



State Trading Organization Plc

**Communication on Progress
To
United Nations
Global Compact
for the year 2013**



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1.Statement of continued support

I am pleased to present STO's first Global Compact Communication on Progress report. This report represents our company's abiding commitment to the Compact's 10 principles through both internal implementation and external communication.

Adam Azim
Managing Director



2. Human Rights and Labour Principles

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

2.1. Assessment, Policy and Goals

STO strongly discourages child labour as well as any form of forced and compulsory labour. Simultaneously, several company policies and actions support the Compact's labor and human rights principles and include:

- Code of Conduct: the code has been communicated to all staff of the company which provides standards for all company operations including behavior at work, customer services, staff responsibilities and their rights, truth and accuracy in communications, confidentiality, relationship with customers and suppliers, non-discrimination, sexual harassment, health and safety.
- CSR policy: STO has been a company known to uphold the values of good citizenship and behave responsibly within the company while contributing towards factors which are beyond the company's business.
- Equal employment opportunity: STO is an equal opportunity employer with individuals hired and promoted based on ability, training and experience. The company also welcomes staff with physical or mental limitations.
- Staff Health and Safety: Currently, there isn't a law or regulation based on Organization health and safety, and hence STO has its own Emergency, Organizational Health and Safety Committee.
- Since the major business of STO is oil trade, STO always strives to provide a safe and healthy working environment to all its employees and ensures the highest international safety standards and the quality of services in all aspects of work.
- Has gained ISO standard recognition.
- Whistleblower Policy: All employees should be able to enjoy a work environment that maintains a high standard of conduct and ethics, and are encouraged to report any kind of fraudulent or dishonest conduct to the proper authorities.
- Assessment of Labour related risks: Annual report 2012; pg 31. (available on company website)

"The existence of a Health & Safety Committee in STO shows the importance given to the staff well-being by the management. The committee is continuously working on various policies to ensure the



safety standards and the health of the employees. In addition, the Grievance & Disciplinary committee and the whistle blower policy ensures that the staff's concern and their voices are heard by the management. Furthermore, some of the departments follow international best practices and ISO standards which ensure that the Company follows the best guidelines in terms staff safety and well-being." - Annual Report 2012 (available on company website)

2.2. Implementation

In order to implement the necessary policies, and to respond to issues related to staff more effectively, the following steps were taken.

- Suggestion boxes were placed at various locations in the organization so that staff can voice out their concerns which would be forwarded to the higher management.
- For the purpose of Whistleblower policy, staff can also submit their comments anonymously through the whistleblower facility on the company's intranet.
- A disciplinary and grievance committee was formed to address issues related to discipline and grievance of staff, where employees can submit their grievances directly to the committee.
- Fire alarm systems have been implemented in all premises
- User friendly operational manuals and check lists are in place to prevent human errors
- High safety standards are exercised all throughout the working environment

2.3. Measurement of outcomes

- Equal employment opportunity: STO gives equal importance to males as well as females when recruiting staff. The same is applied when considering career advancements. The company also has given jobs to those with physical or mental limitations.
- To improve the working environment of staff, some of the departments with a smaller working area have been moved to larger locations where staff can enjoy a more favourable and vibrant workplace.
- A number of grievances issues have been concluded by the company's Disciplinary and Grievance committee and steps have been taken where necessary.

3.Environmental Principles

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

3.1. Assessment, Policy and Goals

STO's vast presence in the nation puts an enormous responsibility to lead on issues that make a difference for the communities, associates and the nation as a whole. STO's culture and its values ensure that such differences are made at all aspects of the business operations. To fulfill such a requirement, today STO's major focus is on ethically sourcing high-quality products, reducing environmental impact and contributing positively to the communities. – Annual Report 2012 (available on company website)

- Code of Conduct: the code has been communicated to all staff of the company which provides standards for all company operations including proper use of resources such as the internet, electricity and water.
- The CSR policy: The company's CSR policy encourages staff and management to further enhance the importance and respect for the natural environment, whereby STO continuously seeks for ways to reduce the environmental impact of the its activities.
- The Company also complies with the requirements of IMO "International Convention for the Prevention of Pollution from Ships (MARPOL)" in the operation and management of its own vessels.
- Furthermore, some of the departments follow international best practices and ISO standards which ensure that the Company follows the best guidelines.

3.2. Implementation

In order to implement the necessary policies and actions, and to achieve the goals related to environmental issues more effectively, the following steps were taken.

- Diffusion of environmental friendly technologies by the company include, introduction of a range of products in washing machines, refrigerators and air-conditioners that utilize R410 and R600 gases which are recognized as ozone free.
- The new inverter technology in STO marketed Hitachi Products are also one of the most energy efficient technologies available in the market locally.
- Staff are regularly reminded to reduce consumption of resources such as electricity, water, paper, etc.
- Oil pollution is prevented by continuously updating, monitoring and controlling the mechanism of company vessels.
- STO continuously works to raise awareness among customers through various promotional tools.



3.3. Measurement of outcomes

- The company proactively works to avoid any environment impacts due to business activities and hence, there have been no records of any such events till date.
- The awareness of environment friendly products among consumers is gradually increasing due to promotion and sales of such products.



4. Anti-Corruption Principles

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

4.1. Assessment, Policy and Goals

STO gives high priority to disclosure and openness even in the most challenging times for compliance and zero-tolerance for corruption, bribery and extortion. Such practices have resulted in various policies and documents set to avoid any kind of corrupt actions and guide those staff who are confronted with similar situations, including:

- Code of Conduct: the code has been communicated to all staff of the company which provides standards for all company operations including conduct at work, staff responsibilities, accountability, conflict of interest, truth and accuracy in communications, safety of company assets, confidentiality, and relationship with customers and suppliers.
- Cash handling policy: standardizes and ensures consistency of cash handling practices among staff at different locations. The policy also focuses on prevention of mishandling or loss of cash, and at the same time, situations where charges of cash mishandling can be raised against STO staff.
- Whistleblower Policy: All employees should be able to enjoy a work environment that maintains a high standard of conduct and ethics, and are encouraged to report any kind of fraudulent or dishonest conduct to the proper authorities.
- Fraud Response policy: The company strives to maintain a culture of honesty and opposition to fraud and corruption. Hence, through this policy, staff would be able to voice their concerns about suspected fraud or corruption.
- Procurement Policy: ensures that goods and services are procured to the company in a transparent, accountable, timely and economically effective manner and ensure compliance with varying statutory requirements.
- Corporate Credit card policy: ensures that adequate controls are exercised on the holders of company's credit cards to minimize the risk of corporate credit card use for fraudulent or corrupt purposes.

4.2. Implementation

In order to implement the necessary policies and actions, and to achieve the goals related to anti-corruption issues more effectively, the following steps were taken.

- Staff can submit their concerns or comments anonymously through the whistleblower facility and staff concern facility available on the company's intranet.
- Suggestion boxes were placed at various locations in the organization so that staff can voice out their concerns which would be forwarded to higher management.
- Awareness raising programs have been conducted about the company's whistleblower policy and facilities available to raise concerns.



- A separate department is allocated the responsibility of auditing all the departments of the company in order to check for any fraudulent works or any kind of corruption involved within the operation of the company.

4.3. Measurement of outcomes

- Staff who are found involved in corrupt practices have been terminated.
- Internal audits are conducted to ensure consistency with anti-corruption commitment.
- As per the company policies, fines and other steps are taken to avoid corruption and bribery.

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