ZEITZ FOUNDATION
PROJECT REPORT

Report by Fair Labor Association

2009-2012
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I. INTRODUCTION
The Zeitz Foundation (hereinafter ZF) became the first non-profit entity to affiliate as a Participating Company (PC) with the Fair Labor Association (FLA) in 2009. Due to its a-typical work place profile, ZF’s affiliation was treated as a Strategic Project within the FLA framework and a tailor-made FLA monitoring approach was developed to meet the objective of improving working conditions at the facility level. In addition to developing a methodology for monitoring ZF’s supply chain applicable to other non-profit entities, the project work also entailed development of monitoring materials suitable to such work places and assisting ZF in determining labor compliance risks and remedial strategies in its supply chain.

II. ABOUT THE ZEITZ FOUNDATION
The Zeitz Foundation, founded in 2008, has the objective of “achieving the highest standards in sustainability through the balance of conservation, community, culture and commerce in privately managed ecological areas.” The ZF has established a network of what they call Long Run Destinations (LRDs), tourism-driven enterprises promoting and operating using sustainable management practices. Furthermore, the Foundation developed and implemented a Global Ecosphere Retreat® Certification System -- a certification scheme for LRDs that verify progress across the 4Cs (Conservation, Community, Culture and Commerce). The Community section of the certification scheme contains benchmarks on fair working conditions. As part of this project, FLA played the role of an external expert verifying fair working conditions at the LRDs as well as providing feedback to ZF on how to develop and implement a fair labor dimension within its certification program and at the facility level.

Affiliation with the FLA was part of ZF’s strategy to develop a certification system that would include reference to internationally recognized labor standards and commit to respecting and upholding international standards of fair labor and promoting positive working environments. As part of its affiliation, ZF was required to develop an internal monitoring and remediation system and conduct periodic monitoring of its GER members. The FLA would independently assess the application of the internal monitoring and remediation system as well as the labor conditions at its members’ facilities.

III. PROJECT ACTIVITIES
Over the period 2009-2012, the FLA conducted the following activities as part of this project:

1. Provided advice and guidance on developing the Community (Fair Working Conditions) aspect of the GER® Certification scheme. The FLA President and CEO was part of a Specialists Committee advising the ZF and acted as a special advisor on Community (labor) issues. The FLA also carried out an assessment of the structure and application of the GER® Certification scheme and provided recommendations for its improvement.

1 http://www.zeitzfoundation.org/
2. Conducted Independently External Assessment of the working conditions at one of the ZF members’ facilities (LRDs) – Segera Ranch in Laikipia, Kenya. This involved adaptation of FLA tools and methodology and led to the development of a remediation plan at the facility level.

PROVIDING GUIDANCE AND REVIEW OF THE GER® CERTIFICATION SCHEME

From 2009 to 2011, ZF was involved in developing an internal GER® Certification Program and also started monitoring and certifying its member facilities (LRDs) according to the GER® standards (the 4Cs – Conservation, Community, Culture and Commerce). The FLA President and CEO participated in the development of benchmarks for the Community section and acted as a special advisor on Community (labor) issues with regard to the GER® certification process.

In February 2012, the FLA and the ZF decided to conduct an external assessment of the GER® Certification Program and review the prospects of its participation in the FLA. FLA staff along with one independent expert conducted this assessment at the Zeitz Foundation headquarters in Nairobi and on the Segera Ranch in Laikipia, Kenya in June 2012. As part of the assessment, the following activities were carried out:

- Desk-based review of the GER® Certification standards and process;
- Interviews with identified external experts involved in developing the GER® Certification process;
- Interview with Zeitz Foundation staff involved in the implementation of the GER® Certification;
- Documentation review at Zeitz Foundation headquarters related to the GER® Certification;
- Field visit to the Segera Ranch in Laikipia, Kenya -- a candidate for GER® Certification -- to observe implementation of the 4Cs standards in one ZF’s member facility.

Given the FLA’s expertise on labor standards, the assessment report particularly focused on the review of the labor standards component of the certification program. Nevertheless, the overall GER® Certification Scheme was reviewed. Certain recommendations were made from the perspective of FLA standards and processes and others based on the FLA’s knowledge of some existing standards and schemes that are applicable to sustainable tourism and the particular needs of the GER® certification and members.

FLA’S INDEPENDENTLY EXTERNAL MONITORING (IEM) OF THE WORKING CONDITIONS AT THE LRD – SEGERA RANCH

As part of the requirements of FLA affiliation, ZF was required to develop an internal monitoring and remediation system and conduct periodic monitoring of its member Long Run Destination (LRD) facilities. The FLA would then independently verify the application of the internal system as well as the labor conditions at those LRD facilities. In that regard, Segera Ranch, located in Laikipia (Nanyuki), Kenya, was selected for FLA’s independent external monitoring (IEM).
Segera Ranch is located in a natural reserve of about 50,000 acres. It is about 50 km from the town of Nanyuki, the southeast major urban centre in the Laikipia district, north of Nairobi. Historically, Segera had been a cattle ranch and is home to a variety of African animal species (including several endangered species such as the Grevy’s Zebra). Segera has two main areas of economic activities: (1) tourism; and (2) cattle and wild animals ranch. The activities are divided into different departments: (a) Administration, Finance and Logistics; (b) Security and Conservation; (c) Livestock; and (4) Technical Services. At the time of the FLA’s IEM visit in June 2012, a total of 190 employees workers at Segera.2 The eco-tourism section was under development at the time of the assessment.

In preparation for ZF’s FLA affiliation, FLA’s President and CEO conducted a field visit to Segera in 2008 to test the applicability of the FLA system to ZF and Segera. A preliminary assessment was conducted based on the FLA Workplace Code of Conduct. A number of action items were recommended subsequent to the visit. This was not an independent external monitoring (IEM) visit per se as it was conducted before ZF’s affiliation with the FLA in February 2009. During the initial couple of years of affiliation with the FLA, Segera concentrated on building up internal management systems.

In June 2012, Segera underwent its first FLA IEM visit with the aim of following on the first FLA visit in September 2008 and conducting an independent assessment of the working conditions at the ranch based on the FLA Workplace Code of Conduct. Another objective of the second assessment was to provide Segera and ZF with a comprehensive assessment of the internal management systems and working conditions at Segera. Since Segera’s community program is entirely managed by ZF, the report referred to the ZF as the entity subjected to the assessment with regard to community involvement and labor conditions. As per the Obligations of FLA Companies,4 Segera had to submit a Corrective Action Plan (CAP) to the FLA, containing commitment to corrective actions, with timelines and responsibilities to implementing the CAP. The assessment report, along with Segera’s remediation plan, is publicly reported as per the FLA’s transparency requirements.

IV. FINDINGS AND RECOMMENDATIONS

GER® CERTIFICATION REVIEW

The assessment conducted in June 2012 highlighted key findings and provided related recommendations to ZF with regard to the certification process. The report was well received by ZF’s top management, who recognized its value and usefulness in improving the process. Key

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2 58 staff members worked in the Security and Conservation department (as middle managers, security guards or Conservation Unit Rangers), 48 staff worked in the Livestock department (as middle managers, herders, night guards, beekeepers), 13 staff worked in the Workshop (as welder, mechanics, drivers or general laborers) and 29 staff worked in the Technical Services (one senior manager, one supervisor and a few general laborers, masons, carpenters, gardeners, one painter, one electrician and one plumber). The Administration and Finance Department had 10 staff members (middle managers, human resource staff, accountant and administrators). A General Manager, a Ranch Manager, a Technical Services Manager and a Tourism Manager manage the entire set-up.

3 http://www.fairlabor.org/our-work/labor-standards

findings and recommendations were:

- **The GER® Benchmarks:** The assessment team reviewed the entire process of standards and benchmarks setting and its contents. The GER® standard is structured into four main sections – Conservation, Community, Culture and Commerce -- that form the 4Cs. The GER® standard and benchmarks are intentionally broad to leave room for interpretation of individual and specific circumstances of the LRDs (the affiliated entities are often very different from each other in terms of size, nature of the business, socio-economic context, etc.). It is therefore unclear which of the benchmarks the LRDs are expected to comply with. It also has consequences in terms of internal/external monitoring, as the assessors do not have precise benchmarks against which to measure performance. This is especially needed for the GER® labor-related standards, for which a basic level of homogeneity is possible. Furthermore, the benchmarks related to fair working conditions should cover all aspects of the FLA Workplace Code of Conduct and not leave out any of the core labor standards. The FLA recommended that ZF improve visibility and comparability of those benchmarks. It was further recommended that ZF study the comparability of the GER® benchmarks and certification approach with ISO26000, FLA and GSTC (Global Sustainable Tourism Council) to determine where the GER® principles meet or exceed those standards and where improvements are needed. ZF could discuss with LRD candidates the extent to which GER® certification compares with those norms.

- **The GER® Certification Process:** The assessment report highlighted some of the underlying risks of the current system, such as the risk for LRDs not to cover some major issues due to the current structure of the benchmarks document, the risks of conflict of interest and legitimacy, and those linked to the ZF business model itself. It was underlined that those risks could expose the GER® Certification Process to potential criticisms and lack of credibility in the view of external stakeholders. The Fair Trade International certification model was exposed as an example of such risks (lack of independence in the certification process which led them to take remedial measures). The FLA recommended ZF to award the GER® certification based on assessments conducted by independent third parties comprised of professionals and experts in order to gain credibility and avoid the perception of conflict of interest. It was also advised to include systematic stakeholder mapping and consultation at both the ZF and the LRD levels to increase legitimacy of the certification process.

- **The GER® Fair Working Conditions Section:** The FLA provided detailed inputs with regards to the Fair Working Conditions section of the GER® certification, included in the Community part of the 4Cs. The need for defining more precise benchmarks and deciding on a prioritization system to implement them was brought forth, together with a set of recommendations and concrete examples. The FLA also provided a set of guiding questions and a framework to follow in order to complete a comprehensive management system’s assessment. A concrete example of assessment protocol (guidance) was developed to help the ZF build a tool for internal and external monitoring of their LRDs.

- Finally, the report ended with an overview of different areas where the FLA and the ZF could further build their collaboration. It provided information on various tools and approaches that were seen potentially beneficial to ZF and its members.
INDEPENDENT EXTERNAL MONITORING AT SEGERA RANCH, KENYA

As one of the ZF’s LRDs candidates for GER® certification, Segera Ranch in Laikipia, Kenya, received its first FLA Independent External Monitoring (IEM) visit in June 2012. The assessment team was led by an external expert, Martine Combemale, Director, Human Resources without Borders, accompanied by a Kenyan social expert who handled dialogue with local communities; an FLA staff member shadowed the assessment.

The assessment was conducted following the FLA methodology, with a focus on: (1) working conditions for Segera staff, and (2) internal management systems to respect and promote labor (and human) rights at the workplace and in the company at large, including systems in place through the Community Involvement Program managed by the ZF (e.g., recruitment of casual workers). The assessment report presents detailed findings structured around the following areas:

- Policies (content, visibility, ownership)
- Implementation (processes, communication, training, control, reporting)
- Results (what has been achieved)

After receiving the assessment report, Segera Ranch developed a Corrective Action Plan (CAP), with input from ZF, for the community related measures. The comprehensive assessment report and CAP are available on the FLA website.

V. PROJECT LEARNINGS

Collaboration with ZF led to the following learnings for the FLA:

1. FLA’s assessment methodology - especially the approach used for the agriculture sector - applies to the LRDs such as Segera Ranch, even though activities performed on that ranch go beyond agriculture-related tasks. Segera Ranch very much operates like a large farm, managing various activities (cattle ranching, construction work, tourism). For an entity like Segera, having functional management systems in place (such as HR, grievance system, training and capacity building) and conducting periodic assessments through the FLA internal management system assessment5 are particularly relevant and useful.

2. FLA’s labor standards and benchmarks, as set out in its Workplace Code of Conduct, were compatible with the GER® certification approach and content. Furthermore, they were seen as fleshing out and adding value to the existing GER® standards on fair working conditions. Unlike other standards related to particular environmental measures or sustainable tourism business practices, FLA standards are universal yet precise and can be applied to all types of work settings.

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5 The internal management systems assessment of the FLA looks at the policies, procedures, person responsible to implement those policies, training and capacity building, clear and relevant job descriptions, process of hiring, discipline and termination, compensation, presence of an internal grievance mechanism and non-compliance reporting mechanism and awareness of the employees on the standards.
3. FLA’s expertise in external monitoring and accreditation process was particularly useful and relevant in conducting the GER® certification assessment. Even if the scope of assessment goes beyond labor related issues, the FLA is equipped to conduct such certification review and provide recommendations to improve the process. Third-party review is always beneficial both in terms of experience and legitimacy as perceived by stakeholders.

4. In assessing ZF’s ecosphere retreats (with ecosystem management) aimed at reaching balance of Conservation, Community, Culture and Commerce (the 4Cs), the FLA learned that labor standards cannot be considered in isolation but should be included as part of a more comprehensive approach, where the role of the surrounding communities and environment also need to be assessed. There are strong inter-relations between the 4Cs and changes in one aspect can easily have repercussion on another. FLA assessments should therefore widen its scope of study and look at other aspects such as impact on the environment and the community at large.

5. One of the key learning for the FLA in this project was the need to further research and develop assessment tools and protocols wherein the social impact of such interventions and programs on the economic, social, capabilities and livelihoods of the workers and communities could be elucidated, apart from looking at improvements in workplace conditions.

VI. CONCLUSION AND NEXT STEPS

The three-year (2009-2012) project between ZF and the FLA ended positively, with learnings on both sides. ZF benefited from a comprehensive certification review and from ongoing advice and contributions with regards to fair working conditions. The FLA gained knowledge and expertise in assessing a new type of work setting and widening the scope of its assessments. ZF’s affiliation with the FLA will come to an end with the conclusion of the project.

As a result of the project, Segera Ranch decided to affiliate with the FLA and apply its due diligence program. This affiliation will be managed by the FLA Agriculture Department and will follow up on the 2012 IEM results and CAP implementation. The FLA will work on adapting its external assessment tools and protocols to include elements of the Social Impact Assessment (SIA) approach to broaden the scope of assessments and assess the impact of an intervention on communities. In the context of Segera Ranch, as shown by the project, it is necessary to adopt a more holistic approach as root causes of compliance issues and remedial actions can be found in the vicinity of the ranch (not necessarily within the ranch itself). Communities will form an integral part of assessment, both for verification of compliance and remediation and capacity building measures. A second possible next step for Segera would be to adopt the FLA’s standards, methodology and tools to manage its upstream supply chain and suppliers, such as subcontractors for construction work on the ranch, procurement, selling of goods to tourists, etc. to make sure fair working conditions are present all along its supply chain.

The FLA will continue to collaborate with ZF within the scope of its work with Segera, especially on community-related aspects and the recruitment process of casual workers.