

UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS REPORT



FEBRUARY 2016 – JANUARY 2017



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ABOUT THIS DOCUMENT



In January 2016, Frigoken Limited (FKL) committed to the UN Global compact. This commitment supports the ten principles of the UN Global Compact as defined by the four key tenets of human rights, labour, environment and anti-corruption as well as providing annual communication on progress emphasising on the importance of public accountability and transparency.

CONTACT INFORMATION

Company name: Frigoken Limited

Sector: Agribusiness

Number of employees: Up to 3000

UNGC signatory since: 2016

Contact Person: Nushin Ghassmi; nushin.ghassmi@ipskenya.com

Physical Location: Baba Dogo along Baba Dogo Road.

Email: frigoken@frigoken.com

P.O. Box: 30500-00100 Nairobi Kenya

Tel: 020- 2391717/ 2391721

Mobile: + 254 733 613 251/ +254 721 383 551

STATEMENT OF SUPPORT

Frigoken Limited is committed to supporting the 10 principles of the UN Global compact: - human rights, labour rights, environmental protection and anti- corruption.

This annual COP shows our commitment to supporting the UNGC and the actions that Frigoken has in place to integrate the Global Compact and its principles into the business.

We also commit to sharing this information with our stakeholders.

This communication progress report covers the period of the year 2016

Mr. Karim Dostmohamed
Chief Executive officer
Frigoken Limited

FRIGOKEN AT A GLANCE

Established in 1989, Frigoken Limited (FKL) is one of the largest vertically integrated export oriented horticultural processors in East Africa. Frigoken aims to be a global leader of choice for the supply of premium horticultural produce, specializing in value added and niche market products while forging a better future for thousands of local small scale farmers.

Frigoken is a part of the Agro and Food Processing sector of IPS, which is the industrial and infrastructure development arm of the Aga Khan Development Network (AKDN)- a group of private, international, non-denominational development organization that works towards improving the welfare and prospects of people living in the developing world.



Jarring section at the Frigoken plant.



Small-scale farmers

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.



The crèche facility is run by trained ECD staff.

ASSESSMENT, POLICY AND GOALS

Frigoken LTD is committed in operating with integrity and ethically. Protecting human rights is a high priority for the company. For this reason follows the Business Social Compliance Initiative (BSCI) which incorporates the United Nations (UN) Guiding Principles on Business and Human Rights.

Frigoken LTD's comprehensive Social Accountability policy ensures that human rights are protected and the company's policies ensure comfortable, well lit and well ventilated working condition. FKL has also developed and maintained a Safety, Health, Environment and Quality System (SHEQ) based on internationally recognized standards.

FKL's Light Work, Pregnancy and Disability policies take in to account each employee's condition and assigns activities accordingly, without discrimination. The Disciplinary Policy does not tolerate any disciplinary action that in any way infringes on human rights and strictly prohibits the use of any kind of abuse or wage deduction.

Women's rights are also an important agenda for Frigoken. Approximately 90% of the work force comprises of women, thus FKL strives to promote skill building and capacity building for women. In addition to protecting Women's rights, Frigoken also promotes Children's Rights. Further to ensuring that no child labour occurs (as discussed in Labour Rights), Frigoken also has an on-site crèche facility that is focused on Early Childhood Development (ECD). Parents can bring their children aged 6 months to 3 years to be taken care of by ECD trained caregivers. Parents and other Frigoken staff are also educated and informed on the importance of ECD.

IMPLEMENTATION

- Morning Market - A forum to communicate to employees the company's human rights policies in place.
- Periodic review of company human rights policies and procedures to ensure they are in accordance with international human rights laws
- Environment, health and safety training for staff to keep accident rates as low as possible and provide a better working environment
- The ECD crèche facility is run under Human Resources department to ensure it is part of regular operations

MEASUREMENT OF OUTCOMES

- Achieved compliance to BSCI
- No human rights issues identified or brought to the company's attention from any stakeholder

ACTIONS FOR 2017

- Improve training for employees from all levels on human rights policies and practices
- Continue and maintain a safe, comfortable work environment
- Continue to comply with BSCI standards to ensure human rights are protected
- Continue to ensure all managers are following Human Rights standards
- Continue with efforts to protect women's and children's rights and monitor efforts and progress

LABOUR RIGHTS

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right of collective bargaining;

Principle 4: The elimination of all forms of forced labour and compulsory labour;

Principle 5: The effective abolition of child labour;

Principle 6: The elimination of discrimination in respect of employment and occupation



Frigoken employs over 3000 people, 90% of whom are women.

ASSESSMENT, POLICY AND GOALS

Frigoken LTD operates consistently with local labour standards and adheres to the Business Social Compliance Initiative (BSCI). BSCI is guided by principles from the International Labour Organization (ILO), the United Nations (UN) Guiding Principles on Business and Human Rights and the Organization for Economic Co-operation and Development (OECD).

Frigoken is an equal opportunity employer and respects the right of all personnel to join the trade union that has a collective bargaining agreement that is updated regularly. The company has set up distinct procedures to ensure effective communication between management and the union.

Frigoken LTD has strict policies against Child Labour. Under no circumstances will Frigoken engage Child Labour. Routine checks and a hiring system is in place that ensures no children are engaged in the work force and if any are found a step-by-step system is in place to avoid this to recur as well as to ensure the child is educated.

Frigoken does not permit Forced Labour. All employees are required to sign a contract. Forced labour includes bonded, indentured, prison or indebted labour. Additionally, Frigoken LTD does not allow for discrimination and it is part of their

vision to create a working environment that is free from any discrimination. Frigoken also strives to create a working environment that promotes and encourages the well-being of its staff. For this reason, a comprehensive, employee-run Workplace Wellness Program has been established. The programme seeks to improve the quality of life of employees, their families and local communities by equipping individuals with the knowledge and tools to effectively address their wellness needs and adjust their attitudes, practices and behaviours. The programme focuses on 3 key areas, physical health, psychosocial wellbeing and financial wellbeing.

IMPLEMENTATION

- Morning Market – forum to communicate to employees company policies and procedures
- To ensure to no child labour exists within the organization, no employee can be hired without a valid National ID Card. National ID cards are not issued until the age of 18.
- Procedures in place to foster communication between union and management with a meeting every 2 years to reassess terms on the Collective Bargaining Agreement
- Team of trained and voluntary peer-educators run Wellness Program.
- Through the programme, the company partners with health service providers and offer health education and screening for various communicable and non-communicable diseases and also includes training on stress management, retirement planning and basic financial literacy.

MEASUREMENT OF OUTCOMES

- Frigoken LTD first company in East Africa to be awarded Child Labour Free by Federation of Kenyan Employers
- Achieved Compliance to BSCI standards
- No violations of Freedom of Associations, Collective Bargaining, Child Labour Free, Forced Labour or Discrimination Policies reported.
- Maintained constructive relationship with Union

ACTIONS TO BE IMPLEMENTED IN 2017

- Expand our communication to employees about Company policy and procedures
- Continue and strengthen our actions in ensuring Company policies are not violated
- Continue to organise activities to promote employee wellbeing

ENVIRONMENT

Principle 7: Business should support a precautionary approach to environment challenges;

Principle 8: Business should undertake initiative to promote greater environmental responsibility;

Principle 9: Business should encourage the development and discussion of environmentally friendly technologies.



Frigoken staff plant trees in effort to rehabilitate Muvaa river

ASSESSMENT, POLICY AND GOALS

Frigoken LTD is committed to operating in a manner that protects the environment.

A written energy policy approved by the Energy Regulatory Commission (ERC) is in place and FKL complies with all regulations. An energy audit is conducted every three years by a third party organization. Energy and water conservation activities are prominent at the plant and continuous initiatives are implemented to increase energy efficiency. A water recycling initiative uses water for from vegetable washing. Frigoken has a comprehensive waste management program to reduce and eliminate waste going in to a landfill.

Frigoken also promotes sustainable farming practices among the small-scale farmers that supply the company. Various initiatives are in place for the training of farmers on sustainable agriculture and water conservation practices in order for small-scale farmers to manage challenges faced due to climate change. In addition to in depth training, FKL has established projects that enable small-scale farmers to have access to affordable and effective solutions. The Water Pan project is one such project that supplies farmers with UV treated polythene liners to create a water storage area in order to address infrequent rains and other water access issues they may face.

Frigoken LTD has also piloted a Young Farmers project that engages students from local schools, which began in 2016. Experts and trained staff from Frigoken partner with the schools' environmental and agriculture clubs and hold trainings and follow up visits for crops that are grown by the students on the school grounds. The aim of the project is to address the gap in agricultural education found in the younger generation, while also ensuring what is being taught adheres to sustainable and good agricultural practices.

IMPLEMENTATION

- Frigoken has an energy management committee comprised of employees from various departments that work towards improving energy efficiency at the plant.
- A group of staff at the field level work with farmers on a day to day basis to train and promote sustainable agriculture
- Employees are trained on energy management across the factory and awareness created through posters and other communication methods
- Switched lighting to LED bulbs in processing plant
- Consistent measurement of energy KPIs
- Consistent tree planting initiatives across the local community
- Field staff implement and monitor sustainability project that enhance farm productivity such as the water pan and agroforestry projects.

MEASUREMENT OF OUTCOMES

- Energy Audits and reviews conducted internally and externally
- Successful compliance to local Energy Regulation
- Effluent analysis for waste water carried out every month to ensure standards are met
- Over 3.5 million trees planted to date; received awards from Total Eco Challenge
- Energy savings achieved
- Over 4,000 water pans issued to farmers and an increase in produce evident
- The school that piloted the young farmers project was able to sell produce grown to teachers, parents and local community. These earnings are put back in to the project to sustain and grow it.

ACTIONS TO BE IMPLEMENTED IN YEAR 2017

- Reduce energy consumption and increase energy efficiency
- Increase initiatives that promote sustainable agriculture

- Increase initiatives at factory that conserve water
- Scale Young Farmer's project to include at least two more schools
- Continue to increase farmer uptake for water pans
- Continue to study and monitor environmental challenges and issues faced by small-scale farmers

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ANTI- CORRUPTION

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.



Outside view of the Frigoken plant

ASSESSMENT, POLICY AND GOALS

Frigoken LTD is committed to operating in accordance with all applicable laws and in an ethical manner. Frigoken LTD's Code of Ethics deters all employees from any corrupt behaviour and explicitly states that employees cannot accept gifts from various stakeholders. Any bribery or corruption is not acceptable, whether it is a public official or employee of the private sector.

IMPLEMENTATION

- A clear Code of Conduct for all stakeholders to abide by
- A no tolerance attitude towards corruption

MEASUREMENT AND OUTCOMES

- Frigoken has not been involved in any legal proceeding , ruling or other events related to bribery or corruption
- Frigoken's financial reports are verified and audited by a third party to ensure accuracy and transparency

ACTIONS TO BE IMPLEMENTED IN 2017

- Thorough training for all employees on company's anti-corruption policies
- Achieve The Blue Company Project Membership.