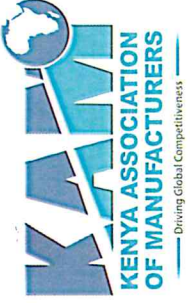


## COMMUNICATION ON ENGAGEMENT (COE)

### Kenya Association of Manufacturers



Period covered by this Communication on Engagement: From: 2016 To: 2017

#### Part I. Statement of Continued Support by the Chief Executive or Equivalent

January 29, 2018

To our stakeholders:

I am pleased to confirm that the Kenya Association of Manufacturers (KAM) reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. This is our Communication on Engagement with the United Nations Global Compact. We welcome feedback on its contents.

In this Communication of Engagement, we describe the actions that our organization has taken to support the UN Global Compact and its Principles as suggested for an organization like ours. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Chief Executive

## Part II. Description of Actions

### Introduction

Kenya Association of Manufacturers is the representative organization for the manufacturing sector in Kenya. Established in 1959 as a private sector body, KAM has evolved into a dynamic, vibrant, credible and respected business association that unites industrialists and offers a common voice for businesses. KAM provides an essential link for co-operation, dialogue and understanding with the Government by representing the views and concerns of its members to the relevant authorities. In pursuit of its core mandate of policy advocacy, KAM promotes trade and investment, upholds standards, encourages the formulation, enactment and administration of sound policies that facilitate a competitive business environment and reduce the cost of doing business.

### Hosting the GCNK and Supporting Membership Recruitment Drives

KAM has continued to host the Local Network the KAM CEO as the Network representative. In 2016, individually and/or in collaboration with other GCNK members in good standing, we supported strategies and organized activities that resulted in 600 new signatories to the Code of Ethics for Business in Kenya.

### Mainstreaming UN Global Compact Principles into KAM Internal Operations

In the last two years, KAM successfully reviewed a number of its internal policies to bring them in tandem with relevant national legislation, policy and international standards. This exercise culminated to adoption of a new Human Resource Policy Manual that aligned to the New Constitution of Kenya 2010 and Kenya's new labor laws. The Constitution of Kenya 2010 is especially lauded as very progressive based on its Bill of Rights (Chapter Four) that includes provisions on labor in Article 30. The manual now has specific policies on equal opportunity employment and non-discrimination on any grounds; Paternity leave; Health and safety in the work place; HIV/Aids in the work place; Drugs and alcohol abuse; and, sexual harassment policy among others. With the policy are also a number of tools promoting integrity within KAM and in its engagement with its external publics. These include: Statement on Conflict of Interest, Code of Conduct, Statement on independence, integrity and commitment to KAM, Whistleblower protection among others. KAM also came up with a Board Charter and Statement of Independence, Integrity and Commitment for its Board Members.

### Sustainability

Through the Global Compact, KAM continued to encourage the business community in Kenya to implement the 10 principles of UN Global Compact in their business operations to improve competitiveness of local industry and ensure sustainability. In 2016, Global Compact Kenya focused its strategy on mobilizing high-



level corporate commitment for ethical business conduct. This resulted in over 600 companies signing up to the Code of Ethics for Business in Kenya and the UN Global Compact Principles.

The Global Compact Network Kenya was in October 2016 awarded the 2016 Local Networks Award for promoting Responsible business in the annual Local Networks forum held in Dubai. The Kenya Network was among 12 UN Global Compact Networks around the world out of 85 countries assessed. Most notably, through KAM, the Kenya Network has rallied the Private Sector to join in the efforts to fight corruption through the Code of Ethics for Business in Kenya - a call to companies to put in place measures at firm level to fight the vice - and the drafting of the Bribery Bill which was signed into law in January, 2017.

In 2017, Kenya became the fourth African Country to host Responsible Care after South Africa, Morocco and Egypt. KAM being chosen as the host of the initiative.

Responsible Care® is a voluntary initiative developed by the chemical industry for the chemical industry. It is designed along the Global Compact model but specific to the chemical industry. It is an integrated management system going beyond Environment, Health, Safety and Security with a set of guidance codes which includes a verification system and key performance indicators (KPI's) which leads to continued improvement in health, safety and environmental performance. Together with Global Product Strategy (GPS), Responsible Care® is a key contribution of the chemical industry to Strategic Approach to International Chemicals Management (SAICM). Responsible Care® is the chemical industry's commitment to: Protect people and the environment; Promote safe handling and stewardship of chemicals along the supply chain; Listen to, and talk with our stakeholders about their concerns; and, Continuously improve our safety, health and environmental performance.

All signatories to the Responsible Care® Global Charter make a commitment to continuously strengthen their performance and update industry on their progress. Companies collect and report data for a core set of environmental, health and safety (EHS) performance measures. The Elements of the Responsible Care® Global Charter include the following:

- Adopt global responsible care core principles;
- Implement fundamental features of national responsible care programmes;
- Commit to advancing sustainable development;
- Continuously improve and report performance;
- Enhance the management of chemical products worldwide;
- Champion and facilitate the extension of responsible care along the chemical industry's value chain;

- Actively support national and local responsible care governance processes;
- Address stakeholder expectations about chemical industry activities and products;
- Provide appropriate resources to effectively implement responsible care.

### **Sustainable Development Goals**

The Sustainable Development Goals (SDGs) were adopted by the United Nations on 25th September 2015. KAM believes the goals will holistically shape the development agenda globally. As part of its mandate in driving sustainable industrialization, KAM partnered with the Office of the Deputy President to Commission a consultancy to do a stock take of policies and legislations that would be needed or that would need to be reviewed to enhance attainment of the SDGs by Kenya. It is hoped that this will position Kenya to be able to promote sustainable production, mitigate climate change through green industrial growth, productive employment, resilient infrastructure and reliable, affordable, clean and quality energy. This also captures the spirit of the agreement reached in COP 21 by the United Nations Framework Convention on Climate Change which came with a global commitment to reduce greenhouse gas emissions and management of the impact of climate change.

In line with its commitment to drive its members to implement the SDGs, KAM attended the CEOs dialogue on the SDGs organized by the GCNK and attended by the UN Global Compact Chief Executive/Executive Director. The aim of this forum was to identify untapped opportunities for Companies to deliver accelerated impact on the SDGs. In this forum was a call for business to implement the SDGs and see them as a way of turnings risks into opportunities and advance SDGs through the investments they make, the solutions they develop and the business practices they adopt.

### **Climate Change and Energy Efficiency and Conservation**

KAM in conjunction with the Ministry of Energy and Petroleum Development established the Centre for Energy Efficiency and Conservation (CEEC) in 2006. CEEC offers subsidized energy auditing services with the support from the Government of Kenya (Ministry of Energy and Petroleum Development) and the Danish International Development Agency (DANIDA). The Centre runs energy efficiency and conservation programs designed to help companies identify energy wastage, determine saving potential and give recommendation on measures to be implemented. The energy audit program is open to all companies doing business in Kenya and interested in reducing their energy consumption. During the year 2016, CEEC carried out a total of 67 Energy audits comprising: 20 Investment Grade Audits, 31 General Audits and 16 General Audits for SMEs. By close of October 2017, KAM had facilitated an additional 30 Investment Grade Audits and 47 General Audits.



The Centre also organized the Energy Management Awards (EMA) 2016. EMA was launched in 2004 as collaboration between the Kenya Association of Manufacturers, Global Environmental Facility and the Government of Kenya. EMA is a forum where all the stakeholders in the energy sector converge so as to auspiciously celebrate excellence in energy management. Participation in the award is open to all industrial, commercial and institutional enterprises. In addition, individuals can participate in the innovative category. KAM has been implementing the *Strengthening Business Society Engagement in Climate Change (SBSECC) Project* with support from DFID. Through the SBSECC project, Kenya Association of Manufacturers has partnered with StARCK+ (DFID funded programme) to promote energy efficiency and alternative energy awareness and investment among the business community. The programme aims to develop county legislative bills and policies geared towards climate change resilience and mitigation; capacity building of county authorities in the development and embracing of policy and regulatory instruments on climate sensitive initiatives; and, technical support to the business community to develop bankable projects and linkages to financial institutions for subsequent funding. In 2016, KAM realized the following through the project:

- Detailed feasibility study for the Mt. Elgon small hydro project.
- Commenced the process of retrofitting Harambee House Annex to be more energy efficient.
- Supported seven counties where KAM is present (Nakuru, Uasin Gishu, Nairobi, Machakos, Mombasa, Kisumu & Kiambu) develop Clean energy policies and plans to catalyze private sector investment in clean energy.
- Held five clean energy awareness forums in Kisumu, Mombasa, Uasin Gishu, Nairobi and Nakuru counties.

Additionally, through the *Sustainable Use of Natural Resources and Energy Financing (SUNREF) Project* supported by Agence Française De Développement (AFD), a facility has been made available to private developers who wish to implement renewable energy and energy efficiency projects. KAM has also entered into agreements with Uganda Manufacturing Association (UMA) and Confederation of Tanzania Industries (CTI) that extends this support to manufacturers in their countries. So far, the programme has so far signed up with five partner banks in the three countries to implement the credit facility. This include; Cooperative Bank of Kenya, Commercial Bank of Africa (CBA), Diamond Trust Bank (DTB) Kenya, Diamond Trust Bank (DTB) Uganda and Bank of Africa Tanzania (BOAT).

#### **Business and Human Rights**

KAM participated, together with other 35 business leaders from diverse sectors, in a business leaders briefing on leadership and human rights. This was a capacity building session on what respect for human

rights means for corporate planning and strategizing and the responsibilities and opportunities arising when corporates commit to implement the UN Guiding Principles on Business and Human Rights. The forum mapped a few opportunities as follows: Access to capital; Positive stakeholder relations; Reputation management; and, access to new markets.

### **Anti-Corruption**

The 10th UN Global Compact principles require businesses to work against corruption in all its forms, including extortion and bribery. KAM is an active member of the GCNK's working group for signatories interested in deepening their engagement with the 10th Principle. This working group helps identify opportunities and advise on priorities for the Kenya Network's evolving Anti-corruption work. The working group seeks to inspire high standards of corporate integrity and Anti-corruption compliance through:

- Providing technical guidance on dealing with corruption
- Undertaking anti-corruption collective action initiatives
- Enhancing knowledge and good practice sharing among members and other stakeholders
- Policy dialogue with regulatory agencies to strengthen the legal and legislative framework.

The following are key achievements delivered by the working group in 2016:

- Review and validation of the draft Code of Ethics for Suppliers in Public Procurement and Disposal issued by the Public Procurement Regulatory Authority;
- Support in adapting an Anti-corruption collective action project to the Kenyan context;
- Diagnosis of the Anti-corruption landscape in Kenya to inform actionable collective action interventions;
- Review of the dialogue facilitation mechanism for the Code of Ethics for Business in Kenya.

The enactment of the Bribery Act 2016 was an important milestone for Kenya's private sector. It was the culmination of Kenya's private sector's collaboration with Government to work towards turning the tides against corruption in Kenya.

KAM rallied together with other private sector players to drive the lobbying and advocacy work around anti-bribery in Kenya. This involved providing technical support for research into and development of the Bill, and high level lobbying for enactment of the Bill. The Bribery Act 2016 provides for the prevention, investigation and punishment of bribery. The Act came into force on 13th January 2017. It places obligations on public and private entities to put in place procedures that are appropriate to their size, scale and nature of operations, for prevention of bribery and corruption. The Act criminalizes the giving or receiving of bribes in the Private Sector and places obligations on public and private entities to put in place



procedures for the prevention of bribery.

Through the KAM/GCNK partnership, we are reviewing the Act and developing proposals to oversee its effective implementation by business and regulatory agencies as well as building the capacity of KAM members towards compliance with the requirements of the Act.

KAM also participated in a high level dialogue organized by the network to raise awareness on the role of the private sector in fighting corruption and securing greater corporate commitment for ethical and sustainable business practices in Kenya. The event, graced by the Attorney General, Hon. Githu Muigai, provided specific guidance on practical measures companies can adopt at firm level and saw the launch of the Business Ethics and Integrity Compliance training program.

GCNK also partnered with KAM to organize a sensitization seminar to sensitize 70 business representatives on the key provisions of the law as well as discuss strategies to ensure the new law is implemented effectively. Speakers included the key government agencies responsible for implementing the law such as the Ethics & Anti-corruption Commission, Office of the Director of Public Prosecutions and Office of the Attorney General & Department of Justice.

### Part III. Measurement of Outcomes

- The Kenyan Network has 600 new signatories to the Code of Ethics for Business in Kenya;
- Successfully lobbied and advocated for the enactment of Kenya's Bribery Act 2016;
- Built capacity of KAM members and GCNK members on measures for compliance with the requirements of the Bribery Act 2016;
- KAM has domesticated the Global Compact Principles in its policies and continuously mainstream them in its work;
- 35 business executives capacity built on UN Principles on Business and Human Rights and the opportunities for implementation;
- Mitigation of climate change through promotion of renewable energy and energy efficiency measures;
- Conducted over 50 Investment Grade Audits and 100 General Audits to promote energy conservation;
- Incremental development of capacity for implementation of sustainable development goals by businesses in Kenya.
- Increased access to convenient and affordable financing for renewable energy projects in Kenya, Uganda and Tanzania.