



Baisikeli ApS.

UN-GLOBAL COMPACT

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COMMUNICATION ON PROGRESS 2016

Declaration of continued support

Dear Mr. Secretary General

I am pleased to confirm that Baisikeli ApS reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption. In our first annual Communication on Progress, we describe our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations. We will also integrate this Communication on Progress into our annual report on social progress 2015 that will be published in winter 2016. This enable us to share this information with our stakeholders using our primary channels of communication.

Sincerely yours

Mr. Henrik Smedegaard Mortensen

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Introduction

As a company with operations in both Denmark and Mozambique, we have to navigate in two very different contexts. The two states Denmark and Mozambique have few things in common and things that are taken for granted in a Danish context are impossible in Mozambique due to an undeveloped welfare state following a high level of uncertainty. In the following, we describe how we as a company are working on incorporating the ten UNGC principles. Our focus is on our activities in Mozambique, since the need and potential for change is bigger in Mozambique than in Denmark

Human rights

In Baisikeli, we have a great focus on human rights. As part of being employed in Baisikeli Mozambique, our staff are offered courses in life skill training. Life skill training is education in making good decisions. We wish to empower our staff to make good decisions in life, e.g. providing them with information about safe sex and how to make a budget for their family.

To ensure that we do not violate human rights in Mozambique, we keep a strong dialogue between the local management in Mozambique and the management in Denmark. In doing so, we secure that the Danish management are always fully informed about all cases of harassment or similar bad behavior. Immediately after our employees start they get a thorough introduction to what we expect of them, and what they can expect from Baisikeli, here amongst their rights and opportunities. We are currently working on formalizing this information in a code of conduct. We hope to have a finished version of this in 2016.

To measure whether our staff are thriving in their job we have started having yearly meetings with our employees. In these meetings, we evaluate the employee's situation and needs. The results of these meetings are an individual development plan for each employee. The development plans can also include long-term loans for the employees if they need finances to improve their situation. The loans cover different things from hospital bills, to rent, to expenses related to education. In Baisikeli, we consider education a central component in eradicating poverty and these loans creates the foundations for escaping poverty for our employees and their families.

Labor

In 2015, we made an agreement with the Danish union Dansk Metal. By doing so we have secured our Danish employees' rights to unite and collective bargaining. We wish for a similar situation for our staff in Mozambique, but for the moment, we are challenged, by the fact that unions and collective bargaining are rare in Mozambique. As a small foreign company, we fear for the consequences if we interfere with the current conditions. We hope that it will be more legitimate for workers to unite in the future. We are encouraging our local staff to unite and bargain as a group, as well as we encourage them to become registered as official citizens and become members of the official medical system.

In Baisikeli, we are an equal opportunity employer. However, our line of work is typically dominated by men and this is also the case in our company. We value diversity and welcome women in our workshops. We always hire the person best suited for the position.

In regards to child labor, Baisikeli are following ILO's definition. We have a minimum age of 16 years for being employed in Baisikeli and no employee in Baisikeli are working under conditions that threatens their health, mentally or psychically. To eradicate forced and child labor we support our employees families financially through the annual development plans described in section about Human Rights.

Environment

Environmental caution is at the root of our company. Our vision is to expand bicycles as a means of transportation in Africa, which we consider a clean and environmentally friendly technology. Generally, our workshops do not have significant environmental costs and in Denmark, we sort and reuse whatever we can.

However, the Mozambican system is not geared for recycling and therefore we strive to use, whatever resources we have available in Mozambique. The oils and paint that we use are of the highest quality, both in Mozambique and Denmark. In the education process of our staff, we have a great focus on how to handle and prolong the bikes lifecycles, which is benefiting our customers and the environment at the same time.

Corruption

We are currently operating in Denmark and Mozambique and are therefore experiencing the two poles on The Corruption Perception index. (Denmark was rated 1/175 while Mozambique was 119/175 countries in 2014). Corruption is thus part of the everyday life in Mozambique while it is almost nonexistent in a Danish context. The Mozambican score on the corruption perception index combined with their low public salaries (3000 MZN a month) creates a completely different everyday life than what we know in the western societies.

One of the areas, where we are confronted with corruption in Mozambique is in the harbor of Beira. We are importing secondhand bicycles in Mozambique and therefore have to deal with the port authorities. Since we began importing bicycles in 2012, the import expenses have more than doubled. We insist on following the rules in Mozambique, which brings us in a situation where our existence in Mozambique is threatened. To avoid these costs, we are currently applying for exemption from import taxes.

The minimum wage for public employees is 3000 MZN. In Baisikeli, our employees opening salary is 4000 MZN a month. Furthermore, we have a salary system where our employees get a 500 MZN raise a month, each year and after three years, they earn commission per bike they produce. By combining these two factors and the annually individual development plans, we hope to reduce the employees' temptation for corruption. We have a very open and honest communication with our employees and we hope that we can influence them through this and communicate why we cannot accept corruption on an organizational level.

We do not accept corruption and we are doing all we can, as a small foreign company, to fight it. Our staff in Mozambique are informed about our policy in this area when they start working for us and we are working on formalizing our policy in a code of conduct that we hope is done in 2016. Moving forward, we wish to measure our performance within this area through investigating our employee job satisfaction in Mozambique through an annual survey.