International Labour Organization

Case study – FKE's ESG training service

Background

Globally, companies are under increasing pressure to demonstrate environmental, social, and governance (ESG) performance. In Africa, the challenge of promoting green investment is particularly complex. Sub-Saharan Africa, the world's most commodity-dependent region, heavily relies on revenues from fossil fuels and minerals. However, it also has immense potential for positive environmental and social impact through green investments. This paradox, arising from the dominance of extractive industries, which can hinder the adoption of sustainable practices, highlights the need for change. Indeed, the region's economic reliance on these industries exacerbates its vulnerability to environmental risks, making the transition to sustainable models even more urgent. For example, in Kenya the frequent exposure to extreme weather events, like severe droughts every decade and floods every few years, makes it highly disaster-prone. Therefore, investing in sustainable business practices becomes crucial for building resilience against these environmental threats and securing a viable future.[1]

Overview

Founded in 1959, the Federation of Kenya Employers (FKE) is the leading voice for employers in Kenya, representing over 4,000 members across diverse sectors. FKE plays a pivotal role in shaping labour policies, enhancing workplaces, and providing valuable services to its members. In response to the growing importance of Environmental, Social, and Governance (ESG) practices, FKE has taken the lead in promoting ESG action within its member organizations. The signing of the Economic Partnership Agreement (EPA) between Kenya and the European Union was a key catalyst for developing targeted ESG training for member companies. However, FKE identified several challenges hindering ESG adoption, particularly for small and medium-sized enterprises (SMEs). These include navigating complex regulations, insufficient knowledge and resources, and limited access to financing and technical assistance. To address these issues, FKE expanded its membership services on ESG with support from ILO ACT/EMP. Activities

- **Awareness raising and pilot training:** To generate interest and lay the groundwork for the ESG training launch, FKE conducted an online sensitization seminar in July 2022. The event attracted 300 members, including 15 CEOs, and was followed by a targeted pilot training in October 2022 in collaboration with the Nairobi Securities Exchange (NSE), involving 25 member companies.
- **Data collection and analysis:** Prior to the pilot training, FKE deployed the ESG survey tool "Leader Pulse-check" to gather baseline data. Two FKE board member companies participated in the pilot testing, confirming the importance of board-level involvement in the training. In October 2022, a detailed analysis was conducted during an ESG clinic for 12 FKE members, which further refined the training content.
- **ESG clinics:** Alongside the pilot testing, FKE held ESG clinics that provided a safe space for companies to discuss challenges and explore solutions with input from FKE and peer organizations.
- **First commercial ESG training:** From June to July 2023, FKE held its first commercial ESG training, attended by 82 member companies. This event demonstrated the financial sustainability of the programme.
- **Site visits:** As part of the ESG training workshops, site visits to 6 different companies were conducted. These visits allowed participants to observe ESG initiatives firsthand, fostering peer-to-peer and practical learning.
- **Promotional efforts:** FKE also released a member brief on ESG trends in Kenya and distributed a promotional flyer to raise awareness and encourage participation in the training programme.

[1] ESG and its implications for Kenyan enterprises - FKE Member Briefing Note

Results:

- Since its launch, the ESG program has achieved significant growth and engagement, reflecting the successful awareness-raising activities and the response to identified challenges. The initial online sensitization seminar in July 2022 attracted 300 participants, followed by a pilot training for 25 companies in October 2022. By June and July 2023, participation increased to 82 companies in the first commercial ESG training, demonstrating the program's financial sustainability. In total, 93 delegates have attended in-person workshops, indicating a strong interest in sustainable practices. In the most recent training held at the end of August 2024, three other employer and business membership organizations (EBMOs) from the region attended to explore how to develop similar services, further showcasing the programme's role in inspiring others to adopt and implement ESG practices. Therefore, with over 400 companies now engaged through virtual masterclasses and site visits to ESG-active companies, the rising demand underscores the program's continued relevance and potential for further growth.

Key takeaways:

- Collaborations with strategic partners, such as the ILO and NSE, significantly boosted both the quality and reach of the training initiatives. These partnerships strengthened FKE's capacity to meet member needs while empowering member companies to integrate ESG practices in their operations effectively.
- Proactive member involvement proved crucial to program's success. FKE leveraged continuous feedback loops to refine and improve training offerings. Additionally, awareness raising campaigns were established to highlight the importance and benefits of ESG training, emphasizing its critical role in driving ESG adoption among members.

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