

UNITED NATIONS GLOBAL COMPACT
COMMUNICATION ON PROGRESS 2014





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 in 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. While we constantly adapt our business to meet the market's needs, the "Triple Bottom Line" ensures that we only promote responsible business practices.

Back in 2012, we began to pursue ISO 9001 Quality Management, ISO 14001 Environmental and OHSAS 18001 Occupational Health & Safety Management Certification. 2014 marked an exciting milestone in the process as MOTORCARE Kampala and the MOTORCARE Branches in Maputo, Beira, Inhambane and Nampula successfully completed certification. Complete certification of all branches in Mozambique and Uganda is scheduled for 2015. The benefits for the employees in reducing risk and creating a healthy work environment have become more & more visible while, of course, 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 societies we operate in.

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.

On behalf of KJAER GROUP's employees, I reaffirm our commitment to compliance with the 10 Principles of the Global Compact, which will continue to be an important guidance for KJAER GROUP in the process of maintaining positive and honest business practices. We hope you will find this Communication on Progress informative and I invite you to view the KJAER GROUP website www.kjaergroup.com and the Annual Report.

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 2013	TARGETS 2014	ACTIONS 2014	PERFORMANCE 2014	TARGETS 2015
KJAER GROUP Way of Management (KWOM)	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	Employee survey action plans	86% of employees believes strongly in and support the company's future direction (83% 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	68% 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	Ready for certification in OHSAS 18001 and ISO 9001 standards in Uganda.	Certification in ISO 9001 and OHSAS 18001 standards in all distribution GAP Plan for DK for ISO 9001	Action plan implemented and monthly follow-up	Certification in OHSAS 18001 and ISO 9001 standards in Kampala (UGA), Maputo (MOZ), Beira (MOZ), Inhambane (MOZ) & Nampuala (MOZ)	Certification in ISO 9001 and OHSAS 18001 standards in all distribution in MOZ & UGA GAP Plan for DK and SAF for ISO 9001 HSEQ compliance and progress



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 2013	TARGETS 2014	ACTIONS 2014	PERFORMANCE 2014	TARGETS 2015
Remuneration Policy	Remuneration Policy compliance 75%	Remuneration Policy compliance 85%	Policy review and corrective action anchored in BSC 2014	Remuneration Policy compliance 75%	Remuneration Policy compliance 85%
Performance & Development Appraisal	86% 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.	76% 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)	76% 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	33%, the Board consists of three members.	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 2013	TARGETS 2014	ACTIONS 2014	PERFORMANCE 2014	TARGETS 2015
Health, Safety, Environment & Quality (HSEQ) Policy	Ready for certification in ISO 14001 standards in Uganda	Certification in ISO 14001 standards in all distribution	Action plan implemented and monthly follow-up	Certification in ISO 14001 standards in Kampala (UGA), Maputo (MOZ), Beira (MOZ), Inhambane (MOZ) & Nampuala (MOZ)	Certification in ISO 14001 standards in all distribution in MOZ & UGA HSEQ compliance and progress



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 2013	TARGETS 2014	ACTIONS 2014	PERFORMANCE 2014	TARGETS 2015
KJAER GROUP Way of Management (KWOM)	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	Employee survey action plans	86% of employees believes strongly in and support the company’s future direction (83% 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% Management review in all Business Units	Risk Management policy compliance 90%	Policy review and corrective action anchored in BSC 2014	Risk Management policy compliance 80-90%	Update Policy in order to align with the new Group org. structure and align IT systems to support with IT based controls
Anti-corruption Policy	Signature by Management of Anti-Corruption Statement	Develop and communicate the anti-corruption policy towards external stakeholders	Policy review and corrective action anchored in BSC 2014	Policy communicated in the Group’s internal Staff Magazine in December ’14 in connection with the UN International Anti-Corruption Day held on December 9 th	Continued awareness via internal communication

PART OF **KJAER GROUP**

MOTORCARE

