

Communication on Progress (COP) 2007

Statement of continued support:

Motorcare Lda has joined the international network of the United Nations Global Compact initiative thereby exhibiting commitment to live by the and support its ten principles, independent of local laws, within the areas of human rights, labour, education, health, corporate governance and environmental issues.

Principle 1: Business should support and respect the protection of internationally proclaimed human rights

Commitment

- The Company actively promotes the employment and development of persons within the company without distinction of any kind such as race, ethnic group, colour, sex, language, religion, political or any other opinion, group association, national and social origin, fortune, birth or other status.

Systems

- The Company employs persons relative to the skills offered for applicable positions and without distinction of any kind such as race, ethnic group, colour, sex, language, religion, political or any other opinion, national and social origin, fortune, birth or other status.
- Right of recourse is public knowledge to every employee and immediate recourse is available to the highest position in the Company and/or alternatively to the CEO of the Group.
- Health and safety elements are in operation and governed by:
 - Local legislation
 - Operating to achieve NOSA standards.
- Human rights policies and their implementation are monitored by means of formal communication forums:
 - Daily green area meeting
 - Monday general meeting
 - Weekly management meeting
 - Staff committee
- The Company publishes its standpoint on recognising HIV/Aids as a workplace issue and supports an internal committee to provide requisite training/education
- All Company premises are declared smoke-free areas
- The company provides employees with a free bus service to and from their place of residence
- Periodic rights to purchase shares in the company are offered to all employees

Actions

- Workshop technicians provided with protective clothing (overalls and safety shoes)
- Welding and grinding equipment users provided with safety goggles welding helmets and gauntlets
- Wash bay workers provided with water protective footwear
- Work bays are all subject to more than adequate cross ventilation
- Constant standby person for any spillages e.g. oils or lubricants
- Natural light into the workplace is maximised
- Work floor surfaces are epoxy coated to ensure cleanliness
- Workstations within administration have individual wire/cable management
- Workstations provide ergonomically correct working positions
- Administration areas are fully air conditioned
- Filtered and cooled drinking water provided at central points
- Office ambience softened with abundant live plants
- Office soft furnishings and carpets are washed regularly
- Pest control management executed by external contractor
- Ablution facilities are cleaned at least twice per day
- Use of external security service providers that conform to guidelines governing the use of armed security guards based on UN Basic Principles on the Use of Force and Firearms by law enforcement officials or the Code of Conduct for Law Enforcement officials
- Provision of prominently displayed emergency first aid boxes
- Basic medical services provided by independent clinics and paid for by the Company
- Under the Company HIV/Aids policy ARVs are provided free of charge to any employee registering their HIV status with the Managing Director
- The Company provides, free of charge, condoms which are available at multiple access points throughout the work area
- No smoking signs are displayed at various points and staff are reminded periodically of the Company's standpoint on smoking
- An additional bus driver has been employed for the employee bus service in order to ensure that this function is not impacted by fatigue due to extended working hours
- During 2008, 90% of Mozambique employees were shareholders in Kjaer Group

Performance

- Providing equal opportunity career prospects for both genders
- Remuneration level is relevant to the function executed and not the gender of function incumbent
- Training and education opportunities available to all employees on an equal basis
- Mozambicans comprise 90% of the staff complement
- Mozambicans comprise 80% of midlevel management
- Women comprise 23% of the company workforce

- 85% of employees do not smoke and visitors/customers comply readily with the non-smoking practice of the company.
- Employee bus service ensures that for the employees, the vehicle is always roadworthy and driven in a safe and responsible manner
- Travelling costs for employees utilising the employee bus service are zero which then enables their family to utilise this saving in another area
- Dividend payouts to shareholders constitute additional disposable income for all employees who are shareholders

Principle 2: Business should ensure that they are not complicit in human right abuse.

Commitment

- The dignity of each person is of paramount importance within the company as well as the immediate community that the company can influence. Any action(s), intentional or unintentional, that impinges upon this breach of dignity is dealt with speedily and conclusively.

Systems

- The Company ensures that its contracted security services operates in conformity with the law, the international regulation on guns, use of force and with respect to human rights

Actions

- Regular staff survey conducted by head office whereby all participants remain anonymous but findings are made public

Performance

- All and or any perceived transgressions of human rights are immediately reported to the Managing Director for resolution

Principle 3: Business should uphold the freedom of association and the effective recognition and the right to collective bargaining.

Commitment

- The company recognises and acknowledges the right of every employee to freedom of association and collective bargaining.

Systems

- The company operates a union-neutral policy

Actions

- Unions have approached the company's workforce on various occasions to solicit new members and participation in union activities. The company management supported the meeting by providing facilities.

Performance

- The company workforce have rejected on various occasions the approach by the external union and informed them that the company already provided them with more than what the union was offering

Principle 4: Business should support the elimination of all forms of forced and compulsory labour.

Commitment

- The company operates a transparent policy of never standing in the path of any person who wishes to leave due to alternative employment opportunities.
- Normal hours of business operation are public knowledge and in the event that persons consent on a voluntary basis to work overtime they are remunerated by a publicly known calculation method.

Systems

- Any person who declines to work overtime on a voluntary basis is not prejudiced in any form whatsoever
- The company elects to pay a basic wage above the minimum required by law

Actions

- Each employee has a contract of employment stating the terms and conditions of service
- Each employee has a current job description
- The company funds by means of ad hoc grants, to a wholly owned employee fund which administers micro credit financing programmes for employees
- Annual research conducted to establish market wage rates for similar functions within the same industry

Performance

- Employees have access to in-house micro credit financing which enables them to improve living conditions and ultimately their standard of living e.g.
 - Purchase of building materials for constructing a dwelling
 - Installation of municipal power (electricity) in the employee's home
 - Purchase of basic cooking utensils such as pots and pans
- The Company minimum wage package exists for the lowest category job function of US \$200 per month

- Since the start of the employee administered micro finance scheme in 2004 they have had a 100% compliance by borrowers on their loan repayments

Principle 5: Business should support the effective abolition of child labour.

Commitment

- The company strictly adheres to the minimum guidelines on employable ages as laid down by the International Labour Organisation

Systems

- International standards (ILO) are more stringent than local regulations therefore ILO principles are applied
- Mozambique identification documentation is utilised to confirm ages of all applicants seeking employment
- Background checks are done on prospective employees to verify authenticity of information supplied on application form
- The company believes that by giving secure employment, decent wages and working conditions it will not be necessary for their employees to send their children to work

Actions

- Due to the company's work standards and ethos employee turnover is less than 5% per annum
- The company does not support subcontractors or suppliers that utilise child labour
- The company actively promotes an ethos of skills acquisition through training and education which it believes cascades into each employee's family thereby reducing the need for children within the family to seek employment

Performance

- Annually the wage rate of each employee together with their age is reported to the Board of Directors, as well as the minimum working age permitted under the law of Mozambique

Principle 6: Business should support the elimination of discrimination in respect of employment and occupation.

Commitment

- The company publicly reinforces periodically with all staff members that no discrimination whatsoever is permitted within the areas of employment and career development of persons.

Systems

- Annual staff survey is conducted by head office and the question of discrimination is always included in the survey.
- Staff are periodically informed in general public meetings that any grievances can be handled immediately via either the Human Resource Manager or the Managing Director
- An open door management policy is practised and enforced within the company at all times
- Staff may lodge complaints either verbally or by means of E-mail or letter.

Actions

- Any cases of non-compliance are reported to senior management
- Dependent upon the degree of violation remedial action could range from a soft intervention up to instant dismissal of the offender (after following best practice guidelines for disciplinary hearings).

Performance

- All staff are publicly advised of their rights in respect of senior management intervention in all cases of non-compliance
- Multi-cultural forums are convened at least twice per year to ensure sensitivity of incoming personnel to cultural norms within Mozambique

Principle 7: Business should support a precautionary approach to environmental challenges.

Commitment

- The company publicly states its need to comply with local government regulations regarding environmental issues as well as introduce international standards, where practicable, in instances where local regulations are silent or expect a standard lower than international best practices.

Systems

- The company issues an annual internal safety, health and environment report.

Actions

- Used lubricants from the workshop are collected into drums and handed to the original supplier for disposal in the most environmentally friendly manner practicable in Mozambique.
- Senior management conducts monthly audits of waste disposal methods to ensure compliance, review systems and implement new processes if available.
- Used motor vehicle batteries are no longer discarded but are collected and disposed through a reputable reclamation business entity.
- The workshop operates oil/water traps from the wash bay run off. Such traps comply with local regulations.

- Ground areas within the company compound not covered by concrete or paving is put to grass cover in order to minimise soil erosion.

Performance

- Waste management procedures ensure that the company area is constantly neat and tidy
- Gardens are created amongst the grassed areas for recreational use by employees during their break periods
- Suppliers of motor vehicle lubricants are encouraged to operate a take-back system on used products

Principle 8: Business should undertake initiatives to promote greater environmental responsibility

Commitment

- Beyond the legal requirements of the country the company strives to introduce first world standards/best practices for all environmental issues.

Systems

- Monthly monitoring of the cost of energy consumption
- Daily monitoring of housekeeping standards

Actions

- Utilisation of energy saving bulbs/apparatus where appropriate
- All room air conditioners are switched off at end of each shift
- Waste cardboard is collected for hand-over to a recycling entity
- Metal sheets and wooden planks from shipping crates are distributed to staff free of charge to augment building material
- Redundant yet operable IT equipment is donated to less fortunate organisations/institutions

Performance

- The company premises is kept neat and tidy
- Permanent work team to ensure everything is in its place
- External waste collection on demand

Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.

Commitment

- The company does not use any materials or equipment that utilises CFCs.
- Motor vehicle air conditioners are gassed with non CFC gas.

Systems

- Monthly management inspections of the working environment
- Bi-annual Nissan inspections to confirm compliance to international Nissan workshop standards
- Annual management report to Board of Directors

Actions

- Recycling apparatus utilised for vehicle air conditioner refills

Performance

- No air conditioner gases are knowingly vented into the atmosphere
- Ongoing discussions with oil companies to stimulate responsibility and action for used oil collection and disposal

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.

Commitment

- It is the stated company policy that business cannot be solicited by offer of any inducements that are not transparent and approved publicly by the most senior head of the entity with whom business is sought.

Systems

- All business transactions are reviewed to ensure compliance with Principle 10

Actions

- Whistle-blower mechanisms in place at international level

Performance

- Awarded the Golden Arrow Award by PMR (Professional Management Review) magazine based on the survey results of the Mozambique Country Survey conducted during October/November 2005. In the sector “BUSINESS SECTOR: CAR DEALERS in Mozambique, **MOTORCARE Lda** is highest rated on an overall rating of 3.78 out of a possible 5.00”. The ratings are based on the perceptions of the respondents (corporate and senior government officials in Mozambique). A total of 2 408 ratings were sourced overall in the country.

Companies and institutions were rated against the following criteria:

- Companies/institutions that have done the most to enhance economic growth and development in the country
- management

- corporate governance

- Any business transaction which does not comply with this principle is abandoned
- Non-compliant business opportunities are analysed to determine non-confrontational management action required to facilitate/mentor/coach good governance principles at point of origin
- The company sponsors a public billboard whereon it declares its support for good corporate governance`