

# **Eastern Produce Kenya Limited**

## **Communication on Progress - 2009**

The approach to risk management is incorporated in our corporate governance framework. This framework requires management teams in each business territory to review and regularly report on the risks they face and the controls in place to manage them. Policies and procedures (financial, social and environmental) support and continuously improve the management systems in place as well as ensuring minimum if not beyond compliance.

As one of the pioneer Kenyan signatory's to the Global Compact, Eastern Produce Kenya Limited is committed to the challenge of continuous improvement and sustainable development. The attainment of ISO 22000:2005 certification during the year 2008 was indeed a huge successful milestone for Eastern Produce Kenya Limited.

Eastern Produce Kenya Limited being a quality tea producer strives to continuously exhibit leadership in a number of areas because we have to meet our own expectations and those of our stakeholders.

The relationship between Eastern Produce Kenya and the community is one that was severely tested yet bore fruits during the post-election violence that occurred in the early part of 2008 as a result of the fiercely contested and disputed 2007 December general elections. Normalcy was able to return much faster within our operations than other areas which were severely hit by violence.

Continued support in helping the tea smallholders maintain their Fairtrade Producer Certification has been more the rule than the exception. Introducing the concept of Fairtrade to the community in 2004/5 was a key company empowerment initiative that continues to grow.

In the area of protecting and sustaining the environment, we have continued to lead by example. The company has worked hard to incorporate awareness of environment and ecological issues into the day to day management of its operations by providing managers with training, encouraging individuals within the company to be aware of managing water resources, teaching issues relating to prevention of soil erosion, re-forestation initiatives, weeding, kitchen gardens and many other practices.

The successful Kitchen Garden initiative has been successfully adopted by the local community as part of the efforts of enhancing and promoting food security. The local administration has indeed taken notice and is now offering administrative and more so moral support for this food security initiative which is now a top government priority. This is in the wake of the famine which is now ravaging the country.

We have continued utilising our wetland sites that deal with wastewater from the tea factories. This has effectively and continuously reduced water wastage and effluent. The core objective is to create heightened awareness and to encourage responsibility among all individuals in the company. The continued success of these initiatives is demonstrated by employees beginning to implement ideas and teaching in their homes. The workers village

environmental committees (VECs) set up in the previous year have helped to create more awareness for the need for a clean and protected environment.

Our business partners regularly conduct social audits with respect to our operations. Proudly, we can say there is no discrimination on gender, health, religious, ethnic or any other grounds. The right of freedom of association and the attendant benefits of collective bargaining are thoroughly embedded in our business practices.

We are guided by our company Code of Ethics and within it we subscribe to fair business practices as well as encompassing a strong anti-corruption or anti-fraud platform.

Eastern Produce Kenya Limited has the commitment to back its responsibilities in all the areas that we are engaged. These being the markets, environment, workplace and within our local communities. We have through this displayed our commitment to the principles of the Global Compact.

As a company we believe that our stakeholders support our commitment to the Global Compact principles and by association they also abide by the same. By simply doing the right thing we are simply part of the ‘global’ effort in contributing positively albeit in a small manner to the Global Compact initiative.

Graham Mclean – Regional Director, 9<sup>th</sup> April 2009

Herbert Mwachiro – CSR Manager, 9<sup>th</sup> April, 2009

	<b>Global Compact Principle</b>	<b>COP 2009 Action Taken &amp; Impact Achieved and/or Plans for the upcoming Year</b>
<input type="checkbox"/>	<b>1:</b> Businesses should support and respect the protection of internationally proclaimed human rights;	<ul style="list-style-type: none"> <li>• Eastern Produce Kenya respects the ILO<sup>1</sup> Convention and the UN<sup>2</sup> Global Compact Principle on Human Rights. (Eastern Produce Kenya is among the pioneer Global Compact signatories in Kenya having signed on in 2005 and been acknowledged by the then UN Secretary-General Koffi Annan).</li> <li>• The Company does not tolerate human rights abuses, and is not engaged or party to any activity that encourages human rights abuse.</li> <li>• As an equal opportunity employer the Company has policies in place to protect individuals’ rights against discriminatory practices on race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion,</li> </ul>

<sup>1</sup> International Labour Organisation

<sup>2</sup> United Nations

		<p>conscience, belief, culture and language. New requirements of the Employment Act 2007 have been incorporated into the company policies.</p> <ul style="list-style-type: none"> <li>• The Company Policy on Health and Safety, is a policy of “Health for All,” to promote good health and safety in the workplace as well as in the community.</li> <li>• Health and safety standards in the workplace will at all times comply with the Kenya legislation which includes the Occupational Health and Safety legislation, trade union agreements, and be in accordance with all accepted social customs and practices within the country.</li> <li>• The Company has in place policies and standards for the promotion of good health and continuous improvement of such standards.</li> <li>• The Company will also continue their aim to reach into the surrounding local communities and continue their policy of “Health for All”.</li> <li>• The Company is committed to protecting the health &amp; safety of all its stakeholders including employees, suppliers, contractors and the public. <u>ISO 22000:2005 Certification was an important goal achieved in 2008.</u></li> <li>• The Company has set up Health and Safety Responsibilities at General Manager level to oversee the activities of the sub-committees at estate level, with biannual reports being made to Director level for review.</li> <li>• As a responsible employer, the policy is to create a non-discriminatory work environment, and protect all individuals’ rights with respect to HIV testing, confidentiality and disclosure, and to ensure prevention of discriminatory practices against individuals with HIV / Aids status.</li> <li>• Equitable employee benefits will be given to all people alike, and education, awareness and training will be offered to all employees</li> </ul>
--	--	--

		<p>through existing Clinics, Government, and Non Government Programmes. Access and assistance will be granted to all agencies involved in the HIV / Aids awareness and training programmes, with the dissemination of information whenever possible to employees both resident on the Estates and those residing in the local communities.</p> <ul style="list-style-type: none"> <li>• Our employees are encouraged to know employees know their HIV zero - status but there are challenges to overcome with regards to voluntary testing, stigma, self-denial and family involvement.</li> <li>• <b><u>Awards:</u></b> Most Improved Kenyan company in Occupational Health and Safety 2005/6</li> <li>• <b><u>Certification:</u></b> ISO 22000:2005 certification in 2008.</li> </ul>
<input type="checkbox"/>	<p><b>2:</b> and make sure that they are not complicit in human rights abuses.</p>	<ul style="list-style-type: none"> <li>• We do not tolerate human rights abuses in our operations and we extend the same conditions to our Third party service providers.</li> <li>• Our Third party service providers' contracts specify the conditions of service for their employees (outsourced) to ensure there are no abusive conditions of service.</li> <li>• We have no records of human rights abuses.</li> </ul>
<input type="checkbox"/>	<p><b>3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p>	<ul style="list-style-type: none"> <li>• The Company respects the right of all unionisable labour to form and join trade unions and bargain collectively.</li> <li>• The Company maintains a positive approach towards the activities of trade unions and an objective attitude towards their organisational activities.</li> <li>• The Company allows trade union organisers to meet all labour, and allow workers to hold meetings and organise themselves without interference of the management, providing such meetings are organised in an orderly manner and not during working hours.</li> </ul>

		<ul style="list-style-type: none"> <li>• The Company does not discriminate against employees on the basis of union membership or union activities.</li> <li>• Management allows employees' representatives to meet all the workers and have access to all workplaces necessary to enable them to carry out their functions.</li> <li>• To this effect ,there is currently one (1) employee union operating in the company: <b>The Kenya Plantation and Agricultural Workers Union (KPAWU)</b></li> <li>• Collective Bargaining Agreement (CBA) is negotiated every two years. Current CBA is valid for period January 2008-December 2009.</li> <li>• Union Executives hold regular meetings with all Union Shop Stewards.</li> <li>• Top management holds regular communications meetings with the Local Union branch. These meetings serve as platforms where the Union holds free face-to-face discussions with the senior management.</li> <li>• Industrial harmony is monitored and reported by the senior managers as part of their performance assessment in each year. Tension between our workers and employer has been eliminated by the open door policy and constant dialogue with the unions on all issues.</li> </ul>
<input type="checkbox"/>	<b>4:</b> the elimination of all forms of forced and compulsory labour;	<ul style="list-style-type: none"> <li>• There shall be no use of forced or bonded labour.</li> <li>• Employees shall not be required to lodge "deposits" or their original identity papers with their employer.</li> <li>• When operational exigencies demand for overtime work, management and workers agree and draw schedules to cover areas where services are required during holidays. Work done is compensated for in addition to</li> </ul>

		paid overtime.
<input type="checkbox"/>	<b>5:</b> the effective abolition of child labour;	<ul style="list-style-type: none"> <li>• Notwithstanding the Kenyan Law it is the Company Policy not to employ any person less than 18 years of age.</li> <li>• Exceptions can be made when offering Training or work experience to young persons over 16 years old, but employment can only be offered on a Temporary basis and conditions must comply with all Statutory Regulations when employing a young person.</li> <li>• Any person of the age of 18 years will not be employed or deployed in any occupation or activity that is likely to be harmful to health, safety, education, morals or development of that person, or prejudice their attendance at school or any other vocational training programme.</li> <li>• A Register will be maintained of any person under the age of 21 undergoing training or temporarily working for the Company.</li> <li>• Age verification is carried out during recruitment processes.</li> </ul>
<input type="checkbox"/>	<b>6:</b> and the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> <li>• As an equal opportunity employer the Company has policies in place to protect individuals' rights against discriminatory practices on race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture and language.</li> <li>• As a responsible employer, the policy is to create a non-discriminatory work environment, and protect all individuals' rights and dignity against any discriminatory practices, abuse or form of harassment. This policy is extended to those involved with the Company as consultants, contractors and/or seasonal employees.</li> <li>• A Policy explicitly covering Sexual Harassment was issued by the company</li> </ul>

		<p>in the first half of the year 2007. Issues of sexual harassment are well covered in the new Labour Laws gazetted in 2008.</p> <ul style="list-style-type: none"> <li>• As a responsible employer, the policy is to create a non-discriminatory work environment, and protect all individuals' rights with respect to HIV testing, confidentiality and disclosure, and to ensure prevention of discriminatory practices against individuals with HIV / Aids status.</li> <li>• The Company permits the employment of qualified relatives or friends as long as such employment does not create actual or perceived conflict of interest</li> <li>• As a responsible employer, the policy is to create a non-discriminatory work environment, and protect all individuals' rights with respect to HIV testing, confidentiality and disclosure, and to ensure prevention of discriminatory practices against individuals with HIV / Aids status.</li> </ul>
<input type="checkbox"/>	<p><b>7:</b> Businesses should support a precautionary approach to environmental challenges;</p>	<ul style="list-style-type: none"> <li>• The Environmental Policy, is a commitment to carry out our business in a sustainable manner, with a particular emphasis on preserving natural flora and fauna, protecting water catchment areas, and adopting a "best practice" policy in order to protect the environment.</li> <li>• A policy of continual review and monitoring exists to reduce, where possible, the controlled use of agricultural inputs, whilst ensuring sustainable renewable energy resources are in place, and to protect and rehabilitate natural habitats and water catchment areas whenever required.</li> <li>• The Company has set up Environmental Committees at General Manager level to oversee the environmental activities with biannual reports being made to Director level for review.</li> <li>• The Company follows a policy of conserving and improving the environment for all.</li> </ul>

		<ul style="list-style-type: none"> <li>• An environmental management plan (EMP) has been developed which encompasses all the expected environmental issues and has mitigation measures in place to ensure that these impacts are minimized. A strategic environmental assessment was conducted prior to the EMP being formalized to ensure that all social, environmental and economically issues were adequately identified and addressed.</li> <li>• <b><u>Certification:</u></b> Rainforest Alliance Certification achieved in 2007.</li> <li>• <b><u>Award:</u></b> AAK Environmental Award 2008 for company with best environmental practices in Kenya. Winner in all five categories entered.</li> </ul>
<input type="checkbox"/>	<b>8:</b> undertake initiatives to promote greater environmental responsibility;	<ul style="list-style-type: none"> <li>• The Company conforms to national and international legislation regarding the use and handling of pesticides and other hazardous chemicals, the protection and enhancement of natural waters, virgin forests and other ecosystems of high ecological value, prevention of erosion and proper waste management.</li> <li>• Management shall ensure that there is continuous improvement and compliance with environmental regulations. There is also a General Manager at senior management level is charged with specific responsibilities on the environment with biannual reports being made to Director level for review.</li> <li>• Special measures are being undertaken to protect drinking water sources, and natural springs and water catchments.</li> </ul>
<input type="checkbox"/>	<b>9:</b> and encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> <li>• The Company shall implement water and electrical power management systems, which minimise consumption and reduce wastage (Energy reduction). We have already done so at one of our estates (Savani) and are looking to start a second scheme.</li> <li>• Waste disposal shall conform to the</li> </ul>



		<p>requirements of the law. There shall be designated areas for incineration and burial of non-hazardous waste.</p> <ul style="list-style-type: none"> <li>• Waste that cannot be recycled. Empty pesticide or chemical containers shall be disposed off or recycled in an environmentally friendly manner and in accordance with the relevant national legislation.</li> <li>• The Company shall ensure that the existing indigenous forests within its boundaries are not interfered with and are allowed to flourish. Specific areas have been set aside for commercial forest plantations, where regeneration/replanting takes place after felling.</li> <li>• The Company ensures that measures are in place for a 30m-rehabilitation area around all watercourses and dams to prevent erosion and siltation. This area is to be used for growth of indigenous riparian vegetation, to protect the riverbanks and subsurface water sources. Natural wetlands have been preserved, and constructed wetlands put in place to ensure clean non-contaminated water is returned to natural water courses.</li> <li>• The Company shall take appropriate measures to reduce the use of chemicals by replacing them with other safe and where practical, environmentally friendly alternatives.</li> <li>• Environmental initiatives and practices to reduce Carbon emissions in the atmosphere will be encouraged.</li> <li>• The company is part of the EATTA initiative known as 'Greening the Tea Industry in East Africa.' (GTIEA)</li> </ul>
<input type="checkbox"/>	<p><b>10:</b> Businesses should work against all forms of corruption, including extortion and bribery.</p>	<ul style="list-style-type: none"> <li>• The Company subscribes to the highest level of conduct and ethics in all its corporate dealings, which are clearly documented, and charges its employees with the responsibility of meeting these same standards of behaviour in their day-to-day activities</li> </ul>

		<p>during the course of their employment. Each member of management is required to sign Company Code of Conduct in this regard.</p> <ul style="list-style-type: none"> <li>Corruption in any form registered below is considered gross misconduct and will result in instant dismissal and prosecution. The Company's attitude to corruption in any form or size is one of zero tolerance. Corrupt practices include bribery, fraud, theft, abuse of position or authority, embezzlement, extortion, influence pedalling and facilitation payments amongst others. Behaviour that involves the offering, giving, receiving, obtaining or soliciting of any advantage to influence the action of any official in the discharge of his/her duties. The offering, giving, acceptance or soliciting of a bribe in any form or the use of other routes or channels for the benefit of an employee or that of the employee's family, friends, associates or acquaintances. The abuse of entrusted power for private gain or any conduct or behaviour in relation to persons entrusted with responsibilities which violates their duties and which is aimed at obtaining undue advantage of any kind for themselves or for others; and the unauthorized dissemination or solicitation of confidential or restricted information for reward.</li> </ul>
--	--	---

**Eastern Produce Kenya Limited**