

CSR Report 2005/2006

MERITO



*Commitment to a
Cleaner Environment*

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Metito Profile

Founded in 1958, with 15 offices across the Arab and Islamic world and beyond, Metito is the region's leading specialised multinational desalination, water and waste treatment company. Having implemented over 2,000 projects, Metito provides the full range of services from conceptual design, manufacturing, installation through to complete operations and maintenance services, underpinned by a project finance capability. Metito currently has 17 concessions in operation, and is positioned to be a leader in the region's water privatisation programmes.

Metito is currently constructing its new global headquarters in Technopark, Dubai where it will consolidate offices, factory and chemical facilities, with a new world class desalination research centre.

Metito is committed to providing quality products, first class service and strong local support to its clients using the latest technology. The Company continuously strives to improve its quality control procedures and management to fulfill the customer's quality requirements, and applicable regulatory requirements, while aiming to enhance customer satisfaction. The Company has been rewarded many times for its dedication in conservation programs and has been ISO 9001:2000 certified. In order to further demonstrate its commitment to health, safety and the environment, the Company is currently seeking ISO 14000 certification.

Metito is perfectly positioned to meet the region's need for clean usable water. The Group has been able to lead in this industry due to its wide product range, experienced and highly committed professional team, strong local commitment, global know how, and dedication to innovation. Metito expects to continue on this path of growth by persisting to foster leadership and innovation within the Company to expand geographic reach and product offering.

Metito is socially responsibly. The company demonstrates this through its operations in meeting the world's water needs, through its commitment to the environment and through its focus on it human development.

Metito Approach to Sustainability: CEO Message



Sustainable and socially responsible business for our society and the environment has always been a core issue in the water sector, as an efficient supply of water plays a vital role in the development of all countries.

Corporate Social Responsibility (CSR) is business commitment to behave ethically and to contribute to economic development while also improving the quality for life of the workforce as well as for the local community and society at large. It is a company's obligation to be accountable in all its operations and activities with the aim of achieving sustainable development not only in the economical dimension but also in the social and environmental dimensions.

We are taking firm action to implement our goal to 'be a responsible business', our mission as a socially responsible organization is to take into account the full scope of better social and environmental performance.

Metito also remains highly committed to the Arabic and Islamic region. Although a branch existed since 1985, it was in 1996 that the Group relocated its Headquarters to Sharjah and since then it has achieved accelerated growth and success establishing itself as the Regions leading water, wastewater treatment and desalination Company. In

2006, construction will be completed on Metito's headquarters in Technopark. This will not only mark the first Green Certified Company in the UAE but will also help attract leading industry players and the International Desalination Organization to the Park, marking it as a world centre for desalination, oil & gas and biotechnology companies and research facilities. Through this construction, Metito continues to recruit and develop leading local graduates. It will also maintain its commitment to promoting greater environmental awareness in the Country through its involvement in the Emirates Environmental Group, CSR Network and the water testing program.

Furthermore, Metito is also the first water treatment company in the Middle East to become part of the United Nations Global Compact Initiative which is an international initiative that would bring companies together with UN agencies, labour and civil society to support universal environmental and social principles. It seeks to promote responsible corporate citizenship so that business can be part of the solution to the challenges of globalization.

This is an important milestone in the continuing growth and success of our organization and a way to show unwavering commitment to providing the highest levels of conduct in our business practices.

This Report helps to identify the progress we are making in integrating sustainable development by presenting real, down-to-earth examples. The report also highlights our commitment to fulfilling our responsibility and playing a valuable role in a sustainable society as a company open to that society through active information disclosure and communication with a variety of stakeholders



Metito and Water

The water industry is set to experience tremendous growth in the next five years, specifically in the Arab and Islamic World. The World has seen a six fold increase in water usage since 1900, and the demand for fresh water is increasing twice as fast as population growth. As such, the need to use salt water to produce fresh water is critical. This situation is especially acute in areas with limited rainfall and river systems such as the Middle East, Asia and North Africa.

As consequence, approximately 60% of the 11,000 desalination plants in the world are in the Middle East and analysts expect the largest water services market to be the Gulf area. Metito strives and is perfectly positioned to meet the region's need for clean usable water. The Group has been able to lead in this industry due to its wide product range, experienced and highly committed professional team, strong local commitment, global know how, and dedication to innovation.

Metito expects to continue on this path of growth by persisting to foster leadership and innovation within the Company to expand geographic reach and product offering. Throughout, Metito is dedicated to providing its clients with quality products, first class service and strong local support. Beyond this growth, the one factor distinguishing Metito from other players in he region is its true dedication to both the environment and the community.

Metito's core business and product range revolve around encouraging the conservation of the environment through grey water recycling, waste water reuse and other water and energy conservation systems.

The company offers a comprehensive range of products for Process Water Treatment for Industry, Water Desalination by Reverse Osmosis, Sewage Treatment, Industrial Effluent Treatment, Water Disinfection, Water Treatment for Sports and Leisure, PLC Control, SCADA and Telemetry Systems for these processes, Specialty Chemicals and Concessions in water and Wastewater Treatment.

Water recycling can reduce and prevent pollution, and proved to be a worthy investment for end users by providing long-term saving. On the other hand, about 45 million people in MENA region lack safe water and more than 80 million lack safe sanitation. Desalination can provide safe and sustainable source water to the people in this region, enabling growth and human development.

However, the exponential growth in importance of CSR during the last few years region and the continued expansion of our organization has meant that it is no longer sufficient to subscribe to CSR principles without demonstrating what we achieved in practice.

Metito and People

For Clients

Creating value for clients

Metito is committed to providing quality products, first class service and strong local support to its clients using the latest technology.

Service that makes a difference

The Company continuously strives to improve its quality control procedures and management to fulfill the customer's quality requirements, and applicable regulatory requirements, while aiming to enhance customer satisfaction, and achieve continual improvement of its performance in pursuit of these objectives.

As such, Metito obtained ISO 9001:2000 certifications as part of its commitment to quality, health, safety and the environment.

Furthermore, Meito has received the following awards in recognition for its premium quality standards.

- GWI Award: Desalination Company of the year 2006 – small plants
- Wetex Award 2005
- Syr-Enviro Award, 2005
- The Frost & Sullivan Market Penetration Leadership Award, 2005
- The Sharjah Chamber of Commerce and Industry Certificate of Excellence Award, 2000
- Certificate of Appreciation from the Department of Military Works, UAE, 1998
- Shield from Department of Military Works, UAE, 1999
- Wetex Award, 2004
- Syr-Enviro Award, 2004



For the Community

Metito is fully committed to its greater community, being a founding member of the Emirates Corporate Social Responsibility Network, the Emirates Environmental Group and the United Nations Global Compact Initiative

Community Awareness

In the hopes of greater social consciousness and educating both the community and other firms on conservation techniques, our staff continue to participate and share their expertise and experience at industry conferences.

Last year the Company sponsored and spoke at the water reuse conference organized by MEED, The leading information resource in the Middle East where we made a strong case for using water recycling to meet the growing world water needs.

More recently the company participated in the public private partnership conference where we stressed government's need to involve the private sector in helping meet the growing need for water while encouraging greater efficiency and conservation.

Metito has also worked with the International desalination association; which is committed to develop and promote the appropriate use of desalination and desalination technology world-wide. Metito's CEO is the chairman of this organization. We have spoken at the IDA water forum here in Dubai. Under the theme of "Innovation and Integration - Impact on Desalination and Water Reuse Costs"



Employees Volunteer Initiatives

To gain greater social responsibility the Company is engaged in ways that are making a difference and that are worth hearing about and learning from. Engaging the community is all about getting everyone involved.

Metito's employees maintain a strong community commitment and encourage community involvement in environmental Programs by participating in volunteer initiatives.

Metito's staff volunteers participated in the clean up 2005 event which is community-based environmental event that encourages UAE communities to clean up, fix up and conserve their environment where groups of volunteers remove rubbish from sites, these may include road-sides, parks and waterways. Furthermore, Metito staff participated in the can collection campaign 2006, which targeted at initiating waste management solutions in the community and help reducing and conserves a nonrenewable resource.

Emergency Humanitarian Assistance

Given the critical importance of clean water, Metito places a clear objective in helping communities maintain such a supply in states of emergency. Some of Metito's notable projects in this area in 2005 include:



Hartha & Najibiyah Power Stations, Iraq

As part of US AID's reconstruction programme and under extremely difficult security considerations, Metito has just constructed and handed over to the Iraqi government two desalination plants ensuring power is available to the people of southern Iraq.

Pelindo Ports, Indonesia

Metito is constructing three desalination facilities to serve the ports of Dumai, Karimun and Belawan on a concession basis. These will supply water to ships in the Straits of Malacca, the world's busiest waterway, giving the global shipping community an option to bypass the costly port of Singapore which was until now the only source of WHO quality drinking water in the area.

Tsunami donation, Indonesia

The staff of Metito's Jakarta office worked around the clock for two weeks to produce two mobile desalination units donated by Metito to the suffering people of Bandar Aceh, preventing the spread of waterborne diseases.

For Employees

Metito recognizes that its most valuable asset is its workforce. The company employees' motivation and determination are the driving force behind much of the Group's success. Hence, Metito strives to be employer of choice.

Corporate Culture

Metito's legacy rests on innovation. The Company initiated its career by being the first organization to install a reverse osmosis plant outside the United States. Since then, the Company's international operations and research centers have allowed it to continue to bring the latest technologies and techniques to the region.

Today, innovation remains a strong component of the Company's culture. Metito's people are both aided to develop and rewarded for their innovation. Fresh graduates' creativity is honed through the graduate program where employees are asked to research and develop technologies in the industry. Middle and top management are sent around the world to attend conferences and seminars to keep abreast of the latest advances. Furthermore, staff throughout the organization work with universities to develop new technologies and water treatment techniques.

Metito's culture also rests heavily on the importance of caring for the environment. The Middle East is facing a water sourcing challenge, the seriousness of which is unmatched in any other region of the world. As such, Metito places great emphasis on leveraging its position in the water industry to promote conservation and a cleaner environment. Metito's employees strive to excel in this area developing products and services focused on water reuse and

desalination. Employees' dedication to this effort has awarded the Company recognition and certifications from associations around the world for environmental conservation.

Most importantly, Metito culture rests on the importance of personal development. The Company recognizes that in order to succeed in either of its first objectives it must train and develop its people to excel. Hence a great deal of effort is placed on developing in depth and extensive in-house training programs. Employees take pride in their self-development and growth.

Human Resource

Metito's Human Resources Team strives to attract, motivate, develop and retain the best professionals in the industry. The team encourage, reward high performance and maintain high ethical standards.

Moreover, our human resource develop policies that promote team work and fair treatment of employees and ensure the highest quality service to our clients and returns on investment.

Communication between Employees and Management

Management believes its clear and open communications style also fosters leadership. Town hall meetings are held quarterly to share strategic initiatives with employees and to field their questions. More informally, the Company holds an open door policy, allowing employees to discuss any issues of concern and make suggestions to Board members at all times.

As a testament to its employee satisfaction, Metito has hired WIRE, a Dubai based social auditing firm, to advise the Company in obtaining its SA 8000 certification. Metito is planning to become the first Company in the Middle East to subscribe to this new standard which revolves around the employee. During a recent engagement by Buck Consultants, a world leading Human Resource consultancy, the two highly experienced consultants based in Boston and London reported that they “had never seen such a loyal and dedicated team of managers.”

Equal Opportunities

Metito is an equal opportunities employer; no employee or potential candidate shall be discriminated against because of sex, ethnic origin, religion or disability. Metito embraces the principles of equal employment opportunity and a working environment free from all forms of discrimination .



Metito Team with Mr. Farouq Ghandour, the Chairman

Training

Metito has developed an extensive and structured in-house and hands-on training and development program to ensure the transfer of knowledge, skills and experience. An example of this is the graduate training program. In this year long program, graduates attend regular training seminars with senior and middle management. They also attend site visits, make presentations on their work and develop graduate projects on systems not related to their immediate lines of business. An example of the latter includes fresh graduates developing a solar powered desalination system and a program that enables engineers to remotely monitor water facilities. These programs help ensure the swift development of young professionals while leveraging their creativity and ability to innovate.

In addition to these training programs, the organization has put in place a number of tools to empower its employees. One such tool is a library of all relevant engineering references to the process industry. Another such tool is an extensive intranet site that facilitates learning and communication between employees globally.

An indication of the success of these training programs and resources in creating industry leaders is the numerous invitations extended to Company staff to share their expertise and experience at industry conferences

To maintain morale, performance, and retention, an extensive appraisal and evaluation processes has been put in place. This process rests on a merit based reward and incentive system. Sales managers are awarded a percentage of gross margins of sales while operations staff are awarded a percentage of net profit of that respective operation. In addition, employees are rewarded on their innovation and positive contribution.

Metito is currently developing and hopes to roll out the 360° review process by year end.

Work Environment and Occupational Health & Safety

Metito has developed a documented Health, Safety and Environment Policy (“HSE”) to: promote the highest level of health and safety for its employees and those of subcontractors and all other persons who may be affected by its operations, manage all activities such that environmental and socio-economic impacts shall be eliminated or mitigated, in compliance with local statutory authorities, carry out all operations related to Engineering, Procurement, Construction and Commissioning with the health and safety of personnel and the impact on the environment as the prime consideration by assigning responsibilities to Managers, Supervisors and Workforce towards safety, provide a plant that is safe to operate and maintain in so far as is reasonably practicable, maintain a high employee awareness of HSE issues through education and training at all levels. Targets for safe working and protection of the environment shall be established and programmes of work implemented, to provide the resources needed to achieve the targets, and seek continuous improvement to its HSE achievements through a Total Quality Management Approach. The company is committed to the development of its staff to enhance their skills and give them a better opportunity to handle the more senior positions in the organization.

Integrating CSR into daily practice

We ensure that our employees are properly informed about how our CSR policy is being implemented. An intranet website has been set up, and CSR – related news articles are regularly published internally, as well as to the external world via our corporate website (www.metito.com) and external corporate media.

Metito and the Environment

Go Green

Metito's new headquarters is currently under construction. This site will combine the company's offices, factory and chemical production facilities.

Technopark is planned to undertake research, incubation, training, technology transfer and other services in a number of industrial areas including desalination and water resources.

Metito's new headquarters at Technopark will be one of the first buildings in the Middle East to be Green Certified by the US Green Building Council. This certification is being awarded for its water reuse system and energy conservation facilities.

Green building is the practice of creating healthier and more resource-efficient models of construction, renovation, operation, maintenance, and demolition. This practice will significantly reduce the negative environmental impact of such facility as well as its associated operating costs.

Environmental Preservation

As part of its business ethics, Metito is committed as an active supporter of a cleaner environment. The Group feels strongly and focuses much of its efforts on improving the environmental impact of its clients and region.

Furthermore, the Group is subject to local laws and regulations in the jurisdictions in which it operates that:

- i) govern activities or operations that may have adverse environmental effects, such as discharges to air and water as well as handling and disposal practices for solid and hazardous wastes; or
- ii) Impose liability for the costs of cleaning up, and certain damages resulting from, sites of past spills, disposal or other release of solid wastes and hazardous substances.

In order to demonstrate the continual improvement of its environmental performance, Metito is actively seeking ISO 14000 certification.



Environmental Education

To re-affirm our commitment to the Environment, Metito organized various events and educated the students on the benefits of recycling. The company firmly believes that the younger generation should be the main focus in creating environmental awareness to the public and promoting each persons responsibility to the environment.

The company has led many educational events which have assisted in the development of the UAE's undergraduates, and highlighted their responsibility to the environment. Such events included site visits to the Metito sewage treatment plant in the Meadows and separate interactive seminars.

Civil engineering students from the American University of Sharjah and students Aldeyfeh school visited Metito treatment plant and also took part in an interactive seminar discussing the benefits of water re-use. From Abu Dhabi Women's College, Ethics students were involved in a seminar highlighting the Metito corporate and social responsibility initiatives.

CSR Micro - site

To continue protecting our environment and prompting ethical business behaviour, Metito is building a CSR website which will be launched soon; it is a way to exchange success stories and ideas about corporate responsibility.

The Ten Universal Principles: Global Compact

We totally support and adopt the ten principles of the United Nation Global Compact which revolve around human rights, labour standard, environment and anti corruption.

We are committed to making the Global Compact part of our strategy, culture and day-to-day operations in order to continue protecting our environment, developing our employees' innovation skills and prompting ethical business behaviour.

Human Rights

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

Labour Standards

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

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption

- Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

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