



Communication on Progress

Year: 2014

Statement of Continued Support of the UN Global Compact

We confirm Kaluworks Limited's continued support for the ten principles of the United Nations Global Compact relating to *Respect to Human Rights, Labour rights, the Environment and Anti-corruption*. Our posting of this communication is our strongest expression to continue supporting the same within our areas of influence. Our corporate core values have been aligned to ensure overall behavior is in line with the values and principles of the global compact. Integrity and Transparency are fundamental core values of the company's strategy.

Kaluworks Limited is also committed to the promotion of responsible corporate citizenship, continuous improvement for sustainable change and growth and being part of the solution to the global challenges.

We also reaffirm our solid commitment to making the Global Compact, its principles and values as core areas of our corporate strategy, business culture and ethics. This information will not only be communicated but commitment from our key partners relating to our employees, shareholders, clients, nearby community and the general public sought.

We understand that the annual submission of Communication on Progress (COP) forms a key requirement for participation in the Global Compact. Hence, our communication of progress for year 2014 hereby expresses our effort to implement the ten principles. We shall continuously endeavour to seek and gain support for public accountability, transparency and elimination of all sorts of corruption in our business dealings.

With this, we hereby commit to report annually on the progresses made as required by the Global Compact (COP) policy.

Sincerely,

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Venu Nair
Director

1st October, 2014

Company Name : KALUWORKS LIMITED

Sector : INDUSTRIAL METALS AND MINING

Number of employees : 940

UN Global Compact signatory since : 2008

Contact person : Director Operations, Mr. Venu Nair

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Brief description of nature of business

We are an aluminium manufacturing company established since 1929. We specialize in manufacture and fabrication of aluminium sheets, coils, circles, cookware products and non rust roofing sheets.

Scope of this COP

This COP report relates to the period running September, 2013 to September, 2014. It covers all the mandatory ten principles of the Global Compact. The report covers our top management, operation staff, suppliers and customers. The contents of the report and the ten principles are intended to be adequately communicated to our shareholders and the general public within and around our areas of operations.

Human Rights UN Global Compact Principles Covered		
UN Principles		Kaluworks Limited Commitment & Values
<u>A</u> HUMAN RIGHTS	<p><u>Principle 1:</u></p> <p>Business should support and respect the protection of internationally proclaimed human rights</p>	<p>The company is committed to the established Global Compact principles and recognizes that adherence to fundamental human rights is core to its operations and businesses.</p> <p><u>A brief description of our Processes or Systems</u> Our H.R Manual is based on the prevailing Employment Laws of Kenya which borrows heavily from the I.L.O's Industrial Relations Charter. The manual therefore supports the ILO Conventions on Human Rights at the work place.</p> <p>Also as part of its statement of intent to the protection of human rights, the management and the employee representatives documented, signed and adopted written employee rights to be respected within its operations.</p>
	<p><u>Principle 2:</u></p> <p>Business should ensure that they are not complicit in human rights abuses</p>	<p><u>Company's Activities During Period Under Review</u></p> <ul style="list-style-type: none"> • Signing & communicating of the Employees Rights • Enhanced medical covers for self, spouse and children at all levels of staff • Employee health education conducted by Apa Insurance • Free medical camp for staff and general public within Mariakani area • Active HIV & Peer education programs within and outside the factory • Safety trainings and audits conducted annually. • Safety visual management at all areas of the factory • Provision of free personal protective equipment to all staffs • Provision of safety information booklets to all contractors, visitors to the company • Freshly prepared food served under hygienic conditions free of charge to all staff members • Mandatory monthly departmental safety meetings held
<u>B</u> LABOUR RIGHTS	<p><u>Principle 3:</u></p> <p>Business should uphold the freedom of association and the effective recognition</p>	<p>Kaluworks Limited is committed to the protection of labour rights.</p> <p>The company is a member of both the Federation of Kenya Employers & the Kenya Association of Manufacturers. Union involvement undertaken</p>

	<p>of the right to collective bargaining</p> <p><u>Principle 4:</u> Business should support the elimination of all forms of forced and compulsory labour</p> <p><u>Principle 5:</u> Business should support the effective abolition of child labour</p> <p><u>Principle 6:</u> Business should support the elimination of discrimination in respect of employment and occupation</p>	<p>through Engineering & Allied Employers Association while employees are members of the Kenya Engineering Workers Union</p> <p><u>A brief description of our Processes or Systems</u> Company operates within the set Kenya Industrial Laws and upholds guidelines of its membership to the FKE & KAM principles. The company recognizes the Kenya Engineering Workers Union to whom it has a signed Collective Bargaining Agreement. In its continued endeavour to uphold the principles of the UN global, the company documented and communicated both its Labour Policy & Sexual Harassment policy.</p> <p><u>Company's Activities During Period Of Review</u></p> <ul style="list-style-type: none"> • Signing of the company's labour Policy • Adoption of Sexual Harassment Policy • Compliance to the labor laws in regard to all terms and conditions of employment including non engagement of child labor. • Negotiation of a 2 year term CBA and full implementation of the signed CBA • Full implementation of new wages guidelines • Vacancy announcements and advertisements promotes fairness and non discrimination • Voluntary recruitments and separations deters forced and compulsory labor • Empowerment of the Women's Council promotes openness and freedom of association • Voluntary Union membership and participation encourages freedom of association • Training of Union officials supports company's recognition of the Union • Continued subscription to KAM & FKE ensures regular updates of new developments in labor relations • Employment of women to Engineering & management positions upholds non discrimination and equal opportunity for equal qualification • All Unionized staff given equal treatment as per the signed Collective Bargaining Agreement • Non screening on HIV & non disclosure of status • Monthly departmental meetings held for staff to air views/grievances/communicate policies • Employees accorded open, fair & just hearing during any disciplinary process with the rights to appeal
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<p>C</p> <p>The Environment</p>	<p><u>Principle 7</u> Business should support a precautionary approach to environmental challenges</p> <p><u>Principle 8</u> Business should undertake initiatives to promote greater environmental responsibility</p> <p><u>Principle 9</u> Business should encourage the development and diffusion of environmentally friendly technologies</p>	<p>Kaluworks is committed to having a precautionary approach to environmental issues and ensuring compliance to International standards, prevailing laws and the NEMA guidelines.</p> <p><u>A brief description of our Processes or Systems</u> Well defined Environmental & Safety policies adequately communicated to all affected by our operations.</p> <p>Safety at work to all our employees, contractors, suppliers, customers and the general public is of paramount importance. Our Annual Safety Target maintained at ZERO, with everyone communicated to & guided on how to ensure this is achieved.</p> <p>Kaizen principles are applied to improve on machine and production efficiencies that promote safety, effective waste management, safe disposal & clean environment.</p> <p><u>Activities implemented During Period Under Review</u></p> <ul style="list-style-type: none"> • Recertification to ISO 14001 Environmental Management Systems • EMS internal and external audits conducted and implemented • Improved efficiency of Effluent Treatment Plant • Improved efficiency of the Sewage Treatment plants • Controlled air pollution through the 30 feet chimney & duct (bag house) • Sustained environmentally friendly disposal by use of the incinerator • Participation in national Environment Day Activities • Donation of tree seedlings to the government's forestry department • Recycling of aluminium waste • Scrap metal waste transport vehicles licensing by NEMA • Factory structural works approvals by NEMA & Public Health departments • Reclamation of waste land to farm agricultural land • Use of both the STP & ETP water in the farms • Recycling of the STP water for bathroom flushing • Replacement of high energy to power saving lamps • Fire safety trainings and strengthening of the Fire Marshalls team
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<p><u>D</u></p> <p>Anti-Corruption Ethics & compliance</p>	<p><u>Principle 10</u></p> <p>Business should work against corruption in all its forms, including extortion and bribery</p>	<p>Kaluworks Limited does not tolerate corruption in any form or any other related vices. Integrity and Transparency have always been and will continue to form key components of our corporate core values.</p> <p>The company declares its unwavering support to the global compact principles and corporate governance policies that outlaws corruption, including extortion and bribery in the business.</p> <p><u>A brief description of our Processes or Systems</u></p> <p>Kaluworks vision as outlined its Mission statement and particularly the core values strongly affirms our business stand on corruption. The company does not encourage or take any shortcuts in its business operations/dealings. The core values are conspicuously communicated to all staff, potential employees, suppliers, customers, contractors and visitors to the company. The H.R manual on the other hand guides staff operations and behaviour, describing action to be taken for non conformity.</p> <p><u>Activities implemented During The Period Under Review</u></p> <ul style="list-style-type: none"> • Adherence to and follow up guidelines prescribed by government agencies e.g.

		<p>Kenya Bureau of Standards regulations on quality standards.</p> <ul style="list-style-type: none"> • Strict adherence to the FKE & KAM business models • Employee induction on the HR Manuals • Respect and adherence to the Anti-Corruption Act of Kenya. • Vendor accreditation through the ERP/Netsuite systems ensures ethical behaviour • Use of suggestion and comments boxes to report any non conformances and to also highlight best practices
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How do you intend to make this COP available to your stakeholders?

- Share information electronically on company website, intranet
- Posting of the ten principles on staff information boards
- Holding open forums
- Management review reports and meetings
- Global Compact Network Forums

Awards During The Past Year

- Mombasa Business Awards 2013 – The award for a decade of excellence in business
- Hindu Council of Kenya – Msa – Presented to Kaluworks Ltd. for sponsoring Master Chef 2 competition 2014
- 1st Runner Up, Energy Management Award 2014, by Ministry of Energy, KPLC & KAM
- 1st Runner up at the 10th Anniversary Kaizen Summit
- Award to our company Director, Mr. Venu Nair at the 10th Anniversary Kaizen Summit for being on its Experts Panel
- Award to Kaluworks Limited for sharing their Kaizen Implementation experiences at the 10th Anniversary Kaizen Summit
- Blood Donation Certificates to both the organization and to individual blood donors
- Fire Safety & Audit certificates

Donations During The Year

- Rehabilitation of street children
- Sponsored students till University
- Secondary School Fees payments to needy students
- Daily food rations to Mwambacare children school
- Fresh Drinking Water To Mwambacare School
- Salaries to Volunteers at Mwambacare
- Wheelchairs to physically to Association of the Physically Disabled of Kenya
- Free strips donations to APDK
- Free tools repair & trainings to APDK
- 8 wheel chairs donated to the disabled
- Monthly cash to Little Sisters of the Poor (house for the very aged)
- Cash donations for national celebrations
- Monthly rental for a needy family
- Blood Donations to the regional blood bank
- De-worming exercise at Mwambacare School
- Weekly Donation of food stuffs to Vulnerable children in Mariakani
- Donation of cooking and eating utensils to orphaned & Vulnerable children in Mariakani
- Organized a trip to Mombasa for the Mariakani Vulnerable children