

Period covered on Communication on Progress (COP) – 22nd May 2013 to 21st May 2014

Statement on 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 daily working environment for the company and encompass all the employees and other business partners (i.e. customers, suppliers, bankers, the state agencies, society etc).

A key requirement for participation in the United Nations Global Compact is the annual submission of a Communication on Progress (COP) that describes our effort to implement the ten principles. This is the second year our company is reporting on a COP.

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 and complies with the human rights principles as specified in the Constitution of Kenya.

One of the core values of the company is respect for oneself and that of its stakeholders, including fellow employees, other business partners and the environment.

For management staff, there is an employee handbook available since February 2009 which specifies best practices at the workplace. The Collective Bargaining Agreement is in place for the unionisable staff and is valid until 30th April 2015, with renewals being carried out for every two year period.

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

Implementation

The staff members are encouraged to have one on one dialogue with fellow staff and work in teams so as to promote a healthy working environment.

The company follows the requirements of the Occupational Health & Safety Act on a continual basis and an annual audit is carried out every year by an independent party.

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

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

Measurement of outcomes

Grievances by staff have reduced compared to prior year due to the teamwork.

There was an audit carried out by SGS (K) Limited on Health & Safety matters and remedial action actively taken on the findings as specified in the report dated 5th March, 2014

The latest risk assessment review was carried out in March 2014 by Alpha Risk Management Services and corrective action is actively being taken on the findings.

The causes of work related accidents and injuries are looked at critically and preventive measures are in place. There was only one serious work related injury to a staff member in the production team in February 2014 who was immediately admitted to hospital, discharged successfully and has fully recovered and reported back to work on 2nd May, 2014

Labour Principles

Principle 3: Business should uphold the freedom of association and 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 unionisable staff have their letters of appointment formalized and their rights are protected by the clauses in the Collective Bargaining Agreement.

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

All staff members are paid above the minimum wage regulations.

Casual workers are made permanent, depending on their work performance and after the first three months of work.

The company does not engage in child labour.

Staff members have been given the free hand to join unions.

Implementation

The Collective Bargaining Agreements have been formalized until 30th April 2015 with collective input from management & unionisable staff representatives and union officials. The remuneration agreed for staff on the Collective Bargaining Agreement is much more than the applicable minimum wages.

Management staff are appraisal every year and rewarded on performance based pay.

Medical and lunch benefits are provided to all employees, including sub-contracted staff.

The offices are all open plan layout and staff approach each other to have open, constructive and transparent discussions on work related matters.

Measurement of outcomes

Approximately 80% of our permanent staff belong to the Food, Manufacturing, Bakery, Confectionery and Allied Workers Union (Kenya).

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

Environment 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 team at Kenya Sweets Limited understands that the company's activities affect the environment & the nearby communities and have a responsibility to identify and manage these impacts as effectively as possible.

Environmental matters are dealt by staff on a continuous basis.

Implementation

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

The annual National Environment Management Authority (NEMA) audit was carried out in December 2013 by an independent party and the recommendations are being implemented.

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.

There has been active dialogue for the past two years between Kenya Urban Road Authority, Kenya Association of Manufacturers and teams from Kenya Sweets & other neighbouring industries for rehabilitation of roads which had big crater holes and were only accessible primarily by 4 Wheel Drive vehicles.

Measures of outcomes

A new boiler was installed during the year and this has saved energy costs by approximately 30% as compared to the previous boiler which was fuel propelled.

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

The continuous dialogue between above mentioned parties on roads has enabled creation of new roads to the factories in this area and hence promoting effective means of transport for materials and fellow human beings.

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 to ensure that people with integrity are recruited and then retained.

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

Implementation

Improvements are made on an ongoing basis to the internal control system. In particular controls on the inventories have been strengthened during the year due to the high risk of misappropriation of assets and particularly affecting manufacturing companies.

Staff has been provided training on ethics by fellow team members and external parties.

Measurement of outcomes

The values of the company are continually being shared with team members such that there is a wider appreciation of the integrity concept and responsibility increasing on everybody to protect the company's assets.