

# SMARTER GRID INTERNATIONAL

Communication on Progress 2018



# EXECUTIVE SUMMARY



Access to basic electricity in Sub-Saharan Africa is a recurring challenge. A vast number of homes and businesses do not have access to on-grid electricity due to lack of infrastructure and this has continued to plague economic development and quality of lives. Renewable off-grid electricity has been developed to address these challenges and SGI is passionate about ensuring that these homes and businesses have access to off-grid solar electricity that provides uninterrupted, sustainable, affordable and renewable electricity that boosts business development and eliminates the vicious cycle of poverty.

As a renewable energy finance company and service provider, SGI is committed to delivering sustainable electrification and economic development for rural households and businesses in Nigeria and Sub-Saharan Africa.

Its primary product consists of affordable, efficient solar powered devices for productive use and integrated solar home systems that are verified by the World Bank (Lighting Global). Its current target market includes SMEs, primary healthcare centers, schools, communities and households in rural and urban areas as well as on grid customers in urban areas that suffer from epileptic or unavailable electricity in Sub-Saharan Africa.

As a business enterprise, SGI navigates its strategy towards achieving the United Nations Sustainable Development Goals (SDGs). To achieve this strategy, SGI build its network around partners with the same predominant aim, its work culture, supply chain and day-to-day operation that catalyses energy service delivery. These strategies are developed in line with the UN *Global Compact* and its Ten Principles.

I am therefore pleased to present SGI's inaugural Communication on Progress (COP) report reflecting SGI's achievements, especially the impact its off-grid solar products on the growth of SME's at the base of the pyramid in Nigeria, its support for the United Nations Global Compact Sustainable Development Goals (SDG) and its universally accepted Ten Principles.

A handwritten signature in black ink, appearing to read 'Heather Onoh'.

**Heather Onoh**  
**Managing Director**

# SGI MANAGEMENT TEAM

<b>ANTHONY ONOH</b>	<b>CHAIRMAN</b>
<b>AMBASSADOR ROBIN SANDERS</b>	<b>DIRECTOR</b>
<b>HEATHER ONOH</b>	<b>CHIEF EXECUTIVE OFFICER</b>
<b>PROF. OLADAPO AFOLABI</b>	<b>DIRECTOR</b>
<b>FRANCESCA TURNER</b>	<b>COMMUNICATIONS DIRECTOR</b>
<b>OMOMENE OBANOR</b>	<b>LEGAL ADVISER</b>



# THE UNITED NATIONS GLOBAL COMPACT PRINCIPLES

## HUMAN RIGHTS

*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.

## LABOUR

*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.

## ENVIRONMENT

*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.

## ANTI-CORRUPTION

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



# RESPECTING HUMAN RIGHTS

## PRINCIPLE 1:

*Business should support and respect the protection of internationally proclaimed human rights*

## PRINCIPLE 2:

*Make sure that they are not complicit in human rights abuses*

# OUR APPROACH



SGI in the conduct of its business activities ensures that it upholds the fundamental rights of its employees, vendors and customers as provided in Chapter 4 of the Constitution of the Federal Republic of Nigeria 1999 as Amended. This Constitutional provision domesticates the Universal Declaration of Human Rights (UDHR) and the African Charter on Human and Peoples' Rights (Ratification and Enforcement) Act 2004 in Nigeria.

SGI recognises that vital among the fundamental rights is the right to life. To ensure the safety of the lives of its employees SGI has provided its employees with a secure and suitable work environment.

Its office complex is equipped with competent and adequate security personnel to protect and secure its employees and operational activities as well as adequate facilities and equipment to conveniently and effectively execute their jobs. This includes access routes for its physically challenged employees. SGI equally provides its employees with sanitary work environment to prevent undue exposure to health hazards.

While the right to life is sacrosanct, the quality of life is also important, and SGI recognises this right. SGI contributes to the increase of economic and social activities of individuals, societies and Small and Medium Enterprises (SMEs) in Sub-Saharan Africa by bolstering energy security at an affordable rate while combating climate change and dependency on toxic fossil fuels. Its product range are used for both domestic and commercial purposes. This has assisted over 5000 individuals and businesses in the rural and peri-urban areas in Nigeria to improve the quality of their lives.

Homes that do not have access to the national grid electricity are able to access electricity through SGI off-grid solar products, children in the rural areas are able to study and SME's can operate for longer hours thus increasing their capacity to generate more income/revenue.



In aligning with **SDGs 1, 2, 3, 4 and 8**, SGI has developed and now offers ultra-affordable yet high-quality system, called the Little Miss Sunshine, which consists primarily of a lighting solution for low-income households and micro business at the base of the pyramid. This packaged was launched in February 2018 and is priced for households who make under \$2/day. With the 'Little Miss Sunshine Package which consists of Four LED bulbs, 37 Watts solar powered battery and 11 Watts solar panel, children in homes with no access to grid electricity now have the opportunity to study with clean and sustainable electricity.

Similarly, SGI's Business in a Box this year provided solar power systems to businesses to assist increase their productivity and revenue.

This package is configured to meet the needs of SMEs, such as; the first of its kind solar-powered marine lights that are anchored to the fishing boats and used to attract fishes at night as well as navigate the waterways, refrigerators for female grocers to enable sale of cold beverages and livestock, vaccination fridges for small clinics, informational devices, such as solar amplifiers, and microphones for markets, place of worships, and public schools. SGI has assisted over 5,000 SME's in Nigeria improve business operations with associated increase in revenue.

Another innovation driving our energy inclusion initiative is its Multi-purpose solar powered business kiosk, which has revolutionized SME business space. This innovation has created more entrepreneur nationwide. Beneficiaries of this innovation include includes mobile banking, barbing salons, petty trading businesses and mobile clinics e.t.c. The Multi-purpose solar business kiosk has brought about reduced dependency on fossil fuels, increased operational time and revenue as well as an eco-friendly business.



In addition to providing individuals and business with increased access to energy, SGI through its Rural Women Tech Squad is empowering women within its target communities with technical skills to create jobs and promote financial inclusion and independence.



## RURAL WOMEN TECH

To further ease the ability of individuals and businesses to purchase its Solar powered products, SGI finances and provides various flexible payment options such as Pay -As- You-Go and Lease to Own as well as payment platforms such as 'Paga' and 'Angaza'. This has enabled low income earners and micro businesses with minimal or no purchasing power to purchase solar products for productive use.

Another right recognised and upheld by SGI is the right of employees to be heard fairly, express their thoughts and opinions. Through its combined vertical and horizontal management structure, SGI employees have access top management staff to be fairly heard as well as express their thoughts and opinions on matters relating to the welfare and operations of the Company without undermining its organizational discipline. This has resulted in the increase of SGI's employees' self-confidence, their ability to innovate and be productive. Our employee's confidence has been further enhanced with the formulation and implementation of SGI's Code of Conduct Policy (which also provides for the protection of the rights of its vendors/contractors and customers).

The Code of Conduct Policy provides a no tolerance policy for any action, conduct or behaviour that humiliates, intimidates and is hostile.

The Code of Conduct Policy further aligns with SDG 5 as it provides for employees, vendor's and customers to treat other persons with respect and avoid situations that may be considered inappropriate such as gender discrimination and ethnic or religious sectionalism. SGI's workforce comprises of individuals from various nationality, ethnicity, gender and religious belief. The diversity in SGI's workforce can also be attributed to its recruitment/employment process, which is predominantly determined, by the individual's qualification and ability to perform the job.

## MEASUREMENT OF OUTCOME

*Annual review SGI's Code of Conduct Policy and monitoring compliance of the policy.*

*Regular maintenance of office complex and facilities.*

*Increased marketing to scale up the impact of SGI's products on the quality.*

*Ensuring that SGI's organizational structure is maintained to further increase employee's confidence in the*

## LABOUR

### 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;*

### PRINCIPLE 6

*The elimination of discrimination in respect of employment and occupation.*

## OUR APPROACH

SGI has a strict compliance policy with the provisions of the Labour Act CapL1 Laws of the Federation of Nigeria 2004 and Employees compensation Act. These laws were developed from the ratification of the International Labour Organization's Treaties and Conventions. Included in these laws are laws on the prohibition of the employment of young persons and forced labour, payment of wages/salaries and benefits and conditions of employment.

SGI's as an employer of labour expressly prohibits the employment and exploitation of young persons' either via forced labour or sexual exploitation. The recruitment process of its employees is based on objective criteria such as merit, qualifications, performance and business considerations. SGI also understands the value of diversity in the work place as to gender, race, religion, marital status, disability, ethnic origin and nationality and this is reflected in its workforce. These processes are evident of SGI compliance with the SDG 8.



SGI further prohibits any form of bonded labour. Further to its terms and conditions of service every employee reserves the right to accept, decline, resign or retire its employment with SGI.

As a participant in the energy sector, SGI's terms and conditions of service are within industry standard. Its wages/salaries are above the stipulated minimum wage and are paid regularly to its employees. SGI also complies with its Statutory obligations under the pension and healthcare schemes, payment of leave allowances and retirement benefits to its employees.

SGI recognises the importance of the right of an employee in the workplace to freedom of association and to be represented and be supported in the Company. SGI have employees that belong to various professional bodies such as Council for the Regulation of Engineering in Nigeria, Institute of Chartered Accountants of Nigeria and the Nigerian Bar Association.

SGI further encourages its employees by sponsoring them to seminars, training and conventions held by their respective professional bodies. SGI acknowledges the effect of shared knowledge derived from its employee freedom to associate. It has not only increased the knowledge and capacity of its employees' but has created a repository of knowledge that has assisted the growth of the company.

#### MEASUREMENT OF OUTCOME

*Ensure compliance with labour laws and SGI's employment policies*

*Regular Trainings of SGI Employees*



# ENVIRONMENT

## PRINCIPLE 7

Businesses should support a precautionary approach to environmental challenges;

## PRINCIPLE 8

Undertake initiatives to promote greater Environmental Responsibility;

## PRINCIPLE 9

Development and diffusion of environmentally friendly Technologies.

Climate change and degradation of the Earth's environment has been at the fore of global discuss for several decades. The impact of climate change especially with the use of hydrocarbons for energy generation has impacted negatively on the Nigerian Environment.

SGI is not oblivious to these facts hence its underling vision is to provide reliable, clean, affordable and sustainable electricity to millions of households and businesses across Africa through the deployment of its solar based products. This vision correlates with SDG 11, 13, 14 and 15.

Products manufactured by SGI are environmentally friendly and safe to use. They include Solar Panels with the capacity that range from 20watts-200watts, Lithium-Ion Ferrous Phosphate Battery with a capacity that range from 220 watts–600 watts and Light Emitting Diode (LED) bulbs. SGI is deploying its solar products to areas that have limited or no access to electricity and are dependent on the use of toxic fossil fuel. The negative impact of these fossil fuels on our ecosystem cannot be understated.

The hazardous gas that pollute the air, degradation of the soil to the destruction of aquatic life and the health risk posed to humans and other challenges are a few of the effects associated with the use of these fossil fuels. SGI's is thus poised to combat these negative impacts associated with the use of hydrocarbon through increased deployment of its off-grid solar products/systems to rural and urban areas in Africa.

This is also an avenue of SGI contributory efforts to the international society in creating a cleaner environment that improves the social and economic activities of States and Communities especially those around the inland or coastal areas.

SGI also aims and expects to record a decline in the health challenges of its customers who have been exposed to environmental pollution from hydrocarbons and record an increase in the economic activities of individuals and business in its target market.

About 90% of SGI's current target market and customers are within the rural and peri-urban who have limited or no knowledge about the negative impact of the use of fossil fuel such as stop gap technologies such kerosene lanterns on the environment and as against the clean and safe off-grid energy solutions. Towards the actualization of SDG 17, SGI in collaboration with the World Bank (IFC and Lighting Global) creates public awareness on the importance of off-grid solar products and its positive impact on the environment.

To further reduce the reliance on fossil fuels SGI has been engaged to provide some Universities in Nigeria with classrooms that will be powered by its off-grid solar products. This will reduce reliance on fossil fuels to power the class rooms and reduce pollution of the environment.

## MEASUREMENT OF OUTCOME

*Scale-up on the deployment of off-grid energy solutions/ products that are environmentally friendly*

*Involvement of our Facilities Manager and our staff in our building headquarters*

*Regular communications around energy consumption and waste management (i.e. recycling audit results circulated to*

# ANTI-CORRUPTION

## Principle 10:

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

## Our Approach

SGI values its integrity and reputation in the conduct of its business. Through its Value Statement, published on its website <https://smartergridint.com/who-we-are/> and its Policy on Anti-Corruption, Anti-Robbery, Fraud and Corruption, SGI clearly discloses its position on corrupt practices in its business environment and aligns its businesses to SDG 16. It is averse to and does not condone any form of corrupt practices including extortion and bribery and it expects the same level of integrity from its employees', customers, manufactures and vendors alike.

*SGI aims to build relationships based on trust and for this reason; it does not accept or encourage transactions or business interests tainted with elements of bribes or fraud.*

SGI is aware of situations where business transactions may result in conflict of interest and which in turn may be perceived as acts of fraud or corruption. To address and mitigate such situations, SGI employees and vendors are required to disclose transactions that may result in conflict of interest.

### MEASUREMENT OF OUTCOME

*SGI ensures that its employees, customers, manufactures and vendors understands the Company's position on anti-corruption and anti-graft practices through periodic notification and update on anti-corruption regulations.*

*SGI ensures compliance with due diligence process in disclosure of conflicting interests.*

## SGI FUTURE ACTION

- SGI aspires to widen its branch network in Nigeria and expand into other regional markets within Sub Saharan Africa.
- Scale up product portfolio to include irrigation machinery, boreholes, poultry ventilation fan, refrigerators, vaccine refrigeration air-conditioners, water heaters, electric cookers and oven.
- Increase capacity building by establishing an academy to train and certify local technicians to cure the deficit of trained personnel in the solar off grid sector and eliminate the dependence on foreign manpower.
- Further adopt business systems to be Eco Friendly in a bid to reduce its carbon footprint.
- SGI representation at the 2019 United Nations Global Compact Meeting.