

UNITED NATIONS GLOBAL COMPACT
COMMUNICATION ON PROGRESS 2016



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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. By supporting eco-friendly initiatives, KJAER GROUP shows how much we care for the world we share with our customers. The UN’s principles for sustainability (the UN Global Compact) is an important point of reference for all activities and is incorporated into the company’s governance framework: The KJAER GROUP Way of Management (KWOM).

The KJAER GROUP Way of Management, which was introduced in 2008, presented 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. KJAER GROUP’s business culture has always been a touchstone for honesty, integrity and transparency. That’s why we’re motivated to achieve success in all endeavors, especially those that benefit our environment.

In 2012, we began to pursue ISO 9001 Quality Management, ISO 14001 Environmental and OHSAS 18001 Occupational Health & Safety Management Certification. Since our certification in 2014, the annual surveillance audit has been passed successfully in all branches in Mozambique and Uganda. We therefore feel confident that we will pass the re-certification in 2017.

Though, the HSEQ work still needs more focus and attention; it has become part of our culture. The benefits for the employees of reducing risk and creating a healthy work environment is still progressively visible while supporting the values of the Global Compact Principles. Taking ownership of the environmental issues we all face today shows our customers that we have a personal stake in the wellbeing of the world we all share. Promoting this business culture also reflects company goodwill to the national and international market. These initiatives then become beneficial even for our other business-orientated projects.

KJAER GROUP has raised awareness on corruption through various channels in the past by trying to establish a professional climate of honesty, transparency and accountability in every aspect of the company. Together with our anti-corruption policy, we have in the past three years been supporting the “Break the Corruption Chain” initiative set out by the UN in order to curb corruption that hinders Millennium Development Goals. This year’s campaign to raise awareness for anti-corruption was implemented with the use of T-shirts for all employees and local discussions. Positive feedback was received from employees, partners, customers and local authorities, which we believe will have a long-term effect in the societies where we operate. Through showing how serious everyone at KJAER GROUP is about combatting corruption, we not only perpetuate an internal anti-corruption culture in our company, but also promote customer trust.



The Employee survey 2016 measures areas that are essential drivers for developing the organization and the people, therefore it is closely connected with the Group’s activities concerning CSR and the UN Global Compact commitment.

On behalf of KJAER GROUP’s employees, I reaffirm our commitment to comply with the 10 Principles of the Global Compact. These principles will continue to be an important guidance for KJAER GROUP in the process of maintaining positive and honest business practices. By acting with honesty, transparency and integrity in all our endeavors, we illustrate to our customers that we can be trusted.

Per S. Lundgren, CEO
KJAER GROUP A/S



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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	TARGETS 2016	ACTIONS 2016	PERFORMANCE 2016	TARGETS 2017
KJAER GROUP Way of Management (KWOM)	Min. 80% of employees believes strongly in and support the company's future direction	Employee survey action plans in all branches	89% (77% in 2015) of employees believes strongly in and support the company's future direction (87% participated in survey)	Min. 80% of employees believes strongly in and support the company's future direction
High Performance Organization Survey (HIPO)	Min. 80% positive responses when asked <i>"All employees in my team are treated fairly regardless of age, gender, family status, race, national origin, disability, personality, thinking, status or sexual orientation."</i>	Employee survey action plans in all branches	76% (65% in 2015) positive responses when asked <i>"All employees in my team are treated fairly regardless of age, gender, family status, race, national origin, disability, personality, thinking, status or sexual orientation."</i>	Min. 80% positive responses when asked <i>"All employees in my team are treated fairly regardless of age, gender, family status, race, national origin, disability, personality, thinking, status or sexual orientation."</i>
Health, Safety, Environment & Quality (HSEQ) Policy	Continuous improvement and ensuring continuing Certification in ISO 9001 and OHSAS 18001 standards in all branches in MOZ & UGA	Action plan implemented and monthly follow-up	Surveillance audit successfully passed for OHSAS 18001 and ISO 9001 standards in all branches in Mozambique and Uganda	Re-certification in all branches. Implement transition from version ISO 9001:2008 to new version ISO 9001:2015 in all branches.
	GAP Plan for DK and SAF for ISO 9001	Implementation rescheduled for 2017	Implementation rescheduled for 2017	GAP Plan for DK and SAF for ISO 9001
	Ensuring HSEQ compliance and progress	Quarterly management report	Management reviews done on a quarterly basis.	Ensuring 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	TARGETS 2016	ACTIONS 2016	PERFORMANCE 2016	TARGETS 2017
Remuneration Policy	Remuneration Policy compliance	Remuneration review in February	Remuneration process is compliant with policy	Remuneration Policy compliance
Performance & Development Appraisal	100% compliance with performance & development appraisal BSC processes in all entities	Local management responsible for the process	71% compliance with performance & development appraisal BSC processes in all entities	100% compliance with performance & development appraisal BSC processes in all entities
High Performance Organization Survey (HIPO)	Min. 80% HiPO (High Performance Organization) rate	Employee survey action plans in all branches. New survey template implemented.	77% are satisfied with their employment	Min. 80% are satisfied with their employment
Gender diversity in management bodies	Minimum 30% target for the underrepresented gender in the Board of Directors of KJAER GROUP A/S.	N/A	0% 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	TARGETS 2016	ACTIONS 2016	PERFORMANCE 2016	TARGETS 2017
Health, Safety, Environment & Quality (HSEQ) Policy	Continuous improvement and ensuring continuing Certification in ISO 14001 standard in all branches in MOZ & UGA	Action plan implemented and monthly follow-up	Surveillance audit successfully passed for ISO 14001 standard in all branches in Mozambique and Uganda	Re-certification in all branches. Implement transition from version ISO 14001:2008 to new version ISO 14001:2015 in all branches.
	Ensuring HSEQ compliance and progress	Quarterly management report	Management reviews done on a quarterly basis.	Ensuring 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	TARGETS 2016	ACTIONS 2016	PERFORMANCE 2016	TARGETS 2017
KJAER GROUP Way of Management (KWOM)	Min. 80% of employees believes strongly in and support the company’s future direction	Employee survey action plans in all entities	89% (77% in 2015) of employees believes strongly in and support the company’s future direction (87% participated in survey)	Min. 80% of employees believes strongly in and support the company’s future direction
Risk Management Policy	Update Policy	Update Policy in order to align with the new Group org. structure and align IT systems to support with IT based controls.	Nothing to report	Update Policy
Anti-corruption Policy	Continued awareness via internal communication	Organize internal campaign in line with UN anti-corruption day	Event on UN International Anti-Corruption Day held on December 9th. , including information in staff magazine, branded T-shirt and local meetings.	Organize internal campaign in line with UN anti-corruption day

PART OF **KJAER GROUP**

