



**Pwani Oil Products  
Limited  
Communication on  
Progress  
Year: 2013**



### Statement of Continued Support of the UN Global Compact

On behalf of Pwani Oil Products, Ltd, I am proud to reconfirm our commitment to the UN Global Compact. We first became a signatory in 2007 and did so out of the belief that the Global Compact's 10 principles truly reflect Pwani's operating philosophies, standards and processes.

The company's core values – **Passion, Willingness, Accountability, Never give up and Initiative** – are woven into everything we do and align with the UNGC principles. Within our control, we remain committed to adhering to and advancing the 10 Principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. The Management Team leads the entire range of activities with dedication and continues to identify sustaining ways of meeting our commitment to the UN Global Compact by balancing economic interests with those of the environment as well as with those that represent the needs and interests of the communities in which we operate and serve.

Rajan Malde

CEO



30/08/2013

**Company name:** Pwani Oil Products Limited

**Sector:** Food Manufacturing - Edible Oils & Fats

**Number of employees:** 350

**UN Global Compact signatory since:** 13<sup>th</sup> Feb 2007

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### **Brief description of nature of business**

Pwani Oil Products Ltd, fondly known as "Pwani", was founded in 1985 by our Chairman, Ramesh Malde and Director, Anil Malde. Our beginnings were humble; selling out of a kiosk and with an initial production of 15 tons a day. Our first plant in Mombasa started production in 1985 with corn and coconut oil that later evolved into a palm oil refining plant.

Today, our modern state of the art factory at Jomvu, Mombasa, has a capacity to refine over 500 metric tonnes of oil a day, prepared to the highest international standards. Adding to this, our new production facility at Kikambala produces excellent laundry and moisturizing beauty soaps, which is to the highest pharmaceutical quality.

Pwani is now one of the largest manufacturers of high quality edible vegetable oils and fats, laundry and toilet soaps in the East and Central African region.

### **Scope of this COP**

This communication on progress covers Pwani's internal processes including relationship with employees, suppliers, consumers and the community. The report covers all the four broad areas labour, human rights, environment 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**

### **Commitment**

The company has an elementary duty to observe, respect, protect, promote and fulfill the rights and fundamental freedoms of its employees and stakeholders.

### ***A brief description of our Processes or Systems***

Pwani has continued to equip the Human Resources department which is more strategic in its approach than before. In our goal to become the best employer in the region, the organization has put more focus in attracting and maintaining the best talent. The Human Resources department is keen on gender mainstreaming and has the responsibility to equip employees with required skills and to deal with the needs of special groups within the company including women, older staff members, persons with disabilities, and persons with special medical needs. The company supports the under privileged in the community by providing them with basic requirements for a better life.

### ***Activities implemented in the last year***

- Partnering with KEPSA on the youth empowerment program through internship.
- Monthly training of HR officials on Labour related issues
- Bi - Monthly organization wide Training to empower the employees at large with technical knowledge and soft skills.
- Annual occupational medical examination on going
- Implementation of reward system
- Community health support on going
- A range of Environment Health and Safety (EHS) activities leading to 100% safety and healthy working environment.
- Counselling centres within the HR department to cater to softer issues of the employees.
- Promotion of staff expression through suggestion boxes and idea banks on the staff intranet.
- **Ensuring Safety for All**

The Pwani environment health and safety actions and initiatives are about ensuring that our work and operations are conducted in ways that provide the right conditions for a safe and healthy working environment for all our employees and other stakeholders. EHS activities are guided by corporate Environment Health and Safety policy which was recently reviewed to reflect the company's current business strategic plan.

- **Management System**

We have embraced the concept of continuous improvement to assure our esteemed customers of quality products as well as guarantee employee safety. A more structured quality and EHS management and reporting system was implemented in 2010/2011 and the strong effort continued in 2012, headed by the QA and EHS departments.

Work instructions and Standard Operating Procedures for plant were established, documented and maintained at respective workstations. All employees at Pwani were trained on application of the developed standards which have been adopted by the company in the business code of conduct. A monthly review programme was instituted to evaluate system performance.

- **Safety Attention and Training**

One of the main focus areas from 2011, which continued in 2012, has been addressing safety in all locations by providing an increased number of safety training programs for all employees.

- **Injuries Management**

At Pwani a strong focus is given to employee safety, with the clear target of keeping work accidents and injuries to a minimum. In order to secure continued attention within the organization, incidents form part of key performance indicators - the basis for employee performance appraisals.

We have put in place an elaborate procedure that allows follow-up on the trend in injuries and that necessary actions are taken in order to maintain the low level of injuries from previous years. At corporate level, all operation units have targets for the number and severity of their injuries. This collective responsibility ensures that all employees participate in minimising potential hazards that could be injurious to them. As a result, there has been continuous reduction in injury occurrences and severity of incidences.

***Measurement of outcomes and value added for our company***

- We have no records of human rights abuses
- We have zeroed down the number of accidents or incidents arising due to safety issues
- We have zero cases of occupational diseases

**Activities planned for next year**

- Move from performance Appraisal to Performance Management
- Updation and review of both Company policies and Employee Manual to be intandem with Labour Laws and Human rights standard.
- Training to best manufacturing practices on going
- Annual occupational medical examination on going
- The HR department has provided couselfing to the employees.
- Value Mapping

<b>Labour Rights</b>	
<b>UN Global Compact principles covered:</b>	<p><b>Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining</b></p> <p><b>Principle 4: Business should support the elimination of all forms of forced and compulsory labour</b></p> <p><b>Principle 5: Business should support the effective abolition of child labour</b></p> <p><b>Principle 6: Business should support the elimination of discrimination in respect of employment and occupation</b></p>

***Commitment***

Pwani is an equal opportunity employer with a firm policy in place to protect individuals’ rights against discriminatory practices on race, gender, sex, religion, marital status, ethnic or social origin, colour, age or disability. The company respects and applies fair labour practices in accordance with the labour laws of Kenya, International Labour Organization (ILO) Conventions and other International Standards, eliminating all forms of labour malpractices. The company

believes that working positively and directly with employees best serves their interests. Pwani also strives to work cooperatively with all heads of departments in the common pursuit of the interests of all employees and the Company's mission. Our recruitment is very transparent whereby the vacancies are advertised on the website and any candidate who is employed is considered based on work experience relevant to the post applied.

### ***A brief description of our Processes or Systems***

In January 2013, Pwani's HR department conducted a survey to understand the demographics of Pwani employees. The purpose was to appreciate attributes of the existing workforce that include gender, religion, education, age, race, ethnicity etc. This was done to help create a work environment which is respectful and free from any form of inappropriate or unprofessional behaviour, such as harassment including sexual harassment, pestering or bullying and any form of unlawful discrimination based on sex, gender, race, sexual orientation, gender identity, disability, age, ethnic origin, or other inherent personal characteristic protected by law. To this end, the department has also conducted soft trainings and reviewed some of its policies.

We have a Sexual Harassment Policy in place which informs the Employees on the procedure to take in case faced with instances of harassment. The policy expresses the consequence if an employee is found guilty of the same. We also have a Grievance & Disciplinary Policy which details the procedures an Employee could utilize in case they have any grievance which is not addressed at their department immediately. We have implemented a system for checking and recording that all employees are paid above the minimum wage recommended by the Government. Electronic timecards, payroll, leave days and production records are put in place and reviewed on a regular basis.

Overtime is voluntary and compensated at 1.5 pay rate on regular days and double rate during holidays and Sundays. Each employee is entitled to 21 leave days annually as per the company's human resource policy. Employees are also entitled to 15 days sick leave fully paid and 15 days sick leave half paid when accompanied with a medical certificate from the Doctor. The company forbids engagement of minors and persons below 18 years of age or exposure to situations in or outside the work place that are hazardous, unfair or unhealthy. Pwani seeks to have a positive impact on the reduction of unlawful child labour and child exploitation. Pwani expects the suppliers and contractors with whom it does business to embrace similar values and standards.

The company is committed to fighting HIV/AIDs discrimination and stigma in its workplace and has a Policy documented on the same which assures Employees on the Company's stand on HIV related issues.

### ***Activities implemented in the last year***

- **Compensation and Benefits**

Besides the performance based salary review system where employee input is rewarded, Pwani has also introduced other initiatives to recognize employee input such as *Employee of the month* in all its three stations. Starting this year, the organization will also be holding team buildings for

all departments to enhance the team spirit within the departments and the organization at large. This has greatly motivated employees who feel much appreciated.

- **Welfare**

The organization has had soccer competitions for the men and Aerobics (*Zhumba*) for the ladies as a way of creating synergy amongst its employees. The winnings teams have also been awarded handsomely. Besides these, Pwani day is a staff day out to celebrate with the directors the success of the organization through a number of activities.

- **Capacity Development**

Pwani is keen on succession planning which involves the identification of key talents in all departments and mentoring others for future placements. The organization has also provided a wide variety of training and development resources for employees to apply to their current role and develop in their career development through the company's training system. These trainings are either internal or external and are strategically planned to improve the skills of an employee and thereby the organization. HR department developed a skills matrix to identify employees' training needs. They include: good manufacturing Practice (GMP), production efficiency, energy management, IT skills; environment health and safety; and quality. In addition, the company has embraced ICT by creating intranet where can access life skills that can help them manage life challenge outside work.

***Measurement of outcomes and value added for our company***

- No labour conflict
- Reduced injury levels
- Increased work morale and accountability amongst staff.
- Structured communication leading to a better sense of 'Ownership' amongst the employees.

***Activities planned for next year***

- Increased internal recruitments to offer more career growth opportunities to staff.
- Value Mapping

## **Environment**

**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***

Pwani recognises that its operations and processes have direct and indirect environmental impacts. Thus, we continuously strive to minimise our environmental footprint through innovation and application of manufacturing best practices.

**A brief description of our Processes or Systems**

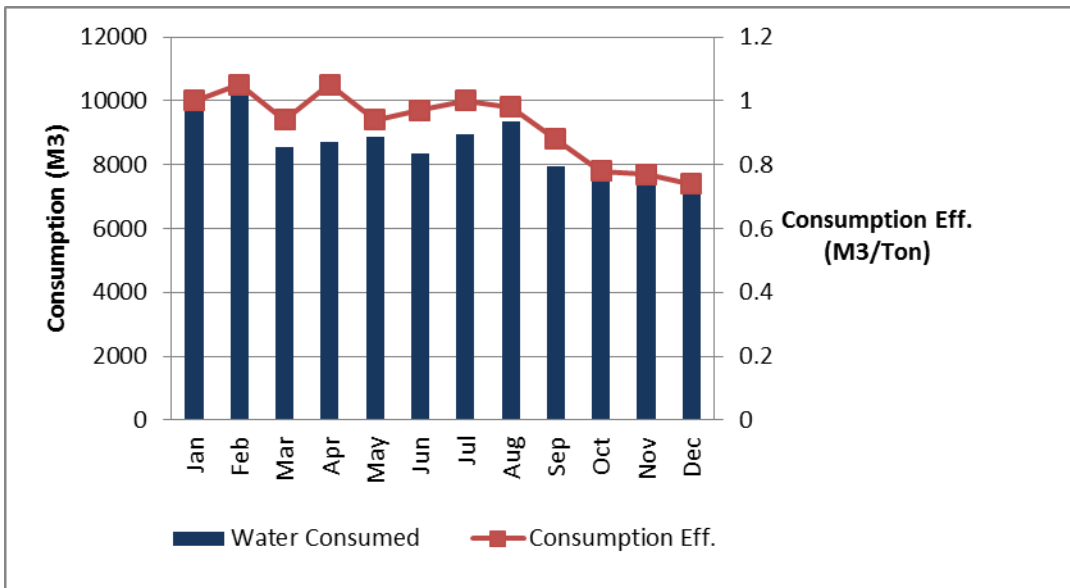
Pwani uses a business risk review process to evaluate environment, health and safety issues across the lifecycle of its products and services. Through this process, risks to human health and the environment are identified and risk migration options are identified and implemented.

The company have installed a system to monitor general environmental performance data for waste, air emissions, water use, electricity, steam and other input utilities. We have worked actively to reduce power consumption in our facilities, increase machine efficiencies and reduce our cost of production.

**Activities implemented in the last year**

- **Water Consumption**

Edible oil refining is water intensive. Water consumption in 2012 was down by 11.4 per cent from 2011, to 0.93 cubic metres per tonne of product produced. We implemented water management best practices focusing on water treatment and distribution. Between the month of June and July, we initiated an ambitious programme to cut down the volumes of water utilised by 1000m<sup>3</sup> per month (or efficiency of 0.8m<sup>3</sup> per tonne of product). By December 2012 we were operating at 0.74m<sup>3</sup>/ton of product efficiency.



- **Energy Management**

Energy cost ranks high on variable cost of Pwani operation. Efforts have been put in place to promote innovative initiatives that could lower energy consumption and environmental degradation. In 2012, the focus has been on steam distribution efficiency and sustainable water



resource consumption. A multidisciplinary team comprising members from EHS, maintenance and production departments was tasked to explore ways of reducing wasteful steam consumption in tank farm. Flash Steam Recovery Project was conceived whose objectives were:

- Harness flash steam from condensate recovered;
- Use the harnessed flash steam to heat product tanks (tank no. 5 & 6) instead of using live steam

The project involved installation of flash steam recovery vessel interconnected to condensate recovery tank and product storage tanks. The vessel is fitted with non-return valves to prevent backflow of steam and create sufficient pressure; pressure gauge and safety valve to ensure the unit operates in accordance with international safety standards. On completion of the project, tank farm steam requirements have drastically reduced.



Flash steam recovery unit

- **Tree Planting Programme**

In the beginning of 2012, EHS team initiated environmental sustainability programme focusing on tree planting. The initiative provided a unique opportunity for Pwani employees to own, develop and manage a key area in the company's social responsibility agenda. Company's commitment to environmental protection is from the backdrop that the regional as well as national environmental sustainability is key to its operations and competitiveness of our products. In the first phase of the programme, over 10,000 trees were planted on twenty acres on company's land.

Our operations add up to pollutants like carbon dioxide and sulphur dioxide into the atmosphere. This has driven the need for engaging and encouraging the care of environment through tree planting to reduce our environmental footprint. We have partnered with public institutions, farmers and community based organisations to bolster tree planting in the region. So far the company has so far distributed over 20,000 seedlings to different stakeholders. The chart below shows the donations of tree seedlings made to date:

<b>TREE PLANTING &amp; ENVIRONMENTAL SUSTAINABILITY PROJECTS SUPPORTED BY PWANI</b>			
	<b>Contact Person</b>	<b>No. of seedlings</b>	<b>Venue</b>
<b>2012</b>	Linet Jeptum	300 (casaurina)	Umoja primary school
	Kilifi District Forest Officer (Nov)	Pwani sponsored the whole project (Tree planting day)	kibauni primary school.
	Joseph kimani (sep 8th)	Pwani gave 40 litres of petrol to Mtwapa uzalendo youth development cultural centre for environmental sustainability(Theme: To save our forests and Birds)	Mtwapa-Uzalendo Youth Group
<b>2013</b>	Nzai (Principal)	300 (casaurina)	Palakumi Primary school
	Kilifi plantation	200 (casaurina)	
	Braeburn	10 ( (casaurina))	Braeburn Mombasa International School
	Kimani	300 seedlings plus 40 liters of diesel	Majengo -Uzalendo Youth Group
20/5/2013	Musumarini Secondary School	Planted 400 trees (250 casaurina and 150 Eucalptus)	Musumarini Sec school
27/5/2014	Shariani Primary School	Planted 420 trees (Eucalptus)	Shariani Primary school
5/6/2013	Shariani Secondary school	Planted 450 Eucalptus trees	Shariani Secondary School
	Musumarini Primary School	Planted 450 Eucalptus trees	Musumarini Primary School





Pwani staff participating in tree planting

- **Emergency Spill Control**

Material spill can put our staff, neighbouring communities and the environment at risk. We work to prevent incidents that may result in spills of hazardous substances. Efforts have been made to ensure our facilities are well designed, safely operated, and properly inspected and maintained. We have developed and implemented an emergency response framework to deal with potential spills resulting from tank and/or pipe rapture. Company staff are well trained on emergency response procedures and the tankfarm has been concreted and band wall erected to contain any oil spill.



Tankfarm Concreting and Banding

- **Hand Washing Campaign**

During the 2012 Global Hand-washing Day, Pwani (through donation of Diva – a leading antibacterial soap) partnered with Education and Public Health ministries to bring attention to the role that hand washing with soap plays in protecting children and families from deadly, though preventable diseases. The programme targets primary school children and their communities in Kilifi County to create awareness around the need to correctly and consistently wash hands with soap, at critical times of the day

The hand-washing programme is a reminder of the increasing role that public-private partnerships play in the health space. Given constrained budgets in Kenya and around the world, new approaches, new business models, and new partnerships are required to solve serious health challenges like diarrhoea and pneumonia.

***Measurement of outcomes and value added for our company***

- As a result of the activities initiated, Pwani has witnessed a decline in energy consumption.
- Reduced energy demand has lessened environmental degradation that could have been brought about by resource overuse and Green House Gas (GHS) emissions.

***Activities planned for next year***

- Work on sustainable solid waste management at Kikambala site
- Explore ways to reduce landfill waste from Jomvu site
- Develop environmental aspect and risk registers with the aim of reducing the company's environmental footprint and employee exposure to hazards.

## **Anti-corruption**

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

***Commitment***

Pwani Oil is committed to the principles of good governance and shall ensure that policies, programmes, guidelines and practices to manage corporate governance and ethics are always in place and observed.

***A brief description of our Processes or Systems***

The company endeavours always to foster an effective ethics system which is open and transparent in order for employees and stakeholders to feel comfortable raising issues they believe are inconsistent with the company norms.

We have a policy in place to curb conflict of interest between our employees and the business aspect of the company. No employee is supposed to engage in business of similar manner with that of the company. Employees are also not allowed to be part of suppliers of input materials to the company.

Pwani expects employees to avoid any activity, investment, association or interest that might reflect unfavorably upon the integrity or good name of the company or of themselves. They are

obligated to place company's interest in any business transaction ahead of any personal interest or personal gain to either themselves or to their spouse, family member or other individual.

We have supplier pre-qualifications requirements before we engage doing business e.g. they must be tax compliant (have VAT and pin numbers) and licensed to operate.

***Activities implemented in the last year***

- Pwani is an active member of the edible oils industry grouping that has come together to fight trade malpractice in the industry and promote ethical business.
- Sensitization of Staff on business Ethics and Governance by regular updates from CFO/CEO and Directors.
- Internal Audit Department strengthened by having access to all current audit and accounting standards ensuring the Company complies with them.

***Measurement of outcomes and value added for our company***

- No significant audit issues found by the External Auditors
- We have not experienced any violations
- Company Financials are more professionally presented.

***Activities planned for next year***

- Sensitisation of staff on the importance of customer care

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

We intend to make this COP report known to all our stakeholders

- For our staff this report shall be circulated online through the intranet and notice boards.
- For all other stakeholders this report shall be uploaded to the company website as well as the UN Global Compact website.

**Donations, awards**

- Energy Efficiency Award
- Donation of products to Olive Rehabilitation Centre, Mombasa
- Donation of old billboards to Red Cross for IDP Camps in Tana River Area