

UNITED NATIONS GLOBAL COMPACT
COMMUNICATION ON PROGRESS 2013





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 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 the principles of the "Triple Bottom Line" whereby social and environmental targets and results are pursued in the same way as financial targets.

In 2013, we continued the intensive work of implementing an integrated Quality, Environmental and Health and Safety Management system (HSEQ) in accordance with the international standards; ISO 9001, ISO 14001 and OHSAS 18001. The benefits for the employees in reducing risk and creating a healthy work environment are indeed supporting the principles of the Global Compact Principles.

Further, the reduction of negative effects and impacts on environment (pollution prevention; reduction of waste) will be of inspiration for other businesses and we will by example advocate a precautionary approach to environmental management in the society that we operate.

The HiPO (High Performance Organization) survey measures areas that are essential drivers for developing the organization and the people and therefore closely connected with the Group's activities in the area of CSR and the UN Global Compact commitment.

Thus, on behalf of KJAER GROUP's employees, I reaffirm our commitment to compliance with the 10 Principles of the Global Compact. We 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 2013.

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			
PROCESSES	PERFORMANCE 2012	TARGETS 2013	ACTIONS 2013	PERFORMANCE 2013	TARGETS 2014
KJAER GROUP Way of Management (KWOM)	87% of employees believes strongly in and support the company's future direction (91% participated in survey)	Min. 80% of employees believes strongly in and support the company's future direction	Employee survey action plans	87% of employees believes strongly in and support the company's future direction (89% participated in survey)	Min. 80% of employees believes strongly in and support the company's future direction
High Performance Organization Survey (HIPO)	70% positive responses when asked "All employees in my team are treated fairly regardless of age, gender, family status, race, national origin, disability, personality, thinking, status or sexual orientation."	Min. 80% positive responses when asked "All employees in my team are treated fairly regardless of age, gender, family status, race, national origin, disability, personality, thinking, status or sexual orientation."	Employee survey action plans Global HR Planning and follow-up Remuneration Policy review	70% positive responses when asked "All employees in my team are treated fairly regardless of age, gender, family status, race, national origin, disability, personality, thinking, status or sexual orientation."	Min. 80% positive responses when asked "All employees in my team are treated fairly regardless of age, gender, family status, race, national origin, disability, personality, thinking, status or sexual orientation."
Health, Safety, Environment & Quality (HSEQ) Policy	Gap Plan for OHSAS 18001 standard implemented	Ready for certification in OHSAS 18001 standard in distributions and GAP Plan for DK	Action plan implemented and monthly follow-up	Ready for certification in OHSAS 18001 and ISO 9001 standards in Uganda.	Certification in ISO 9001 and OHSAS 18001 standards in all distribution and GAP Plan for DK



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			
PROCESSES	PERFORMANCE 2012	TARGETS 2013	ACTIONS 2013	PERFORMANCE 2013	TARGETS 2014
Remuneration Policy	Remuneration policy and system approved in all Business Units and communicated locally	Remuneration Policy compliance	Policy review and corrective action anchored in BSC 2013	Remuneration Policy compliance 75%	Remuneration Policy compliance 85%
Performance & Development Appraisal	95% compliance with performance & development appraisal PDA processes in all entities	100% compliance with performance & development appraisal PDA processes in all entities	Close follow-up during the process.	86% compliance with performance & development appraisal PDA processes in all entities	100% compliance with performance & development appraisal PDA processes in all entities
High Performance Organization Survey (HIPO)	75% HiPO (High Performance Organization) rate	Min. 80% HiPO (High Performance Organization) rate	Employee survey action plans	76% HiPO (High Performance Organization) rate	Min. 80% HiPO (High Performance Organization) rate
Gender diversity in management bodies	N/A	Minimum 30% target for the underrepresented gender in the Board of Directors of Kjaer Group A/S.	N/A	33%, the Board consists of three members.	Minimum 30% target for the underrepresented gender in the Board of Directors of Kjaer Group A/S.



ENVIRONMENT

COMMITMENT: KJAER GROUP IS COMMITTED TO OPERATE WITH THE LOWEST POSSIBLE IMPACT ON THE ENVIRONMENT. (KJAER GROUP QHSE 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			
PROCESSES	PERFORMANCE 2012	TARGETS 2013	ACTIONS 2013	PERFORMANCE 2013	TARGETS 2014
Health, Safety, Environment & Quality (HSEQ) Policy	Gap Plan for ISO 14001 standard implemented	Ready for certification in ISO 14001 standard in distributions and GAP Plan for DK	Action plan implemented and monthly follow-up	Ready for certification in ISO 14001 and ISO 90001 standards in Uganda.	Certification in ISO 9001 and ISO 14001 standards in all distributions and GAP Plan for DK



ANTI-CORRUPTION

COMMITMENT: KJAER GROUP HAS A “ZERO TOLERANCE” APPROACH TOWARDS CORRUPTION					
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery					
PROCESSES	PERFORMANCE 2012	TARGETS 2013	ACTIONS 2013	PERFORMANCE 2013	TARGETS 2014
KJAER GROUP Way of Management (KWOM)	87% of employees believes strongly in and support the company’s future direction (91% participated in survey)	Min. 80% of employees believes strongly in and support the company’s future direction	Employee survey action plans	87% of employees believes strongly in and support the company’s future direction (89% participated in survey)	Min. 80% of employees believes strongly in and support the company’s future direction
Risk Management Policy	Risk Management policy compliance 80-90% GAP plan for anti-corruption	Risk Management policy compliance 80-90% Anti-corruption policy	Policy review and corrective action anchored in BSC 2013 Develop policy anchored in BSC 2013	Risk Management policy compliance 80-90% Management review in all Business Units Signature by Management of Anti-Corruption Statement	Risk Management policy compliance 90% Develop and communicate the anti-corruption policy towards external stakeholders

PART OF **KJAER GROUP**

MOTORCARE

