

26th September 2017

H.E. Antonio Guterres
Secretary General
United Nations
New York, NY
10017, USA

Dear Mr. Secretary General,

Re: Commitment to the UN Global Compact

I am pleased to confirm that Intex Construction Limited reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. In this Communication on Progress, we describe our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations. We are also committed to share this information with our stakeholders using our primary channels of communication.

With this communication, we express our willingness to continue supporting and advancing the principles of the UN Global Compact through our policies, processes and daily operations. In case of any further enquiries do not hesitate to contact us.

Sincerely yours,



For: **Samit Gehlot**
Managing Director

GLOBAL COMPACT COMMUNICATION ON PROGRESS – OCTOBER 2017

SCOPE OF COMMUNICATION ON PROGRESS

The scope of this COP is a description of the activities of the last year in four areas: Human Rights, Labour, Environment and Anti-corruption. It includes a measurement of outcomes and goals for the coming year.

A. HUMAN RIGHTS

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2:

Businesses should ensure that they are not complicit in human rights abuses.

i. Assessment, policy and goals

Intex recognizes and adheres to the Universal Declaration of Human Rights. The company is also fully committed to adhering to all relevant Kenya legislation that are applicable in the industry.

- In 2017, Intex joined the B Team - an initiative launched by the Virgin Group (UK). The B Team concept uses the UN Principles for Business and Human Rights to mobilize an extraordinary network of organizations around the world to champion and model the elements that define a 100% Human organization: Equality, Respect, Growth, Belonging and Purpose.
- Our policies promote an organization culture that emphasizes respect for all our employees and stakeholders. We value each person as unique with equal rights and freedom as expressed within the Articles of the Universal Declaration of Human Rights
- Through our social impact programs, we champion human rights and take it a step further by implementing activities that educate marginalized communities - especially women and children on their human rights. This is in line with Sustainable Development Goal (SDG) 4.
- Apart from raising awareness, all companies in the Intex Group are expected to carry out social impact projects that improve and strive to ensure equal access to education with respect to SDG 4; improved access

to health with respect to SDG 3, improved nutrition; and improved access to essential resources and amenities e.g. water and safe sanitation which is in line with SDG 6

- Through the Group Foundation – KG Foundation, we work with partners and stakeholders at the grassroots level to improve the quality of life of disadvantaged, marginalized and vulnerable people in line with SDG 1.
- Goals for the upcoming year are as follows:-
 - ✓ To carry out a Human Rights audit of our policies, processes and systems.
 - ✓ Awareness and capacity building on Human Rights issues which will be targeted at staff and the local community.
 - ✓ Launch a counselling program to support employees who are dealing with stressful situations.
 - ✓ Measure performance against human rights improvement targets.

ii. Implementation & brief description of processes

- We expressly make a commitment to promote equal rights and freedoms for all in our core HR policies.
- Our recruitment policy emphasizes that Intex is an equal opportunity employer. We value each individual as unique and able to contribute to the company's goals. We are therefore careful not to discriminate an individual on any basis.
- We recognize and empower indigenous peoples by ensuring that a significant number of staff that meets hiring criteria is hired from the local communities.
- Selection of staff is based on the closest match of each candidate solely to the demands of the job without regard to race, color, nationality/ethnic origin, gender, disability, age, political/religious beliefs, marital status, stages in life, pregnancy, HIV/AIDS status, internal or external relations or associations.
- Community liaisons from local communities are hired to promote the interests of the communities we operate in. They work with Corporate Social Responsibility (CSR) Officers to support our efforts to raise awareness and educate locals on various pertinent issues e.g. HIV awareness, access to education.
- In June 2012, Intex established a charitable Trust to implement social impact programs that are focused on alleviating poverty in disadvantaged and marginalized communities specifically children and other vulnerable groups. This goal is aligned to the first Sustainable Development Goal.

- The company has a health, safety and environment policy in place.
- A Health, safety and environment Manager has been employed to ensure adherence to human rights principles.
- First Aid and Occupational Safety training is provided at all sites and written material as well as visual communication materials are distributed and displayed for reinforced messaging.
- Intex collaborates with local administration and community leaders to promote peaceful coexistence which enhances the safety of employees and the community.
- The company provides protective clothing for employees to mitigate work related injuries and illnesses.
- A subsidized lunch is provided to employees with the company covering up to 60% of the cost.
- A fitness program fully paid for by the company was launched in 2016 to promote a healthy lifestyle among staff.

iii. Measurement of outcomes

- Workforce plans and reports show a marked increase in the employment of skilled and unskilled hires from local communities in rural Kenya. The proportion of local staff in our rural road construction sites is between 30 - 70%. 2 of our sites i.e. Loruk-Barpelo road project in Baringo / West Pokot Counties and Chiakariga-Meru road project in Meru County, have over 70% local community representation in the workforce.
- Our grievance handling procedure clearly outlines the steps employees should take should they be exposed to discriminatory practices or unfair treatment.
- A suggestion box is available within office premises. Employees are encouraged to raise their concerns through this channel and are assured of anonymity.
- Quarterly training of employees and local communities around our road projects on HIV awareness, sensitization, behaviour change, gender issues. Counselling is also offered for infected persons during and after these outreach events. Over 6,000 staff and local community reached in 2016.

- Capacity building for over 60 teachers and school board members from public primary schools. The goal of these workshops is to sensitize teachers, parents and school management on child rights and abuse issues and to equip them to provide more holistic education.
- We have constructed 5 primary school classrooms to bridge an infrastructure gap in the communities we work in i.e. Meru, Baringo, West Pokot and Machakos counties. This has increased access to education for over 500 disadvantaged children.

B. LABOUR

Principle 3:

Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4:

Business should support the elimination of all forms of force and compulsory labour.

Principle 5:

Business should support the effective abolition of child labour.

Principle 6:

Business should support the elimination of discrimination in respect of employment and occupation.

i. Assessment, policy and goals

- Intex Construction strives to promote and adhere to the rights and principles stipulated in the International Labour Organization Declaration and in the Labour Relations Act of Kenya Chapter 234.
- Intex adheres by the provision of the Labour Relations Act Cap 234 which states that every unionisable employee has a right to participate in forming a Trade Union, to join a Trade Union or to leave a Trade Union. We also support participation in lawful activities of a Trade Union.
- In this spirit, our Human Resource Manual clearly states that unionisable employees are free to join a union and Intex consistently remits monthly union contributions. Intex does not discriminate against staff on the basis of union affiliation or participation in union activities.

- Goals for the upcoming year are as follows:-

- ✓ Establish a council to focus on improved employee relations.
- ✓ Improve on the staff wellness program and include more sensitization on health issues.
- ✓ Awareness and capacity building on Human Rights issues which will be targeted at staff and the local community.
- ✓ Launch a counselling program to help employees cope with stressful situations.
- ✓ Measure performance against labour rights improvement targets.
- ✓ Carry out an employee climate survey to gauge level of employee engagement and identify areas of improvement.

ii. Implementation and brief description of processes

- A suggestion box is available within company premises for employees to forward comments, complaints and requests to a HR committee for careful consideration.
- Health awareness and sensitization sessions were held every 2 months at each of our sites. These included quarterly outreach events targeted at local communities.
- Company-wide "Toolbox" safety meetings take place every month to train employees on safety in the workplace, first aid and accident prevention. These meetings are mandatory.
- The company ensures access to health services and facilities for all employees: in line with SDG 3 of the Sustainable Development Goals which champions healthy lives and well-being for all,
- The Intex salary and benefits policy emphasizes that the pay structure will be established in consideration to internal and external economic factors.
- The safety of our staff is a high priority and preventative measures have been taken to guard against injurious incidents.

iii. Measurement of outcomes

- Health awareness and sensitization sessions were held every 2 months at each of our 6 construction sites reaching over 1,000 employees.
- Quarterly grievance and employee feedback forums are held at all our sites to provide an opportunity for employees to express themselves and to be heard.
- Intex does not engage in or support the use of child labour.
- Management ensures salaries are comparable to work done. The minimum wage guidelines set by the Collective Bargaining Agreement between the Union and Industry players are adhered to. Annual salary adjustments were effected in January 2016.

C. ENVIRONMENT

Principle 7:

Business should support a precautionary approach to environmental challenges.

Principle 8:

Business should undertake initiatives to promote greater environmental responsibility.

Principle 9:

Business should encourage the development and diffusion of environmentally friendly technologies.

i. Assessment, policy and goals

- Intex is a committed partner in environmental conservation efforts in Kenya. We are cognizant of the fact that construction can have adverse effects on the environment and we therefore endeavor to minimize potential threats from our road construction activities.

- Our Environmental Policy and site-specific Environmental Management Plans detail the principles, practices and procedures to be implemented by relevant staff to manage, remedy and mitigate potential adverse environmental effects during the construction of roads.
- In adherence to government regulations, Intex strictly complies with requirements to carry out Environmental Impact Assessments on all our projects. We implement mitigation strategies to minimize negative impacts on the environment.
- **Goals for the upcoming year are as follows:-**
 - ✓ Launch an environmental conservation and awareness campaign that will target local communities near our road projects. This will include a clean-up exercise with a sustainability plan.
 - ✓ Launch a tree planting exercise to improve tree cover and reinstate excavated land in Kericho County. This initiative is in line with SDG 15.
 - ✓ Carry out more intensive environmental and social audits with the objective of reducing risk to the environment, employees and stakeholders.

ii. Implementation and brief description of processes

- Awareness and sensitization on the importance of environmental conservation during quarterly site meetings and outreach events that reach over 2000 people annually.
- A responsibility matrix is in place with clear action and reporting guidelines to ensure compliance to the company health, safety and environment code. Responsible officers include the Projects Coordinator, Environmental, Health & Safety Manager, Project Managers, Section Heads and relevant staff.
- Bi-monthly site meetings Environment officers are convened by the Manager in charge to discuss environmental risks, mitigation strategies and progress made on previous meeting action points for improvement.
- A management plan is in place to control construction activities with the potential to:-
 - ✓ Cause soil erosion through the reduction of release of sediments especially from excavation activities;
 - ✓ Impact air quality through emission of dust, exhaust fumes etc. - workers provided with dust masks, use of water carts for dust suppression.

- ✓ Impact water quality - Action: Excavation of v-drains or settlement ponds, controlling chemical spillages
- ✓ Hazardous substances - new storage, labeling and handling guidelines communicated to all employees and stakeholders
- ✓ Appropriate waste management - guidelines communicated and waste receptacles provided and inspected daily
- ✓ Cultural heritage - community engagement and visual monitoring to minimize disturbance or destruction of cultural artefacts

iii. Measurement of outcomes

- Our Environment, Health & Safety Manager spearheads the implementation of company-wide environmental conservation efforts which includes awareness training or behaviour change communication at least every 2 months.
- Quarterly reports on environmental issues, incidents and mitigation measures are submitted to the Head office by all sites for review, feedback and improvement.
- Daily inspections carried out at sites by Section Heads and Project Managers to minimize threats in the risk areas mentioned in section C- ii.
- Since September 2015, incident reports are submitted by all Section Heads daily or weekly depending on the risk level. This helps management to monitor progress and take corrective action.

D. ANTI CORRUPTION

Principle 10:

Business should work against corruption in all forms, including extortion and bribery.

i. Assessment, policy and goals

Intex has joined hands with the Private Sector in Kenya to fight the destructive culture of corruption in the country. In July 2015, we publicly made this declaration by signing on to the UN Global Compact. We are therefore taking steps to reduce corruption risks in the company. This is especially because the company operates in a high corruption risk industry. These are some of the risk factors:-

- Collaborations such as joint-ventures, sub-contracting and other partnerships can lead to corrupt practices to win business.
- Public procurement
- A production intensive work environment which is high pressure and very demanding
- Receipt of gifts

ii. Implementation and Brief description of processes

In August 2015, Intex distributed a Declaration Form to all employees. This purpose of this form was to raise awareness on bribery and conflict of interest issues by defining specific instances when this might occur. Additionally, the form includes a section on declaration of gifts received from stakeholders to increase transparency and clamp down on bribery. As part of sensitization we encouraged employees to raise questions and comments through HR. This has kicked off critical conversations on the need to monitor and minimize corruption incidences.

We hope to take this a step further by issuing a clear policy statement.