



**Sudanese Tractor Company
Limited**

**United Nations Global Compact
Communication on Progress Report**

2015-2016

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A message from our chairman

“We are judged by how we act and the sum of these judgments is our reputation. We believe that we will continue to lead only if we keep our reputation preserved. Upholding the Group’s reputation of integrity and respect for people is a bond that can be maintained only by commitment from all our employees and partners. We are committed by our beliefs to contribute integrity through economic, social and environmental considerations. Our basic beliefs describe how we are expected to behave when conducting business, while paying attention to our ethics and compliance, as it is critical to our success. All our employees are expected to act in accordance with the spirit of our basic beliefs.”

Osama Daoud Abdel-Latif- Chairman of DAL Group

2. SUTRAC Company Background

SUTRAC, a DAL Group Company, the appointed CATERPILLAR Dealer in the Sudan established in 1952 under the name of Sayer & Colley, represents Caterpillar, the world's leading manufacturer of machinery and engines for earthmoving, mining and petroleum industries; building and road construction, electric power generation, materials handling and farming applications. Dynapac's paving and compaction equipment as well as the light utility products complement very well our product offering to construction customers.

Historical, SUTRAC has been largely associated with servicing and supplying the large scale / industrial farming sector in Sudan. However, the company has taken a new strategic direction by establishing a parallel line of business to concentrate on the small scale farming in Sudan.

The small scale farming is by far the largest sector in Sudan's and employs most of the population in the rural areas. The sector however has been hugely underdeveloped despite the occasional efforts by the development aid organizations as well as the governmental program. There are significant challenges holding the small scale farming sector back such as lack of finance; poor access to technology; lack of agricultural inputs such as fertilizers ; high yield seeds and finally the access to markets.

SUTRAC has devised a strategy to specifically target the small scale farming sector based on the value chain development approach. Its model is to get into Public Private Partnership with the Farmers Cooperatives (newly re-established in Sudan), Finance Institute (being a bank or a microfinance institute) and the Government (being the Federal of State Ministry of Agriculture). SUTRAC's role in this partnership is to be the technical partner by providing customized technical packages specifically devised to meet the needs of the small scale farmers. The technical package currently includes the TAFE tractor (an Indian Brand with high performance and economical value) together with the suitable implements. SUTRAC is also committed to train the farmers on the proper use of the tractor and implements as well as giving a warranty and some spare parts for one year to the farmers.

SUTRAC is working on targeting more areas in the Sudanese Agriculture Value Chain in order to be able to provide a more targeted technical agricultural package to the small scale farmers. SUTRAC is developing fertilizers and pesticide business as well as irrigation systems business (with solar powered pumping options). At SUTRAC we are passionate about Agriculture and have a special interest in providing the suitable solutions for the small scale farming sector as one of our future growth areas. Through our successful and fruitful PPP we are positive about adding value to all of our stakeholders.

The SUTRAC team is made up of 490 highly skilled engineers, technicians, sales and finance specialists. Our vision is that Customers will buy from us, not only because of the products we sell, but to benefit from the services we offer.

SUTRAC serves customers in the following industries:

- Heavy Construction, Mining and Building Construction
- Aggregates and drilling products
- Power generation systems
- Material handling solutions
- Compressed air solutions

3. SUTRAC's UNGC Membership:

| | |
|--------------------|---|
| Participant since: | 15/4//2009 |
| Country: | Sudan |
| Employees: | 550 |
| Organization Type: | Company |
| Ownership: | Private Company |
| Sector: | Industrial Transportation |
| Website | http://www.sutrac.com |

4- Statement For Continued Support For the UNGC Principles

On Behalf of SUTRAC Ltd, I am glad to reconfirm our company's firm commitment to the Ten Principles of UN Global Compact with regard to Human Rights, Labor, Environment and Anti-Corruption.

We became signatory on the UN Global Compact out of our strong belief on its principles and the importance of its application on our operation philosophies, standards and processes.

Hence, we have taken strong steps in reviewing our current strategies in order to identify and create shared value with our varied stakeholders as well as contributing to the environmental conservation agenda.

This is a Progress Report presenting a brief account of our efforts on adopting the Ten UNGC Principles. As we have indicated above, we will certainly build on our accumulated experiences and work with the UNGC towards a meaningful implementation of the ten principles in all of our current and future strategic directions.

Finally, we are committed to share this report with our stakeholders using our primary channels of communication.

Yours Sincerely,

Mr. Steven Bibawi

SUTRAC General Manager

5. Report on Commitment and Implementation

Our Organizational Responsibility

SUTRAC vision is to be partner of choice and a company of international standards where our clients will find peace of mind and eager to do business with us.

SUTRAC mission is to enable the infrastructure and power sectors in our region and grow through winning partnership, professional participation and preferred customer solutions.

As a new start in the engineering division of DAL Group in which contains SUTRAC as one of its business units, a dedicated department of corporate social responsibility has been established.

This department ensures the continuing commitment by our business to behave ethically and contribute to economic development and improving the quality of life of the local community and society at large. It focuses on implementing projects that add value to our country, our people and our future generations.

We realize that making a positive change in the community starts by creating a corporate culture in which each DAL Group employee is aware of the importance of corporate social responsibility, how it aligned with our basic beliefs and how to translate that awareness into action in the daily work.

5.1 Human Rights Principles

SUTRAC being part of DAL Group, has its internal policies, Code of Conduct and procedures to clearly be in compliance with the Universal Declaration of Human Rights as well as the Sudanese Human Rights Legislations.

SUTRAC is regularly conducting reviews on our supplier Code of Conducts and commitment of the Universal Human Rights Declaration in order to insure

Principle 1:

Business should support and respect the protection of internationally proclaimed human rights.

Principle 2:

Business should ensure that they are not complicit in human rights abuses.

they are not, by all means, complicit in human rights violation or abuse.

SUTRAC encourages its employees to report any human right violation incident to their supervisors or the HR to immediately deal with it according to the approved internal procedures. Moreover, boxes were located among all locations of the company and email account is available for employees to submit their complaints and/or issues with regards to unfair treatment. These complaints are revised by a committee from HR and top management and are resolved immediately.

Also, there are online suggestions and surveys that aim to enhance the working environment for employees.

The progress in this area is to be measured by the number of incidents reported and actions taken in the reporting period. The number of audits SUTRAC conducts of our suppliers and contractors can be used as a measurement of progress as well.

A day towards community

On the 14th of Dec 2015 Monday morning, Sutrac staff spent a whole day at Ali El-Said vocational school at Sharg Elneel district painting the school and planting greens.

We donated a school library, sports equipments and other stuffs.

The main objective was to raise the culture of voluntary among staff and students as well.





The SUTRAC Vocational program

The SUTRAC Vocational Training Workshop screens applicants for training, who then undergo a number of Aptitude Tests, to shortlist the best 10 to 15 candidates. The trainees are then rotated to the various workshop sections and evaluated at the end of the program. The evaluations are prepared jointly by the workshop supervisors & the training center personnel. The candidates are finally awarded training certificates upon the successful completion of their training periods.

This practice is done quarterly and all trainees receive allowances to cover their shared accommodation & meal costs. All these efforts are done in commitment to SUTRAC's corporate responsibility and are aimed to expose young graduates to technical know-how of the best standards to increase their chances of finding employment and contributing to the well-being of the economy.

Additional support to students is provided in the shape of technical material and consultancy on their graduation researches and assignments in different technical areas.

Another phase of the Vocational Training Program is the selection of the Program graduates for recruitment within SUTRAC. Graduates trainees that have the potential are

then further interviewed and assessed for regular jobs as Service Engineers- more than a hundred graduates to date have been hired out of the total number of trainees

Learning and Development Department

The learning and development processes in the company are varied according to each department's needs. Regular surveys are taken with the aid of the direct supervisors and managers to determine the strength and weakness areas in their employees which help the L&D department in conducting the required training sessions for them. Also, training sessions about the core values of DAL group are conducted to all new employees as part of company's transparency and to clarify the organization culture.

Furthermore, E-Learning is currently available for all employees and its obligation is free. This makes self-learning much more flexible and interesting because each employee learns according to his/her needs and preferences.

Employees' Performance Appraisal

In order to monitor and evaluate the performance of the employees, the performance appraisal reports are reviewed annually by the HR department and monthly by the direct managers. Whenever the performance is due or over expectations the employees are rewarded. And wherever there is a lack of performance, we seek to enhance it through the L&D department and direct supervision.

Good Communication- Bridging the Gap

SUTRAC Company proved itself as a positive, accessible means to be reached by its internal and external stakeholders. The main rule of good communication is to keep its staff connected and engaged with each other and also to maintain good relationship with external stakeholders and wider community.

The result of a communication plan built from the top and carefully dispersed and clarified at each level of the business units ensures that every employee can instruct and promote a coherent corporate identity, outstanding image associations, business principles and genuine sense of corporate citizenship. In particular, we have developed our electronic communications through a set of optimized tools, technologies and sophisticated approaches to global communications. In addition to television-animated advertisements, an improved intranet and DAL portal, DAL Motors has spread its communication channels through social media to wide its circle.

Furthermore, we are proud to have our corporate magazine, Bridges and our electronic newsletter, and they are succinct yet diverse magazines with the latest news, interesting stories from the business units, educational pieces about DAL's strategy, insightful articles from board members and much more.

Towards Community Activities

DAL Motors encourages its employees' initiatives to participate in social activities and contribute with them to make a better living. As Sudan faced a drastic fall season last year, DAL Motors with partnership with other sister companies had participated in "together for each other" initiative which was aiming to rehabilitate many houses that had completely been damaged due to heavy rains and had supported many families with food stuffs during that hard times they were going through.

5.2 Labour Principles

Sutrac observes the issues of labour rights as a high priority and integral part of our HR policies. All of our labour standards and procedures are held at high standards adhering to the labour international best practices as well as the Sudanese Labour Laws.

Channels of 360° feedback and dialogue is established and maintained between the employees, their supervisors and the management. These channels are facilitated and monitored through the HR department.

A good way to measure this feedback and reporting process is by the number of reports, incidents and interventions made by the HR and the management team.

All our recruitment / employment decisions are mainly about if the candidate meets the position's requirements and not on religion, beliefs, cultural bindings, race, gender, age, skin color, ethnic group, special needs, marital status, language, accent, political preferences or any other form of discrimination.

Principle 3

Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4

Business should support the elimination of all forms of forced and compulsory labour.

Principle 5

Business should support the effective abolition of child labour.

Principle 6

Business should support the elimination and discrimination in respect of employment and occupation.

All the new employees go through orientation program about safety and the organizations' missions, visions and core values.

5.3 Environment Principles

Our Commitment

As part of our commitment to DAL values we have responsibility towards our people, community, environment and our country. This sense of responsibility is reflected in our day to day operations.

This commitment has already produced significant results especially with regards to material usage reduction, energy consumption, greenhouse gas emissions and reduction, packaging reduction among other areas demonstrating our ongoing commitment to improving the sustainability of our operations. Moreover, considerable cost reductions have been made; to prove that environment conservation will always have a business case.

Practicing that environmental responsibility requires that we assess our operations, identify key areas and innovate ways to manage our impact and turn waste into value where possible.

SUTRAC has embarked in Reduce. Reuse. Recycle (RRR), a DAL Group initiative, which was launched in 2011 aiming at effectively setting an example in the area of environmental responsibility and promoting behavioral change. Collection for used barrels for recycling is ongoing.

SUTRAC has also launched the used engine oil collection initiative instead of improperly disposing it. The used oil is sold to engine oil recycle and reuse local business and the revenue of that is used to support DAL Motors staff social program and emergent needs.

SUTRAC is intended to expand our environmental initiatives as well as initiate a measurement to closely monitor our environmental performance.

Principle 7

Business should support a precautionary approach to environmental challenges.

Principle 8

Business should undertake initiatives to promote greater environmental responsibility.

Principle 9

Business should encourage the development and diffusion of environmentally friendly technologies.

5.4 Anti-Corruption Principle

DAL Motors Corporate Governance system, as part of DAL Group, puts strong emphasis on the strict implementation of the Code of Conduct, procurement and financial policies.

All issues of anti-corruption are treated with high importance and urgency. And we have zero-tolerance of any sort of corruption. All suspected incidents have to go through internal investigation/ audit committee and final reports and decision are reviewed by the top management.

Principle 10

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

6. Availability of This COP

This COP Report will be shared with our stakeholders through our primary channels of communications.

7. Focal Person Contacts

Mr. Samer Hassan M. Osman, CSR Manager

DAL Motors Co. Ltd.

Kilo 8 Wad Medani Road

P.O. Box 56

Khartoum - Sudan

(t) +249 183 216 216 ext. 3255

(f) +249 183 216 216

<http://www.dal-motors.com>

e-mail: samer.osman@dalgroun.