



## **COMMUNICATION ON ENGAGEMENT (COE)**

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### **Kenya Association of Manufacturers**

**Period covered by this Communication on Engagement:** From: 2020 To 2021

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

To our stakeholders:

I am pleased to confirm that Kenya Association of Manufacturers (KAM) reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labor, 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.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Phyllis Wakiaga'.

**Phyllis Wakiaga**  
**CHIEF EXECUTIVE**

## **Part II. Description of Actions**

### **Hosting GCNK and Supporting Recruitment Drives.**

KAM has continued to host Global Compact Network Kenya, with the KAM CEO serving as the Board Chair. In 2020-2021, individually and collectively with other Global Compact Network Kenya members in good standing, we supported strategies and organized activities that resulted in over 700 signatories to the local Code of Ethics for Business in Kenya - an initiative of the Global Compact Network Kenya and Kenya Association of Manufacturers.

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

Further to the successful review of a number of internal policies to align them to relevant legislations, policies and international standards, all staff members and board members have since voluntarily signed up to abide by the respective policy manuals and instruments, namely, Statement of Conflict of Interest, Code of Conduct, Statement of Independence, Integrity and Commitment to KAM, Whistleblower protection, among others. Signing up and committing to the same principle have been made a compulsory requirement for entry staffs.

### **Inclusivity**

The Association continued to drive inclusivity in the manufacturing sector. We continued to do this through the Women in Manufacturing Programme and the KAM SME Hub.

Through the Women in Manufacturing (WIM) Programme, we continued to advocate for an enabling environment for women to venture into manufacturing, both at the county and national governments.

We launched the first-ever Women in Manufacturing Report, in 2020, in partnership with the International Center for Research on Women (ICRW). The Report continues to be a critical advocacy tool to engage government in our objective to increase the participation of Women in sector. The outcomes of the research pivot KAM's advocacy drive of the Women in Manufacturing Program in Kenya, by providing concrete data on the necessary areas to improve. It continued to inform stakeholders in mainstreaming gender equality and inclusion in the manufacturing sector.

We also hosted the Women and Youth Bankability Conference, which provided an opportunity for manufacturing and aspiring entrepreneurs to directly seek information and guidance from government and financial institutions on attaining support and assistance.

The WIM Programme hosted a four-part webinar series to drive the resilience of Women in Manufacturing during the pandemic. The series covered Leading through crisis, Opportunities for Women in Manufacturing during this crisis, restructuring a resilient business beyond the pandemic and a WIM Digital Workshop to equip women industrialists with digital skills to navigate and access better markets for their products.

Additionally, women industrialists participated in exchange visits to Skanem Interlabels and SilAfrica where they got an opportunity to learn about the Do's and Don'ts of starting a business, valuable partnerships and the importance of mentorship, and practises that help build operational excellence, respectively.

In 2021, we hosted the first-ever virtual Women in Manufacturing Gala Dinner. It was graced by the UN Global Compact Executive Director, Ms Sanda Ojiambo.

On capacity building, KAM partnered with GIZ to host the Women and Youth Skills and Bankability Conference. It sought to empower women in manufacturing on the right skills for their businesses and increase their bankability.

To support its role in executing the mandate of the Women in Manufacturing Program, the Association continued to partner with like-minded organizations, among them Bill and Melinda Gates Foundation in conjunction with Kenyatta University. Besides assisting the WIM programme to advance its research on women in the sector, this partnership will also enhance the capacity of the WIM program to actualize in making a difference in women's businesses in the manufacturing sector.

The Association also partnered with the Danish Embassy to host dissemination forums and engagements across its seven regions, on the WIM Report Research.

KAM partnered with Awareness Against Human Traffic (HAART). As a corporate social initiative and in the aspect of assisting to build and restore the humanity of human trafficking victims, WIM engaged HAART to identify women and girls (entrepreneurs and innovators) and assist to build technical skills, institute partnerships, and provide internship and employment opportunities.

In 2021, KAM hosted the 'Women In Manufacturing (WIM) to counties', a nation-wide series of events, to drive increase the participation of women in industry. The events took place in KAM South Rift, North Rift, Lower Eastern, Central and Coast Regions. They consisted of bankability forums, skills and mentorship forums, and product parades. The Association engaged representatives from 10 counties and urged them to implement policies that create an enabling environment to increase women's participation in manufacturing.

The Association also hosted the WIM Gala Dinner & Awards - Virtual Edition 2021, which brought together women industrialists and two international speakers - UN Global Compact Executive Director Ms Sanda Ojiambo and WIM Global Founder, Ms Saadid Lakehal. The speakers addressed techniques and shared stories and guidance on the impact of '**choosing to challenge**' and the benefits it brings to women in different spheres of life. The event also held a panel discussion with a focus on embracing change and seizing opportunities to advance in your career and business. The WIM awards recognized individuals and manufacturing companies that have continued to champion the inclusivity agenda and enhance the participation of women in industry.

In partnership with the Danish Family Planning Association (DFPA), KAM hosted the WIM Report Dissemination Programme, across KAM Regions. Namely, North Rift, Nyanza/Western, Coast, Lower Eastern, Central and South Rift. The program

provided a platform for the Association to discuss salient issues highlighted as challenges and opportunities for women in the sector in the Women in Manufacturing (WIM) in Kenya Report. The Program also provided an opportunity to spotlight Sexual Reproductive and Health Rights (SRHR). SRHR is usually tackled separately as belonging to sex ed classes or as a topic conversed in women-only spaces. It was, therefore, critical that these county activities, engage all stakeholders, to bring to the fore the connection between women's bodily autonomy, their own agency, the safety for creativity -and economic and social progress in the country.

The Association participated in the Menstrual Health Management in the Workplace Event that shared insights on the relationship between menstrual health and hygiene and women's economic empowerment. The Event is part of USAID Water, Sanitation, and Hygiene Partnerships and Learning for Sustainability (WASHPaLS) project that has been undertaking action research to assess the benefits and costs of improving menstrual health and hygiene in the workplace, for women workers and the enterprises that employ them. KAM has been supporting the WASHPaLS project since August 2020 in an advisory capacity.

To commemorate World Menstrual Health Hygiene Day, KAM partnered with Del Monte Kenya, to donate sanitary towels to schools in Thika, Kiambu County. The Association donated 5,200 packets of sanitary pads to 900 girls to bridge inequality in menstrual health and hygiene.

Under the KAM SME Hub, the Association continued to promote inclusivity in the manufacturing sector.

Kenya Association of Manufacturers (KAM) signed a partnership deal with Ajua, Africa's first Integrated Customer Experience Company, to drive the uptake of Kenyan made goods and unlock markets for local manufacturers through Ajua's SME Connect digital platform – a platform that drives feedback through the entire value chain from consumer to manufacturers. The SME Connect digital platform enables manufacturers to not only directly access retailers but also provide them access to feedback that comes from their consumers. This allows them to better enhance their products, market positioning and relevant competitive strategies that are critical for survival in the current market dynamics.

KAM also partnered with Jumia to enable local industries to sell their products on their online platform.

KAM partnered with GIZ – *Creating Perspective: Business for Development (East Africa) Project* to support manufacturing micro enterprises in business management for inclusive growth in East Africa (Kenya, Uganda and Rwanda). Through the programme, participating companies were sensitized on business diagnostics to establish the challenges facing them, and their remedies. It also incorporated mentorship and coaching by experts to empower the project participants to play an active role in industry, for the region's economic growth. In 2021, the Association held forums and conducted programmes geared towards driving SME development.

KAM hosted SME bootcamps on regulatory overreach and regional (EAC and AfCFTA) market access for manufacturing Small and Medium Enterprises (SMEs). The bootcamps provided Manufacturing SMEs with a platform to engage Government and other stakeholders on hinderances to trade and solutions to overcome them.

KAM in partnership with Carrefour Kenya hosted a sensitization forum on Local Market Access for SMEs. The forum raised awareness on how manufacturing SMEs can access local markets through the retail sector. The meeting also shed light on retail structures to promote prompt payment and strategies for SMEs to leverage access to domestic supermarkets and export markets.

KAM Manufacturing SMEs benefitted from subcontracting opportunities from Carrefour Kenya and Haco industries. Subcontracting gives SMEs an opportunity to be part of various supply chains, as it promotes linkages and improves business' competitiveness.

The Association raised awareness, to manufacturing SMEs, on good business management practices. It also exposed directors to the principles and unique needs of corporate governance in the SME sector. This enabled them to understand global best practices and ways to adjust them to their operations and business environment.

The SME Hub conducted various study tours where manufacturing SMEs were taken through subcontracting opportunities, circular economy and incubation services and start up support. Among the companies visited include Konza Technopolis, Haco Industries, BOC Kenya, Aromakare, Tropikal Brands, Bio Foods and FunKidz/FunHomes.

The Association continued to link manufacturing SMEs with an advisory board that provides non-binding strategic advice to their businesses, through the Board of Advisors Program. The board of Advisors program hence seeks to drive corporate governance for SMEs, through strategic management, leading to improved firm-level competitiveness. The Board consists of accomplished experts, who offer innovative advice and dynamic perspectives.

Through the Senior Expert program, the Manufacturing SME Hub provides linkages between MSMEs and volunteer experts and executives. The volunteers, who are either retired or taking time off work and have experience in the manufacturing sector, provide insights and advice to manufacturing SMEs on how to sustainably grow their organizations. In 2020, the Association matched five SMEs with local retired experts.

### **Youth Empowerment**

The Association hosted two Youth Sustainability Conferences geared towards empowering the youth to take advantage of waste management opportunities in the value chain. The conference also entailed factory visits to manufacturers who recycle waste.

KAM also conducted waste management campaigns to positively influence perceptions on reusing and recycling of plastic waste, in line with SDG 12 on Responsible Consumption.

Kenya Association of Manufacturers (KAM) launched the Kenya Producer Responsibility Organization (KEPRO). KEPRO drives collective Extended Producer Responsibility (EPR) in the country, whereby a producer's responsibility for a product is extended to the post-consumer stage of a product's life cycle, whilst turning plastic waste into valuable resources.

KAM hosted World Environment Day in partnership with PETCO Kenya and the County Governments of Kiambu and Kajiado. During the commemoration, the Association, in partnership with Takataka ni Mali, launched the COVID-19 Waste Management and Health Safety Measures Campaign to sensitize the public on proper disposal of COVID-19 waste.

Kenya Association of Manufacturers (KAM) partnered with various organizations to promote responsible waste management. These include Bakers Association of Kenya, Takataka ni Mali and Recyclers Marketplace. The Association also partnered with County Government of Nakuru. Through the MoU KAM and the County government seek to promote proper management of PET plastic and circular economy by setting up collection/recovery points for increased collection of PETS and enhancing education and awareness.

The KAM PET sub-sector in partnership with Wildlife Clubs of Kenya (WCK) signed an MOU to implement Project Shule Initiative Phase II on Sustainable PET Plastic bottles Waste Management. This phase targets 50 Schools across the country to support the government's intervention through the Competency Based Curriculum, which seeks to raise environmental awareness and nature young environmental champions. Project Shule was started in 2019 by KAM in partnership with the WCK and Mr. Green (recycler) to drive waste management of PET bottles in Public Schools located in Nairobi City County. It also seeks to create linkages for collection of disposed PET Bottles in schools, and development of creative re-use of PET waste.

KAM Nairobi, North Rift and Nyanza/Western Regions, in partnership with Nairobi, Uasin Gishu and Kisumu County governments respectively, conducted cleanup and waste management awareness drives on proper waste management to commemorate the World Cleanup Day 2021.

The Association also hosted a three-day clean-up and waste management awareness drive in Kibera Sub-County targeting over 30 Youth Groups. This was during KAM's Sustainability Month 2021 that raised awareness of proper waste management and opportunities in recycling and circular economy.

KAM set up PET plastic collection banks in two public beaches in Kilifi County. The plastic banks will aid in the collection of plastic bottles along the beaches. This initiative aims to reduce the leakage of plastics into the ocean as well as create awareness on the impact of plastic littering in line with the single-use plastic ban in protected areas that came into effect in June 2019. KAM also sensitized and

trained waste operators at the Kinondo dumpsite in Kwale County. The Association also supported waste operators with PPEs.

KAM in partnership with the Ministry of Environment and Forestry conducted a sensitization forum for private sector stakeholders to understand the provisions of the draft Extended Producer Responsibility (EPR) Regulations, 2021. The regulations seek to provide a framework for the establishment of mandatory EPR Schemes in the country, where a producer's responsibility for their products is extended to the post-consumer stage of a product's life cycle. This may include collection, sorting and treatment for recycling or recovery.

The KAM Salt Sub-sector participated in the World Wetlands Day 2021 celebrations, themed, *Wetlands and Water*. During the commemoration, 17 thousand mangrove seedlings were planted. World Wetlands Day is marked every 2nd February to raise global awareness about the vital role of wetlands for people and our planet. This day also marks the date of the adoption of the Convention on Wetlands on 2 February 1971, in the Iranian city of Ramsar on the shores of the Caspian Sea.

### **Climate Change & Energy and Efficiency**

The Centre for Energy Efficiency and Conservation (CEEC) was established in 2006 by KAM in conjunction with the Ministry of Energy and Petroleum (MOEP). 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 Centre provides professional technical services for driving green growth and climate change initiatives to suit the needs of commercial, institutional and industrial consumers. The main aim is to enhance cost efficiency, competitiveness and profitability of industry while promoting a clean and healthy environment.

Key products of CEEC are Energy audits, Specialized Energy training, Water & Waste Water audits, Certification Services; Exchange Visits; Climate Change and Energy Policy initiatives; Feasibility studies & Power Advocacy

During the period under review, KAM through CEEC achieved the following.

- Hosted the 7th Clean Energy Conference & CEO's Forum under the theme, Resilience of clean energy markets during uncertain times. The conference had 41 exhibitors showcasing the various innovations. We also had the CEO's forum which was attended by over 200 delegates with the CS Ministry of Energy, Amb. Dr. Monica Juma as the Chief Guest.
- Hosted 2 Energy Management Awards, themed 'Celebrating Resilience in Energy Management' and 'Rewarding Excellence in Sustainable Energy' to award companies that have achieved significant reductions in their energy consumption through the implementation of energy-efficient measures and technologies.
- Conducted energy audits to both large and small industries: A total around 94 Energy Audits countrywide & 5 Water Audits.
- Conducted technical training courses to industrialists with new and emerging skills to identify and implement strategies to enhance factory efficiencies.

Trained more than 300 individuals in industry to help enhance the scope of knowledge in Energy Management. The trainings undertaken were:

- Energy Auditing
  - Pneumatic Conveying and Compressed Air Systems
  - Boilers and Steam Operations Systems
  - Certified Reduction Manager/ Carbon Auditing Professional (CRM/CAP)
  - Environmental Compliance
  - Solar T3 training
  - Certified Energy Manager (CEM)
  - Certified Measurement Verification Manager (CMVP)
- Through the EMA initiatives in 2020-2021, we have saved industrial participants of about KES 300 million.

### **Centre For Green Growth**

The Centre for Green Growth and Climate Change (CGGCC) at the Kenya Association of Manufacturers (KAM) was launched in 2020. This Centre compliments the work already being done through CEEC. It seeks to deepen industries' level interventions to become a one-stop solution center promoting circular economy, import-substitution, climate change actions, and financial linkages. The center prioritizes people, planet, and profit to improve the manufacturers' bottom-line while preserving the environment for future generations.

In advancing Circular Economy and Green Growth, the Center seeks to reach out to industry with value – add services and products that will address the reduction in CO<sub>2</sub> emissions, create a circular economy, improve on energy and resource efficiency and enhance human capacity at the firm level to drive green growth and climate change initiatives.

In addition to the achievements already highlighted in the CEEC, the Centre was able to achieve the following, for the period 2020-2021:

- 10 Carbon Footprint Assessments
- 1 process optimization
- 2 equipment Audits

### **Sustainable Use of Natural Resource and Energy Finance (SUNREF) East Africa.**

Through SUNREF Programme, the Association has been providing financial solutions to green energy initiates, and with the aim of mitigating climate change. SUNREF is the tailor-made solution that enables companies to acquire better quality equipment, insulate buildings, save on costs, increase competitiveness as well as develop green energy projects, or services and activities related to energy management through provision of concessional debt finance and free technical assistance.



As the programme ends, we have built a project portfolio of over 300 projects in hydro, solar, biogas, biomass and energy efficiency and energy service companies (ESCOS) and real estate. we have financed 40 projects (28.7 MW installed) to the tune of USD 72 million during the last few years across East Africa.

### **Anti- Corruption**

Below are the key achievements of KAM in deepening their engagement with the 10th UN Global compact principle on Anti-Corruption:

- KAM is a founding member of the National Taskforce responsible for the development of the Anti-Bribery Regulations and Guidelines convened by the Ethics and Anti-Corruption Commission and Attorney General's Office. The Taskforce has successfully developed the Anti-Bribery Regulation 2021 and Guidelines, 2021, which are aimed at ensuring the effective implementation of the Bribery Act. The Bribery framework in the country mandates the private sector to have in place measures and company procedures for the prevention of corruption.
- Together with other key stakeholders KAM supported Kenya's review of the UN Convention against Corruption (UNCAC), by giving information on initiatives in the private sector that are aimed at promoting anti-corruption practices and enhance the fight against corruption.
- KAM held several public-private dialogues on the fight against corruption, with the Kenya Magistrates and Judges Association, Academia, EACC, TI Kenya and KAM members. The dialogues were aimed at coming up with solutions to the challenges that institutions face while fighting corruption. KAM is also part of the National multistakeholder platform, Kenya Leadership and Integrity Forum (KLIF) that brings together the Government agencies responsible for preventing and addressing corruption, private sector and civil society.
- Organized compliance and business ethics training for KAM members, which sought to equip KAM members with practical knowledge and skills to develop and implement an effective Anti-corruption compliance program. In addition, it sought to help KAM members come up with policies and practices aligned to the relevant laws, enable employees, agents and third parties deliver results while building their brand's reputation for doing business with integrity.

### **Sustainable Business Practices**

KAM, the Office of the Deputy President and Global Compact Network Kenya launched the Sustainable Development Goals (SDGs) Readiness Report in 2020, that studied the progress of implementation of the Goals from a policy, legislative and institutional perspective in the country.

The report provides a legislative review of Kenyan Laws to identify areas that need to be reformed to align with the SDG commitments. The report has identified gaps in the laws and policies across the 17 goals with an emphasis on how the country can achieve green economic growth and recommends interventions.

The report also reviewed institutional arrangements for executing SDG commitments and made recommendations on how Parliament should monitor the national and sub-national execution of SDG commitments.

The Association participated in the Making Global Goals Local – Africa Forum. The Forum, which brought together more than 2,000 African business leaders from across 35 countries and the UN, aimed to inform, inspire and catalyze collective approaches in this Decade of Action in Africa to realize the 2030 Agenda for sustainable development and Agenda 2063 on the continent.

The forum provided the Association with an opportunity to showcase the role of the manufacturing sector in realizing the SDGs and Africa Union's Agenda 2063 - the Africa We Want.

In 2021, KAM continued to promote sustainable business practices among its membership base.

Kenya Association of Manufacturers in partnership with Global Compact Network Kenya hosted two CEOs' Forum to accelerate the pace of realizing the Sustainable Development Goals and enhance collective impact of local industry. The first forum focused on mainstreaming sustainability in the manufacturing sector through a principles-based approach. It raised awareness on why adopting a principles-based approach is good for business and highlighted the support available to the manufacturing sector to mainstream sustainability through the UN Global Compact. Additionally, it showcased good practices across sectors that have made sustainability part of business strategy and success.

The second forum focused on Driving Manufacturing Ambition towards a Circular Economy. The event was graced by the Principal Secretary, Ministry of Environment and Forestry, Dr. Chris Kiptoo, who laid out the vision of the ministry to transform the economy through environmental stewardship. Participants also got a chance to listen to business leaders from various sectors driving innovations in the circular economy.

### **Part III. Measurement of Outcomes**

- The Kenyan network has 747 signatories to the Code of Ethics for Business in Kenya with 265 participants.
- Continues to mainstream the Global Compact Principles in its operations.
- First-ever research study on Women in Manufacturing launched. It continues to guide the Association's initiatives towards enhancing women's participation in the manufacturing sector
- Over 500 youth mentored on the importance of waste management with follow-up sessions done on over 50 youths on using communication tools for effective stakeholder engagement.
- Built a project portfolio of over 300 projects in hydro, solar, biogas, biomass and energy efficiency and energy service companies (ESCOS) and real estate and financed 40 projects (28.7MW installed) to the tune of USD 72 million during the last few years
- Subcontracting linkages were established between manufacturers in the plastics sector and the youth.
- Carried out in total around 94 energy audits & 5 water audits countrywide.

- Trained more than 300 individuals in industry to help enhance the scope of knowledge in Energy Management.
- Through the EMA initiatives in 2020-2021, we have saved industrial participants about KES 390 Million.
- The Clean Energy Expo was held in 2021 with 41 exhibitors participating.