

KJAER GROUP SUSTAINABILITY REPORT 2020



WE SUPPORT



**KJAER
GROUP**



ACT RESPONSIBLY

The **United Nations Global Compact** is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals.



HUMAN RIGHTS

- 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2 Make sure that they are not complicit in human rights abuses.



LABOUR

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 The elimination of all forms of forced and compulsory labour;
- 5 The effective abolition of child labor
- 6 The elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 Undertake initiatives to promote greater environmental responsibility; and
- 9 Encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

CONTRIBUTE TO DEVELOPMENT



STATEMENT FROM THE CHIEF EXECUTIVE OFFICER



KJAER GROUP is committed to the principles articulated in the United Nations Global Compact (UNGC), which we joined in 2003. In 2007, we further confirmed our support for a cleaner environment by joining UN's environmental initiative, Caring for the Climate.

The UNGC is an important point of reference for all activities and incorporated into the company's governance framework: The KJAER GROUP Way of Management (KWOM).

The KJAER GROUP Way of Management presents 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 ISO 45001 Occupational Health & Safety Management Certification. Since our certification in 2014, the annual surveillance audit and the re-certification every third year has been passed in all entities in Mozambique and Uganda.

We are grateful to all the team members, who make this possible and have greeted the HSEQ process as a natural part of our business culture.

The benefits are also known by employees as risk is reduced and a healthy work environment created, while supporting the values of the Global Compact Principles.

KJAER GROUP has raised awareness on corruption through various channels promoting a professional climate of honesty, transparency and accountability in every aspect of the company.

Together with our anti-corruption policy we have been supporting the Anti-corruption initiative set out by the UN's SDG2030.



The PEOPLE survey 2020 measures areas that are essential drivers for developing the organization and the people; focus on climate and our own CO2 footprint as well as the movement to possible green transportation collected in our Move-to-Green campaign is closely connected with the Group's activities concerning SDG2030 and the UN Global Compact commitment.

On behalf of all our employees in Africa and Denmark, I reaffirm our commitment to comply with the 10 Principles of the Global Compact. By acting with honesty, transparency and integrity in all our endeavors, we illustrate to our customers that we can be trusted and that we care.

A handwritten signature in black ink, appearing to read "Mads Kjær". The signature is fluid and cursive.

Mads Kjær, CEO
KJAER GROUP A/S



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



In 1962, KJAER GROUP was established in Svendborg as a car-dealership by the late Mr. Christian Kjaer. Today, the Group provides automotive mobility solutions internationally and employs 240 people.

The Group holds a leading position within its business segments in Mozambique and Uganda where we operate distribution, fully owned workshops and service facilities under the name of MOTORCARE.

Globally, KJAER & KJAER delivers vehicles, motorcycles, parts and accessories to customers in the International Aid and Development sector (NGOs, the UN, the EU, etc.).



Provides tailor-made automotive mobility solutions to organizations operating in the International Aid and Development sector, delivering high quality vehicles, motorcycles, parts, accessories as well as a number of supporting services such as worldwide logistical support, insurance and financing. Through an extensive network of local dealers and service partners, customers receive quality aftersales, logistics and customer care services.



Based on international standards and certifications, it is MOTORCARE's value proposition to offer automotive mobility solutions both to business-to-business, as well as individual customers as close to their area of operation as possible. MOTORCARE provides customers with one-stop maintenance, service and repair services as well as insurance, financial and fleet management solutions. The overall ambition is to be the preferred service provider. MOTORCARE is therefore dedicated to continuously increase and improve the product and service portfolio to their valued customers.



SUSTAINABILITY & TRIPLE BOTTOM LINE

The Triple Bottom Line (TBL) principle was introduced in 2008 to ensure that the businesses are developing in a profitable as well as responsible manner. Based on the

Group's vision and values, specific targets and policies were defined for Financial as well as Social and Environmental performance. For us, this is sustainability.

SOCIAL TARGETS

- Creating a happy, healthy, safe workplace
- Providing fair, competitive compensation

ENVIRONMENTAL TARGETS

- All entities operating with a minimum of environmental impact
- Ensuring we conduct environmentally-friendly initiatives and projects relevant to our business



FINANCIAL TARGETS

- Striving for predictable, sustainable growth
- Increased enterprise value
- Solidifying our status as the preferred partner to international customers
- Developing a sustainably profitable company for investment ventures

VALUES

To ensure a platform for sustainable growth, KJAER GROUP has chosen to adopt a value based approach to Management in order to create a culture of caring and decency combined with independent decision making with the aim of finding and implementing sustainable solutions.

PROFESSIONALISM

Fact based and competent in everything we do. This is how we conduct our business and how we interact with each other.

RESPECT

Mutual respect between colleagues, partners, customers and other stakeholders we interact with is fundamental for us.

HONESTY

We aim to conduct ourselves and business matters with the utmost honesty in all that we do, ensuring that we are reliable and honor our promises and commitments.

DEDICATION

The success of every customer and partner is the key to our success.

UN' SUSTAINABLE DEVELOPMENT GOALS 2030

COMMITMENT AND SUPPORT

As a European business with operations and presence in emerging economies, we have an opportunity – an obligation – to influence, support and change some of the most challenging global issues.

Since 2018, we have taken our sustainability commitment a step further. We will support the 17 universal Global Sustainable Development Goals and the 169 targets to be achieved by 2030.

Certainly, all of the targets are important for the world, but we focus on those in which we can have the most positive impact.

We focus our efforts to ensure decent, safe conditions for our employees in Mozambique and Uganda, and to contribute to climate improvements and fight corruption in all forms.



THE SDGs WHERE WE FOCUS OUR INITIATIVES



Target 3.6:

By 2030, halve the number of global deaths and injuries from road traffic accidents

In our branches in Mozambique and Uganda, approved trainers provide road safety information and training for the drivers of fleet owners.

In our workshops, we are informing our clients about the importance of maintaining vehicles in order to improve road safety. Occasionally, we organize road safety campaigns for local citizens in cooperation with the government.



Target 3.9:

By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

Our group is committed to provide a safe, healthy and environment-friendly work-place for all employees as out-lined in our Health, Safety & Environmental (HSE) Policy. In each entity, we have appointed a HSEQ Champion. In Africa, all entities are certified according to international ISO standards 45001 (health & Safety) and 14001 (Environment).

In 2020, we initiated a campaign named Move to Green. The target is to reduce carbon footprint generated by our workplace as well as our product portfolios. We are convinced that these initiatives will have future positive impact on air pollution.



Target 13.2:

Integrate climate change measures into policies, strategies and planning

We continuously focus on our strategic targets to live up to the three specific principles about environmental responsibilities.

Today we are proud to be certified ISO 14001 and to have appointed local Champions. This ensures progress and compliance.

As described under “Goal 3”, our Move to Green initiative enabled us to introduce new climate friendly products with zero emission.



Target 16.5:

Substantially reduce corruption and bribery in all their forms

One of our core values is HONESTY. Honesty for us means we are reliable and we do not interact with any corruption or bribery. This value is further empowered by our Anti-corruption Policy which includes; 1) Zero Tolerance against any kind of corruption and 2) Whistle-blower system.



Uganda Team - picture from before the COVID-19 pandemic



HUMAN & LABOUR 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.
- We are committed to secure compliance with all relevant labour laws and regulations in order to secure a safe, fair and non-discriminative workplace for all employees.
- We exercises the right to freedom of association and we do not conduct or condone forced, compulsory or child labour.

REMUNERATION

We aim for a fair, competitive and performance-based remuneration system comprising both fixed and flexible components.

Compensation and performance of our employees is reviewed on a yearly basis. We adjust salaries against market fluctuations and we benchmark externally as well as internally.

EQUAL OPPORTUNITIES AND FAIR TREATMENT FOR ALL

We foster a culture of employee empowerment, equal opportunities and fair treatment irrespective of gender, disability, age, race, colour, nationality, sexual orientation, religion or personal beliefs.

Each year, we ask the employees if they experience fair treatment at their work place. In 2020, 81% answered positive (76% in 2019). Our target is 100%.

DECENT WORKPLACE

In the KJAER GROUP of companies, we offer employment within a framework of legal, healthy, and safety provisions respecting local laws and international best practice.

HEALTH & SAFETY

Since 2014, we are certified OHSAS 18001. In 2020, we got certification in ISO 45001:2018 (replacing the previous standard).

Adhering to the above standard means that we take good care of our employees, treating everyone according to high international standards.

ISO 45001

An internationally recognised occupational, health and safety management system which requires MOTOR-CARE to have appropriate health and safety standards, policies and practices in place to operate safely.

ISO 45001

BUREAU VERITAS
Certification



COVID-19 WORLDWIDE PANDEMIC CRISIS

Since March 2020, the pandemic crisis has affected our work life, our safety and our business. Yet, looking back, we are very fortunate that we all stood together and took preventive actions in due time.

Due to our compliance to ISO Health and Safety Standard, we were prepared to deal with emergency situations. We were able to take instant protective measures

for employees, to safeguard business critical functions and to provide safe customer service in all entities.

Yet, we were grateful that the Investment Fund for Developing Countries (IFU) supported us with a grant of up to \$26t. in 2020. This was used to refund 60% of the expenses incurred in connection with our program to ensure the safety of the employees in Uganda and

Mozambique through the purchase of personal protective equipment against COVID-19.

During this critical situation, we provided ambulance assistance to various governmental health departments who faced unprecedented pressure on capacity.





**MOVE
TO GREEN**

**ZERO
EMISSION**



ENVIRONMENT

COMMITMENT:

We are committed to operate with the lowest possible impact on the environment.



In 2020, we introduced our first electric/zero emission product as part of our Move to Green campaign. The COVID-19 crisis gave us the time to study new ways of transforming our product lines into zero carbon emission products. We introduced the NIU e-scooter and the Nissan Leaf electrical vehicle to the African market. Both

were welcomed by our partners and customers.

Our overall ambition with the Move to Green campaign is to establish strategic and environmental friendly partnerships with our customers and other stakeholder in the African market. We believe in close cooperation with our partners with whom

we plan to develop new green products, climate friendly infrastructure (solar panels, charging stations etc.), knowledge sharing about green technologies and solutions within Africa—all with the purpose of reducing carbon footprint for the benefit of our climate.

“I am proud of the progress we made on sustainability in 2020. Amid the pandemic crisis, we turned our focus on reducing the CO2 emission - even in emerging markets. The positive responses we have received from our customers proves that a transformation to climate friendly products is for sure possible.

Mads Kjær, CEO of KJAER GROUP





ENVIRONMENT

ISO 14001 CERTIFICATION

In September 2020, MOTORCARE Mozambique and Uganda were re-certified to the ISO 14001:2015 standard (Environmental Management System).

At MOTORCARE, all employees across our organization strive to respect the guidelines within ISO standards - it is part of our culture.

We strive to see everyone engaged with the Standards to encourage them to preserve resources like water and electricity, reduce toxic/carbon emissions, waste management, recycling and, in general, care about the nature and environment.

ISO 14001

Certification criteria followed by MOTORCARE stipulates the standards to identify and control our environmental impact and with this, we can constantly improve on our performance on the environmental front.



CARBON FOOTPRINT

In 2020, we decided to analyze our carbon footprint. We wanted to understand our biggest impact on the environment.

We analyzed our entities in Denmark, the head office and then our subsidiary Motorcare in Uganda.

We concluded two major carbon footprints for 2019:

- ➔ At the Danish Head Office, flights from Europe to Africa had big impact on our CO2 emission.
- ➔ Our Ugandan Office showed that driving company vehicles produced more than 50% of carbon footprint in the entity.

We also concluded that the carbon footprint for Mozambique would be equal to this.



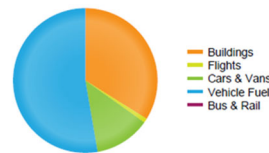
WE ARE COMMITTED TO MOVE TO GREEN



In our latest People Survey, we asked all employees if they agree in KJAER GROUP's ambition to reduce our carbon footprint.

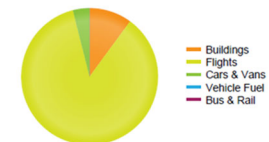
The result showed that 96% were positive towards this ambition. We are grateful that so many are committed to work on our transformation - Move to Green.

Carbon Footprint Uganda, 64 employees, 2019:



Your total carbon footprint is 169.3 tonnes CO₂e
Carbon intensity (tonnes CO₂/employees) = 2.6

Carbon Footprint Denmark, 14 employees, 2019:



Your total carbon footprint is 214.1 tonnes CO₂e
Carbon intensity (tonnes CO₂/employees) = 14.3



ANTI-CORRUPTION

COMMITMENT:

We have a “zero tolerance” towards corruption.

ZERO TOLERANCE

We have raised awareness regarding corruption through various channels in the past by establishing a professional climate of honesty, transparency and accountability in every facet of the company.

A Group Anti-corruption Policy was implemented in 2013 and states the code of conduct for all KJAER GROUP, MOTORCARE & KJAER & KJAER employees.

It includes a clear policy in regard to payments and gifts, partner assessment, risk evaluation and whistle-blowing procedures.

In support of the UN Sustainable Development Goals (SDG 16), we take anti-corruption initiatives extremely seriously.

Corruption is a dominant factor that drives countries toward economic failure and furthermore has a negative impact on the business and market in which we operate.

By participating in the UN's International Anti-

corruption Day initiative on December 9, we are joining a global developmental trend that strives to combat corruption.

In 2020, it was the sixth consecutive year that the Executive Management, the employees and our partners have focused on anti-corruption and discussed this in our business environment.

By showing how serious and committed everyone at KJAER GROUP's companies are about combating corruption, we not only perpetuate an internal anti-corruption culture in our company, but also promote customer trust.



**UNITED
AGAINST
CORRUPTION**







International Anti-corruption Day 09th December
RECOVER WITH INTEGRITY

“Corruption thrives in times of crisis and the ongoing global pandemic has not been an exception either”, UN says.

In our organization, due to our anti-corruption policy and zero tolerance culture, we rely on our non-corruption procurement routines, which have been in place for years.

We believe that our policies helped us to be prepared for these crisis situations.

Yet, we acknowledge that this subject is something we must address continuously to be sure everyone is in line with our integrity policies and values.

We support UN’s International Anti-Corruption Day – being 9th December. On this day, we re-visit our values, our anti-

corruption policy, the whistleblower system and our common understanding of how we keep our business and ourselves free of any corruptive actions.

2020 was no exception. We supported this year’s motto from UN in all our entities: “Recover with Integrity”.

“Corruption is without doubt, one of the worst maladies in the modern world. Misconduct, dishonesty, unru-ly ambitions are the main drivers for corrupt actions.

Carlos Valdes , Pemba Branch Manager

COMMUNICATION ON PROGRESS (COP)



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 2020	ACTIONS 2020	PERFORMANCE 2020	TARGETS 2021
KJAER GROUP Way of Management (KWOM)	Min. 80% of employees believe strongly in and support the company's future direction	Employee survey action plans in all branches	91% (95% in 2019) of employees believe strongly in and support the company's future direction (94% participated in survey)	Min. 80% of employees believe strongly in and support the company's future direction
PEOPLE SURVEY	100% 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 in all branches	81% (76% in 2019) 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." (94% participated in survey)	100% 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	Continuous improvement and ensuring continuing Certification in ISO 9001 (Quality) and ISO 45001 (Occupational Health & Safety) standards, and successful transition from OHSAS 18001 to ISO 45001 standard in all branches in Mozambique & Uganda. Ensuring HSEQ compliance and progress	Action plan implemented and monthly follow-up. Quarterly management report	Successful transition from OHSAS 18001 to ISO 45001 in all entities in Africa. Re-certification are passed for ISO 45001 & ISO 9001 standards. All management reviews were done on a quarterly basis. The Covid-19 measures in place were perceived safe by both employees and customers (90%/92%)	Continuous improvement and compliance to ISO 45001 & ISO 9001 standards in all branches in Mozambique & Uganda to be ready for surveillance Audit 2021. Ensuring HSEQ compliance and progress Ensure safe emergency plan and COVID-19 measure in place

SIGNIFICANT AREAS OF RISK WITHIN HUMAN RIGHTS FOR OUR BUSINESS:

It is our view that the most significant human rights risks relate to our employees' rights to an inclusive work environment that respects the individual's needs and rights to dignity, rest, and privacy. Failure to manage this risk may harm our employees, damage our reputation and may affect our business performance.

COMMUNICATION ON PROGRESS (COP)



LABOUR

COMMITMENT:

KJAER GROUP is committed to secure compliance with all relevant labour laws and regulations in order to secure a safe, 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 labor
- Principle 5:** Businesses should uphold the effective abolition of child labor
- Principle 6:** Businesses should uphold the elimination of discrimination in respect of employment and occupation

PROCESSES	TARGETS 2020	ACTIONS 2020	PERFORMANCE 2020	TARGETS 2021
Remuneration Policy	Remuneration Policy compliance	Remuneration review in March/April	Remuneration process is compliant with policy.	Remuneration Policy compliance
PEOPLE survey	Min. 80% are satisfied with their employment.	Employee survey action plans in all branches.	82% are satisfied with their employment (77% in 2019) (94% participated in survey)	Min. 80% are satisfied with their employment.
Gender diversity in management bodies	Minimum 30% target for the underrepresented gender in Board of Directors in KJAER GROUP A/S before 2024.	New board members recruited.	0%. No qualified candidate of underrepresented gender identified.	Minimum 30% target for the underrepresented gender in Board of Directors in KJAER GROUP A/S before 2024.

SIGNIFICANT AREAS OF RISK WITHIN LABOUR RIGHTS FOR OUR BUSINESS:

It is the view of the company that the most significant risk pertaining to Labor Rights is workplace accidents, which can cause injury to employees, fines to our business and may affect our business performance.

COMMUNICATION ON PROGRESS (COP)



ENVIRONMENT

COMMITMENT:

KJAER GROUP is committed to operate with the lowest possible impact on the environment. (KJAER GROUP HSEQ 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 2020	ACTIONS 2020	PERFORMANCE 2020	TARGETS 2021
Health, Safety, Environment & Quality (HSEQ) Policy	Continuous improvement and ensuring continuing Certification for ISO 14001 standard in all branches in Mozambique & Uganda.	Action plan implemented and monthly follow-up.	Successful recertification were passed for ISO 14001 (Environment) Standard in all branches in Mozambique and Uganda.	Continuous improvement and compliance to ISO 14001 (Environment) standard in all branches in Mozambique & Uganda to be ready for surveillance Audit 2021. Ensuring HSEQ compliance and progress
	Ensuring HSEQ compliance and progress	Quarterly management report	All management reviews were done on a quarterly basis.	
Move to Green campaign	Not applicable	Not applicable	The Move to Green Campaign was initiated by introducing to zero carbon emission product to the market. Secondly, we analyzed our own carbon footprint enabling us to make actions to reduce.	Ensuring we conduct environmentally-friendly initiatives and projects relevant to our business

SIGNIFICANT AREAS OF RISK WITHIN ENVIRONMENT FOR OUR BUSINESS:

It is the company's view that a significant risk pertaining to the environment and climate arises from how safely our facilities handle waste, chemicals and spills. If we fail to do so, we may negatively impact the surrounding environment and damage our reputation.

COMMUNICATION ON PROGRESS (CoP)

WE SUPPORT



ANTI-CORRUPTION

COMMITMENT:

KJAER GROUP has a “zero tolerance” towards corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

PROCESSES	TARGETS 2020	ACTIONS 2020	PERFORMANCE 2020	TARGETS 2021
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	91% (95% in 2019) of employees believes strongly in and support the company’s future direction. (94% participated in survey)	Min. 80% of employees believes strongly in and support the company’s future direction
Risk Management Policy	Ensure updated policy and communicate changes	Update policy in all entities	Implementation rescheduled for 2021	Update Policy
Anti-corruption Policy	Create awareness and communicate policy min. once a year.	Organize international campaign in line with UN anti-corruption day the 9th December. Measure commitment from employees to fight corruption.	Global awareness campaign held locally, including information in staff magazine and corporate meetings with guest speakers. 80% of employees states that they pro-actively wants to stop their colleagues in corruptive actions. 12% states they are exposed to corruptive actions on regular basis.	Create awareness and communicate policy min. once a year

SIGNIFICANT AREAS OF RISK OF CORRUPTION FOR OUR BUSINESS:

We consider corruption risk to be present across all our operations, where employees may make or receive payments or other means to illegally influence an outcome. Aside from the negative societal consequences of corruption and bribery, this could also potentially lead to fines, damage our reputation and affect our business performance.

COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



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