



## Communication on Progress

Year: 29<sup>th</sup> January 2015

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### EXECUTIVE STATEMENT OF COMMITMENT TO UNITED NATIONS GLOBAL COMPACT

We shall remain to be committed to Global Compact whose benefits cannot be over emphasised. Our commitment to Global Compact has helped us to make significant progress in the way we apply and respect the ten principles in carrying out our operations and to this effect, Rab Processors shall continue to be committed and abide by the rules and regulations as enshrined in the Ten Principles. The Company has seen sustainable growth and as a result more Companies have been introduced giving birth to a new brand name “RAB GROUP OF COMPANIES” which has also given rise to more employment opportunities to the local Malawians and expatriates. The number of employees has increased from 1500 to 1800. We have also embarked on skills development to our staff so as to be competitive. In order for us to have an effective workforce, we recently introduced a Team of Middle Management called Team Sapitwa and it is from this grouping that future Managers will be born and to this effect, a succession Policy is being put into effect.

We believe in equal employment opportunities and our focus is to employ more women and this is in line with the Countries Policy on 50-50 campaign to see to it that more women are given the opportunity and be employed in senior positions.

Our people are our major resource and we always take a keen interest to ensure that they are taken care of by meeting their basic needs and at the same time introducing more benefits for sustainability and motivation. We in turn expect all our staff to adhere to company Policies and practices for us to achieve the ten principles which we believe to be a concerted effort by both the staff and Management.

Our company does participate in corporate social responsibility as we live in a community and a few weeks ago, Malawi experienced floods which claimed more lives and left thousands homeless. We responded to the devastating effect of the floods through our sister company, Gift of the Givers Foundation by giving food and non food items. Being a food manufacturing company, we do carry out free food distributions to the needy when need arise.

**Sai Kiran Josyabhatla**

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29<sup>th</sup> January 2015

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### **EXECUTIVE SUMMARY**

We are a food manufacturing company with its branches in all the three Regions of the country and currently operating a depot network of 85 Depots called Kulimagold Limited. Other Companies are: A1 Enterprises Limited, Top Foods Limited, Osho Chemicals, Lifestyle Industries Limited and Bidvest (M) Limited.

Rab Group of Companies is determined to become the strongest player in two key areas i.e., provision of basic needs and trading in basic commodities and to successfully achieve this goal, Rab will take full advantage of the following strategic attributes it possesses:

1. Thirty years experience in the field of agriculture and agro industries
2. Presence in more than seventy trading centres spread throughout the country
3. Ability to access regional markets (markets in neighbouring countries)
4. Skilled, competent and experienced employees
5. Open to dialogue with global counterparts to achieve development goals.

Rab Group of Companies is accredited to the following organizations:

1. Grow Africa (Agricultural investment forum)
2. Cooperation for fair trade in Africa
3. National Fortification Alliance
4. United National Global Compact
5. Malawi Bureau of Standards

Rab Group of Companies is affiliated to the following Organizations:

1. New Alliance for Food Security and Nutrition
2. Grain Traders and Processors Association
3. Malawi Business Coalition Against HIV / AIDS ( MBCA)
4. Malawi Confederation of Chambers of Commerce and Industry (MCCCI)
5. Agricultural Commodity Exchange for Africa (ACE)
6. Employers Consultative Association of Malawi (ECAM)
7. Business Action Against Corruption (BAAC)

The organization is also in partnership with the following bodies:

1. United Nations World Food Programme (WFP)
2. Gift of the Givers Foundation
3. Insta – Pro International
4. DSM
5. General Mills
6. Mary's Meals
7. Bidfood

We are one of the fast growing companies in the country with an employment rate of more than 20% per annum.

Our membership with United Global Compact is an eye opener as more doors have been opened through this membership and also global recognition.

Our commitment to the United Global Compact is that we shall continue to endeavour to abide by the Ten Principles which have also been a necessary tool to our operations. There has been steady progress in our reporting system to the UNGC and also ensuring compliance to the Principles.

	Global Compact Principle	Action Taken & Impact Achieved and/or Plans for the upcoming Year
<input type="checkbox"/>	<p>Principle 1</p> <p>Principle 2</p>	<p><b><u>Business should support and respect internationally proclaimed human rights.</u></b></p> <p><b><u>And make sure they are not complicity in human rights abuse.</u></b></p> <p>Rab Group of Companies respects the protection of human rights and at the same ensuring that there are no abuses taking place. We have just introduced our Standard Operating Procedure Manual covering, among other things, Policies guiding the above principles. To ensure the respect and dignity of our employees, Rab Group of Companies shall be committed to the following:</p> <p><b><u>OCCUPATIONAL HEALTH AND SAFETY</u></b></p> <p>Health and safety to our staff, customers and suppliers is one of our priority areas and to this effect, Management has mandated a re-introduction of the safety committee, comprising of senior Management Team and this committee is empowered to make inspections and give recommendations to the Management. The objective is to provide a safe work environment in order to eliminate accidents and harm to our employees and our customers and to avoid damage to machinery. The Policy in itself requires all staff members to be responsible of their own health and the health of others. The committee is guided by the Health and Safety Policy and which stipulates, to mention a few, some of the key responsibilities as follows:</p> <ol style="list-style-type: none"> <li>1. Maintain an effective program in liaison with the Management to ensure that all workplace hazards are systematically identified and appropriate measures taken to control the hazards.</li> <li>2. Review and monitor the hazard management program to take account of changing conditions and circumstances within the workplace and ensure appropriate records are kept.</li> <li>3. Ensuring that all employees have opportunity to participate in the development of health and safety practices and that all relevant documentation relating to health and</li> </ol>

	<p>safety issues is made available</p> <ol style="list-style-type: none"> <li>4. Ensure that all employees and contractors are trained, supervised and provided with information to undertake their duties safely.</li> <li>5. Ensuring that all personal protective equipment needed to ensure health and safety is provided to employees and that they are adequately trained in its proper use, maintenance and storage.</li> <li>6. Encourage all staff to set a high standard of health and safety management by personal example.</li> </ol> <p>The committee is to undergo a health and safety training in liaison with the Ministry of Labour and Technical Entrepreneurial and Vocational Education and Training Authority (TEVETA) to ensure compliance with the necessary authorities as it is also a requirement by the Health and Safety Act.</p> <p><b><u>PROVISION OF MEDICAL FACILITY.</u></b></p> <p>Good health to employees is an important aspect and this is also in support of the Global Health Agenda by the World Health Organization. Third world countries have a repetition of lack of proper medical provisions and lives are lost even through a minor disease which could have been treated. To this effect, and as reported in our earlier COP, the Company pays for medical facilities for its entire workforce in full through a scheme called “Medical Aid Society of Malawi” (MASM). The scheme gives chances to employees to access medical facilities both in Private and Government Hospitals of their choices for better medication. We are still working towards extending the scheme to the immediate families in years to come. The scheme is also complementing Government’s efforts to achieve health for all initiative. The Company pays Two Million, Three Hundred and Eighty – One Thousand Kwacha per month towards this scheme which is also in addition to the medical check up done twice a year at a cost of One Million Six hundred thousand Kwacha per annum for sending 400 employees and at a cost of Two thousand Kwacha per person. Employees are sent for medical check – up twice in a year as a requirement by the Malawi Bureau of Standards to all food handlers and non compliance leads to closure of the Organization.</p> <p><b><u>AIDS POLICY</u></b></p> <p>Rab Group of Companies has a committee which spearheads issues relating to HIV / AIDS and in collaboration with Malawi Business Collusion against HIV &amp; AIDS (MBCA). The committee carries out different programs on sensitization to employees. This has led to more employees opening up and discloses their status so that they can be assisted accordingly.</p>
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	<p>Through these sensitization meetings, we have witnessed quite a number of staff coming forward for assistance in terms of Nutritional food stuff called Sibusiso which is a high energy food supplement and the product has been recommended by the Malawian Government through the Department of Nutrition HIV &amp; AIDS and widely used to people who are nutritionally challenged and those living with HIV / AIDS. The product has also find its way into the Republic of South Africa and other neighbouring countries because of its richness in nutritional value giving hope to the hopeless for longer life. Each staff receives two bottles of the high energy food supplement per month and the supply has also been extended to their immediate families.</p> <p>It is the responsibility of the committee to ensure that members of staff who are living with HIV &amp; AIDS are taken care of and that there is no stigmatization. The committee is guided by the Policy which among other things, stipulates that :</p> <ol style="list-style-type: none"> <li>1. There shall be no discrimination based on HIV &amp; AIDS</li> <li>2. Prospective employees will not be required to undergo HIV test as a precondition for employment.</li> <li>3. There shall be no segregation in accessing employee benefits as offered by Rab Group of Companies.</li> <li>4. No employee will be terminated of his / her services based on HIV status</li> <li>5. Employees deemed to be unfit in the positions they are working because of their HIV status will be offered alternative work</li> <li>6. To breed a culture of openness through training to build capacity to all staff to deal with fear, stigma and rejection.</li> <li>7. If anyone is found to be discriminating a fellow staff who are HIV positive, disciplinary action shall be instituted and if found guilty, necessary penalties shall apply and in accordance with our terms and conditions of employment.</li> <li>8. Where an employee chooses to disclose his / her HIV status, such information shall not be disclosed without the employees expressed written consent.</li> <li>9. Redundancies, retrenchments and dismissals will not be based on HIV status as disclosed by the employee to the employer alone.</li> </ol> <p>This is just to mention a few from our AIDS Policy which is so elaborate.</p> <p><b><u>STAFF WELFARE</u></b></p> <p>As it is said that knowledge is power, Rab Group of Companies has introduced education grant to employees whose children have qualified the junior and senior certificates and a total of Twenty - Five Thousand and Thirty Thousand respectively, is given to each child.</p>
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		<p>This scheme has been introduced to ensure that our employees are able to provide proper education and also to ensure that their children do go to school. School fees in Malawi are rather on a higher side and this has made many parents to be unable to send their children to school.</p> <p>The Company has also several ways in which members of staff are rewarded accordingly and below are some of the benefits accorded to our employees:</p> <ol style="list-style-type: none"> <li>1. End of year functions during which time members of staff who have worked for the company for ten, fifteen, twenty, twenty-five and thirty years are rewarded accordingly and each employee is given a reward of Seventy - Five Thousand, One hundred Thousand, One Hundred and Twenty-five Thousand, One Hundred and Fifty Thousand respectively and there was no one in the thirty years category as the case was in the previous year. The money was meant to improve their livelihood and those who are on housing loan and still building, the use the money for buying materials. We do believe that when staff is motivated, performance will also improve.</li> <li>2. During festive periods, the Company give out food hampers and also blankets during winter time. During the period, we gave two blankets to each staff amounting to Five Million one Hundred and Twenty Thousand Kwacha.</li> <li>3. Most of our members of staff have maize gardens or support their parents or relatives to grow Maize, a staple food for most Malawians. The Company gave a discount to two bags of farm inputs to each member of staff and a total of Twenty - Five Million Six Hundred Thousand was subsidised by the company.</li> </ol> <p>Rab Group of Companies makes every effort regards to staff welfare to show how much we care for our staff and will continue to implement more benefits to show compliance towards UN Global Compact ten principles.</p>
<input type="checkbox"/>	<b>OUTCOME.</b>	<ol style="list-style-type: none"> <li>1 Provision of safe work environment to staff and improved medical facilities to all staff</li> <li>2 Staff retention and job security due to favourable working conditions</li> <li>3 Better Education to members of the families due to education grant</li> <li>4 Provision of nutritional foods to staff living with HIV / AIDS</li> <li>5 Assurance of protection on human abuse</li> <li>6 High productivity due to numerous motivational factors accorded to staff.</li> <li>7 Expansion and employment opportunities</li> </ol>

<input data-bbox="190 754 224 786" type="checkbox"/>	<p>Principle 3 Principle 4 Principle 5 Principle 6</p>	<p><b><u>Business should uphold the Freedom of Association and the effective recognition of the right to Collective Bargaining.</u></b></p> <p><b><u>The Elimination of all forms of forced and Compulsory Labour and the Effective abolition of Child Labour.</u></b></p> <p><b><u>The Elimination of Discrimination in respect of Employment and Occupation</u></b></p> <p>Rab Group of Companies is committed in upholding labour standards and to continue to respect the rights of its employees by ensuring that the company observes freedom of association, elimination of all forms of forced and compulsory labour and elimination of discrimination. This is articulated in our standard procedure manual and it is also one of the requirements as a member of the Employers Consultative Association of Malawi (ECAM), a body which is also an affiliate to ILO.</p> <p>Our terms and conditions of employment give freedom of association to our employees to ensure effective bargaining process on issues that concerns our staff. Most of our members of staff are members of the Hotel, Food Processing and Catering Workers Union, although membership has gone down due to the ineffectiveness of the Union and some members have lost hope and wish to form a Joint Consultative Committee. The Union is still carrying out trainings to shop stewards in order for them to understand the operations of the Trade Union and to acquire negotiating skills for proper bargaining process.</p> <p>Rab Group of Companies fully supports the elimination of all forms of forced Labour and compulsory labour and we are still in partnership with Marys Meals on the school feeding program. The program has been in operational for years and this is to encourage children to go to school. Survey has shown that more children drop out of school because they do not take any food in the morning to help them concentrate on the lessons when in class and as a result they go looking for jobs to help them have money to buy food. The program has received full support by the Government for assisting children to remain in school as food is being made available. The porridge being served has nutritional values in it and apart from serving as breakfast it also meets nutritional needs. As reported in the previous reports, the porridge is supplied to Marys Meals at a discounted price and distributed to all schools throughout the Country.</p> <p>In our terms and conditions of employment, we clearly stipulated the minimum age which is at eighteen and all those being engaged are being requested to give proof of their age. We</p>
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		<p>also ensure that all those being engaged in our group of companies are to read the terms and conditions of services and to feel free to accept or deny but without being forced to do so.</p> <p>As alluded to on the above and also as reported in the previous reports, the education grant encourages our workers to send their children to school and avoid allowing their children to be engaged into domestic chores or work in tea estates where they are employed into tea plucking in order to earn a living. Some of these children have resorted into being street kids and start begging from vehicle uses when they stop at robots or any other places where they can have access to beg. Once these children grow up they turn into dangerous criminals. Our voice has always been that children should be encouraged to go back to school and all those that engage children in different chores cannot do any business dealings with the company.</p> <p>All staff in the organization are engaged basing on merit and we have a mixed culture and are all being protected by our terms and conditions which stipulates that employment of staff shall not be based on race, colour, political affiliation, creed, sex, regionalism, disability or any other criterion. The company has of late advanced an agenda of 50-50 campaign to ensure that we implore an affirmative action to the disadvantaged groups in order to give rise to equal employment opportunities. This has seen arise in many women being employed in order to reduce the gap between men and women.</p> <p>We provide equal opportunity in terms of training to staff which is also based on merit and for the right field. A total of One hundred and Ninety – Four members of staff were trained in various fields and one third were women. The trainings were in the field of Effective Inventory Management, Sales &amp; Merchandising Techniques, and Finance for non Finance Managers, Fleet Management, Total Quality Management, Fire Fighting, General Fitting, Customer Relationship, Customer Service Management, Fraud Detection &amp; Prevention, Stores &amp; Inventory Management and Preventive Maintenance Skills.</p> <p>The skills that have been acquired are beneficial to both the Company and the individuals and to which we have already seen some tremendous improvement in the work ethics. These trainings could be of no use if discrimination took place because the right people would have been left out and the goals of the company may not be achieved.</p>
<input type="checkbox"/>	OUTCOME	<ol style="list-style-type: none"> <li>1 Employees are assured of their rights</li> <li>2 Equal employment opportunities</li> <li>3 Employees participates in decision making</li> </ol>

		<p>4 To encourage children to go to school</p> <p>5 The scheme will assist parents to send their children to school</p> <p>6 The porridge which is nutritional in value will improve the health of the children</p> <p>7 The school feeding program help parents who cannot afford breakfast for their children.</p> <p>8 Training enables staff to sharpen their skills and perform better in their roles.</p> <p>9 Training increases productivity and also brings in new ideas.</p> <p>10 Promotion to staff after mentoring</p> <p>11 Empowerment to women</p> <p>12 Confidence and motivation to staff</p> <p>13 Staff retention and development</p> <p>14 Sense of belonging</p>
<input type="checkbox"/>	<p>Principle 7</p> <p>Principle 8</p> <p>Principle 9</p>	<p><b><u>Business should support a precautionary approach to Environmental Challenges:</u></b></p> <p><b><u>Under take initiatives to promote greater Environmental Responsibility</u></b></p> <p><b><u>Encourage the Development and diffusion of Environmentally Friendly Technologies.</u></b></p> <p>Rab Group of Companies will strive to take necessary steps in support of environmental protection by taken precautionary measures of ensuring that we are always environmentally friendly. Due to poverty levels in the country, deforestation has been a major challenge because it is one of the main sources of income to most villagers. Our Organization shall take necessary steps which will, among other things, promotion and sensitizing staff to plant more trees, avoid air pollution and also ensuring that proper methods of discharging industrial wastes and emissions are adhered to.</p> <p>As previously reported the company had embarked on fruit tree planting and we have received favourable feedback from members of staff and will continue with fruit tree planting due to the fact that fruit trees are rarely cut down for firewood and easily protected. The next program for fruit planting will be next year in the month of January 2016. Most of the fruit trees are planted within the premises and help to shield the strong winds as was witnessed during the flood that some houses had their roofs blown off due to strong winds. .</p> <p>As reported in our two previous COP's our existing wood burning furnace efficiency was improved by using improved aeration of the burning chamber to improve heat emission, reduce carbon and heat exchange efficiency.</p>

		<p>Our research and development teams who are working on the ethanol furnace have also made good progress and now they are at the point of running tests for designing of the prototype.</p> <p>We have also achieved the segregation of paper, plastics and organic from the generated waste and the paper is sold to paper recycling plant agent while the organic waste is disposed off through the City Assembly and the system has reduced environmental impact.</p> <p>Our next project for the coming financial year is on the washing water circulation of staff toilets to be used in flushing of toilets. The target is to reduce water usage by 20%. The aim of the project is to avoid the usage of fresh water for toilets.</p>
<input type="checkbox"/>	<b>OUTCOME</b>	<ol style="list-style-type: none"> <li>1 Environmental preservation</li> <li>2 Fruit trees will give out fruits and also save as wind breaker</li> <li>3 Reduction of carbon foot print</li> <li>4 Control on fresh water wastage</li> </ol>
<input type="checkbox"/>	<b>Principle 10</b>	<p><b><u>Business should work against all forms of corruption, including extortion and bribery</u></b></p> <p>The evils of corruption, extortion and bribery have led to dishonest, laziness, loss of respect, loss of trust and have devastating effects on the Organizations and the Country as a whole. Rab Group of Companies maintains its stand on zero tolerance on all forms of corruption. To show our seriousness, several systems have been introduced to curb these dreadful malpractices.</p> <p>In our effort in elimination of the malpractices, Rab Group of Companies has recently introduced a toll free number on tip – off anonymous and posters have been printed out which have been displayed in all strategic places to ensure that the message is loud and clear. We are encouraging all members of staff to report all cases of corruption, dishonesty, frauds, bribes, and any other inappropriate behaviour in the work place. The messages shall be received by the Directors and which shall be treated with the confidence it deserves.</p> <p>As a member of Business Action Against Corruption (BAAC) we are committed to ensure that all our staff, customer's suppliers and the general public is aware of our stand in</p>

		<p>fighting corrupt practices. Our Organization does not allow staff members to receive any suspicious gifts and money and are to report to Management immediately.</p> <p>Our terms and conditions spell out strict disciplinary action on any employee found accepting or carrying out any corrupt practices. The message will also be reflected in our newly introduced news letter and which is widely read in all our branches and Depot Outlets. Staff or the general public may also have access to our suggestion boxes or to make a private visit to our Directors offices for any vital information.</p>
<input type="checkbox"/>	<b>OUTCOME</b>	<ol style="list-style-type: none"> <li>1 Prevention for any form of corruption and bribery</li> <li>2 Better services to our customers without asking any bribe</li> <li>3 Rewards will make more staff to report on any malpractice</li> <li>4 To win the trust of our customers and the general public.</li> <li>5 Staff freely interact with Directors because of the open door policy</li> </ol>
<input type="checkbox"/>		Rab Group of Companies shall continue to strive for excellence until key result areas of the Ten Principles are achieved.
<input type="checkbox"/>		