

## GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS

<b>Company Name</b>	Mabati Rolling Mills Ltd (MRM)	<b>Date</b>	April 7, 2008
<b>Unit (if applicable)</b>			
<b>Address</b>	P.O. Box 271 Athi River 00204	<b>Membership date</b>	2006
<b>Country</b>	Kenya	<b>Number of employees</b>	650
<b>Contact name</b>	Mr. Kaushik Shah	<b>Sector</b>	Manufacturing
<b>Contact Position</b>	Chief Executive Officer		
<b>Contact telephone no.</b>	+ 254 20 6427000		

### Brief description of nature of business

Mabati Rolling Mills (MRM) is the leading manufacturer of flat and long sheet products in Africa. It is a member of the SAFAL Group of companies. The products include un painted steel sheets, pre-painted steel sheets and stone coated modular tiles. The company has continuously held a leading position in the steel industry for over four decades in the African region.

### Statement of support

For MRM incorporating the Global Compact principles in its business processes means practising ethical criteria, encouraging the preservation of the environment, respect for human rights, people and working for the good of society. Its also a declaration of good intentions, how the company operates and commitment to its stakeholders. Our commitment to shared corporate values, human rights, environmental and safety responsibility led to the company being declared as best overall company of the year 2007 by the Kenya Institute of management.

**Signature**

**Position**

## PRINCIPLE 1 BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

### Our Commitment or Policy

- The company treats all employees in the same way irrespective of gender, marital status, age, race, nationality, political affiliation, religion or ethnic region.
- The employees social and professional development is considered a substantial element for corporate success and future of the organisation.

### A brief description of our Processes or Systems

- MRM does not discriminate in the recruitment process on age, gender, race, disability, religion, belief or sexual orientation.
- The company respects the dignity of every employee
- Issues pertaining to hours and days of work, the physical conditions of the workplace, environment, annual leaves and flexible working hours are properly documented and communicated to all employees.

### Actions implemented in the last year / planned for next year

- The company periodically contracts an external consultant to conduct an attitude survey in order to evaluate employees' attitude towards the company.
- The results of the survey are shared and given high attention by top management, recommendations discussed and implemented.
- The Chief Executive is responsible for overseeing the development and implementation of equal employment opportunity

**Measurable Results or Outcomes**

- Good corporate reputation and enhance image – Won overall best company of the year in Kenya - 2007
- The company of the year award is an annual exercise that seeks to recognise organisations that have demonstrated excellence in their management practices

**PRINCIPLE 2 BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES****Our Commitment or Policy**

- The company respects the universally recognized fundamental human rights of all its employees, MRM is committed to providing a workplace where all employees are treated with respect and dignity

**A brief description of our Processes or Systems**

- The company supports human rights issues as stated in the Universal Declaration of Human Rights.
- We to avoid situations that could be interpreted as violating human rights
- Apart from being sensitive to offensive conduct, every employee, executive, supervisor and manager has a duty to help ensure that the climate in the workplace is one of trust and mutual respect.
- All employees working in the production areas are provided with the necessary protective gears

**Actions implemented in the last year / planned for next year**

- As a company we do not tolerate human rights abuses, while at the same time we work with the government and relevant authorities to support and respect human rights.
- The company does not also tolerate any type of work harassment or abusive language amongst its employees.

**Measurable Results or Outcomes**

- Motivation leading to performance effectiveness
- Preferred employer
- Recruitment of desired talent

**PRINCIPLE 3 BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING****Our Commitment or Policy**

- We respect employees' rights under existing labour laws and allow them to have collective bargaining relationships.
- The company maintains a healthy and constructive relationship with the union representatives who have negotiating powers on issues of mutual interest.
- We value all employees and their contributions, promote open dialogue in the company as we strive to make diversity one of our strengths

**A brief description of our Processes or Systems**

- MRM believes in the employees' fundamental principles and rights to association and collective bargaining.
- The company does not interfere with union activities within the context of good labour relations.
- The Company allows free movement of employees.

**Actions implemented in the last year / planned for next year**

- Developed policies provide guidelines for standard operating procedures and behaviour expectations in the framework of labour legislation.
- An Employee hand book provides essential reference points for employees.

**Measurable Results or Outcomes**

- There is tranquillity and good labour relations throughout the operations in the Company.

**PRINCIPLE 4 BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR****Our Commitment or Policy**

- The company does not employ forced, bonded or child labour while at the same time guarding against any form of harassment in the workplace.
- All our employees are sourced from the market through advertisement placed in the local newspapers.

**A brief description of our Processes or Systems**

- All employees are provided with labour contracts according to existing employment parameters within the laws of Kenya.

**Actions implemented in the last year / planned for next year**

- We have adopted flexible working hours to enable our employees' plan and effect their advancement in skills/knowledge and behaviour through study.
- Employees discuss with their supervisors/managers in consultation with the human resource professionals regarding career path, personal growth and job advancement.

**Measurable Results or Outcomes**

- Employee satisfaction index
- Decreased absenteeism
- Decreased turnover

**PRINCIPLE 5 BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR****Our Commitment or Policy**

- MRM shall not and will not engage in any kind of child labour whether directly or indirectly.
- The company endeavours to play an important role in supporting Kenya's desire to provide a good education for all children in the country.

**A brief description of our Processes or Systems**

- MRM supports the Government of Kenya in achieving the Millennium Development Goals including the achievement of Universal Primary Education.
- In 2004 MRM set up a vocational training centre known as Mabati Technical Training Institute in Mombasa.
- This is a venture by MRM – EIB TRUST in collaboration with Salesians of Don Bosco to empower young people and youths who have dropped out of school due to poverty with the aim of keeping them away from employment when they are still underage.
- The acquired skills provides the youth with hope and security of living and independent and self assured life.

**Actions implemented in the last year / planned for next year**

- In our efforts to assist these young people with decent employment, the Institute has developed an efficient network with many industries in the region for the job placements of the trainees upon completion of their courses.
- The company provides opportunities to many youths who would not otherwise have the opportunity to further their education

**Measurable Results/Outcomes**

- All grandaunts of the Institute have been absorbed in employment and they come back to mentor and act as role models to their peers still in training.
- We endeavour to provide technical and entrepreneurial skills to the disadvantaged young people while at the same time improving the quality of life and subsequently contributing to socio – economic development of the area and elimination of child labour.
- Provided skills that result in economic development and subsequent creation of Jobs

**PRINCIPLE 6 BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION****Our Commitment or Policy**

- The company in cooperation with its union employees and associations, promotes a work environment that is free from discrimination and sexual harassment where all employees are treated with respect and dignity.
- The majority of MRM employees are come from the local community where operations are located. The company does not discriminate against sex, colour, and religion with regards to employment.

**A brief description of our Processes or Systems**

- MRM is committed to the provision of equal employment opportunity for all staff, diversity, the merit principle and the elimination of discrimination on the basis of irrelevant characteristics such as race, nationality, gender, sexual orientation, marital status, family responsibilities, careers' responsibilities, political conviction, religious belief, disability, or age.
- We have put measures in place to address any form of discrimination

**Actions implemented in the last year / planned for next year**

- Our HR strategy is about creating and developing an effective team that focus on productivity and continuous improvement as exemplified by the Kaizen principles.
- Success in performance is recognized by our reward system based on prescribed performance standards.

**Measurable Results or Outcomes**

- Employees participate in achievement of set goals and measures within a time frame.
- Teamwork is evidenced by high performance in the achievement of strategic business objectives.

**PRINCIPLE 7 BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES****Our Commitment or Policy**

- We believe in environmentally friendly processes and attach utmost care for the community in which we operate and concern for the staff who run our processes and equipments.
- We adhere to applicable national, international, legal and statutory requirements related to environment, safety and health in all our manufacturing processes.

**A brief description of our Processes or Systems**

- As an ISO 14001 certified company, we monitor environmental performance, identify non – conformities and take corrective actions as required.
- Treated water from effluents, noise pollutions and air emissions conform to National Environment Management Authority (NEMA) and Internal Finance Corporation (IFC) Standards.
- These systems and standards ensure that we continuously improve throughout our scope of operations.

**Actions implemented in the last year / planned for next year**

- A waste management project was undertaken through Internal Gemba Kaizen (Continual Improvement) project.
- The segregated waste (polythene, paper, metal) are sold for recycling which ensures our commitment to a greener environment.
- We review and monitor performance of safety, health and environmental objectives within a programme of continual improvement to enhance our commitment to zero accidents and pollution prevention.
- Compliance reports are submitted to IFC and NEMA on annual basis

**Measurable Results or Outcomes**

- Our environmental management systems conform to international standards and practices.
- Have an accident free environment, where employees and visitors to our premises understand and take interest in their own health and safety including those around them.
- We have a special reward scheme for all employees who adhere

**PRINCIPLE 8 BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY****Our Commitment or Policy**

- While the backbone of MRM's environment is ensuring that all company locations are in compliance with labour laws and regulations, we have gone far beyond this in setting our own, more stringent standards.
- We provide necessary instructions relating to health, safety & environment, personal protective equipment, controls and measures to assure good health to the employee
- We communicate our commitment to health, safety and environment policy to employees, customers and other stakeholders to solicit their input in meeting our objectives.

**A brief description of our Processes or Systems**

- We have established a health, safety and environment committee among who are, management representatives with the authority and competence to measure and monitor performance.
- We preserve the environment by making our environmental risk management capabilities available and promoting environmentally sound practices in the workplace.
- The company promotes environmental education among the community and employees, and improvement of environment which are vital for survival and well being of human beings

**Actions implemented in the last year / planned for next year**

- The company in partnership with the local town council in Mombasa organised a major

environmental clean up and conservation drive in which more than 2,000 residents participated in the exercise

- We ensure all employees of the company agree as a term of their employment contract to comply with all instructions necessary to ensure the health and safety of themselves and other workers
- We periodically review and monitor performance of safety, health and environmental objectives within a programme of continual improvement to enhance our commitment to zero accidents and pollution prevention.

#### **Measurable Results or Outcomes**

- Through the Gemba Kaizen (Continual improvement) projects, we have supported and strengthened environmental education programs to engage multi-stakeholders ( Employees, Community, Government and Business people) in caring for the environment

### **PRINCIPLE 9 BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES**

#### **Our Commitment or Policy**

- We have adopted steps to promote a greater sense of environmental responsibility, and we work towards the development and diffusion of environmentally-friendly technologies
- We have invested in the best available technologies that are environmentally friendly so that our activities and services are more efficient.
- These technologies optimize the use of energy and chemicals. by means of an efficient energy management and an environmentally friendly evaluation

#### **A brief description of our Processes or Systems**

- A policy on environment is in place to guide the implementation of all processes & systems.
- An effluent treatment plant has been installed at the factory.
- Sign-boards have been displayed everywhere in the factory alarming on safety measures to ensure safety compliance

#### **Actions implemented in the last year / planned for next year**

- We have invested in the latest technologies which aim at zero waste. We reduce the use of energy, chemicals and dangerous substances by means of an efficient energy management and an environmentally friendly evaluation.
- We shall strive continuously to reduce our waste quantities and production waste by an active quality control.

#### **Measurable Results or Outcomes**

- Reduction of power savings - Cost Savings.
- We reduce the use of energy and waste by using an efficient energy management and active quality control systems. The company practices the Gemba Kaizen Principles – a japanese concept which aims reducing waste in the process

### **PRINCIPLE 10 BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY**

#### **Our Commitment or Policy**

- Our commitment to combating corruption is entrenched in our corporate values and employees handbook.
- Under the company's code of conduct, employees shall not offer, give or receive any gift or payment which may be construed as being a bribe.
- MRM does not give, receive directly or indirectly, bribes or improper advantages for business or financial gain.
- The company prohibits any form of bribery but at the same time supports free and fair competition.

#### **A brief description of our Processes or Systems**

- We maintain transparency, openness and accountability across in all our operations.
- The management provides employees with a work environment in which the risks of corruption are minimised.
- All records pertaining to accounts must have all supporting documents which describe and reflect the nature of the underlying transactions.

**Actions implemented in the last year / planned for next year**

- The company endeavours to provide proper conditions of service, office environments, adequate salaries and alluring pension benefits, better promotional facilities, periodical raise, adequate rewards for integrity and conscientious work.
- We believe that this will go a long way in eradication of corruption (if any) among the employees.

**Measurable Results or Outcomes**

- Employees are encouraged to refuse any corrupt offers they may be offered in the course of duty and report such incidences to the senior management
- Through its internal audit department, the company conducts risk assessment and compliance in operations and processes in order to identifying corruption risk areas.
- Any discrepancy found is reported to the management and the action taken or rectified immediately.
- No cases of corruption have been reported to the management so far.

**How do you intend to make this COP available to your stakeholders?**

- To keep the employees and public informed, the company will publish its activities through the company quarterly newsletter (*Mabati News*), the website and annual reports and circulate to all our stakeholders.