

Period covered on Communication on Progress (COP) - 22rd February 2012 to 21st May 2013

Statement of continued support by Chief Executive Officer (CEO)

I am pleased to confirm that Kenya Sweets Limited supports the ten principles of the United Nations Global Compact in respect to human rights, labour standards, the environment and anti-corruption.

With this communication, the United Nations Global Compact and its principles form part of the culture and day to day operations of our company and encompassing all the employees and other business partners (i.e. suppliers, customers, the state agencies, society etc).

A key requirement for participation in the United Nations Global Compact is the annual submission of a Communication of Progress (COP) that describes our effort to implement the ten principles. This is the first year that our company is reporting on a COP and hence a 90 day extension was requested for and granted. I support transparency and therefore commit to report on progress of Kenya Sweets Limited according to the Global Compact COP policy.

Yours sincerely

Chandravadan Shah

Human Rights Principles

Principle 1: Business should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

Assessment, policy and goals

Kenya Sweets Limited supports the Universal Declaration of Human Rights in all respect. It also complies with the human right principles specified in the Constitution of Kenya.

One of the core values of the company is respect for oneself and that of others and which includes employees and other business partners.

There is an employee handbook in place since February 2009 which specifies the common terms and conditions applicable to management staff. For the unionisable staff, the Collective Bargaining Agreement is in place and clarifies the common work related clauses.

The company is committed to providing a healthy and safe working environment to its staff.

Implementation

The staff members are encouraged to see the human resource team to discuss their grievances. Alternatively, they can submit their grievances in writing through our suggestion box or hand over this document to the human resource manager.

A register is maintained to record work related accidents and injuries.

The company follows the principles of the Occupation Health & Safety Act on a daily basis and an annual audit is carried out by an independent certified party.

There is a risk assessment review carried out annually by our insurance company representative on work safety matters.

Measurement of outcomes

Grievances by staff are addressed mainly through one on one dialogue and occasionally in writing to staff.

The causes of work related accidents and injuries are looked at critically and preventive measures are put in place so that such incidences are not repeated.

The latest risk assessment review was carried out in December 2012 by Alpha Risk Management Services and corrective action is actively being taken on the findings in this report.

There was an audit carried by SGS (K) Limited on Health & Safety matters and remedial action is actively been taken on the findings as specified in the report dated 10th January 2013.

Labour Principles

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

Assessment, policy and goals

Kenya Sweets Limited is an equal opportunity employer.

All management staff members are on employment contracts that specify their roles and responsibilities, compensation and benefits.

All unionisable staff have their letters of appointment formalized and bound by the terms of the Collective Bargaining Agreement.

Casual workers are paid the minimum wage scale for the first three months and based on their performance are appointed as permanent staff thereafter.

The company does not employ children to carry out work.

Staff members are provided the freedom to join unions.

Implementation

The Collective Bargaining Agreements have been formalized until April 2015 with input from management, union officials and unionisable staff representatives.

The management staff is appraised every year and rewarded on performance based pay.

Medical and lunch benefit are provided to all employees.

The offices are all open plan layout such that staff are encouraged to approach each other and discuss openly and constructively on work matters.

Measurement of outcomes

Cordial working relationships exist between staff and this is evidenced by the negligible involvement of the Ministry of Labour and Union officials on staff matters

Over 75% of our permanent staff belong to the Food, Manufacturing, Bakery, Confectionery and Allied Workers Union (Kenya)

Environmental Principles

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

Assessment, policy and goals

The staff members of Kenya Sweets Limited understand that the company's activities affect the environment and the nearby communities and have a responsibility to identify and manage these impacts as effectively as possible.

The company staff is dedicated to reducing pollution in the premises so as assure protection of human health and the environment.

Environmental matters are dealt with on a daily basis by staff.

Implementation

Energy audits have been carried out in the past by independent parties and the findings are being implemented to reduce costs and protect the environment.

An independent audit was carried out in 2012 on the environment occupied by Kenya Sweets Limited.

Water is recycled through our treatment plant preventing waste.

Two directors of the company have been participating in the Rhino Charge event since 1989 and the funds collected are used towards saving the Rhino.

Team of five staff members went to plant trees with members from other organizations in December 2012 at the Nairobi National Park on the Nairobi Greenline project to prevent environmental degradation caused by encroachment of people.

There is active dialogue between the Kenya Urban Roads Authority, Kenya Association of Manufacturers and teams from Kenya Sweets Limited & neighbouring industries to rehabilitate the Old Airport Road as this is in very rough shape with big crater holes and affecting the human transport and distribution of goods

Measurement of outcomes

The steam leakages within the production unit have been mended so as to reduce waste of energy.

The findings of the 2012 environmental audit are actively being worked upon by the team.

The ongoing dialogue has allowed the Old Airport Road to be temporarily accessible by vehicles through patchwork on the road being carried out; unfortunately the rehabilitation of this road may take time as a few industries have been deemed to be built on a road reserve and there is an ongoing court case between Kenya Urban Road Authority and these industries.

Anti- Corruption

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

Assessment, policy and goals

Kenya Sweets Limited has a vetting procedure in place with strives to allow people with integrity to be recruited.

The company has an internal control system in place to safeguard its assets.

The staff of the company is against bribery of officials.

Implementation

Improvements are always being made to the internal control system on an ongoing basis, including introduction of computerized accounting software to get real time information.

Training has been provided to staff on ethics by fellow team members and external parties.

Measurement of outcomes

Staff members are appreciating that the internal control system needs to be strong and that the values of the company need to be embraced by all, one of the key value being integrity.