

# Eastern Produce Limited Malawi

## Award Winner of the “Anti-corruption Collective Action Competition for Practitioners”

**Type of Organization:** Tea and Macadamia company

**Country and Region:** Malawi, Southern Region

**Project Name:** Business Action Against Corruption, Malawi

**Participants:** EPM Management

**Submitted by:** Helene Christensen

### I. Description of Initiative

In response to the widespread nature of corruption in Malawi, this is seen to be a major impediment to achieving the Millennium Development Goals. With leadership from the private sector, a cross-societal coalition called the Malawi Leaders Forum – involving government, private business, civil society, donor agencies and the media launched the Business Action against Corruption (BAAC) initiative in 2005 to tackle the corruption challenge and implement the 10<sup>th</sup> Principle of the UN Global Compact in Malawi. Multi-stakeholder negotiations binding all participants to abstain from corrupt practices seem to be the preferred approach and provide the means for a systematic and concerted attack on Malawi's corruption challenge.

As the 37 current members of BAAC Malawi view corruption as a serious hindrance to the general growth and operation of businesses, members are dedicating human resources and committed time to efficiently and effectively develop the initiative. The main objective of BAAC Malawi is to coordinate efforts in the development and implementation of good governance principles in order to progress towards the successful elimination of corruption in Malawi. In brief objectives are to:

- Actively promote business commitments to fighting corruption and foster widespread support for the Business Code of Conduct for Combating Corruption in Malawi
- Promote business support to Government's efforts to eliminate corruption
- Enhance partnerships with other stakeholders, including civil society, to fight corruption
- Pursue linkages with relevant national and regional business led anti corruption initiatives

It is in particular worth highlighting the backbone of BAAC Malawi, which is the Business Code of Conduct for Combating Corruption in Malawi;

The Business Code of Conduct for Combating Corruption in Malawi has been developed by a multi-sector steering committee that forms part of a wider Malawi Business Action against Corruption taskforce. The code has been developed, through private sector initiative, as a tool to assist organizations to develop effective actions in combating corruption in all forms. The Code of Conduct draws on various international initiatives and conventions. This code provides a framework for good practices and risk management strategies for countering corruption. It is aimed at assisting organizations to:

- eliminate corrupt practices
- demonstrate their commitment to countering corruption

- make a positive contribution to improving business standards

## **II. Contribution, done by the initiative, to reduce corruption in its operating environment**

- Elaboration on Business Code of Conduct for Combating Corruption
- Ethics Capacity Building Programme
- General gains for the collective forum of BAAC Malawi

## **III. Setup of the initiative**

- Implemented mechanisms to ensure success of project

Eastern Produce Malawi Limited (EPM) has, as a member of the Business Action Against Corruption (BAAC) initiative in Malawi, effectively managed to apply a range of policies and initiatives to the internal and external risk areas of corrupt practices to ensure the success of the collective efforts in their own operations. The company stays committed to continuously updating the content of those existing already and on a need basis to develop new anti-corruption interventions when required. The initiative are the following:

### ***Company Code and Conduct & Ethics***

EPM subscribes to the highest level of conduct and ethics in all its corporate dealings which is clearly documented in its Company Code of Conduct & Ethics and shared with the employees for them to responsibly adhere to those during their day-to-day activities.

### ***Sensitization supplier on its Zero Tolerance attitude;***

In order to combat corrupt practices in its supply chain, the company has engaged in strategic and frank revision of its supply chain management by launching a number of anti-corruption initiatives. One is to raise awareness of its committed anti-corruption attitude as well as the consequences if discovering corrupt practices across its preferred suppliers. A part of EPM's exhibition of CSR is to distribute a Supplier Questionnaire to review all its existing supplier relationships and on that basis to develop criteria for the selection of new suppliers. One major objective for this exercise was to check whether suppliers are fulfilling the Basic Conditions of Employment Act, adhere to the Occupational Health and Safety Act, hold an employment equity plan and consider the impact their business operations have on the environment and sustainable development issues.

In line with the above, EPM also encourages its managers to exclude new suppliers, which they yet have no knowledge or track history of as it could involve risk of bribes. Finally, EPM directs letters to other companies to warn them about corrupt suppliers whom to exclude from their company supplier lists.

### ***Policies on anti-corruption***

EPM's corporate anti-corruption measures go well beyond ensuring law compliance only. The tea producing company has identified a need to thoroughly identify anti-corruption measures to be incorporated into all policies constituting the business, and continuously update those. This, as they have discovered that once corrupt practices do not appear in a policy it gives room for some staff to find loopholes for personal gain.

The following are policies where anti-corruption measures are incorporated; the Administration Policy (Blue Book), Factory Policy (Red Book), Field Operations (Green Book), CSR Policy (White Book), and Marketing (Black Book). The employees are to comply with those measures as a part of their employment terms induced to them upon arrival to EPM.

-Costs of initiative

-Use of auditing and enforcement initiatives

Eastern Produce Limited Malawi has an Audit Department in place consisting of five staff. The aim of the department is to ensure that staff members are following the rules and regulations of the company. To ensure this end internal audits are conducted twice a year on all operations and in some cases followed up by special assignments when violations are found to be occurring.

#### **IV. Achieved results / impact for businesses and society**

- Development of a Business Code of Conduct for Combating Corruption
- Initiation of an Ethics Capacity Building Programme
- Establishing of a Rating Framework to compliment the code of conduct by monitoring BAAC Members compliance with the code.
- BAAC Malawi has contributed to the drafting of the National Anti Corruption Strategy

#### **V. Replicability to other sectors/companies**

Yes, it is replicable for other sectors. This business coalition can, when joining forces, foster awareness of anti-corruption in more powerful and proactive ways by pushing the Zero Tolerance agenda forward in the business community and society at large. Other sectors can harvest the same fruits if applying a similar approach. It also creates a platform for discussion on how companies tackle the different types of challenges regarding corrupt practices. And finally BAAC can assist building an enabling environment where businesses can strive and the Millennium Development Goals have an increased potential to be achieved in Malawi, if other sectors would apply a similar approach that would solely boost the anti-corruption efforts in society at large

#### **VI. What is new and innovative about this initiative**

- It is an organized sustained approach against the imposition of corruption in business
- It is supported by organizations who can clearly demonstrate a clean record and a transparent and honest commitment to fighting corruption within their organizations
- The initiative follows the ideal of "lead by example" and others will follow

#### **VII. Why should other practitioners learn about your initiative?**

- A reputation of integrity in business is one of the most important aspects about your business
- Trust in your business and your dealings with Customers and Suppliers is crucial
- Where cash maybe the blood flow of business, trust is the heartbeat
- That operating in an environment clear of corruption is good for business
- As an organization there is nothing to hide or be embarrassed about
- There is no leverage against the business from any source

