



COMMUNICATION ON PROGRESS

United Nations Global Compact



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CLINTOY SUSTAINABILITY COMMUNICATION ON PROGRESS

The period since our last report has proved quite interesting with a varied mix of challenges, opportunities, difficulties and learning; particularly given our peculiar operating environment. The Board of the company, in determining the corporate strategy for the year agreed that business sustainability was of paramount consideration in light of recent global and local trends. Thus, our 2014 corporate objectives focused on the following five major areas with direct links to business sustainability;

The company recognizes that our People are to our business sustainability and performance is improved in an environment of mutual respect for the human and labour rights of all employees. Investments were therefore targeted at developing our people to build competencies and sustain optimal performance.

The Environment, Health, Safety, Security & Quality are at the core of our business strategy such that consideration for the protection of the environment, maintaining the ecosystems and biodiversity in all areas of our operation, the health, safety, security of our personnel at all locations and the quality of all products and services we provide through our supply chain and business partners to our customers have remained major priorities across all our operations. Cost Optimization has become a necessity in the wake of the recent global financial downturn. Given the aggressive growth plans of the company, and the capital required to support this growth, funds must be expended on projects/acquisitions that provide maximum value for all stakeholders in a sustainable manner.

Effective Execution of projects and operations begin with proper planning and continue with adequate project management throughout the life cycle of our projects to avoid costly project overruns and late delivery of assets and returns on investment.

2014 was a challenging year, but despite all the challenges and difficulties faced, the company forged ahead and even developed unique solutions and mechanisms to manage our challenges while delivering value to all our stakeholders, proving right the choice of our strategic focus areas.







Our communication on progress comes to demonstrate the advancements we have made since the last report in 2013 and highlight some of our goals and objectives for the coming year. However notable among our achievements for the year were those that justified our stance on sustainability.

Earlier in the year, the government's attempts to fully deregulate the petroleum marketing sector with the removal of the subsidy on refined petroleum products resulted in negative reactions from the Nigerian people. This later led to the House of Representatives probe of the deterioration of the petroleum subsidy scheme. The company was however able to properly account for our lawful participation in the scheme, with valid evidence that put to rest all attempts to cast aspersions on the professional conduct of our business.

Another noteworthy achievement for us was the listing of our Exploration and Production division. As the first wholly-owned Nigerian indigenous company to achieve this, we realize that this could not have been possible without having the right governance structure in place, adhering to an ethical code of business code of conduct, compliance with regulatory obligations and promoting transactional transparency in our processes.

These and many more reasons make it clear to us that there are business benefits to be derived from adherence to the principles of sustainability as captured in the 10 principles of the United Nations Global Compact. Most times, the benefits are in the longer term; however, our experience has shown that there are some benefits in the short term as well.

In addition, the principles provide assurances for the continuity of our business operations for future generations. We realize therefore, that having the right focus on sustainability issues and integrating them fully into our projects and operations from planning, decision-making and development, to implementation and execution at all of our locations and with all of our people will set us apart as sustainability leaders globally.







The global business economy is gradually placing increased emphasis on environmental, economic and social issues of sustainability, so much so that there is a direct implication that a good sustainability performance equals good business overall.

We therefore remain committed to the principles of business sustainability through our participation in the United Nations Global Compact and commit to continuing this journey of business sustainability until the benefits of adherence to the principles and practice of sustainability become apparent to all our stakeholders and the world at large.

Olatunde Sunday Oye

Chief Executive Chairman / President For: Clintoy International Limited







UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRES

Businesses should support and respect the protection of internationally proclaimed human rights: During 2013, we rolled out our updated Global Code of Business Principles. The core values of integrity, respect and freedom are clearly explained, including respect for the rights and dignity of individuals, as well as for the societies in which we live and work.

The explanation explicitly states that our company policy does not tolerate violation of human rights. This is also included in our Strategy Paper, Vision 2020, which was issued in May 2012. Clintoy is firmly committed to upholding human rights in all aspects of its business.

Clintoy believes in the value of all individuals and their right to respect and all other basic human rights contained in the Universal Declaration of Human Rights. Clintoy conducts its business all over the globe in a manner which promotes trust, respect, dignity and valuing each individual, whilst making maximum efforts to ensure human rights are upheld in every activity. Clintoy observes the highest ethical standards in all its activities and conforms to an internal Code of Conduct which is binding for all employees.

The Code requires all employees to observe and respect human rights. The following statements relating to some core human rights elements are extracted from the Code: Clintoy guarantees freedom of association, the right to organize for collective bargaining and to practice a policy of full disclosure concerning recruitment and work contracts. Clintoy places real importance on creating a place to work that inspires and rewards its employees properly.

Clintoy employees do not and will not be discriminated against because of personal characteristics or beliefs. Forced labour, including indentured servitude, imprisonment or other compulsory labour is neither accepted nor practiced by Clintoy regardless of whether such practices are permitted by applicable law.

A manager, or a person in charge, will not ask from his employees for financial loans, to sign on guarantees for him or for any other benefits and will not abuse his status for any personal benefits. Although the legal definition of "children/minors" varies between countries, Clintoy does not and will not knowingly employ individuals who are under the age of 18 years.

Employees must ensure a work environment free of discrimination and harassment in which individuals are treated equally in employment processes, procedures and practices based on merit and ability. Clintoy is committed to the principle of employment equity. Decisions Concerning haring, promotion, retention, training, development and compensation are to be based on the ability, skill, knowledge and experience required to perform the job.





Clintoy Compliance Committee is responsible for the investigation of any reported breaches of the Code, which are reported to the Company's Strategic Planning & Control Director, who serves as the Compliance Committee leader. Every new employee, as part of his or her orientation, is provided with a copy of the Code of Conduct to read and learn, and is required to sign a statement of intention to adhere to the code. The Company compliance committee issues an annual summary of performance pertaining to the Code of Conduct (issuess, actions taken, changes and updates).

Workplace Safety and Employee Development

Clintoy invests in developing a workplace environment in which all employees can operate safely, and learn skills which develop them personally and professionally. Clintoy operations around the world observe policies, practices and processes to ensure compliance to all laws, regulations and accepted local and international industry standards relating to safety and hygiene, and other aspects of the workplace environment.

Safety Offices are nominated in all Clintoy locations and are responsible for conducting safety training on a regular basis. In 2013, hundreds of hours of safety training were conducted around the world with attendance by over 90% of employees. Accidents are monitored at all locations and corrective action taken where required.

There have been no fatalities at Clintoy services locations. Clintoy employees receive formal feedback twice per year in a 180 degree process in which both managers and peers provide feedback both via the internet and in performance development conversations. Training and development plans use these reviews to assist employees to develop their level of competence and discuss their concerns and expectations. Clintoy runs training programs for all employees relative to their on-the-job skill requirements and personal development needs.

Involvement in the community – empowering and supporting local people

Clintoy believes in being a responsible corporate citizen and socially sensitive employer in every community in the countries in which it operates. To accomplish this, Clintoy encourages each of its operating facilities to become actively involved in the life of the community by participating in and sponsoring initiatives that result in the advancement of community needs and in the betterment of the quality of life of the communities in which employees live. Clintoy main involvement to date has been in the area of supporting educational programs for disadvantaged youth.

2. *Make sure that they are not complicit in human rights abuses:* The scope of our Business Integrity Management System includes reporting and investigation of human rights abuses. Clintoy ensures that the Company is not complicit in human rights abuses through its strict adherence to the Ethical Trading Initiative Base Code for all its supply operations.





The fact that Clintoy supply chain is vertically controlled means that Clintoy has minimal exposure to the actions of third party outsourcing suppliers. In all other respects, Clintoy makes efforts to ensure all suppliers operate both legally and ethically and avoid any form of human rights abuses. The way in which Clintoy deals with all business partners and suppliers, to ensure non complicity, is prescribed in Clintoy Code of Conduct, as follows:

The company does not knowingly do business with suppliers who:

- ❖ Operate in violation of applicable law or regulation, including local environment, employment and safety laws.
- Employ anyone who is under the legal age of employment as defined by the United Nations standards or by national standards, whichever are higher.

Clintoy seeks business partners who:

- ❖ Share Clintoy commitment to product quality and to maintaining the operating practices necessary to meet its—quality standards. Comply with all applicable legal standards and requirements of the country in which they are doing business and adhere to their national laws regarding protection and preservation of the environment.
- Are committed to providing a safe and healthy workplace and to treating employees fairly and in full compliance with local laws. While Clintoy recognizes that cultural differences exist and standards may vary by country, it expects its partners to adhere to the following:
- ❖ Health and safety standards must meet, or exceed, all local laws and safety regulations.
- ❖ Workers housing, where provided as a benefit of employment, must meet the same standards for health and safety as the workplace. Provide wages and benefits that comply with any applicable law and the prevailing local, manufacturing industry practice, whichever is higher. Provide each employee a clear, written accounting for every pay period; and do not deduct from employee pay for disciplinary infractions.
- Comply with legally mandated work hours; use overtime only when every employee is fully compensated according to local law; inform every employee upon hiring if mandatory overtime is a condition of employment; on a regularly scheduled basis provide one day off in seven, and require no more than 60 hours of work per week on a regularly scheduled basis, or comply with local limits if they are lower. Do not use corporal punishment or other forms of mental or physical coercion. Do not discriminate employees because of personal characteristics or beliefs. Do not use forced labour or indentured servitude, including imprisonment or other compulsory labour regardless of whether such practice permitted by applicable law.
- ❖ Maintain on file all documentation needed to demonstrate compliance with this Code of Conduct and required laws; agree to make these documents available for Clintoy or its designated monitor; and agree to submit to inspections with or without prior notice.





3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the core value of freedom specifically includes our support for freedom of association, speech, thought and action, while recognizing the business framework in which the Clintoy operates. In the Nigeria, where approximately 43% of our employee population is based, there is a legal requirement to have a Works Council. This council actively engages with management on policies and is currently investigating expanding to include an international component. All our colleagues are free to make their own decisions whether or not to join a trade union and Clintoy is keen to ensure all colleagues are treated equally irrespective of whether they are a trade union member or not. Consequently we do not have a formal freedom of association policy as this is normal practice in our business.

There are two main trade unions; the Communication Workers Union and Unite. Union representation is found in all levels of business activity from pay negotiations to active participation in the Joint Working Group on Health and Safety and representation on the Carbon Management Board. Consultation with trade unions is a matter of respect and good business practice. Clintoy assist the unions to carry out their roles by providing them with suitable resources. These include offices, IT equipment, notice boards; time allocated for union and committee meetings, collection of union dues through our payroll system and paid time to conduct union duties such as inspections, appeals and/or annual meetings.

Clintoy provides full time release for union members to undertake roles in, for example, health and safety. In accordance with our legal requirement Clintoy has established Health and Safety Committees in each of our operational areas. Meeting on a quarterly basis the union area health and safety representatives as part of the committee keep the measures taken to ensure the health and safety of our colleagues under review.

By working in synergy with the trade unions to establish best practice Clintoy will continue to comply with the true spirit of the Principle. Compliance with these Standards is a condition for becoming, and remaining, a business partner of Clintoy and is agreed to, in writing, as a term of engagement. Clintoy facilitates effective monitoring and enforcement, and our business partners are expected to provide full access to their production facilities and to relevant records relating to employment practices. The Company undertakes affirmative measures, such as on-site inspections of facilities, to implement and monitor these standards. The company exercises diligence to determine whether suppliers conform to these standards. Clintoy takes appropriate actions, including termination of its relationship, with any business partner violating its standards.

4. The elimination of all forms of forced and compulsory labour; The Clintoy Code of Business Principles specifically states that our company policy upholds the international conventions of labour standards, including those on child and forced labour. Clintoy Sustainable Development Charter commits our suppliers to comply with the International Labour Organisations (ILO)





standards including eliminating forced and compulsory labour. By introducing clear and unambiguous ethical standards against which our suppliers are audited Clintoy is determined to uphold this Principle.

As part of our Responsible Procurement Policy Clintoy International Nigeria Limited expects our suppliers to ensure working hours of employees comply with national laws and industry specific regulations Prohibit forced, bonded or compulsory labour so that employees are free to leave their employment after reasonable notice.

Clintoy has developed a robust procurement CSR Audit whereby all suppliers must confirm that they have read and understood Clintoy Responsible Procurement Policy and more importantly they agree to the standards and procedures set out in the policy. Specific questions are asked in the in relation to this Principle with supporting documentation required to support the supplier's response.

All colleagues working for Clintoy do a voluntary basis and are free to leave after the agreed or contractual notice period. This Principle is actively supported by Clintoy and we will continue to explore ways we can help and support all our customers and suppliers eliminate this from the workplace.

- **5.** The effective abolition of child labour; As part of our recruitment process all applicants are required to provide at the time of interview a means of identification such as a Birth Certificate or Passport. Either or both of these documents do provide proof, so far as is reasonably practicable the holder's age. Any person identified as being under the minimum legal age for employment or for employment in hazardous work will not be offered employment. Similar to Principle 4 Clintoy as part of our Responsible Procurement Policy expects our suppliers to:
 - ❖ Ensure no person is employed who is below the minimum legal age for employment
 - ❖ Ensure no person under 18 years of age is employed for any hazardous work

For products and services manufactured or provided from low cost countries where the risk of child labour is higher, Clintoy requires the vendor to complete a CSR self-assessment clearly stating that child labour shall not be used. Additionally this will form part of all audits carried out on suppliers.

6. The elimination of discrimination in respect of employment and Occupation; our company policy does not tolerate discrimination. The majority of our staff is covered by a formal program against discrimination. Furthermore, we believe that diversity in staff promotes innovation and





more comprehensive solutions. Our diversity encompasses differences in nationalities, ethnic background, gender, language, age and experience.

Clintoy is firmly committed to providing and promoting equality of opportunity for all existing and prospective employees and agents. To achieve this we have created an environment in which there is respect for every individual and recognition of their aspirations, regardless of their race, colour, creed, ethnic or national origins, gender, marital or family status, sexuality, disability or age.

Trade Union participation is actively encouraged with direct lines of communication through well-established means diversity is of immense importance to Clintoy, not just because it is the right thing to do, but because people who feel valued will be more motivated and committed in helping Clintoy to achieve and exceed its goals. Bullying and harassment is one area Clintoy is determined to tackle. To help eradicate all colleagues have access to a Bullying and Harassment Helpline. The bullying and harassment helpline offers confidential advice and support to our people if they feel they are being bullied or harassed at work its primary purpose being to provide additional support.

Other initiatives include a national "Ban Bullying Day" which is used to raise awareness of workplace bullying. We also have "Have Your Say" surveys which amongst other business related questions, asks if they have been the recipient of bullying. The data provided by this survey is closely monitored by senior management.

7. Businesses should support a precautionary approach to environmental challenges; Clintoy actively promote taking a precautionary approach to environmental challenges in our projects in cooperation with our clients. This is a central point in our approach to business, as is illustrated in the performance and plans of our business groups and regions that are shared in our annual report. Clintoy strategy has been based upon the identification of our environmental impacts and their validation by external stakeholders. Clintoy has made a bold commitment to be carbon neutral by 2020.

Through the introduction of clearly defined policies and with the engagement of our colleagues we are making strong progress to achieve this goal with significant improvement to our carbon footprint. Clintoy recognizes the importance of protecting the environment as one of the key foundations of responsible business and is committed to the protection of the environment and its employees treat the protection of the environment as an integral factor in all business activities. To comply with this commitment,





Clintoy policy is to meet or exceed all relevant legal requirements. Clintoy endeavours to work closely with suppliers, government bodies, environmental groups and local communities to promote sustainability of the raw materials it uses. Since dyeing and finishing involves chemical processes that can have a significant impact on the environment, Clintoy ensures that services the Company uses meet the highest standards by conducting independent tests on finished. Clintoy adheres to a strict code of practice to ensure that no materials, chemicals used in the production process of its services and present an unacceptable risk to health or to the environment during its manufacture, use or disposal and minimizes its workforce's exposure to toxic materials by handling chemicals according to high industrial hygiene standards and safe working practices and procedures.

Employees are required to report all incidents in which toxic substances are spilled or released into the environment. All Clintoy employees are aware that violations of environmental laws, even if unintentional, can carry severe penalties and could result in prosecution or liability of Clintoy International Nigeria Limited, the employees involved, or both. Clintoy key policy approaches are as follows:

- ❖ Strict adherence to all laws and regulations relating to environmental matters at all Clintoy facilities in Israel and abroad.
- ❖ Minimizing Clintoy impact through advanced use of eco-driven technology.
- * Reducing consumption, recycling and reusing wherever possible.
- ***** Ensuring awareness of all employees regarding environmental practices.

Clintoy Environmental Policy and Practices fall within the responsibility of the Global Development and Marketing Director, a member of the Company's most senior leadership team reporting to the CEO.

8. *Undertake initiatives to promote greater environmental responsibility;* In our own operations, we have increased focus on environmental aspects. In 2013 we set the target of a 25% reduction in CO2 emissions per FTE vs. 2012 and committed to compensating to a climate neutral position first in the Nigeria for 2012 and for our global operations in 2013.

The Clintoy signed the Copenhagen Communiqué and joined a small group of business leaders to call on the Dutch government to cut CO2 emissions by investing in clean energy, cleaner transportation, sustainable building techniques and new technologies.





Clintoy makes efforts to reduce consumption of energy and materials, and reduce the Company overall carbon footprint. This is highly developed as part of Clintoy eco-technology advances as has been detailed above. In other aspects of Clintoy operations and acts to install an environmental sensitivity and consciousness in employees and provides frameworks for them to improve environmental impacts in their work. Our employees have been issued with a Green Family handbook which also assists them in applying green habits in their home life.

The main objective of the programme is to engage and inspire our people to think about energy efficiency and collectively make on-going and sustained improvements through our individual actions. An initial scoping study will identify existing good practice across the company as well as suggesting new areas to target. We'll then be in a position to start providing technical solutions to reduce our carbon footprint. We've already undertaken energy surveys across our company and the results being used in the carbon management programme. We have exceeded our target for the procurement of renewable electricity - with 100% of our electricity in Nigeria coming from certified renewable sources (such as wind, wave, biomass) As per the latest DEFRA guidelines we will not be claiming CO2 reductions with the use of energy from those sources, because the contracted arrangements with our energy supplier do not include the facilities for the retirement of Renewable Obligation Certificates (ROCs).

We have run a series of energy pilots across the whole Company portfolio ran from January 2008 to March 2013, in partnership with Energy Company, who will receive a proportion of any savings made through the pilot. The sites were allowed to use various methods to reduce energy usage some usual the technological approach and others using housekeeping methods. Following positive feedback a national rollout has been developed.

The roll out will help managers and employees in Clintoy sites to reduce their impact on the environment, leading to a reduction in costs. They will be able to identify their impact on the environment for their unit and be able to use tools provided to control those impacts. In easy to understand terms the managers will have tools to enable them to know how and why they need to manage the elements of Gas, Electricity, Lighting, Water and Waste on their sites including housekeeping. Our employees are encouraged not to make waste through our Reduce, Reuse and Recycle Scheme which is explained below.

Reduce

The first stage is to minimise the amount of waste generated which can be done through a number of initiatives (i.e. education, awareness). This tackles the problem of waste at the heart because by reducing the amount we create it means the less we have to deal with for recycling and reusing. By reducing the amount of waste we generate we will be helping the environment and easing the pressure on the landfill sites around the country.





Reuse

The second stage is the reusing of material that aims to prevent waste being disposed at landfill sites. There are many ways items of "waste" can be reused; an item judged to be "unwanted" by one person may be needed by another. You could simply return items back to source e.g. if operationally feasible York labels and bag labels may be able to be collected and returned to your Mail centre for reuse.

Recycle

The third stage is to recycle any material that is unable to be reused; this type of material is often in the form of cardboard, paper, cans, plastics, glass and textiles. Recycling services are available throughout the Nigeria Recycling waste reduces the need for landfill, saves the earth's resources as well as reducing energy use.

9. Encourage the development and diffusion of environmentally friendly technologies; A Fuel and Transport Strategy Group has been formed to progress the decision making around alternative fuel vehicles. The group is made up of representatives from the individual business units, vehicle services and Group. The Clintoy is currently focusing on gathering as much data as possible around the alternative fuel market and this is being match by internal data such the average daily vehicle mileages and replacement timescales for the fleet. A small number of alternative fuel vehicles are currently under test to evaluate their performance and any driver interface issues. Zero carbon buildings as a target.

10. Businesses should work against corruption in all its forms, including extortion and bribery The Clintoy has a zero tolerance policy toward corruption, bribery, collusion, extortion, fraud and other forms of improper actions for corporate or personal financial gain. This also applies to actions by our business partners. Security within Clintoy is to Secure and Reinforce our Best and Most Trusted Status. The Security Team is dedicated to creating and maintaining a secure environment in Clintoy for staff, customers and customer assets. Whilst there are clearly some absolutes, the definition of a secure environment is informed to a significant extent by the appetite for risk of a number of key stakeholders, in particular:

- Our customers, both commercial and social
- Clintoy and Clintoy CEO Business leaders
- Our frontline colleagues and their unions





The Security Strategy has 7 key themes, all of which consistently support the Prevention-Deterrence-Disruption-Detection model as shown below.

- ❖ Data Quality, Access & Management
- Understanding & Modelling Security Risk
- Proactive Intervention
- Control & Compliance Initiatives
- Communication, Awareness and Engagement
- ❖ Target & Measurement
- Investigation & Recoveries

Clintoy work directly with clients and support Sales & Marketing to deliver expert advice. Clintoy also provide security input to tender bids, bespoke solutions and new products ensuring that security risks are factored in and helping to meet the needs of our clients. Clintoy specialist team manages the security relationship direct with our security counterparts and supporting Key Account Managers and Partnership Directors when clients require. A clear demonstration of how Clintoy takes our clients' concerns about security of their services seriously and that we take action when things go wrong.

We measure our effectiveness through internal and external Customer Satisfaction Surveys and against customer retention. As part of our Responsible Procurement Policy Clintoy International Nigeria Limited expects our suppliers to:

- Prevent unfair, unreasonable and unethical business practices
- Prevent the use of any form of bribery or improper offer of payment to or from employees or organisations.

Clintoy has adopted a Procurement Probity Policy which provides guidelines for our employees and seeks to ensure that dealings with suppliers are entirely ethical and above board. Additionally we have set up a confidential helpline to enable colleagues to report any crime or suspected crime against Clintoy.

CONCLUSION

I would like to extend my gratitude to our esteemed shareholders for their continuous support, and their confidence in Management and the Board of directors. I assure you that we will continuously strive to keep Clintoy on the path of growth. I would also like to use this opportunity to express my appreciation to our customers, for the confidence placed in our company's abilities, and their belief that we can do what is expected of us. Promise that we will continue to take the steps that will ensure our services remain invaluable to your businesses and continue to work to exceed your expectations.





Likewise my sincere gratitude goes to my colleagues on the board for their unalloyed support and unwavering interest in the growth and success of this company. My greatest appreciation goes to all our employees, for their renewed commitment and enthusiasm, as demonstrated in the affairs of our Company. I would like them to know that their hard work has propelled Clintoy International Nigeria Limited to a leadership position, and has enabled us become the best service provider of choice in Nigeria and soon enough, Africa.

Olatunde Sunday Oye

Chief Executive Chairman / President

For: Clintoy International Limited

