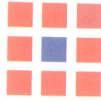


SCANGROUP

Communication on Progress Report

June 2011



SCANGROUP

29th June 2011

Secretary General
United Nations,
New York, NY, 10017
USA

Dear Secretary General,

RE: CONTINUED LETTER OF SUPPORT

I am pleased to confirm that SCANGROUP limited has continued in its support of the ten principles of the United Nations Global Compact in respect to Human Rights, Labor Rights, Environment and Anti Corruptions since our signing up in April last year.

Following our commitment, as is required, attached is our submission of our Communication on Progress report that describes our effort in the implementation of the ten principles.

We hereby pledge our continued support to the UNGC and our abidance to the 10 principles that govern it.

Yours Sincerely,


Bharat Thakrar
Chief Executive Officer

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STATEMENT OF CONTINUED SUPPORT

Hereby enclosed Scangroup's Communication on Progress report, June 30th 2011.

Scope of this Communication on Progress

As it is our first year in the UNGC, we have progressed in our attempt to abide by the United Nation Global Principles in the areas below:

1. Human Rights – Principle 1 and 2
2. Labor Rights- Principle 6
3. Environment – Principle 8 and
4. Anti Corruption- Principle 10

Operating in a unique environment, it is beyond our reach to have systems and activities in place for all 10 principles that govern the UNGC. We have however covered principles that are relevant to our business and the environment in which we currently operate and these are expounded in the pages that follow.

We however pledge to continue to improve our implementation of the 10 principles, where applicable in our ever-changing working environment. (attached Letter from Scangroup CEO).

1. HUMAN RIGHTS

Principle 1: Business should support and respect the protection of internationally proclaimed human rights.

And

Principle 2: Businesses should make sure they are not complicit in Human Rights Abuses.

Support and respect of Human Rights has been integral to our company's operation over the years. We continuously strive to improve this by establishing close relationship with our employees and working in tandem with our suppliers and partners to ensure that the respect of human rights is maintained through our business operations.

We strive to ensure that as an organization, we make no dealings with business partners or contractors that do not hold human rights in high esteem.

Various activities have been undertaken to in the past year to implement these principles:

- Providing safe and healthy working environments for all the employees (as per our code of conduct)
- Set working hours for all employees
- Mandatory 21 day leave for all employees
- Easy access to line managers and HR for handling of grievances covered within our company's code of conduct (Section; Reporting violations)
- Provision of medical services for employees and their families
- Extension of company loans to employees for additional health care and education if need be

SYSTEMS:

- Supplier tracking system that checks all our partners/ suppliers to ensure their businesses are aligned with Scangroup's ways of working
- Open door policy with immediate bosses as well as Group HR Manager
- Fines for employees that are non compliant with our safety and health provisions

2. LABOUR RIGHTS

Principle 6: Businesses should uphold the elimination of discrimination in respect of employee and occupation.

‘Scangroup is an equal opportunity employer,’ (Code of conduct on discrimination). We have over the years put systems in place that drive a discriminatory free working environment. We do not discriminate (sex, age, religion and color) in our recruitment, training or promotion of our employees. Our code of conduct also discourages harassment (verbal, sexual or otherwise) of our employees.

We have over 406 employees; 227 males and 179 females out of which 371 are Kenyan and 35 expatriates.

SYSTEMS IN PLACE

- Annual appraisal and employee review system that promotes employees based on merit
- Open door policy with immediate managers and the Group HR Manager.

3. ENVIRONMENT

Principle 8: Businesses should undertake initiatives that promote greater environmental responsibility

Operating in a city that houses the biggest National Park in the country, it is our earnest endeavor to continue to partner with likeminded organizations in the protection of our environment.

Last year we joined hands with the Kenya Wildlife Service and the Kenya Association of Manufactures to develop the Nairobi Greenline Campaign to protect National Parks across the country. This year the campaign has proven successful with over 50, 000 trees being planted on the border of the Nairobi National Park. Plans are underway to start work at the Nakuru National Park and other Nation Parks around the country.

Internally, our code of conduct stresses environmental accountability. (Section under Community Partnerships) Activities that the company has undertaken are as below:

- Paperless briefing systems where employees are encouraged to send through work on email as much as possible
- Projection of presentations to avoid paper waste
- Recycling of printed paper into scrap books by employees

4. ANTI CORRUPTION

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

“The company has adopted a zero tolerance policy for bribery regardless of any circumstance,” (Scangroup Code of Conduct under Anti Corruption).

As an organization we do not allow violation of the law in our dealings or by any of our employees and business partners. In dealing with our clients, all employees are required to work within stringent measures of integrity and honesty.

SYSTEMS IN PLACE:

The Scangroup Code of Conduct guides our business practices and client dealings by requiring the below from our employees

- Open communication with all our clients
- Stringent Procurement practices to ensure vendor diversity
- Ensuring strict abidance to the Competitions fair market play
- Avoiding situations that could create a conflict of interest with the company or with the law

ACTIVITIES:

- Mandatory online ethics and anti corruption training for all employees (in the last year over 400 employees have undergone the training)

PARTNERSHIP PROJECTS

The company has also undertaken the following partnership projects over the last year:

Nairobi Greenline

Kenya Wildlife Service and Kenya Association of Manufactures joint project to protect National Parks around the country from encroachment. So far the initiative has planted over 50,000 trees around the Nairobi National park and during last year's World Environmental day broke the record for the longest human chain in Africa having over 5000 Kenyans holding hands along the border of the park. This project expands to Nakuru- with the launch of the Nakuru Greenline later on this year.

Childlife Trust

Childlife Trust is an organization that promotes children's rights in East Africa. Scangroup was actively involved in the development for the communication around the Children's Voices, a conference held every year that gives Kenyan children a chance to discuss issues pertinent to them and empowers them to educate other children. Last year's conference was held in July and was dubbed Children's Voices on the Constitution- Yes or No, The Children want Peace. We are currently underway in developing creative materials for this year's Children's Voices Conference.

Scangroup has also been involved in the creative development of Materials for the Food Fun'd- a holiday season drive that encourages the public to donate foodstuffs and clothes as well as The Other Side of the Street Exhibition- that promotes arts and crafts in children rehabilitation centers around the country.

We are currently working on the Children's Voices Campaign for this year, and plan to work on the Other Side of the Street Exhibition before the close of 2011.

UNDP and Uwiano Platform for Peace

McCann Kenya Limited undertook this project under Peacenet and the UNDP secretariat prior to last year's referendum. A Print and Radio campaign was developed to spread the message of respect of people's views, peace and acceptance and ran during the month leading up to the referendum.

AWARDS AND DONATIONS

Scangroup through McCann Kenya Limited in the last year won a Regional Finalist award from the Loerie Awards for its creative work on Childlife Trust's **A CITY FIT FOR CHILDREN**- Children's Voices Campaign.

Monetary Donations for the last financial year totaling over Kshs. 1 million are as below:

- Nairobi Greenline – Kshs. 500,000
- Hope House Babies Home- Kshs. 240,000
- Ndakaini Marathon- Kshs. 100,000
- Ndegwa School- Kshs. 100,000

Others:

- KBCWS – Kshs. 51,000
- PRSK Golf Sponsorship – Kshs. 30,000
- Martin OO Education Trust – Kshs. 30,000
- Karura Charitable Donations- Kshs. 20,000
- Esikulu Primary School- Kshs. 10,000