



Communication on Progress Year: 2009

Statement of Continued Support of the UN Global Compact

We are pleased to confirm that Haco Industries (K) Ltd. Supports the ten principles of the United National Global Compact in respect to human rights, labour rights, the environment and anti-corruption. With this communication we express our intent to support and advance those principles within our sphere of influence. We commit to continually improve in making the Global Compact and its principles part of our business strategy, culture and day-to-day operations of our company and undertake to make a clear statement to our employees, partners, clients and to the public of this commitment.

23 September 2009, Polycarp Igathe, Managing Director

Company name: Haco Industries Kenya Ltd.

Sector: Manufacturing

Number of employees: 523

UN Global Compact signatory since: February 2007

Contact person: Polycarp Igathe

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Brief description of nature of business

Haco Industries is one of the leading FMCG companies in East African/COMESA region, dealing in stationery products, shavers, personal care, household hygiene and foods.

Scope of this COP

This Communication on Progress covers Haco's internal processes including relationships with suppliers, consumers and the community at large. The report covers all the four focus areas of CSR i.e. Environment, Labour, Human rights and Anti-corruption.

Human Rights

UN Global Compact principles covered:

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

Principle 2: Business should ensure that they are not complicit in human rights abuses

Human Rights
Current

Commitment

- We are committed to our consumers.
- We have integrity in everything we do.
- We value people and treat them with dignity.
- We invest in our society.

A brief description of our Processes or Systems

- We do have a Research Dept and Quality Control Dept who work hand in hand
- We have an Education Dept that educates salons on the proper use of our products.
- We also support the under privileged (orphaned children) in the community around us. i.e. provide them with the basic requirements for a better life .
- There are different health and safety measures undertaken by each member of staff in their different work stations

Activities implemented in the last year

- Total salons trained are **1,006**, we build entrepreneurs especially women and youth.
- **356** in Tanzania and **650** in Kenya
- **1200** students have been trained on Miadi.
- Consumer activations in Rwanda during the Kigali expo.
- Products salon door to door training in Nairobi covering **76** salons
- Adopted Amazing grace children's home in Kasarani who we support on a quarterly basis.

Measurement of outcomes and value added for our company

- Customer complaints have reduced by 70%.
- There is fulfilment in making other people's lives better.
- Registered significant sales growth.
- Recognized by Industry and government with OHS Award.

Human Rights
Fu

Activities planned for next year

- We have planned education activities to educate our consumers more on all our products .

Labour Rights

UN Global Compact principles covered:

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: Business should support the elimination of all forms of forced and compulsory labour

Principle 5: Business should support the effective abolition of child labour

Principle 6: Business should support the elimination of discrimination in respect of employment and occupation

Commitment

The company recognizes the rights of its workers to freedom of association and to bargain collectively.

A brief description of our Processes or Systems

- We have a policy and committee on grievance handling and sexual harassment.
- Our working hours are 44 in a week and we pay above the government's minimum wage. In case an employee works extra hours, this is voluntary and they are compensated at double pay rate for holidays/Sundays.
- Each employee is entitled to leave days as per type of contract held as per the company's human resource policy.
- There is a policy against employment of minors.
- The company is committed to fighting HIV/AIDS discrimination and stigma in its workplace as a member GBC (Global Business Coalition).

Activities implemented in the last year

- Held regular meetings with union members of staff
- There is a committee Health & Safety who train the staff.
- Internal Audits by Haco and government auditors.

Measurement of outcomes and value added for our company

- There have been no labour conflicts and this has led to good relationship between management and staff.
- Reduced ailments and accidents
- There have been no significant grievances

Labour Rights
Current

**Labour Rights
Future**

Activities planned for next year

- Not any at the moment.

Environment

UN Global Compact principles covered:

Principle 7: Business should support a precautionary approach to environmental challenges

Principle 8: Business should undertake initiatives to promote greater environmental responsibility

Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies

Commitment

The company complies with and takes all the necessary measures to ensure that it complies with all relevant and new environmental legislation in the country.

A brief description of our Processes or Systems

- We have an effluent treatment plant.
- Energy conservation
- We have Standard Operating Procedures (SOPs) on every waste disposal and are communicated to the people on the gemba.

Activities implemented in the last year

- We have waste disposal (secluded) areas (Casulty yard)
- We have government auditors who can come in any time to audit us.
- We do our own internal audits and send the reports to NEMA. We have staff that are trained and ISO 1400 certified.
- *We use few bulbs.*
- *Kaizen process and culture*

Measurement of outcomes and value added for our company

- *There has been energy conservation.*
- *We have not had any significant environmental incidences.*
- *Efficiency in production process and systems.*

Environment
Current

Environment
Future

Activities planned for next year

- There is a Water piping project to reduce water leakage from our pipes.
- Installing of electricity and water meters – to measure our consumption.

Anti-corruption

UN Global Compact principles covered:

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

Anti-corruption
Current

Commitment

A brief description of our Processes or Systems

- We have a policy in place to curb conflict of interest between Haco and Supplier/Distributors-tender committee which critically analyses the various bids for transparency and accountability.
- We have supplier pre-qualifications requirements before we engage doing business. e. g we expect them to be tax compliance and certification.

Activities implemented in the last year

- We have management systems to establish whether there are any breaches.
- We have both internal auditors KPMG for internal purposes and PWC for statutory purposes.
- Risk Assessment profile.

Measurement of outcomes and value added for our company

- We have had no major violations.
- No significant audit issues.

Anti-corruption
Future

Activities planned for next year

- Plan to have a sensitization seminar.

How do you intend to make this COP available to your stakeholders?

- For our staff, this will be shared during our quarterly meetings which are addressed by the CEO.
- For our shareholders this will be shared by the CEO during the Board meetings.

Donations, awards

We support the community in various activities among them are:

- Adopted Amazing Grace Children's home.
- Jigger Eradication – we donated Kshs. 50,000/= and Haco products.
- We also assist the home for the old in Kasarani area run by the Little Sisters of the Poor "Nyumba ya Wazee"