



## Communication on Progress

Year: 2007

### STATEMENT OF CONTINUED SUPPORT

Satemwa continues to support the 10 principles of the Global Compact. Our recent fair-trade certification is testament to the progress that has been achieved in both the social and environment aspects of our 'footprint'. The culture that is in both the global Compact and FLO systems will help us to continually improve albeit at a pace that is commiserate with our challenging operating conditions.

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2007, R.G. Cathcart Kay. Managing Director

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**Brief description of nature of business:**

Satemwa was established in 1923 and remains to this day a family owned and run tea and coffee based agribusiness. Low commodity prices and difficult operating conditions (frequent power cuts, low literacy of workforce etc) result in marginal profitability.

Satemwa endeavours to follow Good Agricultural Practices (sustainable agriculture) and Good Manufacturing Practices as much as possible. These practices are subject to external scrutiny by such organisations as the Ethical Tea Partnership.

Satemwa employees up to 3,000 workers to work in various sections

<b>PRINCIPLE 1</b>	<b>BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS</b>
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<b>Actions</b>	<b>Our commitment:</b> We are committed to ensuring that Human Rights are being respected both at workplace as well as outside considering Rights of other external stakeholders e.g. communities and customers. In this vein, we endeavour to ensure that our business processes do not infringe on other people's Rights either directly or indirectly.
	<b>Activities implemented in the last year / planned for next year:</b> <ul style="list-style-type: none"> <li>- Further communication of policies and standards to employees at all levels</li> <li>- Ongoing training of staff, workers and smallholder tea growers.</li> <li>- To reorganise Health and safety committees</li> <li>- PPE introduced to all factory workers based on the risk assessment report</li> <li>- To encourage Trade Unions to get established</li> <li>- To continue awareness of Child Labour Policy</li> <li>- Integrate Community Policing into company Security system</li> <li>- Intensify Socio economic development using Fair Trade Premium</li> </ul>
<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b> <ul style="list-style-type: none"> <li>- Recognition by consumers</li> <li>- Compliance to ethical standards and local and international legislations</li> <li>- Certification by bureau of standards and consumers organisations through audits.</li> <li>- Positive company image portrayed.</li> </ul>

<b>PRINCIPLE 2</b>	<b>BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES</b>
<b>Actions</b>	<b>Our Commitment or Policy</b>
	We have policies that address human rights abuses. These are Child Labour Policy, Recruitment Policy, Gender policy. HIV and AIDS workplace policy and Sexual Harassment policy.
	<b>Activities implemented in the last year / planned for next year</b>
HIV and AIDS is becoming more of a work place and Human Rights issue Hence a workplace policy on HIV/AIDS is being developed to protect those that are infected and affected and outline our commitment towards overcoming the epidemic. Our PPP with MSF continues to develop. This past year has seen the Satemwa clinic administering ARV drugs. ARV's and general HIV/AIDS related activities are available to both company employees and to people from the surrounding communities. Over the next year it is expected that the partnership with MSF will continue to develop	
<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b>
	<ul style="list-style-type: none"> <li>- Recognition by consumers</li> <li>- Reducing the HIV/AIDS infection rate in our workforce and thereby maintaining productive</li> <li>- Compliance to ethical standards and local and international legislations</li> <li>- Certification by bureau of standards and consumers organisations through audits.</li> <li>- Positive company image portrayed.</li> <li>- Cooperation with the police in good faith</li> <li>- Participation in security activities by our security teams</li> </ul>

<b>PRINCIPLE 3</b>	<b>BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING</b>
<b>Actions</b>	<b>Our Commitment or Policy</b>
	<p>We are committed to ensuring that rights of employers and workers to join associations of their choice are respected.</p> <p>This also provides for freedoms to industrial actions by either, party in defence for their economic and or social interests.</p> <p>The company has in respect of this therefore put in place a policy on Freedom of Association to provide guidance on what to do and what not to do should there be any transgression.</p> <p>Plantation and Agricultural Workers Union is the Trade Union that Operates on the estate. Meanwhile in the absence of a well-represented Union, there is AN ACTIVE Workers` committee.</p>
	<b>Activities implemented in the last year / planned for next year</b>
<p>In respect of internationally recognised rights of employees, we plan to undertake the following;</p> <ul style="list-style-type: none"> <li>- Accord employees an environment where they can form and join a trade union of their choice.</li> <li>- Ensure there is no vindication of employees who belong to a trade union.</li> <li>- Upon amassing the required threshold levels of membership, we upon guidance by our producer body (TAML) we will undertake to support the unions as required.</li> <li>- Facilitate the collective bargaining process through communication with the authorities as stipulated in the CBA</li> <li>- Inform all corporate stakeholders about the organisations` involvement in Global Compact</li> </ul>	
<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b>
	<ul style="list-style-type: none"> <li>- Recognition by consumers</li> <li>- Compliance to ethical standards and local and international legislations</li> <li>- Certification by bureau of standards and consumers organisations through audits.</li> <li>- Positive company image portrayed.</li> <li>- Cooperation with the police in good faith</li> <li>- Participation in security activities by our security teams</li> <li>- Reduced labour litigations and unnecessary labour unrests</li> </ul>

<b>PRINCIPLE 4</b>	<b>BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR</b>
<b>Actions</b>	<b>Our Commitment or Policy</b>
	A policy on Recruitment is put in place to make sure that recruitment is done following National and International laws.
	<b>Activities implemented in the last year / planned for next year</b>
Terms and Conditions of service are explained to those to be employed before signing of contracts. Conditions are base on the Employment ACT No. 6 of 2000. Acting in line with Sectoral guidelines stipulated in the Management Guide on age limits and the code of practice. Subscribe to the Corporate Social Obligations by providing social amenities that will encourage children to go to school.	
<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b>
	<ul style="list-style-type: none"> <li>- A reduction in labour related cases.</li> <li>- Recognition by consumers</li> <li>- Compliance to ethical standards and local and international legislations</li> <li>- Certification by bureau of standards and consumers` organisations through audits.</li> <li>- Positive company image portrayed.</li> <li>- Reduced labour litigations and unnecessary labour unrests.</li> </ul>

<b>PRINCIPLE 5</b>	<b>BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR</b>
<b>Actions</b>	<b>Our Commitment or Policy</b>
	<p>We are committed to ensuring that no under-aged is employed on the estate.  As such, a Child Labour policy has been put in place to provide guidance to both managers and community who come to seek employment.  Our minimum employment age is 18 years</p>
	<b>Activities implemented in the last year / planned for next year</b>
<p>Awareness campaign to those involved in recruitment.  Training of staff on labour laws in relation to Child labour.  Create awareness to working partners e.g. out growers and contractors on Child labour issues  Instituted checking and controlling mechanisms by ensuring incidents of child labour are checked, if found reported and withdrawn.  Subscribe to the Corporate Social Obligations by providing social amenities that will encourage children to go to school.</p>	
<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b>
	<p>A reduction in Child Labour cases as Labour Officers also carry out inspections for the same.</p> <ul style="list-style-type: none"> <li>- A reduction in labour related cases.</li> <li>- Recognition by consumers</li> <li>- Compliance to ethical standards and local and international legislations</li> <li>- Certification by bureau of standards and consumers organisations through audits.</li> <li>- Positive company image portrayed.</li> </ul>

<b>PRINCIPLE 6</b>	<b>BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION</b>
<b>Actions</b>	<b>Our Commitment or Policy</b>
	<p>We are committed to upholding the principle of being an Equal opportunity employer. We undertake to ensure that employment and post employment treatment to our workers does not draw a distinctive line or preference base on race, colour, sex religion political opinion or social backgrounds (a requirement of the Malawi labour law)</p> <p>A Gender Policy is in place to check the above. It states clearly that there will be no discrimination as far employment is concerned based on attributes outlined above.</p>
	<b>Activities implemented in the last year / planned for next year</b>
<p>Policy on Recruitment formulated and communicated on site.  Staff training has been the basis for skills development applied to all so as not to regard actions based on non-performance as discrimination.  Training has also led to the development of a tailor-based operational system e.g. in Satemwa Vocational Qualification.</p> <p>Employment or promotion to any post is based on merit. If there is a post, it is advertised, those with the required qualification are short listed, and called for interviews. The successful one is picked.</p> <p>We have been able to take on board some women into Senior and Management positions where they are able to participate in decision making.</p>	
<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b>
	<ul style="list-style-type: none"> <li>- Recognition by consumers</li> <li>- Compliance to ethical standards and local and international legislations</li> <li>- Certification by bureau of standards and consumers organisations through audits.</li> <li>- Positive company image portrayed.</li> <li>- A reduction in labour related cases.</li> <li>- An increased skills base.</li> </ul>

<b>PRINCIPLE 7</b>	<b>BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES</b>
<b>Actions</b>	<b>Our Commitment or Policy</b>
	<p>Our organisation is committed to ensuring that our business processes do not negatively impact on the environment.</p> <p>We undertake to preserve natural flora and fauna around the estate including management of wastes emanating from our processes.</p> <p>An Environmental policy has been developed to emphasise this commitment and outline what to do in preserving the environment.</p>
	<b>Activities implemented in the last year / planned for next year</b>
<p>Programmes are in place to check dust and effluent disposal from the factory</p> <ul style="list-style-type: none"> <li>- To check chemical handling and disposal.</li> <li>- To monitor Sustainable Agriculture Programmes (SAP).</li> <li>- To check against Fauna and Flora destruction e.t.c.</li> </ul> <p>The following course of action:</p> <ul style="list-style-type: none"> <li>- Digging chemical disposal pits at mixing points in the field.</li> <li>- Reduction in the use of chemicals (herbicides).</li> <li>- Preservation of natural trees in tea fields.</li> <li>- Reducing the use of hoes in the fields and encouraging slashing of grass.</li> <li>- Discouraging hunting for animals and birds on the estate e.t.c.</li> </ul>	
<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b>
	<p>Reduced instances of water pollution and aquatic life, less erosion taking place and preservation of natural trees and bird and animal species within the estate.</p> <ul style="list-style-type: none"> <li>- Recognition by consumers</li> <li>- Compliance to ethical standards and local and international requirements.</li> <li>- Certification by bureau of standards and consumers organisations through audits.</li> <li>- Positive company image portrayed.</li> <li>- Possibility to attract tourists</li> </ul>



<b>PRINCIPLE 8</b>	<b>BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY</b>
<b>Actions</b>	<b>Our Commitment or Policy</b>
	The organisation has put environmental issues as part of its business. We ensure that all processes that are taken are environmental friendly. An environmental policy is put in place and an Environmental Officer has been appointed to look into environmental and Wildlife issues.
	<b>A brief description of our Processes or Systems</b>
	Tea and Coffee growing and processing following Good Agricultural Practices (sustainable agriculture) and Good Manufacturing Practices as prescribed by ethically recognised institutions and legislations.
	<b>Activities implemented in the last year / planned for next year</b>
<p>Programmes are in place to check maintenance of natural forests</p> <ul style="list-style-type: none"> <li>- To check wild fires by making proper firebreaks</li> <li>- Establishing seedling nurseries in the divisions</li> <li>- Removal of all creepers in the forests</li> <li>- Recycling of tea waste as manure</li> <li>- No plucking of sides of tea bushes</li> </ul> <p>The following course of action:</p> <ul style="list-style-type: none"> <li>- Planting of arachis pintoii to check erosion</li> <li>- Mulching all young tea</li> <li>- Selling tree seedlings to the community at subsidised price</li> <li>- Removal of dam weed regularly.</li> <li>- Discouraging hunting for animals and birds on the estate e.t.c.</li> </ul>	
<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b>
	<p>Reduced instances of Natural trees destruction by careless cutting within the estate.</p> <ul style="list-style-type: none"> <li>- Good ground coverage of tea</li> <li>- Different types of trees and animals present on the estate.</li> <li>- Certification by bureau of standards and consumers organisations through audits.</li> <li>- Reduced gully erosion</li> <li>- Sustainability of rivers and streams within the estate.</li> <li>-</li> </ul>

<b>PRINCIPLE 9</b>	<b>BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES</b>
<b>Actions</b>	<b>Our Commitment or Policy</b>
	The organisation strives to develop environmentally friendly technologies by ensuring that only those that do not negatively affect the environment are used. With the aid of the environmental policy, all managers and the whole workforce are sensitised on the importance of using technologies that do not impact negatively on the environment.
	<b>Activities implemented in the last year / planned for next year</b>
<p>Some of the activities to towards achieving this are:</p> <ul style="list-style-type: none"> <li>- Change in spraying techniques. We have moved away from cover sprays to spot in order not to kill even our friends like bees.</li> <li>- We have also an action plan for the reduction in chemical usage.</li> <li>- Digging pits at chemical mixing points to contain spillage that would go to the streams or into the soil.</li> <li>- Recycling of tea waste as manure</li> <li>- Using machines that do not emit a lot of dust</li> <li>- Using machines that will extract dust.</li> <li>- Putting in place technologies that will check waste disposals without affecting natural habitats.</li> <li>- Replanting of eucalyptus trees after felling</li> <li>- Practicing zero tillage to protect the soil</li> <li>- Removal of some chemicals on the “dirty dozen” list</li> <li>- Proper disposal of used chemical containers</li> </ul>	
<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b>
	<p>This has led to improved ecological balance, reduced soil erosion, improved fertility of our soils, reduction in cases of pollution (soil and water). Also an improvement in renewable sources of energy i.e. eucalyptus. It has also led to total tea coverage that protects the soil from erosive actions.</p> <ul style="list-style-type: none"> <li>- Recognition by consumers</li> <li>- Compliance to ethical standards and local and international legislations</li> <li>- Certification by bureau of standards and consumers organisations through audits.</li> <li>- Positive company image portrayed.</li> </ul>

<b>PRINCIPLE 10</b>	<b>BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY</b>
<b>Actions</b>	<b>Our Commitment or Policy</b>
	We are committed to ensuring that all forms of corruption will be dealt with as a matter of principle. Guide lines will be formulated in line with anticorruption principles applicable globally.
	<b>Activities implemented in the last year / planned for next year</b>
	Does not condone corrupt practices in running the business by way of getting favours or accessing services or market opportunities
<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b>
	<ul style="list-style-type: none"> <li>- Recognition by consumers</li> <li>- Compliance to ethical standards and local and international legislations</li> <li>- Positive corporate image portrayed.</li> <li>- Free from corrupt related litigations.</li> </ul>

<b>How do you intend to make this COP available to your stakeholders?</b>
<p>Undertakings to be posted onto the Satemwa website Global compact principles to be integrated into our training programmes</p>