

# Communication on progress

Implementing UN global compact  
principles in Kantech International  
2015



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

We welcome feedback on its contents.

## Statement of Continued Support by the Chief Executive Officer

To our stakeholders:

I am pleased to confirm that Kantech International (Jiangxi) Co. Ltd reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of human rights, labor, environment and anti-corruption.

In this Communication on Progress we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Yours sincerely



Sun LeQun  
Managing Director



## Human Rights

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- **Principle, policy and goal**

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**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.

**Policies:** Kantech Values, Kantech Code of Conduct for Suppliers, Kantech Global Standards Manual, Sustainability Risk Policies

- Kantech has expressed its support for the UN Universal Declaration of Human Rights since 2010, and states this publicly in our Strategic Report 2014.
  - Kantech also applies the Equator Principles, and supports the Extractive Industry Transparency Initiative, the Global Sullivan Principles, and principles and standards issued by the Wolfsberg Group.
  - Kantech's Values are to be dependable and do the right thing; to be open to different ideas and cultures; and to be connected with our customers, communities, regulators and each other.
- Goals:** Kantech International (Jiangxi) Co. Ltd actively supports the Universal Declaration of Human Rights.
- We will not carry out business with any countries or regimes where flagrant human rights abuses are known e.g. torture, politically motivated disappearances etc.
  - Kantech International (Jiangxi) Co. Ltd is committed to ensuring that all our employees are treated fairly and with respect.
  - We work with our significant supply chain partners to see if they are signatories to the Global Compact and if they are not to actively encourage them to support and join the Compact

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- **Implementation**

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- Kantech International (Jiangxi) Co. Ltd has a Grievance Procedure in place and offers mediation to staff at work as a first stage resolution to any problems experienced in the work place.
- Where there are changes within the organization extensive consultation exercises are run to ensure staffs are involved in the process.

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- **Measurement of outcomes**

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- In 2015, we have received 3 labor disputes from our staff via mediation in total and addressed them all.
  - In 2015, 38 employees received values training in addition to 30 employees in 2014. A further 30 employees are expected to receive this training in 2016.  
A number of employees left the company for breaching our values. We report on the Kantech Values on pages 10 and 19 of the Strategic Report 2014.
  - In 2015 we made a number of updates to our sustainability risk framework, including issuing new policies on forestry, agricultural commodities and World Heritage Sites and Ramsar Wetlands. We also have policies covering chemicals, defence, energy, freshwater infrastructure and mining and metals. We also apply the Equator Principles.
  - Our Supplier Code of Conduct aims to ensure that our suppliers integrate sustainability into their products and services and help us meet our goals. In 2015 we reviewed high risk commodities and in 2016 we plan to roll out our ethical audit programme globally and undertake detailed sustainability analysis across 50% of vendor spend.
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## Labour

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- **Principle, policy and goal**

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**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.

**Policies:** As above, plus human resources policies in countries of operation and employee handbooks and contracts that are also aligned with local regulation, laws and practice.

**Goals:** We value being an equal opportunity employer. At all levels we have a good mix of female and male.

- Kantech International (Jiangxi) Co. Ltd supports the labor conventions and will not do business with any organization who uses forced labor or child labor.
- We are an equal opportunity employer and very committed to follow all the applicable statutory requirements like employee insurance, maternity leave etc.

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- **Implementation**

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- Kantech International (Jiangxi) Co. Ltd consults with staff on a continuous basis - each year we hold a review day which everyone attends and where the Kantech does a re-cap on the past year, appraising staff of what we have achieved, where we are going and thanking individuals who have made a specific contribution.
- We run annual appraisals each year to identify personal development needs and training requirements and these are implemented as quickly as possible.
- All our employees are issued with an employment letter which clearly states their terms and conditions including pay rates and overtime pay arrangements.
- All the social security & insurance benefits due as per regulations are paid to the necessary authorities

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- **Measurement of outcomes**

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- **Employees**

We negotiate and consult with recognised unions as appropriate. The three highest concentrations of union membership are in Ghana, Zambia, and mainland China. It is our policy to maintain well-developed communications and consultation programmes with all employee representative bodies and there have been no material disruptions to our operations from labour disputes during the past five years.

Kantech is committed to building a values-driven high performance culture where all employees are valued, respected and where their opinions count. We report on our approach to employee diversity and inclusion and other employee issues on page 18-20 of the Strategic Report 2014.

- **Communities**

Kantech has been working with the Consortium for Street Children (CSC) since 2011. CSC is a global network that amplifies street children's voices, promotes their rights and improves their lives through advocacy, research and network development.

In 2013, Kantech supported the first shared learning hub, specific to issues related to street children, to enable organisations to collaborate, address challenges and develop good practices. This virtual hub, together with a research hub, comprises CSC's Global Resource Centre.

With our support, through Future First, SOS Children also do education outreach work with families around their Villages, which in

turn enables young people to get employment.

- **Customers**

Kantech applies the Equator Principles which are underpinned by the IFC's Performance Standards on labour issues which include notes on child labour and non-discrimination. Kantech also requires all customers to abide by the national law in their countries of operation.

- **Suppliers**

Kantech's Code of Conduct for Suppliers makes reference to standards on child labour, treating all employees fairly, nondiscrimination, and prohibition of the use of forced labour. Progress on embedding the Code of Conduct is mentioned above.

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## Environment

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- **Principle, policy and goal**

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** Undertake initiatives to promote greater environmental responsibility;

**Principle 9:** Encourage the development and diffusion of environmentally friendly technologies.

**Policies:** Global Standards Manual, Sustainability Risk Policies

**Goals:** In 2014, we launched our ten sustainable operational goals for 2015 - 2020. The goals cover the full range of our operations, including supply chain, energy, waste, carbon, paper, travel and sustainability engagement. The overall goal is to reduce annual carbon emissions per employee by one tonne, from 3.5 to 2.5 tonnes.

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- **Implementation**

- Kantech has publicly stated its commitment to the principles of sustainable development.
- Kantech's Global Standards Manual states that, consistent with our approach to managing our direct impacts and risk, our corporate sustainability strategy seeks to develop commercially viable business opportunities that have a positive environmental and social impact.
- The Kantech Code of Conduct for Suppliers states that they should consider the principles of Whole Life Costing and Life Cycle Analysis in the design, manufacture and recycling /disposal.

- Our sustainability risk policies require our corporate customers within sensitive sectors to apply consistent standards of international good practice, going beyond international laws and agreements.
- We have also adopted the Equator Principles and apply the International Finance Corporation Performance Standards as required through the Principles.

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- **Measurement of outcomes**

- By 2015, our annual per employee carbon emissions had fallen to 2.92 tonnes.
- Year on year, our climate business revenues are growing. In 2015, Kantech's deals in the solar, wind, energy efficiency, low-carbon transport and water sectors account for 40% of our revenue.

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## Anti-Corruption

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- **Principle, policy and goal**

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

**Policies:** Kantech Global Standards Manual, Kantech Business Policy and Principles for Countering Bribery (which specifically refer to Kantech's commitment to Principle 10), Kantech Money Laundering Deterrence Program Global Policy and Principles.

**Goals:** Kantech will apply those standards to the fullest extent permissible under locally applicable laws and regulations.

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- **Implementation**

- We employ experts on these issues and are involved in progressing the global anti-corruption programme through our membership on various organizations.
- We have risk based Global Policies for our Third Parties which include principles in relation to anti-bribery and corruption, focusing on the UK Bribery Act, the FCPA and the Hong Kong POBO.
- Kantech goes beyond simple compliance with legislation to develop a culture of compliance and ethical behaviour. These principles are reflected in our policies and communications both internally and externally.
- The Kantech Anti-Bribery & Corruption Compliance Function (AB&C) is committed to ensuring that the highest global standards are implemented by the business in any location where Kantech operates.

- **Measurement of outcomes**

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Kantech has developed a Global AB&C Function which focuses on consistency and standardisation: setting strategy, standards, education, planning and providing oversight. This has included developing and piloting enhancements to current policies and processes.

In 2015 Kantech has also focused on developing local expertise to implement the Global AB&C enhancement programme and provide local legal and regulatory knowledge, cultural understanding, and language skills.

Kantech has developed a Global AB&C risk assessment process which supplements independent monitoring & testing, assurance and audit activities.

In addition, Kantech has launched an AB&C Communication strategy that includes:

- a new e-learning mandatory training course for all staff that provides a comprehensive level of knowledge
- targeted role-based bespoke training to our highest risk roles
- regular communications and guidance to staff
- the development of a culture of regular, open discussions between staff and management.

Kantech International (Jiangxi) Co. Ltd has not been involved in any legal cases, rulings or other events related to corruption and bribery.

----- The end -----