

KAPA OIL REFINERIES LIMITED SUSTAINABILITY REPORT 2018/2019



INVESTING IN NATURE



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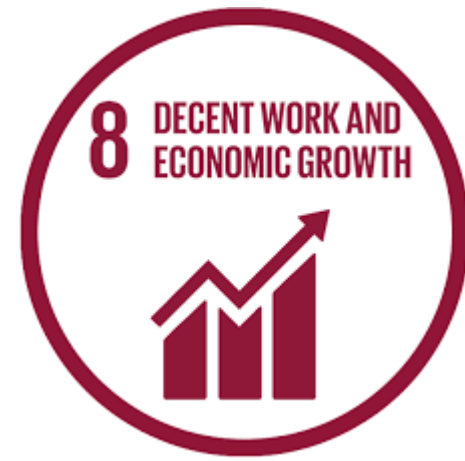
Our business and SDGs



- The Sustainable Development Goals (SDGs) set out a clear vision for a sustainable future and call for urgent action to achieve goals such as tackling climate change, reducing inequality, and eliminating poverty by 2030. Our Company recognises that the SDGs provide an aspirational framework to translate global needs and ambitions into business solutions, and over time we have realised the benefits of how aligning our business strategy and decision-making enables our organisation to better manage risk, anticipate consumer demand, grow and strengthen supply chains while moving towards a better future.
- We further recognise, that integrating the SDGs into our materiality assessment process and stakeholder engagement processes is a key step towards embedding the SDGs into our integrated thinking and reporting. By using the SDGs to gain a deeper understanding of stakeholder needs and expectations – including the wider community, the SDGs help to inform strategy development, day-to-day decision-making, review our targets and they enable us to ‘push the boundaries’ on our aspirations and integrated thinking.



How we do it



- We employ 137 employees directly and 7000 employees indirectly
- We ensure that all our employees are paid the National Minimum Wage
- We make monthly donations to children homes and homes for the Aged
- We respect all people and work against discrimination in all its forms
- We aim towards creating an inclusive organisation, which respects individual characteristics such as gender, age, sexual orientation, nationality, religious and political beliefs

How we do it



- We ensure that all our edible fats and oils are non hydrogenated, thus making them heart friendly, cholesterol free and beneficial to the health and well being of all our consumers
- We ensure that our edible products meet the World Health Organisation requirements on improving consumption of Vitamin A fortified in our edible oils and Vitamin B1 and B2 in our yellow and white fats which boosts the human immunity



How we do it



- We are in the process of installing a solar photovoltaic (PV) grid-tied system for use in our company
- We have replaced our coal fired boilers with biomass boilers whose main fuel are agricultural process, reducing the dependence on trees for fuel
- The Energy Regulatory Commission of Kenya has recognized our efforts to adopt and effectively implement energy saving measures and in line with this it has issued us with an energy management compliance certificates

How we do it



- We have partnered with the Reteti Elephant Sanctuary to protect orphaned elephants. For every bottle of our Atilla Toilet Cleaner purchased, Kenya Shillings Five (Kshs. 5) goes towards the conservation and protection of Elephants
- We have taken action to combat climate change by planting trees within and outside our company
- All discharge of waste water is treated and it complies with set requirement of the National Environment Management Authority
- We have substantially reduced our water consumption by 50%
- We responsibly handle our E- waste disposal



About this Report

About the Report

- Welcome to our fourth sustainability report for the period March 2018 to February 2019, on disclosure of our business responsibilities and activities. The report focuses on the Ten Principles of Business Ethics as prescribed by United Nations Global Compact (UNCG). The reporting format is guided by the Global Reporting Initiative considering the broader perspective of our business operations and the impact we create to the community around us.

Scope of the Report

- The scope of the report covers the progress Kapa has made in addressing the ten principles of the UN Global Compact applicable to the particular business activities carried out in the aforementioned period. This report further considers our engagement in realising the SDG's that we have identified.

Our Sustainability Mission

- To manufacture healthy and quality products that promote a healthy lifestyle and contribute towards longevity of life for a sustainable future.

Report Contents

- This report captures the topics on: what we do, our material matters, our performance metrics, and our future as indicated in this presentation.



Message from the Executives

CHAIRMAN

It is my pleasure once again to present to you the 2018-2019 Sustainability Report. I must state that this report is one of my personal favourites as it highlights the achievements that the company has made towards incorporating sustainable measures in its corporate strategy and business model.

I am particularly excited by the work that we have done to minimise our environmental impact by protecting our biodiversity and ecosystems at large. In line with this, we have partnered with the Reteti Elephants sanctuary to protect and conserve our Elephants.

This report serves as the Board's commitment statement to the United Nations Global Compact (UNGC) ten principles and our undertaking of strategic action towards the realization of the Sustainable Development Goals (SDGs).

The Board remains committed in conducting its business in an ethical manner and in creating a sustainable business environment that transforms the lives of the people that we interact with through our products, thus creating equal opportunities and a sustainable future for all.

CEO

In this sustainability report, we continue to make strides towards aligning our operations with the SDGs in addition to the UNGC ten principles. Our performance in fulfilling these initiatives is what is contained in this report.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards.

We remain committed to the fight against corruption and continue the effort towards ensuring that our business is transparent and ensuring that we seal the corruption loopholes.

Beyond sustainability we see the SDGs as the universal framework guiding our future economic, social and environmental priorities. We have a strong ambition and vision for our business and the value we create to the society.



Management Structure and Roles

The Board of Directors

- Fiduciaries who steer the organization towards a sustainable future by adopting sound, ethical, and legal governance and financial management policies

The Executive

- Implement the Board's strategic, and generative plans, policies, and decisions consistent with the organization's Vision, Mission and Guiding Principles

Business Ethics

- Advocating for an ethical structure within the organisation

Finance & Accounts

- Ensuring the adherence to integrity in the finance and accounting processes

Sales & Marketing

- Deliver quality products and services to our customers with the aim of meeting and exceeding customers expectations

Production

- Guarantee that our products are safe and quality production is carried out in a conducive work environment

Quality Management

- Ensure safe and high quality of products

Human Resources

- Ensure that high level of staff are sourced and developed to the expected level of competency



Business Guide -Vision and Mission Statements

Vision Statement

Kapa is committed to being the 'Benchmark Company' for quality products in Africa.

Mission Statement

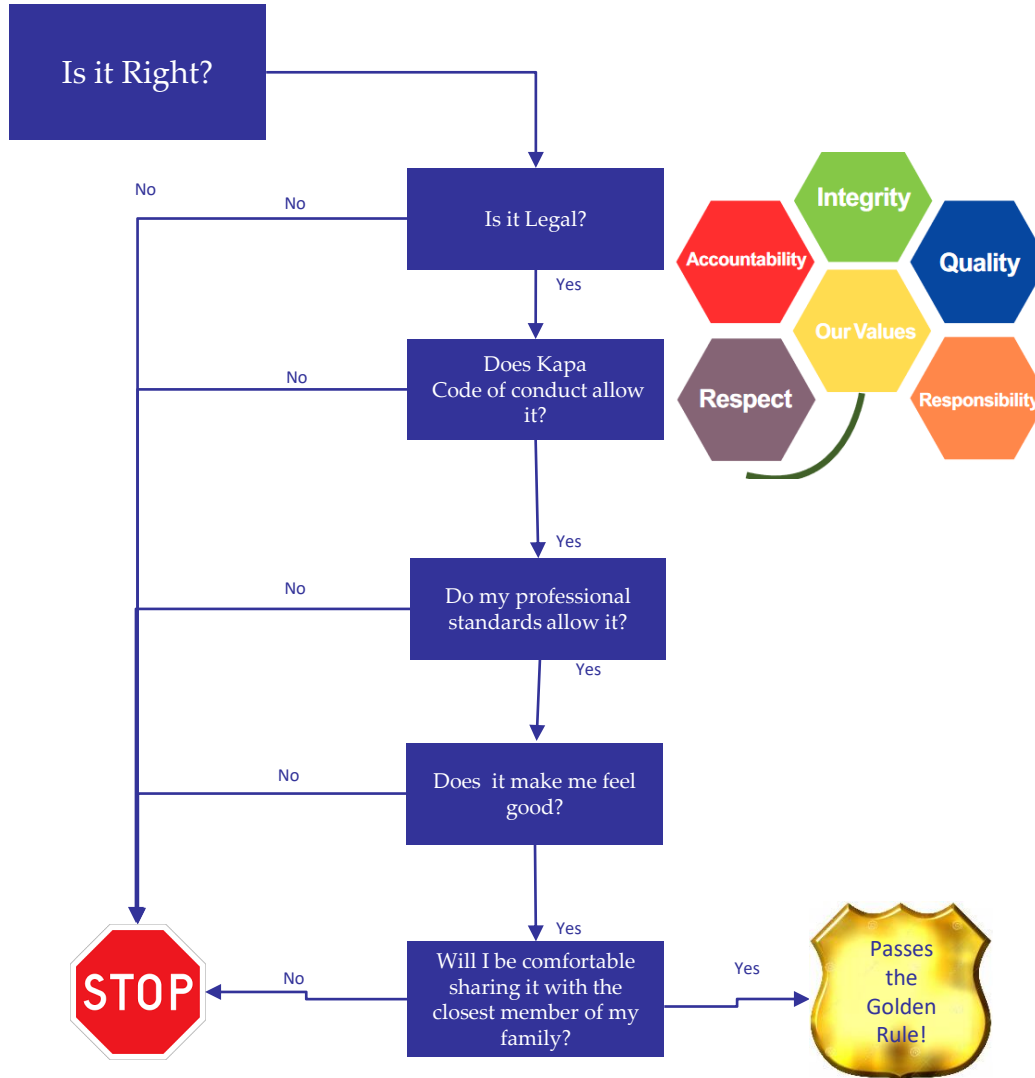
Kapa operations are focused on the manufacture of quality assorted food products, detergent powder, laundry soap, toilet paper, toilet cleaner and personal care products. It shall lead the market in terms of quality and performance of its products and customer service.

Commitment Statement

Kapa focuses on healthy and quality products that give 'value for money'. We aim at providing our customers with premium quality consumer goods at competitive prices while operating in an environmentally sensitive and socially responsible manner. All our processes and procedures are of the highest quality, designed to give results of premium quality. The mechanics and techniques behind our processes and procedures give zero allowance for error therefore producing high quality products and ensuring quality consistency.



Our Ethics and Core Values



At Kapa, our actions, decisions and behaviour in our business activities are guided by a set of core values, principles and policies.

To ensure no violation of these policies, we have created a platform where employees can raise concerns without fear of reprisal and information given remain confidential and/or anonymous mainly for our internal stakeholders through

- Legal Office
- anonymous e-mail: speakitup101@gmail.com

All incidents reported are investigated and the findings reported to the Ethics Committee

Serious breaches are discussed by the Executive and the Board.

Our Business



Why choose our products



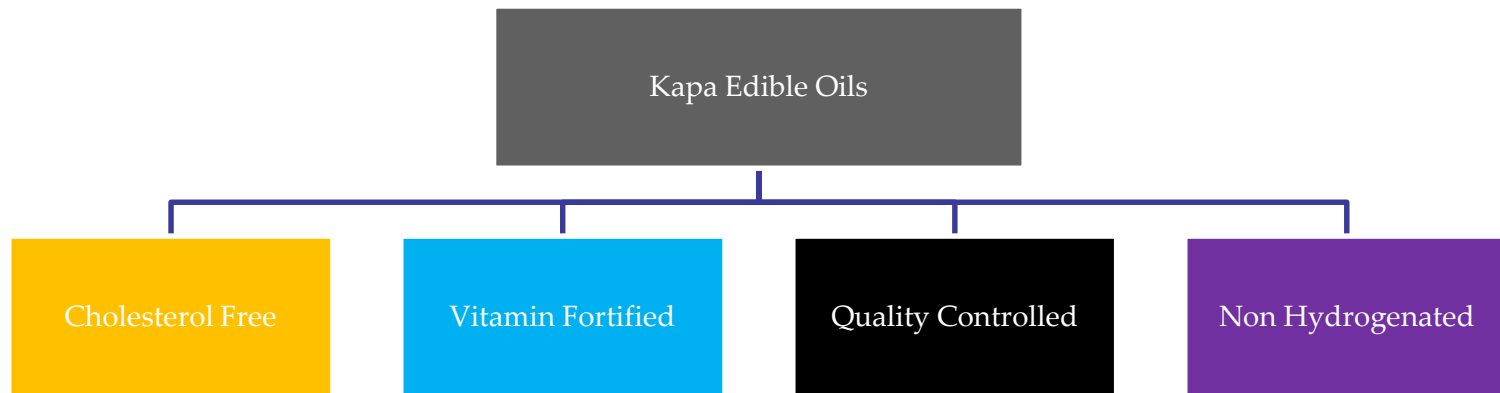
In line with our consumer health driven policies, all our edible fats and oils are non-hydrogenated, thus making them heart friendly, cholesterol free and beneficial to the health and well-being of all our consumers. Our products meet the world health organisation requirements on improving consumption of vitamin a fortified in our edible oils and vitamin b1 and b2 in our yellow and white fats which boosts the human immunity.

In 2003, KAPA cemented its commitment to quality by being awarded the prestigious ISO 9001 certificate for its 'quality management systems' in the manufacture of edible fats, oils, margarine, baking powder, detergent powder, laundry soaps and glycerine. Our products are trusted household names, not only in Kenya, but throughout East, Central, West and Southern Africa, as we export our diverse range of products to over 18 African countries serving the COMESA and SADC markets.



Image downloaded from: <https://americanbonehealth.org/nutrition/vitamins-for-bone-health/>

Why Choose KAPA Products



Kapa products



Kapa Oil Refineries Ltd.

www.kapa-oil.com

BRIGHT IDEAS BETTER PRODUCTS



KAPA is the benchmark manufacturer and exporter of superior equality products in Africa. We lead the market in quality and performance of our products. KAPA is dedicated to giving value for money by providing all our customers with quality consumer goods at economical prices.

 @KapaOilRefineries

Kapa products



kapa-oil.com

Leaves your clothes
soft and fresh

Toss detergent bottles: Original, White, and others.

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Twitter: @Toss_Detergent
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Email: sales@kapa-oil.com

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Kapa products



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WHEN YOU HAVE TO GO, YOU HAVE TO GO.
TOILET PAPER FOR WHEREVER YOU ARE

Neptune
Toilet Paper

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Kapa Oil Refineries Ltd.

GETS YOU GOING. KEEPS YOU GOING.

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CHICKEN 120g e
Cook in 3 Minutes

NUMSI
INSTANT NOODLES
MEATY MIX 120g e
Cook in 3 Minutes

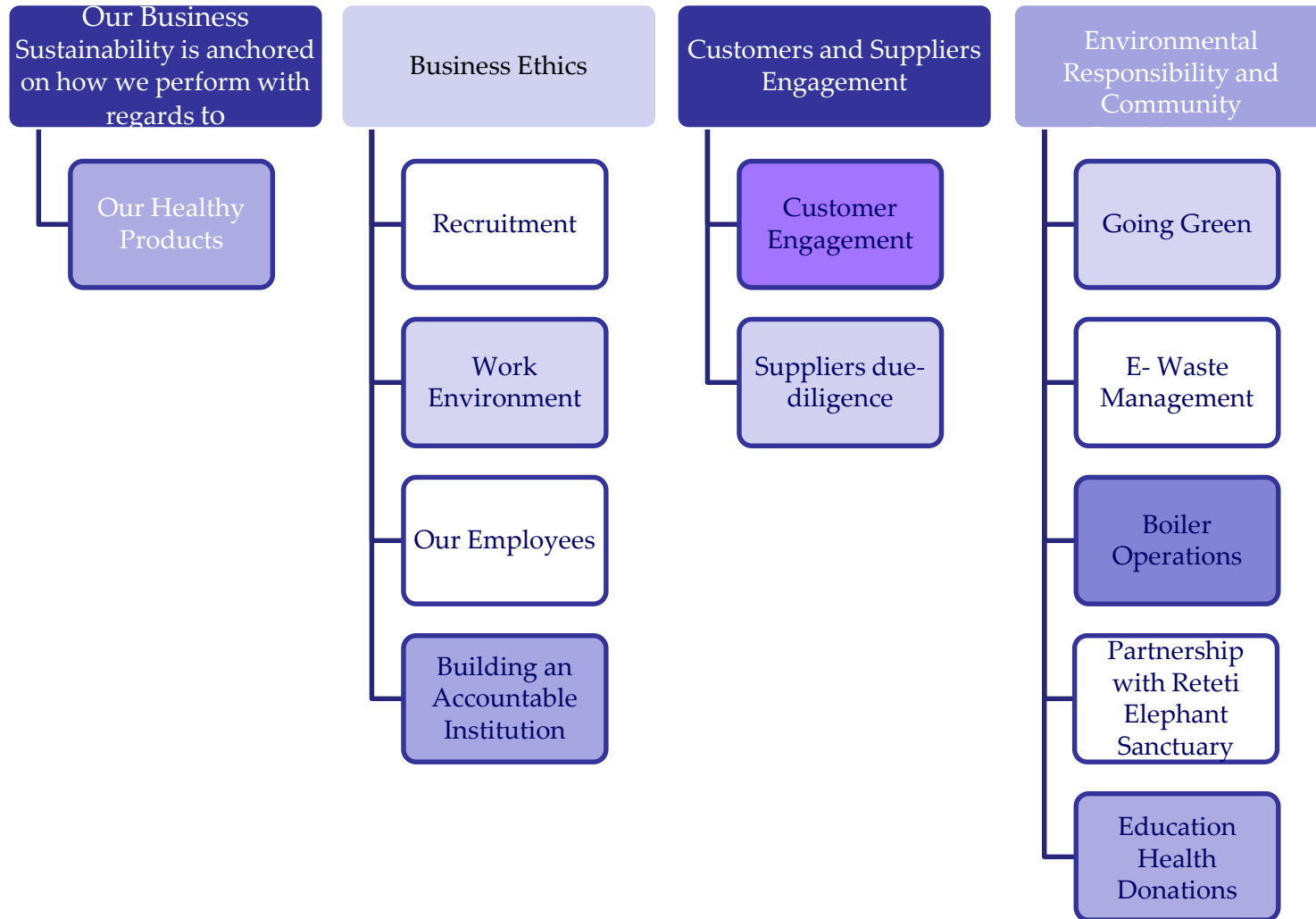
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Cook in 3 Minutes

ANY TIME IS NUMI TIME

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Material Matters





Recruitment

- In our quest to build ethical culture in the business, we have communicated our ethical expectation to the stakeholders through the business code of conduct booklet. In return, we have received queries and guided on ethical dilemma that employees are faced with as they work. The Ethics Officer, on a monthly basis, holds ethical talks with the employees at different levels of management on ethical issues that could affect the business. Our recruitment provides equal opportunities for all qualified applicants.

Work Environment

- We believe in order to maintain healthy organizational culture, strong ethical codes need to be followed. Every individual has to play his own role. Apart from creating a healthy culture it also helps to avoid employee lawsuits against the employer. We hold regular sessions on ethics and how to approach ethical dilemmas among staff. We challenge management staff to hold regular discussions with employees to work through potential ethical issues that may come up and find ways to brainstorm through them as a team. If everyone is on the same page, it is more likely that the team as a whole will adopt the same types of ethical behaviours.

Our Employees

- To affirm our commitment to ethical behaviour within the Company, we have included the ethics awareness training in our new employees orientation programme and the company's management visibly demonstrates the commitment to ethics during these sessions. The company's policy is that it will not use, be complicit or benefit from any form of child or forced labor in compliance with the elimination of all forms of forced, compulsory labor and protection of children.



Building An Accountable Institution

In line with (SDG 16) we re-affirm our long standing commitment to conducting our business with integrity, fighting corruption and bribery in all forms in the organizations. We continue to promote sound business practices in our organisation and to advocate for such practices amongst our employees and business partners

Our code of business Code of Ethics, provides a guide on how to conduct our business ethically. We also have an anti-bribery clause in our contracts that stipulates the company's position in combating bribery and also provides an avenue for reporting bribery incidences in the company.

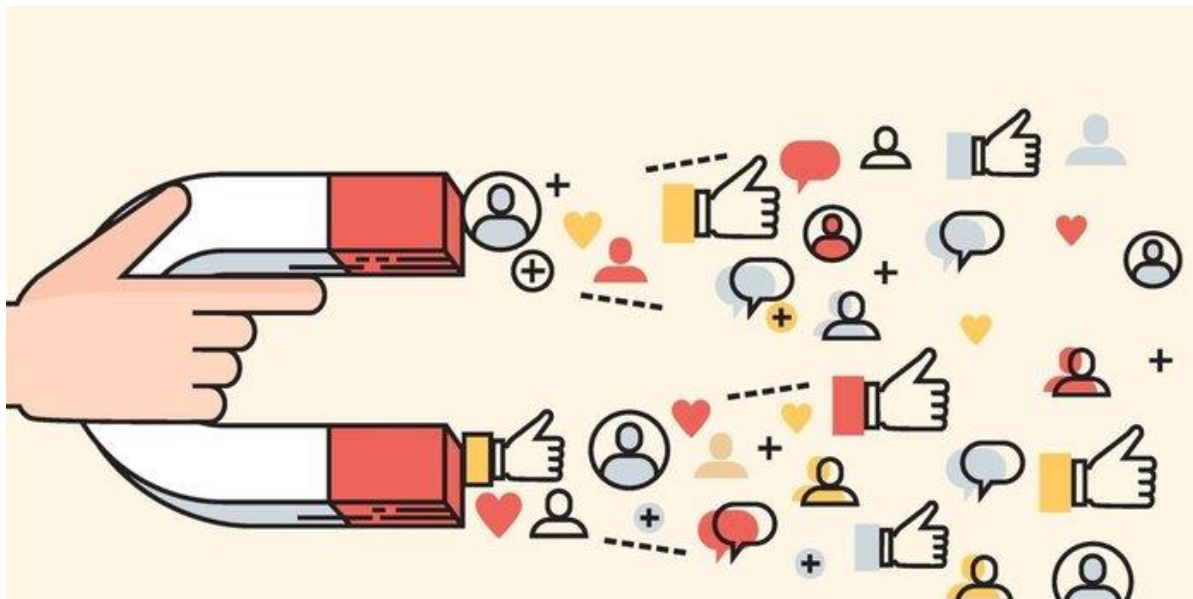


Customer Engagement



We recognise that good customer service is vital, both to us and to the customer. Working hard to make certain that this gets even better, KAPA uses market research and different types of data to ensure we get a clear message about what customers do and don't like. Simply put: We strive to maintain customer satisfaction 'This time, next time & every time!'

In 2018, we introduced 3 new products into the existing shopping basket (Atilla Toilet Cleaner, Lanzo and Neptune Toilet Paper) while still maintaining our quality and safety of our products (ISO, QMS and food safety HACCP) as confirmed by the systems certification body SGS.



Images downloaded from <https://www.entrepreneur.com/article/297721>



Supplier Due Diligence

Supplier Due Diligence

- At Kapa new suppliers and service providers undergo a comprehensive due diligence process. The process includes audit of the potential supplier's facility and processes, background checks with trade references or business associates, and obtaining copies of important documents such as KRA PIN, VAT certificates and Certificate of Incorporation
- New Suppliers are required to sign a supplier data form which captures details such as company location and addresses, contact details, bank details and trade references
- Selection and evaluation criteria includes : quality of goods/ services, price and payment terms, food safety aspects (where applicable), capability to meet Kapa's quantity requirements, existence of management systems, company reputation
- Periodical performance monitoring of suppliers is conducted once annually for high risk suppliers and once every 2 years for low risk

Controls

- Fixing approved suppliers and laying down a strong code of ethics that employees acknowledge and must abide by
- Supplier due diligence in case of new suppliers, periodical performance monitoring of existing suppliers and supplier re-evaluation (in case of change of circumstances) to track compliance with requirements and identify any issues / risks that may need to be addressed
- Having stringent receiving processes to ensure supplied goods and services are in accordance with our requirements outlined in the listed specifications sheet-Routine auditing of suppliers to affirm that supplier processes, operations & quality are in line with agreed upon standards

Environmental Responsibility- Going Green



Images downloaded from: <https://www.businessdailyafrica.com/markets/marketnews/Kapa-Oil-Refineries-to-invest-in-1-5-megawatts-solar-power/3815534-4819244-1052kv1z/index.html>

We are in the process of installing a solar photovoltaic (PV) grid-tied system for use in our company. This system is designed to reduce our operating costs while also reducing consumption of fuels, thus reducing greenhouse gas emissions and pollution.

E-Waste Management



Image downloaded from: <http://exclusive.multibriefs.com/content/the-case-for-environment-friendly-e-waste-recycling-and-disposal/waste-management-environmental>.

As consumers of electronic goods, it is our responsibility to know the impacts our purchases make and lessen any negative consequences through educated choices, company research, and even activism. In line with this, we have contracted a reputable e-waste disposal company to handle and dispose our e- waste in a safe and sustainable manner.

By ensuring that our e-waste is properly and safely disposed, we reduce the negative environmental impacts caused by toxic e-waste that includes; pollution and contamination of land, water and air that occur through dumping in dump-sites, poor storage, burning to attain precious metals, poor disposal and mixing with general waste. Additionally, we also reduce the negative health impacts where toxins from e-waste cause damage to human blood, kidneys, as well as central and peripheral nervous systems which occurs when toxic e-waste toxins are not properly handled.



Biomass Operations

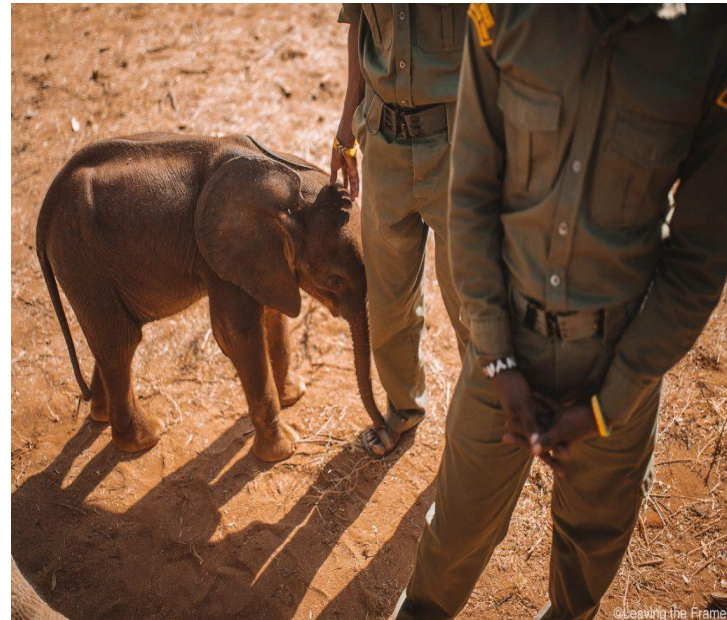


Kapa's boiler House

Kapa has embraced the use of a biomass boiler whose main fuel is agricultural waste that includes coffee husks and macadamia shells which are more environmentally friendly than the coal fired boilers that were previously used. With the versatility of this boiler, different types of fuels can be burnt at high efficiency and the fuel gases passed through a bag filter to reduce particulate load to the environment.

By introducing a highly efficient boiler that can run on agricultural wastes products, the company has greatly reduced its dependence on wood as a source of fuel.

Partnership With The Reteti Elephants Sanctuary



Images downloaded from <https://www.retetielephants.org/visit-us/>

The Reteti Elephant Sanctuary is a first of its kind in Africa, owned and managed by the Samburu Pastoralist community in Northern Kenya. It is designed to rescue rehabilitate and release orphaned and abandoned elephant calves, whilst creating much needed benefit for the local people that live alongside them. The Reteti Elephant Sanctuary is the representation of the communities standing up united for wildlife, in recognition of the value that they can cultivate. Opportunities are being created, livelihoods are improving and wildlife is returning, proving that nature can provide a sustainable economy for the population that occupy its magnificent ecosystem.

The local orphaned elephants that are cared for by the Samburu community, are symbols of a new wave of thinking about wildlife and the environment that goes far beyond traditional conservation methods , and dives deeper into the core value of what nature represents.

Partnership with the Reteti Elephant Sanctuary (cont)



Image downloaded from: <https://www.retetielephants.org/visit-us/>



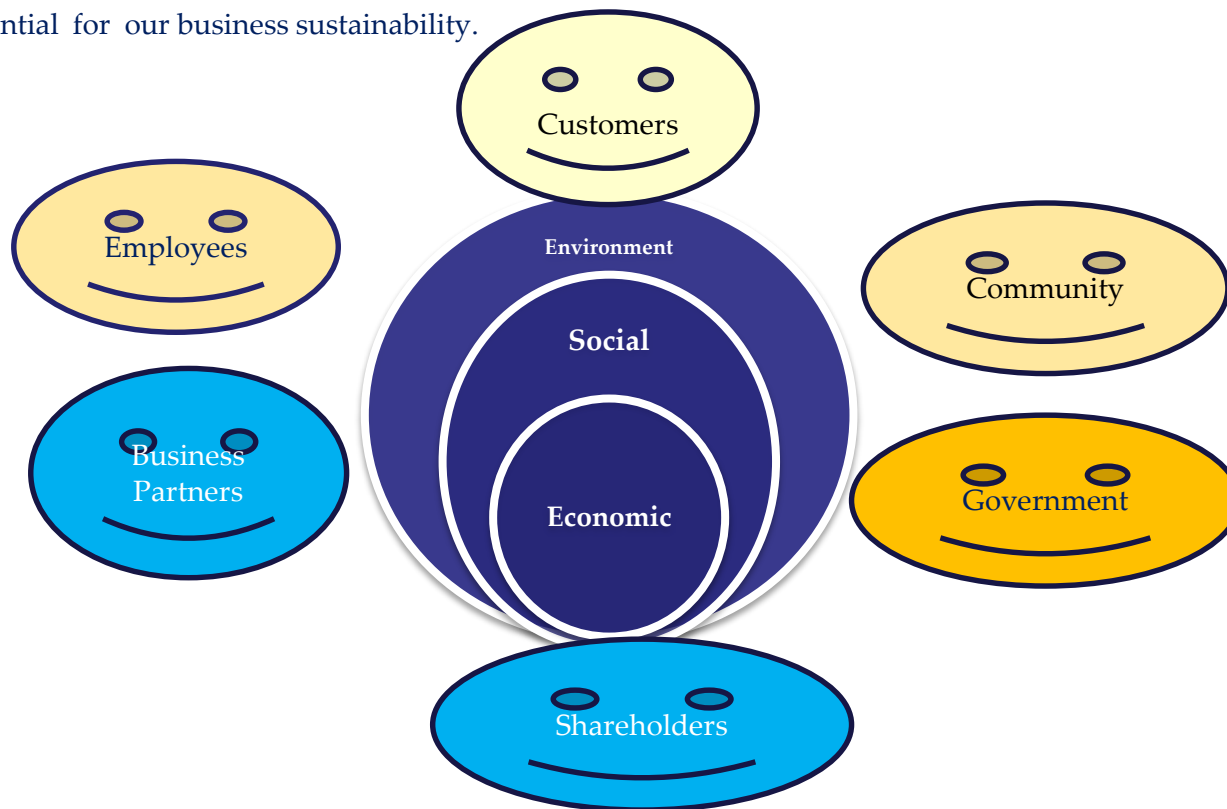
In partnership with the local communities, Kapa has injected support towards the operation of the sanctuary. With every purchase of a bottle of Atilla toilet cleaner Kenya Shillings Five (Kshs. 5) is donated to the Reteti Elephant Sanctuary.

Kapa's support together with those of others, ensure that orphaned elephants are adopted, rescue operations are sustained, keepers' salaries are paid, formula milk and veterinary services are available for the elephants and overhaul the support ensures the future sustainability of the sanctuary and our environment.

Our Stakeholders



We believe in engaging our stakeholders and business partners in our business decisions and strategies. Our ethics policies and business conduct was developed by taking into account their expectations and addressing the significant issues and concerns highlighted throughout our business value chain. We engage with local communities to achieve our business strategies as we realise that this collaboration and partnership is essential for our business sustainability.





Kapa Social Responsibility

Kapa recognises that its social responsibility to the community is integral to its business. To effectively contribute to the society, through its Directors, Kapa founded a charitable organization - 'The Karania Foundation' that operates independently from the Company.

The Foundation caters for the needy in the society in these areas :

- a) Health
- b) Education and
- c) The well being of Children and the Aged in the society

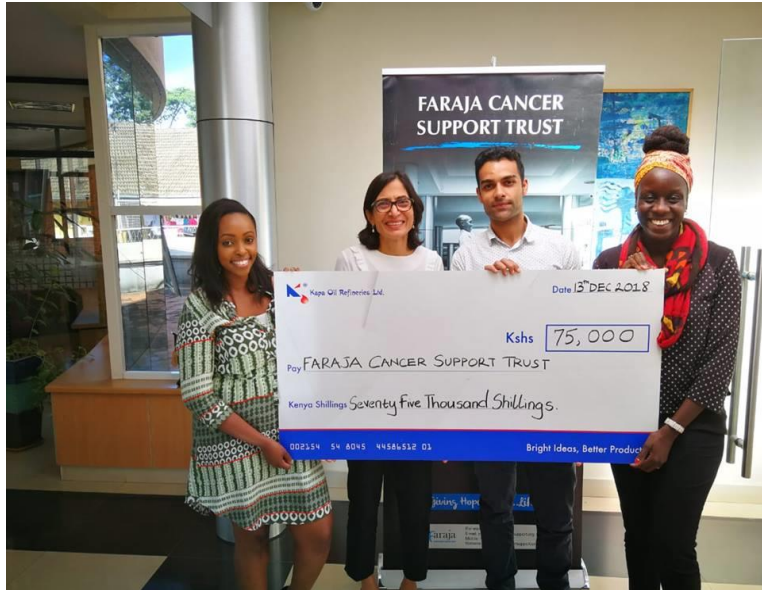
So far, the Foundation has supported the following activities:

- a) The home for the aged in the society located in Nairobi is fully supported by this Foundation. It caters for the old and needy individuals.
- b) Annual sponsorship to needy students in support of their education at varying levels of education.
- c) Funding for specialised medical health care to families in need of such a support.

Kapa as a company also contributes to the society through:

- a) Monthly donations to children homes with edible oils and soap products.
- b) Monthly donations to the Home for the Aged with edible oils and soap products.

Community Engagement- Faraja Cancer Support Trust



Kapa team with the Faraja Cancer Support Trust presenting a Cheque

Kapa teamed up with Faraja Cancer Support Trust on an awareness campaign to encourage the public to gain the courage to screen for cancer. This was informed by a worrying trend that most people choose not to screen for cancer because of fear, anxiety and stigma. All this can negatively affect one's confidence to live a full life. Faraja Cancer Support Trust provides emotional, practical and healing support to people affected by cancer and was therefore the ideal partner to team up with Kapa's brand Toss detergent under the latter's brand narrative 'Let Your Confidence Flow'. Launched in the Breast Cancer Awareness Month of October, the campaign roped in cancer survivors in a series of video interviews where they gave insights on overcoming the disease. A few royal customers of Toss were also selected from social media to attend a series of breakfast sessions, where they got the chance to interact one-on-one with cancer survivors and various professionals working with cancer patients.

Our Visit to Kwetu Home of Peace & Thomas Barnados



Kapa's Staff giving donations to a children's home



Donations to Other Regions

35 deaf families at Harvest Mission Deaf Church in Mathere were presented with cooking fat and noodles



Donations to the deaf at Harvest Mission Deaf Church -Nairobi

We journeyed to Nyanza in December to share the love through cooking fat and noodles at the Ebenerer Children Center in Rongo for 100 youth



Donations of cooking fat and noodles in Nyanza

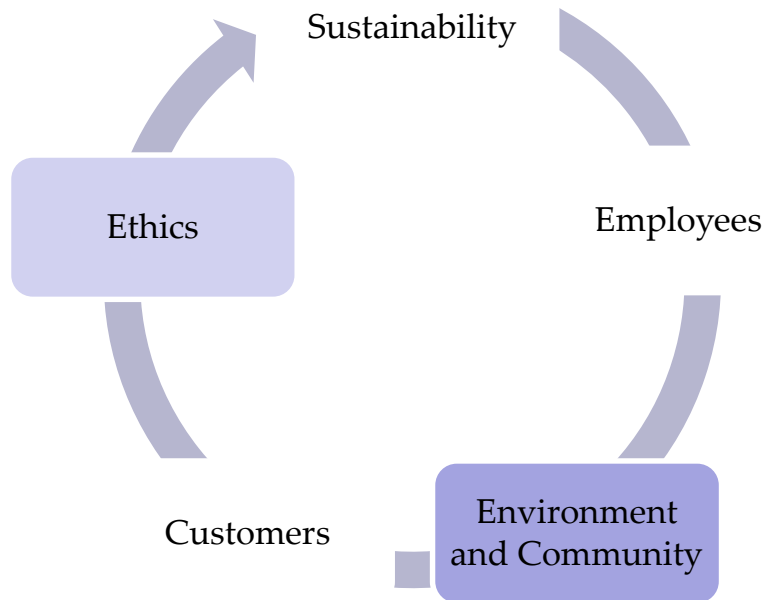


Donations of 120 food buckets to Maasailand



Donations to Kibera Primary School

Performance Metrics



Our metrics helps gauge performance on our material matters by providing quantifiable data. In this sustainability 2018 / 2019 we give an account of number of unethical cases reported, disciplinary cases, trainings carried out, customer complaints and feedback, health and safety and energy efficiency measures undertaken during this period.



Performance Highlights, 2018

Reported cases

During the reporting period we had no reports of unethical cases.

Gift Register

In our commitment to integrity, and the unwavering spirit to fight corruption within our business, we have ensured all gifts and entertainment offers are accounted for. We recorded 1 gift and entertainment offers in the year 2018. The declared gifts were in compliance with our gift and entertainment policy.

Disciplinary cases

To ensure no violation of our policies, we have created a platform where employees can raise concerns without fear of reprisal and information given remains confidential and /or anonymous , mainly for our internal stakeholders as:

- Help Desk at the Ethics Office
- Anonymous E-mail Address: (speakitup101@gmail.com)

Ethics	No.
Reported Unethical Cases - Internal	0
External	0
Disciplinary cases	0
Recorded Gifts Offers	1



Employee Recruitment and Training

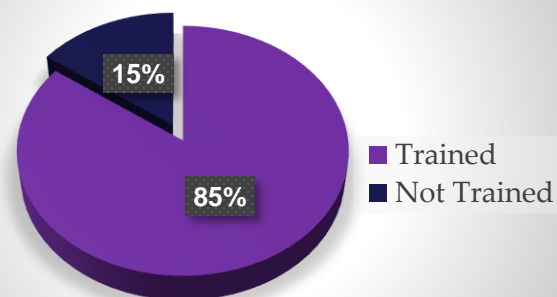
Training Rate Per Department

Department	No. of Staff in Department	Total Trained	Training Rate %
Boiler House/ETP	17	17	100%
Baking Powder/Noodle	169	168	99%
Detergent Packing	144	133	92%
Detergent Plant	127	63	50%
Loading Bay	275	257	93%
Quality Assurance	30	29	97%
Refinery Packing	424	302	71%
Refinery Plant	49	41	84%
Soap Plant	238	217	91%
Warehouse	96	80	83%
Administration	165	162	98%
Total	1734	1469	85%

Recruitment Rate

Level	No. of Staff as at Jan. 2018	No. of Employees who left in 2018	% Turn Over Rate
Assistants	60	9	15%
Senior Assistants	35	1	3%
Managers	29	2	7%
Senior Managers	4	1	25%

Training Rate





Customer Complaints and Feedback

Customer Satisfaction	2015	2016	2017	2018
No. of Customer Complaints	25	36	49	76
No. of complaints attended to	25	36	49	67
Customer satisfaction rating (%)	77	73.16	72.72	73.36

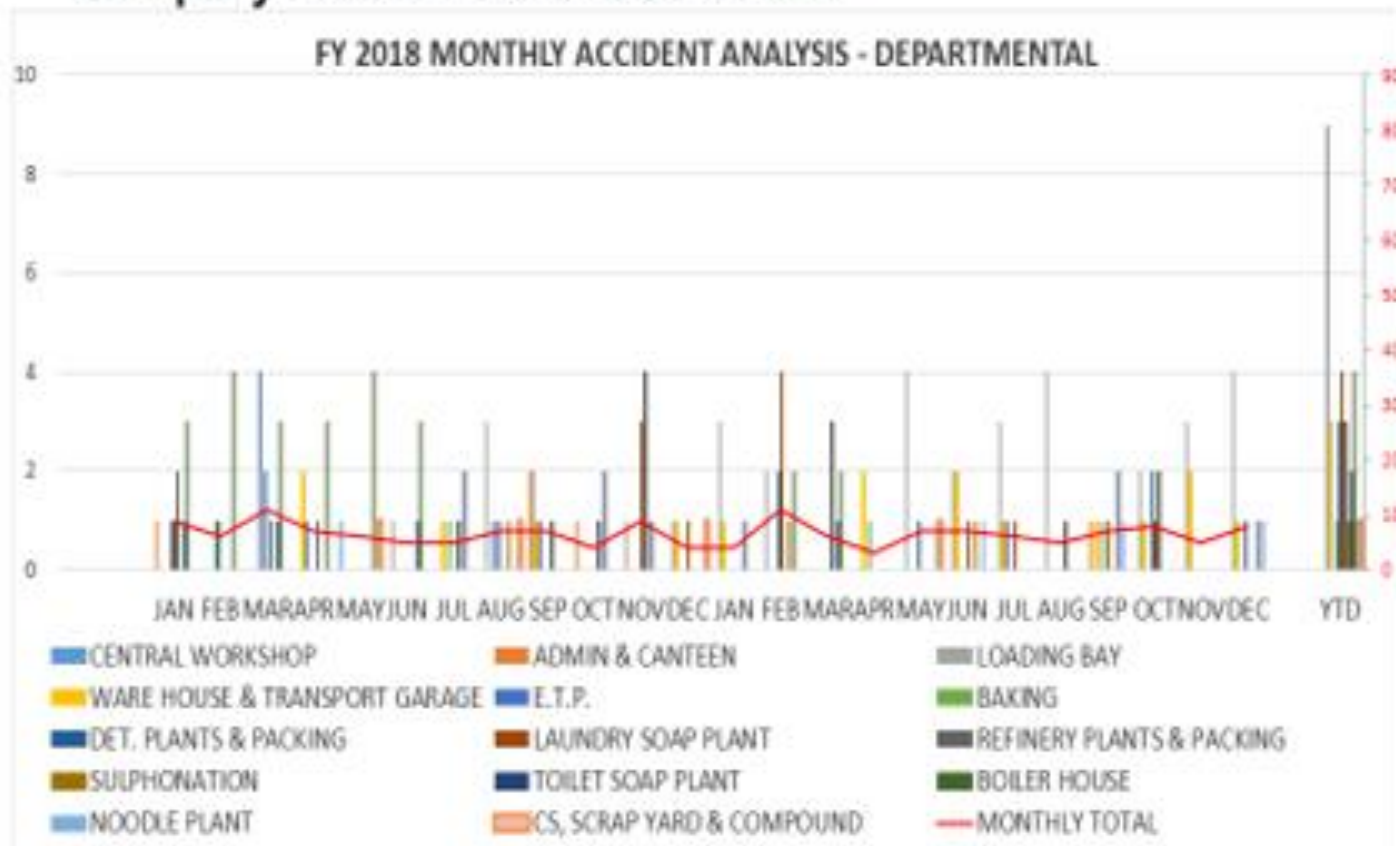
In 2018, we increased our direct interaction with Customers (digitally and through additional on the ground interaction) in order to make sure that we effectively capture any customer complaints

Health and Safety Data Analysis

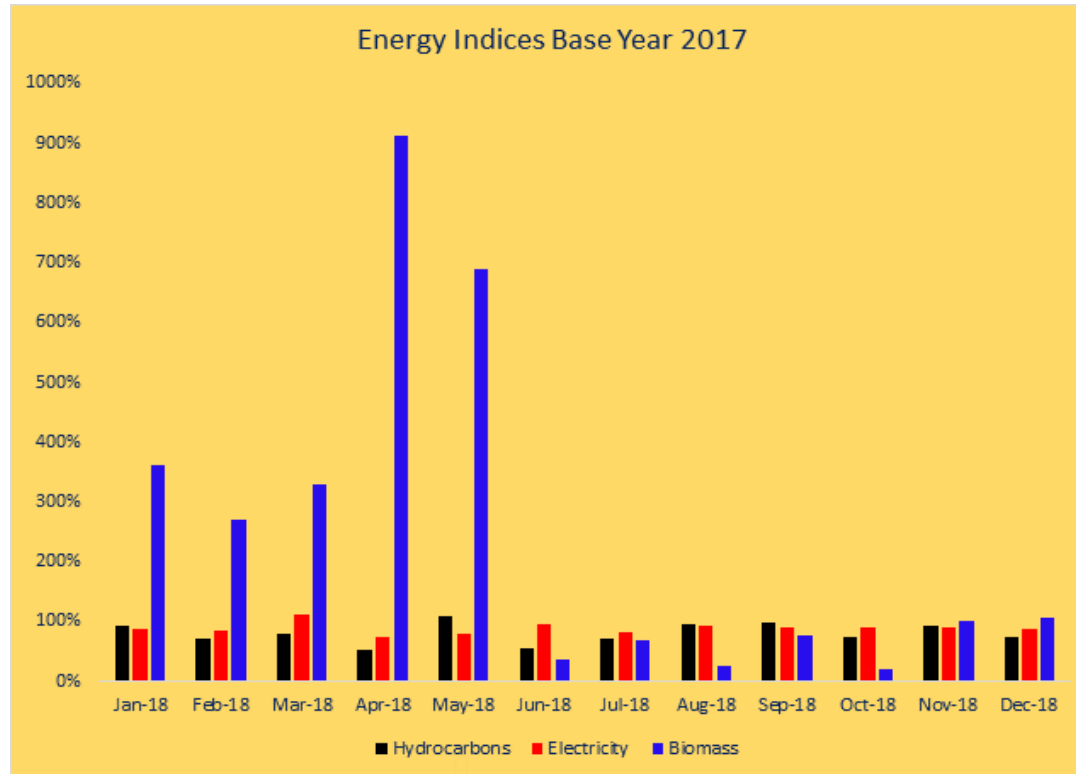


Incident Trend Analysis – 2017/2018 in Review

Company-wide FY trend is as below:



Energy Use



- The general hydrocarbon went down by 19%
- Electricity consumption went down by 11%
- Biomass consumption went up because of increased productivity



Kapa's Major Donations

- **Amrita Children's Home**
- **Better life Community**
- **Child life Trust**
- **Edevalle Home**
- **Family Care Centre**
- **Global Museum**
- **Good Hope**
- **Kwetu Home of Peace**
- **Little Sisters of the Poor**
- **Magodo's Children's Home**
- **Mario Romero**
- **Soweto Slums**
- **The Children's Village**
- **Thomas Bernado House**
- **Loise Kim Foundation**
- **Reteti Elephant Sanctuary**

Going Forward



Sustainability is an area in constant development. We commit to reporting on our sustainability policies, targets and progress - and to engaging with our stakeholders to better understand how we can continuously improve our sustainability performance and contribute to a more sustainable world.

The sustainability strategies and commitments for 2019 are set as follows:

- We commit to promoting affordable, reliable and modern energy systems, which will support the sustainable development of our society
- We commit to comply with all applicable laws and regulations and to working against corruption and bribery in all their forms. We pledge to uphold sound business practices in our organisation and to promote such practices amongst our business partners
- We commit to eradicating poverty through creating jobs and sustainable livelihoods
- We commit to taking action to combat climate change, promoting access to sustainable energy and advancing energy efficiency
- We commit to protecting the ecosystems, sourcing from sustainably managed forests and avoiding, minimising or restoring biodiversity loss
- We commit to safeguarding and strengthening labour and human rights, to promoting safe working conditions, mental health and well-being and to giving our employees good learning opportunities in their work
- As for the natural resources that we rely on in our business, we commit to pursuing recycling and reuse to create more sustainable consumption and production



Availability of the Report

In line with our values of integrity and accountability, this Sustainability Report will be communicated to all our key stakeholders through our common channels of communication. The channels are:

- ✓ The Company's website which is accessible to the public
- ✓ Emails sent to all Kapa employees; and
- ✓ The Ethics Communication mechanism