

Baisikeli Aps. UN-Global Compact

Communication on Progress 2017

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 this second 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 2016 that will be published in the spring of 2017. This enable us to share this information with our stakeholders using our primary channels of communication.

Sincerely yours

Mr. Henrik Smedegaard Mortensen CEO/Managing
Director Baisikeli ApS
Ingerslevsgade 80-90 1705 Copenhagen, Denmark

Introduction

Baisikeli is a company that operates in both Denmark and Mozambique, thus we have to navigate in two very different contexts. Since the differences between the two states of Denmark and Mozambique are great, the way to run a business and what challenges to overcome is very different. In the following, we describe how we as a company are working on incorporating the 10 UNGC principles. Our focus in the report is mainly on our activities in Mozambique, since the need for change is greater in Mozambique than in Denmark.

Human Rights

Human rights is at the core of our operations in Mozambique as well as in Denmark. All of our employees in Mozambique are offered courses in life skill training, since we want to empower our employees and their families. The aim for the life skill training courses is thus not only to empower and develop our employees as a part of our staff, but also to influence and empower the families of our employees in Mozambique. The life skill training we offer to our employees is about safe sex and how to make a budget for their families among other. With this education we wish to empower our staff to make good decisions in their everyday life.

To ensure that this is conducted and that we do not violate the human rights in our operations in Mozambique, we keep a strong dialogue between the management in Mozambique and the management in Denmark. This dialogue helps us to secure that our policies in Mozambique are in line with our policies in Denmark.

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. 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

With the agreement we made with the Danish union Dansk Metal in 2015, we secured our Danish staffs right to unite and collective bargaining. This is at the core of the way we - in Baisikeli - want to operate and do business. We still work on improving the situation for our staff in Mozambique and make them able to unite and collective bargaining. But in this work we are still challenged since unions in Mozambique are rare. One of the ways we work on overcoming this challenge is to encourage our staff in Mozambique to unite as a group and encourage them to become registered as official citizens, as well as become members of the official medical system.

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

Caring about the environment is one of the cornerstones of our company. The vision in Baisikeli is to prolong the life of used bicycles. Thus, we repair and sell secondhand bicycles and in this operation we recycle as many spare parts as possible to prolong the life of the

materials and products we are surrounded by. When educating our staff in Mozambique there is a great focus on this. Furthermore, in this vision of prolonging the life of used bicycles, the errand of our activities is to expand the bicycle as a vehicle for transportation in Africa, which we consider a clean and environmentally friendly technology. When recycling used bicycles in Mozambique we are able to make quality bicycles available in Mozambique, thus benefitting our customers and the environment. However, the Mozambican system is not geared, as in Denmark 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.

Corruption

Since we currently are operating in Denmark and Mozambique and we are experiencing the two poles on *The Corruption Perception index*. (Denmark was rated 1/168 while Mozambique was 112/168 countries in 2015). Corruption is thus part of the everyday life in Mozambique while it is almost nonexistent in the Danish society. 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.

The minimum wage for public employees in Mozambique 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 are constantly striving to develop and maintain an open and honest communication in our company and in our workshop. With this open communication, we hope to influence our employees on this topic and let them know that 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.