



**REF:** EAPCPLC/MD/001/VOLXLIX (019)

**DATE:** 7<sup>th</sup> August, 2019

**FROM:** Ag Managing Director

**TO:** All Employees

---

**SUBJECT: NOTICE ON THE INTENDED COMPANY RESTRUCTURING AND STAFF RATIONALIZATION**

---

Over the last six years, the performance of this company has continued to decline. Currently, the Company suffers daily losses of up to eight million shillings (Kshs. 8,000,000/-). In the last three years, the Company's market share has drastically reduced, impacting negatively on sales and subsequent profitability. This may be attributed to many reasons, key amongst them being increased competition and inadequate working capital.

Further, the Company's old and dilapidated plant and machinery require resources to modernize so as to provide the institution a competitive advantage. These basic challenges touch on the Company's ability to meet crucial performance indicators including staff costs.

Consequently, the Company is now faced with the need to restructure its operations, which will include a staff rationalization programme to balance the institution's running costs and current levels of productivity. The Company therefore is compelled to undertake a restructuring of its operations. This process will, unfortunately, render jobs redundant. In the spirit of fairness and in regard of the service rendered by the affected staff, this exercise will be done within the provisions of Section 40 of the Employment Act, Collective Bargaining Agreement and fair administration of rights as enshrined in the Constitution 2010.

As a result of the restructuring program, all positions in the Company will be declared redundant and the employees released. Subsequently, all jobs will be reconfigured in terms of job consolidation and enrichment, in line with the

restructured and leaner organization structure. To ensure compliance with the provisions of Section 40(1) of Employment Act, the Company undertakes to utilize the following criteria:-

- i. Criteria outlined under the Section 40(1)(c) of the Employment Act and/or;
- ii. Criteria under the Collective Bargaining Agreement and/or;
- iii. The distinction between the core jobs and noncore jobs and/or;
- iv. The performance of an employee.

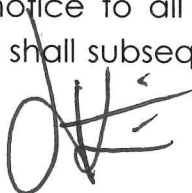
The restructuring program will cover both unionisable and non-unionisable cadres across the board.

This exercise will be carried out progressively within the applicable legal provisions.

The Company's Board of Directors has considered various options for executing the restructuring program with the intention of reducing any adverse impact to the employees. The Board has now agreed to follow the provisions of the **Collective Bargaining Agreement**, as a moderate basis, and will proceed as follows:

- I. Notice period as provided under the CBA or individual contracts;
- II. Severance pay of 30 days for every year worked;
- III. Payment of all accrued gratuity to the date of separation;
- IV. Payment of accrued leave days;
- V. Employees on contract will be paid in accordance with their contractual terms of termination or the remaining months to the end of contract, whichever is higher, plus accrued gratuity;
- VI. Reference shall be made to the remaining years of retirement in the computation of payment for permanent employees, whichever is lower;
- VII. Payment will be made at the point of exit to facilitate staff plan and reorganize their financial affairs appropriately;
- VIII. Employees will be encouraged to apply for subsequently reconfigured positions (as outlined earlier in this letter); and
- IX. Voluntary uptake of the offer under the same terms as the redundancy package is highly encouraged, given that all jobs shall be declared redundant.

In accordance with the provisions of section 40 of the Employment, the Company therefore issues this general notice to all staff to communicate the intended redundancy. A second notice shall subsequently be issued in a month's time to



the first group of employees that will be affected by this process. A copy of the notice has been sent to the respective unions and the Labour Office.

The Company invites consultations and views from the employees with regard to the intended redundancy exercise. The Human Resources Department will remain open to all employees for purposes of holding these consultations between the Company and the employees and their unions. Any questions or clarification with respect to the exercise may be channeled through the Human Resource Department.

The Company acknowledges that the exercise is a difficult decision but the best option in the present business circumstances.

We take this opportunity to request a meeting to discuss this process with all staff on **Friday, 16<sup>th</sup> August, 2019 at the Factory in Athi River starting from 2.30 p.m.**

Management invites all staff in Management and the Union to attend the meeting.

We thank you for your continued support and cooperation.



**STEPHEN NTHEI**