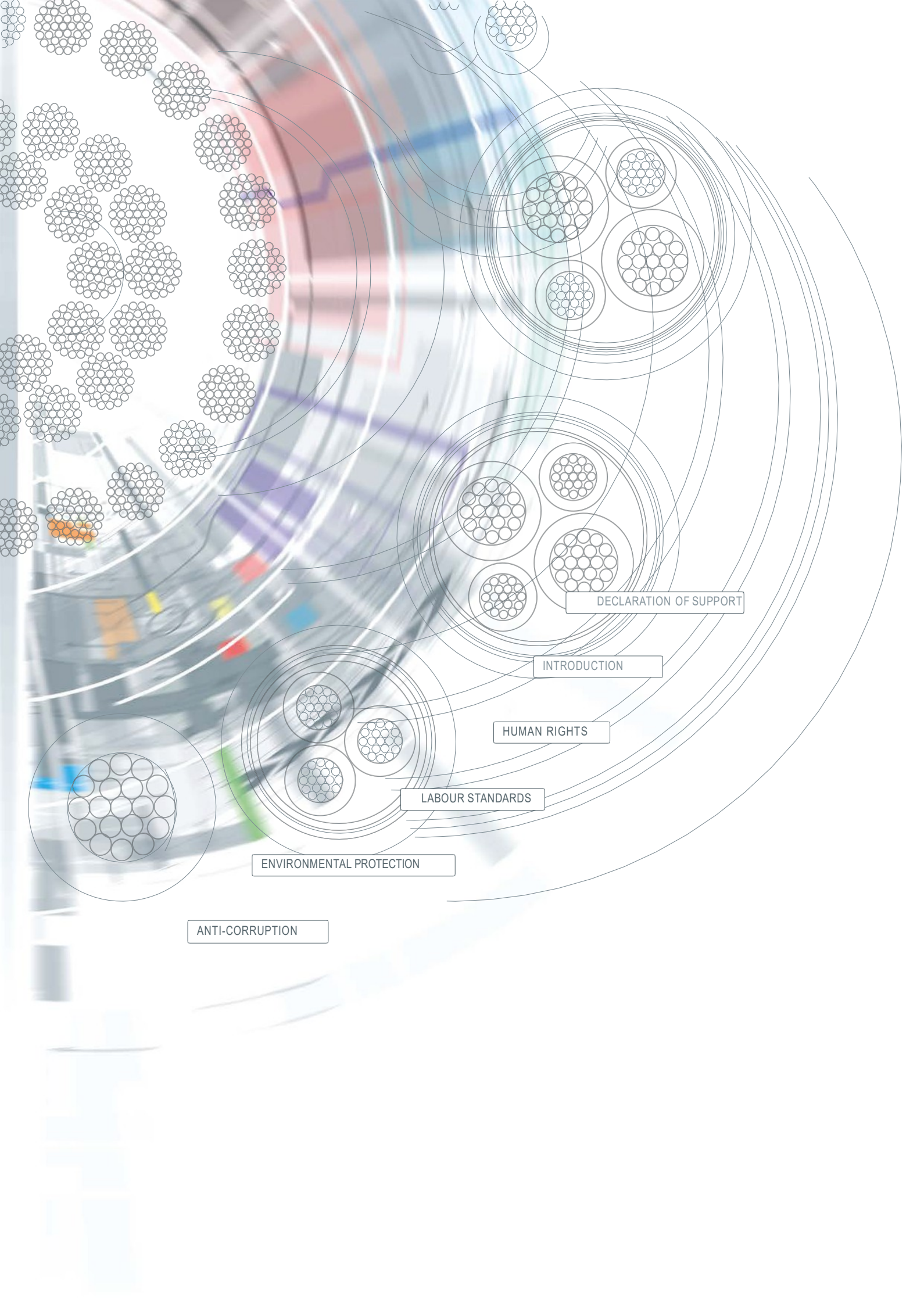


# United Nations Global Compact Communication on progress 2018



**The Quality Connection**



ANTI-CORRUPTION

ENVIRONMENTAL PROTECTION

LABOUR STANDARDS

HUMAN RIGHTS

INTRODUCTION

DECLARATION OF SUPPORT

# Declaration of support



In support of the UN Global Compact Principles, METSEC has made it its mission to ensure observance of human rights and has recognised labour standards at all our manufacturing plants and sales outlets. This form of responsibility was already taken on in 2013 with the publication of the METSEC Social Charter, continued in 2014 with the METSEC Code of Ethics and taken further forward in 2015 by joining the UN Global Compact.

Sustainability has especially high priority for, it means both a long-term business outlook and integration of ecological and social aspects into our management systems. We regard this as a contribution both to safeguarding our Company's future and towards the sustainable growth of business and society. This is why we have been certified in accordance with ISO 18001 since 2007 and why we have certified our principal production facilities in accordance with the ISO 14001 environmental standard. It is also why we launched our Green Technology Initiative in 2015, with which we are advancing towards being the leading manufacturer of cables for environmentally friendly technologies.

Prevention of corruption is managed as a key compliance field in our Compliance Management System. Through this, METSEC ensures that its anti-corruption conduct is in accordance with the principles of the UN Global Compact.

This METSEC Global Compact Communication on Progress documents our key steps towards upholding the ten principles of the UN Global Compact through to signing it and details our measures and results for 2018.

METSEC is committed to ongoing support of the ten principles of the UN Global Compact and to continual improvement in applying those principles.

Nairobi, January 2019

Hemal Doshi, CEO  
METSEC CABLES LTD

# Home Wiring Solutions



With the largest range of high quality cables and wires. We can offer a great many solutions for all your electrical and communication needs for your home.

# Metsec Cables Ltd - Introduction

## Leading power cable manufacturer in Africa

**METSEC is a manufacturer of power cables and conductors with manufacturing plants in Kenya and Tanzania. We also distribute optical fibers, cables and cable systems as well as a provider of related services to the power and telecom utilities and other industries. Metsec Cables Ltd is part of the Doshi Group of Companies who have been operating in Africa for over 75years.**

Established in 1990, the company has now become one of East Africa's largest and most successful cable manufacturers. In addition to tailor-made cable solutions, the organization can increasingly offer its customers complete solutions with perfectly harmonised components – from the cable itself to all the required components and complimentary products. The ongoing growth of the company as a provider of power and telecom infrastructure work and systems is a significant trend in this respect.

### **Experience in and presence on the markets of the future**

METSEC focuses its business on the core markets of Power Utilities, Industry, Communication & Domestic Electrical requirements. Our customers include well-known names such as Siemens, Safaricom, Kenya Power, Ericsson, UN, Kenya Ports Authority, Rural Electrification Authority and Umeme. The company already leads the East African market as a supplier of Instrumentation Cables, Optical Fibre and HV Switchgear.

### **Geared to global trends**

The company intends to benefit more from global trends in the future. These often present companies with major challenges, as they frequently entail greater consumption of resources and cause more damage to the environment. At the same time, however, they also provide some major opportunities. METSEC is therefore preparing itself, its products and services for the expected changes in demography, ecology, mobility, globalization, industrialization and urbanization. With particular respect to protecting the environment, METSEC aims to become the most innovative cable supplier for the Green Technology market.

### **Tradition and progress since the beginning**

METSEC upholds the ability to change and maintain a keen sense for trends in the market and customer requirements that have always been among the key characteristics of the company. At the same time, long-standing values serve as a guide for acting in a predictable and responsible manner.



# Sustainability strategy

## Vision

With a group history that dates back to 1920, creating sustainable value has always been the foundation of how we do business. Sustainability to us is the balance between the growth of our businesses, our social responsibility, and our commitment to environmental responsibility. In this way we seek to secure the future of our company as well as contributing to the sustainable development of the economy and of society at large.

## The three pillars of sustainability at METSEC:

### Sustainable corporate growth

We have set ourselves the goal of adding value for our shareholders by increasing the value of our company. In order to do so, we set high standards in corporate governance and maximize the benefit to our customers by ensuring first-class performance in quality and service. We develop and manufacture technically sophisticated products and solutions which increasingly find use in environment-friendly technologies.

### Social responsibility

We regard the following as essential: successful recruitment, professional development, equality of opportunity and secure employment conditions that are free of prejudice. In all our activities worldwide, we comply with the requirements of the United Nations International Labour Organisation (ILO) and call on all our business partners to uphold our social standards. METSEC is involved in a range of community projects by supporting them through donations and grants.

### Ecological responsibility

With initiatives for energy efficiency and waste reduction in place at our sites, we aim to minimise our impact on the environment. Our great commitment in this area is reflected by the fact that an increasing number of our sites are audited and certified under ISO 14001, while ISO 50001 is under audit

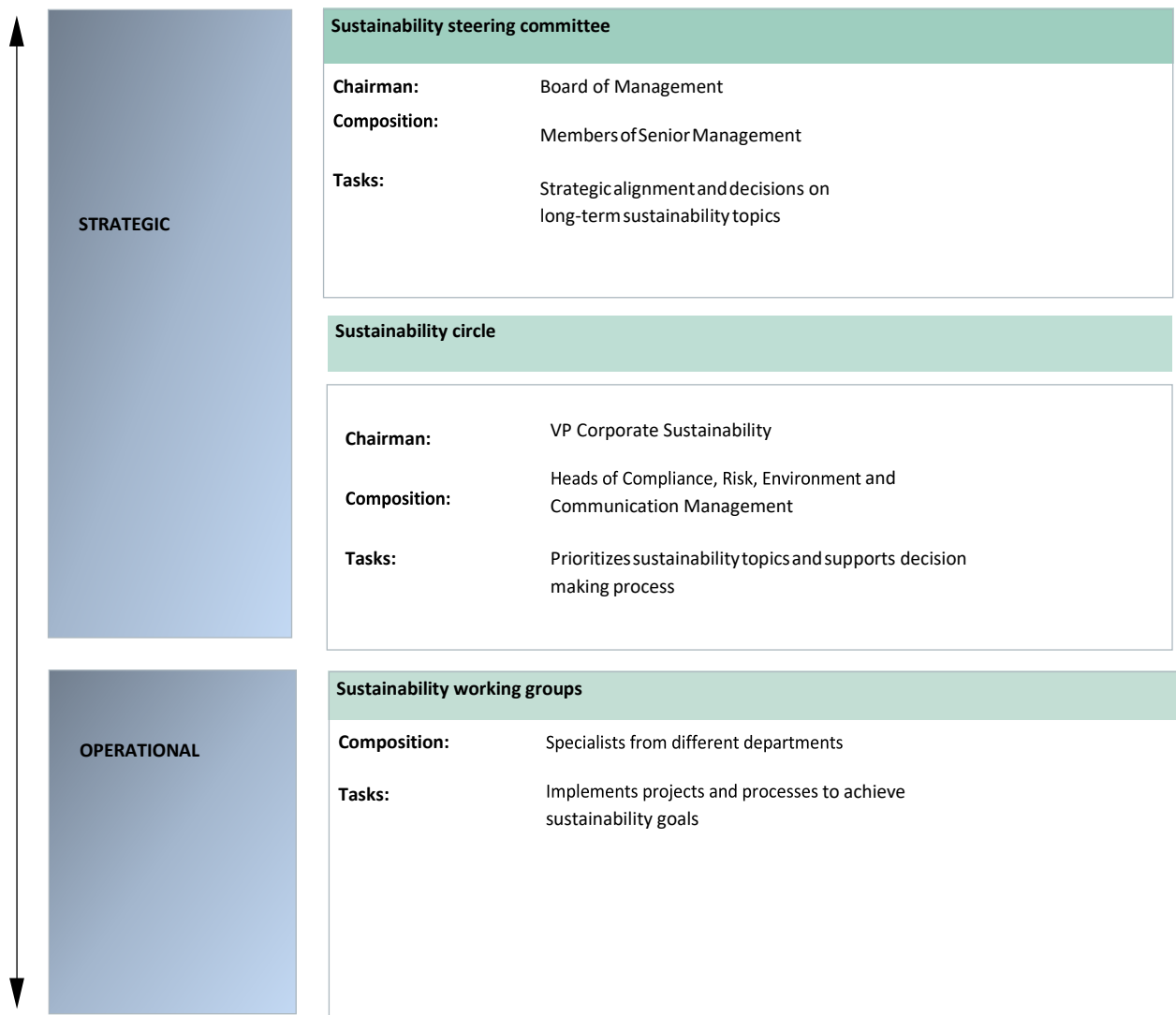
# Structures and regulations

## Group-wide sustainability management

In the past financial year we implemented a Group-wide system of corporate sustainability management based on the SHE\* organisational structure. The purpose of this is to coordinate and intensify the relevant division activities while extending sustainability orientation throughout the company as a whole on a step-by-step basis.

This project also reviewed and redefined the system of sustainability reporting, not least so as to be able to meet the requirements of legislation to strengthen non-financial corporate reporting (Act on the Implementation of the CSR Directive).

### Organisation of sustainability management in the Doshi Group

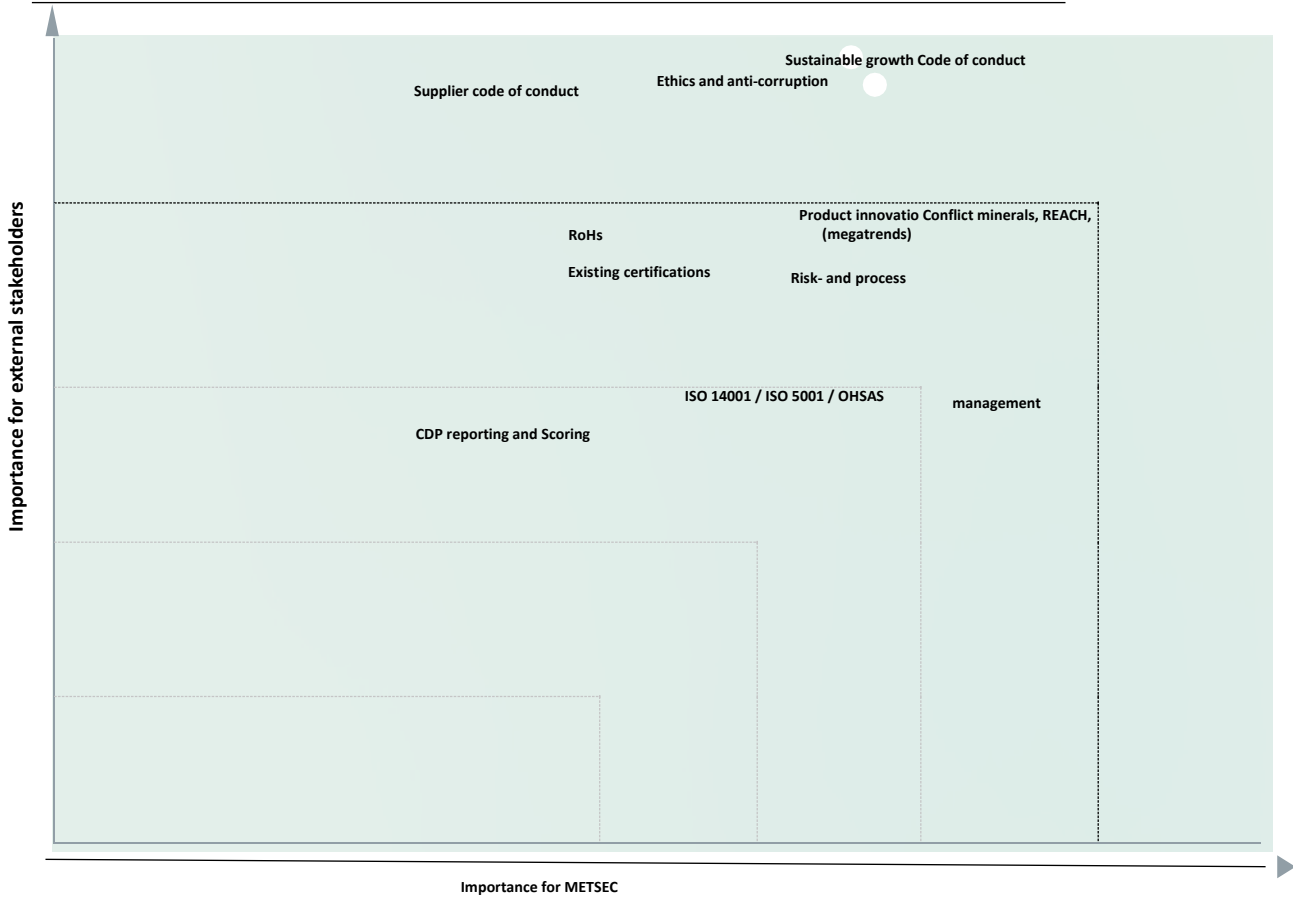


### Identification of key sustainability factors

As part of last year’s materiality analysis, factors were defined for the new sustainability report which enable the development of sustainability at METSEC to be assessed. In addition to legal requirements, the basis for this was provided by a benchmark analysis and interviews with the Key Account Managers for our 20 most important customers. This was supplemented by issues deemed to be important by the Investor Relations and Corporate Communications departments along with those arising from dialogue with other stakeholders, in particular employees and suppliers. The criteria were established taking into account the ten principles of the UN Global Compact. The following graphic summary does not incorporate all the issues dealt with by sustainability management. In addition to our environmental and social criteria, we are planning a holistic approach that includes as well product-related and economic factors.

Outcome of the materiality analysis

2018





When METSEC introduced its **SOCIAL CHARTER** in April 2003, it was one of the first companies to issue a “Declaration on Social Rights and Industrial Relations”.

In March 2007 METSEC also introduced its own **CODE OF ETHICS** which is binding for the entire Doshi Group workforce and has been made available to all employees. The Code of Ethics describes in unequivocal terms the values and conditions of behaviour geared towards the principles of responsibility and integrity that have always guided METSEC. The key issue here is the requirement for our employees to act in compliance with internal regulations as well with the statutory requirements of the respective legal system. When new employees join METSEC, a paragraph to this effect in their employment contract commits them to compliance with the METSEC Code of Ethics.

In 2016, the Corporate Compliance department began adapting the **CODE OF ETHICS** to current statutory and internal requirements. The revised, expanded and newly entitled Code of Conduct will focus on the corporate value of integrity, as well as incorporating the regulations of the METSEC Social Charter. One of the central behavioural principles is that METSEC is committed to taking a stand against all forms of corruption. The Code of Conduct applies throughout the company.

In our **SHE\* GUIDELINES** we commit to our global responsibility in relation to worldwide, long-term challenges such as demographic change, climate change and limited resources. We are committed to the ongoing improvement of occupational health and safety standards as well as measures to reinforce environmental protection.

#### **Compliance management and anti-corruption efforts**

METSEC requires all employees to behave with responsibility and integrity. Our employees must always act in compliance with internal regulations and statutory requirements. METSEC also takes an active stand against all forms of corruption. The relevant regulations are set out in the METSEC Code of Ethics.

METSEC operates a system of compliance management in order to ensure and review responsible and compliant behaviour. A review of this system was started in 2016. The focus areas in terms of moving forward here are to develop a more effective system of compliance management, reinforce compliance organisation, undertake a detailed risk analysis for the DOSHI Group and allocate responsibilities for compliance issues. The compliance risk areas of antitrust legislation, anti-corruption activities, tax compliance and data privacy were extended to include the area of white-collar crime. The latter includes criminal offences such as fraud, embezzlement, betrayal of business and trade secrets and money laundering.

METSEC plans to introduce a revised Incident Reporting Procedure system in 2017 which can be used to submit notifications via SMS – anonymously if necessary – of potential compliance violations. In addition, processes for handling compliance investigations will be adapted and improved accordingly.

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### **Risk management system**

Risk management is integrated in existing planning, controlling and information systems and incorporates all DOSHI Group companies. It covers all substantial risks which have the potential to impact negatively on sustainability issues and are important to METSEC's business operations. Uncertainties in connection with climate change are also included here. What is more, potential climate change risks that might influence our business are evaluated using specialised software programmes provided by our insurance company.

### **Sustainability in the supply chain and dealing with conflict materials**

We also promote a sustainable approach among our business partners. METSEC's General Terms and Conditions require suppliers to commit to the Social Charter and the Code of Ethics or else to observe the principles of the UN Global Compact. In the event of serious and repeated violations of these principles, METSEC is entitled to terminate supply relations immediately. Furthermore, the requires suppliers to submit a self-assessment that covers all the principles of the UN Global Compact. Suppliers are only approved if they accept either the METSEC Social Charter and Code of Ethics or the principles of the UN Global Compact.

Since 2017 we have reported voluntarily on the extent to which our products contain so-called conflict minerals from mines and smelting works in certain African countries. In this way, we promote the traceability of such materials and enhance the transparency of our supply chain, thereby supporting our customers in meeting their requirements. METSEC does not knowingly purchase any materials that contain such minerals. We likewise expect our suppliers to supply us exclusively with components made of raw materials that come from responsibly managed sources.

### **Sustainable product development**

Future-oriented, environmentally compatible innovations are a vital factor in METSEC's sustainable growth. Innovation is therefore organised highly efficiently. The aim is to develop needs-oriented solutions for new global trends as well as sustainable, environment-friendly products and technologies. For years now, we have also been closely involved in weight optimisation of cables and wiring systems for the power industry so as to reduce CO<sub>2</sub> emissions. Here we use innovative conductive materials which allow reduced cable cross sections as well as applying simulation systems to optimise cross sections and cable architecture.

# Human rights

**PRINCIPLE 1: Businesses should support and respect the protection of international human rights within their sphere of influence; and**

**PRINCIPLE 2: make sure they are not complicit in human rights abuses.**

METSEC supports and respects the protection of internationally recognized human rights within its sphere of influence and ensures that it is not complicit in human rights abuses.

## **METSEC Social Charter and METSEC Code of Ethics**

Metsec Cables Ltd Social Charter applies directly to all Metsec Operations. Ensuring employee and human rights as well as assuming social responsibility have always been integral elements of our corporate policy.

In the METSEC Social Charter, the organization commits to respecting internationally recognised human rights and to support their observance. We also encourage our business partners to respect this declaration in their own corporate policies. We regard this as a beneficial basis for reciprocal business relationships.

In 2014, METSEC also introduced its own Code of Ethics. This Code of Ethics is binding for all METSEC employees of the Organization and has been made accessible to every employee.

The Code of Ethics describes in unequivocal terms the values and conditions of responsible and integral behaviour that have always guided METSEC. It is essential that METSEC employees act in compliance with the internal regulations and the statutory regulations of the legal system that applies to them.

## **Courses on METSEC Code of Ethics compliance**

The training courses on the METSEC Code of Ethics have been held in both English and Kiswahili.

With these courses, METSEC can ensure that the employees trained on them are aware of the particular importance of protecting international human rights and can act accordingly. Additional clauses in all T&Cs further obligate all of METSEC's suppliers to observe the protection of human rights.

### Health and safety at work

Acting sustainably ensures our company's future. Specific principles for action are embedded in our health and safety policy to safeguard everyone who works for or with METSEC. These include avoiding injury to or illness of our employees by preventive detection of risks and effectively averting any threats. Acting in a safety-conscious manner is part of every employee's job. Compliance with all legal obligations on safety at work and other requirements is the basis for our activities and the applicable national standards are minimum requirements in this respect. METSEC undertakes to observe all pertinent laws and directives on safety at work as well as internal rules of conduct.

### Conflict minerals

As a manufacturer, METSEC does not knowingly purchase materials containing conflict minerals. We are committed to further developing and managing the processes that we use to inform our suppliers that we expect them to supply us with "conflict-free" materials. Our aim is to guarantee that we can assure our customers with reasonable certainty that the components we buy for our manufacturing processes originate from responsibly managed sources.

METSEC GUIDELINES AND SYSTEMS	RESULTS AND KEY FIGURES
The obligation to uphold internationally recognised human rights is laid down in the METSEC Code of Ethics and the METSEC Social Charter.	Every METSEC employee is, upon being recruited, handed or given access to the METSEC Code of Ethics.
The in-house training on the METSEC Code of Ethics subject area contributes to sharpening the awareness among management and staff of human rights.	Around 50 employees and managers undergo this training every year
Embedded in our guidelines for health and safety at work are principles for action that ensure the health and safety of everyone who works for or with METSEC.	

# Labour standards

PRINCIPLE 3: **Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, in addition to upholding**

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.**

**METSEC is committed to providing a working environment for its employees that is free of discrimination in both employment and occupation, and in which there is freedom of association. The right to collective bargaining is effectively recognised. METSEC strictly rejects child and all forms of forced labour. These principles are codified in the METSEC Social Charter.**

## Measures

Part of the annual Control Self Assessment of managers pertaining to METSEC's Social Charter involves confirming at all of the branches that all employees are of at least the minimum age under local law and are at least 15 years old. The Control Self Assessment also proves that there is no discrimination when employing new staff or in the employment conditions.

Furthermore, breaches of these principles require Human Resource Reporting and can also be reported directly to our Chief Compliance Officer via our internal compliance process. In addition, the Internal Audit department checks this on a random basis as a separate control factor of our Internal Control System (ICS). We received no reports of any breaches of this kind in 2015.

## Supply chain management

In order to apply the principles of the UN Global Compact in everyday work, it is of great importance to METSEC that social responsibility is also taken into account in the context of supply relationships. This applies not only within METSEC, but also to suppliers' operations and for the Company in general. Since 2014, our Wiring Systems Division has therefore been using a supplier self-audit to check potential suppliers in the selection process in accordance with the principles of the UN Global Compact. The supplier will receive approval to supply only if either the METSEC Social Charter and the Code of Ethics or the principles of the UN Global Compact are accepted.

In addition to our Social Charter, which suppliers were already required to accept in the past as part of our General Terms and Conditions, the principles of the UN Global Compact have also been adopted in our T&Cs. Here we draw express attention to the fact that, in the event of any serious or repeated breach of the principles as detailed in the T&Cs, METSEC is entitled to terminate the supply relationship without notice.

### Diversity

As Kenya and Tanzania has many tribes, our workforce includes people from many cultures and ways of life. Virtually all of the world's religions, including Christianity, Islam, Hinduism and Jainism, are represented.

### Social commitment

METSEC commits itself with donations for and sponsorship of various social projects, where we give priority to sustainability and a regional approach. In 2017, we continued to make donations to children's aid organisations, Water projects, schools, to name just a few projects. The charitable donations are routed through the Doshigroup's charitable trust "The MANAV TRUST"

METSEC GUIDELINES AND SYSTEMS	RESULTS AND KEY FIGURES
Meetings are held at METSEC on the General Act on Equal Treatment to ensure a working environment that is free of discrimination.	All employees and managers have read and understood the "METSEC Code of Ethics / and were taught those principles of the METSEC Social Charter that concern labour standards.
The right of association as well as equal opportunity and equal treatment are assured in METSEC's Social Charter.	As at the end of 2017, the proportion of women in our entire workforce was 40 percent.
Through participating in the Diversity Charter METSEC ensures diversity and mutual respect.	Also as of this date, the management has decided to increase the number of management positions held by women.
In the selection of suppliers, a Control Self Assessment ensures that suppliers accept the principles of the UN Global Compact or alternatively the METSEC Social Charter and the METSEC Code of Ethics.	Our donations in 2017 increased by 0.5% compared to 2016.
Our principles on observing labour standards are also embedded in our T&Cs.	



# Environmental protection

**PRINCIPLE 7: Businesses should support a precautionary approach to environmental challenges,**

**PRINCIPLE 8: undertake initiatives to promote greater environmental responsibility, and**

**PRINCIPLE 9: encourage the development and diffusion of environmentally friendly technologies.**

**METSEC supports protection of the environment with a precautionary approach and has several ongoing initiatives to promote greater awareness of responsibility for the environment. We therefore encourage the development and diffusion of environmentally friendly technologies.**

**METSEC regards environmental protection as a primary corporate objective. Our environmental management is geared to keeping the impact of all our processes on nature as minor as possible. The principles of our environmental policy also play a role in the selection of our suppliers.**

## Initiatives

**GREEN TECHNOLOGY** At METSEC, this concept covers all products, system solutions and services that make the use of energy more efficient and easier on resources, thereby reducing emissions and pollution of the environment.

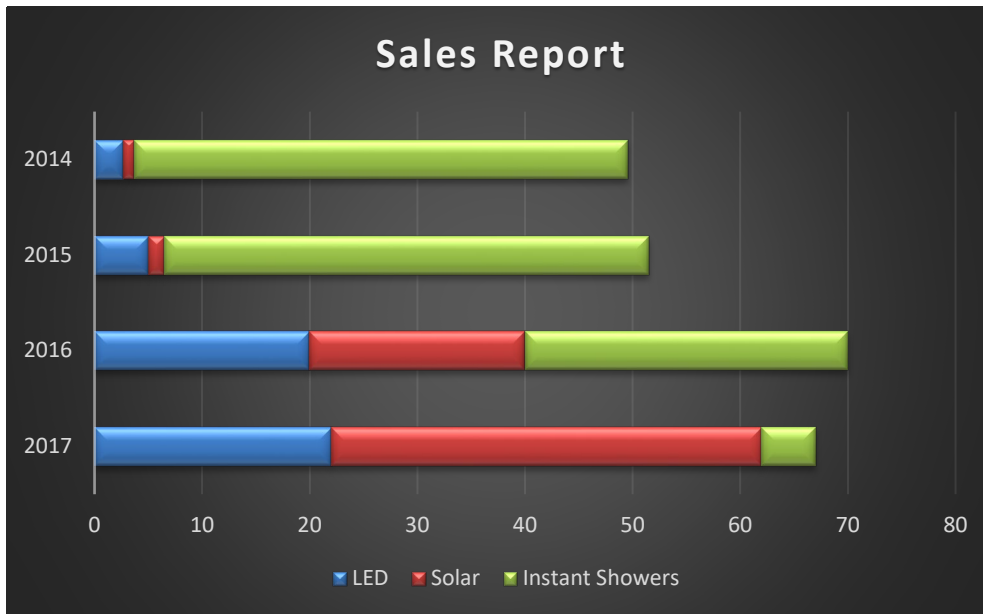
Market segment	Examples of applications for METSEC products
Environmentally friendly power generation and storage	<ul style="list-style-type: none"> <li>- Solar energy (e.g. photovoltaic installations and solar thermal energy plants)</li> <li>- Geothermal (e.g. Geothermal plants at Olkaria)</li> <li>- Windpower (e.g. wind power farms)</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>- Measurement and control technology to reduce energy consumption</li> <li>- Energy-efficient automation and drive technology</li> </ul>
Raw materials and materials efficiency	<ul style="list-style-type: none"> <li>- Measurement and control technology to prevent waste</li> <li>- Lightweight materials and components</li> </ul>
Recycling management	<ul style="list-style-type: none"> <li>- Waste separation and disposal plants</li> <li>- Recycling (plastics recycling plants)</li> </ul>
Sustainable water management	<ul style="list-style-type: none"> <li>- Water treatment, distribution, supply and cleaning plants</li> <li>- Household appliances with high water consumption efficiency (eg Instant showers)</li> </ul>
Sustainable mobility	<ul style="list-style-type: none"> <li>- Charging cables and infrastructure</li> <li>- Rolling stock engineering</li> </ul>

■ Core markets

### Fields of application for Green Technology

In 2017, METSEC further extended its product portfolio for Green Technology.

- Solar Energy Products
- LED Lighting



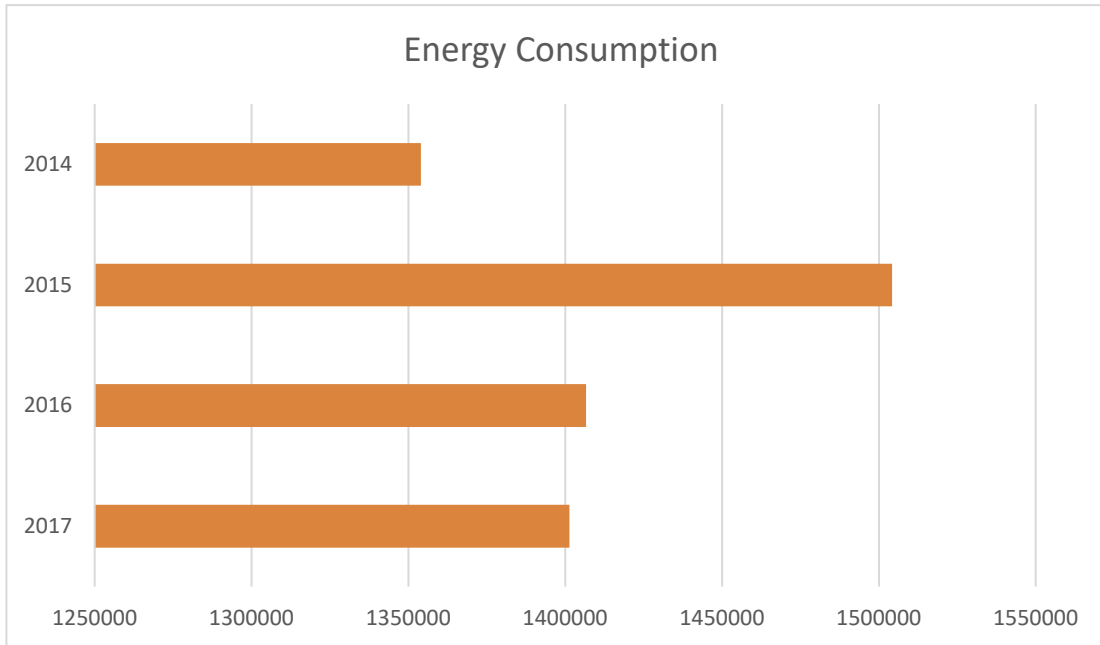
### Conserving natural resources

METSEC endeavours everywhere to reduce energy consumption and thereby CO<sub>2</sub> emissions. Both Divisions run environmental management systems and multifaceted environmental protection activities, which are adapted to the respective requirements of their activities.

Given the intensive use of electricity in our Wire & Cable Solutions Division, in 2014 we committed to implementing at least one project to increase energy efficiency. As a result, we saw considerable savings being made in terms of energy and cost in their production processes in 2015. This trend has continued since. A new guide to considering energy efficiency when acquiring production equipment and technical infrastructure is applicable across the Division and will also help reduce our energy consumption in the future. Furthermore an energy management system complying with ISO 50001 is currently being considered for adoption.

**Energy consumption**

Energy consumption within the Group could be reduced by 20 percent by 2017. This is because we have installed PV Solar Panels on our rooftop, and hence generate our own power. We are also in the process of retrofitting our conventional lights with LED lights.



We also assess our manufacturing processes with regard to green technology. In 2017, our sales of products that are manufactured in environmentally certified facilities or using energy-efficient plant and machinery increased from USD 35mIn to USD 35.2mIn.

METSEC endeavours to reduce energy consumption – and thereby CO<sub>2</sub> emissions. We are currently also in the process of upgrading the ISO 14001:2004 to its latest version ISO 14001:2015

**Recycling**

METSEC participates in the recycling initiatives .Due to our use of PVC, which is 80 percent recyclable material, as one of the main element in our products, METSEC has an ideal starting position in terms of recycling.

METSEC GUIDELINES AND SYSTEMS	RESULTS AND KEY FIGURES
<p>In our environment management system we are certifying our plants to the ISO 14001 standard. Additionally, since 2013 we have had in place a set of internal environmental guidelines.</p>	<p>Group-wide, our sales of products that are made in environmentally certified facilities or using energy efficient plant and machinery amounted to USD 35.2 million in 2017-2018.</p>
	<p>As of 2014, only Kenyan facilities possess the ISO 14001 certificate.</p>

# Anti-corruption strategy

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

## Compliance 2.0

To further underline the importance of compliance and thereby our anti-corruption strategy, the METSEC Management Board in 2015 initiated a revision of the compliance program that has now been in place for several years. During this revision, the Board decided to restructure the Compliance Management System and enhance it ("Compliance 2.0").

This newly-restructured Compliance Management System at METSEC is now divided into three sections: "Prevent", "Detect" and "Respond".

**PREVENT** Measures for avoiding violations of the law include in particular our specific policies, regulations and processes; conducting specially designed e-learning and classroom training; and providing the business areas with advice on technical compliance.

**DETECT** To enable early detection of Compliance risks or potential violations, Management Self Assessments and Compliance Reviews will be conducted on a regular basis. A comprehensive process for reviewing certain business partners (business partner due diligence) has also been implemented as a further key component of this early warning system.

**RESPOND** Evidence of misconduct is first evaluated by a specialized body before then being clarified by means of internal or external investigation if necessary. Responses to Compliance violations also include the rigorous sanctioning of such misconduct, as well as improving processes to guarantee that future conduct complies with regulations.

## Strengthening our anti-corruption activities

To improve the efficiency of our Compliance activities, initial work in the "Compliance 2.0" programme will be concentrating on the key risk areas that have already been identified. This will be especially helpful for our work in antitrust legislation, tax compliance, data protection and – above all – corruption prevention. Starting with an updated set of risk assessments, a risk-oriented and comprehensive approach will be taken to drafting and implementing preventive measures, particularly subject-related consultation and training.

The company also plans to expand staff levels and expertise in global and regional Compliance. Dedicated Compliance Officers have been deployed: these will work with current and future Compliance managers to ensure greater effectiveness in the implementation of Compliance actions and rules and will bear special responsibility for the regional roll-out of the global Compliance framework. Also particularly relevant here is METSEC's clear position on corruption (zero-tolerance policy), which is unmistakably reflected by the METSEC Code of Ethics which was first published in 2007.

## Employee training

For several years, METSEC has been providing e-learning on subjects such as corruption prevention to all of the approximately 15 managers in the senior management tier and for other relevant employee groups (e.g. Purchasing, Sales). Approximately 200 METSEC employees have so far been trained in this way.

Classroom-style teaching was organised to introduce the new policies on anti-corruption topics.

POLICIES AND SYSTEMS RESULTS AND KEY FIGURES	RESULTS AND KEY FIGURES
<ul style="list-style-type: none"> <li>■ Development of the CMS: Compliance 2.0</li> </ul>	<ul style="list-style-type: none"> <li>■ Our anti-corruption guidelines, the METSEC Code of Ethics, have been made available to all managers and employees group wide.</li> </ul>
<ul style="list-style-type: none"> <li>■ Publication of the Anti-Corruption Policy and guidance for its implementation</li> </ul>	<ul style="list-style-type: none"> <li>■ Approximately 200 employees and all 20 managers have already completed the Anti-corruption training.</li> </ul>
<ul style="list-style-type: none"> <li>■ Policy and process for Business Partner Due Diligence</li> </ul>	
<ul style="list-style-type: none"> <li>■ Policy and process for submitting evidence of possible breaches of the above-mentioned policies and legislation</li> </ul>	

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CABLES  
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