



**Date: September 14, 2018**

**TOLARAM GROUP**  
**COMMUNICATION ON PROGRESS**  
**UNITED NATIONAL GLOBAL COMPACT- THE TEN PRINCIPLES**

**Report for the period of May 2017 to May 2018**

Tolaram Group became a signatory to the UN Global Company in July 2008 and has submitted six annual reports on our Communication on Progress (COP) to date since 2010.

This is the Annual Report for the period of May 2017 to May 2018. The statement from Mr. Sajen Aswani, Chief Executive of the Group is enclosed in Annexure 1.

The Group continues to support the Ten Principles of the Global Compact in respect of Human Rights, Labor Rights, the Protection of Environment and Anti-Corruption. These are outlined in Annexure 2.

Headquartered in Singapore, Tolaram Group has its main operations in Africa, Asia and Europe. The COP for the Group is enclosed in Annexure 3.

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**STATEMENT FROM OUR GROUP CEO, MR. SAJEN ASWANI**

I am pleased to confirm that Tolaram Group reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we reaffirm our commitments to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

With 70 years of entrepreneurship experience, Tolaram Group has evolved from trading, to manufacturing, to brand-building. While we are established in several industries, we are now focusing on growing our fast-moving consumer goods and digital services businesses. With that, a fundamental part of the Group's philosophy has always been to give back to the communities that have helped us grow to who we are today. Philanthropy has remained a core aspect of the Group's values, and this tenet goes back to the roots of the founding family, long before the business' inception. As part of honouring this tradition, in 2015, Tolaram Group was reorganised as a trust with Ishk Tolaram Foundation becoming the majority trustee and 25% beneficiary. The Foundation represents the philanthropic pursuits of the family, focusing on issues related to education, employment, and healthcare in Indonesia and Nigeria. Through both the business and foundation we hope to continue to embody the Ten Principles outlined by the Global Compact in all our endeavors.

Our Group has always believed in philanthropy & volunteerism from our very humble beginnings. In Nigeria, Indonesia and Estonia, where we have manufacturing operations, we have been participating in community initiatives for a long time. The idea is to contribute meaningfully to the society/community in these locations. The areas covered include Education & Sports, Physically & Mentally Challenged and Health Care. One example is Nigeria, where we operate a non-for-profit Limb Centre, which fits beneficiaries with prosthetic limbs and connects them with employment opportunities.

As of 2018, the Group employs over 10,000 and our employee profile consists of individuals from a range of backgrounds. Some of the nationalities include Egyptian, Estonian, Ethiopian, German, Ghanaian, Indian, Indonesian, Nigerian, Pakistani, Russian, Singaporean, South African, etc. We believe that the diversity of our people plays a key role in the success of our businesses across the globe.

We are convinced that with our successes comes an increased responsibility to contribute meaningfully to the communities in which we operate. Our culture is shaped by our guiding values: Trust, Respect, Commitment, Courage, and Humility. These values stand at the core of everything we do and allow us to honour where we came from, what we have learnt along the way, and how we can continue to contribute to a better world.

Sincerely yours,

Sajen Aswani  
Chief Executive

TEN PRINCIPLES OF UNITED NATIONS GLOBAL COMPACT

Human Rights

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.

Labour Standards

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.

Environment

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.

Anti-Corruption

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

**IMPLEMENTATION OF THE 10 PRINCIPLES OF UNGC IN TOLARAM GROUP  
SINGAPORE**

Tolaram Group is headquartered in Singapore, with corporate functions such as finance, internal audit, HR & communications and business development teams sitting in the corporate headquarters.

In Singapore, we support and respect our employees as free and equal individuals and ensure that there are no human rights issues or abuses.

We follow and comply upon the various provisions of the Employment Act in Singapore and our employees' benefits are compliant to the provisions of the Act.

Labour standards are also held with the highest regard as strict protocols and checks are ensued to ensure that there is no child labour, forced or compulsory labour. The Group currently employs over 10,000 people from India, Singapore, Indonesia, Estonia, Nigeria, Ghana, Pakistan, Ethiopia, Philippines, Germany and Russia, as well as a mixed proportion of genders, all above the legal working age required. We do not discriminate based on age, gender, race, caste, religion etc. in matters of employment or occupation.

In the area of environment, our corporate headquarters building in the 1A International Business Park was awarded the prestigious BCA Green Mark Gold Award for its green features, which includes double-glazed glass for curtain walls and windows, use of T5 light fittings and the use of environmental friendly materials with recycled content. We are also making a conscious effort to take care of the plants and greenery in the interior and exterior of our office. Regular checks are carried out to ensure the proper maintenance of the building and its surroundings.

With regards to anti-corruption, we work against all forms of corruption, extortion and bribery. With a competent and ever improving Internal Audit team in place, there are constant checks and controls to prevent and keep check on any possible corruption cases in the company and its various subsidiaries. Employees have internalised the Group's core values, Trust, Respect, Commitment, Courage and Humility, and put them into practice in their day-to-day activities.

Emphasis is placed on the enactment of the Ten Principles across the Group, as periodic reviews from the senior management and external audits are constantly carried out to ensure that we are maintaining and making progress in our implementation of the principles.

**Annexure 3 (Contd.)**

**WEST AFRICA**

Our West African operations are the largest within the Group. All the companies of Tolaram Group embrace, support and enact UNGC's Ten Principles in the areas of human rights, labour, environment and anti-corruption.

The main operations in West Africa are:

<b><u>Company Name</u></b>	<b><u>Activity</u></b>
DUFIL Prima Foods Plc.	Food manufacturing (instant noodles, pasta, oil and snack)
Multipro Enterprises Limited	Sales and distribution of FMCG products
Tolaram Africa Enterprises Ltd - Hypo Division	Bleach
Multipro Enterprises Limited - First Choice Retailing Limited	Retail
Lucky Fibres Limited	Manufacture of carpets and rugs
VConnect Global Services Limited	Information Services
MBH Power Limited	Transmission & Distribution of Power
Lagos Free Trade Zone Company	Free Trade Zone
Lekki Port LFTZ Enterprise	Deep Sea Port
TG Arla	Food Manufacturing (milk products)

## **Human Rights**

### **a. DUFIL Prima Foods Plc. and its subsidiaries**

- Dufil and its subsidiaries support and respect the protection of human rights and make sure that they are not involved in human rights abuses.

### **b. Multipro Consumer Products Limited**

- The company supports and respects the protection of internationally proclaimed human rights and makes sure that they are not complicit in human rights abuses.
- Individual rights are not conceded regardless of gender and the basis of treatment is fair to all even where local laws and customs permit unethical practices.
- The company supports and respect the individuals decision to exercise their religion and practice their religious belief.

### **c. Tolaram Africa Enterprises Ltd - Hypo Division**

- All forms of discrimination are discouraged. Dignity of labour is protected and the climate is people-centered.

### **d. Multipro Enterprises Limited - First Choice Retailing Limited**

- The company supports and respects the protection of the internationally proclaimed human rights within their sphere of influence; and makes sure that they are not complicit in human rights abuses.

### **e. Lucky Fibres Limited**

- There are no forms of discrimination and the company respects every employee equally.

### **f. VConnect Global Services Limited**

- We have maintained, as a matter of principle to give rights to all employees (always referred to as “Associates”) to express themselves freely on political rights, the right to life and liberty, freedom of thought and speech/ expression, equality before the law, social, cultural and economic rights, the right to food, the right to work, which is in line with the International human right law.
- We also operate in a very conducive working cultural environment and promote a cordial relationship between locals and expatriates.

- Human right abuses are not acceptable in any form as working hours are according to the labour law and Associates' health and general wellbeing is a very important concern to the company.

**g. MBH Power Limited**

- MBH understands the importance of supporting and respecting the human rights of all its employees. MBH adheres to all group company rules and guidelines with respect to human rights.
- MBH management has formed a grievance redressal cell and appointed a local staff as its head in Nigeria. For other countries this function is looked after by respective country heads. Any complaint or information with regards to any misconduct or policy violation is looked into and resolved.

**h. Lagos Free Trade Zone Company and Lekki Port LFTZ Enterprise**

- We have explicit policies that protect the human rights of workers in our direct employment and we have established a monitoring system to ensure that the human rights policies are being implemented.
- We provide various lectures to raise awareness within the company of known human rights issues within the company's sphere of influence; and help them to identify those functions that are most at risk of becoming linked to human rights abuses, possibly at the pre-investment/ project exploration and planning stage.
- We have established Grievance Redressal Mechanism to address internal as well as external grievances in a time bound manner.
- Women focus groups are formed in each stakeholder community to promote gender equality in community engagement and development activities.

**i. TG Arla**

- We respect and support the protection of internationally recognized human rights;
- TG Arla does not engage in or support child labor
- We ensure proper working conditions for our employees and through our company values, we are focused on building a work culture that drives respect for every individual and team member in the organization.

**Labour Standards**

**a. DUFIL Prima Foods Plc. and its subsidiaries**

- We respect the unions in our companies and believe that the Security of Representation is the foundation for building trust on both sides.

- Dufil Prima Foods has a union for both senior and junior employees known as FOBTOB (Food, Beverages & Tobacco senior staff association) and NUFBTE (National Union for Food, Beverages and Tobacco Employees).
- By right, the employees can freely leave in accordance with the established rules.
- Child labour doesn't exist in any of the companies.
- We bar all discrimination against employees because of age, race, gender, religion etc. and give every employee the encouragement needed to develop their potentials and pay special regard to the individual employee's performance and progress.
- Our workers are tested on Food Handler's Test Proficiency, and only those who clear the standards are employed.
- All our factory workers are provided with clothing from head to toe at the factory and are supposed to leave them behind when they close, in order to have high standards of production quality.

**b. Multipro Consumer Products Limited**

At Multipro, we have respect for our individual backgrounds, capabilities and opinions and prevent harassment in every form.

- All man-hours rendered are adequately remunerated in line with acceptable standards in the industry
- The age of our youngest employee is above the approved minimum age for industries.
- In Multipro, the JCCs (Joint Consultation Committee) has been formed. Previously, staff associations were non-existent and we took the initiative and formed JCCs for staff. This way, we have ensured that there is collective bargaining from the employees' side, which is one of the principles of labour standards.

**c. Tolaram Africa Enterprises Ltd - Hypo Division**

- Hypo Division has very cordial relationship with its employees and ensures safety and highest work standards.
- We have formed Joint Consultative Committee (JCC) where representatives of departments meet with Top Management as a means of communication between Management and Staff and make the Human Resources Policies with the mutual consent with the Management. This is still in progress and has yielded a good result and continuous performance improvement. The staff



Handbook and other guidelines have been put together in line with the best practices of Labour Standard and are subject to review as and when the need arises.

- Adequate Training is given to workers (both in-house and external) to enhance their performances and operational excellence, (Lean/Six Sigma) is the priority for Hypo Division.
- The Company gives priority to able applicants within the communities to fill existing vacancies for the benefit of the indigenous youths when the company is in need of manpower.

**d. Multipro Enterprises Limited - First Choice Retailing Limited**

- We have a non-discrimination hiring policy and employees are selected based on their ability to do the job. There are no distinctions, exclusions or preferences made on grounds of caste, religion, gender, etc.
- We do not hire minors and proper background checks are carried out before employing.

**e. Lucky Fibres Limited**

- Lucky Fibres shares a very cordial relationship with both the National Unions for Junior (NUTGTWN) and Senior staff (TGTSSAN). We strive to ensure the highest safety and work standard measures are followed.
- In lieu of adding value to our neighbouring communities, we always prefer hiring indigenous youths; training them to ensure a win-win culture is insinuated amid our environment. The company also provides basic amenities such as clean water supply and electric transformers to its neighbouring communities.
- The company continues to engage three retainer hospitals to cater for the health of its staff and some of their family members in and around the Lagos region. This ensures that our employees are in good health both physically and mentally.

**f. VConnect Global Services**

- We are always open to our Associates' views and opinions. Our emoluments are open to bargaining by each employed Associates in their departments and chosen careers. Special talents and experiences are also given special consideration in recruitment. We also engage a lot of fresh Graduates to help reduce the menace of unemployment. We train fresh Graduates and students on Industrial Training to improve their skillsets.
- There is no forced labour and all Nigerian labour law are in full compliance. There are no discrimination in gender, tribe etc.

- Associates are given the chance to grow and be promoted into managerial positions and be part to the Management meetings and decision making that will help in the growth of the company.
- We also maintain a Key Performance Indicator for all Associates to help in monitoring their growth under the watchful eye of a mentor who is to ensure frequent mentoring and advice for each appointed Associates.

**g. MBH Power Limited**

- MBH gives equal opportunity to all and makes no discrimination with respect to race, caste, religion, gender etc. in matters of employment or while engaging any manpower.
- MBH has no bonded or forced labour
- MBH has a strict no-tolerance policy with respect to child labour.

**h. Lagos Free Trade Zone Company and Lekki Port LFTZ Enterprise**

- The company provides a safe and healthy workplace, ensuring non-discrimination in personnel practices. We make sure that we do not directly or indirectly use any forced labour or child labour. We provide access to basic health facility for the workers and their families, to our best ability.
- We have a clear policy not to use or benefit from forced labour, and we ensure that all company officials have a full understanding of what forced labour is. We make sure that neither the company nor its subcontractors hire any forced labour.
- We make available employment contracts to all employees stating the terms and conditions of services, the voluntary nature of employment, the freedom to leave (including the appropriate procedures) and any penalties that may be associated with a departure or cessation of work, the contracts are in languages easily understood by workers, indicating the scope of and procedures for leaving the job.
- There are adequate and verifiable mechanisms for age verifications in recruitment procedures. If there are children below the legal working age found in the workplace, appropriate measures will be taken. Influence is exercised on subcontractors, suppliers and other business affiliates to combat child labour. We also encourage and assist in launching supplementary health and nutrition programmes for children living in nearby communities.
- We have proper company policies and procedures which make qualifications, skills and experiences the basis for the recruitment, placement, training and advancement for staff for all levels. We also keep records on recruitment, training and promotion that provide a transparent view of opportunities for employees and their progression within the organisation.
- We establish the various programmes to promote access to skill development training and to particular occupations and arranging various lectures for development of the employees. Also, we encourage and support the employees to build a climate of tolerance and allow for equal access to opportunities for occupational development such as adult education programmes and health and childcare services. In addition, we also

accommodate for cultural traditions and work with representatives of workers and governmental authorities to ensure equal access to employment by women and minorities.

- Behavioural safety management is being practiced in the work environment to minimize occurrence of incident and accidents.

**i. TG Arla**

We are committed to conducting our business and growing responsibly

- Our anti-discrimination policy ensure that we have a workplace that is open to all irrespective of gender, religion, race or social status.
- We comply with the Country's Labor regulations with respect to work hours and fair wages.
- We provide a world-class work environment which is clean and safe for all employees.
  - Our employees are provided standard healthy meals every work day
  - Health care services are also provided for our employees through a licensed Health Maintenance Organization in Nigeria.

**Environment and Quality**

**a. DUFIL Prima Foods Plc.**

- We support a precautionary approach to environmental challenges and undertake initiatives to promote greater environmental responsibility.
- We have shifted from usage of AGO to compressed natural gas for Power generation in most of our facilities.
- We have Environmental Impact Assessment studies done by external agencies deputed by Federal Ministry before setting up a new factory. Thereafter, an Environment Audit is carried out by the same agencies every alternate year.
- We have an effective Waste Recycle System wherein we recycle our waste, if required.
- We also maintain the use of carrier bags, which are entirely recyclable in nature.
- We have effluent treatment plant to treat all water generated from our operation to meet environmental specified regulation limit.
- Dufil manufacturing standards and product complies with all regulatory, national standards for local and exporting country requirement.
- Manufacturing facilities are certified with Quality Management System ISO 9001:2008 and Food Safety Management System ISO 22000: 2005 and ISO 9001:2008, certifying that it is maintaining the highest safety in food.
- We have detailed internal guidelines on HACCP (Hazard Analysis Critical Control Point), GMP (Good Manufacturing Practices), GLP (Good Laboratory

Practices) to inculcate self-discipline and best standards developed with reference to International standard.

**b. Multipro Consumer Products Limited**

- We maintain a safe and healthy work place for everyone who utilizes our business premises as well as the community in which we operate.
- It is our intention to give our support to relevant governmental bodies in a bid to improve our activities for a sustained hitch-free operational environment.
- We have taken initiatives to use cleaner fuel for generation of power. In Lagos, the Multipro head office and one of the warehouses are now connected to the gas generator. Prior to that, we were using diesel generator. In future, we plan to bring all our offices and warehouses in Lagos under the same scheme.
- We ensure that all our drains are well channelled to avoid erosion while we are presently working towards total elimination of spillage of waste oils.
- Our core technology-driven activities are outsourced to business process solution providers to handle for optimum results.
- We undertake initiatives through our Training department to train our employees on the ways of doing various activities in environment friendly manner.

**c. Tolaram Africa Enterprises Ltd - Hypo Division**

- In our quest to enhance effective performance and maintain good manufacturing practices, we have received the following certification – Manufacturers Association of Nigeria (MAN), National Agency for Food and Drug and Administration and Control (NAFDAC), NIS/ISO 9001:2008, Exports and Registration Certificate.
- The NIS/ISO 9001:2008 (SON certification) was obtained and the same has been incorporated on our packaging and finished Goods.
- The company has, through the support of Government Agencies both Local and State, been able to maintain a clean and green environment, prevent environmental degradation, continuous focus on the training of the staff on technical aspects, HSE (Health, Safety and Environment) in consonance with National and International best practice, and Housekeeping. The company has a good drainage system to all units within the facility. In keeping with sustainable environment, flowers and ornament plants are planted within the premises and environs. In addition, there is an artificial waterfall within the facility. The manufacturing process employed to make bleach is the most environment friendly one with the available technologies.

**d. Multipro Enterprises Limited - First Choice Retailing Limited**

- We participate regularly with LAWMA (Lagos State Waste Management Agency) and other Lagos Local Government Environmental Agencies to make sure the environment we operate in is clean and good for inhabitants.
- We heavily discount consumer goods close to expiry (within two months to expiry date), so that they can be safely used/consumed.
- Daily cleaning of central warehouse and shop fronts are ensured for proper storage of consumer goods.

**e. Lucky Fibres Limited**

- Lucky Fibres maintains a clean and healthy working environment both within its premises and surrounding areas.
- In our endeavours to enhance our performance, we maintain a clean green environment, thus preventing environmental degradation. Continuous focus on training our staff on technical aspects, Health, Safety and Environment (HSE) subjects, housekeeping and operational excellence through Six Sigma, is our priority. To this effect, we have conducted over 80 training sessions covering 600+ employees on the above topics.
- Lucky Fibres in year 2017 is certified with NIS ISO 9001:2015 standards for Quality Management Systems. This demonstrates our commitment to exceeding customer's requirements/expectations and conforming to International standards.
- Oekotex Standard 100 has certified that our products are free from harmful substances at all the stages of production.

**f. VConnect Global Services Limited**

- We are always very open to changes that will benefit the Associates, which is our priority. We are quick to comply with any environment changes that might be a result of natural disasters, human interference, or animal interaction. We have good and capable resources available in case of any environmental changes.
- We are always thinking ahead of issues thereby creating a prompt response when the need arises. We are also very quick in providing a befitting staff cafeteria to further give Associates a more relaxed and better environment to take lunch, etc.
- At VConnect, we encourage and put in place technologies that will further help our Associates in day-to-day activities and keep them up to date with modern technologies by providing them with the latest working gadgets and tools to meet with international standards.

**g. MBH Power Limited**

- MBH has a Health Safety and Environment (HSE) policy in place and provides all necessary Personnel Protection Equipment (PPE) to keep its employees safe and enable them to do their work with ease. MBH also undertakes HSE training for employees working at its sites at regular intervals and a HSE officer has been appointed to overlook these.
- MBH is ISO 9001:2008, ISO 14001:2004 and ISO 18001:2007 certified with TUV and takes pride in the fact that all its employees are taking extra efforts to make sure that MBH is completely compliant with all requirements of ISO standards.
- MBH ensures that Environment Impact Assessment (EIA) studies are completed and all environmental approvals and clearances from necessary governmental agencies are obtained before the commencement of any major projects.

**h. Lagos Free Trade Zone Company**

- We have developed a proper Health, Safety and Environment (HSE) Policy and which shows our commitment to care for health and the environment.
- We support scientific research, including independent and public research, on the issues involved. Joint industry-wide collaborative efforts have been initiated to share knowledge and deal with issues, in particular, production processes and products with high levels of uncertainty, potential harm and sensitivity.
- Plant cultivation is maximized to minimize the pollution level. Environmental Impact Assessment (EIA) and mitigation measures are the pre-requisites for any factory establishment within the Lagos Free Trade Zone. This should comply with local as well as international environment regulations.
- The vision of all the free trade zone companies is “triple bottom line” of sustainable development- economic prosperity, environmental quality and social equity.
- We are having a quality environmental condition and passing these benefits to the nearby communities to our best ability.
- We have established a corporate company policy on the use of environmentally sound technologies. We are encouraging and getting our know-how on environmental-friendliness.

**i. Lekki Port LFTZ Enterprise**

- Many steps have been taken as a precautionary approach to environmental challenges in relation to the construction and operation phases of Lekki Port. Environmental and Social Impact Assessment (ESIA) study was conducted for the proposed port project in compliance to IFC Performance Standards and World Bank EHS Guidelines; which was approved by African Development Bank following due diligence of the ESIA report.
- A detailed wave study was conducted for the proposed port site; based on which the port layout was designed to minimise the impact of construction on

soil erosion as well as a secondary beach to be developed towards the eastern side of the port to nullify the impact of soil erosion on the natural beach.

- Physiochemical analysis of the proposed dredging area was conducted to ensure that it is not contaminated by any hazardous material.
- A team of environmental experts are engaged for this project on regular basis to address environmental issues in a professional manner.
- Stake holder communities' engagement is ensured from the planning stage of this project. Detail study of socio-economic profile for the stakeholder communities were conducted. Different focus groups interactions are an ongoing activity.
- Ecosystem services related to the stakeholder communities were evaluated and provisions are being made for more livelihood opportunities.
- A detailed Environmental and Social Management Plan (ESMP) was developed to minimize the probable impacts from the project activity.
- Biodiversity Control Plan was developed to ensure minimum impact and conservation of wild life in the project impact area.
- Budget has been allocated for community development and CSR activities like
  - Water Sanitation & Hygiene
  - Community Health programme
  - Business Development Program for women and fishermen
  - Education
  - Skill development and job creation

j. **TG Arla**

- The Company provides a safe and clean work environment for its employees.
- The Company holds a week-long Annual Health, Safety and Environment event that is geared towards increasing awareness on Health, safety and Environmental protection. We engage in respectful and constructive community relations;
- To support our stakeholder communities, we give employment priority to the youths from these communities
- We also engage in social responsibility programs, which empower local women by providing them vocational training to enable them support themselves and their families.

**Anti-Corruption**

- We work against all forms of corruption including extortion and bribery in all the companies.
- We are up to date with all Government levies and also ensure that Employee/ Company taxes and all other levies are duly remitted to Government.
- We strictly follow ethical business practices and do not encourage covertly or overtly any form of corruption. It is part of the Group culture to however provide hospitality and seasonal gifts to our various stakeholders.

### **Annexure 3 (Contd.)**

#### **ESTONIA**

We currently have two manufacturing operations in Estonia:

<b>Company</b>	<b>Activity</b>
Horizon Pulp & Paper, Kehra Harju county	Manufacturing of sack kraft paper
Tolaram Investments / Phoenixland, Tallinn	Real estate development

Estonia, being part of the European Union, adheres to strict laws governing human rights, labour, environment and anti-corruption. All our business entities have a good track record in these areas.

#### **Human Rights**

##### **a. Horizon Pulp & Paper**

- The Company follows the Estonian Human Rights laws, which are in line with the European Union laws on Human Rights.
- Since inception in the nineties, the Company do not have any human rights abuses issue in operations.
- Individuals from different nationalities and with different religious and ethnic backgrounds are employed in our operating units. Common rules and practices are applied to all employees of the Company.

##### **b. Tolaram Investments**

- The companies follow the Estonian Human Rights Laws, which are also recognised by the European Union.
- Since their inception in the nineties, our companies in Estonia do not have any human rights abuses issue in their operations.
- Individuals from different nationalities and with different religious and ethnic backgrounds are employed in our operating units. Common rules and practices are applied to all employees of the Company.

#### **Labour Standards**

##### **a. Horizon Pulp & Paper**

- Horizon Pulp & Paper and Horizon Tissue provide employment opportunities in Kehra, 40 km from Tallinn, the capital of Estonia.



- Social and income taxes (this is employee's tax) are distributed to local municipality, hence infrastructure and social environment are improved not only for employees and their families, but also for all their neighbours.
- Our companies in Estonia do not practice forced or compulsory labour, and we do not employ child labour in any of the companies.
- Women form a large part of employee force in our companies, which do not discriminate between male or female employees. Common rules and practices are applied to all employees of the company.

**b. Tolaram investments / Phoenixland**

- Our companies in Estonia do not practice forced or compulsory labour, and we do not employ child labour in any of the companies.
- Women form a large part of employee force in our companies, which do not discriminate between male or female employees.
- Common rules and practices are applied to all employees of the company.

## **Environment**

**a. Horizon Pulp & Paper**

- The raw material wood used for production of paper is sourced from 100% renewable forests. Horizon carries FSC® (Forest Stewardship Council) certification, which means that all wood is sourced from responsibly managed forests only. Horizon is ISO 14001 & ISO 9001 certified (Environmental and Quality management systems).
- In the end of 2017, the Company has successfully commissioned a biomass-based green project new Combined Heat & Power plant (CHP). The Green energy, steam and electricity produced from CHP are utilized in manufacturing of paper. CHP has increased Company's self-sustainability on energy and significantly reduced CO2 emissions.
- In the end of 2017, the Company has also commissioned new converting lines to produce carrier bags from its packaging paper. The new products are used mainly in FMCG sector. This investment fits into EU scheme to replace plastic packaging with renewable packaging solutions.
- Value of these two recent investments is approximately EUR 25 mln.

**b. Tolaram investments / Phoenixland**

- One of the main goals that the Group follows while completion of the new residential and commercial developments is creation of the environmental friendly living society.
- During construction, the Group ensures that only certified materials are used, work safety regulations are strictly followed and the activities, which could endanger the surrounding nature, are prohibited.
- Prior construction start, the Group carries out all the necessary environmental studies for the territory and ensures that during construction process the

collected recommendations and guidelines as followed (such as liquidation of minor soil pollution caused by the previous long-term production activity, planting of new greenery etc.).

- While designing of the new houses, the Group uses ergonomic solutions. The new houses are designed to provide good access for disabled people (slopes, elevators etc.), the rooms are spacious and have enough of natural light, for parking there is used comfortable parking solution (in-house parking in the separate parking house).
- While creating of the new residential environment, the Group aims to ensure the presence of the good quality new social services (such as providing of the kindergarten, playgrounds for children and zones for leisure activities).

### **Anti-Corruption**

All the companies' policies are strongly against all forms of corruption/ bribery/ extortion. The companies have transparent and open systems for this purpose. They work proactively to prevent corruption and illegal activities and dissociate themselves from corruption in any form, whether direct or indirect. Furthermore being in European Union, we are strictly following the laws and regulations that are against money laundering. HPP has included the Anti-Corruption clause to all the agreements and contracts.

### **Annexure 3 (Contd.)**

### **INDONESIA**

We currently have three manufacturing operations in Indonesia:

<b>Company</b>	<b>Activity</b>
PT. Lotus Indah Textile Industries	Manufacturing of polyester and rayon spun yarns
Amar Bank	A modern bank with premium and leading service innovation offering financial solutions
Tunaiku	IT data analytics company, focusing on financial services

## **Human Rights**

### **a. PT. Lotus Indah Textiles Industries**

- In 2014, PT. Lotus Indah Textile Industries closed its operations in Rungkut and relocated to Nganjuk. The company continues to be committed to supporting and protecting the basic human rights.
- The Management and senior staff team of the organization made special efforts during the recruitment process of workers at the new plant site to ensure that the process was without distinction of any kind, such as race, colour, gender, language, religion, political or other opinion, national or social origin, property, birth or other status.
- Furthermore, no distinction was made on the basis of the political or jurisdictional status of the territory to which the person belonged.
- All manufacturing operations in the new plant are conducted in an ethical manner that support and protect the rights and interests of all persons associated with Lotus Indah.
- We ensure the provision of a fair, safe and healthy workplace for all employees, free from discrimination, harassment or abuse.

### **b. Amar Bank and Tunaiku**

- We are always committed to ensuring the implementation of human rights principles throughout our business and organisation.
- We believe that access to finance is not a privilege, it becomes part of human rights aspect as society thrive toward the right to a standard of living adequate for the health and well-being.
- Through our bank's digital lending product, Tunaiku, we encourage people to pursue education and a better quality of life which are pivotal for the success of sustainable development goals.
- We have implemented and maintained non-discrimination policy and equal opportunity throughout our business process and employee recruitment.
- We provide a fair, safe and healthy workplace for all employees and invigorate every individual to exercise their right to freedom of thoughts, speech, religious beliefs, political participation, and personal development to the fullest.

## **Labour Standards**

### **a. PT. Lotus Indah Textiles Industries**

- Our employment policy commits us to respect the right of all employees to form and join trade unions of their choice and to bargain collectively and promotes the relevant structures and relationships where this is both appropriate and local practice.
- The working conditions of all employees are regulated through negotiations and the interests of the employees are commonly presented by their representatives.

- We prohibit forced, compulsory and underage labour, and any form of discrimination based on race, religion, age, disability or political affiliation.
- Lotus Indah prohibits the use of child labour in any form.
- Laws of Land of Indonesia are respected absolutely.
- Lotus Indah promotes workplace equality and seeks to eliminate all forms of unfair discrimination.
- Equitable processes for recruitment, promotion and remuneration are in place, which ensure employment and promotion on the basis of job requirements and merit, and which support the establishment of a diverse workforce and ensure that all employees and employment applicants are treated equally irrespective of race, colour, gender, sexual orientation, religion or belief, family circumstances, political opinion, trade union membership, age, nationality or disability.

**b. Amar Bank and Tunaiku**

- In Amar Bank, we always ensure the enforcement of International Labour Standards and the Act of The Republic of Indonesia Number 13 Year 2003 pertaining to Manpower.
- We continuously provide decent working conditions ensuring workplace security, social protection, better prospects for personal development and social integration.
- Through open communications between management, functions and all employees, we expedite decision making process and establish a sound corporate governance, whilst also maintain genuine collective bargaining.
- We are vehemently against forced labour, child labour, workplace bullying, physical or psychological abuse, and discrimination.
- On contrary, we strongly promote personal growth, skill development, self-functioning organisation, effective communication, fair remuneration, a climate of tolerance, also a safe and healthy workplace.

**Environment**

**a. PT. Lotus Indah Textiles Industries**

- Lotus Indah actively strives for recognized best environmental performance in our operations. To achieve this, we apply a precautionary approach in our decision-making and integrate environmental principles into our business strategy. We are ISO 9001 and 14001 compliant.
- As a business, we are committed to minimizing our impacts on the natural environment, on living and non-living natural systems, including ecosystems, land, air and water.
- We are determined to be resource-efficient, increase our use of raw materials from renewable resources, develop cleaner production methods and play our part in combating climate change by improving energy efficiency and reducing our GHG emissions.

**b. Amar Bank and Tunaiku**

- We strongly support the precautionary approach to environmental challenges through systematic application of risk assessment, risk management and risk communication.
- Standing at the forefront of financial technology advancement, we rigorously strive to foster financial inclusion in Indonesia.
- We consider financial inclusion as a key enabler to alleviate extreme poverty and boost shared prosperity.
- Digital financial technology has facilitated expanding access to financial services to hard-to-reach populations and small businesses. We innovate toward environmentally sustainable business practices such as cloud-computing, cloud-based file storage, data center, and operations which significantly reduce waste and resources consumption especially energy and paper.
- Cloud technology shall have a profound future impact due to its environmental benefits especially in terms of energy conservation, less carbon emission, supporting remote workers, and paper reduction.
- Furthermore, we also focus on an integration between cloud technology architecture and data-driven decision making to lead our business into scalable, cost effective, efficient in performance, and adaptive to environmental challenges.

**Anti-Corruption**

**a. PT. Lotus Indah Textiles Industries**

- Lotus Indah is opposed to corruption and illegal practices in all their forms. We do not become involved in any improper political activities and we do not make political donations or incur political expenditure.
- We abide by Tolaram Group's Guiding Principles and set clear principles for the conduct of our business activities.

**b. Amar Bank and Tunaiku**

- We always ensure that integrity and anti-corruption practices are embedded in organization culture to establish and strengthen a good corporate governance, accountability, and ethical business negotiation in the entirety of our structures.
- Our commitment is guided by United Nation Convention Against Corruption and Anti-Corruption Law in Indonesia.
- As a bank we continuously conduct due diligence toward our customers and employees to ensure that the funds running within our business are not associated with bribery, extortion, gratification, and money laundering.
- Through the implementation of APU PPT system (Anti-Money Laundering and Combating the Financing of Terrorism Program) as stipulated in Bank Indonesia Regulation No. 14/27/PBI/2012, we effectively identify, analyse, evaluate, monitor, mitigate, and report any suspicious transactions and activities associated with corruption.