



THE UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS 2011

BY KJAER GROUP A/S



HUMAN RIGHTS

LABOUR RIGHTS

ENVIRONMENT

ANTI-CORRUPTION



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Kjaer Group A/S is committed to the principles articulated in the United Nations Global Compact (UNGC), which we joined November 2003. In 2007 Kjaer Group A/S further confirmed our support for a cleaner environment by joining UN's environmental initiative, Caring for the Climate.

The UN's principles for sustainability (the UN Global Compact) are an important point of reference for all activities and are incorporated in the company's governance framework: The Kjaer Group Way of Management (KWOM).

The Kjaer Group Way of Management was introduced in 2008, and hereby also the principles of the "Triple Bottom Line" whereby social and environmental targets and results are pursued in the same way as financial targets.

In 2011, our main focus was to finalize the Health, Safety and Environmental (HSE) policies in all entities, which was done in cooperation with external consultants.

The next important step is the implementation of international standards for subsequent certification of business critical areas.

Thus, on behalf of Kjaer Group's 300 employees, I reaffirm our commitment to compliance with the 10 Principles of the Global Compact. I hope you will find this Communication on Progress informative and I invite you to view the Kjaer Group website www.kjaergroup.com and our Annual Report 2011.

Per S. Lundgren,

CEO, Kjaer Group A/S



HUMAN RIGHTS

Commitment: Kjaer Group bases its actions on the values of professionalism, respect, honesty and dedication. Understanding and accepting different cultures is a key element in our organization as is complying with local and international laws. For further information, please see the [Kjaer Group Way of Management](#)

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
Principle 2: Businesses should make sure that they are not complicit in human rights abuses

<i>Processes</i>	<i>Performance 2010</i>	<i>Targets 2011</i>	<i>Actions 2011</i>	<i>Performance 2011</i>	<i>Targets 2012</i>
Kjaer Group Values	57% answered positive when asked <i>“People in my entity live the Kjaer Group values”</i> (79% participated in survey)	70% answer positive when asked <i>“People in my entity live the Kjaer Group values”</i>	Value workshops took place in Mozambique, Uganda & Sierra Leone	75% answered positive when asked <i>“People in my entity live the Kjaer Group values”</i> (87% participated in survey)	80% answer positive when asked <i>“People in my entity live the Kjaer Group values”</i>
Staff Satisfaction Survey	7% negative responses when asked <i>“People are treated equally regardless of age, race/ethnic origin/religion, sex, sexual orientation and disability”</i> (79% participated in survey)	0% negative responses when asked <i>“People are treated equally regardless of age, race/ethnic origin/religion, sex, sexual orientation and disability”</i> Optimize survey to increase participation rate to 90%	Value workshops took place in Mozambique, Uganda & Sierra Leone Survey also distributed in paper format and in Portuguese (in Mozambique)	12% negative responses when asked <i>“People are treated equally regardless of age, race/ethnic origin/religion, sex, sexual orientation and disability”</i> Participation rate:87%	0% negative responses when asked <i>“People are treated equally regardless of age, race/ethnic origin/religion, sex, sexual orientation and disability”</i> Participation rate: 90%
Health, Safety & Environmental (HSE) Policy	HSE Group Policy implementation	100% Implementation of the local level HSE policies	HSE assessment by external consultant in Mozambique, Uganda and Sierra Leone	100% of local level policies developed and communicated and action plans in place	Implementation of OHSAS 18001 and ISO 14001 standards



LABOUR RIGHTS

Commitment: Kjaer Group A/S is committed to secure compliance with all relevant labour laws and regulations in order to secure a fair and non-discriminative workplace for all employees. Kjaer Group exercises the right to freedom of association and we do not conduct or condone forced, compulsory or child labour.

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour
- Principle 5: Businesses should uphold the effective abolition of child labour
- Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

<i>Processes</i>	<i>Performance 2010</i>	<i>Targets 2011</i>	<i>Actions 2011</i>	<i>Performance 2011</i>	<i>Targets 2012</i>
Remuneration Policy	Remuneration system is developed in all Business units All salaries are over minimum wages level All salaries are adjusted according to benchmark or an individual development plan is in place	All business units to have an approved and implemented local level Remuneration policy and system	Investigation and external benchmark has been made Local policies and remuneration systems developed	Pending final approval and communication	Remuneration policy & system approved in all business units and communicated locally
Performance & Development Appraisal	Approx. 80% compliance with performance review processes in all entities PDA updated with the KWOM	100% compliance with performance & development appraisal PDA processes in all entities	Implemented more accurate follow-up system to measure compliance; more have had individual instead of group reviews	Group Compliance: 54%	100% compliance with performance & development appraisal PDA processes in all entities
Staff Satisfaction Survey	Satisfaction rate 2010: 73% of all staff members think that “taking everything into consideration, Kjaer Group is a great place to work”. (79% participated in survey)	Improve satisfaction rate to 80% Optimize survey to increase participation rate to 90%	Improvements of work conditions in various areas such as benefit package and training Survey also distributed in paper format and in Portuguese (in Mozambique)	Satisfaction rate 2011: 82% of all staff members think that “taking everything into consideration, Kjaer Group is a great place to work”. Participation rate:87%	80% Staff Satisfaction rate Participation rate: 90%



ENVIRONMENT

Commitment: Kjaer Group is committed to operate with the lowest possible impact on the environment. (Kjaer Group HSE Policy)

- Principle 7:** Business should support a precautionary approach to environmental challenges
- Principle 8:** Business should undertake initiatives to promote greater environmental responsibility
- Principle 9:** Business should encourage the development and diffusion of environmentally friendly technologies

<i>Processes</i>	<i>Performance 2010</i>	<i>Targets 2011</i>	<i>Actions 2011</i>	<i>Performance 2011</i>	<i>Targets 2012</i>
Health, Safety & Environmental Policy	HSE Group Policy implementation	100% Implementation of the local level HSE policies	HSE assessment by external consultant in Mozambique, Uganda and Sierra Leone	100% of local level policies developed and communicated and action plans in place	Implementation of OHSAS 18001 and ISO 14001 standards



ANTI-CORRUPTION

Commitment: Kjaer Group does not accept corruption of any kind.					
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery					
<i>Processes</i>	<i>Performance 2010</i>	<i>Targets 2011</i>	<i>Actions 2011</i>	<i>Performance 2011</i>	<i>Targets 2012</i>
Kjaer Group Values	57% answered positive when asked "People in my entity live the Kjaer Group values" (79% participated in survey)	70% answer positive when asked "People in my entity live the Kjaer Group values"	Value workshops took place in Mozambique, Uganda & Sierra Leone	75% answered positive when asked "People in my entity live the Kjaer Group values" (87% participated in survey)	80% answer positive when asked "People in my entity live the Kjaer Group values"
Risk Management Policy	Local Risk Management policies developed and adopted covering approximately 80% of the group	Development and adoption of local level Risk Management policies covering the remaining 20% of the Group Monitoring: Group audit of the implementation	Review of all business units' implementation of the local Risk Management Policy.	Risk Management Policy compliance 50-70%	Risk Management Policy compliance 80-90% GAP plan for anti-corruption
Employment Procedure	Reference to Global Compact Included in the contracts for new employees and in the induction for new employees in the Head Office	KWOM to be included in all employee contract templates and in the induction program for new employees in the group	KWOM included in employee contracts in Mozambique, Uganda, Denmark and in induction plans in Uganda, Sierra Leone and Denmark	KWOM included in employee contracts in Mozambique, Uganda, Denmark and in induction plans in Uganda, Sierra Leone and Denmark	KWOM to be included in all employee contract templates and in the induction program for new employees in the group