



## Communication on Progress Year: 2014

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

We recognize that our sustainability as a business depends not only on our economic performance, but also on the way we manage our social and environmental impacts. At each stage of the value chain, we seek to maximize our positive impacts, creating value for our stakeholders while improving our own performance. For us, the two are inextricably linked - our company's future success depends on our ability to positively contribute to society and the environment today. We call this 'celebrating life, today and tomorrow.'

There are six key focus areas of our Sustainability & Responsibility strategy that we manage across our value chain: alcohol in society, socio-economic development, environment, water, governance and ethics, and our people. Through this report on our progress, EABL continues to reaffirm its support and our willingness to advance the Ten Principles of the UN Global Compact through our Code of Conduct, Policies, Controls and Process across our entire Supply Chain and with all our business partners.

**Charles Ireland**  
Group CEO  
East African Breweries Ltd

Signature

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Date

**Company name:** East African Breweries Limited

**Sector:** Manufacturing

**Number of employees:** 1500

**UN Global Compact signatory since:** 2012

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

East African Breweries Limited (EABL) is East Africa's leading branded alcohol beverage business with an outstanding collection of brands that range from beer, spirits and adult non alcoholic drinks (ANADs) reaffirming our standing as a total adult beverage (TAB) company.

With breweries, distilleries, support industries and a distribution network across the region, the group's diversity is an important factor in delivering the highest quality brands to East African consumers and long-term value to East African investors.

As a consumer driven business EABL takes time to study the market and understand consumer needs and wants as well as how best to satisfy them. That is why we constantly invest in innovating and renovating our brands to stay at par with dynamic consumer trends. This goes hand in hand with our Performance Ambition to create the best performing most trusted and respected consumer products company in Africa.

## **Scope of this COP**

This COP covers activities carried out in the financial year F14 which covers the period between July 2013 and June 2014.

# Human Rights and Labour Standards

## 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**
- Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining**
- Principle 4: Business should support the elimination of all forms of forced and compulsory labour**
- Principle 5: Business should support the effective abolition of child labour**
- Principle 6: Business should support the elimination of discrimination in respect of employment and occupation**

### *Commitment*

We recognize that we are responsible for the impact of our activities on our employees, on consumers of our products and on the communities in which we operate.

We have a broad responsibility, embodied in the expectations of civilized society and in the Universal Declaration of Human Rights, to use our influence to promote and protect human rights and freedoms by establishing clear ethical standards for ourselves and by fostering similar standards in all who act with us or on our behalf.

It is our belief that the countries and communities in which we operate should benefit from our presence. As a minimum, we will strive to ensure that our operations are consistent with the legal principles applicable in all the countries in which we operate.

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

#### **Core principles**

##### **Valuing diversity**

At EABL we encourage the uniqueness of individual contribution within a team environment. One of our core values, 'Freedom to succeed', promotes openness and teamwork, invites employees to challenge convention and encourages trust in people.

We celebrate cultural and individual diversity – rely on it even – to create an energizing team culture and leadership reputation. This is encompassed in another of our values, 'Proud of what we do'.

We will work to achieve an employee base that is diverse and to create a culture that is inclusive of all individuals. We will support internal networks that promote diversity and will work with external bodies in pursuit of our inclusion and diversity goals.

##### **Anti-discrimination**

All our employees have the right to expect that their basic human identity and dignity are fully respected in the workplace and we reject any form of unfair discrimination.

In all aspects of employment, such as recruitment, compensation and benefits, training, promotion, transfer and termination, we will treat individuals justly and in a non-discriminatory manner, solely according to their abilities to meet the requirements and standards of their role. We will do so without regard to factors such as (though

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not limited to) race, religion, colour, ethnic or national origin, disability, sexual orientation, gender or marital status. We will respect local legislation or programs which seek to address imbalances of the past. We will not tolerate employees being subject to physical, sexual, racial, psychological, verbal, or any other form of harassment, bullying or abuse. Failures to live up to this standard will be detected and will be dealt with swiftly and effectively.

### **Work-life balance**

We recognise that everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay. We acknowledge and promote a healthy balance between employees' working and home life and respect the commitments they have outside of the work environment. We will comply with working time legislation in all countries in which we operate.

### **Releasing potential**

Releasing the potential of each and every one of our people will make a positive difference both to our employees and to our business. The scale of this commitment seems daunting, but this is a fundamental objective for EABL. We will support our employees in a process of continuous development and learning to enhance their skills and release any latent talent. Our value, 'Be the best', encourages employees to be open to new ideas, to seek continuous improvement and to help foster a climate of self-learning in EABL.

### **Fair reward**

We recognise the skills and contributions of all our employees and will ensure that they are justly and fairly remunerated to account for their contributions to the company. We will take all reasonable steps to recognise the contributions that individual employees make to the company. Wages and benefits for a standard working week will meet, as a minimum, national legal standards and should always be enough to meet basic needs and to provide some discretionary income.

### **Valuing people**

EABL does not make use of nor will we have partners who make use of any form of forced or compulsory labour. This includes any requirement to lodge 'deposits' or identity papers. We also respect the right of employees to leave the company after giving reasonable notice.

We will respect all relevant local employment laws with regard to working conditions, training and a duty of general care.

### **Employee engagement**

We seek to have all our people highly engaged and aim to create an environment where all employees believe they can achieve their potential. The company is committed to full and open communication with employees through a variety of means at an individual, team, and business level. We will ensure that we communicate our strategy, goals and values to all employees and will promote two-way dialogue encouraging employees to express their ideas, thoughts and concerns.

As a signatory of the UN Global Compact, we will respect the right of employees to join or not to join trade unions, to be freely represented by them and generally to join together for the purposes of promoting common goals and collective bargaining. Where the right to freedom of association and collective bargaining is restricted under law, we will support the development of parallel means of consultation and of independent and free association.

### **Respect for national sovereignty**

EABL recognises that there is potential conflict, and moral dilemma, in countries where human rights are compromised. In such environments it is important that EABL takes responsibility to ensure our business operations do not contribute directly or indirectly to human rights abuses. We use our influence internally to ensure that our employees fully understand the company's commitment to human rights and their own rights

and responsibilities.

### **Community**

As a responsible corporate citizen, EABL has rights and responsibilities in society. We believe that by being active and caring about the communities where we operate, we can best meet these social responsibilities and contribute to positive change.

### **Safe working environment**

EABL is committed to ensuring the health, safety and welfare of its employees whilst working or on company business, and ensuring that each employee is made aware of applicable EABL safety programs and safety and health regulations. All our people are expected to adopt a pro-active, co-operative attitude towards the health and safety of all EABL employees, customers and suppliers, and others working at or visiting EABL property.

We will undertake all reasonable and practical steps to ensure that the premises where our employees operate are secure and provide a safe and hygienic working environment.

### *Activities implemented in the last year*

Successful automation of HR employee processes through 'Workday' system bringing more visibility and ease in managing employee information and processing.

Successful CBA agreements negotiations and agreements with the Union leadership team in all our business units.

Continued training, sensitization and improvement of the health and safety standards for all our employees and contractors.

Trainings with suppliers on our **Code of Conduct** where we sensitize them on our human rights principles and labour standards. These are then followed through with actual audits and recommended actions followed through to completion.

Further enhancement of the organizations **Reward tools** to better motivate our employees and creating more equity and opportunities for growth.

Multi-year talent planning

**Amazing line manager programme** to equip new line Managers to better navigate the new responsibilities of people leadership and enable seasoned line managers to step-change your leadership capability make

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

Direct individual access to provide and manage personal information, elevating the Line Manager/ employee relationship which positively impacts super engagement and increasing our speed of decision making as information will be readily available without relying on a 3rd party with ease.

	<p>No cases of industrial unrest as a result of lack of signed off CBA agreements</p> <p>Achieving our plans with the right people and capability</p> <p>Enhanced awareness on safety and human rights standards by our employees and contractors.</p>
<p><b>Human Rights Future</b></p>	<p><i>Activities planned for next year</i></p> <p>Internal Training and Sustaining the systems processes highlighted above to ensure the same are embedded for the benefit of both new and existing employees.</p>

# Environment

<p><b>UN Global Compact principles covered:</b></p>	<p><b>Principle 7: Business should support a precautionary approach to environmental challenges</b></p> <p><b>Principle 8: Business should undertake initiatives to promote greater environmental responsibility</b></p> <p><b>Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies</b></p>
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*Commitment*

**Becoming truly sustainable**

We recognize that our management of environmental issues is important to our stakeholders and a key determinant in the long-term success of EABL.

As a major corporate citizen of Eastern Africa, EABL recognizes that management of environmental issues is important to our stakeholders and is a key determinant of environmental sustainability as well as the long-term success of EABL operations and businesses.

We take a precautionary approach to such issues, in keeping with the best prevailing scientific and technical understanding, as well as international standards, and do not depend on having full scientific proof of specific environmental damage. **In particular, we are vigilant and committed to the prevention of pollution in all our activities which range from the agricultural, large scale storage, malting, brewing, glass manufacturing, beverage packaging, infrastructural expansion, utilities supply and all related support processes.**

In achieving and maintaining environmental sustainability EABL embraces technologies and practices that result in the efficient use of natural resources, including eliminating, substituting or minimizing dependency on them. EABL also actively engages and partners with likeminded entities and communities in activities that will produce significantly positive environmental impacts.

This policy sets out the commitments we have made to achieve this aim. It covers all EABL businesses and operations and is aligned closely to, and borrows from, the Diageo Environmental Policy.

EABL recognizes the need for unflagging leadership in environmental stewardship. Our leaders are responsible for fully integrating the policy elements into their functional management. Recognizing that some sites have different environmental impacts from others, some parts of this policy are more relevant to particular sites than others.

*A brief description of our Processes or Systems*

KBL has an environmental management system in place ISO 14001 which is audited and certified by KEBS periodically.

Environmental impact risk assessments are performed for running and new projects.

KBL environmental commitments that drive our actions are as follows:

**Environment  
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## 1. WATER

- We commit to reducing Water usage on site( through Process optimization ,No water Wastage)
- We will look for opportunities to reuse and Recycle water on site
- We will report all water leaks for repairs
- We annually set water improvement targets
- We will measure/monitor and control our water usage **(L/L)**

## 2. ENERGY/GHG (Diesel/Electricity/Fuel Oil/LPG)

- We commit to reduce Energy usage on site(Through Process optimization ,No Energy Wastage)
- We will report and remedy any Energy Wastage on site
- We annually set Energy/GHG improvement targets
- We will measure/monitor and control our Energy usage **(MJ/L)**

## 3. WASTE TO LANDFILL (WTL)

- We commit to reduce waste generation from our processes(Process optimization ,segregation of waste generated)
- We will look for opportunities to reuse and Recycle Co/Waste products from our processes
- We annually set WTL targets as we aim for ZERO WASTE TO LANDFILL
- We will measure/monitor and control waste generated on site **(G/L)**

## 4. EFFLUENT MANAGEMENT

- We commit to treat all effluent generated in our process areas at the Effluent Treatment Plant-(ETP)
- We shall not discharge untreated or Off Spec effluent to the Municipal sewer or to the Environment
- We will report any effluent leaks to the environment for repairs
- We will analyse/monitor effluent from the ETP **( flow=M<sup>3</sup> and BODg/L)**

## 5. ENVIRONMENTAL INCIDENTS/EMERGENCIES

- We commit to carry out our operations safely, thereby eliminating environmental incidents that could lead to Environmental pollution.
- In case of Environmental incidents/Emergencies we shall report to(Security control at **Ext 4672** and Environment Manager **Ext 4982**)
- We shall follow the Emergency Response Procedures to manage any incidents/Emergencies.
- Where appropriate in conjunction with local authorities and our communities, to reduce the possibility and severity of accidental spills, releases or other events that may cause environmental damage
- We shall embark on rehabilitation of the surroundings in case of an incident/emergency.

## 6. ENVIRONMENT MANAGEMENT SYSTEM(EMS)

- We shall maintain a documented environmental management system to ensure that our Environmental performance is monitored, improvements are made and annual targets. EMS is based on ISO 14001:2004)
- In Supporting the Environment policy, detailed requirements and guidance are to be found in the Diageo Global Risk Management Standards (GRMS)

## 7. EMPLOYEE ENGAGEMENT

- We take actions to keep our employees informed and motivated about environmental issues.
- We encourage a high level of support for EABL's environmental initiatives to help employees act in an



	<p>environmentally responsible way at work, in the neighbourhood and at home.</p> <p><i>Activities implemented in the last year</i></p> <ul style="list-style-type: none"> <li>• Energy and Water use process optimization</li> <li>• Reduction of waste to landfill through Reduce, Re-use and Re-Cycle</li> <li>• Effluent treatment operational efficiencies to meet the sewer discharge standards</li> <li>• Employee participation in activities in the region in support of this agenda such as tree planting, marathons and walks, clean-up activities</li> <li>• Adoption and investment in the improvement and care of forests that are under threat such as Ndakaini and Kinale</li> </ul> <p><i>Measurement of outcomes and value added for our company</i></p> <ul style="list-style-type: none"> <li>• Water use reduction by 28%</li> <li>• Energy use reduction by 25%</li> <li>• Reduction of waste to landfill by 55%</li> <li>• Increased awareness by employees especially on the role they can play in environment conservation.</li> </ul>
<b>Environment Future</b>	<p><i>Activities planned for next year</i></p> <ul style="list-style-type: none"> <li>• Daily environmental audits</li> <li>• Quarterly water and energy deep dive audits</li> <li>• Further reduction of waste to landfill by 12% through reduce, reuse and recycle initiatives.</li> <li>• Tree planting and nurturing activities in water catchment areas</li> <li>• Sourcing of partnerships with organisations and causes that are sustainable</li> </ul>

# 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*

EABL does not tolerate the offer or acceptance of bribery or corruption in any form, anywhere we operate. Our stand against corruption is part of our integrity as a business and our pride in what we do. We are committed to working against corruption in all its forms, including extortion and bribery.

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

### *Compliance inductions*

#### **Gifting and Entertainment Principles**

We have implemented and embedded our internal Gifting and Entertainment principles and guidelines that assist our employees to be able to differentiate the thin line between a gift and bribe.

The principles include gifting limits above which approval must be sought.

All employees are required to declare gifts or entertainment given or received with our business partners on an online portal. Before offering any gifts or entertainments to government officials pre-approval must be obtained from Legal.

#### **Due diligence**

Due diligence checks carried out on our employees and all our business partners.

#### **Statements of Authority and Approval Matrices**

All business units and decision makers are subject to Statement of Authorities which defines who at what level can approve what amounts - Defined financial limits prescribe authority of individual managers.

Segregation of duties to avoid too much autonomy – they ensure that no one person can create and approve a transaction end – to – end limiting possibilities of fraud.

Functional or specialist approvals required for specific transactions and IT systems which track online approvals and payments.

#### **Whistle-blower line**

Our whistle-blower line is available to all our employees and business partners for the reporting of any actual or suspected breaches around corruption. The whistle-blower line is available via a toll free service, 24/7 and is hosted in the USA making it completely confidential. As an organization we also do not tolerate any retaliation.

#### **Compliance and Fraud risk assessments**

We conduct Compliance risk assessments quarterly and mitigation plans/ actions drawn up and monitored.

Fraud risk workshops are run annually – there is first a training on Fraud awareness held and then the risk assessment is conducted. Mitigation plans are drawn up and monitored throughout the year.

#### **Breach Management and Communication**

We have a comprehensive breach management framework for dealing with any cases of non-compliance from investigation to disciplinary process. It is applied consistently across the organization. Actual breach learnings are shared with the wider business community on a quarterly basis.

	<p><i>Activities implemented in the last year</i></p> <p><b>KYBP</b> We successfully implemented the Know Your Business Partner Program in F14 where we evaluated the corruption risk our business partners may expose us to – especially where they act on our behalf. Mitigating actions were implemented to minimize the risk.</p> <p><b>Pathway of Pride</b> We also held our annual Pathway of Pride sessions – which are workshops where we get all our employees and business partners together to talk about the ‘Why’ of Compliance in a safe environment. In Pathway of Pride 4 we focussed on ethical dilemmas touching on corruption and speaking up / reporting.</p> <p><b>Simplification of the Gifting and Entertainment guidelines</b> Over the course of the year we simplified our gifting and entertainment guidelines. It was previously a requirement for all employees to submit a gift register monthly but we have now simplified it to be a requirement only if one gifts or entertains or receives the same. The guidelines were also simplified to make them easier to apply.</p> <p><b>External Ethics Agenda</b> As part of our commitment to influencing the external ethics environment, we sponsored and took part in the 10th Annual Strathmore Ethics Conference whose theme was Business Ethics and we also supported the EACC (Ethics and Anti-Corruption Commission) celebrations of the UN Anti –Corruption day.</p> <p>We also participated in an Anti-Bribery and Corruption case study that was conducted by KPMG among Kenyan which showcased how we have implemented our Code of Conduct.</p> <p><i>Measurement of outcomes and value added for our company</i></p> <ul style="list-style-type: none"> <li>• Completion of gift registers only when there is an actual entry simplifying life for our employees.</li> <li>• More awareness for our employees and business partners on how to manage ethical dilemmas and on the need to SpeakUp / report.</li> <li>• Mitigation of risks of anti-corruption by business partners acting on our behalf hence safe guarding our operations.</li> <li>• EABL known externally as an organization that is advocating for ethical business practises.</li> </ul>
<b>Anti-corruption Future</b>	<p><i>Activities planned for next year</i></p> <ul style="list-style-type: none"> <li>• Embedment of the KYBP Process</li> <li>• Pathway of Pride sessions</li> <li>• More involvement in the external ethics agenda – leading in the formation of an Integrity Pact between Private and Public sector.</li> <li>• Anti-Corruption session and recruitment into UN Global Compact during the Supplier Conference</li> </ul>

## Donations, awards

We support the community in various activities among them are:

- Investment and partnerships with communities to aid them in getting access to clean and safe water
- Environmental activities that serve to protect and conserve our natural environment
- Scholarship programme for university students who are talented but cannot afford to progress in education
- Participation in campaigning and advocacy in line with promoting the spirit and practice of good governance