



## Communication on Progress Year: 2014/2015

### Statement of Continued Support of the UN Global Compact

To Our Esteemed Members/Stakeholders

I am honoured to confirm that the Federation of Kenya Employers (FKE) reaffirms its commitment and support of the United Nations Global Compact principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

This annual Communication on progress, describes our actions to continually improve the integration of the Global Compact and its principles in to our daily operations as an Employers umbrella body in Kenya. We also commit to share this information with our stakeholders in all relevant forums and channels to add value in the work we do as we serve our members.

Yours Sincerely,

**JACQUELINE MUGO, MBS.**

**EXECUTIVE DIRECTOR-FKE**

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17<sup>th</sup> April 2015,

**Company name:** Federation of Kenya Employers (FKE)

**Sector:** Business Associations-Trade Union

**Number of employees:** 58 Staff members

**UN Global Compact signatory since:** 13<sup>th</sup> February 2007

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#### **Brief description of nature of business**

**The Federation of Kenya Employers (FKE)** is Kenya's leading employers' organization in advocacy, industrial relations, employment laws and related value-add services through management, consultancy and training. FKE has been representing employers' interest both locally and internationally since **1959**.

**FKE** has a wide network that has enabled it to play a critical part in member engagement and service delivery.

Employers' interests are always safe guarded, due to FKE's representation in various taskforces, committees and boards.

At a national level the management board is involved in various forums where key issues of importance to the private sector are discussed including promotion of public-private sector dialogue, which is critical for enhancing a business friendly environment.

FKE represents employers' interests in various forums, boards and institutions such as the Labour Advisory Board, the National Social Security Fund (NSSF), the National Hospital Insurance Fund (NHIF), the African Union Labour and Social Affairs Commission and Directorate of Industrial Training; among others.

The Federation runs programs and services across the country through branch networks, open courses and clinics. In addition, FKE also provides regular updates on economic indicators to allow members to make informed management decisions.

### **Scope of this COP**

Federation of Kenya Employers is an Employers Umbrella body in Kenya. All its activities are aimed at supporting Employers in the country through advocating, endorsing, and defending the interests of employers. In addition, the Federation supports good management practices and develops sustainable institutional capacity and competence among its members. Therefore scope of this COP covers all the four areas beginning from 23<sup>rd</sup> April 2014 to 22<sup>nd</sup> April 2015.

# Human Rights

## UN Global Compact principles covered:

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

Principle 2: Business should ensure that they are not complicit in human rights abuses

## Human Rights Current

### ***A brief description of our Processes or Systems:***

*The Federation of Kenya Employers is an Employers umbrella organization core values are to Uphold the principle of tripartism in the promotion of social policy Maintain confidentiality in its dealings with members, Promote the principles of diversity, transparency and integrity, Maintain good governance and a national character in representation of its organs and staffing Practice professionalism in its service. Therefore no case of Human Rights violation was reported at the Federation among its staff members.*

### ***Activities implemented in the last year:***

The Federation of Kenya Employers continued to build the capacity of Employers in promoting the rights of Employees at the work place. This includes Trainings on Occupational Safety and Health, Labour laws which include the Work Injury Benefits Act. This was in an effort to ensure that human rights at work place especially those of the Employees are protected.

### ***Measurement of outcomes and value added for our company:***

Federation of Kenya Employers engaged its staff in the end of year all employees were asked to express their opinion about what services are the most important to be included into Health insurance terms and conditions. All feedback and proposals were evaluated and conclusions made before choosing the insurance provider for the next 2015 year. This included better maternal care provision for staff.

## Human Rights Future

### ***Activities planned for next year:***

- *Implement the FKE HIV Workplace policy*

# Labour Rights

## UN Global Compact principles covered:

- Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4: Business should support the elimination of all forms of forced and compulsory labour
- Principle 5: Business should support the effective abolition of child labour
- Principle 6: Business should support the elimination of discrimination in respect of employment and occupation

## Labour Right Current

### *A brief description of our Processes or Systems:*

FKE has been committed to ensure that companies uphold Employee rights at the workplaces. This includes both internal and external levels. No cases of Labour rights violations were reported at the Federation of Kenya Employers. Therefore much of the focus was in supporting Employers to address the issues of Labour Rights at their own workplaces.

### *Activities implemented in the last year:*

The Federation assisted Employers to conclude and register **228** agreements during the period under review. This was against **315** CBA's registered by the Employment and Labour Relations Court in the same period indicating that at least **two thirds of registered agreements were negotiated at the Federation**. Most of the agreements concluded during this period ranged between **8% - 12%** on basic salary, which is a marginal drop from 13.5% on the upper limit witnessed in the previous year. Housing allowance ranged between **Ksh. 2,000 and Ksh. 4,500 or 15% of the basic salary** whichever was higher albeit with a few exceptions on the upper side. The year under review experienced a rare relief during which Government did not announce a general increase on the prevailing minimum wages gazetted on 30<sup>th</sup> August 2013 effective 1<sup>st</sup> May 2013. This followed spirited resistance from the Federation which asserted that no wages increment would be justifiable without factoring in productivity, a position to which both the union and the Government sides were averse to. This is a position which the Federation looks forward to carrying on until the process of wage determination in Kenya will be based on a sustainable economic model. During the review period inflation ranged between 8.9% and 5% a factor which influenced the outcome of wage determination towards single digit figures albeit with stiff resistance from the unions who are traditionally inclined towards achieving higher percentages that were realised in the preceding years.

	<p><b>Conciliations</b></p> <p>The Federation continued to assist members in settling trade disputes at their respective county Labour Offices or Federation of Kenya Employers offices. A total number of 113 trade disputes were attended to by FKE officers out of a total 1,482 disputes reported in the Country. This was down from the 157 recorded in the previous year. The issues which featured prominently in the conciliations were; redundancy, alleged wrongful terminations and dismissals, Collective Bargaining Agreements, recognition and de-recognition of trade unions, disciplinary procedures, redundancy, casual employment, maternity leave, sick leave, hours of work and workers on short term contract employment.</p> <p>Members continued to consult our Industrial Relations/ Legal Officers on various issues. A minimum of 1,575 consultations were conducted, down from the 1,805 recorded in the previous year. These were done through personal visits, telephones and emails. The drop can be attributed to members enhancing their internal capacities especially through regular interactions with officers of the Federation through consultations, members forums on topical issues and training etc.</p> <p><b><i>Measurement of outcomes and value added for our company:</i></b></p> <ul style="list-style-type: none"> <li>• two thirds of registered agreements were negotiated at the Federation</li> <li>• A total number of 113 trade disputes were attended to by FKE officers out of a total 1,482 disputes reported in the Country</li> <li>• 1,575 consultations were conducted</li> </ul>
<p><b>Labour Rights Future</b></p>	<p><b><i>Activities planned for next year:</i></b></p> <p>We plan to engage all Labour related stakeholders in the process of ensuring a conducive labour environment in Kenya including active participation of the review of Work Injury Compensation Bill, 2013 which is intended to repeal the Work Injury Benefits Act, 2007 and the National Social Security Fund (NSSF) Bill, 2013 which is intended to repeal the NSSF Act. In addition we plan to continue advising Employer in Kenya of fair labour practices to ensure Employers adhere to and practice labour rights at their workplaces.</p>

# Environment

## UN Global Compact principles covered:

- Principle 7: Business should support a precautionary approach to environmental challenges
- Principle 8: Business should undertake initiatives to promote greater environmental responsibility
- Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies

## Environment Current

### ***A brief description of our Processes or Systems:***

*The Federation of Kenya Employers is committed to ensuring protection of Environment by itself and member companies; however no activity on Environment was carried on in the year.*

## Environment Future

### ***Activities planned for next year:***

- Engage Employees in environmental conservation initiatives in Kenya.

# Anti-corruption

UN Global Compact principles covered:

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

<p>Anti-corruption Current</p>	<p><b>Commitment:</b></p> <p><i>Federation of Kenya Employers as an Umbrella Employers body is committed to raising its voice to point out where corruption takes place and recommend for necessary action by relevant stakeholders or Government systems.</i></p> <p><b>A brief description of our Processes or Systems:</b></p> <p><i>The Federation is not a business running institution, thus the secretariat deals with FKE members with dignity and honesty. Therefore no cases of corruption were reported at FKE. However, the Federation has been in the fore front to fight alleged corruption taking place in the institution which takes care of Kenya workers social security fund.</i></p> <p><b>Activities implemented in the last year:</b></p> <p><i>The Federation engaged key stakeholders to fight corruption in Kenya</i></p> <p><b>Measurement of outcomes and value added for our company:</b> In 2014 there were no cases of conflict of interest reported in FKE. There were no reported cases about attempt of bribery as well. Through the above mentioned activities, FKE has continuously received recognition as a reputable and strong Employers Umbrella organization in the region.</p>
<p>Anti-corruption Future</p>	<p><b>Activities planned for next year:</b></p> <p>In year 2013/2014 there were no cases of conflict of interest in the company. There were no reported cases of bribery as well. We did not receive any related complaints during the year. The goal for the next years is to sustain this performance of no complaint or report.</p>



**How do you intend to make this COP available to your stakeholders?**

The Federation of Kenya Employers intends to post this COP on its website and the FKE annual reports in the best practice of sharing information with our stakeholders

**Donations, awards**

We support the community in various activities among them are:

Through the FKE Adopt A School initiative where we are supporting local schools to ensure communities have their children in schools and more so in better learning environments. In addition lobbying government to put in place policies that protect the interest of the poor who do not have a voice for example policies of affordable prices for basic food commodities, and security of every Kenyan.