



EMPIRE MICROSYSTEMS LIMITED

UN GLOBAL IMPACT

COMMUNICATION ON PROGRESS

YEAR 2017 - 2018

Statement of Continued Support of the UN Global Compact

Antonio Guterres
Secretary-General
United Nations
New York, NY10017
USA

Dear Sir,

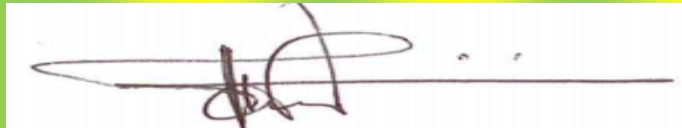
I am pleased to confirm that Empire Microsystems Ltd reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Since we became members in August 2015, we have made efforts to embed the principles of the United Nations Global Compact in our everyday work and ensure we operate in a sustainable manner.

As we submit our first annual 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.

Sincerely yours,

A handwritten signature in dark ink, appearing to be 'James Mworio', written over a horizontal line.

James Mworio,
MD / CEO Empire Microsystems Ltd

Company name: Empire Microsystems Ltd

Sector: Telecommunications

Number of employees: 50 +

UN Global Compact signatory since: August 2015

Contact person: Ms Marion Kanai

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Brief description of nature of business

WHO WE ARE

Empire Microsystems Ltd is a leading Kenyan ICT provider offering Managed Services and Business Technology Solutions geared at Empowering and Transforming Lives. We deliver business value to customers through a combination of process excellence, quality frameworks and Service Delivery innovation. Our core Motivation is defining service excellence in technology driven business solutions.

Vision

To be the African leader in technology driven solutions

Mission

To deliver inspired and innovative technology solutions that transforms and empowers people's lives

Values

Service and business at Empire is guided by a commitment to ethical and responsible conduct

Core values

E – Excellence

M – Mutuality

P – Professionalism

I – Innovation

R – Respect

E – Empowerment

Scope of this COP

The COP covers the period of June 2017 – June 2018.

Empire entails to use the COP as a public vehicle for information on sustainable performance in relation to our stakeholders, customers, suppliers, staff and our community in reference to UN Global compact principles Human Rights, Labour, Environment and Anti-corruption

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HUMAN RIGHTS

UN Global Compact principles covered:

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

Principle 2: business should ensure that they are not complicit in human rights abuses

1.1 Commitment

Our adherence to fundamental human rights is enshrined in our Code of Conduct, available online, which confirms that “Empire Microsystems Ltd supports and respects the protection of internationally proclaimed human and employment rights” and confirms our commitment to respecting fundamental human rights and treating all employees and others with fairness, equality and respect to foster an open, transparent, and trusting environment which is free from prejudice, discrimination, bias, harassment and/or violation.

1.2 Implementation-Processes and Systems

The Empire Microsystems Ltd Code of Conduct, which requires the formal acceptance by every new Empire employee, further provides that all employees are responsible for ensuring that Empire upholds its commitments in respect of human rights.

All Empire Microsystems Ltd suppliers and service providers are required to agree to, or acknowledge, the Empire Microsystems Ltd Code of Conduct for suppliers and service providers when entering into new commercial agreements with Empire Microsystems Ltd, thereby ensuring that human rights are respected within our value chain.

Measurement of outcomes

We encourage employees and external stakeholders to report any breaches or suspected breaches of our Code of Conduct, including any possible human rights abuses or infringements in terms of our whistle-blowers' standard operating procedure. An independently monitored whistle-blowing hotline, is operated to ensure that these incidents are brought to the Company's attention and these tip-offs can be made on an anonymous basis. All reported incidents are formally recorded and reported to the Social & Ethics Committee for consideration.

There have been no reports of human rights abuses or infringements during the past year (2017: nil).

There are a number of other human resource and ethics-related policy documents, procedures and statements applicable throughout the Company, which confirm our commitment to protecting basic human rights. These include, among others, the applicable grievance procedures, the Company's whistle-blower procedure and respective recruitment and selection policies.

LABOUR RIGHTS

UN Global Compact principles covered:

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 forced 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

2.1 Commitment

Empire Microsystems Ltd upholds and is committed to employee policies that are in adherence to the labor laws of Kenya, International Labor Organization (ILO) Conventions and other International Standards, eliminating all forms of labor malpractices and also enforcing a culture of Empire being an equal opportunity employer in support to a zero tolerance attitude in respect to employment and occupation.

The use of child labor, forced labor and/or compulsory labor is strictly prohibited by the Empires Code of Conduct. This code also specifically confirms our commitment to the elimination of discrimination in respect of employment policies and practices. Freedom of association and the effective recognition to the right to collective bargaining is also assured in terms of this code

The company states clearly that each role will have a job description that outlines the scope and mandate

2.2 A brief description of our Processes or Systems

- Empire Microsystems Ltd has an open to use suggestion box for any employee, to channel any suggestion
- The employees are made aware of their rights through training and also documentation of the policies and procedures governing them
- Employees' health and safety is ensured and communicated through trainings, placing warning signs and having active and regular health and safety committee meetings to discuss matters related to health and safety.
- Employees also conduct periodical internal health and safety audit and give report to management for action
- Before employment, any eligible candidate is expected to produce the National Identity card or Passport to verify their age and hence minimizes any chances of employment of a child.
- All employees sign their appointment letters to acknowledge their employment terms hence reducing any form of forced labour.

- Procedure for exit in form of resignation or retirement is clearly outlined for employee wishing to leave employment with Empire
- Performance management system is used to evaluate employee's competencies, training needs, salary reviews and promotions without any form of discrimination.
- The company grants all employees their rights to observe any Calendar or Declared public holidays.
- The company offers employee annual leave as required by law and procedure for taking leave is well outlined to enable employee be relieved off duty when requiring to take leave.
- The company had a fully established HR department that caters for all employees enquiries, suggestions and management of their welfare as well as their rights
- The company has provision for Sick-leave which is not deductible to any employee, the procedure is well defined to enable employee attend to their medical wellbeing and take time off where required.
- The company grants maternity leave and paternity leave as required under Employment Act 2007 laws of Kenya

2.3 Activities implemented in the last year

- Freedom of expression and association
- Awareness training of employees labour rights
- Open dialogue where called for by either employees or employer
- Analysis of medical reports and also occupational injuries to help improve by reducing future occurrences
- Training on employee safety, first aid refresher courses
- Provided a comprehensive and adequate employee medical insurance cover

2.4 Measurement of outcomes and value added for our company

We encourage our employees and external stakeholders to report any breaches or suspected breaches of our Code of Conduct, including any possible human rights abuses or infringements in terms of Empires operating procedures.

During the year, no incidents of discrimination, forced labour or compulsory labour were found to exist in Empire (2017: nil). These aspects are monitored in respect of all business units. In addition, there were no businesses have been considered to be at risk of violating human rights which protect child labour, forced or compulsory labour.

Our environmental management protocol also acknowledges that the responsible management of the environment is an integral part of the sustainability of our operations and confirms that environmental management, protection and conservation will be incorporated into our value chain.

2.5 Activities planned for next year

- Sensitization on employee and workplace safety
- Advocacy to improve workplace environment
- Implementing an Employee Gratuity and Retirements benefits scheme
- Continued display of employees rights
- Continued freedom of expression and association
- Awareness training of employees labour rights
- Open dialogue where called for by either employees or employer

ENVIRONMENT

UN Global Compact principles covered:

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

3.1 Commitment

As a company, we are committed in ensuring that we operate and take initiatives that will promote our company as environmentally responsible and a company that embraces environmentally friendly technologies in its businesses in line with global and local principles and regulations such as NEMA.

Consistent with our commitment as a responsible corporate citizen to contribute to sustainable development, Empire's Code of Conduct confirms that we exercise a systematic approach to health, safety, quality and environmental management in order to achieve continuous performance improvement and compliance to relevant legislation, regulations and guidelines

Our environmental management protocol also acknowledges that the responsible management of the environment is an integral part of the sustainability of our operations and confirms that environmental management, protection and conservation will be incorporated into our value chain

3.2 A brief description of our Processes or Systems

- Empire Microsystems has environmental clauses in all agreements made by and between their suppliers that safeguards the environment
- Covers all dug up trenches to avoid any falls and accidents.
- Staff made aware on environmental issues, waste management and elimination, resources issues such as information, papers, water, electricity conservation mechanism - Green technology/offices
- sustainable resource use, prevention of pollution, climate change mitigation and adaptation, protection of the environment, biodiversity and restoration of natural habitats
- Deliberate training, awareness initiatives, reward and recognition on environmental practices

3.3 Activities implemented in the last year

- Commitment by our suppliers to adhere to environmental management

- Implementation of Fire alarm suppression system
- NEMA compliance in all our facilities mainly carried out by Environmental consultants
- Compliance of statutory requirement
 - Operationalized most of our systems to be IT based to save on costs
 - Implementation of LED Tube lifetime lighting systems in the office
 - Employees awareness on environmental protection

3.4 Measurement of outcomes and value added for our company

- 2% reduction in Monthly power cost
- Employees' positive feedback on the safe environment at the working place.
- Evaluation of new ways for waste recycling i.e. partnering with suppliers

3.5 Activities planned for next year

- Partner with local society to advocate for a clean Green environment
- Compliance with local authorities (NEMA, ERC and CAK)
- Promote a greener sustainable environment in the workplace through initiating a waste management partnership to help us manage our waste by ensuring proper recycling, recovery and disposal is conducted in an environmentally manner.
- Creating clear, factual and logical relationship that connect Environmental Management (EM) activities to business metrics.

ANTI-CORRUPTION

UN Global Compact principles covered:

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

3.1 Commitment

Empire Microsystems Ltd is committed to ensuring a corruption free environment; this is embodied in our Code of Conduct and to adhere to national norms and laws.

Empire Microsystems Ltd organization culture, governance and core values uphold and emphasizes on integrity and ethical business relations throughout the organization stakeholders

We also have a disciplinary Procedure that helps outline correction and progressive process to address an employee's misconduct, Code of Conduct non-compliance or to prevent non-recurrence of undesirable behaviour.

Our Code of Conduct provide specific guidance on corruption related concerns such as fair competition, conflict of interest, improper payments, working with government and regulators and ethical advertising.

There's an agreement on standards and codes to promote good corporate citizenship that include implementation of the African Peoples and Human Rights charter, the ILO Labour Codes the WHO codes on industrial and environmental safety and hygiene. This is in addition to the commitment to eradicate corruption.

3.2 A brief description of our Processes or Systems

A code of business conduct is well defined and communicated to all the stakeholders. The company is assessed by its suppliers and customers on these values and all reports have cleared us from any allegations of the vices hence growth in our market share and business partners.

- Our processes are guided by Policies and Process Documents.
- All our core functions and operations are automated and the systems monitored continuously for fraud prevention and response to business requirements.
- We recently implemented a new CRM (Customer Relationship Management) system which is expected to improve efficiency in core customer processes including activations, billing & reporting. the system shall be integrated into Navision (ERP) - our Financial Reporting System hence reducing reconciliation errors which are sometimes subject to manipulation
- For non- automated processes, we have in place robust manual processes to mitigate business and operational risk.

3.3 All disciplinary action taken will follow the principles of natural justice which include the following:

The employee who commits the misconduct should be informed about the details of the offence including the time, period, and exact nature of misconduct

- The employee should be given a chance to explain his position and any evidence leveled against him should be produced to allow him defend himself
- The officer (s) responsible for deciding on the issue/offence should not have any personal bias/monetary bias or bias relating to the subject matter under enquiry

3.4 Activities implemented in the last year

- Advocate for a corruption free workplace
- Communication and Annual signing of Code of Conduct by all employees
- Power of Potential campaign- Re-launch of Organization values, vision and organizational culture which stipulates key organizational behaviors' and practices
- Revamp of numerous operational processes and policies
- Review of contracts with key vendors to ensure robust governance clauses included to avoid grey areas
- Regular governance meeting with key vendors. Periodicity of governance meetings are based on Category of vendor. For example on a monthly basis for key strategic partners and quarterly basis for other routine vendors.
- Non tolerance to bribery and compliance to national anti-corruption practices, elimination involvement; demonstration of labour practices, fair operating practices, extent of community involvement and development

3.5 Measurement of outcomes and value added for our company

- The company reputation in ethical practice has attracted international customers
- Increased transparency for example with regards to procurement decisions with the shared services system.
- Reduction in Customer Resolution timelines
- Ethics and values measures; the company issued warning letters to employees as a away to curb violation of the company's code of conduct
- Increased sensitization of policies to reduce instances of corrupt dealings

3.6 Activities planned for next year

- Committing to the UN Global compact principles in supplier and customer relations, and implementing its standards.
- Monthly review of behaviour indices in line with Company values for each individual employee.
- In order to improve communication of processes and compliance programmes finalization of an organization wide process and policy repository
- Receipt of vendor's annual signoff of compliance to our Code of Doing Business which is guided by the Code of Conduct
- Trainings on key and new policies including on employee e-learning modules

- Extending the training and annual sign-off of Code of Conduct/ Compliance by key strategic partners
- Internal Audits.
- Deliberate inclusion of public interest into corporate decision-making, and the honouring of a triple –P-bottom line: people, planet, profit.
- Proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality
- Applying the “**FROM CRADLE TO GRAVE**” principle. Products should be safe from design to disposal.

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

We intend to make our COP available through:-

- i. Putting it up on our website to indicate our commitment to the UN Global Compact.
- ii. Sharing a soft copy via email to our partners and customers

Donations, awards

We support the community in various activities among them are:

“Proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality”

NEMA

We are compliant with the requirements of the National Environment Management Authority, the governing environment body in Kenya

UN GLOBAL COMPACT:

Empire Microsystems Ltd is a member of the UN GLOBAL COMPACT and is committed to respect the ten principles based on:

- Human Rights
- Labour Standards
- Environment
- Anti-Corruption.

CORPORATE SOCIAL RESPONSIBILITY

AWARDS & CERTIFICATIONS

1. Best FinTech Solution for Financial Inclusion 2016 by Computer Society of Kenya
2. ICT Company of the Year (SME) 2013 by ICTAK Association of Kenya
3. ICT Company of the Year (ICT Excellence Award 2015 by CSK
4. Legendary Experience Award for Partners 2015 by Safaricom Ltd
5. SME Company of the Year 2013 & 2015 by Computer Society of Kenya (CSK)
6. Most Outstanding FTTB Partner of the Year 2013 by Computer Society of Kenya
7. ICT Company of the Year (SME) 2014 & 2015 by *ICT Association of Kenya*
8. SME Company of the Year 2014 for 2nd year running by *Computer Society of Kenya*
9. ICT Entrepreneur of the Year 2014 – James Mworio by *Computer Society of Kenya*
10. ICT Leadership award – James Mworio - by *ICT Association of Kenya*