

# THE 2020 BCKK INTEGRITY INDEX

#committedtobusinessintegrity





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## Introduction

### Committed to Business Integrity



**FARIDA ABBAS**

CHIEF EXECUTIVE OFFICER

| BRITISH CHAMBER OF COMMERCE KENYA (BCKK)

The BCKK Integrity Index is a listing of companies, operating in Kenya, who are committed to integrity and have a track record of working ethically with UK organisations and British Chamber of Commerce Kenya (BCKK) members.

The Index recruitment and assessment process was run over April and May 2020, at a time when Kenya and the rest of the world were grappling with the Coronavirus. This caused extreme personal heartache and professional challenges to millions of people. Nonetheless, we felt it was vital to continue with this programme, to recognise those companies who still care about integrity – even during this period of economic turmoil.

We hope that this Index will provide long term benefits to all the featured companies. A listing on the Index is external recognition of the efforts being made to run a trusted and ethical business. We aim to prove that ethical business pays. So, we will be sign-posting these businesses to any UK organisations looking to partner with Kenyan companies. Finally, we will be available to support these businesses in imbedding integrity by employing best practice in their operations.

The Index is part of the Business Integrity Initiative pilot programme (BII) – which is run by BCKK, in partnership with the UK Department for International Development (DFID), the UK Department for International Trade (DIT) and the UK Foreign and Commonwealth Office (FCO) in Kenya.

The BII provides practical guidance on navigating integrity challenges, and we have a range of platforms to increase peer-to-peer private sector engagement. We are also working with the Kenyan authorities to promote improvements to local market conditions.



Businesses at all levels, but particularly smaller businesses, would like more practical guidance and support on the execution of anti-corruption policies. Participants in the consultations described the current narrative from Government as 'punitive', 'scary' and 'off-putting'. A positive communications campaign would be welcomed by Business to make explicit what companies should be doing to get adequate compliance mechanisms in place."

PwC BII Scoping Report, February 2018





## How the Index was Built

The Index features companies across a range of sectors, mirroring Kenya's diversified economy. Companies range in size from three to three thousand plus employees.

The process for nominating and assessing the companies was designed to be rigorous but manageable. 65 nominations were received, and 27 companies made it all the way through to the final Index.

The four-stage process is as follows:

1. Nominations are made by BCCK members and other UK government missions operating in Kenya. Companies are also able to self-nominate.
2. Nominees complete a self-assessment, based on BII's integrity principles.
3. Self-assessment forms are evaluated and scored on a 1-5 scale by the BII team.
4. Companies rated 1-3 are invited to join the Index.

All the companies in the Index have completed a self-assessment based on BII's integrity principles. They have demonstrated that these principles are given serious consideration and implemented in a variety of ways.





**ANNE KIMANI**

BUSINESS INTEGRITY MANAGER | BRITISH CHAMBER OF COMMERCE KENYA (BCKK)

## Index Learnings

We have been inspired by the companies that have participated in the Index process. It vividly illustrates how integrity principles can be applied in a variety of settings.

We have some world class risk and compliance professionals working in the Index companies. We also have business leaders from different disciplines who have embraced integrity as a core component of their business.

In this report we are delighted to share observations and best practice from a cross-section of our Index companies. We think this is essential reading for any business operating in the region.

We hope you enjoy this report and that you continue to support our Index. These businesses are an important foundation for building a successful, transparent and fair economy for all Kenyans.

## The BII's 6 Integrity Principles

### 1. Proportionate Procedures

Policies on integrity are a non-negotiable for any company operating with integrity in Kenya. All the companies in the Index have rules-based policies in place, which cover integrity.

These typically cover a range of ethical issues including bribery, embezzlement, corruption and money-laundering. And they are not just in HR manuals. 4G Capital, a financial services and business tools provider to micro enterprises, has extended these policies beyond just its staff and the Kenyan legislation.

"We have comprehensive policies which cover our staff, our clients, our investors and our shareholders in all jurisdictions and include extra-territorial legislation in the US and UK," explains Chief Risk Officer Steve Clarke.

Co-Founder John Dowd is responsible for the integrity policies at 2020 Marketing, the route-to-market and marketing consultancy. He points out that policies are not just about understanding and highlighting the criminal nature of certain activities.

They should also cover how to raise a concern and what happens after that.

At Davis & Shirtliff, Kenya's ever-present water and energy equipment supplier, integrity has been adopted as the company's top core value. This means it underpins the Group Compliance Policy and is impossible to ignore in any values or performance discussion.

The BII gives detailed guidance on proportionate policies that all businesses operating in Kenya should aim to have in place.

Ishida, the precision products manufacturer, participated in the BII pilot after its launch in East Africa in 2019. David Mulwa, Regional Sales Manager, says, "The BII helped us refine our local policies. Having these in place early on makes a real difference. When you are in growth phase and you face issues, it is more difficult to retrofit policies. As a family business, we always take a long-term view."



## 2. Top-Level Commitment

Conducting-business-with-integrity means it needs to be imbedded in the organisation's culture and this requires a sustained commitment from its leadership.

Most companies in the Index highlighted the weekly status as a regular moment when time needs to be allocated to values. Anne Kimani agrees, "We see the impact of allocating time in regular operational meetings for leaders to discuss integrity values. It is a low-cost, but highly effective lever for a business – regardless of size."

She adds that the cost of putting top-level time into integrity initiatives needs to be put in context against the increase in business costs and financial losses that can occur. This is borne out of findings in Figure 1 from The Kenya Private Sector Alliance (KEPSA) – Kenya's apex and umbrella private sector body, in which BCKK participates.

Polucon Services (K) Ltd, the Mombasa-based inspection and verification company, is internationally certified by Trace International and locally certified by Blue Company. It has also recently joined the UN GLOBAL COMPACT. All of these certifications provide a prompt for ethical leadership.

Managing Director, Dominic Mureithi explains, "These initiatives help our top management set the bar on communication on integrity issues. Moreover, we communicate through displays around the office, which serve as reminders on our core values, quality policy and overall integrity."

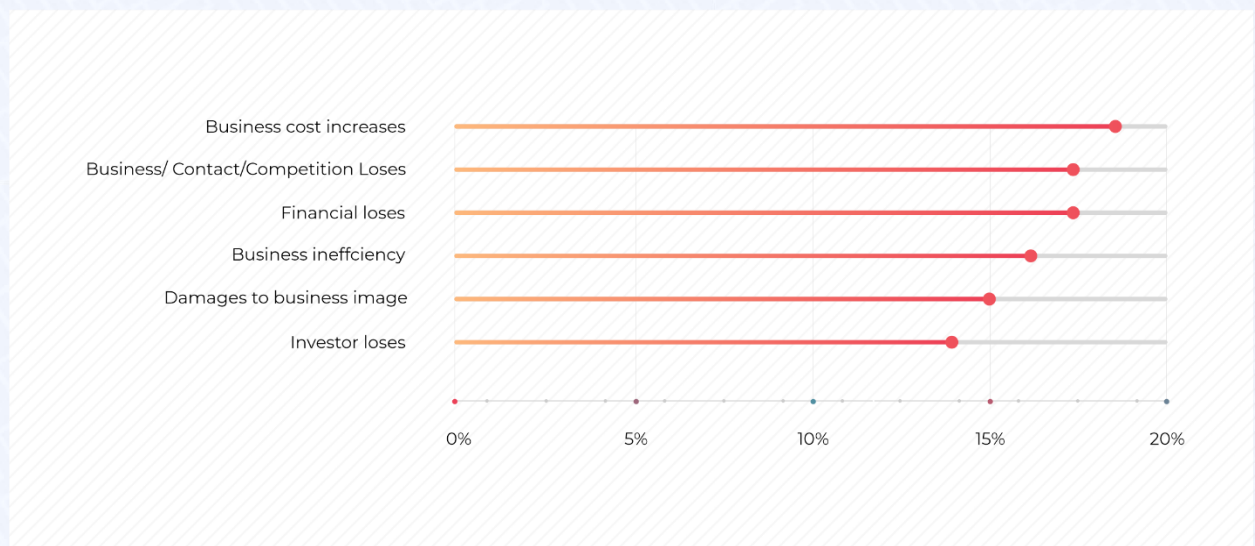
Having a nominated integrity champion from the leadership team also provides a face and a focus to top-level commitment. At the frontier market investment firm, CrossBoundary Group, the General Counsel leads regular all-hands training and integrity communications.

Co-Founder and Managing Partner, Matt Tilleard, recognises the importance of these formal moments alongside, "an environment where open, honest communications are the expectation, not the exception."

Formal standards bodies – with ISO 9001 prevalent among Index companies – provide a template for leadership communications and inspections to confirm compliance.

In the education sector, Kenton College undergoes regular assessments from the UK Government Independent Schools Inspectorate. It means all meeting minutes and communications are recorded and stored for scrutiny by the independent inspection teams.

Figure 1:  
Consequences of corruption to businesses as reported by KEPSA members.



### 3. Risk Assessment

The majority of companies in the Index maintain a risk register. Business unit heads are responsible for assessing their operations for risks and scoring them to identify their likelihood of occurring. KEPSA lists fraud, bribery and tax evasion as the most likely integrity risks for its members.

David Gatende, Group CEO Davis & Shirtliff, says, “Through our register process, integrity-related risks in each business process are identified and assessed. Where necessary, additional internal controls are implemented to enhance mitigation.”

As well as internal integrity risks, there is an increased focus on data protection risks, due to the long arm of recent GDPR legislation originating from the European Union. Anne Kimani says, “GDPR has driven a transformation in how Kenyan businesses are assessing data protection and privacy. They’ve become a bell weather for systems and process integrity.”

Second (customer) and third-party (supplier) risks remain a thorny issue, particularly for the service and advisory businesses in the Index. The personal service provider, Summit Recruitment and Search Africa, conducts regular due diligence to ensure that commercial partners and commercially-linked entities comply with their ethical standards and credit-worthiness.

Dr Khatib-Shahidi, CEO German Imaging Technologies, agrees, “Our financial department runs a credit check and follows a stringent credit approval process to assess second party (client) risks.”



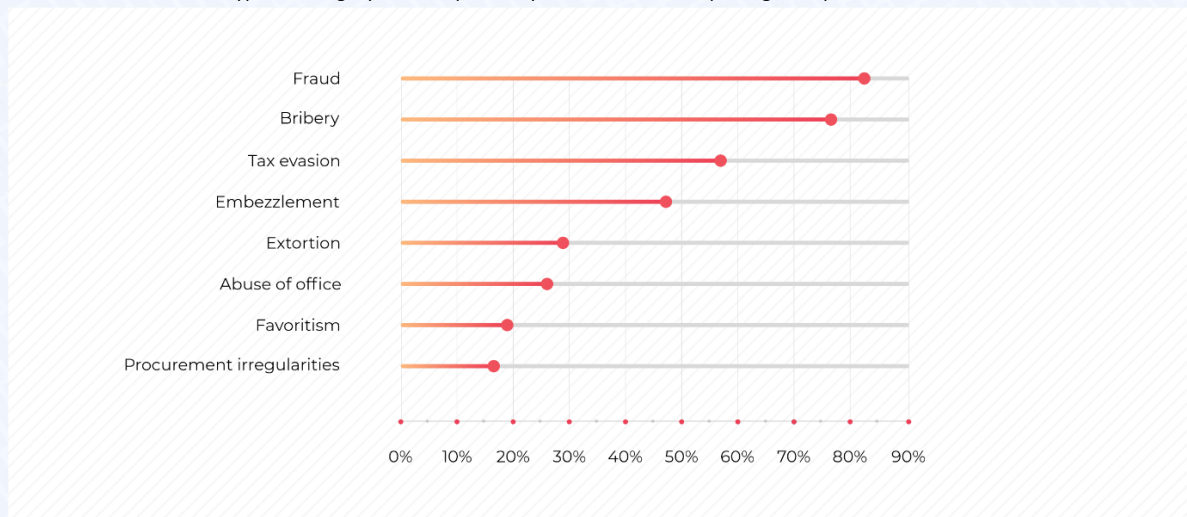
Polucon staff carrying out heat treatment of wooden packaging materials.

CrossBoundary’s Matt Tilleard cites the US’s Foreign Corrupt Practices Act as requiring particularly rigorous background checks on its suppliers and partners. “We perform background checks on an entity and its directors to ensure they are compliant and monitor for compliance on an ongoing basis.”

Kenya’s recently-devolved government has added an extra risk. The Kenya Business Integrity Guide, by Control Risks, emphasises the importance of undertaking a thorough political, regulatory, operational and security assessment, before committing to a project.

“There can be regional variations in the business and security environment. Variations in county government laws or inter-communal tensions can have a detrimental impact on supply chains.”

Figure 2:  
Types of Integrity issues reported by KEPSA members reporting corruption incidents.





#### 4. Due Diligence

For UK companies entering Kenya, conducting due diligence on potential partners is cited as one of the toughest nuts to crack. The BII provides a range of tools to support this process.



All the companies in the Index have been in operation for at least three years and demonstrate a track record of working with international companies



They emphasise the importance of prospective partners appearing on official registers and professional associations. In Kenya there is both a digital registry, the Business Registration Service, (available via the government services portal) and a physical registry.

It is important to verify a prospect's physical location, that they have experience working with other international companies and a current tax compliance certificate from KRA.

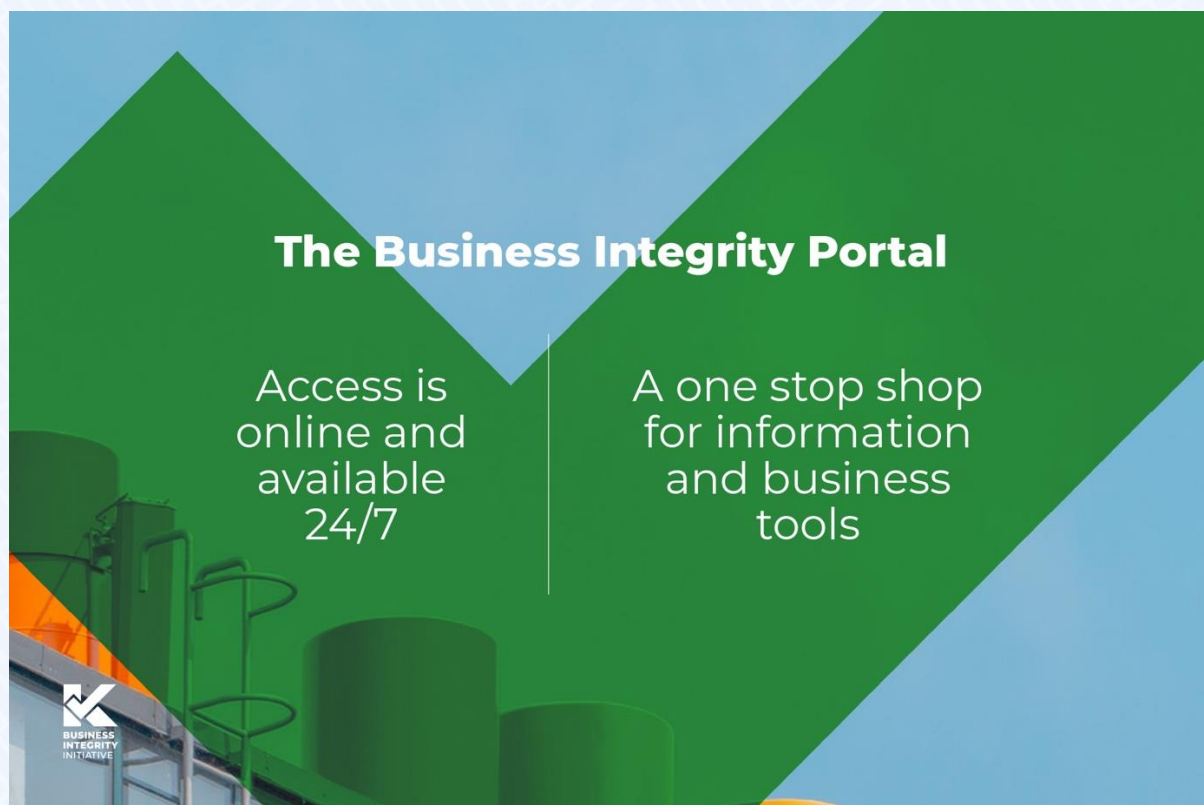
For the majority of locally-headquartered companies in the Index, due diligence efforts are focused on 'know-your-customer' (KYC) efforts. They see this as critical in mitigating against exposure to politically exposed persons and proceeds of corruption or terrorism.

Like most companies in the Index, ICT and software development company, Farwell Consultants does a physical, director, credit and background check on any prospective client.

Mick Svinos, Managing Director at security firm Sentinel Group, says, "For all new clients, we go through a proportionate KYC process; the level of information will vary depending on whether it's a domestic or corporate client. For each client enquiry a secure digital file is opened to ensure the information is managed and kept up to date."

Adrian is a systems integrator to the power and telecommunications sector, which has enhanced its due diligence processes after participating in the BII pilot. "Employees, partners, and customers are required to make declarations and sign anti-bribery commitments before they are onboarded. Our legal and supply chain departments manage the due diligence process, using standard checklists," explains Group Managing Director, Benard Njoroge.

Dr Khatib-Shahidi elaborates on the German Imaging Technologies process, "we have a written KYC requirement. Every customer is subject to a KYC file, which is embedded in our ISO procedure, as well as in our Account Management procedure governing all sales."





## 5. Communication and Training

A key objective of the BII is to make integrity training resources available to businesses in Kenya, regardless of size. It has launched a free online integrity e-Learning tool. This has proved popular since its launch in May, registering 120 users who have completed the module within its first month.

All the companies in the Index conduct formal training on integrity – whether this is for new joiners or annual mandatory training.

4G Capital's Steve Clarke says, "All staff undergo initial induction training in all relevant policies, and periodic training on the same thereafter. Our Internal Audit department ensures compliance with these policies across all functions of the business."

The vast majority of companies in the Index also provide a confidential whistle-blowing mechanism for employees to report incidents of unethical practices.

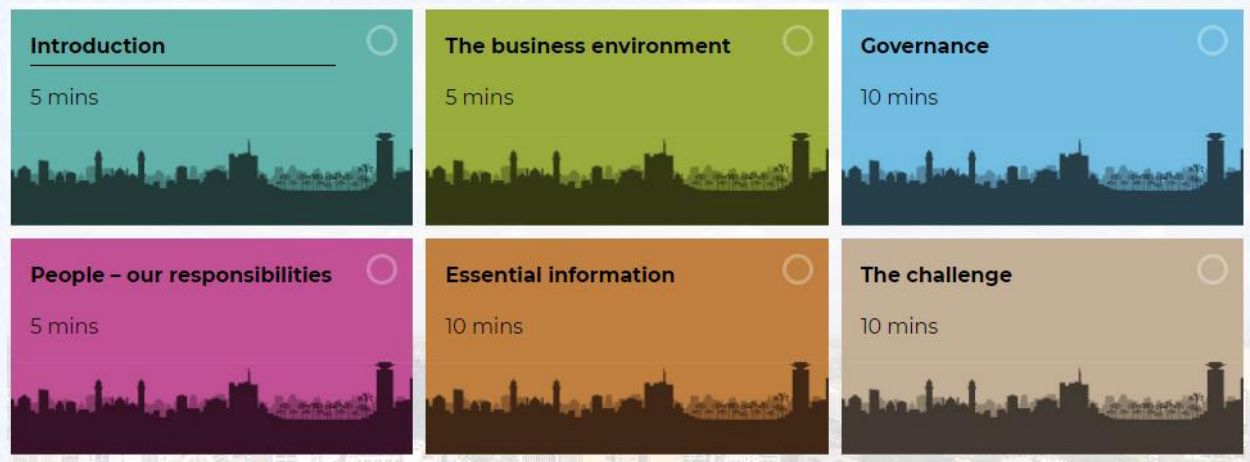
In the case of Davis & Shirtliff, this is taken a step further. The integrity alerts policy is made available on the corporate website. This includes an integrity alerts portal, through which stakeholders can anonymously report an integrity lapse for follow up and action.

Colas East Africa produces and supplies bituminous products for road construction and building waterproofing throughout the region.

It participated in the Business Integrity Initiative pilot to build its capacity for dealing with public tenders in the road sector.

Félix Armanet, General Manager Colas East Africa says, "In complex infrastructure projects there are multiple touch points and the potential for grey areas to develop. We wanted to build understanding on when to raise issues with management, before doing something that could be problematic. Last year, all employees of the group did a "serious-game" which put us in real-life situations and explained what could and couldn't be done."

The six modules in the BCK e-Learning Tool. Find it [here](#).



## 6. Monitoring and Review



Greenspoon staff stocking up the shelves.

To maintain momentum at Polucon, regular anonymous surveys are conducted on integrity with clients, staff and suppliers. These insights shine a light on compliance and signal when fresh interventions are needed.

For smaller businesses, without internal audit teams, controls are more informal. The KEPSA Corruption Risks Mapping, in Kenya's Private Sector report, makes key recommendations about review areas for SMEs in Figure 3.

Several Index companies are open with their employees about monitoring their emails. They maintain that their colleagues accept that emails sent or received through company email accounts should not be considered private.

Most businesses in the Index have removed sole responsibility for any transaction or contracting.

Kenya's artisan online food retailer, Greenspoon, is run by the founder, Juliet Kennedy. She doesn't have a large management team with which to share monitoring responsibility, but she maintains that Kenya's emerging digital payments ecosystem is a godsend for early stage entrepreneurs.

"All our customers are individuals, purchasing products for home use. All our transactions take place online. We work with a third-party platform to take any payments by card or M-PESA (Pesapal) and they have strong fraud measures in place."

2020 Marketing has a single business account, accessible to both shareholders, to ensure full access and transparency. One of the directors always has overall control in a business relationship – with contracts being reviewed by both shareholders. No staff member is singularly responsible for negotiating or signing contracts.

BCCK CEO, Farida Abbas, concludes, "So many Kenyan businesses I speak to have developed a culture of secrecy. I was delighted that several Index companies commented on how completing the Index process was helpful in reflecting on, and sharing, their successes and challenges. At BCCK, we are passionate about providing a safe environment for like-minded businesses to come together and get better at what they do."



Polucon lab specialist carrying out tests.

Figure 3:

SME recommendations from KEPSA analysis of challenges regarding compliance with the Bribery Act.

<b>A</b>	Put in place anti-corruption and anti-bribery procedures
<b>B</b>	Avoid or limit cash payments
<b>C</b>	Seek professional advice about compliance with the Bribery Act
<b>D</b>	Awareness and sensitization on the Bribery Act and liability to comply
<b>E</b>	Comply with requirements to hold licenses
<b>F</b>	Avoid receiving gifts that might be seen to influence operations
<b>G</b>	Compliance training for business top management



## 2020 BCK Integrity Index

Company Name	Sector
<a href="#"><u>2020 Marketing Ltd.</u></a>	Marketing
<a href="#"><u>4G Capital Ltd</u></a>	Financial services and business tools
<a href="#"><u>* Adrian Kenya</u></a>	Systems Integration
<a href="#"><u>Cellsoft Technologies</u></a>	Software and application development
<a href="#"><u>* Colas East Africa</u></a>	Road surfacing
<a href="#"><u>CrossBoundary East Africa Limited</u></a>	Investment and transaction advisory
<a href="#"><u>Davis &amp; Shirtliff Ltd</u></a>	Water and energy equipment
<a href="#"><u>Enviroserve Recycling and Services Ltd</u></a>	Recycling
<a href="#"><u>ESF Consultants</u></a>	Environmental and social management
<a href="#"><u>Farwell Innovations Ltd</u></a>	Software development and consultancy
<a href="#"><u>Finlay Flowers</u></a>	Agri-business
<a href="#"><u>German Imaging Technologies Ltd</u></a>	ICT
<a href="#"><u>GPA plc (Calla Ltd)</u></a>	Real Estate
<a href="#"><u>Green Spoon</u></a>	Online artisan food
<a href="#"><u>* ION Equity Kenya</u></a>	Investment
<a href="#"><u>* Ishida East Africa</u></a>	Precision products manufacturer
<a href="#"><u>JMiles&amp;Co.</u></a>	Legal services
<a href="#"><u>Kenton College</u></a>	Education
<a href="#"><u>KPMG Advisory Services Limited</u></a>	Audit, tax & consulting
<a href="#"><u>* Lifecare International Insurance Brokers</u></a>	Insurance
<a href="#"><u>MML Turner &amp; Townsend</u></a>	Project and programme management
<a href="#"><u>* Olea Kenya Insurance Brokers Ltd</u></a>	Insurance
<a href="#"><u>Polucon Services Kenya Limited</u></a>	Inspection and verification
<a href="#"><u>Ramani Geosystems</u></a>	GIS Mapping and surveying
<a href="#"><u>Sentinel Group Limited</u></a>	Security
<a href="#"><u>SGS Kenya</u></a>	Inspect, test, verify and certify goods, systems, and services
<a href="#"><u>Summit Recruitment and Search Limited</u></a>	HR Consultancy and training

\* Participated in the Business Integrity Initiative Pilot.

## CONTACT



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If any readers have any integrity concerns with any companies featured in the Index, they are invited to contact [businessintegrity@bcckenya.org](mailto:businessintegrity@bcckenya.org).

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