



Pwani Oil Products Limited
Communication on Progress
Year: 2010

Statement of Continued Support of the UN Global Compact

We at The Pwani Oil Products Ltd, strive to have corporate citizenship inherent in everything we do. We recognize that corporate citizenship is a critical component of our undertakings with an aim of enriching lives of our employees, customers and all other stakeholders as stipulated in our mantra "Refining Lives". This means we are focused on manufacturing quality products that meet dietary and hygiene needs of our consumers, provide career opportunities to the community, fine tune our operations through cost effective and sustainable innovations while at the same time reduce our global footprint.

We are committed to the ten principles of United Nations Global Compact in respect to human rights, labour rights, the environment and anti-corruption. This is through our progressive support of community success, fostering a diverse and harmonized workforce, environment protection, being transparent, accountable and responsive to stakeholders.

Signed:



PETER MICHAEL BENARD.

Chief Operations Officer

12th May 2010.

Company name: Pwani Oil Products Limited

Sector: Food Manufacturing - Edible Oils & Fats

Number of employees: 350

UN Global Compact signatory since: 13th Feb 2007

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Brief description of nature of business

Pwani Oil Products (POP) Limited is a leading manufacture of edible fats and oils as well as laundry bar soaps. It started operations in 1985 and has steadily expanded its operations capacity and improved the manufacturing technology becoming an efficient and competitive company in Africa.

Scope of this COP

This communication on progress covers POP Ltd 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

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| Human Rights Current | <p>Commitment</p> <p>POP Ltd 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 has an elementary duty to observe, respect, protect, promote and fulfill the rights and fundamental freedoms of its employees and stakeholders.</p> <p>A brief description of our Processes or Systems</p> <p>The company has a well established human resource development department which has the responsibility to equip employees with required skills and to deal with the needs of special groups within company including women, older staff members, persons with disabilities, and persons with special medical needs.</p> <p>The company supports the under privileged in the community by providing them with basic requirements for a better life.</p> <p>Activities implemented in the last year</p> <ul style="list-style-type: none"> • Promotion of workplace health and safety under the theme of 'zero accidents and/or injuries' • Held staff training on occupational safety • Held staff training on occupational First AID using instructors from the Kenya Red Cross • Carried out risk assessment of our factory sites to identify likely human hazards and possible business threats • Provision of basic health care to staff members and their families • Carried out medical examination on occupational related illnesses for all staff members <p>Measurement of outcomes and value added for our company</p> <p>We have no records of human rights abuses</p> |
| Human Rights Future | <p>Activities planned for next year</p> <ul style="list-style-type: none"> • Annual occupational medical examination • Community health support |

Labour Rights

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| <p>UN Global Compact principles covered:</p> | <p>Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining</p> <p>Principle 4: Business should support the elimination of all forms of forced and compulsory labour</p> <p>Principle 5: Business should support the effective abolition of child labour</p> <p>Principle 6: Business should support the elimination of discrimination in respect of employment and occupation</p> |
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| <p>Labour Rights Current</p> | <p>Commitment 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. POP Ltd 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.</p> <p>A brief description of our Processes or Systems It is the policy of Pwani Oil Products Ltd that all employees be provided a work environment which is respectful and free from any form of inappropriate or unprofessional behavior, 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.</p> <p>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.</p> <p>Overtime is voluntary and compensated at 1.5 pay rate on regular days and double rate during holidays and Sundays</p> <p>Each employee is entitled to 21 leave days annually as per the company’s human resource policy</p> <p>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 Oil seeks to have a positive impact on the reduction of unlawful child labor and child exploitation. Pwani Oil expects the suppliers and contractors with whom it does business to embrace similar values and standards.</p> <p>The company is committed to fighting HIV/AIDs discrimination and stigma in its workplace.</p> |
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| | <p>Activities implemented in the last year</p> <p>We have implemented an electronic time card that monitors daily work hours and tracks overtime worked.</p> <p>The company has re-structured the organisational structure to improve employee's roles, delivery and have a better reporting system.</p> <p>All job and role profiles have been revised in order to match employee's qualifications, skills and abilities. The reviewed profiles gives more clear and measurable performance targets/expectations</p> <p>Measurement of outcomes and value added for our company</p> <ul style="list-style-type: none"> • There has been no labour conflict and this has led to good relationship between management and staff. • Reduced injury levels • Increased work morale and accountability amongst staff. |
| <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Labour Rights Future</p> | <p>Activities planned for next year</p> <ul style="list-style-type: none"> • Putting up a biometric system for recording work hours and automated over time and wage calculation |

Environment

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| <p>UN Global Compact principles covered:</p> | <p>Principle 7: Business should support a precautionary approach to environmental challenges</p> <p>Principle 8: Business should undertake initiatives to promote greater environmental responsibility</p> <p>Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies</p> |
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| <p>Environment Current</p> | <p>Commitment Our company is committed to foster and promote a clean environment and to implement proactive measures of pollution prevention. We rely on the guidelines of the UNEP International Declaration on Cleaner Production and use environmental indicators issued by the environment authority.</p> <p>A brief description of our Processes or Systems Pwani Oil 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 mitigation options are identified and implemented.</p> <p>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.</p> <p>Activities implemented in the last year</p> <ul style="list-style-type: none"> • We have implemented cleaner production initiatives to minimise production wastes right at source rather than adopting end of pipe treatment. • Establishment of alternative fuels such as biofuel pitch, biomass and Jatropha bio diesel. <p>Measurement of outcomes and value added for our company In the last year, we were able to significantly reduce energy consumption and other utilities like steam, water, furnace oil, leading to an overall cost reduction.</p> <p>In November 2009, we were crowned with the prestigious overall resource efficiency award by the Kenya National Cleaner Production Centre for our effort in reducing environmental impacts.</p> |
| <p>Environment Future</p> | <p>Activities planned for next year</p> <ul style="list-style-type: none"> • Partnerships with our suppliers and customers to address environmental issues, such as packaging materials return back system and green procurement. • Community forestation initiatives e.g through agro forestry and farm lots |

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

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 Oil 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 compliance (have VAT and pin numbers) and licensed to operate.

Activities implemented in the last year

- We have put in place a fully fledged internal audit department
- We engage the services of external auditors to verify our records and business engagements.

Measurement of outcomes and value added for our company

- No significant audit issues
- We have not experienced any violations

Anti-corruption
Future

Activities planned for next year

- Sensitisation of staff on business ethics and governance

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

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

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

Donations, awards

We support the community in various activities among them are:

- Financial support of the local football leagues. We also purchase sports uniforms and shoes for the various local teams.
- Sponsoring matches for the national soccer team.
- Building and operations of a hospital wing at Pandya Hospital, which is one of the big and busy health care facility in Mombasa town.

Filename: Pwani Oil COP report 2010
Directory: D:\Documents and Settings\Cyrus's Documents\POP Ltd
Template: C:\Documents and Settings\Gakuo Cyrus\Application
Data\Microsoft\Templates\Normal.dot
Title: Communication on Progress
Subject:
Author: Uekw4
Keywords:
Comments:
Creation Date: 11/26/2009 9:59:00 AM
Change Number: 67
Last Saved On: 5/14/2010 9:51:00 AM
Last Saved By: Gakuo Cyrus
Total Editing Time: 931 Minutes
Last Printed On: 5/14/2010 9:51:00 AM
As of Last Complete Printing
Number of Pages: 8
Number of Words: 1,872 (approx.)
Number of Characters: 10,674 (approx.)