



United Nations Global Compact

Communication on Progress

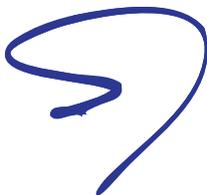
February 2012– March 2013

Statement of Continued Support of the United Nations Global Compact Principles

PKF Kenya has 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. PKF Kenya enhances the achievement of the United Nations Global Compact Principles through the services it offers to its clients and in our operations and interactions with the community around us. Even though PKF Kenya is the signatory to the United Nations Global Compact, our offices in Uganda and Rwanda embrace and implement the ten principles.

Everyday, as a responsible firm, we work towards finding ways to continue protecting our environment in a world of increasingly finite resources, help our people live safer and healthier lives, make our society better and most of all make an impact and transform lives through our business practices.

By delivering this Communication on Progress, we are reaffirming our continued adherence to the Global Compact and our voluntary commitment to implementing the Global Compact and its ten principles within the firm and to addressing them as a key issue in our dealings with partners and commissioning parties.



Atul Shah

Chief Executive Officer

PKF Kenya, Uganda and Rwanda

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About Us

PKF Kenya, Uganda and Rwanda is one of East Africa's leading firms of accountants and business advisers, specialising in advising the management of developing private and public businesses. We offer audit and assurance services, business and financial advisory services and taxation consulting services.

PKF in Kenya, Uganda and Rwanda is headquartered in Kenya with local offices in Nairobi, Mombasa, Kisumu, Nakuru and Malindi. The firm also has regional offices in Kampala (Uganda), Kigali (Rwanda) and associated offices in Dar es Salaam (Tanzania) and Addis Ababa (Ethiopia). With over 23 partners and directors and 500 staff members around the Eastern Africa Region, wherever you do business, we offer local expertise backed up by the resources of an international firm.

We pride ourselves on creating and sustaining supportive relationships where objective and timely advice enables our clients to thrive, develop and succeed.

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 have established the PKF Foundation to fund all CSR activities implemented by PKF in Eastern Africa and a Corporate Social Responsibility (CSR) committee having representatives from all offices that have:-

- Established a collective CSR commitment
- Identified areas of focus that will 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.

Introduction

As a member of the United Nations Global Compact, we reaffirm our commitment to aligning our strategic plans and operations, internal and external to our Corporate Social Responsibility (CSR) Policy. Our CSR Policy states “PKF Kenya, Uganda and Rwanda 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 recognise the importance of balancing the interests of all our key stakeholders – employees, clients and the communities in which we work with.”

Our CSR Policy revolves around four pillars:

1. The Workplace

This involves all activities which uphold the wellbeing of employees within the workplace by incorporating work practices such as workforce diversity, work-life balance, health and safety, training etc.

2. The Marketplace

We implement our policy by engaging in fair, ethical and responsible business practices in the marketplace.

3. The Community

We offer support for community initiatives and institutions involved in community work and communal concerns by providing either or both financial and non-financial assistance.

4. The Environment

We advocate for good environmental practices and engaging in environmentally friendly practices at the firm, with clients, corporate partners and the general public.

The above pillars guide our approach to the Global Compact Principles on Human Rights, Labour, Environment and Anti-Corruption.

Membership to the local Global Compact Network

PKF Kenya joined the Global Compact Network in Kenya in April 2012. We signed up to the Code of Ethics as we are keen to promote and enhance the ethics of business conduct in Kenya in line with the ten principles of the UN Global Compact. The Code is described in detail at: <http://www.globalcompact.or.ke/index.php?r=page/show&id=18>

Our Submission

This communication of progress (COP) highlights practical actions the firm has taken to implement the Global Compact principles in each of the four issue areas: Human Rights, Labour, Environment and Anti-Corruption

1. Human Rights

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

Implementation

PKF Kenya has an established code of conduct and core values which is consequently rooted in our culture of experience, confidence and delivery. Our culture is about fostering the best values and attitudes for pursuing our business drivers. These have been defined as i) producing quality work, ii) meeting clients' needs, iii) leading and enabling, iv) achieving financial results and v) growing the business.

1. Our Core Values

We expect our staff to project the following individual values of professionalism:

Customers - We are here to please our customers-without them nothing else matters. We only succeed when our customers improve their operations by using our services. We must understand their needs, how they use our services, and how they improve their business. Buying our services is just the first step. Successful implementation and value creation must follow.

Accountability - We take responsibility for our decisions at the individual and firm levels.

Attitude - We believe that remaining positive and looking ahead are essential parts of achieving our goals.

Balance - We work hard and we are well-rounded employees who combine work, family, and recreation. We make time for fun, and celebrate team and firm successes together.

Boldness - We believe that taking calculated risks encourages growth and new discovery.

Challenge - We push ourselves to the limit, question boundaries, and continually advance.

Commitment - We keep our promises to clients, employees, and their families.

Community - We donate time, money, and resources to local charitable organizations. We build key relationships by supporting our community.

Integrity - We execute with integrity, holding ourselves to the highest standards of performance, accountability and personal conduct. If something doesn't work, don't ship it. If a deal isn't right, don't take it. If the numbers don't add up, find out why.

Our values guide our actions and beliefs. Our values are aligned to the human rights principles.

It is the personal responsibility of everyone in the firm to ensure that we put these behaviors into practice. We also have a responsibility to intervene where we see others failing to uphold them. We provide several avenues to address any issue that contravenes the code of conduct as well as use of the confidential whistle-blowing procedure.

2. Our Ethical Policy

Our ethical policy is at the core of our approach to our business. At PKF in Kenya, Uganda and Rwanda we aim to ensure that we maintain the highest level of professional integrity with our clients, our staff, professional regulators and others with whom we interact. This means that in all our dealings we aim to exceed the regulatory standards by which we are required to operate. We take great care to ensure that client confidentiality, our objectivity and our independence are hallmarks of everything we do.

PKF in Kenya, Uganda and Rwanda also seeks to support the principles of the Universal Declaration of Human Rights (UDHR) through its business practices. The core requirements of the UDHR include freedom from torture, unjustified imprisonment, unfair trial and other oppression, along with freedom of expression, religion and political or other representation.

Therefore PKF in Kenya, Uganda and Rwanda will not provide support or work with businesses or organizations which:

- fail to uphold basic human rights within their sphere of influence
- are involved in the manufacture or transfer of armaments to oppressive regimes
- are involved in the manufacture of torture equipment or other equipment that is used in the violation of human rights

PKF in Kenya, Uganda and Rwanda also advocates and supports the Fundamental International Labor Organization Conventions. These are the most widely-accepted standards for minimum labour rights and cover the use of under-age or forced labour.

This policy is also published on our website and can be found at:
<http://www.pkfea.com/index.php/our-ethical-policy>

3. Our CSR Policy

PKF in Kenya, Uganda and Rwanda 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. 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 by initiating or supporting efforts in, environmental management and protection, upholding the standards and development of the profession, improving the lives of disadvantaged persons and community development.
- Encourage our staff, clients and associates to individually and collectively adopt and implement an active and positive attitude towards Corporate Social Responsibility.

Our CSR activities are primarily led by the staff through office CSR Committees with all planned activities review by the PKF Foundation. The PKF Foundation was set up to support the CSR activities of the firm.

Our Presence in the Community Around Us

At PKF we have long recognized that local businesses and local communities are inextricably linked. The firm plays an active role in contributing to society through both financial support and through enabling our people to take part in activities organised by the firm as well as supporting them in their own initiatives.

We encourage all of our people to take part in charitable and voluntary activities as we recognise that this strengthens our bond with the communities in which we work. PKF Kenya's work in the community is supported by our CSR Policy. We strive to be a leader in corporate social accountability.

Our CSR activities revolved around the four pillars of our CSR matrix: workplace, marketplace, environment and community.

1) Workplace Activities

These focus on upholding the wellbeing of employees within the workplace. We do this by:

- Investing in building our own offices which are planned with the insight to provide a comfortable working environment. We have built our own offices: Kalamu House in Nairobi, Kenya and more recently Kalamu House in Kampala, Uganda.
- Organizing several training programs, for free, to staff for their professional development.
- Provision of wellness seminars to promote the health and wellbeing of employees
- Continuous implementation of occupational health and safety measures
- Organizing, through the HR department, events for staff to unwind out of the workplace, for instance, movie night, bowling day etc.

2) Marketplace Activities

This involves engaging in fair, ethical and responsible business practices in the marketplace by observing laws and statutory requirements, encouraging sustainable business practices, refraining from corruption amongst other professional practices.

Our main and core purpose is creating and sustaining supportive relationships where objective and timely advice enables our clients to thrive, develop and succeed by advising the management of developing private and public businesses.

We have done this by:

- i. Providing information to our clients and the general public through seminars.

- National Budget Seminars

In 2012, we provided an opportunity for our clients to voice their concerns and suggestions to the Ministry of Finance for consideration while preparing the National Budget for the 2012/2013 financial year. We held two budget seminars: One was for our clients to voice their opinions and suggestions of what the Ministry of Finance should consider when preparing the budget. The second seminar was to provide our clients and the general public with the content and implications of the budget that had been presented by the Ministry of Finance.

In our mandate as key stakeholders in the economy, we also held a pre-budget briefing where as a firm we projected the Firms' expectations and suggestions to the Ministry of Finance for input into the national budget.

- ii. We contribute to the improved efficiency and competitiveness of other companies and sectors by supporting initiatives that reward excellence in various sectors.

- PKF Kenya was the Judging Process Partner at the:

- Banking Awards 2012 whose objective is to encourage prudence and stability in the banking sector by recognizing, awarding and celebrating exemplary performers and successes of the sector.
- Insurance Awards 2012. Their objective is to create public awareness and appreciation of the insurance sector as well as encourage prudence and stability by recognizing, awarding and celebrating exemplary performers and successes of the sector.
- Capital Markets Awards 2012: Other than awarding and celebrating exemplary performers and successes in the sector, these awards are expected to encourage competitive best practice amongst the players in the Capital Markets Sector. Consequently, this provides benefits to the participants in the industry and more importantly, the consumers, be they investors or users of capital. We are particularly pleased to be a part of these awards because we are strong proponents of Kenya's Vision 2030, which, as part of the economic pillar, targets financial services as one of the six priority sectors that can significantly contribute to the targeted 10% annual economic growth and the attainment of the vision to be a globally

competitive middle income country by the year 2030, just under 18 years from now. The Capital Market Awards play an important role in the achievement of these objectives.

- Kenya Tourism Awards 2012. These awards are held with the goal of recognizing and encouraging best practice in responsible tourism in Kenya.
- PKF Kenya was also part of the judging panel at the FiRe Awards. The FiRe Awards objective is to promote excellence in financial reporting, fostering sound corporate governance practices and enhancing corporate social investment and environmental reporting.

iii. Partnerships and Mentoring Opportunities

- [Amani Kenya 2030](#)

Amani Kenya 2030 is a private sector-led initiative to promote hope to Kenyans through Vision 2030 in order to realize peace for sustaining our social, economic and political development. To know more about Amani Kenya 2030, please visit: <http://amanikenya2030.co.ke/>

PKF provides financial management services in support of this initiative.

- [Uungwana Initiative](#)

We have an on-going partnership with the Uungwana Initiative team in regards to developing a training and development service to determine and enforce ethical, fair and responsible business practices by companies that subscribe to corporate citizenship. The Uungwana Initiative, through its mechanisms, intends to provide a real and sustainable solution for the transformation of the Kenyan society.□

PKF Kenya is Uungwana's corporate assurance partner and we are mandated with creation of audit/assurance/certification tools, conducting external audits on the Uungwana Corporate and offer support in training and supervision of assurance partners.

(The term Uungwana is a Swahili word that means civility; culture)

- [Through PROPEL](#), a business initiative that has its foundation steeped in transforming and repositioning African businesses to navigate them to a fuller realization of these emerging economic opportunities, we provide mentorship opportunities to budding entrepreneurs in the Next Big Thing Competition. The Next Big Thing is an initiative aimed at mainstreaming the disadvantaged through innovative business strategies that promoting entrepreneurship as well as economic empowerment of the communities around us.

- [AISEC](#)

AISEC (Association Internationale des Étudiants en Sciences Économiques et Commerciales), is present in over 107 countries and territories and with over 50,000 members, AIESEC is the world's largest student-run organisation. Focused on providing a platform for youth leadership development, AIESEC offers young people the opportunity to be global citizens, to change the world, and to get experience and skills that matter today

PKF sponsors various events to support the personal and professional development of youth, promote itself as a brand of choice to various youth, and engage students through talks and discussions conducted by PKF staff

3) Community Activities

This is implemented through support of community initiatives and institutions involved in community and charity concerns. This support is both financial and non-financial. Some of the initiatives we were/are engaged in include:

- **Community Day**

All offices commemorated this day by getting the staff engaged in various activities to support the community.

Our Community Day was held on 8th November 2012. Staff and Partners, were involved in various community activities around the region which aimed to improve conditions for disadvantaged children and enhance the learning environment. We supported the right of children to education.

The activities were sponsored by the PKF Foundation. Of special note is that staff did not limit themselves to the amount they were allocated by the PKF Foundation and went ahead to raise extra funds and donations to ensure that they achieve their objective. PKF clients supported our CSR activities by donating, in kind, and their kind gesture is highly appreciated.

For more on the activities that we were involved in on Community Day, please read more at: <http://www.pkfea.com/index.php/latest-csr-events/388-pkfea-community-day-2>

- **Thomas Barnados Children's' Home Sponsorship**

As a financial advisory firm, we feel obliged to enhance financial literacy of the general public. The PKF Foundation donated cash to Thomas Barnados Children's Home to enable the 200 children open bank accounts. We aim to encourage thrift and savings culture from an early age.

Additionally, we offer professional services to the home pro-bono.



In the picture, from right, Joe Gichuki, Regional Audit Partner at PKF, some of the children of Thomas Barnados Children's Home and left, Anastasia Mwiti of National Bank.

- Palmhouse Foundation Sponsorship

The Foundation is a public Charitable Trust whose objective is the furtherance and promotion of education and for giving assistance to students in the form of bursaries, scholarships, grants and other support within the Republic of Kenya.

We are currently supporting Marlins Ejeji Azenga, who is currently in Form 2 at St. Anthony's Boys School located in the Rift Valley region in Kenya.

- Mater Heart Run 2012

The Mater Heart Run is held annually and aims to assist children from families who cannot afford the high cost of cardiac surgery. PKF Kenya was a Gold Sponsor of the 2012 Mater Heart Run. Our staff also participated in the run.



PKF Team presenting the PKF Foundation cheque to the Mater Heart Run led by the CEO Atul Shah (right) recently. Receiving the cheque is Mater Hospital's CEO Dr. John Muriithi (second left). Others in the picture from left are Michael Mburugu (Tax Director, PKF), Kav Sharma (HR Manager, PKF), Judy Obura (Mater Hospital) and Anne Kalanzo (Communication & Marketing Officer, PKF)



Some of the PKF Kenya staff displaying their certificates after the Run.

2. 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.**

Implementation

PKF Kenya applies the labour principles at the company level through the Code of Conduct and our Human Resource Policies. These imply equal employment practices which promote a diverse workforce.

1. Our Code of Conduct

Our code of conduct is rooted in our culture. It guides how we relate with our employees and our clients.

For our employees, our code of conduct correlates with the labour principles in the following ways:

- Providing interesting and challenging work and develop great experience
- Investing in employees to add onto their skills, for their benefit, the firm's and our clients
- Being strong at quality relationships, building them and developing them
- We get to know our people and our clients and understand their needs
- We embrace diversity, maintaining a working environment which is free from prejudice and harassment –we will not tolerate behavior that contravenes these principles

For our clients, other than providing excellent service, value for money and expert solutions, our people uphold ethical and professional standards and ensure confidential information is protected, our fees are appropriate and in line with our terms of engagement. Most importantly, We act with integrity, independence and objectivity, not allowing bias or undue influence to affect our professional judgement.

Our code of conduct can be found at: <http://www.pkfea.com/index.php/pkf-code-of-conduct>.

2. Our Employment Contract

Each employee of PKF Kenya receives an employment contract, upon joining the firm, which meets all the requirements as set out by the Laws of Kenya. Additionally, all employees are provided with an enabling and conducive environment in which they can perform their duties as expected. The firm provides additional benefits to the employees such as medical cover,

membership to a pension scheme, trainee contracts where PKF sponsors staff to attain one professional accounting qualification.

The employment contract between the firm and the employees ensures that there is no forced labour, with the employee provided with the opportunity to terminate the contract.

PKF does not employ minors and proof of age is a requirement before employment.

Our code of conduct clearly sets out the Firm's intent to promote a diverse workforce. As part of these standards we work to value different views and opinions, to respect each employee's personal needs, and promote a workplace free from harassment and discrimination by upholding the equal opportunity principle.

PKF in Kenya, Uganda and Rwanda also advocates and supports the Fundamental International Labor Organization Conventions. These are the most widely-accepted standards for minimum labour rights and cover the use of under-age or forced labour. This is indicated in our Ethical Policy available at: <http://www.pkfea.com/index.php/our-ethical-policy>

3. 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.**

Implementation

1. Our Environmental Policy

We take seriously the impact of our business activities on the environment. We believe care for the environment is an important part of the way in which we do business. It is our policy to ensure that both our people and our suppliers operate in an environmentally conscious manner. To read more about our environmental policy, please visit our website at:

<http://www.pkfea.com/index.php/environmental-policy>

PKF Kenya, Uganda and Rwanda has established a steering group which oversees the implementation of the policy and advises the Management on environmental matters. The responsibilities of this steering group include:

1. Ensuring that the firm complies with, and where possible exceeds, all current relevant environmental regulations, laws and codes of practice
2. Raising awareness about environmental issues
3. Considering, and where possible implementing, proposals about reducing our impact on the environment.

The steering group has concluded that the most significant areas of impact arise from our use of resources, e.g:

- Electricity and gas
- Water
- Travel
- Consumables such as paper, plastic and IT equipment.

We are continually implementing the following measures to minimize negative impact upon the environment:

- i. Green Offices
 - Our office automation project has been fully implemented in all offices. This will cut down our environmental footprint. We encourage the use of e-communication, for

instance, in 2012; all our invitations to our clients were in the form of e-cards. We are also conducting conference calls to minimize on vehicle movement.

- Our office buildings are designed to minimize the use of artificial lighting and air conditioning.
- We have introduced a software to monitor to printing by all staff which has substantially reduced the amount of paper used for printing. Each staff member inputs a personal code to print which helps in identifying departments and staff who print excessively. This has helped ensure that printing is done when absolutely necessary.

ii. Environmental Awareness

This involves display of our environmental policy on our website and all our electronic communication.

iii. Waste Management

We produce waste such as paper, IT equipment and plastic in our everyday operations.

- Paper waste: All waste paper is sent to a paper manufacturing company where it is recycled.
- Electronic waste: We are in the process of ensuring that all electronic waste is sent to an electronic waste management centre, the Waste Electrical and Electrical Equipment Centre.

iv. Compliance with the law

All the building we have constructed to be our offices are in full compliance with the environmental regulations. Environmental Consultancy

We assist other companies to meet the regulatory requirements by providing services that enable them to comply with the environmental law.

4. 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.

Implementation

1. Our Ethical Policy

We are able to implement this principle by applying our Ethical Policy. Our ethical policy is at the core of our approach to our business. At PKF in Kenya, Uganda and Rwanda we aim to ensure that we maintain the highest level of professional integrity with our clients, our staff, professional regulators and others with whom we interact. This means that in all our dealings we aim to exceed the regulatory standards by which we are required to operate. We take great care to ensure that client confidentiality, our objectivity and our independence are hallmarks of everything we do.

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.

The 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."

2. Our Core Values

We expect that all employees will execute our core values, particularly Integrity, "We execute with integrity, holding ourselves to the highest standards of performance, accountability and personal conduct. If something doesn't work, don't ship it. If a deal isn't right, don't take it. If the numbers don't add up, find out why."

3. Our Code of Conduct

Every day and every assignment is a challenge, but also a chance to demonstrate our code of conduct in action – to act professionally and ethically. We have provided channels for whistle-blowing where staffs have failed to uphold the code of conduct.

4. Our Services

As a leading professional services firm, we continue to proactively support the adoption of the International Public Accounting Standards (IPSASs), to enhance public accountability.

In our daily operations especially as auditors, we are obligated to maintain the highest levels of integrity. All our relationships with our clients, suppliers and employees are hinged on our philosophy, commitment to promoting high standards of discipline, excellence and ethics through adherence to the firm's quality standards and value charter, the laws of the country and the profession.

