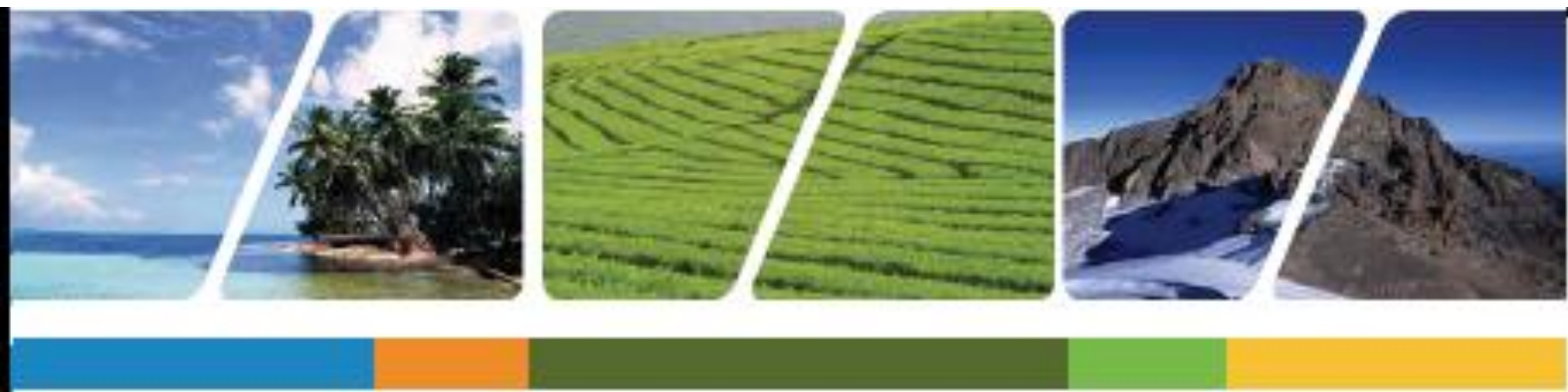




Accountants &
business advisers



United Nations Global Compact

**Communication on Progress
February 2011– February 2012**



Accountants &
business advisers

I would like to express our continued support for the United Nations' Global Compact. Enclosed you will find a description of our firm and the actions that we have taken over the past year to support the Global Compact Principles.

We strive to engage with others across our sphere of influence through corporate engagement, public policy and other mechanisms as we work to build our business by striving to not only better ourselves but also to encourage other responsible corporate citizens as we aim for continuous improvement.

This first communication on progress highlights our commitment to the UNGC principles. In our next COP, we will aim to focus on specific achievements and progress that build on the themes outlined in this report. This obligation is built into our business and corporate responsibility– it is fundamental to all that we do.

A handwritten signature in blue ink, reading 'Atul Shah'. The signature is fluid and cursive, with the first name 'Atul' and last name 'Shah' clearly distinguishable.

Atul Shah
Chief Executive Officer
PKF Eastern Africa

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Executive Summary

About Us

PKF Kenya was founded 47 years ago and was then known as Kassim Lakha Abdulla. Internationally, we are a member firm of PKF International, an association of 440 independent accounting and consulting offices located in 125 countries, employing more than 17,600 partners and staff with global turnover of over around \$2 billion and ranked the 10th largest in the world.

Regionally, we have 7 fully fledged offices in Kenya, Tanzania, Uganda and Rwanda which house our 24 partners, 5 directors and 450 staff in East Africa.

Our Vision

To be a leading regional accounting and business advisory firm with a recognized global presence, providing quality and personalized service through relationships and empowered professional manpower.

Our Services

Today, we provide a wide range of services to over 2,000 clients ranging from large companies to SMEs in virtually all sectors of the economy.

We offer a wide range of services including:-

- Audit and Assurance
- Forensic Accounting
- Tax Consultancy
- Corporate Finance
- Organizational Development
- Human Capital Consulting
- Environmental Management Consulting
- Information Technology Consulting
- Corporate Recovery and Restructuring
- Financial Management Services
- Training and Development

We have created the PKF Foundation to fund all CSR activities run by PKF in Eastern Africa (PKFEA) Corporate Social Responsibility (CSR) committee having representatives from all offices that have:-

- Established a collective CSR commitment
- Identified programme areas to streamline to the PKFEA Foundation that create sustainable development impacts, foster improved communication with stakeholders and ensure sustainability of the business as a whole.

Furthermore as a member of the United Nations Global Compact, PKF Kenya is committed to aligning its strategic plans and daily operations, internally and externally, in line with the UN Global Compact's Principles.

We declare that we will continue to uphold the ten principles; we shall continually strive to improve our effort in implementing the UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption, share best practices to advance practical solutions and strategies to common challenges as well as form partnerships with a variety of stakeholders in engaging in business best practices.

The PKF Eastern Africa CSR Policy

PKF Eastern Africa prides itself in having a deep heritage of operating at the highest level of integrity. We have a strong commitment to responsible business practices and recognize the importance of balancing the interests of all our key stakeholders - our clients, our employees, and the communities in which we work. In striving to be a leader in corporate social accountability, we:

- Adopt business practices that are socially and environmentally responsible with the aim of making a positive difference to the individuals and communities around us.
- Invest in the well-being of the community we live and work in by initiating or supporting efforts in
 - environmental management and protection
 - upholding the standards and development of the profession
 - improving the lives of disadvantaged persons
 - community development
- Encourage our staff, clients and associates to individually and collectively adopt and implement an active and positive attitude towards Corporate Social Responsibility.

The PKFEA Corporate Social Responsibility activities are based on the CSR matrix that revolves around 4 pillars:

1. Workplace activities:

These involve engaging in fair, ethical and responsible business practices in the market place e.g. refrain from corruption, accuracy of client reporting, observing laws and statutory requirements. Encourage sustainable business practices

2. Market place activities:

These focus on upholding well being of employees within the workplace and ensuring work practices don't impinge on that well being outside the workplace such as workforce diversity, work-life balance, health and safety, human rights, Training and lifelong learning, HIV/AIDS

3. Environment:

The concern for the environment at the workplace and advocacy for good environmental practices and engaging in environment friendly practices with clients, corporate partners and the general public.

4. Community

Support for communities including community initiatives and institutions involved in community work and communal concerns. Assistance may be both financial and non-financial.

United Nations Global Compact Principles

Human Rights

The first two principles of the UN Global Compact, which are derived from the Universal Declaration of Human Rights, are:

- Principle 1: **Businesses should support and respect the protection of internationally proclaimed human rights; and**
- Principle 2: **Business should make sure that they are not complicit in human rights abuses.**

PKF Kenya recognizes that Human Rights are an integral part of corporate citizenship and we respect and support the Universal Declaration of Human Rights.

PKF Kenya has in place policies, which in accordance with the Universal Declaration of Human Rights, detail and protect employees' rights and resources within the organization.

In addition, PKF Kenya supports community initiatives and institutions involved in community work and support for communal concerns such as disasters.

Implementation

We implement the Human Rights principles in the workplace and community.

Workplace

At the workplace, PKF Kenya ensures it complies with the Human Rights principles by complying with the Labour Laws which includes the Employment Act, Labour Relations Act, Labour Institutions Act, Occupational, Health and Safety Act and the Workers Injury Benefits Act.

We uphold the human rights of our staff by the following actions:

- Providing safe and healthy working conditions.
- Providing equal opportunities at the work place and ensuring non-discrimination in personnel practices.
- Ensuring the company does not use directly or indirectly forced labour or child labour.
- Making reasonable accommodation for all employees' religious observance and practices
- Providing opportunities to workers for grievance procedures.

Community

PKF Kenya recognizes the importance of balancing the interests of all our key stakeholders and this includes the communities in which we work with. We implement the Human Rights principles in the following ways:

- Contributing to public debate by holding public forums to keep our clients and business associates updated in the relevant changes in the business environment and legislation and provide them opportunities to influence policy.
- Fostering opportunities for girls to be educated, through charities and foundations. PKFEA has partnered with the Palmhouse Foundation, a charitable trust that provides an opportunity for bright and talented children from financially challenged families that and most of whom have attended poorly equipped rural primary schools by financing and mentoring them through secondary education. PKF Kenya staff participate in the mentorship of the sponsored students.
- Partnerships and Mentorships. These initiatives include:
 - Empower women in the workplace, marketplace and community. They emphasize the business case for corporate action to promote gender equality and women's empowerment and seek to point the way to best practice by elaborating the gender dimension of good corporate citizenship, the Global Compact, and the role of business in sustainable development. PKFEA is doing this through partnering with organizations such as the Women Entrepreneurs' Mentorship Group in Africa (WEMGIA). WEMGIA seeks to promote women who want to succeed in entrepreneurship or wish to become entrepreneurs through a mentorship program.
 - Support of charity groups through donations and mentorship for instance Mater Heart Foundation, Kenyans for Kenya and Project Baobab.
 - Providing pro-bono professional services in audit, tax and business advisory to various organisations e.g.
 - AISEC Kenya: AIESEC is the world's largest international association of students which offers a platform for young people to discover and develop their potential to have a positive impact in society.
 - WEMA Centre: The WEMA Centre Trust is an NGO registered by the Ministry of Home Affairs as a children's institution. The Centre was founded in 1993 and started as a home for young street girls. The Centre has since expanded its work to include Outreach, Education and Vocational training.

PKF East Africa Professional Services that relate to Human Rights

PKF Kenya also helps clients through services that relate to development and the protection of Human Rights. We do so by: **Helping companies define their policies on human rights issues through sound human resource policies and procedures.** The aim is to help clients define their commitments to human rights, especially in institutionally weak areas. Our work also provides assistance for the implementation and dissemination of those commitments within the company. **Helping companies define their wider commitments to ethics, integrity and responsibility through review, design and documentation of policies and procedures.** Our work assists clients in the definition of actions for the implementation, compliance and dissemination of the commitments within the company advising on industry best practices and documentation, and facilitating implementation by providing appropriate client training.

United Nations Global Compact Principles

Labour

The Global Compact's labour principles are derived from the ILO Declaration on Fundamental Principles and Rights at Work:

- 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.**

PKF Kenya applies the labour principles at the company level through the Code of Conduct.

The Global Compact Principle 3 states that 'Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

PKF Kenya has taken the opportunity to inform the local community, media and public authorities of its endorsement of the UN Global Compact and its commitment to respect its provisions including those on fundamental workers rights.

The company's policy is that it will not use, be complicit or benefit from forced labour in compliance with the Global Compact Principle 4. The company relationship with its employees is set out in the employment contract handed to every employee on engagement to the company. The Employment Contract states the terms and conditions of service, the freedom to leave and any penalties that may be associated with a departure or cessation of work. All this is in a language the employees can understand. Further, as outlined in our Human Resource Policies and Procedures, does not allow employees to lodge financial deposits with the company.

PKF Kenya adheres to Principle 5 by ensuring that it complies with the minimum age provisions of the labour laws. The company requires those joining to be over the age of 18 years. The company requires, upon joining, that the employee provides their national ID no and other documentation which one can obtain only when the attain 18 years of age.

In compliance with the Global Compact Principle 6, our philosophy states" We believe in recruiting and retaining sound professional and support staff, providing training and opportunities for growth in a stimulating and enabling environment".

Implementation

PKF Kenya Human Resources Policies and Procedures guide equal employment practices which promote a diverse workforce.

PKF Kenya has established training programs for its staff to further develop their skills. It is our mission “To empower our manpower through continuous professional development to face the dynamic global challenges”

Measurement of outcomes

Our performance management policy ensures that the employees’ progression within the company is monitored.

PKF International (PKFI) quality control standards stipulate that all offices establish, under the supervision of the technical and training partner, a pertinent CPE programme. In addition to meeting the CPE standards of the firm, the programme is required to comply with the requirements of professional bodies. CPE is provided to all partners and staff by participation in international and regional conferences and seminars. In addition, strict supervision of staff at the field level ensures that adequate, on the field training, is provided to staff on a continuous basis.

Skills Transfer Programme: PKF encourages staff secondments, skills workshop and seminars amongst the offices, both on a formal and informal basis to help maintain international standards of work. Formal training is also conducted by partners during visits to other offices.

As evidence of our quality control standards one of our audit client in the financial services sector won the overall **2006, 2004, 2003** and **2002** FiRe awards for excellence which was jointly promoted by the Institute of Certified Public Accountants of Kenya (ICPAK), the Capital Markets Authority (CMA) and the Nairobi Stock Exchange (NSE), in their joint commitment to promote excellence in financial reporting and corporate citizenship. In **2010** our other clients won in the Savings and Credit Co-operative Societies (SACCOs) Category and Private Limited Entities Category.

PKF Kenya is an **ACCA Approved Employer – Platinum** for both **Professional Development** and **Trainee Development**. This is the highest level attainable.

United Nations Global Compact Principles

Environment

The UN Global Compact's environment principles are derived from the Rio Declaration on Environment and Development.

The three principles are:

- Principle 7: **Business 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.**

Our Environmental Policy

We recognise that the economy, ecology and society are interrelated. In this regard, we are committing to conducting business in an environmentally friendly and sustainable manner. We strive to continuously improve our environment performance and meet and exceed national and international environmental standards. We recognise that economy, ecology and society are interrelated. In this regard, we are committing to conducting business in an environmentally friendly and sustainable manner. We strive to continuously improve our environment performance and meet and exceed national and international environmental standards.

Implementation

PKF Kenya has concern for the environment at the workplace and advocates for good environmental practices with clients, corporate partners and the general public in the following ways:

1. Compliance with the law

- Carried out the Environmental Impact Assessment on our new offices in Nairobi
- Carry out Environmental Impact Assessment on all new developments.
- Carry out annual Environmental Health and Safety Audits.

2. Environmental Awareness

- Environmental awareness creation fora for staff

- Display of the policy at conspicuous places at the workplace
- Participate in environmental events e.g. World Environment Day

3. Energy Conservation

The company conserves energy by following simple measures such as;

- Switching off idle equipments, lights
- Regular servicing of equipments and buying clean fuel for vehicles from recognized filling stations
- Monitoring energy usage
- Installation of energy saving devices such as energy saving bulbs.

Measurement of outcomes

1. Complying with the law: The environmental audits are carried out annually. Additionally, recommendations of environmental assessments are implemented.
2. Our policy should be displayed at conspicuous places and email signatures.
3. Active participation in environmental events by assessing the number of environmental fora attended annually.

PKF East Africa Professional Services that relate to the Environment

As part of our contribution to the environment, we have introduced the environment management division to assist our clients proactively manage their own environmental responsibility.

United Nations Global Compact Principles

Anti-Corruption

The Global Compact Anti-Corruption principle is derived from the United Nations Convention against Corruption.

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

PKF Kenya prides itself in having a deep heritage of operating at the highest level of integrity. Our company's longstanding commitment to doing business with integrity means avoiding corruption in any form. We engage in fair, ethical and responsible business practices in the marketplace. We do this by refraining from corruption, accuracy of client reporting, observing laws and statutory requirements and encouraging sustainable business practice.

Our Philosophy, "We are committed to promoting high standards of discipline, excellence and ethics through adherence to the firm's quality standards and value charter and the laws of the country and the profession", and **Our Mission,** "To empower our manpower through continuous professional development to face the dynamic global challenges" enable us to comply with the Global Compact Principle 10 that requires businesses to work against corruption in all its forms, including extortion and bribery.

Implementation

PKF Kenya eliminates corruption by engaging in fair, ethical and responsible business practices which includes refraining from corruption, observing laws and statutory requirements and encouraging sustainable business practices.

PKF Kenya policy describes corruption as a 'breach of respectability' which states: "Corruption, that is to say, soliciting for or accepting payment or other valuable consideration of services rendered within the normal course or scope of official firm duties."

PKF Kenya has grown alongside and worked together with the Institute of Certified Public Accountants of Kenya (ICPAK) since its inception. We are proud of our contribution to the growth and development of the accounting profession in the region. PKF Kenya will continue to proactively support the adoption of the International Public Sector Accounting Standards (IPSASs) in keeping abreast with global trend towards anchoring public accountability.

Measurement of outcomes

- As a result of the Company's policy, all employees are made aware of consequences related to corruption and bribery violations. We include a condition in all our contracts to

terminate the relationship if the other party, employee, associate or client, is involved in corruption.

- **Top quality service with zero defects remains our highest priority.** Professional quality assurance and quality control are integral elements in all our operations. They guarantee that the solutions are the right ones. Partners and staff involved in such assignments are required to undergo rigorous training to ensure they are proficient with the operations, risks, legislation and regulations governing the industries we operate in.

This COP will be shared with PKF Kenya and PKF East Africa stakeholders through the use of various tools. Our stakeholders are staff, external experts, shareholders, clients and partners.



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