

Kapa Oil Refineries Limited Sustainability Report 2021

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Our Business and the SDGs



At Kapa Oil Refineries, we understand that sole focus on short-term profits is inadequate to sustain our business model as natural disasters, social unrest or economic disparity may cause disruption detrimental to future needs. We, therefore, incorporate Sustainable Development Goals (SDGs) in our operations to ensure long-term prosperity.

Our Sustainability Mission is to manufacture healthy and quality products that promote a healthy lifestyle and contribute towards longevity of life for a sustainable future.

It is 10 years since we joined the United Nations Global Compact and have continually made strides to align our business with the 17 Goals on Sustainable Development.



Our SDG Focus

Our core SDG is Goal 9 (Industry, Innovation and Infrastructure) but in this reporting period, we contributed to eight (8) others.



How We Do It

- We manufacture a variety of fast moving consumer goods including non-hydrogenated, cholesterol free edible oils fortified with Vitamin A, which contributes to the nutritional value of the food intake of consumers.
- To ensure continued innovation, economic productivity and diversification, we commissioned a new plant and launched a new product, matchsticks.
- We provide employment to over 2,000 people on site directly and indirectly
- We ensure that all our employees and those employed by our contractors work under conducive working conditions in accordance with Kenyan labour laws
- Our Effluent Treatment Plant (ETP) treats all our chemical waste in accordance with standards set by the National Environment Management Authority (NEMA).
- We are quickly integrating use of renewable sources of energy into our production process. We have increased our reliance on solar energy, which now accounts for about 12% of our energy demand.
- We eliminated use of wood fuel in our boiler substituted it with biomass fuels
- In 2021, we reduced our water consumption in the boiler by approximately 5%
- In 2021, we reduced our Carbon (IV) Oxide emission by 1,321.51 Tons
- In 2021, we worked with recycles to recycle 37,400Kgs of Polythene waste, 93,455Kgs of Carton/Core Waste and 25,100Kgs of Plastic Scrap (Flexible plastic)
- Through our Corporate Social Responsibility Program, we paid school fees for a number of students at post-secondary school education level. We further provide them with a paid internship and an assured two year employment contract upon their completion of their studies.
- To promote access to good health within our community, we donated Kshs. 50 Million to Jalaram Hospital.
- Part of the proceeds earned from our Attila Toilet Cleaner is used to raise funds for elephant conservation at the Reteti Elephant Sanctuary.

About the Report

Introduction

Welcome to our sustainability report for the period January 2021 to December 2021, 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 (UNGC). 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.

Our Sustainability Mission

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

Scope of the Report

This report covers the progress Kapa Oil Refineries has made in the year 2021 in addressing the 10 principles of the United Nations Global Compact.

A Message from the Leadership

Kapa Oil Refineries Limited remains committed to the UN Global Compact and the Code of Ethics for Doing Business in Kenya. It has been ten years since we first joined the UN Global Compact. Our participation in this Compact has seen make tremendous investments towards the achievement of the four principles. We have established a fully dedicated Ethics Office, invested in Green Energy, established policies and checks to ensure that our staff and Business partners uphold labour rights and strengthened our Anti-Bribery framework.

In 2021, the second year of Covid -19, brought with more challenges instead of the expected spring after 2020. But we remained resilient and our resolve to deliver for customers, communities, employees, shareholders and other stakeholders remains unshaken. We have embarked on a further investment into solar power to generate 1 Megawatt of green power for our operations further reducing our carbon emissions. We have revised our policies on working hours to create a better work-life balance for our people. And we have expanded our operations – commissioning a new plant and introducing a new product in the market; a water-resistant matchbox that we have called Solio.

Our Corporate Social Responsibility investment has also seen new investments. While we have usually paid school fees for some needy students, in 2021, we went a step further with some. We have taken on students, for whom we will not only pay for their education but we will also provide them with a paid internship and an assured two year employment contract upon their completion of their studies. We are also proud to have made a Kes. 50 million donation to Jalaram Hospital which provides medical treatment at minimum cost to members of society

As part of our Global Compact commitment, we have also made commitments to support the SDGs. Using the SDG BI tool, we have been able to measure and track our progress in implementing our chosen SDGs. As an industry, we especially proud of our work towards SDG 9 – Industry and Innovation and SDG 8 – Decent Work and Economic Growth. Our company continues to provide direct employment for more 150 staff members and over 2,000 Business Partner staff. Our contribution to the Kenyan economy is evident from the various taxes we remit. And our continued innovation has seen us add three new products to our line up – creating value for our customers and supporting the Big 4 Agenda of President Uhuru Kenyatta. Our use of green energy contributes to SDG 7 and our healthy but affordable products, fortified with Vitamin A, contribute to Good Health and Wellbeing.

We hope that 2022 will be the elusive spring from Covid – 19. In this effort, we have worked with Ministry of Health officials to hold vaccination drives at our premises. Handwashing and wearing of masks is a habit that is now inculcated in our people. We are grateful to GAVI's COVAX and the Kenyan Ministry of Health, whose efforts to bring in vaccines have made them available to our people and communities. I join all world and business leaders in calling upon you to get vaccinated, wear a mask and let us defeat Covid-19.

In Kenya, 2022 is an election year. Vote wisely, and peacefully. We have 8 years to 2030 – the deadline for Kenya's Vision 2030 and the UN SDGs. Let's get to it.

Warm Regards

Nitin Shah, CEO Kapa Oil Refineries Limited

Our Team's Role in Sustainability

Position	Responsibility
<i>The Board of Directors</i>	Fiduciaries who steer the organization towards a sustainable future by adopting sound, ethical, and legal governance and financial management policies
<i>The Executive</i>	Implement the Board's strategic, and generative plans, policies, and decisions consistent with the organization's Vision, Mission and the Guiding Principles
<i>Corporate Affairs and Business Ethics</i>	Drives the UNGC program in the organization. Advocates for and monitors ethics and compliance with the Company's policies and the Guiding Principles
<i>Finance and Accounts</i>	Ensuring the adherence to integrity in the finance and accounting processes
<i>Sales and Marketing</i>	Deliver quality products and services to our customers with the aim of meeting and exceeding customers' expectations
<i>Production</i>	Constantly innovates and ensures production is in line with the commitments to the UNGC principles and the SDGs.
<i>Quality Management</i>	Ensure safe and high quality of products
<i>Human Resource</i>	Ensure that high level of staff are sourced and developed. Ensure compliance to labour laws and regulations. Engage and create good working conditions.

What we do

Our Mission

Kapa Oil Refineries is an East African Manufacturer producing edible oils and household products. We aim at providing our customers with premium quality consumer goods at competitive prices while operating in an environmentally sensitive and socially responsible manner.

Our Values

- Integrity
- Accountability
- Respect
- Responsibility
- Quality



Kapa Products



Performance Matrices

Human Rights and Business Ethics

We ensure that our business partners including suppliers, contractors, sub-contractors and staff members have respect for human rights.

In 2021, we did not receive any reports of human rights abuse by any of our business partners.

Gift Register

To enhance ethical business conduct within our organization, we ensure that all gifts above the value of Kshs. 5000/- are recorded.

In 2021 we recorded several gifts. These gifts were reviewed and found to be in order. No hospitality or entertainment offers were recorded.

Whistle blowing

To enable our employees speak out on any cases of violation of our code of ethics without fear of reprisal, we created a platform which allows them to make anonymous reports.

We founded an Ethics Committee to deal with issues of non-compliance.

Customer Engagement

We engage our customers through various social media platforms in advertisements, promotions, contests and games.

We expand our products catalogue based on customer demands. In 2021, we introduced the following the following products:



We have open communication channels for our customers to give feedback upon use of our products. In 2021, we had a great reduction in the number of customer complaints. We can attribute this to our efficiency in our quality control systems, good community management by the marketing and digital team and overall reduced buying power in the country.

The table below highlights our direct customer engagement over the years:

Customer Satisfaction	2018	2019	2020	2021
<i>No. of Customer complaints</i>	49	36	80	20
<i>No. of complaints addressed</i>	49	36	80	16



Environmental Responsibility

We believe in Corporate Environmental Responsibility and are committed to taking measures to adapt to climate change and mitigate its adverse effects.

Energy: Solar Plant

Since we installed our photovoltaic (PV) grid-tied system in 2019, we have reduced reliance on electricity supply from the Kenya Power and Lighting Company (KPLC) and increased use of solar energy in our production processes by 12%.

In this reporting period, we also reduced our Carbon (IV) Oxide emission by 1,321.51 Tons.

Energy Use in 2021 (kWhr)

2021	Solar	Generator	KPLC
<i>Total</i>	12.2%	0.4%	87.4%

Boiler

In 2021, we eliminated use of wood fuel in our boiler. We completely ran wood-free for the whole year ultimately reducing deforestation.

We also reduced our overall water consumption by approximately 5%. This resulted in 50% in energy savings, energy that would have otherwise been required to heat up that water in the boiler.

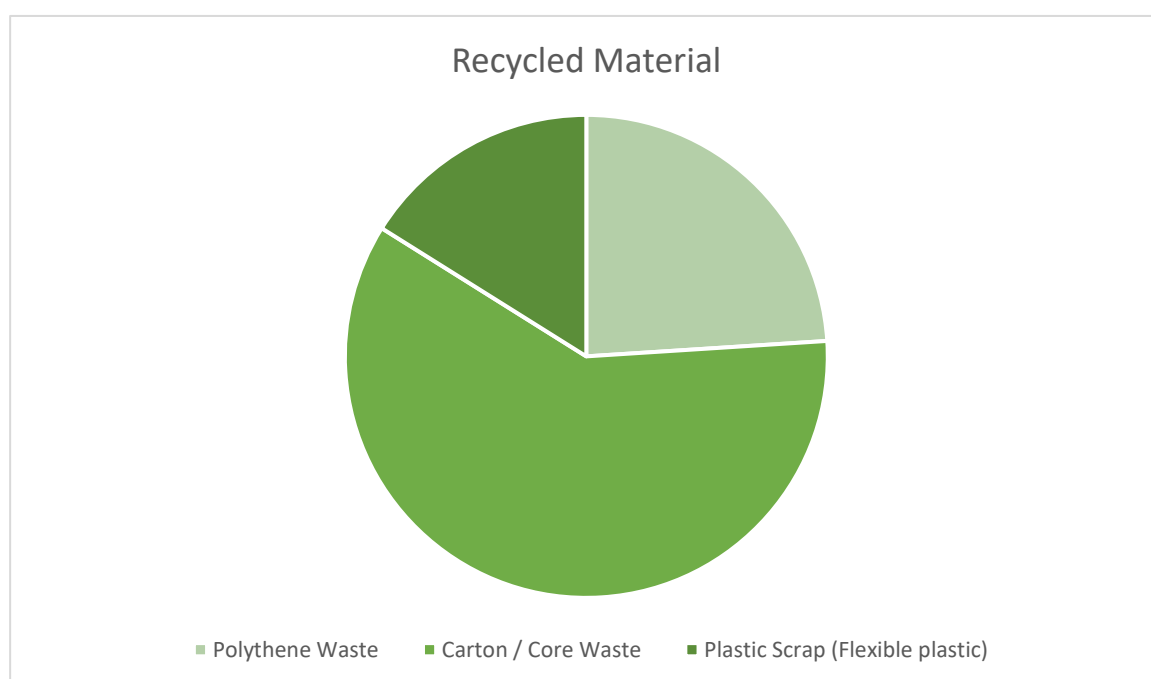
In addition, we recycled 40 ton/ day of condensate in 2021, translating to about 13,000 tons for the year. This reduced our dependence on water from our primary sources.

Recycling

In the spirit of conservation of resources and reduction of pollution caused by dumping, we recycle our waste.

Below are the quantities of waste we recycled in 2021:

- 37,400Kgs of Polythene waste
- 93,455Kgs of Carton/Core Waste
- 25,100Kgs of Plastic Scrap (Flexible plastic)



Effluent Treatment

We treat all the industrial waste water from our plants in accordance with conditions laid out by the National Environment Management Authority (NEMA). This reduces pollution, eliminates dumping, and minimizing release of hazardous chemicals and materials into the ecosystem.

We are still exploring ways that could effectively enable us have a closed loop water system, or other similar mechanisms in the next few years.

Wildlife Conservation: Attila Toilet Cleaner

We raise funds for conservation of elephants at the Reteti Elephant Sanctuary through our brand, Attila Toilet Cleaner. In 2021, we donated over Kshs. 1,000,000.

Labour

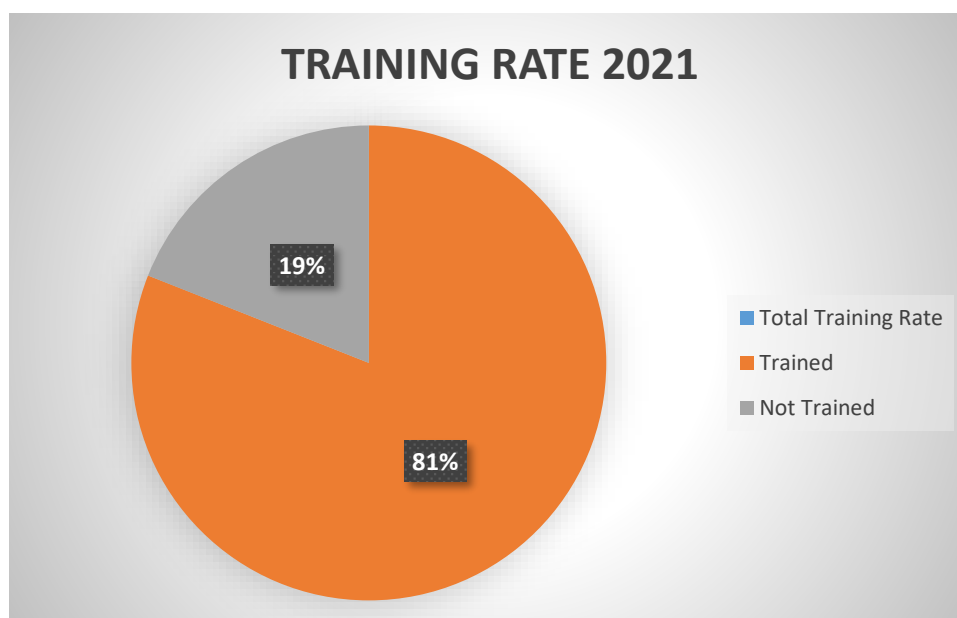
We are committed to respecting labour laws, providing a safe working environment and providing relevant training to our people. We require our subcontractors to do the same and we actively monitor compliance.

Training Rate

Our staff members are sufficiently trained as is indicated in the table below:

TRAINING RATE PER DEPARTMENT

Department	% Trained
Boiler House/ETP	94
Baking Powder/Noodles	92
Detergent Packing	100
Detergent Plant	93
Loading Bay	51
Quality Assurance	94
Refinery Plant	74
Refinery Packing & Tissue	67
Soap Plant	50
Maintenance & Electrical	96
Warehouse & Forklifts	82
Stocks Clerks	94
House Keeping	67
Total	81



Employee Recruitment and Retention

We provided employment directly to 146 people and 2000 others indirectly.

The table below shows the employment recruitment and retention rates in 2021.

KAPA STAFF RECRUITMENT & EXITS REPORT

Level	Turnover Rate
<i>Associates</i>	13%
<i>Senior Associates</i>	18%
<i>Managers</i>	5%
<i>Senior Managers</i>	0%
<i>Total</i>	13%

Health and Safety

We continuously boost Health and Safety Awareness in our organisation.

In 2021, our Occupational Health and Safety Committee conducted several workplace safety inspections. This involves looking out for health and safety endangering aspects such as any signs of hazards in the workplace (e.g. unguarded moving parts of machinery, slippery floors without any warning signs) and general safety awareness among staff as noted from their adherence to requirements such as use of PPE's and observance of safe working practices while carrying out tasks.

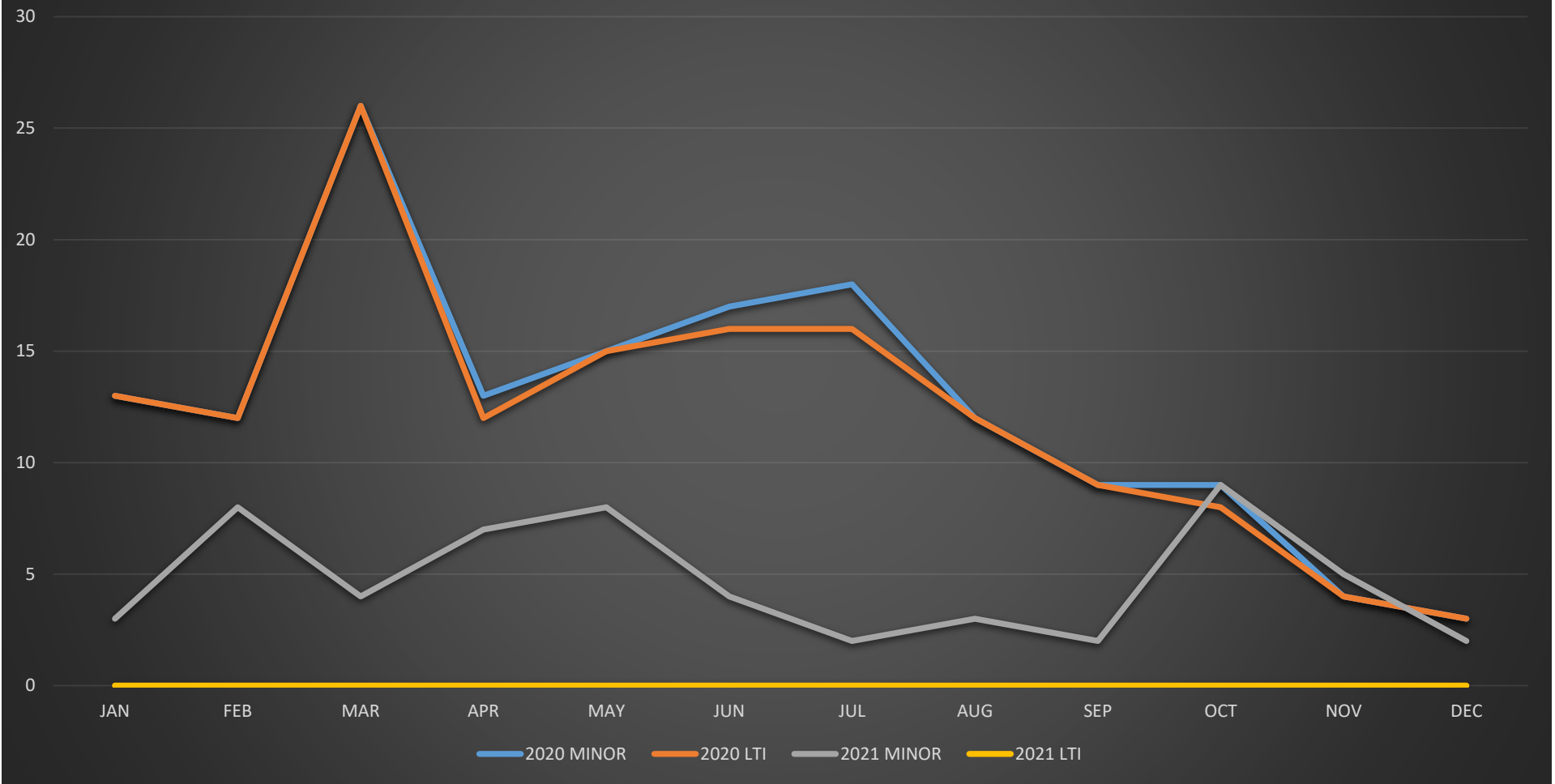
To reduce the risk of accidents, injuries, and fatalities on the job, we provide helmets, dust coats and safety shoes to all our employees. We have also installed fire extinguishers and conducted fire drills in accordance with fire and safety laws in Kenya. Further, we ensure they are adequately insured against accidents occurring at the workplace.

We tend to all accidents and injuries at the workplace in accordance with guidelines from the Director of Occupational Safety and Health Services. We have strategically placed first aid kits in several points of the organization to ensure injuries are tended to efficiently.

Our employees are required to observe Covid-19 guidelines set out under our Covid-19 policy as well as those set by the Ministry of Health. They are obligated to have their face masks on at the workplace. We have also provided sanitizers strategically placed at all entrances and in our vehicles to reduce the chances of spreading or catching the virus. Further, we frequently conduct Covid-19 tests on our staff and encourage them to get vaccinated.

The total number of reported accidents reduced by 63% in 2021 as compared to 2020. We did not record any LTI injuries in 2021. The below line chart shows the number of recorded injuries in 2021 in comparison to 2020.

2020 and 2021 Minor and LTI Injuries



The below graph shows our 2021 accident statistics:

Departments/ Sections	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Central workshop	0	0	0	0	1	0	0	0	0	0	0	0	1
CS, scrap yard & compound	0	0	0	0	0	0	0	0	0	0	0	0	0
Admin	0	0	0	0	0	0	0	0	0	0	0	0	0
Projects	0	4	2	1	0	0	0	2	1	1	0	0	11
Canteen	0	0	0	0	0	0	0	0	0	0	0	0	0
Loading bay	1	2	1	1	3	1	1	0	0	2	3	1	16
Warehouse & Transport Garage	0	0	0	0	0	2	0	0	0	1	0	0	3
Effluent Treatment Plant	0	0	0	0	0	0	0	0	0	2	0	0	2
Boiler house	0	0	0	0	0	0	0	0	0	0	0	0	0
Baking	0	0	0	0	0	0	0	0	0	0	0	0	0
Noodle plant	0	0	0	0	0	0	0	0	0	0	0	0	0
Det. Plants	1	1	0	0	0	1	0	0	0	0	1	0	4
Det. Packing	0	1	0	2	1	0	0	0	0	0	0	0	4
Sulphonation	0	0	1	1	1	0	0	1	0	0	0	0	4
Refinery Plants	0	0	0	1	1	0	0	0	0	0	0	0	2
Refinery Packing	0	0	0	1	0	0	0	0	0	1	0	0	2
Offloading	0	0	0	0	0	0	0	0	0	2	0	0	2
Laundry Soap plant	0	0	0	0	1	0	0	0	1	0	1	0	3
Toilet Soap Plant	1	0	0	0	0	0	1	0	0	0	0	1	3
Tissue Plant	0	0	0	0	0	0	0	0	0	0	0	0	0
P. Weighbridge	0	0	0	0	0	0	0	0	0	0	0	0	0
Monthly Total	3	8	4	7	8	4	2	3	2	9	5	2	57

Anti-Corruption

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

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

In 2021, we received over 10 (ten) complains of a fraudster luring unsuspecting job-seekers into believing he is a Kapa Oil based job recruiter. We put up advisories and disclaimers/ buyer beware on all our social media platforms and further reported the matter to the police. This matter is still under investigation by the police as the suspect is still at large.

Further, in this reporting year, we received various internal reports of disciplinary and unethical matters which we handled in accordance with Kenyan employment laws, laws on ethics and anti-corruption and Kapa Oil internal policies.

Ethics	Number of Cases Reported	Number of Cases Resolved
<i>Reported Unethical Cases - Internal</i>	1	1
<i>Reported Unethical Cases - External</i>	Several	All under investigation by the police
<i>Disciplinary cases</i>	3	3
<i>Recorded Gifts Offers</i>	Several	0

Way Forward

As we mark our ten year UNGC Membership anniversary, we remain committed to continue to align our business to the SDGs. We will remain focused to SDG 9 (Industry, Innovation and Infrastructure) as well as the other highlighted in this report.

In 2022, we plan to:

- Launch a new product in support of SDG 9
- Increase our reliance on green energy
- Further contribute to good health within our community by conducting a blood donation drive among our employees in partnership with local Rotary Clubs.

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;
- Email sent to all Kapa employees; and
- Upload to the UN Global Compact website