

**Period covered on Communication on Progress (COP) – 18<sup>th</sup> August 2018 to 17<sup>th</sup> August 2019**

**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, we confirm how the United Nations Global Compact and its principles form 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 fifth 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 has been finalised in August 2019 for the period covering 1<sup>st</sup> May 2019 to 30<sup>th</sup> April 2021.

The company has and will always provide 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 by an independent party.

As at the start of August 2019 we have appointed and Health & Safety/Compliance Officer. She is a lady of substantial experience in the field. Her appointment will ensure we now have a dedicated person ensuring that health & safety matters especially relating to our staff are not taken lightly. She will also head a health & safety committee comprising of staff members from various departments and levels who will monitor all health, safety & regulatory compliance matters.

We have this year carried out a Fire Risk assessment Audit that was done by reputable independent organization with significant expertise in the areas of Fire Safety at the workplace. Their audit recommendations are currently being implemented and we expect to have completed the improvements to our Fire Safety policy by the December 2019

A register is maintained to record work related accidents and injuries. Full investigations are carried out on each and every major injury that results in part or full disability of the employee be it temporary or permanent.

## **Measurement of outcomes**

With the appointment of the health & safety officer from August 2019 we expect to see a significant reduction in complaints from staff and regulatory bodies on matters relating to health & safety at the workplace.

The next Health & Safety audit is due to be carried in September 2019. The remedial actions from the recommendations of the previous health & safety audit done in August 2018 were reviewed to ensure all measures were in place as recommended by the audit report.

The causes of work related accidents and injuries are looked at critically and preventive measures are in place. There were no major work related injuries to staff members in the production team during the reporting period. Staffs continue to be trained and re-trained on matters relating to health & safety especially at their station of work. The guidance to the staff is provided by members of the organizational health & safety committee

## **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 unionizable staffs have their letters of appointment formalized and their rights are protected by the clauses in the Collective Bargaining Agreement (CBA) which was agreed upon and signed a effective from 1<sup>st</sup> May 2019 to 30<sup>th</sup> April 2021

All management staff members are on employment contracts that specify their roles, responsibilities, compensation and benefits.

All sub-contracted staff members are paid at least minimum wage based on 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.

Through increase in operations and production output create more employment for the members of the surrounding society and to improve the general standards of living for their families.

## **Implementation**

The current CBA was formalized in August 2019 with collective input from management & unionisable staff representatives and union officials. Its conditions will be backdated as they would have been effective from 1<sup>st</sup> May 2019.

Management staff are appraised every year and rewarded on performance based pay. The average increment for the last year was 10%

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.

Innovation and Introduction of new products to increase our market share and sales which would lead to higher demand for our products and hence increase in operations which will require additional labour to cater for the same.

### **Measurement of outcomes**

Approximately 80% of our permanent staff belongs to the Food, Manufacturing, Bakery, Confectionery and Allied Workers Union (Kenya).

With the new CBA our workers who already well above the minimum wage guidelines will be rewarded with an 8% increment this year and a further 9% increment next year. In addition the CBA now contains an agreement to commence an employee pension scheme to which we (the employer) will be contributing every month at the rate of 5% of an employee's basic salary.

The Human Resource manager ensures that the subcontracted staffs are all paid in line with minimum wage regulations for our country.

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.

Due to increased demand of new products additional labour hours have been required to cater for additional production output. We have been able to employ and assimilate additional staff for the same and continue to employ more staff as demand increases. We have employed approximately 29 more staff between July 2018 and July 2019. We further expect to add another 30-40 staff members by the in the coming due to additional production lines being purchased and installed.

The continuous expansion business model sits well with our focus to contribute towards Sustainable Development Goal no 8 (SDG 8) where we are improving our contributions to the economy by increasing operations and hence turnover which leads to greater profits and higher taxes payable to the government which go into development of the country, employing more people from the community to achieve our growth and also by paying consistently higher than minimum wages we are ensuring that our employees are progressing financially and economically. In summary we are consistently growing as an organisation hence contributing to economic growth but at the same time we are growing not only as a company but inclusive of all our employees and the community around us by providing fresh employment opportunities and better pay to those who are employed. In essence we are moving forward together as a whole.

## **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. Specialised staff is in place to deal with various environmental issues.

## **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 has been finalized.

In line with the requirements of the Energy Management Regulations, an energy audit was carried out in November 2018 by an independent party, Merculex Energy Solutions. The recommendations made in the energy audit are to be implemented by the end of this year. Our next Energy audit will be due in 2021.

The use of solar powered energy as an alternative form of sustainable energy was approved by the Directors and Installation of Solar Panels was started and completed in 2015. The saving we experienced and continue to experience due to the solar power has helped the company focus its energy resources in other areas to maximise efficiency of energy use. We also embarked on additional installations of Solar Panels in 2019. We expect this second phase of installations to be completed by March 2020.

## **Measurement of outcomes**

Installation of Solar Panels was completed in November 2015 and this has helped the company save about 30% on energy costs. We expect the second phase of Solar Panel Installations to save us a further 15% on energy costs.

Corrective actions from the previous energy audit are being taken based on the recommendations in the audit report and the Special Energy committee is monitoring progress on a regular basis. We are regularly submitting a report to the Energy Regulatory Commission (ERC) to show the improvements made in energy usage audit.

## **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.

The company also ensures that all laws and regulations are abided by strictly be they National, Regional or at Industry level so that cases of non- compliance and the opportunities for corruption to thrive thereafter are minimised.

### **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 where no single member handles communications and all information is shared with the relevant staff and the Board of Directors where necessary. Tangible proof of the interactions is maintained in the company records.

The appointment of an officer whose duties include monitoring of compliance with all regulations affecting the company's operations was finalized in August 2019.

### **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 in cases on non- compliance with laws and regulations, that are incurred by the company are recorded and official receipts are available in the company records.

The compliance officer who has joined the organization recently will advise on and constantly monitor statutory and regulatory compliance of all company activities. This will reduce instances of non-compliance in the long term and reduce possibilities of any corruption and bribery taking place.

