

FRIGOKEN LIMITED



COMMUNICATION ON PROGRESS

UNITED NATIONS GLOBAL COMPACT



2019

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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. It highlights the actions that Frigoken undertakes to integrate the Global Compact and its principles as well as the Sustainability Development Goals (SDGs) into the business's strategy and operations. The company actively addresses 11 of the 17 SDGs.

Frigoken commits to sharing this information with its stakeholders.

This communication progress report covers the period of the year 2019.

Mr. Karim Dostmohamed
General Manager
Frigoken Limited

STATEMENT OF SUPPORT



CONTENT

ABOUT THIS DOCUMENT

CONTACT INFORMATION

STATEMENT OF SUPPORT

ABOUT US

SUSTAINABLE FARMING

OUR PEOPLE

HEALTH AND WELL-BEING

GOVERNANCE

INVESTING IN TOMORROW'S LEADERS

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

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

Physical Location: Baba Dogo along Baba Dogo Road.

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ABOUT US

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.



SUSTAINABLE FARMING

UNGC PRINCIPLES

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

Environment:

Principle 7:

Businesses should support a precautionary approach to environment challenges;

Principle 8:

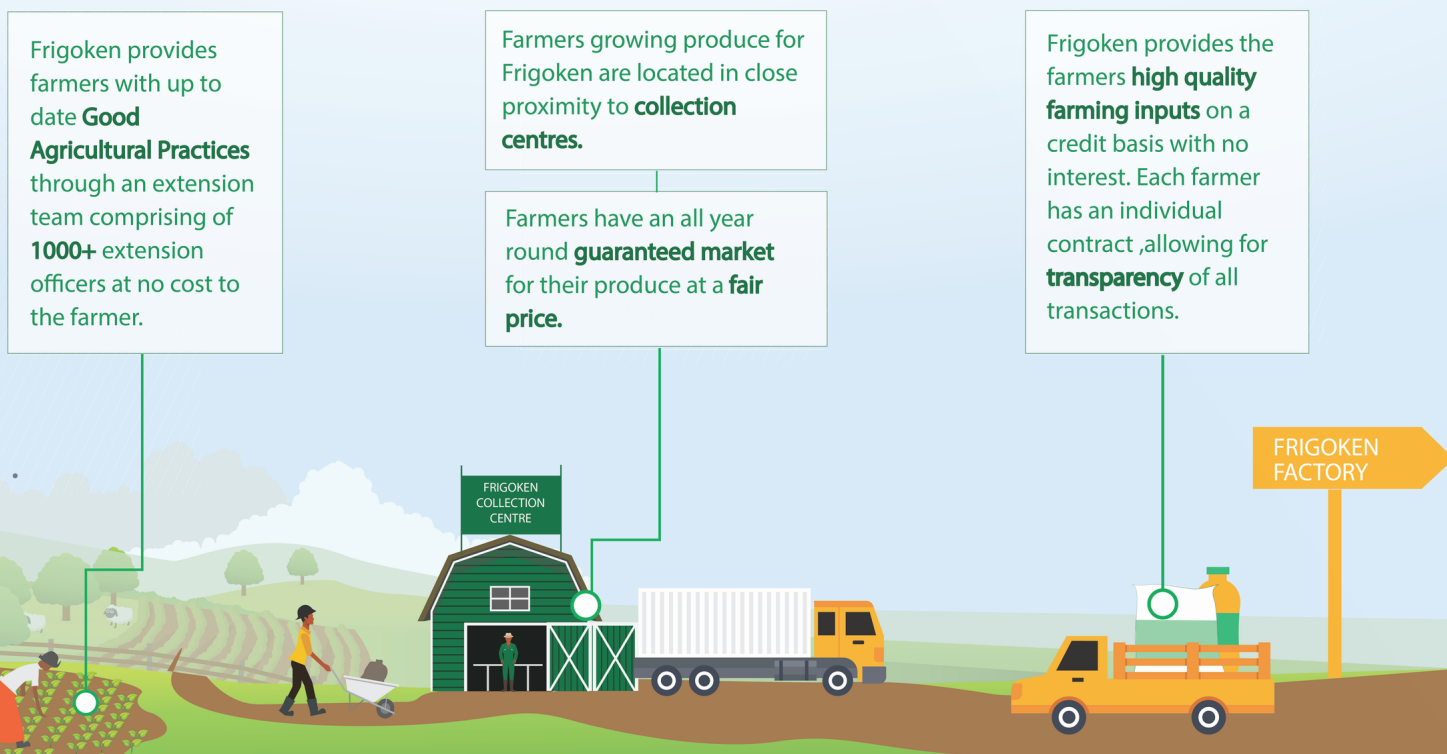
Business should undertake initiative to promote greater environmental responsibility;

Principle 9:

Business should encourage the development and discussion of environmentally friendly technologies



Frigoken engages **thousands of small-scale farmers** in its value chain. Frigoken's model (refer to diagram below) is to source raw material from local farmers. As part of the model, farmers only farm a portion of their land for Frigoken produce and farmers are encouraged to continue subsistence farming and other cash crops, promoting self-reliance and increased incomes. FKL works with farmers to employ good agricultural practices that promote the efficient use and preservation of natural resources without negatively impacting the environment.



SUSTAINABLE FARMING

WATER



The impact of climate change continues to impact small-scale farmers, who depend heavily on rain-fed agriculture. Infrequent rains and extreme weather conditions have resulted in reduced crop yields and in turn, household incomes. FKL's extension services provided to farmers promotes the sustainable and efficient use of water. In 2019, over 300 field employees and farmers were trained on simple, effective and affordable methods of rain water harvesting. The company works hand-in-hand with the farmers and like-minded partners to tailor make solutions, ranging from both community and individual irrigation interventions such as furrows, wells, communal pumps and drip irrigation.

IMPROVING WATER ACCESSIBILITY

In 2018, FKL partnered with the Netherlands Development Organization (SNV) and the local farming communities in Kirinyaga to improve and expand an existing piping project to support irrigation needs. The project construction was finalized at the end of 2019 and is being operated and managed by the local community, providing over **100 farmers access to water for farming**. In 2019, FKL embarked on a similar project targeting 50 farmers in Subukia, which is currently under construction.



WATER PANS

In collaboration with The Nature Conservancy, FKL implements a "Water Pan" project to promote water harvesting and storage. This project promotes use of an affordable and accessible solution for farmers in the form of UV-treated polythene lined pans. **To date, 11,321 water pans have been distributed to over 8,700 farmers.**

SUSTAINABLE FARMING

AGRO-FORESTRY

Maintaining the balance between conservation and farming, Frigoken encourages its out growers to adopt agro-forestry techniques as an integral part of farm management. To date, 3.5m trees have been planted, improving soil fertility and providing fodder, food and fuel for rural communities. In 2018, FKL's agroforestry programme targeted the Embu region in Kenya. 20 extension staff were trained on tree seedling nursery set-up and management. Seedlings grown were then distributed to local farmers to plant and grow on their farms; 50,000+ fodder and fruit seedlings were distributed. In 2019, 17,500 Hass avocado seedlings were distributed to over 5000 farmers in the Muranga and Kirinyaga regions. The high-value crop not only offers the benefits of agroforestry, but a source of income from the fruits.

SOIL INTERVENTIONS

Land degradation and its impacts on crop yield and quality of produce is a growing concern for farmers. FKL's initiatives that help farmers improve soil fertility entail training farmers on composting and using manure.

In 2018, FKL piloted an innovative biochar programme, using rice husks, manure from a local pig farm and stinging nettle. Biochar not only supplement soil with nutrients, but also enable the soil to retain them. The pilot showed an **improvement in plant vigor, height and leaf dimensions**. In 2019, phase 2 of the programme was implemented, which focused on scaling to include more farmers and planting units; a total of 145,000 kilograms of biochar has been distributed to almost 2000 planting units. Results from the first two phases has shown an increase in yield by over 20%. The intervention will continue to be scaled and monitored in 2020.

In partnership with COLEACP and Crop Nuts, a soil analysis was undertaken in the various areas where French Beans are grown. Based on these results, 15 **demonstration plots** of improved practices were set up, which are currently ongoing with results expected early 2020.



OUR PEOPLE

UNGC PRINCIPLES

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

Labour Rights:

Principle 4:

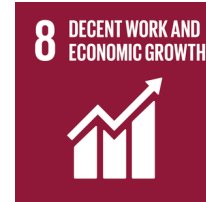
The elimination of all forms of forced labour and compulsory labour

Principle 5:

The effective abolition of child labour

Principle 6:

The elimination of discrimination in respect of employment and occupation.



Frigoken operates in both rural and urban environments, promoting employment for the local community. Frigoken adheres to the **Business Social Compliance Initiative (BSCI)**, which is guided by the principles from the Internal Labour Organization (ILO), the United Nations (UN) Guiding Principles on Business and Human Rights and the Organization for Economic Co-operation and Development (OECD). In 2019, FKL successfully underwent the BSCI audit and has already closed all improvement recommendations.



As part of Frigoken's 30 year celebrations, over 130 employees were recognized for serving the company for more than 15 years.

OUR PEOPLE

PRINCIPLES AND POLICIES

Human Rights

We support and respect the protection of internationally proclaimed human rights and ensure we are not complicit in any human rights abuses.

Labour

Being the first company in Kenya to be certified as Child Labour free by the Federation of Kenya Employers, we take a strong stance against child labour, forced or compulsory labour.

No Discrimination

We provide equal opportunities and do not discriminate against workers.

Worker's Association

We respect the right of workers to form unions or other kinds of worker's associations and to engage in collective bargaining.

Fair Remuneration

We respect the right of our employees to receive fair remuneration

No Precarious Employment

We hire our employees on the basis of documented contracts according to the law.

CREATING EQUAL OPPORTUNITY

Over 80% of Frigoken's employees at the processing plant are women, most of whom reside in the surrounding community, providing a supplementary income for households. The company recognises the challenges working women face, child care being a major one. Thus, FKL 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 more than 12 local child care facilities to improve the quality of care. Frigoken staff also have access to an onsite cafeteria, sick bay and clinic.

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.

In 2019, no cases of discrimination were reported.

Over 1000 people are directly employed in the rural communities that FKL sources its raw material from



OUR PEOPLE

PROMOTING PROFESSIONAL DEVELOPMENT

FKL promotes professional development for employees through both internal and external skill enhancing trainings across different departments. In 2019, in addition to department-specific skill trainings, sessions were held on health and safety, ethics and code of conduct, discrimination, fair remuneration, working hours, effective water usage, first aid, waste management, team work, emergency procedures and fire safety, grievance mechanisms & child labour.



2019 ACTIVITIES & ACHIEVEMENTS

Over 200 trainings conducted for employees across all departments

Maintained compliance and adhered to BSCI requirements, closed all improvement recommendations.

No cases of child or forced labour reported

100% of employee grievances closed

Maintained effective relationship with Union, of which 100% of permanent employees are members of.

Over 15 internships provided to youth across various departments

HEALTH AND WELL-BEING

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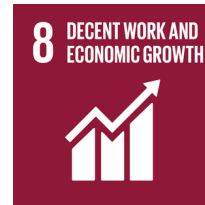
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HEALTH & SAFETY

Creating a **healthy and safe workplace** is essential for the company. FKL, therefore, has a comprehensive Health and Safety Programme in place, guided by local and international standards. The programme is managed by the Health and Safety committee, consisting of various levels of management from different departments. The committee plans, actions, and evaluates health and safety. Key performance indicators 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 and relevant Personal Protective Equipment (PPE).



HEALTH AND WELL-BEING

WORKPLACE WELLNESS

The Workplace Wellness Programme promotes the **health and wellbeing of employees** in three areas: physical health, psycho-social health & financial wellbeing. 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, by partnering with local health care providers. To date, **over 50 health outreaches** have been conducted for employees. In 2019, the programme was informed using data from the onsite sick bay and sick-off analysis.

Addressing the health issues raised from this resulted in a **9% decrease in sick days off** and a **22% decrease of pneumonia cases** and an **18% decrease of malaria cases** - the two most common illnesses among staff. In 2018, FKL engaged a counselor once a week for staff to have one-on-one sessions with or group counselling. In 2019, **227 employees had counseling sessions**. Two years in to this programme, the counsellor has reported reduced stress levels, increased awareness and improved self-esteem among staff.

COMMUNITY WELLNESS

Frigoken **cares about all the communities** it is part of, from the various out grower communities to the local community surrounding FKL's processing facility. Health outreaches and community interventions vary across these communities. In 2019, FKL partnered with a local hospital in Meru, Cottelongo Mission Hospital, for a **medical screening camp for small-scale farmers**, providing services for blood pressure, blood sugar, HIV/AIDs, cervical cancer and family planning.

2019 ACTIVITIES AND ACHIEVEMENTS

4 health and safety audits conducted, 9 committee meetings, 1 external health and safety training conducted and over 50 internal health and safety trainings held for all employees.

2 onsite medical camps held for employees, screening for blood pressure, blood sugar, vision testing and dental check ups; 333 staff screened.

15 health information sessions conducted for staff resulting in a 9% decrease in sick days off and a 22% decrease of pneumonia cases and an 18% decrease of malaria cases

Increased uptake of onsite weekly counselling services for employees; 227 one-on-one sessions conducted.

1 medical camp conducted for farmers; 212 farmers screened.



ENVIRONMENT

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



ENVIRONMENT

A photograph showing green leafy vegetables being washed in a metal tray with water spraying over them.

WATER EFFICIENCY

FKL is committed to increasing resource efficiency in its operations, water being a primary concern. Through the **water management programme**, local regulations regarding water usage and water waste are strictly adhered to and water audits are undertaken to identify opportunities for improved efficiency. The company conducts monthly testing of effluents, ensuring that they are within the stipulated requirements. Additionally, the company's internal water reuse system uses waste water from processing for the washroom facilities, where **over 60% of water** used for vegetable washing is recycled. In 2019, these efforts continued to include recycling of water used for cooling, resulting in a **28% consumption reduction annually**.

ENERGY MANAGEMENT

FKL is committed to resource and energy efficiency and adheres to all regulations stipulating energy and resource usage. Since 2015, FKL has had **two comprehensive investment-grade energy audits** and has implemented several initiatives to reduce and optimize energy usage, implemented by and Energy Management Committee. In 2019, energy management initiatives included light retrofits, boiler optimization and installing voltage optimizers.

WASTE MANAGEMENT

Through a **comprehensive Waste Management System** (WMS), FKL is committed to ensuring waste is disposed of properly, reducing negative impacts to the environment and surrounding community. The company complies with ISO14001:2004. The WMS ensures correct handling and separation of waste and as much as possible, reusing and recycle wastes to reduce the amount of solid waste going to landfills.

2019 ACTIVITIES & ACHIEVEMENTS

Frigoken was recognized for the second year in a row at the Kenya Association of Manufacturer's Energy Management Awards as the Winner for the medium consumer fuel-saving category.

Increased waste diverted from landfills by 5% compared to 2018; currently 93% of the company's waste is diverted, surpassing the company's target of 90%. Since 2018, there has been a 9% reduction in waste to landfill.

11 trainings held for employees related to waste, water and energy management.

GOVERNANCE

UNGC PRINCIPLES

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Anti - Corruption

Principle 10:

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



Operating in an **ethical and accountable manner** is a core value for Frigoken, hence subscribes to the principles of BSCI. Additionally in 2017, FKL became 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. The company continues to maintain membership to this initiative. There were no cases of bribery or corruption reported in 2019.



INVESTING IN TOMORROW'S LEADERS

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Childcare at the workplace

The company has an onsite crèche facility for children aged 6 months to 3 years, that incorporates the principles of **Early Childhood Development (ECD)**, recognizing the gap of quality childcare and ECD services within the community.

ECD trained carers at the crèche also conduct trainings and information sessions for parents on the principles of ECD and how to practice them at home, how to use locally available materials to create learning and play materials and nutrition and hygiene. To date, 136 children have graduated from the programme.

INVESTING IN TOMORROW'S LEADERS



YOUNG FARMERS

Frigoken's Young Farmers project aims to **secure food production for the years to come** by complementing agricultural programmes in schools with practical learning. Kitchen garden in the school premises are set up as demonstration areas. Members of the company's field team then provide trainings to the students. In 2019, 526 students across 5 schools participated in the programme. They were trained on making compost, nursery establishment, avocado growing, transplanting and irrigation. They also looked after their kitchen gardens where they grew kale, spinach, coriander and other vegetables.

CREATING OPPORTUNITIES

FKL believes in investing in tomorrow's leaders by providing a **diverse range of opportunities for young graduates** looking for experience. Through its internship and graduate management programmes, FKL provide hands on experience in a wide range of fields, from agriculture to engineering.

SUPPLEMENTING FEEDING PROGRAMMES

Frigoken supplements feeding programmes of local schools and homes with horticultural produce. In 2019, Frigoken supported 4 homes and 1 school, providing a total of 3,968 kilograms of vegetables, increasing the nutritional content of meals provided.

2019 ACTIVITIES & ACHIEVEMENTS

Creche:

136 graduates to date, 13 graduates in 2018

Young Farmers:

Expanding the reach of the programme to 526 students, from 300 in 2018.

Employment opportunities for youth:

15 attachments and 4 internships provided to youth in production, engineering and finance.

Feeding Programme:

3,968 crates of vegetables provided to 5 local homes and schools

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