

## United Nations Global Compact – Communication on Progress 2009 Fiscal Year

### Message from the Chief Executive Officer of Kjaer Group A/S

Kjaer Group is committed to the principles articulated in the United Nations Global Compact (UNGC). We have been proud signatories to this international voluntary initiative since November 2003. Two of our subsidiaries, MotorCare Uganda and MotorCare Mozambique signed up for participation in 2007, the same year Kjaer group confirmed our support for a cleaner environment by joining UN's environmental initiative, Caring for the Climate.

To ensure a platform for growth and compliance with the UNGC principles, Kjaer Group has chosen to adopt a value-based approach to management and through this create a culture of caring and decency combined with independent decision making and drive to find solutions. To facilitate consistent communication and interpretation, the "Kjaer Group Way of Management" (KWOM) has been developed in 2009. It includes a description of the Group's mission and vision, values, key policies and processes as well as the commitment to the Triple Bottom Line. The Triple Bottom Line principles ensure that all decision making balances financial results with social and environmental responsibilities, short-term with long-term goals, and shareholder versus other interests.

Together with the UN 2015 development goals, the UN Global Compact establishes an important framework for the activities of the Group. Independent Financial Audits, Business Effectiveness Audits (processes, procedures, competencies) and an Annual Staff Satisfaction Survey (linking business and organization) form the follow-up framework to ensure compliance and, where necessary, corrective action.

Our target for 2010 is to create the base-line for measurability of our activities by implementing the new Kjaer Group value system and our first group-wide policies.

Thus, on behalf of Kjaer Group's 260 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](http://www.kjaergroup.com) and our [Annual Report 2009](#) .

Per S. Lundgren,  
CEO, Kjaer Group A/S





HUMAN RIGHTS

Commitment: Kjaer Group bases its actions on the principles 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](#)  
 Kjaer Group exercises the right to freedom of association and we do not conduct or condone forced, compulsory or child labor.

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>Systems</i>	<i>Actions</i>	<i>Performance 2009</i>	<i>Targets 2010</i>
<b>Kjaer Group Value Folder</b>	A value folder is developed which describes the four corporate values that guide us in the pursuit of our vision. The value folder is to encourage all managers and employees to discuss and challenge each other in order to learn and develop competencies	Folder developed and distributed in all entities	Communication and discussion of the corporate values in all entities  Monitoring: Include the values in the annual Kjaer Group Staff Satisfaction Survey
<b>Staff Satisfaction Survey</b>	Annual Staff Satisfaction Survey carried out anonymously among all employees	With a 91% participation rate of all Kjaer Group staff, 75% scored positive, 14% neutral & 11% negative when asked if they believe they are treated fairly regardless of age, race/ethnic origin/religion, sex, sexual orientation and disability	0% negative scores when Kjaer Group employees are asked if they believe they are treated fairly
<b>Health, Safety &amp; Environmental Policy</b>	The first version of a Health, Safety & Environmental Policy (HSE Policy) is developed which pursue actions that ensure employee safety and takes all possible measures to prevent occupational accidents and diseases	Policy developed, approved by Executive Management and distributed in all entities	Implementation of the HSE policy in all entities  Monitoring: Include HSE Policy in the performance evaluation of all staff and assign one person to be responsible for HSE action/reporting in each relevant business unit

LABOUR RIGHTS

Commitment: Kjaer Group A/S is committed to secure compliance with all relevant laws and regulations in order to provide a safe and healthy workplace for all employees.			
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 labor Principle 5: Businesses should uphold the effective abolition of child labor Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation			
Systems	Actions	Performance 2009	Targets 2010
<b>Remuneration Policy</b>	Kjaer Group’s Remuneration Policy developed. The objective of the policy is to secure a fair, competitive, performance-based remuneration system and to prevent discrimination	Policy developed, approved by Executive Management and distributed in all entities	Communication and implementation of the policy in all entities  Monitoring: All entities will have a written remuneration system approved by and filed with Group HR by end 2010
<b>Performance Reviews</b>	Annual people performance and remuneration reviews  Balanced Score Cards and Job descriptions are prepared for all employees	Performance and training needs evaluated in March, May and September  “Grandfather rule” ensures that employees are not only evaluated by their immediate manager but also by a manager on a higher organizational level.	Update the appraisal reviews with the KWOM as part of a monitoring system for implementation  100% compliance with performance review processes in all entities
<b>Staff Satisfaction Survey</b>	Annual Staff Satisfaction Survey carried out anonymously among all employees	Response rate 2009: 91%  Satisfaction rate 2009: 76% of all staff members think that taking everything into consideration, Kjaer Group is a great place to work.	Improve satisfaction rate to 80%



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>Systems</i>	<i>Actions</i>	<i>Performance 2009</i>	<i>Targets 2010</i>
<b>Health, Safety &amp; Environmental Policy</b>	The first version of Health, Safety & Environmental Policy (HSE Policy) is developed: the HSE policy supports incentives for Kjaer Group to operate with the lowest possible impact on the environment	Policy developed, approved by Executive Management and distributed in all entities	Implementation and start monitoring  Monitoring: Include HSE Policy in the performance evaluation of all staff and assign one person to be responsible for HSE action/reporting in each relevant business unit

**ANTI-CORRUPTION**

<b>Commitment: Kjaer Group does not accept corruption of any kind.</b>			
<b>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery</b>			
<i>Systems</i>	<i>Actions</i>	<i>Performance 2009</i>	<i>Targets 2010</i>
<b>Kjaer Group Value Folder</b>	Developing the corporate value system: living up to Kjaer Group’s value Honesty means that asking or paying others to act in a way that goes against our values is unacceptable	Kjaer Group’s corporate values articulated, approved by Executive Management and distributed in all entities	Implementation of the value system in all entities  Monitoring: Include the values in the annual Kjaer Group Staff Satisfaction Survey
<b>Risk Management Policy</b>	The first version of Kjaer Group’s Risk Management Policy developed: It represents an important part of our value Professionalism and provides guidelines for Kjaer Group’s legal-, insurance-, purchase-, credit-, sales order- and IT policy	The Risk Management Policy has been developed, approved by Executive Management and distributed in all entities	Implementation of the Risk Management Policy throughout the Group  Monitoring: At least once a year Kjaer Group will perform an audit to ensure that the policies are in place and followed.
<b>Employment Procedure</b>	It is a prerequisite for employment with Kjaer Group that all employees familiarize themselves with Global Compact upon employment	Included in the contracts for new employees	To be included in the actual employee contracts and the induction program for new employees