



Communication on Progress Year: 2011

Statement of Continued Support of the UN Global Compact

I am pleased to confirm that Mabati Rolling Mills Ltd supports the ten principles of the United Nations Global Compact in respect to Human Rights, Labour rights, the environment and Anti-corruption. With this communication, we express our intent to support and advance those principles within our sphere of influence. We commit to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company and undertake to make a clear statement-to our employees, partners, clients and to the public of this commitment.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our effort to implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress annually according to the Global Compact COP policy.

Sincerely,

Kaushik Shah,

Chief Executive Officer

22nd September, 2011

Company name: MABATI ROLLING MILLS LTD

Sector: INDUSTRIAL METALS AND MINING

Number of employees: 1446

UN Global Compact signatory since: 2006

Contact person: CEO: MR KAUSHIK SHAH

Address: Apollo Centre Ring Road, 1st floor Westland's. P O Box 46934-00100 Nairobi

Email : Kaushik@mabati.com

Phone: (254) 020 – 8083985/6

Brief description of nature of business

We are a manufacturing company specialised in building and roofing solutions that include sheet products and steel system building structures.

Scope of this COP

This COP is a report for the period between September, 2010 and September, 2011 and covers all the ten principles of the Global Compact. It extends to all employees, management, and suppliers and is intended to be communicated to the stockholders, staff and the general public.

Human Rights	
UN Global Compact principles covered:	<p>Principle 1: Business should support and respect the protection of internationally proclaimed human rights</p> <p>Principle 2: Business should ensure that they are not complicit in human rights abuses</p>
Human Rights Current	<p><i>Commitment</i></p> <p>MRM is committed to the prevailing Global Compact principles and Recognizes fundamental human rights to its stakeholders and Human Resources through the conduct of all its business activities.</p> <p><i>A brief description of our Processes or Systems</i></p> <p>The Company Human Resources policies encompass the Employment Laws of Kenya and the ILO Conventions on Human Rights at the work place. Company core values and open door policy</p> <p>Employees and communities in and around MRM are treated with respect and dignity, pre-empting situations likely to bring about human rights violations. The company Supports human freedom and empowerment as per the universal declaration of human rights.</p> <p><i>Activities implemented in the last year</i></p> <p>MRM has been providing access to basic health, education and safe living conditions through,</p> <ul style="list-style-type: none"> • Improved medical covers, • Occupational health and safety trainings, and audits conducted annually. The external audit is conducted by Government representative. • General wellness and HIV Intervention programs held regularly. • Upgraded the current clinic to a Medical Centre catering for staff and communities at affordable cost. • Safety guidelines, manuals, Visuals in the factory and offices • Provision of protective materials and equipment • Healthy food prepared and served under hygienic conditions and at subsidized rates to the staff • Establishment of suggestion boxes • Provision of recreational facilities such as gym, darts, reading space and sports ground • Safety committee which holds quarterly review meetings • Gym facility is open for fitness at no cost to the staff. <p><i>Measurement of outcomes and value added for our company</i></p> <ul style="list-style-type: none"> • Reduced reports of Accidents and incidents. • Favourable working environment. • Improved medical attention to employees

	<ul style="list-style-type: none"> Improved Productivity. Reduced absenteeism
Human Rights Future	<p><i>Activities planned for next year</i></p> <ul style="list-style-type: none"> Staff sensitization sessions on basic human rights. Training of all managers and supervisors on implementation of the new constitution on issues related to the bill of rights. Occupational Health and Safety Quarterly meetings, Inspections and Annual Internal and External audit. General Wellness policy and programs formulation and Peer Educators Training
Labour Rights	
UN Global Compact principles covered:	<p>Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining</p> <p>Principle 4: Business should support the elimination of all forms of forced and compulsory labour</p> <p>Principle 5: Business should support the effective abolition of child labour</p> <p>Principle 6: Business should support the elimination of discrimination in respect of employment and occupation</p>
Labour Rights Current	<p><i>Commitment</i></p> <p>MRM is committed to protect labour rights. Members of Federation of Kenya Employers Kenya Association of manufacturers..</p> <p><i>A brief description of our Processes or Systems</i></p> <p>Laws CBA, Guidelines and policies are adhered to in letter and spirit. Voluntary recruitments done through vacancies, advertisements and national publications</p> <p>MRM presents equal employment opportunities and rights regardless of gender, race, religion or ethnic group. Has a clear code of conduct policy displayed in the intranet. Staff allowed joining memberships. Annual performance Review forums and retreat</p> <p>The Human Resources policies encompass the employment laws of Kenya and the ILO conventions of human rights at the workplace.</p>

	<p><i>Activities implemented in the last year</i></p> <ul style="list-style-type: none"> • Revised leave policy • Training and forums on labour related issues conducted quarterly or as need Long serving employees on basis upgraded into permanent Union negotiations to address occupational equality All union employees covered by CBA Working hours, grievance mechanisms, redundancy , salaries, benefits and allowances, Leave, Implemented standard operating disciplinary procedures in progress, Appeal included in working policy, Accidents and Incidents managements, medical issues, meals transport. • Non screening on HIV • Quarterly employee meetings are held to communicate policies and updates. Measurement of outcomes and value added for our company: Peaceful and motivated workforce • Improved relations with the union employees, Safety due Transport provision
Labour Rights Future	<p><i>Activities planned for next year</i></p> <p>Staff sensitization sessions on labour laws and ILO convention.</p> <p>Training of managers on implementation of labour laws</p> <p>Signing of Agreed CBA on working conditions.</p> <p>Implementation on current and signed CBAs</p> <p>Group forum/Retreat</p>

Environment	
UN Global Compact principles covered:	<p>Principle 7: Business should support a precautionary approach to environmental challenges</p> <p>Principle 8: Business should undertake initiatives to promote greater environmental responsibility</p> <p>Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies</p>

Environment Current	<p><i>Commitment</i></p> <p>MRM is committed to take precautionary approach to environmental issues with reference to International standards, government law in Kenya and National Environmental Management Authority in Kenya CSR policy encourages conservation of environment.</p> <p><i>A brief description of our Processes or Systems</i></p> <p>Kaizen principles are applied to ensure waste management, Safe disposal, clean environment and continual improvements in business practices.</p> <p><i>Activities implemented in the last year</i></p> <ul style="list-style-type: none"> • Substitution for wood trusses with steel trusses Safal Mitek • Construction of Sewage treatment plants- Construction of Effluent treatment plants • Participation in Wild life conservation • ISO 14001 Environmental Management Systems Certification and implementation • Annual Environmental audits and licensing conducted by NEMA Kenya • establishing of Lawns nurseries and construction made by recycled water • Replacement of high energy to power saving lamps and solar system • Use of translucent sheets to eliminate electricity usage during the day • Participation in Community Clean up activities • Energy audits held every 2 years – last one was in 2009 <p><i>Measurement of outcomes and value added for our company</i></p> <ul style="list-style-type: none"> • Reduced wastage of steel, polythene paper and wood • Savings on Energy • Clean Environment • Environmentally conscious employees • Reduced negative industrial impact on the environment • No expenditure on penalties for violating environmental regulations • Good relations with surrounding community and government agencies

Environment Future	<p><i>Activities planned for next year</i></p> <ul style="list-style-type: none"> • Tree planting • Acid recycling (Potato treatment) • Nurseries for seed distribution to the community • Installation of additional solar water system • Certification for Environmental Standards ISO 18000. • Integration of Environmental, Kaizen, Quality and Health and Safety dockets into ERP/Sap for corporate policy • CSR Policy and Certification of ISO 26000 follow- through Training • Risk Management policy & Strategy follow - through • Training
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Anti-corruption	
UN Global Compact principles covered:	Principle 10: Business should work against corruption in all its forms, including extortion and bribery
Anti-corruption Current	<p><i>Commitment</i></p> <p>MRM does not tolerate corruption in all its forms and other vices. There is commitment to policy, value statement, global compact principles and corporate governance policies that outlaw corruption in the business.</p> <p><i>A brief description of our Processes or Systems</i></p> <p>MRM's value statement affirms the company policy on anti-corruption: We do <u>not</u> take shortcuts to quality and ethics. There is code of ethics and business conduct that is binding to the staff and suppliers. The Human Resource Department has developed an employee handbook to guide staff operations.</p> <p><i>Activities implemented in the last year</i></p> <ul style="list-style-type: none"> • Adherence to Kenya Bureau of Standards regulations on quality standards. • Stakeholder dialogues are convened as an act of transparency. • Enforcement of Code of Ethics & Business Conduct, Corporate Governance policies, HR Employee handbook, and the Anti-Corruption Act of Kenya. • The compliance office ensures standards and procedures are stated in the whistle blower, the employee code of conduct standard and in other documents are adhered to. • Transparency in all operations through SAP - Enterprise Resource planning • Ethics Online training by all employees. <p><i>Measurement of outcomes and value added for our company</i></p> <p>There were no cases on violation of ethics policy of the company, blacklisting and staff discipline for reasons related to corruption.</p>

Anti-corruption Future	<p><i>Activities planned for next year</i></p> <p>Risk Management & Training</p>
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How do you intend to make this COP available to your stakeholders?
<ul style="list-style-type: none"> • Communicate through electronic means, website, intranet and open forums • Company management review reports • Global Compact Network Forums

Donations, awards

Donations:

We support the community in various activities that are geared towards attaining the Millennium Development Goals:

- Shelter: provision of building and roofing solutions; facilitation of low cost housing; Building Dining Hall for Starehe Girls Centre, Support to Liberty Centre, Mlolongo and through MRM chairman, established Chandaria School of Business at United States International University.
- Education: Provision of Mabati Technical Training Centre offering vocational training to the under privileged. This has enabled them acquire skills necessary for employment and individual entrepreneurship; The company is a fund contributor to the Kenya Entrepreneurship incubation centre; We are members of Kenya Industrial Training Institute and provide internship program opportunities to colleges and universities; MRM sponsors quarterly training in various sectors to external stakeholders; i.e., facilitate industrial visits for Institutions, police and local technicians; Internal training and development plans for staff are conducted throughout the year through development plans; The chairman has sponsored Business School at United States international University of Kenya; Provision of support to Schools like the Starehe Girls Centre; Liberty Centre Mlolongo , Mutate and Sasuma in Rift Valley, Kenya.
- Health and Sports: setting up of medical clinics and HIV &Aids related centres. Provide medical services to the local communities and highly subsidized rates. We at MRM engage in sports. Friendly matches are held at the sports ground located at the work premises.
- Environment and innovation: Elimination of waste through Kaizen principles. Greenage by Use of Trusses for building instead of timber, use of recycled water to irrigate, Tree planting and community outreach projects.
- Standard Chartered Marathon participation through 2010 Corporate Challenge Sponsorship

Awards:

- Company of the Year Award participation after every 2 years (recent 2009)
- Best ICT application for industrial production 2010
- Most collaborative General Engineering & Allied industry by KATTI Nairobi region
- Private Sector HIV & Aids 2010 Theme ‘Acclaiming private sector response to the impact of HIV & Aids in Kenya – Community Engagement Programs 3rd category
- Private Sector HIV & Aids 2010 ‘Acclaiming private sector response to the impact of HIV & Aids in Kenya – Comprehensive workplace Programs 3rd category
- Horton Bozillo award at Interzac 2010
- Best ICT application for industrial production 2010
- Kaizen – Continuous improvement Champions Training – Certificates to staff participants
- Global compact Network Kenya recognition as best case in Labour standards & Human rights
- Sports – football tournament trophies 2010
- East Africa CSR Programs –Highly recommended category

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