

## **Period covered on Communication on Progress (COP) – 22<sup>nd</sup> May 2014 to 21<sup>st</sup> May 2015**

### **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 for part of the daily working environment for the company and its stakeholders (i.e. employees, customers, suppliers, bankers, the state agencies and the society ).

A key requirement for participation in the United Nations Global Compact is the annual submission of a Communication of Progress (COP) that describes our effort to implement the ten principles. This is the third 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 (CBA) applies to unionizable staff and is renewed for a period of two years. The latest CBA was valid up to 30<sup>th</sup> April 2015 and a new CBA is in the final stages of negotiation and once formalized will be valid until 30<sup>th</sup> April 2017.

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 periodically and which is co-ordinated by our insurance company. The frequency for this assessment is based on the insurance company's judgement of significant changes in the risk profile of the entity.

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 15<sup>th</sup> November 2014.

The latest risk assessment review was carried out in March 2014 by Alpha Risk Management Services and corrective action was taken on the findings. The insurance company has advised that a risk assessment will not be required in 2015 as there have been no significant changes in the risk profile of the organization.

The causes of work related accidents and injuries are looked at critically and preventive measures are in place. There were only two major work related injuries to staff members in the production team which occurred in February 2015 and April 2015. Both staff were administered with first aid and sent to the company clinic for further treatment. They have recovered relatively well.

## **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 CBA which is currently in the process of being finalized and will be valid up to 30<sup>th</sup> April 2017.

All management staff members 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 CBA is being formalized until 30<sup>th</sup> April 2017 and with collective input from management & unionisable staff representatives and union officials.

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

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

The offices have open plan layout and staff approach each other to have 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).

The remuneration that will be agreed in the new CBA will be approximately 20% higher than the applicable minimum wages.

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**

The Energy Management Regulations, 2012 provide the guidelines for efficient use of Energy and as such these regulations and any changes to same are regularly monitored and followed.

A special Energy Committee headed by an Energy Specialist Manager is in the process of being finalized.

In line with the requirements of the Energy Management Regulations, an energy audit was carried out in March 2015 by an independent party, Merculex Energy Solutions.

The use of solar powered energy as an alternative form of sustainable energy has been considered and approved by the Directors.

The annual National Environment Management Authority (NEMA) audit will be carried out in June 2015.

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 few years between Kenya Urban Road Authority, Kenya Association of Manufacturers and teams for Kenya Sweets & other neighbouring industries for rehabilitation of roads which had big crater holes and were only accessible primarily by four wheel drive vehicles.

## **Measurement of outcomes**

A new boiler was installed during the previous year and this has continued to bring savings in energy costs. The total energy costs for the latest financial period are about 40% less than the previous financial period.

Further savings in electricity costs of approximately 30% are expected once the solar energy alternative is used as a source of energy for production processes.

The findings of the energy audit, carried out by Merculex Energy Solutions, are presented in a report dated March 2015. Corrective actions are being taken based on the recommendations in this report.

The continuous dialogue between various stakeholders on rehabilitation of roads has proved to be a success and new fully tarmac roads have been developed to allow free movement of goods and people to Kenya Sweets Limited and its neighbouring industries.

### **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.

All interactions with licensing & regulatory authorities are carried out in a transparent manner. Tangible proof of the interactions is maintained in the company records.

#### **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 placed on all staff to safeguard the company's assets.

All licences obtained are accompanied with official receipts of the payments made to relevant authorities.

All fines and penalties that are incurred by the company are recorded and official receipts are available in the company records.