal evaluation of potential innovations, as well as showing creativity when it comes to funding experimental projects. Dr. Patrick Barthold, in particular, is looking at public funding opportunities for projects such as ZIM and Horizont 2020 and /or pooling costs and resources with like-minded organisations in industry.

*“At KAEFER, the ambition is to do whatever we can to supply our clients with solutions that are simply smarter.”*

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

PRODUCT EXCELLENCE

TECHNICAL EXCELLENCE

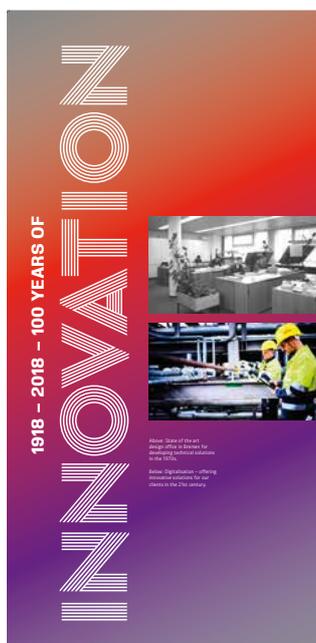
TECHNICAL SUPPORT

**Five tightly focused departmental units will report directly to Thomas-Peter Wilk:**

- > Product Excellence, under Thomas Rehberg, manages “Best Practice” processes in IASP (Insulation, Access, Surface Protection and Passive Fire Protection) and works on developing new methods and techniques.
- > Technical Excellence, under Frank Jüngerhans, is KAEFER’s internal point of contact regarding technical competences and includes active and professional support of KAEFER sales processes.
- > Technical Support, under Thomas Heuermann, is expanding its previous range of services to include review, rating-, training- and consultation services for selected research contracts (external and internal).

**\*New\* Departments:**

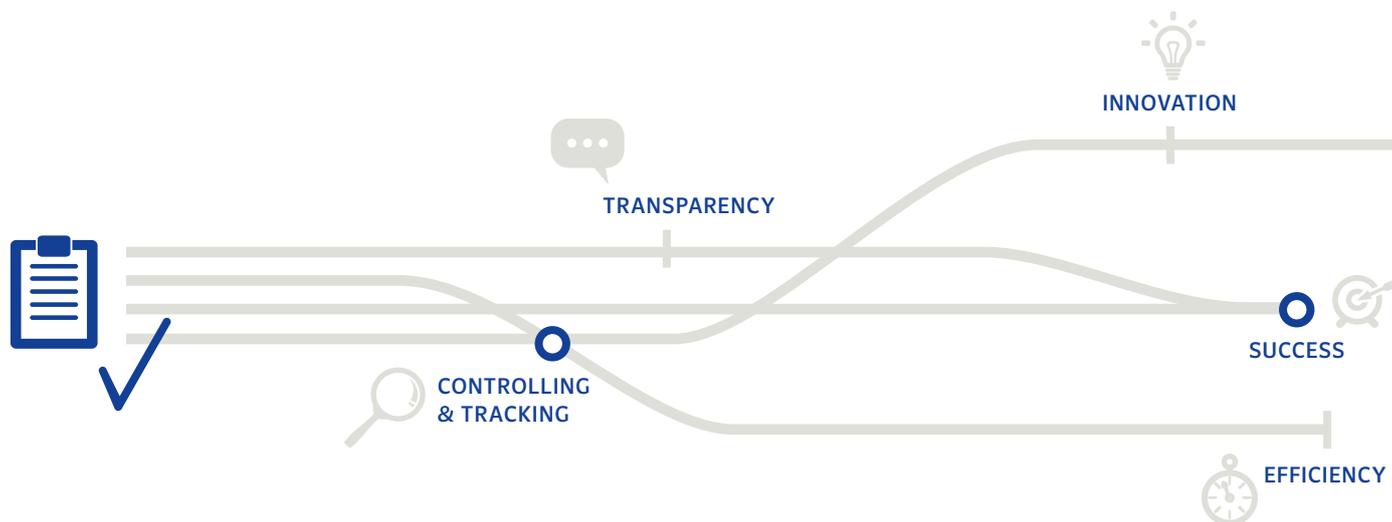
- > Asset Integrity Management (AIM), under Thomas Rehberg, will offers our customers a comprehensive engineering package for risk assessment and maintenance for piping and vessels, including NDT (Non-Destructive Testing), data analysis (using data mining technologies) and CUI/RBI-consultation (Corrosion under Insulation / Risk Based Inspections).
- > Smart Insulation Systems, under Dr. Patrick Barthold, will develop sensors (temperature, moisture etc.) to monitor insulation systems (Performance and CUI).
- > A Third Party Engineering unit is also being created to worldwide, local professional subcontracting of engineering services for KAEFER.



## Focus on Innovation at KAEFER

In addition to a major restructuring of KAEFER’s technical departments, the company’s focus on innovation was emphasised in 2017 with a major ‘Innovation Marketplace’ at the annual ‘International Management Meeting’. A major highlight of the event occurred when colleagues from 19 KAEFER countries presented their “rubies” (prototype innovations).

Also in 2017, KAEFER began funding a Professorship in Lean Management at Jacobs University in Bremen. The current incumbent – Professor of Lean Management in Business and Economics and Doctor of Engineering Steffen Eickemeyer – is an expert in internal and external supply chains. He will use his professorship to develop improved levels of partnership between industry and academia, “often the basis for innovative research projects, as well as a vital bridge for students in their lives after graduation.”



## Celebrating Successful Innovation – the KAEFER Design Department 2.0

The KAEFER (Scaffolding) Design Department was founded at KAEFER in the UK in 2011 to enhance the company’s capabilities within the Access market. Since then, the service has been continuously improved. In July 2016, as the benefits became increasingly clear, the team embarked on a two-year development program with four main objectives:

- > Control of Operations & Systemisation of Department
- > Professional Document Standards & Design Quality Control
- > Commercial – Cost Tracking, Monitoring & Efficiencies
- > Training

In recent years, the team of six UK-based graduate Scaffold Design Engineers has advised colleagues in Saudi Arabia, France and Belgium. Now able to track progress on all design projects in real time, as well as provide cost estimates and internal invoicing, the Design Department gives KAEFER a real competitive advantage.

*“An integral objective for the department this year is to integrate our services at the early stages of projects and potential projects. With early involvement from the Design Team we can assist in creating enhanced solutions that have the potential to require less material and less man hours, thus reducing tender prices.”*

Jonathan Leyland, UK Design Manager

The team are actively seeking further opportunities to educate, share knowledge and assist KAEFER colleagues in improving the service offering worldwide.

### Benefits include:

- > Swift response and turnaround times
- > Immediate expertise on any design & engineering query
- > Detailed cost estimates at a low internal rate for full client transparency
- > Detailed invoicing for a complete breakdown of how time has been spent on each project
- > Full tender/pricing assistance along with ‘Early Contractor Involvement’ ability



## Case Study

Well-resourced, able to advise on all system scaffolds, tube and fittings, and with a proven track record in reducing overall access costs, the team regularly works with KAEFER companies around the world. In 2017, for example, when a client asked KAEFER in Spain to provide a tube and fittings solution for a wind project at the Dragados yard, not only did the team work up the designs and supervise execution, but also visited the client in Cadiz to give a step by step explanation of the build process, showing one of KAEFER’s strengths: the ability to offer excellence in service to our clients!



## Outlook – Improved Project Governance

Multi-dimensional project categorisation was introduced at KAEFER in 2017.

In the past, projects have been categorised solely by expected order volume, meaning only offers over €5m were subject to comprehensive risk management procedures (analysis with HQ participation, mandatory project review meetings etc.).

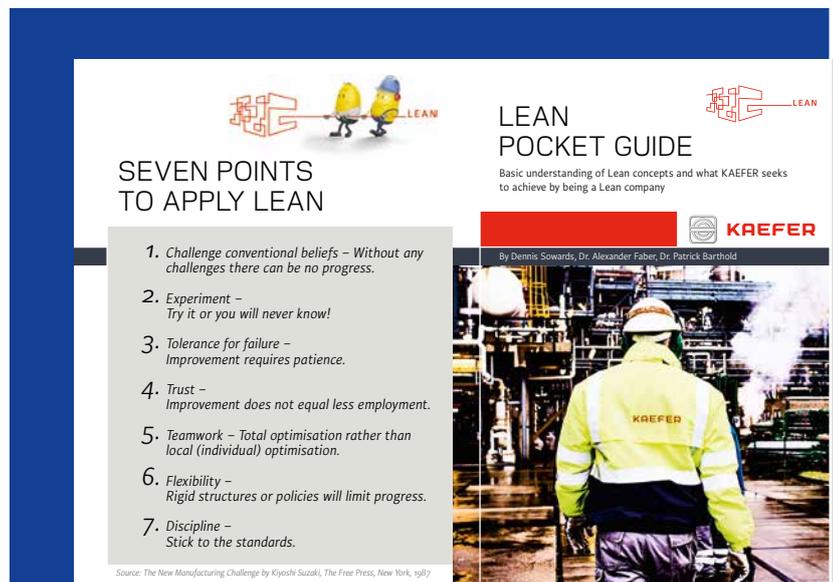
More and more, this system fails to reflect the complex environments in which we operate, and the fact that substantial losses can occur even on smaller projects.

Therefore, the system is being updated to take into account not only order volume, but additional risk factors including time pressure, organisational complexity, and relevant past experience. Every project will be assigned a risk category based

on these criteria, each with different degrees of mandatory checks and balances to be followed throughout the project life cycle.

The new system, details of which are available in the KAEFER Rules, will be more efficient and robust, minimising KAEFER's risk exposure on a global scale. It is also intended to increase risk awareness in the Group generally, at the same time as giving a greater degree of control to individual regions and business units on low risk projects.

This is just the first step in an ongoing journey to improve KAEFER's project governance processes, allowing the company to focus more of its attention and resources on the right projects.

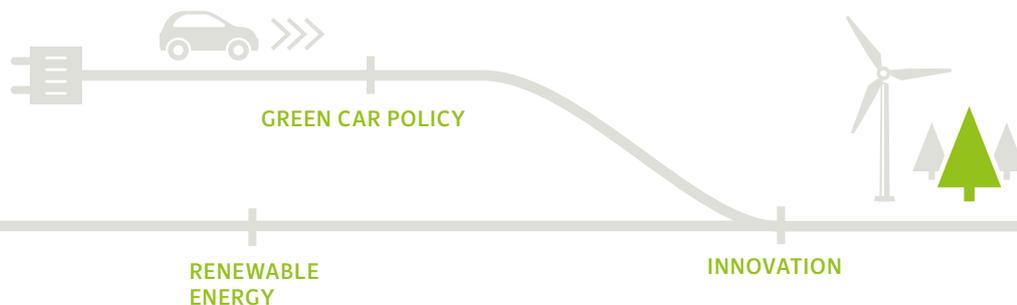


## Lean Update – Introducing the KAEFER Lean Pocket Guide!

Developed by Dr. Alexander Faber (Regional Director NASA and Head of Corporate Operations Excellence) and Dr. Patrick Barthold (former KAEFER Corporate Lean Manager) in collaboration with the author of the Lean Construction Pocket Guide Dennis Sowards, KAEFER's new Lean Pocket Guide sets out what KAEFER seeks to achieve through becoming a Lean company and offers a basic description of Lean concepts.

### The guide explains:

- > The KAEFER process improvement routine (KATA).
- > Reasons and methods for implementing Lean Site Management
- > The different roles in leading process improvements and other basic elements of Lean leadership.



## ELIMINATING THE ENERGY WASTE AT KAEFER

KAEFER’s approach to energy and the environment is captured in our vision: to eliminate the energy waste.

Initiatives that are good for energy efficiency are good for KAEFER. We believe that our people on the ground, from regional managers to insulation fitters, are in the best position to understand local needs. By encouraging suggestions and feedback, sharing best practices across the Group and fostering innovation, we can continue to make our vision a reality.

Naturally, this process is continuous within the value chain, supported particularly by our Lean Journey, research and implementation of new materials and technologies, as well as better and safer working practices.

No less important, however, is the work being carried out by KAEFER people around the world to improve energy efficiency outside their direct areas of responsibility. In recognition of these efforts, we would like to take this opportunity to highlight some of these inspirational projects.



### KAEFER Renewables – Part of Project ‘Polyphem’

Backed by the European Commission, ‘Polyphem’ is the name of a research project into developing a new, low-carbon technology which could help create cleaner and more efficient energy supplies for the future.

A major undertaking involving four research centres and five private companies based in France, Spain, Germany and Denmark, the project’s main objective is to improve the performance of small-scale Concentrated Solar Power (CSP) plants and their ability to generate power on demand.

Excitingly, the basic for this new technology actually originated within KAEFER between 2011 and 2013, specifically within the Renewable Energy department of the Corporate Competence Centers (CCC). Polyphem was one of a small handful of projects chosen for trials by the European Commission, from over a hundred proposals submitted.

As the project enters the testing phase, KAEFER is responsible for general engineering and the control and operation of the unit. KAEFER will also take a lead role when it comes to assessment and analysis, before helping to decide what steps still need to be taken ahead of future deployment.

## AQUAPONICS & HYDROPONICS



### Aquaponics & Hydroponics Farming in Saudi Arabia

KAEFER's Jubail facility is located 45 km from the nearest town in the Arabian Desert. The KAEFER CSR team on site has always been proactive in trying to ensure the all-round welfare of employees with carefully planned activities throughout the year, as well as maintaining fish ponds and a duck farm. In addition to providing a welcome distraction for employees, these also provide an important source of nutrition.

Aquaponics and hydroponics farming have long been a feature of the Jubail facility. In November 2017, however, it reached new levels of sophistication when the system was adapted to make it possible for the team to grow organic vegetables, at the same time as actually reducing overall water consumption.



### France - Improving efficiency at KAEFER WANNER

By combining production workshops in 2017, KAEFER WANNER in France have achieved year on year savings of 69 tons of CO<sub>2</sub>!

### Outlook 2018

**KAEFER sponsors the Bremen's in the German-wide 'Energiesparmeister' competition**

Active since 2013, the Master of Energy-saving competition rewards the best climate protection projects run by schools from across the country. For more information, visit:

<https://www.energiesparmeister.de/>



Making sure our employees work in safe and well-managed environments is a core principle at KAEFER, which is why the company has deliberately moved from talking about rules and regulations to talking about a safety culture. The difference is clear; rules define an organisation's formal health and management system. A safety culture is determined by everyone – management

and staff – thinking, talking and living health and safety together. To help KAEFER make the transition to a safety culture, a bespoke training course was introduced in 2016, supported by multiple awareness-raising campaigns. At the end of 2017, 1,953 line manager and senior managers had completed the course.

## Outlook: Health and Safety in 2018 – FOCUS ON MENTAL HEALTH

Trust is crucial for business success. So are confidence, stability and predictability. So is innovation. And so is good mental health. Comparable with findings in many western countries, statistics from the German State Health Insurance Report 2016 highlight the importance of this issue:

- > 15% of illness cases in Germany stem from mental health issues
- > The average duration of sick leave for mental health reasons is 36 days – three times longer than any other cause of illness
- > One in three sick certificates are issued for mental health related reasons
- > 43% of early retirement cases are attributable to mental health issues

People are KAEFER's most important value. It is vital we address the topic of mental health openly and have procedures in place to combat discrimination wherever we find it. This is why KAEFER's Board of Directors decided in 2017 that money traditionally spent on Christmas presents for top management at the company would instead be donated to the KAEFER FOUNDATION, specifically to fund mental health initiatives around the KAEFER world.

*"At KAEFER, we have an obligation to start openly addressing this difficult topic and help end mental health discrimination. The first steps have already been taken; KAEFER in the UK and Canada are developing plans which we hope will become best practice everywhere."*

KAEFER CEO Peter Edelmann

The gesture has been widely appreciated by KAEFER Health & Safety representatives around the world. A brief selection of current initiatives follows here:

**Time to change** – time to talk in the UK In November 2017, Ian Tattersall, Managing Director of KAEFER in the UK, signed the Time to Change Employer Pledge, a commitment to change how we think and act about mental health.

*"One in four of us will experience issues related to mental health. By choosing to be open about the subject, we are making ourselves part of a movement that's ensuring no one is made to feel isolated or alone for having a mental health problem."*

Ian Tattersall

KAEFER in the UK will take part in various events and campaigns over the next year, including:

**Time to Talk Day** – 1 February 2018. The more we talk about mental health, the better life becomes for all of us. Via the hashtag #TimetoTalk, the company is encouraging sites and offices to take 5 minutes and talk about the issue, either during team meetings or Tool Box Talk sessions.

In addition, post-graduate student Emma Cecilia Rajagopal is working with KAEFER and one more pilot company to determine and evaluate psychosocial factors in the workplace. Her work will be used as a starting point in unveiling potential risks and elaborating improvement options.

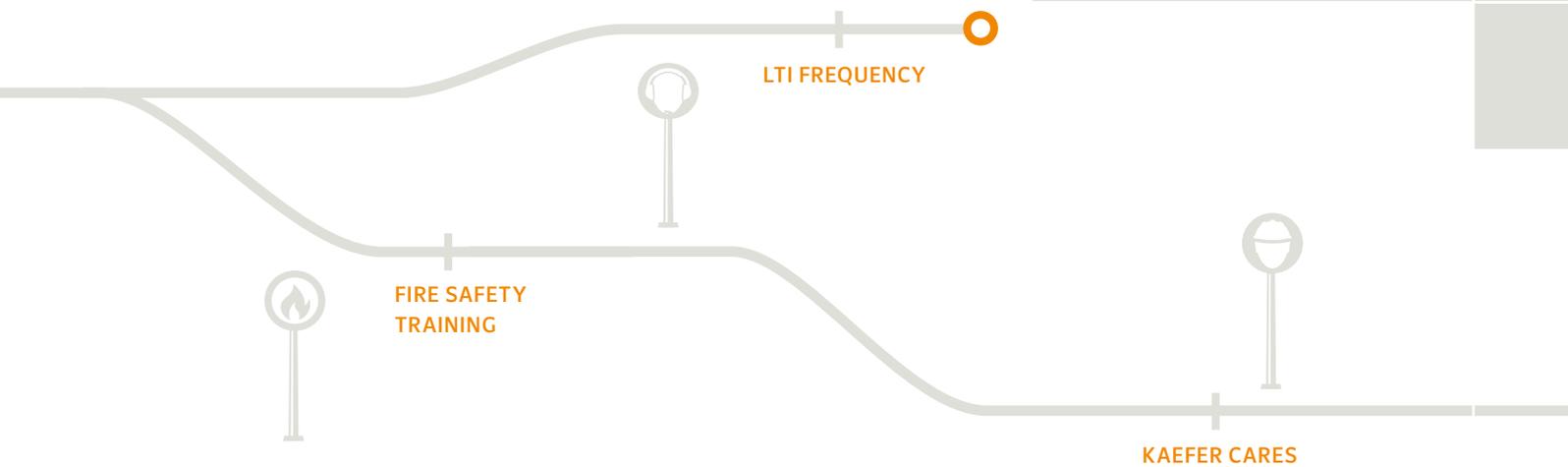
**"Hug a Mug"** – Launched on World Mental Health Day (10 October 2017), Hug a Mug is a partnership initiative between Ewanrigg Local Trust and Maryport Health Service offering vital support to individuals in local communities around the Sellafield site. The name reflects the British instinct to put the kettle on in the face of almost every problem, however large or small. Anybody can come along to the daily drop in sessions for confidential help with employment issues, healthcare or simply advice on overcoming loneliness.

*"We desperately needed support from local businesses to refurbish an unused room in the surgery in Maryport. Not only did KAEFER make a financial donation, but actually provided people to carry out much of the work."*

Ann-Marie Steele, Hug a Mug Project Coordinator

In addition to helping refurbish the drop-in centre, two members of the KAEFER team regularly volunteer at the initiative, having first completed training in communication and mental health awareness. Not only do they make a real difference to people's lives, but the skills they've learned are also valuable at work.

KAEFER in the UK is currently looking for more people keen to get involved as Time to Change Champions. If you are interested in finding out more, please visit: <https://www.time-to-change.org.uk/get-involved/get-involved-workplace/champions-workplace>



## Talking about Mental Health in Canada

“KAEFER Cares” is a KAEFER Canadian initiative to promote mental health and awareness in the workplace.

“Working Mind” training sessions are helping KAEFER Management

and employees to reduce stigma and promote mental health in the workplace. The initiative was launched in Canada in July 2017, starting with the Senior Management Group before being rolled out to supervisors and project management staff.

## HEALTH AND SAFETY – At Work

### New! Health and Safety Displays in meeting rooms

In co-operation with the Corporate Responsibility & Communication (CRC) department, CHSE recently released table-top Health & Safety Displays for meeting rooms. The displays have already been put up in the meeting rooms at headquarters in Bremen, Germany, to remind employees of the safety induction which should take place prior to every meeting with internal staff as well as external visitors.

The display, which contains important information, emergency telephone numbers and a to-do list in case of fire or accidents, is available as an interactive pdf so that information can be tailored to specific KAEFER locations. German and English versions have been produced already and other language versions can be created upon request. You can contact CRC for more information.

### KAEFER Netherland’s safety street goes virtual

‘Digital Supports Safety’ was the working title of a task given to KAEFER junior managers Caroline Atkinson, François Cotte and Debabrata Mishra. The joint JLP (Junior Leadership Program) team did not disappoint, first employing Virtual Reality technology to digitise a number of KAEFER Benelux’s Safety Street training modules, then beta-testing the concept at KAEFER’s International Managers’ Meeting in 2017.

*“This form of training is particularly interesting because of the interactivity and gamifying benefits. The virtual reality concept clears away the wide-spread prejudice that HSE training is boring.”*

Caroline Atkinson

Following further testing with KAEFER Nederland B.V. and a presentation to the Board of Directors, the new VR Safety Street was shown to client DOW in Terneuzen. Discussions are currently ongoing on how to develop it further.

### Wellness Initiative – Saudi Arabia

KAEFER in Saudi Arabia’s annual wellness initiative enjoyed another successful year in 2017. This time around the health check was mandatory for all employees aged 35 and above. As always, it was accompanied by good advice, motivating many of our staff to take a more active interest in improving their fitness

### Fire safety training at KAEFER HQ, Bremen

As part of implementing a positive safety culture at KAEFER, Thomas Eickhoff (Head of CHSE) regards fire safety training as an important supplement to the annual safety induction. So far, 38 employees at Corporate Headquarters have undergone the training – delivered by renowned Safety Engineer and Fire Safety Expert Henning Buchin – which consists of both theoretical and practical elements, most memorably taking on a real blaze with fire extinguishers.



### Brazil – Multiple campaigns for a Safety Culture

Reinforcing a positive safety culture lies at the heart of RIP's approach to Health and Safety.

This has not come about by accident but as the result of hard work and well-planned campaigns, including 'Prevention Marathon' and 'Watch out!', where employees were encouraged to hand in observation reports on unsafe situations and/or near misses, with several prizes awarded for drawing attention to potential improvements.

The idea for RIP's "For whom do you tip your cap?" campaign, where safety questions were hidden in worker's helmets, was taken from a popular TV format in Brazil.

The "security technician for a day" campaign saw blue collar workers asked to prepare a safety induction for new workers on site. Designed to guard against any fall-off in vigilance during busy periods, when the induction took place workers discovered that their new colleagues were actually members of their own families, reinforcing the point that poor safety behaviour can affect you and the people you love.

Not only did these well thought out campaigns improve safety on site, they also made a strong impression on many clients, including Klabin, Braskem (South Branch) and CSN (Volta Redonda).

## World Day for Safety and Health at Work – 28 April 2017

**Peru** – KAEFER KOSTEC celebrated World Day for Safety and Health at Work with a hired pantomime. Employees from every level of the company joined in a gymnastics session led by the pantomime, incorporating exercises aimed at countering fatigue, reducing stress and preventing musculoskeletal disorders.

**Australia** – In Australia, World Day for Safety and Health at Work includes a strong emphasis on honouring the memory of workers – in all fields and walks of life – who have died at work. To mark the day, the KAEFER Inpex team set up stalls displaying the safety controls used for Scaffolding, Painting, Insulation and Rope Access. Members of the team also stressed hand safety with the help of "Dotty the Hand Safety Dinosaur". The day was a great success with high levels of participation from the KAEFER workforce on site.



## HEALTH AND SAFETY – In the Community

While central management's focus is predominantly on occupational safety, the number of general health and safety initiatives happening around the KAEFER world is astounding and deserving of special mention here.

### "RIP in Equilibrium" – Brazil

The campaign "RIP in Equilibrium" aims to improve quality of life for RIP employees in Indaiatuba through encouraging healthy living and weight loss.

As an added incentive, in 2017 RIP pledged to donate non-perishable foodstuffs of a weight equal to that lost by employees through participation in the program.

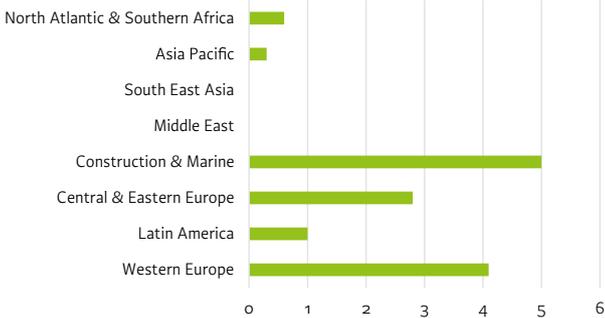
68 employees took part in the campaign between March and November 2017, losing a combined total of 111 kgs. The equivalent in food was then

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.

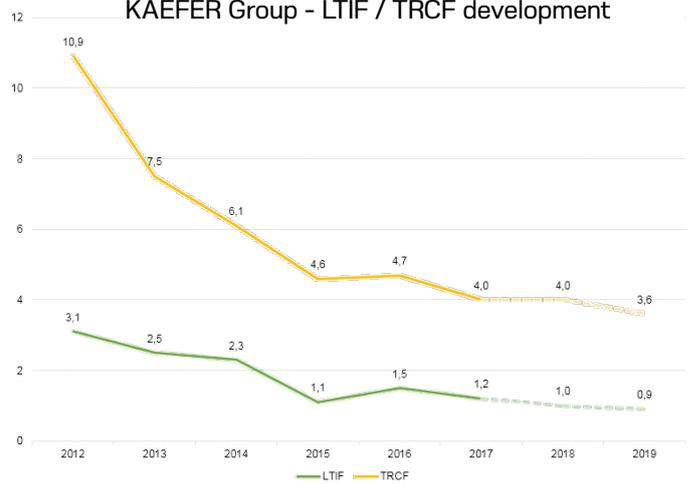
TRCF stands for 'Total Recordable Cases Frequency' and consists of all incidents that have to be included in the statistics and is also counted per one million man-hours.

### Lost Time Injury Frequency per 1,000,000 man hours

at December 2017



### KAEFER Group - LTIF / TRCF development



## Health, Safety and the implications of Climate Change

For KAEFER climate change is not a vague possibility, which may or may not become real at some ill-defined point in the future. Our business is already being affected, for example by the elevated risk of flooding in South America and Germany. Working on offshore facilities and in shipyards close to the coast requires sharper attention in our daily work, where employees are faced with severe weather conditions more frequently.

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 'Beat the Heat'. Initiated by management in the Middle East, this campaign helps staff avoid dehydration and other health problems. In caring for the health and safety of our employees and taking responsibility for our environment, we hope to demonstrate how seriously we take climate change and the associated risks.

donated to ABID, a local, non-profit charity which runs multiple, 'quality of life' social projects for at-risk children and teenagers in the area.

#### First Aid and IOSH courses at KAEFER in the UK

Between March 2017 and March 2018, KAEFER in the UK offered 44 free spaces to charities, community groups, students and job-seekers on day-long fully accredited level two emergency first aid courses, covering areas such as resuscitation, wounds, bleeding and epilepsy, or on IOSH Managing Safely courses designed to get managers up-to-speed on the skills needed to tackle health and safety issues in the workplace.

The feedback received from participants gives a clear idea of the benefits of such an initiative:

*"The training provided by KAEFER was delivered in a person-centred way, enabling all the candidates to understand the content and feel that their input was valid. The IOSH has given the guys knowledge and*

*skills needed to ensure those around them understand the importance of health and safety procedures. I've no doubt the training will play a vital role in their journey towards sustainable employment."*

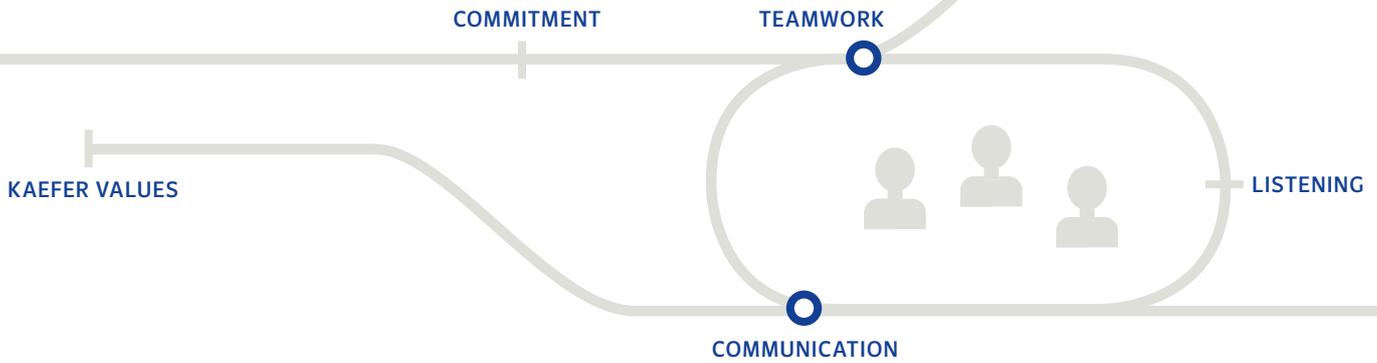
Spokesperson for West Cumbria Works

*"The KAEFER training has been beneficial to Cumbria Youth Alliance in helping young people gain valuable certifications, improving their chances of success in a difficult job market."*

Project Worker at Cumbria Youth Alliance

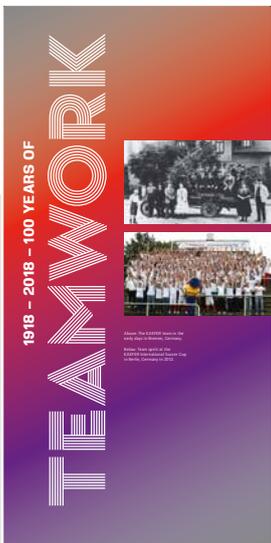
Discussing the First Aid course, Elizabeth Atkinson (Social Impact Manager KAEFER in the UK) said:

*"All the participants completed the course, meaning they are now classed as emergency first aiders. Feedback was excellent and we hope attendees will find it a useful qualification to have, not just at work but in everyday life."*



## LABOUR RELATIONS

At KAEFER, we are proud of our record on labour relations. A quick glance at our magazine – the K-WERT – reveals just how many people in any given year are celebrating their twentieth, thirtieth and fortieth anniversaries at the company.



Key to our success, in the past, present and into a sustainable future, is listening. 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, but all follow the guidelines set out in the KAEFER Code of Business Conduct. 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.

#### Common Values

Giving due attention to the quality of labour relations is vital at any organisation, especially at a company as large and complex as KAEFER. Our goal is that everyone who works at the company identifies first and foremost as a member of the same family. This is why it is so important to define the KAEFER values which set us apart. Making a collective commitment to live up to these values helps us to transcend borders, languages and potential divides such as white collar / blue collar.



## Family Days – forging a link between home and work

**France** – In 2017, colleagues at KAEFER WANNER initiated a working group in order to promote benevolence at work. The group’s first event was an open day for the children of employees on 5 July. In addition to seeing where their mums and dads work, the children enjoyed a host of fun activities laid on by staff, including an HSE drawing game, trying on helmets, painting balloons, and planting flowers, herbs and lettuce.

**Norway** – KAEFER Energy’s Family Day took place at the main office in Stavanger on 14 May 2017. As expected, the most popular activities among the 70 attendees were the bouncy castle and face painting, with bowling and the sausage stand close runners-up.

## MARKET PRESENCE

KAEFER is a multi-national company, currently active globally. Our continued success rests on our ability to integrate people with different backgrounds, languages, skillsets and working methods into a single group, greater than the sum of its parts. Crucial to achieving these levels of integration is the emphasis we place on the respect for the individual – celebrating diversity is what makes it possible for us to maintain a local mindset and truly engage in the communities where we operate.

### Decentralisation

KAEFER is essentially a service provider, and therefore a ‘people business’. With few exceptions, our work is generated locally. Understanding our clients’ needs requires our people on the ground to operate with a high degree of autonomy. This is why there is no ‘expatriates’ system in place at KAEFER. Wherever possible we try to recruit local managers and encourage them to support local initiatives. In many KAEFER countries, the ratio of management level staff hired in the local community is above 50%, rising to 100% in countries such as Poland and Australia. KAEFER takes the same approach irrespective of job title – at the Sellafield site in the UK, for example, 97% of all recruits in 2017, including apprentices and graduates, were drawn from the local area.

This is part of recognising and taking pride in the fact that we create employment opportunities. Not only competitive rates of pay and safe working conditions, but also the possibility of further training and development are crucial facts. For KAEFER, this is a win-win situation. Our determination to be a responsible employer with a strong commitment to local hiring can only be in everyone's benefit in the long-run.

Along with decentralisation and standardisation, integration is one of three guiding principles which allow us to realise our primary goal as a company – providing clients with the resources and quality assurance of a multi-national company, whilst ensuring that local KAEFER entities remain independent and flexible enough to meet local needs and challenges.

### Integration

In combination with standardisation, integration is how we make sure that our decentralised management structures nonetheless take full advantage of the expertise and resources of KAEFER as a whole. With so many mergers and acquisitions having taken place in the last 15 to 20 years, we know there is still much we can achieve through greater international and inter-departmental collaboration. If progress seems slow, that's because our first priority is ensuring that we do not interfere with the ability of local entities to respond flexibly to unique local conditions.

For this approach to work, it is vital that local and regional managers act as a bridge, responsible for engaging with international management on the fulfillment of agreed Business Plans. Only in this way can we generate the economies of scale and scope which are crucial to KAEFER's competitiveness. This is what we mean when we say that the KAEFER Group has to be more than the sum of its parts.

### Standardisation

Centrally driven standardisation initiatives lead to greater efficiency. When managed correctly, standardisation of guidelines and principles also leads to greater decision-making autonomy for local management. Standardisation is therefore the most effective basis for further decentralisation.

By encouraging and following these principles, our aim is to provide our customers with the best of all worlds.

## Local Hiring 2017

	Percentage of management hired locally
Australia	100.0 %
Poland	100.0 %
South Africa	93.0 %
Corporate Competence Centre	75.0 %

ADVANTAGES OF A DECENTRALISED STRUCTURE:

- ENTREPRENEURIAL
- FLEXIBLE
- CREATIVE
- INNOVATIVE
- CUSTOMER ORIENTED
- LOCAL/REGIONAL

ADVANTAGES OF AN INTEGRATED STRUCTURE WITH STANDARDISED GUIDELINES:

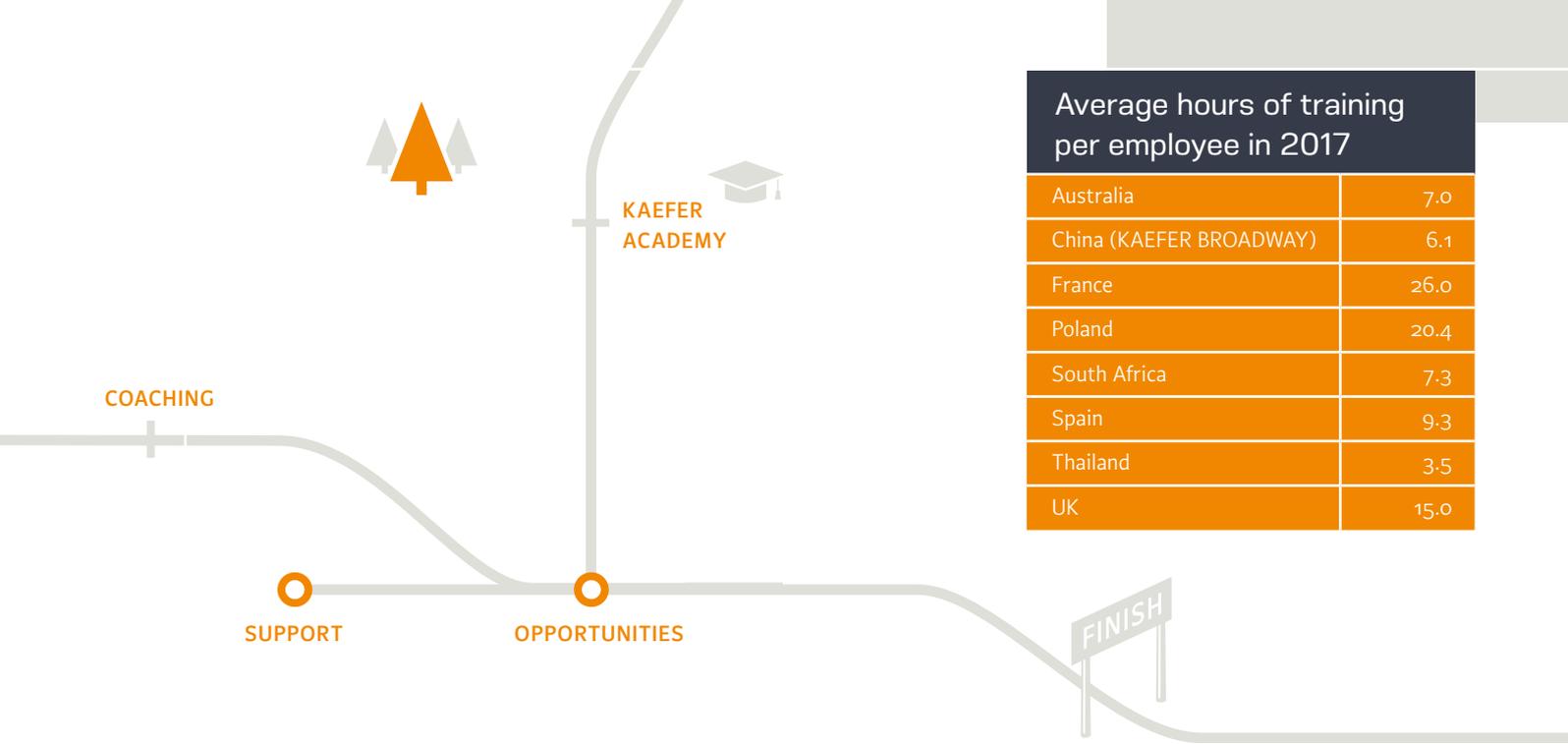
- PROCESS EFFICIENT
- STABLE (STANDARDS)
- SYNERGIES
- GLOBAL STRATEGY
- FINANCIAL STABILITY
- BRAND, REPUTATION

## Awards Success for KAEFER in the UK

Based in West Cumbria, the British Energy Coast Business Cluster (BECBC) is the forum for businesses serving the Sellafield site and other industries in the Cumbrian area. On 28 November 2017, KAEFER in the UK were delighted to receive two awards – for Socio Economic Commitment to West Cumbria and for Large Business of the Year.

*“We are delighted to receive these awards, in addition to the Magnox Chief Executives Award and safety awards which we won earlier in the year. It is recognition of the efforts our Cumbrian Office and Sellafield site teams have been making to deliver our strategy for the benefit of employees, customers and the wider Cumbrian community.”*

Ian Tattersall, Managing Director



Average hours of training per employee in 2017	
Australia	7.0
China (KAEFER BROADWAY)	6.1
France	26.0
Poland	20.4
South Africa	7.3
Spain	9.3
Thailand	3.5
UK	15.0

# TRAINING AND EDUCATION – the KAEFER Way

Developing and retaining highly skilled employees – making sure that KAEFER is a place where people feel valued and confident they will find the opportunities they need to develop their talents – is the best way to ensure we remain competitive in the future.

While the Corporate Human Resources department is always there to assist, our goal is to encourage strong, knowledgeable and independent local and regional entities.

## From Germany to South Africa

Since a few years, KAEFER in Germany offers two apprentices every year the opportunity to travel to South Africa and work on a social project. In March 2017, Pablo and Daniel worked at

the Kwa Dabeka sportgarten near Durban for four weeks and performed different renovation works. At the same time, they had the chance to get to know the people and culture of South Africa.

## KAEFER Academy

Set up in 2002 by Corporate Human Resources, the KAEFER Academy offers tailor-made development programmes for KAEFER’s Employees, Business Experts, Project Managers, Leaders & Future Leaders.

Professional Development programs include:

- > Project Management Qualification (PMI certified)
- > Lean Development Programme

By supporting professional development, the KAEFER Academy provides practical answers to our business needs. The programs have been designed to support KAEFER’s business goals and are offered on an international basis.

Our Leadership programs have recently been updated to focus on visible leadership, process optimisation and the coaching and empowerment of employees.

Leadership Development programs include:

- > Junior Leadership Programme
- > Advanced Management Programme
- > Master Classes



So far, 120 employees have taken part in the Junior Leadership Programme (JLP), 72 in the Advanced Management Programme (AMP) and more than 110 in our Project Management Qualification (PMQ). Another aspect is the Lean Development Programme.

# The Lean Development Programme – Leading towards the future

A cornerstone of KAEFER's corporate strategy is to transform from a company that does Lean into a Lean company – focus on maximising customer value and the continuous elimination of waste in all our processes.

In order to help us achieving this aim, KAEFER launched the Lean Development Programme (LDP) with different certification levels.

This global qualification programme covers training on Lean principles and methodologies, change management, coaching as well as practical Lean experience. Managers are coaching their teams to strengthen their problem solving capabilities and confidence as a base for this continuous process improvement routine and culture. Offered through the KAEFER Academy and supported by experienced internal and external trainers, it is aimed at Line Managers, Project Managers, Site Managers and Lean Leaders.

The Lean Development Programme offers a range of certification levels:

- > Lean Practitioner / Lean Leader Practitioner
- > Lean Professional / Lean Leader Professional
- > Lean Master / Lean Leader Master

Designed to provide valuable insights into how to use Lean to stay ahead of the game, the goal is not only to develop safer, easier and more efficient processes, but also to help KAEFER employees fulfil their true potential.

**The Lean Development Programme is already making a difference around the KAEFER world. 2017 saw a number of notable 'firsts':**

Congratulations to General Superintendent Walter Kosmin, who became our first employee in **Canada** to fulfil the training modules required for a Line Manager to achieve the Lean Practitioner certificate, including coaching a Lean project to continuous improvements with measurable productivity improvements.

First Lean Development Programme certificates were also awarded in **Belgium** in 2017. Congratulations to Assistant Business Unit Manager Veerle Schelfhout and Business Unit Manager Johan Buys. Both successfully completed all the required trainings and personally coached a Lean project which achieved sustainable productivity improvements.

In **France**, Regional Director Western Europe Nils Ritterhof became the first KAEFER Regional Director to achieve the Lean Practitioner certification.

In **Norway**, Local Lean Leader Tim Nøttveit successfully completed all required Lean trainings and most importantly, coached two Lean projects to sustainable productivity gains. Tim became the first KAEFER Lean Leader to achieve the Lean Leader Practitioner certification. Presenting his certificate, Bård Bjørshol (President & CEO KAEFER Energy) also handed over the exclusive KAEFER helmet sticker to emphasise Tim's Lean Leader Practitioner status.

The Lean Development Programme is also an investment in the **personal development of each individual manager** at KAEFER. It will make them even more successful whilst working for KAEFER. Overall, 1500 employees from over 35 countries have been trained in Lean trainings on local, regional or global level from 2013 till 2017.

## Supporting Education, Worldwide

### “Por um mundo melhor” – For a better world in Brazil

Sponsored by RIP in Brazil, the 'For a Better World' project provides public school teachers in Volta Redonda / RJ, Macaé / RJ and Camaçari / BA with a library of books on subjects such as recycling, environment, solidarity, kindness and healthy living.



Even Max became part of the “nutrition license” project in Germany

### Training – and hard work! – pays off for insulation fitters in Poland

Huge congratulations to overall winners Krzysztof Bigos and Grzegorz Machota, and runners up Tomasz Wrona and Sebastian Gaczoł, for their heroic performances at the Polish Industrial Insulation Fitter Championships in October 2017, staged as part of the 4INSULATION Fair in Krakow.

### KAEFER supports the “nutrition license” in Lingen, Germany

The 'nutrition license' project is aimed at teaching primary school children how to handle food and kitchenware and prepare healthy and delicious food. KAEFER sponsored 32 pupils at Holthausen Primary School to take part in the eight-week course, at the end of which representatives of the company were invited, along with parents and grandparents, to a fabulous dinner prepared by the children.





## Special Focus – Education in South Africa

KAEFER Energy Projects (KEP) are proud sponsors of a youth leadership program organised by the International Leadership Academy (ILA). The program runs over a 4-year period (Grade 8 – Grade 11) and focuses on the development of key leadership values.

A significant part of the program involved a KAEFER-sponsored one-week residential camp for 30 students (from Mabelane Seleka Technical High School, Phegelelo High School and Ellisras Hoërskool), followed by the development and implementation of community-based projects.

Many of these projects were showcased at an awards event in May 2017. KAEFER attendees were blown away by the extremely high standard and full of admiration for overall winner Kyle McDonald of Ellisras Hoërskool.

### Renovations complete at Phegelelo and Batlhalerwa schools

Phegelelo High School received a much-needed facelift to their

facilities in 2017 thanks to intervention from KEP. In addition to creating a netball / volleyball field and football field, renovations included 32 toilets for the students, staff toilet facilities, a staffroom and ready-to-use kitchen.

Completed on 17 August 2017, improvements to Batlhalerwa Secondary School included a new physics laboratory, renovations to the school hall, a kitchenette and 16 classrooms.

### New classrooms for Qalimfundo Pre-School

In the first phase of the Qalimfundo Pre-School project, KAEFER donated two Wendy houses for use as the principal's office / reception and as a classroom. The second and final phase concluded during a small ceremony on the 7 June 2017, when KAEFER delivered two containers sectioned into three classrooms, a kitchen and a storeroom. A palisade fence and gate were also installed around the perimeter of the property. Eskom Project Manager Riaan Botha praised KAEFER's long-standing commitment to communities in the area.

## Soccer events 2017

Now in its fifth year, the KAEFER-Trophy, KAEFER's annual football tournament gives pupils from schools in and around Bremen the chance to show-off their skills at the same time as getting to know more about KAEFER apprenticeships.

The 2017 event attracted more than 360 participants, including 15 teams from different schools. Congratulations to overall winners 'Gesamtschule Ost', as well as to 'Oberschule Julius-Brecht-Allee' for picking up the 'Best Mixed-Team' trophy.

The next edition of the KAEFER-Trophy is scheduled to take place on 13 September 2018.

Also in 2017 a very special team took part in a "SummerSpecial" charity football tournament – special because it was made up of eight KAEFER employees and six teenage refugees from the Hans Wendt Foundation.

In total, 12 Bremen-based companies participated in the tournament, organised by "AVS & Friends" to raise money for cancer research. While victory might have eluded our team, everyone involved had a great time supporting this hugely worthwhile cause.

Additional thanks go to the KAEFER FOUNDATION (and everyone who supports it!) for making the team's participation possible.





**KAEFER – supporting local communities wherever we work**  
*In hundreds of different locations, in hundreds of different ways, KAEFER people go the extra mile in support of their local communities.*

**Germany**

In Duisburg, where the Düsseldorf-based KAEFER Construction team has been supervising the modernisation of the local Sana medical clinic for the last two and a half years. Besides this, KAEFER raised a total of €10,000 to help fund the purchase of urgently needed medical equipment, as well as toys and games to make long stays more comfortable for younger patients.

The KAEFER Industrie team in Munich were motivated by a similar cause when they organised a raffle to collect €2,100 for a children’s hospice in the city.

**Thailand**

When the CSR team at key client PTT GC11 organised two days of charitable initiatives to celebrate the accession of King Rama IX to the throne, KAEFER employees were quick to get involved. Eight members of staff took part in events in September 2017, which involved leveling and clearing an area of land near Rayong town, then planting this area with his Majesty’s favourite ‘golden flower’.

**Poland**

On 15 September 2017, KAEFER SA organised a picnic and tournament in support of Brodnica Children’s Home. Tournament games and activities included changing the wheels on a car, wall climbing, archery, MegaJenga, ATV quads and Segways, with the team from the Home very worthy champions on the day. In addition to medals, diplomas and sweets, KAEFER provided the children with fully equipped school backpacks and other educational accessories.

**Abu Dhabi**

In August 2017, incessant rainfall in the Terai region of Nepal caused severe flooding. More than 100 people died and over 43,000 houses were destroyed, with the result that thousands of families were displaced.

With a significant number of Nepalese employees at KAEFER Abu Dhabi, the team quickly organised a donation to Prayas Nepal, a local non-profit organisation which worked with the government and affected families to prepare relief packages of rice, flour, pulse, salt, oil and more.

**Brazil**

In May 2017, RIP Serviços Industriais got together with the “Oficinas da Villa” cultural project to organise a musical afternoon for children and teenagers from public schools in the Pecém region in São Gonçalo do Amarante. The “Oficinas da Villa” project offers regular music, ballet and capoeira classes to children in the region. Classes are taught by qualified teachers and designed to develop a sense of responsibility, discipline and cultural enrichment in participants.





## 67 Minutes for Nelson Mandela

'Nelson Mandela Day' in South Africa encourages people to spend 67 minutes making a difference in someone's life – one minute for each of the years that Mandela himself devoted to public service and social justice.

To mark the day, staff from KAEFER's head office in South Africa visited COSMOS Old Age Home in Boksburg, whose special care unit looks after 33 Alzheimer's patients on a full-time basis.

In Lephalale, KAEFER staff spent their 67 minutes at the Mpepule Centre for the Aged, getting to know the residents and distributing refreshments. KAEFER donated a fridge, microwave, kitchen utensils, cleaning implements, bibles, stationery, and groceries.

Also on the day, and working together with client Eskom, the team at Majuba Power Station contributed school shoes and books to Phembindlela Primary School in Volksrust Mpumalanga.

### Staying in South Africa...

KAEFER Thermal helps complete the Sithembinkosi Drop-in Centre

*"We are grateful to KAEFER and Eskom, whose generous help has allowed us to finally see the completion of this centre."*

Juliet Khumalo, principal of Sithembinkosi Drop-in Centre.

Finished on 26 October 2017, the Drop-in Centre offers meals and a quiet place to study to nearly 86 young people in the community. During the handover ceremony, representatives of the Lekwa municipality, Eskom and KAEFER all enjoyed a tour of the new centre, which includes a canteen, kitchen, pantry, three study rooms, two staff offices, six toilets and a storeroom.

## KAEFER – running in support of good causes around the world

**France** – On 25 April, eight runners from KAEFER WANNER participated in the 14th edition of the 10km Special Olympics Charity Race in Rueil-Malmaison (near Paris). In total, the 26 companies taking part in this event raised €84,800 to help children, young people and adults with mental disabilities take part in sport.

KAEFER WANNER employees in Templemars were at it again in December, taking part in the "Run LillEurope race" on behalf of the Ludopital association, which works towards improving children's hospital wards in Lille and Mouscron.

**Germany** – 24 KAEFER employees from the Construction, Industry and CIT departments were among 63,776 runners who gathered in Frankfurt on 13 June to take part in the world's largest company run and fund-raise for sports projects for young people with disabilities.

Also in June, 32 employees took part in the 10<sup>th</sup> BMW company run in KAEFER's hometown of Bremen, in aid of 'Special Olympics Bremen'.

And also in Bremen, a record 15 KAEFER employees, three children and two dogs participated in the 2017 edition of the Venuslauf, raising money for people suffering from cancer.



Special Olympics Race, France



Venuslauf 2017, Germany

# ○ 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 2017 (1 January – 31 December 2017). Prior editions, as well as additional information on Corporate Responsibility and Sustainability, can be found on our website. The most recent edition of the Sustainability Report was published in 2017 and covered the year 2016.

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 stakeholders find 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 earlier reports and the KAEFER website, are sufficient to meet GRI requirements. All data has been collected by KAEFER Sustainability Champions worldwide and departments located at Corporate Headquarters in Bremen, Germany.

Due to the size and the decentralised structure of the company, it is sometimes difficult to obtain the necessary data. For this report we have tried to cover all KAEFER entities worldwide. Where it has proven impossible to gather comprehensive data, a note can be found next to the relevant indicator. Although we take great

care when collecting and analysing the data provided by individual entities, mistakes cannot be excluded with absolute certainty.

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 with previous reports, we have made progress in broadening the understanding of sustainability within the organisation as a whole. However, we are fully 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 Sustainability Champions. They serve as a point of contact, initiating projects and initiatives around the world, and 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.

We strive to meet the expectations of stakeholders and actively welcome feedback on the topic of sustainability generally, and on this report specifically. KAEFER's next stakeholder survey is planned for the end of 2018. In the meantime, we invite everyone – employees past and present, clients, suppliers, and interested parties – to join the conversation by getting in touch with us at [crs@kaefer.com](mailto:crs@kaefer.com).

## ○ Materiality:

Our aim is to provide content that reflects the topics which are important to our stakeholders. In 2016, we updated our reporting system to meet GRI G4 standards, at the same time as we conducted a stakeholder survey to better understand the expectations and perspectives of the people with whom we engage. Our main stakeholders are employees, clients, suppliers, competitors and local communities.

To give as many people as possible the chance to participate, the survey questionnaires were available for 4 weeks in 6 different languages on our website. In total, 545 employees, clients, suppliers, shareholders and other business partners from 16 countries provided us with feedback. The input we received enabled us to determine focus areas which will help us sharpen our sustainability strategy. In alphabetical order, these topics are:

- > Anti-corruption/compliance
- > Diversity
- > Economic performance
- > Energy
- > Labour/management relations
- > Market presence
- > Occupational health & safety
- > Training and education

The next steps included choosing which of these indicators align with “core” GRI options. Our progress so far, as well as detailed information on the material topics, are addressed in this report. As long as it is not stated separately, the topics focus on the entire value chain.

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# KAEFER locations worldwide



## America

Brazil  
Canada  
Peru

## Africa

South Africa

## Europe

Austria  
Belgium  
Finland  
France  
Germany  
Lithuania  
Luxembourg

Netherlands  
Norway  
Poland  
Romania  
Spain  
Sweden  
United Kingdom

## Asia & Oceania

Australia  
Bahrain  
China  
Indonesia  
Kuwait  
Malaysia  
New Caledonia  
Oman  
Qatar  
Saudi Arabia  
Singapore  
South Korea  
Thailand  
United Arab Emirates  
Vietnam

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