



## Communication on Progress

**Year: 7<sup>th</sup> February 2013**

### STATEMENT

Rab Processors Limited as one of the major providers of basic food and non-food products in Malawi and the Southern African Region is currently working towards achieving ISO Standards and other standards in line with the scope of our Company. We are certified by Malawi Bureau of Standards for compliance on the Good Manufacturing Practices in line with Codex Alimentarius guidelines. We have achieved Malawi Standards certification for eight of our products and all our products are Halaal certified. We have a holistic approach to our product quality and food safety which has been assured by a team of twenty highly trained quality inspectors backed by an In-House Laboratory. Presently, a Food Safety and Quality Management System is being developed and to be implemented in line with ISO 22000:2005. The Company has over the years assisted the Malawian Government's efforts in many priority areas among which are employment opportunities, Corporate Social Responsibilities, poverty eradication and is also a key player in the procurement and distribution of basic food which includes food supplements and baby cereals. With regards to environment, we have made remarkable progress to ensure that the by-products are diverted to animal feeds and that the organic waste are collected by the legally collection vehicle of the City Assembly.

Rab Processors Limited is committed to continue to support the efforts that the United Nations Global Compact initiative has put in place. We are proud to be part and parcel of the Global Compact membership which has given global recognition to our Company. It is in this regard that our efforts to support the Global Compact shall always be given the prominence it deserves. The Global Compact has assisted us to be mindful of the ten principles through periodical check and balances to ensure that they are complied to. In recent years we have concentrated much of our efforts on the improvement of our staff welfare in order to make our Company a better place to work for and by observing the following priority areas of human rights, labour rights, the environment and the fight against bribery and corruption. These have been ably outlined in our report as indicated below.

**Sai Kiran Josyabhatla**

---

7<sup>th</sup> February 2013

**Contact: Sai Kiran Josyabhatla**

**Email:** md@rabmw.com

**Phone:** + 265 888821516

**Fax:** +2651844927

	Global Compact Principle	Action Taken& Impact Achieved and/or Plans for the upcoming Year
<input type="checkbox"/>	<p>Principle 1</p> <p>Principle 2</p>	<p><b><u>Business should support and respect the protection of internationally proclaimed human rights.</u></b></p> <p><b><u>And make sure that they are not complicit in human rights abuses.</u></b></p> <p>The Company does recognise that its main resource is the human resource and therefore, the Company is doing everything possible to ensure that human rights are supported and respected. The Company is also embarking on the following areas as a way of acknowledging and respecting the dignity of every employee:</p> <p><b><u>Health and Safety:</u></b></p> <p>All food handling employees do undergo a medical check-up twice in a year i.e. June and December as a way of ensuring that our employees are in good health. In December 2012 we sent 168 employees for medical check-up at a cost of Three Hundred and Thirty-Six Thousand Malawian Kwacha.</p> <p>We have also a First Aid system in place through which all our employees are being treated and major sicknesses are referred to major hospitals. Our First Aid system will become a fully-fledged Staff Clinic within the next year, including being a centre for the supply of ARV Drugs with the assistance of Malawi Business Coalition Against HIV/AIDS as one of the affiliates. The process of turning our First Aid system into a Staff Clinic is expected to start in May this year by engaging a Doctor and a Nurse once a week as a pilot project. This proposal was already approved by the Board and it is in its initial stages of recruiting the two mentioned personnel.</p> <p>The Company also supplies a high energy and protein Food Supplement called Sibusiso to our members of staff who have disclosed to be HIV positive and each staff receives two bottles per month. At the moment thirty employees are on this scheme. This food supplement has been recommended by the Malawian Government (Department of Nutrition HIV &amp; AIDS) as the most ideal food supplement to all who are nutritionally challenged. In addition, the Company does have an HIV Policy in place which protects employees living</p>

	<p>with HIV from discrimination or stigma. The Policy was developed and launched, involving members of staff and every employee has access to it. The Policy is expected to be reviewed again in May 2013.</p> <p>The Company introduced a system of rationing of the toilets on a ratio of 1:25 to see to it that cleanliness is not compromised as a food manufacturing Company and also to avoid congestion. We have separate toilets for males and females. The system of rationing the toilets was introduced in 2012 in preparation for ISO certification currently under way.</p> <p>Rab Processors Limited established a staff canteen which provides free meals to all our staff as some of the members come from faraway places and cannot afford the meals from restaurants. The Company is feeding around 850 employees at a cost of Three Million Malawi Kwacha per month.</p> <p><b><u>Terms and Conditions of Employment:</u></b></p> <p>The Company amended its terms and conditions of employment to cater for pension contribution. The circulation to staff was done in October 2012 in order for members of staff to sign after agreeing that the terms and conditions are user-friendly and that there is no abuse of any form. These terms are in compliance with the Country's Employment Act. All new employees, before they are engaged, are requested to read and sign the terms and conditions of services.</p> <p><b><u>Long Serving Staff:</u></b></p> <p>The Company in its endeavour to motivate and retain staff, holds an "End of Year" function every year in December to recognise all long serving staff. Employees are rewarded according to the length of service. The rewards go to the employees who have worked for a period of ten, fifteen, twenty, and twenty-five years and this year we will have the thirty year category for the first time. Each employee is given a reward of sixty thousand Kwacha, eighty thousand Kwacha, and one hundred thousand Kwacha respectively and in addition, staff from the category of twenty years upwards receive 50kgs of maize flour each month from January to December in that particular year. As the Company will be clocking thirty years this year, the amounts will be reviewed and also shall include the thirty years' category. Beside this, the Company assists staff to build houses and currently seventy members have benefitted from this scheme. We also give letters of recommendation to employees who would like to take bank loans to build houses.</p>
--	--

Template A

		<p><b><u>Staff Welfare</u></b></p> <p>The Country is at the moment going through economic hardships resulting in high prices in food stuff and other essential commodities. In this regard the Company introduced several schemes to assist the staff to improve their welfare as follows:</p> <ul style="list-style-type: none"> <li>a) In November 2012, a 50% reduction for members of staff was introduced on 20kg maize flour of different brands, 10kg Likuni Phala (Baby Cereal), which will run up to March 2013 and might be extended after a review on the economic situation.</li> <li>b) The Company gave a one-off cash discount of 55% on a 50kg bag of fertilizer per person. The scheme was for a period of two months, October and November 2012 prior to the planting season.</li> <li>c) From the year 2011 onwards, the Company introduced 15% discount on ex-factory price to all staff on the following basic products: maize flour all brands, rice, peanut butter, tea, soap, Sibusiso food supplement, milk, selected brands of biscuits and salt. This scheme is being reviewed annually and the last review was on 14<sup>th</sup> June 2012.</li> <li>d) Due to the distance that some of our employees do cover and the high price of public transport, a bicycle loan was introduced to enable our staff to travel to and from work without difficulties.</li> </ul>
	<b>Outcome</b>	<ul style="list-style-type: none"> <li>1 High productivity as staff are highly motivated</li> <li>2 Better welfare for staff and their immediate families</li> <li>3 Low staff turnover</li> <li>4 Retention of staff with the right skill</li> <li>5 Job security and trust for each other</li> </ul>
<input type="checkbox"/>	<p><b>Principle 3</b></p> <p><b>Principle 4</b></p> <p><b>Principle 5</b></p> <p><b>Principle 6</b></p>	<p><b><u>Business should uphold the Freedom of Association and the effective recognition of the right to collective bargaining:</u></b></p> <p>In recognition of the Freedom of Association, the Company encouraged its staff to join a Trade Union in October 2012 at the Head Office and currently workers are represented by the Hotel, Food Processing and Catering Workers Union. The presence of the Trade Union will enhance our collective bargaining process and at the same time compliance to the Labour Relations Act. Previously, our branch in Lilongwe was unionised but the membership did not last due to the non-availability of the Union leaders. Our employees are also encouraged to join any association of their choice as provided in the Labour Relations Act.</p>

	<p><b><u>The Elimination of all forms of Forced and Compulsory Labour and the effective abolition of Child Labour:</u></b></p> <p>The Company has clearly stipulated in its terms and condition of services on the age limit which is in compliance with the current legislation. The Company has all along supported the abolition of child labour through its membership of the Employers Consultative Association of Malawi (ECAM) which is the voice of the employers in Malawi and an affiliate to the ILO. New employees are requested to produce proof of their date of birth as a way of ensuring that children and under-aged people are not employed in the Company.</p> <p>We are in partnership with an Organization named “Marys Meals Malawi” which is being supported by Scottish International Relief on the School Feeding Program since 2000. We produce fortified Likuni Phala (Porridge) at a special price and 750mts / month is produced to feed more than five hundred thousand children. The feeding is done in schools nationwide on a daily basis. The program has a special focus on children from poor families that cannot afford breakfast before school. On the other hand, the porridge is rich in nutrients which are lacking in the daily food of these children. We do realise that the future of this country lies with these children. Due to its success, Mary’s Meals have renewed their contract with us for 2013.</p> <p><b><u>The Elimination of Discrimination in respect of Employment and Occupation:</u></b></p> <p>We are an equal opportunity employer and recruitment is done on merit as stipulated in our Recruitment Policy. The company believes that each person has a role to play as long as he / she satisfies the requirement of the job .Issues of non-discrimination with respect to sexual harassment are also covered in our terms and conditions of services which stipulate that “anything that may be construed as harassment or offensive to others based on actual or perceived race, sex, sexual orientation, age, disability, religion or political beliefs, etc, is against Company’s policy and is strictly prohibited”.</p> <p>This year, we are embarking on a program to encourage females to take up positions of Supervisors in our Kulima Gold Shops throughout the Country. Currently, we already have 27 female Supervisors in 27 Depots. We are currently operating seventy outlets throughout the Country and out of seventy Supervisors twenty-seven are females. We expect the number to reach to forty by the end of 2013 so as to encourage more women in these senior positions in the Kulima Gold outlets. This is the highest position in these outlets. In the last two years we have engaged females in the area of manufacturing in the soap factory and also in our Maintenance Workshop where we do have female electricians and painters. We also have more women in the middle management category.</p>
--	--

Template A

		<p><b><u>Staff Training and Development:</u></b></p> <p>We believe that training is an important tool to improve the skills and efficiency of our workers and for this reason we do participate in tailor-made training program with the Technical, Entrepreneurial, Vocational Education and Training Authority (TEVETA) in order to train our staff in various fields. Each year, we carry out a training needs assessment and make recommendations to TEVETA for the areas that we need our staff to be trained in. The current program started in November 2012 and will run up to June 2013. So far 14 employees have been trained in the following training programs: Training Needs Assessment, Marketing &amp; Sales, Plumbing Techniques, and Finance for Non-Finance Managers, Plant / Machine Maintenance and Management Systems and Fraud Detection and Prevention. These trainings assist our staff to acquire relevant skills in their respective jobs in order to meet the goals of the Organization. In recognition, the Organization does offer promotions or salary increase or both depending on the situation. The Company also does give loans to employees who wish to further up-grade themselves and study courses that are in line with the Company's objectives. Employees' currently pursuing studies are from Accounts, Human Resources, Logistics, Stores and Purchasing, and Sales and Marketing. We will conduct an In-House Training on Occupational Health and Safety in May 2013 and this will attract two staff from each section.</p> <p>The Company employs a number of expatriate staff in the field of Quality, Engineering and Accounts. In view of this, the Company has come up with a mentoring and succession policy which will enable the local staff to understudy the expatriates in readiness for succession in future. As a pilot project under assessment, it will be reviewed annually. On the same pilot project, we have seven students from TEVETA on attachment for a period of six months (November 2012 to May 2013) in our Engineering section and are being trained by our qualified Plant Engineer.</p>
	<b>Outcome</b>	<ol style="list-style-type: none"> <li>1 Harmony among staff and Management</li> <li>2 The views of staff are being taken on board by staff representatives</li> <li>3 Acquiring different skills through sponsored trainings</li> <li>4 Promotion to staff after mentoring</li> <li>5 Encouraging children to go to school through school feeding program</li> <li>6 Provision of nutritious food to children</li> <li>7 Empowerment of female employees</li> <li>8 Opportunity for students on attachment to gain practical experience</li> </ol>

	<p><b>Principle 7</b></p> <p><b>Principle 8</b></p> <p><b>Principle 9</b></p>	<p><b>Businesses should support a precautionary approach to Environmental Challenges:</b></p> <p>Rab Processors Limited is committed to address issues on environmental challenges by coming up with procedures that will control any type of pollution.</p> <p>Last year our Sister Company called Blue Wave which carries out Research and Development for Rab Processors came up with a pilot project on our Dhal Section which operates by the use of firewood in order to process the Dhal (Pigeon Peas). The project is to introduce the use of ethanol in place of fire wood. The exercise will reduce cutting down of trees (deforestation) and also reduce air pollution from the smoke being produced by the use of firewood.</p> <p><b><u>Undertake initiatives to promote greater Environmental Responsibility.</u></b></p> <p>The Company ensures that by-products are diverted to animal feeds and all organic waste is collected by the City Assembly on a regular basis. Burning of waste materials within the premises is prohibited and such materials are collected by the same City Assembly and destroyed at designated places.</p> <p><b><u>Encourage the Development and diffusion of Environmentally Friendly technologies.</u></b></p> <p>As reported in our previous COP, Rab Processors has a fleet of Twenty Trucks and one of the trucks will be used for the experiment of bio gas from human waste this year.</p>
<input type="checkbox"/>	<p><b>Outcome</b></p>	<p><b>1</b> Free air circulation</p> <p><b>2</b> Diversion from pollutant fuels</p>
<input type="checkbox"/>	<p><b>Principle 10</b></p>	<p><b><u>Business Should work against all forms of corruption, including extortion and bribery</u></b></p> <p>The Company is a member of Business Action Against Corruption (BAAC) and as such it supports the efforts as required by the organization to stop all forms of corrupt practices.</p> <p>Our Ethics Officer drafted the code of conduct with the assistance of Business Action Against Corruption which is to be approved by the Directors and to be implemented by June2013.</p> <p>Besides the introduction of the toll free number for tip-offs, we have also other numbers for designated Senior Managers to which confidential information could be passed on. We are able to receive information from all our outlets and each time such information has been</p>

Template A

		<p>received and corrective action has been taken, memos are circulated to ensure that there is no repetition of the same. Names of informant are kept under confidential cover.</p> <p>We are also using quarterly memos in order to sensitise staff on the dangers of corruption and that disciplinary action shall be instituted for noncompliance.</p>
	<b>Outcome</b>	<ol style="list-style-type: none"> <li><b>1</b> Corrupt free environment</li> <li><b>2</b> Employees are free to pass on confidential information without being harassed by the culprits</li> </ol>

END