



Kapa Oil Refineries Limited Sustainability Report

2019-2020

OUR BUSINESS AND THE SDGS

THE SDGS



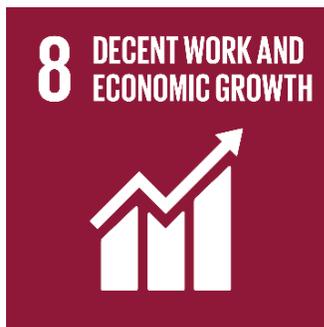
OUR BUSINESS AND SDGS

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. Over time, we have realised high benefits from aligning our business strategy and decision-making with the SDGs. It enables our organisation to better manage risk, anticipate consumer demand, manage costs grow and strengthen supply chains while moving towards a better future. Our Core SDG is 9 but we also have a focus on eight others.

OUR SDG FOCUS



HOW WE DO IT



- We have created employment opportunities for more than 2,000 people.
- We put in place measures to ensure our employees work in a safe and conducive environment. Furthermore, we actively monitor our sub-contractors to ensure that they provide appropriate working conditions for their staff.
- We have invested in a new and additional machinery to increase our production capacity. We are also launching a new product in 2021. This will contribute to the economic growth of our county and our nation.



- 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.
- Our edible oil products are fortified with Vitamin A.
- We conducted a blood donation drive in conjunction with Kenya Red Cross 120 people donated, 113 pints collected.



Kapa staff donating a pint of Blood



- Due to the ongoing Covid-19 pandemic, we donated portable hand washing stations and hand washing soap to the communities in Mlolongo and Kajiado to promote hygiene and curb the spread of the virus. We have also donated a tank for provision of waster as part of the *Mlolongo/Athi River Water CSR in Response to COVID 19*.



Kapa HR donating to Mlolongo Public Health for community distribution



Kapa OHS Officer donating to Kajiado County Government for community distribution at market places.



- We use a 22TPH biomass boiler powered primarily by wastes including coffee husks, macadamia shells and corn cobs.
- We reduced our consumption of wood fuel in our boiler by 3,889,000Kg in 2020 as compared to the consumption in 2019.
- We have reduced our water consumption in our boiler and predict a 10% decrease in water use in 2021
- All discharge of waste water is treated and it complies with set requirement of the National Environment Management Authority
- We have increased our reliance on solar energy, which now accounts for 14% of our energy demand.
- We reduced our Carbon (IV) Oxide emissions by 1,355.34 Tons in 2020.
- In 2020, we sold 27,860Kgs of Polythene waste, 95,190Kgs of Carton / Core Waste and 190,780 Kg of Tissue Paper Trim and Mixed Waste for recycling.
- Through our Atilla brand, we have donated to Reteti Sanctuary approximately Ksh 1.5million in 2020.



Rescued elephant calves at Reteti Elephant Sanctuary



Rescued elephant walking out of their travel crate during translocation.

ABOUT THIS REPORT

INTRODUCTION

Welcome to our sustainability report for the period March 2019 to December 2020, 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

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 SDGs that affect our business.

A MESSAGE FROM OUR LEADERSHIP

Dear Stakeholder

We, at Kapa Oil Refineries Limited are proudly committed to the United Nations Global Compact Ten Principles and the Code of Ethics for Business in Kenya.

In 2019, we celebrated our 50th Anniversary of the founding of our company in 1969. Our founders were three young but determined brothers. They started a small salt packaging business called Karania Packers. Karania Packers went on to manufacture baking powder, creating our iconic blue-and-yellow *Chapa Mandashi* brand. But in the 1970s, we decided to venture into making quality household products for our region. And we started with edible oil. The rest is history. Today, Kapa Oil Refineries is a leading manufacturer of edible oils, baking powder, soap, tissue, detergents, noodles and kitchen towels in Eastern Africa.

This idea of quality products for our households in Africa remains at the core of our business. Our promise to the users of our products is found in our tagline "*Bright Ideas. Better Products*". We have invested in top-notch plants and machinery to ensure that we are efficient in creating quality. Our raw materials are sourced from vetted suppliers and tested to ensure that our inputs meet or exceed expectations. Our manufacturing process is certified by SGS for meeting the stringent ISO 22000:2005. And our people are continuously learning and innovating. As a corporate citizen, we are pleased to contribute to the development of Kenya and Africa by creating employment, providing products that promote the well-being of our communities and embedding sustainable processes that protect the environment, uphold human rights and promote ethical business and behaviour

The UN Global Compact's Ten Principles, the Code of Ethics for Business in Kenya and UN Sustainable Development Goals are therefore ingrained in our business model. By providing quality and fortified food products as well as sanitation products, we help ensure healthy lives (SDG 3). Our specific range of affordable food products helps to reduce hunger (SDG 2). Through our investment in modern manufacturing plants, we build industry, innovation and infrastructure (SDG 9). In creating employment and monitoring our labour practices, as well as those of our contractors, we provide decent work (SDG 8). Through our investment in 1.5 MW solar installation, Kapa ensures access to clean energy (SDG 7). Our decision to use the biomass by-products of other manufacturers to fire our steam boiler has reduced emissions and is geared toward climate action (SDG 13). Our processes designed to ensure zero tolerance for anti-corruption and bribery, including a hotline, robust training and top management commitment to this promotes our region's justice and institutions (SDG 16). And we are proud to partner with other, through the Kenya Association of Manufacturing and the UN Global Compact to help achieve these ambitious yet desperately needed goals (SDG 17).

The Covid-19 pandemic has not deterred us in our commitments. It has been a challenge but we have risen to meet as our communities have. We have instituted a Covid-19 policy with several protocols to ensure that we continue to operate safely. We have put in place social distancing mechanisms in our factories and cafeterias. Handwashing stations have been erected across our campus. All persons on our premises have their temperature checked at the gate and are required wear masks properly and at all times. We have also availed testing for our staff. Despite a difficult year, we retained all our staff and have not instituted any pay cuts.

Whenever we report to work, we with a mind to provide to a *Better Product*. A product that is good for you, good for our people, good for our economy, good for our environment and good for our future.

Nitin Shah

Chief Executive Officer

OUR TEAMS' ROLES IN SUSTAINABILITY

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 the Guiding Principles
Corporate Affairs and Business Ethics	Drives the UNGC program in the organization Advocates for and monitors ethics and compliance with the Company's policies and the Guiding Principles
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	Constantly innovates and ensures production is in line with the commitments to the UNGC principles and the SDGs.
Quality Management	Ensure safe and high quality of products
Human Resource	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



KAPA PRODUCTS



PERFORMANCE MATRICES

HUMAN RIGHTS AND BUSINESS ETHICS

HUMAN RIGHTS

We respect human rights. We have not received any report of a supplier, subcontractor or staff member involved in the abuse of human rights in the year 2019 and 2020.



GIFT REGISTER

In the spirit of integrity and accountability in the quest to fight corruption, we ensure that all gifts and entertainment offers are recorded, reviewed and accounted for. In 2019 and 2020, we recorded a number of gifts received by staff. No entertainment or hospitality offers were recorded for this period. The gifts were reviewed and found to be in order.

WHISTLEBLOWING

To ensure no violation of our policies, we 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:

- Ethics Committee – Legal & Corporate Affairs Manager
- Anonymous E-mail Address: (speakitup101@gmail.com).

One whistleblowing report was received for the period in question. It was investigated and relevant action taken.

CUSTOMER ENGAGEMENT

We strive to engage our customers through various forums including social media platforms. We introduce products based on our customer engagement. In 2020 we introduced the following new products:



Cleanrol Medi - Rol



Classic Washing Bar



Classic



Toss



Simplex Tissue



Rhapso Vegetable Oil

Customer Satisfaction	2018	2019	2020
No. of Customer complaints	49	36	80
No. of complaints addressed	49	36	80

#RinaCookingChallenge WINNERS

Have you participated in the #RinaCookingChallenge yet? Don't be left out. Win a hamper courtesy of Rina Vegetable Oil.

Proudly brought to you by Rina, liquid to the last drop. *Mapishi joo... Maishi joo*

Winners #SherekeaNARina

Get into the #SherekeaNARina challenge for a chance to win gift hampers and kitchen appliances

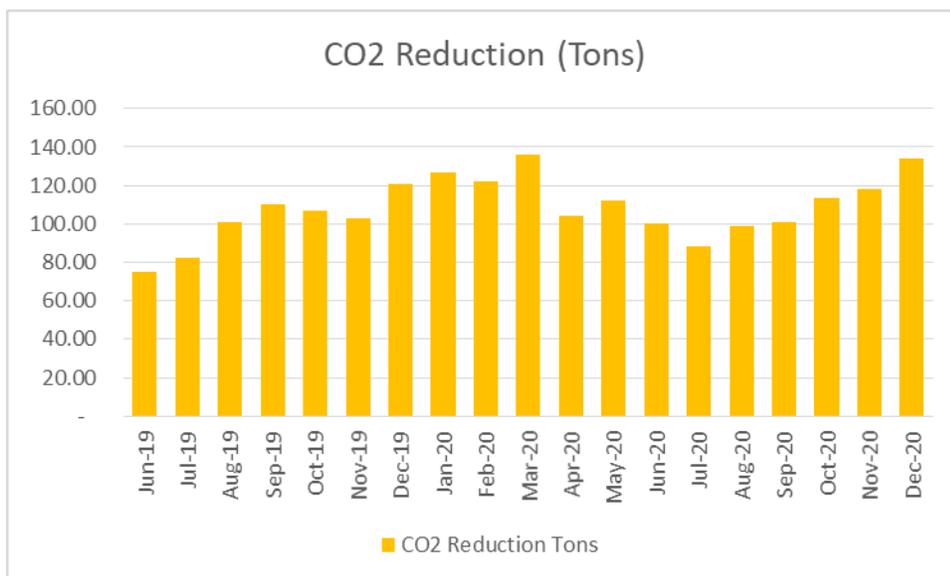
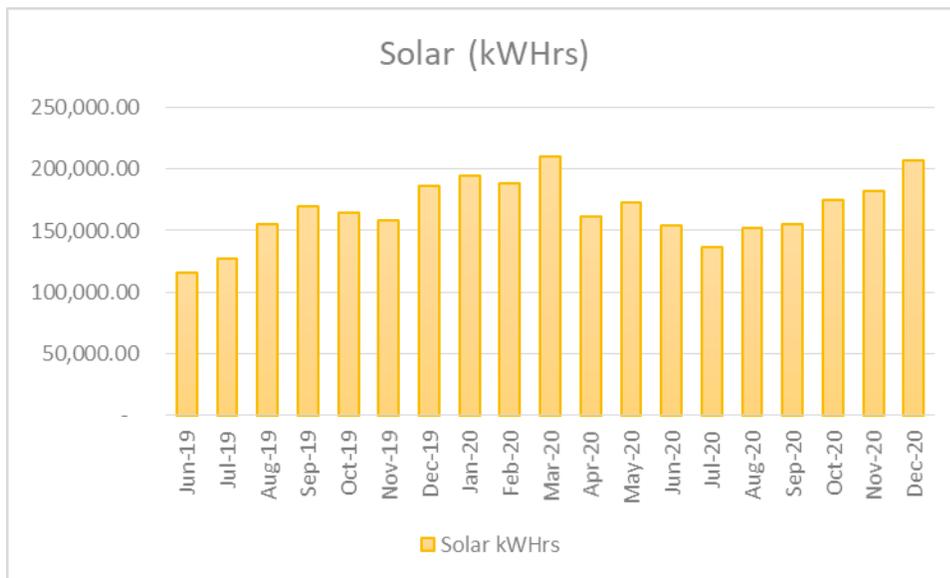
Proudly sponsored by Rina Vegetable Oil

ENVIRONMENTAL RESPONSIBILITY

ENVIRONMENTAL RESPONSIBILITY – ENERGY

SOLAR PLANT

In 2019, we installed a photovoltaic (PV) grid-tied system to supplement supply of electricity from Kenya Power and Lighting Company (KPLC). This has reduced our operating costs while also reducing consumption of fuels, thus reducing greenhouse gas emissions and pollution. We also reduced our Carbon (IV) Oxide emissions by 1,355.34 Tons in 2020



	Solar (kWHrs)	KPLC (kWHrs)	Totals (kWHrs)	% of Solar	CO2 Reduction (Tons)
Total 2019	1,076,084.62	17,381,514.00	18,457,598.62	9.79	698.76
Total 2020	2,087,225.78	16,347,318.00	18,434,543.78	11.32	1,355.34
Grand Total	<u>3,163,310.40</u>	<u>33,728,832.00</u>	<u>36,892,142.40</u>	<u>21.11</u>	<u>2,054.10</u>

BIOMASS BOILER

We have reduced the amount of wood fuel used in our biomass-fired boiler by using corn cobs as an alternative source of fuel, hence ultimately reducing deforestation. We have also embraced the use of more environmental friendly fuels such as coffee husks and macadamia shells.



ENVIRONMENTAL RESPONSIBILITY – RECYCLING

To reduce pollution caused by wastes, we ensure that our solid wastes are recycled. In 2020, we sold 27,860Kgs of Polythene waste, 95,190Kgs of Carton/Core Waste and 190,780 Kg of Tissue Paper Trim and Mixed Waste to Maz International Limited for recycling.

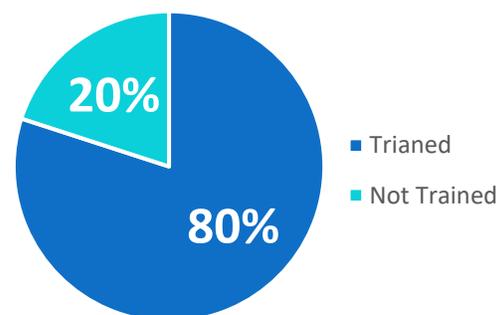
LABOUR

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

Training Rate per Department			
Department	No. of personnel in the department	Total Trained	% Trained
Boiler House/ ETP	34	24	71
Baking Powder/ Noodles	166	130	78
Detergent Packing	153	88	58
Detergent Plant	97	92	95
Loading Bay	215	202	94
Quality Assurance	31	28	90
Refinery Plant	59	52	88
Refinery Packing	358	299	84
Soap Plant	211	144	68
Tissue Plant	78	66	85
Warehouse	116	100	86
Administration	237	161	68
TOTAL	<u>1755</u>	<u>1386</u>	<u>80</u>

Training Rate 2020



EMPLOYEE RECRUITMENT

LEVEL	No. of Staff as at 01.01.2020	New Joiners in 2020	Total	2020 Exits	% Turnover Rate
Assistants	75	7	82	6	7
Senior Assistants	37	3	40	4	10
Managers	23	2	25	5	20
Senior Managers	4	0	4	0	0
Total	<u>139</u>	<u>12</u>	<u>151</u>	<u>15</u>	<u>10</u>

HEALTH AND SAFETY

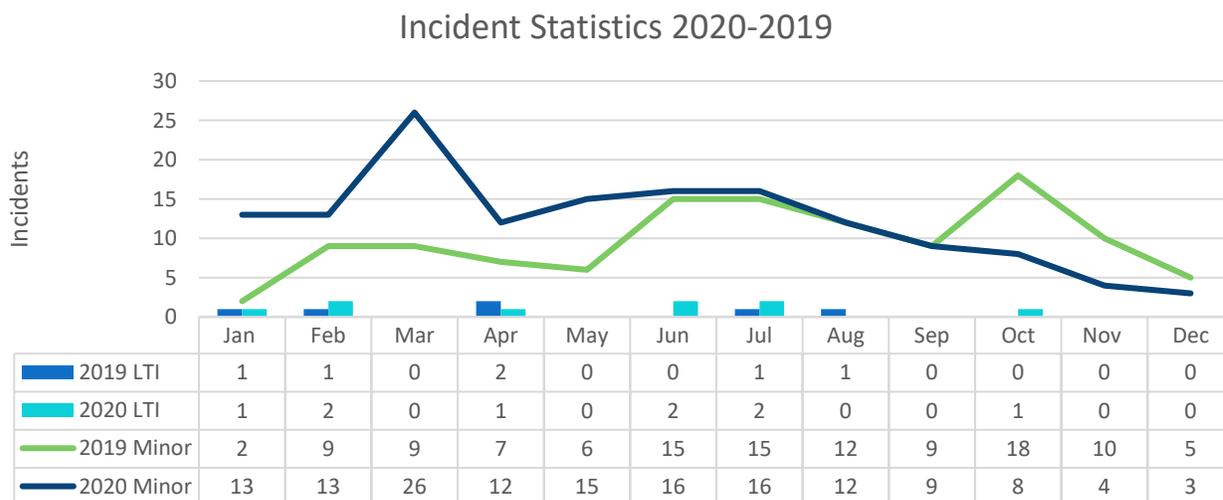
We have boosted Health & Safety Awareness in our organisation. Our staff are encouraged to be aware of safety issues and we ensure that all our meetings start with a safety talk.

We hold Health & Safety meetings every month where all issues are brought to light and addressed immediately.

We carry out quarterly workplace safety inspection. This is a walkabout of the factory done by the safety committee members to check for health and safety 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.

Our Occupational Health and Safety Department came up with a Covid-19 Policy to manage all aspects of the virus in the workplace. Employees were issued with sanitizers and masks whilst being advised to frequently wash their hands and maintain social distance. All employees were also tested for Covid-19.

HEALTH AND SAFETY -DATA ANALYSIS



ANTI-CORRUPTION

ETHICS AND DISCIPLINARY CASES

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 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
Reported Unethical Cases - External	1 – Investigated and resolved
Disciplinary cases	3 – All Solved
Recorded Gifts Offers	Several

WAY FORWARD

We remain committed to continue to align our business to the SDGs. Our focus will remain on the SDGs listed in page 6 above.

In 2021, we plan to:

- a. Launch a new plant and product in support of SDG 9 – Industry, Innovation and Infrastructure;
- b. Increase use of renewable and clean energy sources;
- c. Upgrade our ERP system to create efficiency.

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