



FRIGOKEN LIMITED  
UNITED NATIONS  
GLOBAL COMPACT  
COMMUNICATION ON  
PROGRESS  
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 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: 3000

UNGC signatory since: 2016

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## 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 reflects the Company's commitment to supporting the UNGC and highlights the actions that Frigoken undertakes to integrate the Global Compact and its principles into the business. This report also shows our actions and initiatives in accordance with the Sustainability Development Goals (SDGs), where Frigoken is actively addressing 11 of the 16 SDGs.

Frigoken commits to sharing this information with its stakeholders.

This communication progress report covers the period of the year 2017.

Mr. Karim Dostmohamed  
General Manager  
Frigoken Limited

## ABOUT US: FRIGOKEN

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 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.

Frigoken's commitment to the Sustainability Development Goals: *Actively addressing 11 of the 16 goals.*





Frigoken has a strict **no child labour** policy, it was the first company in Kenya to be certified as child labour free by the Federation of Kenyan Employers. The policy states that in the unlikely case of a child being found working in the company, FKL will ensure the child is enrolled in school and assist with school fees for the child. FKL also promotes **lifelong learning** for employees through skill enhancing trainings throughout their employment. Employees who are due for retirement also participate in retirement trainings. Additionally, the company has an onsite crèche facility for children aged 6 months to 3 years, that is focused around the principles of **Early Childhood Development (ECD)**, recognizing the gap of quality childcare and ECD services within the community. Since 2012, about **100** children have graduated from the ECD program.

Over **90%** of Frigoken's employees at the processing plant are women, most of whom reside in the surrounding community, providing a supplementary income for households. Frigoken recognizes the challenges working women face, child care being a major one and thus, established an onsite child care facility; a unique service in the region. With a large workforce, and a limited capacity at the crèche, FKL partnered with the Aga Khan Foundation and Daraja to enhance local child care facilities to improve the quality of care for the children.

Furthermore, approximately **50%** of the farmers engaged in Frigoken's value chain are women. Frigoken has a strict **no discrimination** policy, promoting gender equality in the workplace and supply chain.





Frigoken's drive to reduce poverty is evident in its value chain. The company has engaged over **70,000** small-scale farmers to supply the FKL with raw material, and employs over **3000** people. Improving quality of life is a key objective for the company and creating economic opportunities enables self-reliance, which is fundamental to reducing poverty.

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While contracting small-scale farmers, Frigoken ensures farmer do not use their entire land to farm product for the company but encourages subsistence farming and other cash crops, promoting **self-reliance**.

Additionally, Frigoken supplements feeding programmes of local schools and homes with horticultural produce.

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Creating a **safe workplace** is paramount and a comprehensive Health and Safety Programme is in place, guided by local and international standards. KPIs on health and safety incidents are regularly monitored and staff are continuously trained on health and safety. Any visitors or contractors to the facility are also provided with a health and safety induction.

Furthermore, the **Workplace Wellness Programme** promotes the health and wellbeing of employees in three areas: physical, psychosocial & financial. The programme is run by peer-educators, employees who are trained and passionate about wellness. Through the programme, wellness information sessions are conducted as well as onsite health camps for employees, through partnerships with local health care providers.





FKL is committed to increasing **resource efficiency** in its operations, water being a primary concern. Local regulations regarding water usage and water waste are strictly adhered to. The company conducts frequent testing of effluents, ensuring that they are within the stipulated requirements. Additionally, the companies internal water reuse system uses waste water from processing for the washroom facilities.

Through the extension provided to farmers, field staff promote and train farmers on the **sustainable use of water for irrigation**

Frigoken operates in both rural and urban environments and promotes employment for the local community. Creating **quality employment** is a key objective for Frigoken and adheres to the **Business Social Compliance Initiative (BSCI)**. BSCI is guided by the 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). These principles include: the rights of freedom of association and collective bargaining, no discrimination, fair remuneration, decent working hours, occupational health and safety, no child labour, special protection for young workers, no precarious employment, no bonded labour, protection of the environment and ethical business behavior.



Through the comprehensive **Waste Management System (WMS)**, FKL is committed to ensuring wastes are disposed of properly, creating no negative impacts to the community and reducing negative impacts to the environment. The company complies with **ISO 14001:2004**. The WMS ensures separation of waste and as much as possible, reusing and recycle wastes to reduce the amount of solid waste going to landfills; currently **84%** of the companies waste is diverted from landfills. The company is continuously and actively looking at ways to reduce this further.

Additionally, FKL is committed to **resource and energy efficiency** and adheres to all regulations stipulating energy and resource usage. In 2015, FKL had its first energy audit and has since implemented several initiatives to reduce and optimize energy usage.



The impact of climate change have severely affected the small-scale farmers that FKL engages and the company has several initiatives in place to assist them in addressing them. Small-scale farmers depend heavily on rain-fed agriculture and with infrequent rains and extreme weather conditions, yields have decreased. In collaboration with The Nature Conservancy, FKL implements a Water Pan project entailing an **affordable and accessible solution** for farmers, where a rain harvesting and water storage unit is created using UV-treated polythene liners. Additionally, extension provided to farmers promotes the sustainable and efficient use of water for crops. These practices assist farmers beyond the produce they grow for the company.

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Frigoken is conscious of its operations and practices and the impacts they could have on the environment and has in place an Environmental Management System that is guided by local regulation and ISO 14001:2004.

Additionally, FKL actively engages in tree growing, particularly in areas of operation and in the communities of the out growers engaged. To date, over **3.5 million trees** have been planted. Land degradation is also of concern for small-scale farmers and initiatives are in place to help farmers improve **soil fertility** from training farmers on composting and using manure.

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Operating in an **ethical** and **accountable** manner is a core value for Frigoken Limited and hence subscribes to the principles of BSCI. Additionally, FKL has become a voluntary member of The **Blue Company Project**. This project is an initiative of volunteer corporations and institutions who have the public interest at heart with the objective of encouraging companies to fight corruption in all its forms.

## MEETING THE UNGC PRINCIPLES



HUMAN RIGHTS



LABOUR RIGHTS



ENVIRONMENT



ANTI-CORRUPTION

Frigoken is committed to meeting the 10 principles set out by the United Global Compact.

Below is an overview of our initiatives that address the 10 principles.

## HUMAN RIGHTS

PRINCIPLE	POLICY & GOALS	IMPLEMENTATION & OUTCOMES	GOING FORWARD
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: Make sure that they are not complicit in human rights abuses</p> <p>Refer to SDGs 1,4,5,8, 16</p>	<p>1) Social Accountability Policy that ensures human rights are protected, including women's rights and children's rights</p>	<p>1) Maintained compliance with BSCI</p> <p>2) No human rights violations identified or brought to the company's attention from any stakeholder</p> <p>3) Engaged the Federation of Kenyan Employers to conduct a talk to employees on the laws and rights of employees in terms of HIV/AIDS</p>	<p>1) Continue to comply with human rights policies and practices, with guidance from BSCI</p> <p>2) Continue to engage employees in discussion on human rights issues</p>

## LABOUR RIGHTS

PRINCIPLE	POLICY & GOALS	IMPLEMENTATION & OUTCOMES	GOING FORWARD
<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right of collective bargaining;</p> <p>Principle 4: The elimination of all forms of forced labour and compulsory labour</p> <p>Principle 5: The effective abolition of child labour</p> <p>Principle 6: The elimination of discrimination in respect of employment and occupation.</p> <p><b>Refer to SDGs 3,4,5,8,16</b></p>	<p>1) Strict compliance to BSCI principles (refer to section 8 for more details)</p> <p>2) Equal opportunity employer with distinct procedures to ensure effective communication between management and the union</p> <p>3) Strict No Child Labour and No Forced Labour Policy</p> <p>4) Comprehensive Safety, Health, Environmental and Quality (SHEQ) system and Environmental, Health and Safety Policy</p>	<p>1) No employee can be hired without a government issued ID card, ensuring no one below the age of 18 works for the company – no cases found of any one without an ID card</p> <p>2) No violations of Freedom of Associations, Collective Bargaining, Child Labour Free, Forced Labour or Discrimination policies reported.</p> <p>3) Monthly health information sessions held and two onsite health camps for employees</p> <p>4) Addressed psychosocial wellbeing by introducing a counselling service for employees weekly.</p>	<p>1) Continue to comply with Labour regulations and BSCI principles</p> <p>2) Monitor employment to ensure all employees have a government issued ID card and other required documents</p> <p>3) Maintain effective relationship with Union and continue meetings every two years</p> <p>4) Continue to engage counselor for staff and expand workplace wellness programme to field staff.</p>

## ENVIRONMENT

PRINCIPLE	POLICY & GOALS	IMPLEMENTATION & OUTCOMES	GOING FORWARD
<p>Principle 7: Businesses should support a precautionary approach to environment challenges;</p> <p>Principle 8: Business should undertake initiative to promote greater environmental responsibility;</p> <p>Principle 9: Business should encourage the development and discussion of environmentally friendly technologies</p> <p>Refer to SDGs 6, 12,13 and 15</p>	<ol style="list-style-type: none"> <li>1.Comprehensive Environment Management System (EMS) ensuring strict compliance to local regulation</li> <li>2.Comprehensive Waste Management System (WMS) ensuring proper management of waste</li> <li>3.Commitment to reducing energy and resource usage</li> <li>4.Commitment and efforts to assisting small-scale farmers face challenges brought about by climate change</li> </ol>	<ol style="list-style-type: none"> <li>1.Increased voltage optimization, which showed an improvement in electricity KPI</li> <li>2.Planted 2,315 trees in a community school</li> <li>3.Diverted 84% of waste from landfills</li> <li>4.1,394 water pans issued to farmers</li> </ol>	<ol style="list-style-type: none"> <li>1.Continue and increase tree planting efforts</li> <li>2.Increase energy and resource efficiency</li> <li>3.Continue to divert waste from land fills</li> <li>4.Continue water pan issuance to farmers, trainings on water efficiency and research for solutions and technologies that farmers could adopt.</li> </ol>

## ANTI-CORRUPTION

PRINCIPLE	POLICY & GOALS	IMPLEMENTATION & OUTCOMES	GOING FORWARD
<p>Principle 10: Business should work against corruption in all its forms, including extortion and bribery</p> <p><b>Refer to SDG 16</b></p>	<p>1.Frigoken is committed to operating in accordance with all applicable laws and in an ethical manner</p> <p>2.The company has a strong zero tolerance attitude to any bribery and corruption</p>	<p>1.FKL joined the Blue Company Project</p> <p>2.FKL's anti-corruption policy was communicated to all staff via notices</p>	<p>1.Maintain membership to the Blue Company Project</p> <p>2.Ensure there are no incidents of corruption</p> <p>3.Maintain an effective whistle blowing mechanism to ensure that any incidents are known of</p>

