

ALPHONSA  
CASHEW INDUSTRIES



United Nations Global Compact  
Communication on Progress  
2019



COMMUNICATION ON  
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

30 September 2019

To our stakeholders,

Alphonsa's commitment to building a Sustainable, Responsible and Traceable cashew value chain is a fundamental pillar of our core purpose. We are committed to embracing our future sustainably and responsibly. At the heart of our commitment is a conviction that business practices which are rooted in universal principles help the global marketplace to be more socially and economically inclusive.

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

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

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Ebin Babu Oommen', with a stylized flourish extending from the end.

Ebin Babu Oommen  
Chief Executive Officer

We are committed to  
building a sustainable  
and responsible cashew  
value chain.



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*Eminent  
Provenance*



## Provenance

In the year 1958, a family business sparked into life when Oommen Geevarghese, after being a small-time cashew merchant for almost a decade, audaciously started a cashew processing business in Puthoor in tribute to this late father, Geevarghese Oommen.

Oommen Geevarghese, the founding father of the family business, was resolute on founding and building his business on strong moral values and tried to embed those values on to every employee to build a family business rooted in commitment and honesty.

Oommen Geevarghese welcomed his eldest son Babu Geevarghese Oommen into the company, introducing him to the business early on. Following his father's footsteps and influenced by the entrepreneurial spirit, Babu established an independent cashew company after working in his family business for almost a decade and named it Alphonsa Cashew Industries, after his beloved Saint Alphonsa of Bharananganam. He expanded his business slowly but steadily seeking new customers and markets while building capacity and vertically integrating his supply chain.

As a family-owned business, we are committed to staying true to our illustrious roots and doing business with integrity. Alphonsa has been built on strongly embraced values of honesty and commitment, values ingrained on us by Oommen, and Babu, passionate about the business, added passion as our third value. These values remain rooted in our culture to this day and have been fundamental to our growth and continue to be key drivers of our business. They define our approach to building relationships and partnerships based on trust and ensure we uphold the highest ethical standards and balance reliability with sustainable and responsible business practices.

The family business's humble beginnings in 1958 and the legacy left by founding father continue to inspire and invigorate us to this day. This is a story of time-honoured excellence, the story of Alphonsa Cashew Industries.

## Our Philosophy

Our heritage in the cashew industry is rooted in a long-standing tradition of trust, the cornerstone of our existence.

Our profound understanding and presence across the cashew value chain bound with our core values and supported by our passionate commitment in building a sustainable, responsible and traceable value chain help us to exceed the expectations of our customers while delighting all of our stakeholders along the way.

## Our Values

We are a traditional independent family business with the commitment of our founders inspiring us. Our values shape our culture and define the character of our company. They guide how we behave and make decisions.

### **Honesty**

We base our relationships with all our employees, suppliers and customers on the foundation of truthfulness and openness. We firmly believe that this will pave the way for relationships immersed in trust and faith. Our actions are bound by honesty and integrity, and we always strive to do what is fair and right for our stakeholders.

### **Commitment**

We are committed to building relationships founded on trust and faith with our partners at every stage of the value chain. We are resolute in our determination to achieve perfection and excellence in everything we do.

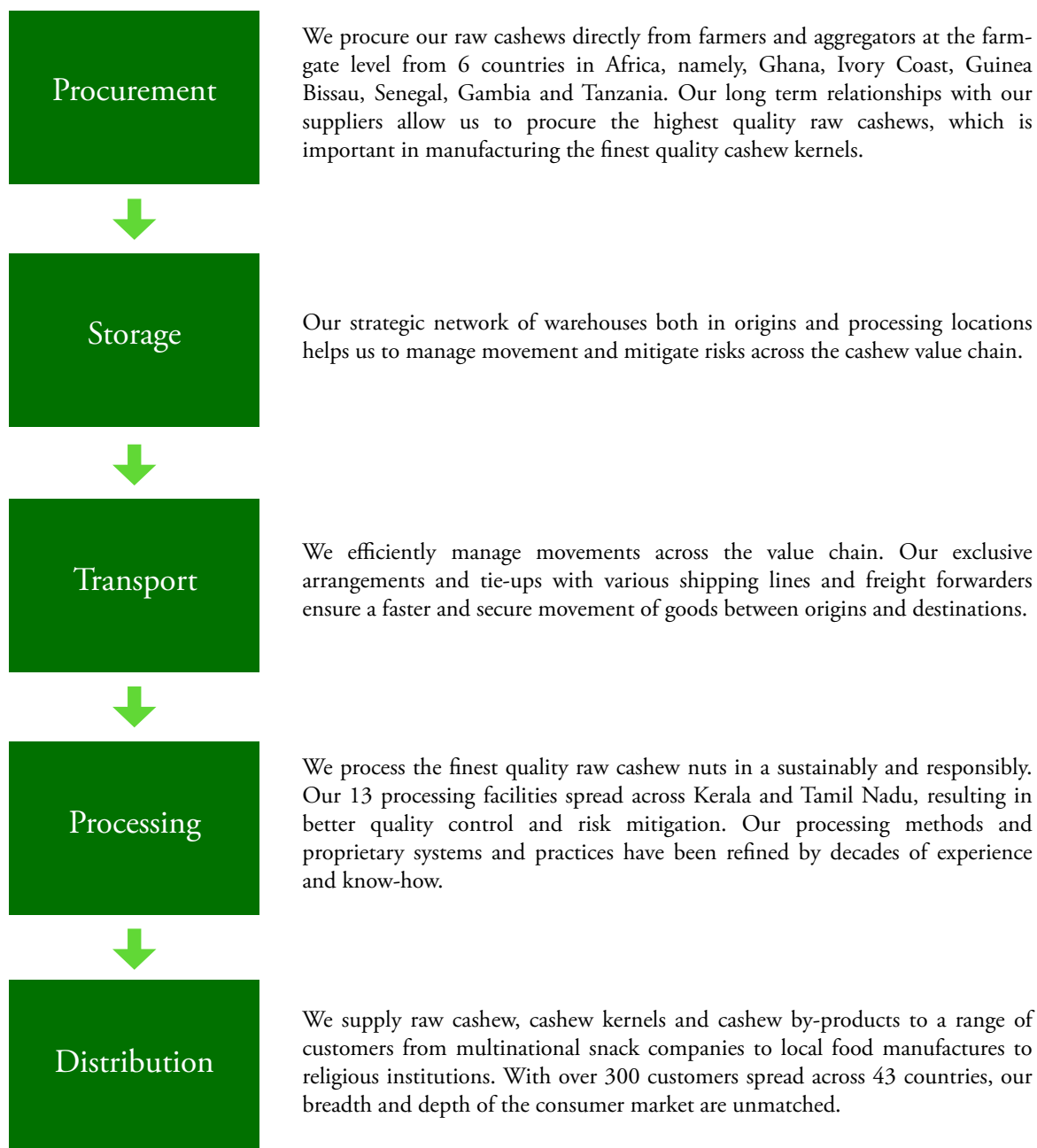
### **Passion**

Being from a family that has been involved in the cashew business for generations, this business is a passion for us. A passion for performing, a passion to consistently deliver the finest quality cashews and a passion for growing along with our suppliers and customers.



## Presence across the cashew value chain

Having a presence at every stage of the value chain helps us to ensure sustainability, responsibility and traceability across the cashew value chain. Our complete integration allows us to add value and manage risks along the entire supply chain from the suppliers to our customers.







*Sustainable  
Future*



## Sustainability and Responsibility

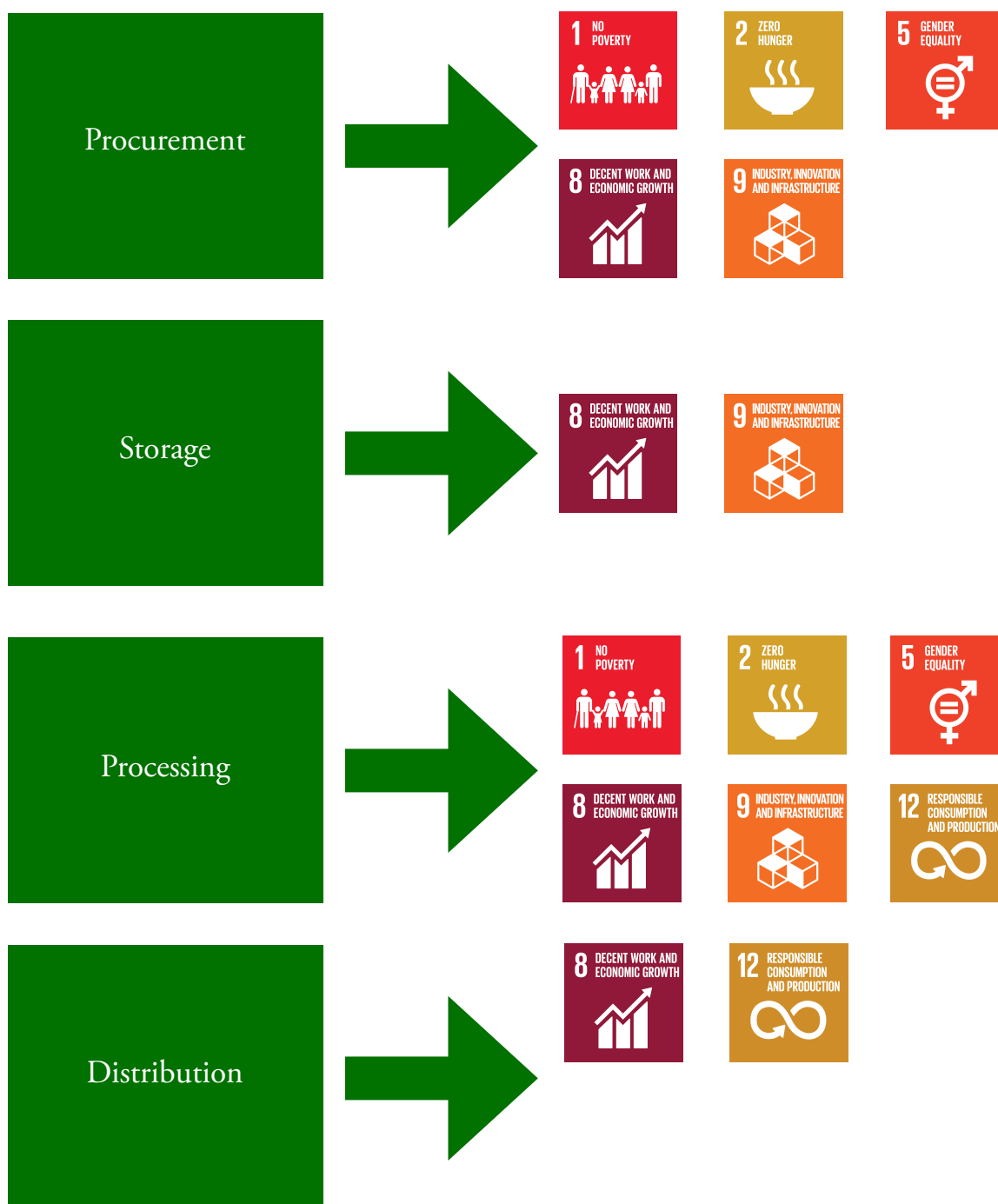
Having a presence at every stage of the cashew value chain helps us to ensure sustainability, responsibility and traceability throughout the value chain. Sustainable and responsible business practices, combined with collaboration and innovation, can bring about powerful change in markets and societies - proving that principles and profits go hand in hand.

Doing business in a sustainable and responsible way has been a passion for us because being a family business, we truly understand the importance of saving for the next generation. Embodying sustainability, responsibility and traceability into our value chain is a fundamental pillar of our core purpose.

Our sustainability and responsibility efforts start with our value system and a principles-based approach to doing business. This means operating in ways that meet fundamental responsibilities in the areas of human rights, labour, environment, and anti-corruption. We have been on a path to differentiate ourselves from peers by being a responsible corporate citizen with a significant focus on sustainability and responsibility. As a testimony to this commitment, we joined the UN Global Compact in the Food Producers category on 1st October 2018. UN Global Compact is the world's largest corporate sustainability initiative, with thousands of business participants and other stakeholders from civil society, labour and government based in over 160 countries.

UN Global Compact requires participants to internalise the Ten Principles within the company's strategies, policies and operations, and to advance broader development goals of the United Nations, particularly the Sustainable Development Goals. By incorporating the Ten Principles of the UN Global Compact into our strategies, policies, and procedures, and establishing a culture of integrity, we are not only upholding our fundamental responsibilities to people and planet but also setting the stage for long-term success. The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. The Sustainability Development Goals provide a historic opportunity to unite all global stakeholders to end extreme poverty, fight inequality and injustice, and protect our planet. It is a blueprint to achieve a better and more sustainable future for all.

## Embedding Sustainable Development Goals into our Value Chain







*Human  
Rights*



# Human Rights

## Principle 1

Businesses should support and respect the protection of international proclaimed human rights; and

## Principle 2

Make sure that they are not complicit in human right abuses.

Alphonsa Cashew Industries recognises the valuable role that business can play in the short and long term protection of human rights. We are strongly committed to respecting the human rights of our entire workforce, communities, and this affected by our business activity in line with the UN Global Compact's framework.

## Our Policy

- 1) Maintaining compliance with all applicable legal and regulatory human rights requirements
- 2) Aligning our policies, processes and activities with our strong commitment to respecting human rights
- 3) Promoting awareness of human rights with employees at all levels of management through training and communication
- 4) Engaging with all stakeholders in a transparent and inclusive manner on human rights concerns related to our business activities
- 5) Prohibiting all forms of child labour, forced/trafficked labour, discrimination and harassment
- 6) Prohibiting any contribution to armed conflict or human rights abuses in conflict-affected and high-risk areas

We ensure that no employees, suppliers, customers or any other contacts are subjected to discrimination. Discrimination implies a distinction, exclusion or preference for which the underlying reasoning is based on prejudice rather than a legitimate reason, resulting in the suppression of equal opportunity or treatment. Unfounded reasons for discrimination include gender, age, origin, religion, sexual orientation, physical appearance, pregnancy, invalidity and union membership. We are committed to combating all forms of discrimination in recruitment, training and career management.

## Human Rights

*continued*

Raw cashew nuts are predominately grown in economically fragile areas. Our intent is to procure the nuts in a manner that safeguards the communities' social fabric and ensures no human rights violation takes place in the supply chain. We procure raw cashew nut at the farm-gate level in 5 countries in Africa, namely Ghana, Ivory Coast, Guinea Bissau, Senegal and Gambia. Buying at the farm-gate level allows us to supervise the farmer's ethical standards deployed, including prevention of child labour.

Cashew tree farms are located in deep interior areas of the countries, and we have set up multiple procurement centres to be as close to the farm and farmer as possible. Human rights violation, including voluntary and forced child labour, are rampant in most of the upcountry regions. Our staff who have vast experience in African regions and are highly trained, widely advocate the need to educate our smallholder farmer's children and support our suppliers to ensure no child labour is used in their farms.

Having our own procurement has often helped our suppliers from being subjected to unfair trade practices. Most of the aggregators or buyers in African countries are large trading companies who neither protects the interest of the farmer or the end consumer. They are always driven by economics and often takes out the human factor from the trade. When we procure our own RCN, we look at the interest of our supplier farmers because we want to build a long-lasting relationship with them and also protect the interest of our buyers thereby safeguarding the interests of the end consumer.

On the processing side of our business, we are committed to upholding the highest standards of human rights for our workforce. Keeping our people safe is our first and primary responsibility as a company. Safety at work is a basic human right, and workplace conditions directly influence workers as well as their families. All of our employees are educated in their workplace and human rights after joining and before commencing their work. This exercise helps them to be aware of their rights and helps them to stand up and stop retribution and workplace relation by supervisory staff. From a workplace survey that was conducted at our processing facilities, it was found that educating employees about their rights empowered them to a great extent.

## Human Rights

*continued*

Multiple Management Representatives (MR) from the Head Office reporting directly to the Chairman visits all processing facility every day to check on the welfare and wrong conditions of the employees. All complaints including harassments by supervisory staff can be lodged with the MR, and this will be reported on the same day to the Chairman who will engage the Chief General Manager to look into the matter immediately and submit a report within seven working days. Appropriate measures are taken based on the report, and changes are implemented to prevent such incidents in the future.

We encourage an atmosphere of camaraderie and active engagement at our workplace. Being strong believers of teamwork, we an open door policy which allows any employee no matter what the rank or designation to represent his/her case or complaint directly to the Chairman or Director. All identities are kept confidential in order to protect the employee from workplace retaliation.

During the reporting period, no cases of non-compliance were recorded related to human rights. We will continue to observe all applicable laws, regulations and statutory orders regarding human rights issued by State and National Government.





*Labour*



## Labour

### 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.

Alphonsa Cashew Industries is committed to making our workplace safe and inclusive. We believe all employees are important stakeholders in the business, and it is important to build a culture of mutual trust and respect. This process will result in a strong and harmonious relationship with our employees across the organisation.

### Our Policy

- 1) Ensure that no person below the age of 18 years is employed in all our workplaces
- 2) Prohibit the use of forced or compulsory labour in the workplace in all our workplaces
- 3) Ensure that no employee is made to work against his/her will or to work as bonded/ forced labour
- 4) Ensure employees are not subjected to corporal punishment or coercion of any kind
- 5) Promote diversity and offer equal opportunity to all employees based on merit and ability
- 6) Provide a safe work environment that is free from any form of discrimination including but limited sexual harassment
- 7) Ensure that there is no discrimination amongst employees in compensation, employee benefits based on caste, creed, religion, gender, race, color or affiliation with a political, religious or organisation.
- 8) Respect the dignity of the individual and freedom of employees to lawfully organise themselves into interest groups, independent of supervision or control by the management
- 9) To ensure that employees are not discriminated against for exercising freedom of association in a lawful manner

## Labour

*continued*

Being in an industry that is highly labour intensive, we believe our people are our most precious and important resource. As a result, investing in and ensuring their safety and well being has always been a top priority for us, and the Industrial Safety and Health Awards won by us over the years truly reflects our commitment. Besides adhering to all current labour regulations, we go well beyond these to ensure our people enjoy a safe and healthy work environment. We are committed to being an Equal Opportunity Employer where all our employees can thrive are treated with fairness, equality and respect irrespective of their gender, religion and ethnic background. All of our processing facilities are located in rural communities and provide direct employees to thousands of women empowering them to uplift themselves and their families.

We employ close to 3200 permanent employees, and around 93% of our total workforce are women, and we are proud and committed to keeping it that way. Around 80% of our workforce has been with the company for more than five years.

We were awarded Silver Certificate by Government of Kerala for our Outstanding Performance in Industrial Safety and Health in 2018. The award was handed over to our representative by the Minister of Industries, Government of Kerala in a function held on March 2019. We have been recipients of the same award in 2009, 2010, 2011 and 2012 in Large Factories and Medium Factories categories.

All of our employees are members of any one Trade/Workers Union that are active at our organisation. Out of 8 Trade/Workers Unions that represent 98% of our workforce across 13 Processing facilities, 4 of them are recognised by the International Labour Organisation (ILO) and are members of International Trade Union Confederation (ITUC) and World Federation of Trade Unions (WFTU). Remainder Trade/Worker Unions are recognised by the Trade Union Registrar, Government of India and Labour Commissionerate, Government of Kerala.

Government of Kerala has included the Chairman of Alphonso Cashew Industries, Mr Babu Oommen in the following Government Bodies and Committees:

- 1) Industrial Relations Committee for Cashew Industry,
- 2) Kerala Cashew Board,
- 3) Kerala Minimum Wages Advisory Board
- 4) Kerala Cashew Workers Relief and Welfare Fund Board.

## Labour

*continued*

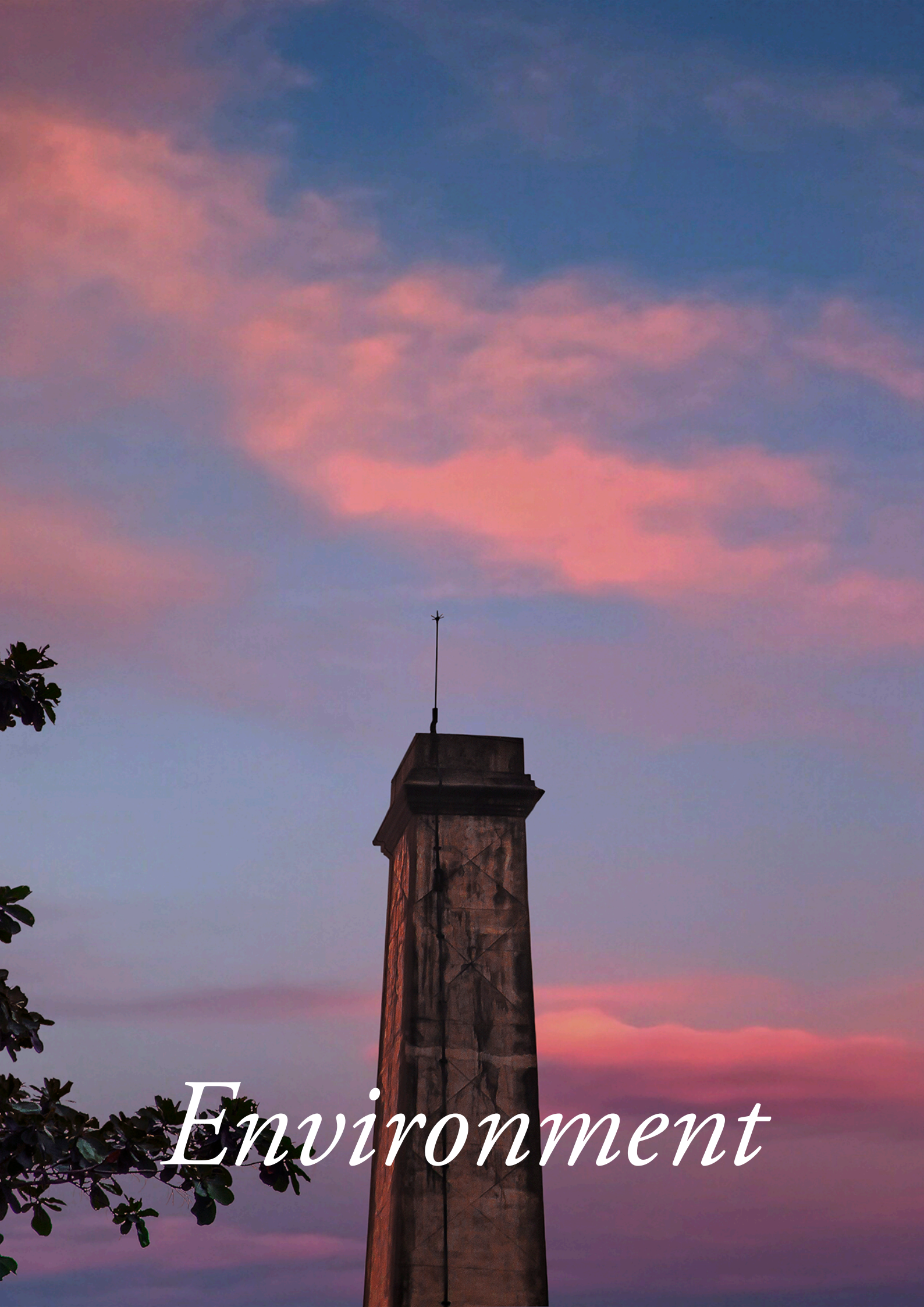
We procure our Raw Cashew Nut directly at farm gate level in 5 countries in Africa. Ghana, Ivory Coast, Senegal, Gambia and Guinea Bissau. In Tanzania, it is directly procured from selective Cooperatives Union founded and operated by farmers under the supervision of the Government. All of the six countries where we are present fully comply with International Labour Organisation's labour standards.

During the reporting period, no cases of non-compliance were recorded related to labour standards. We will continue to observe all applicable laws, regulations and statutory orders regarding labour standards issued by State and National Government.

### **Targets for 2020**

- 1) Certify our processing facilities with ISO 45001 Occupational Health and Safety Certification.
- 2) Certify our processing facilities with Sedex SMETA 4 Pillar.





*Environment*

## 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.

**Alphonsa Cashew Industries is committed to conducting its operations with high regard for the environment. We believe that addressing and mitigating environmental impacts arising out of our business activities is an important part of doing business. This is enabled by our commitment and continuous effort to address important environmental issues.**

### Our Policy

- 1) **To contribute to the sustainable and responsible business by establishing and implementing environmental standards that meet the requirement of local and international laws, regulations, acts and best practices**
- 2) **To adopt sustainable and responsible cashew processing methods that are resource-efficient and cleaner for the environment.**
- 3) **To continue to increase the contribution from renewable energy sources towards meeting overall energy demand.**

As a manufacturing business, our operations can have a significant impact on the environment if appropriate steps to prevent and contain such adverse effects are not taken by us. All of our processing facilities comply with all the rules, regulation and acts of Central and State Governments.

We were certified ISO14001:2015 Environmental Management Systems by Bureau Veritas in August 2019. This marks an important step in our commitment towards protecting the environment and safeguarding it for the future.

## Environment

*continued*

### Water

The company used a total of 23,72,500 litres of water across 13 processing facility in 2018. We are committed to using water resources efficiently. Regular quarterly maintenance and services are carried out in all processing facilities to avoid water leaks.

### Air

Ambient Air Quality and Stack Emission Tests were carried out in our processing facility in 2018 by an independent agency recognised by the Ministry of Environment and Forest, Government of India and Bureau of Indian Standards. The results are shown below:

#### Ambient Air Quality Test Result

Parameter	Result	Test Method	NAAQ Standard Limits
Sulphur Dioxide	14.62	IS:5182 (P2):2001	80 (24 Hours)
Nitrogen Dioxide	23.98	IS:5182 (P-6):2006	80 (24 Hours)
10 PM	56.47	IS:5182 (P-23):2006	100 (24 Hours)
2.5 PM	28.96	Gravimetric Method, CPCB Guideline	60 (24 Hours)
Carbon Monoxide	BDL	IS:5182 (P-10):1999	4 (1 Hour)
Lead	BLQ	IS:5182 (P-22):2004	1 (24 Hours)
Ozone	11.95	Spectrophotometric Method, CPCB	180 (1 Hour)
Ammonia	7.36	Spectrophotometric Method, CPCB	400 (24 Hours)
Benzene	BLQ	IS:5182 (P-11):2006	5 (Annual)
Benzol(a)pyrene	BLQ	IS:5182 (P-12):2004	1 (Annual)
Arsenic	BLQ	AAS Method, CPCB Guideline	6 (Annual)
Nickel	BLQ	AAS Method, CPCB Guideline	20 (Annual)

BDL - Below Detection Level

BLQ - Below Limit of Quantification

Exhausts in processing facilities that are situated in close proximity to residential areas are fitted with Carbon Scrubbers which greatly reduce the amount of carbon that is emitted into the atmosphere.



## Environment

*continued*

### Stack Emission Test Result

Parameter	Result	Test Method	CPCB Standards
Stack Height	20.00	-	NA
Stack Diameter	3.00	-	NA
Ambient Temperature	30.20	IS 11255 (P-3) 2008	NA
Stack Temperature	69.00	IS 11255 (P-3) 2008	NA
Particulate matter	45.32 mg/Nm <sup>3</sup>	IS 11255 (P-1) 1985	150
Sulphur Dioxide	4.32	IS:5182 (P-22):2004	NA
Nitrogen Dioxide	5.20	IS 11255 (P-7) 2005	NA
Carbon Monoxide	BDL	IS 13270 - 1992	1%
Velocity of Gas Discharge	6.20	IS 11255 Part 3 2008	NA

BDL - Below Detection Level

BLQ - Below Limit of Quantification

### Energy

26,16,000 Units of power was consumed by the company across 13 processing facility in 2018.

### Noise

During the reporting period, inspection was carried out in all processing facility to check for noise pollution. The result was an average of 80.5 dB, which is below the standard limit which is set as 90dB by Factories Act 1948. The inspection was carried out by a third party agency recognised by Ministry of Environment and Forest, Government of India and Bureau of Indian Standards.

## Environment

### *continued*

All of our processing facilities comply with the following regulations, rules and acts prescribed by Government of India, Government of Kerala and Government of Tamil Nadu:

- 1) The Factory Act 1948 (Amended 1987 & 2001)
- 2) The Kerala Factory Rules
- 3) The Environment Protection Act 1986 (Amended 1991)
- 4) The Environment Protection Rules 1986 (Amended 2010)
- 5) The Water (Prevention Control of Pollution) Act 1974 (Amended 1988)
- 6) The Water (Prevention Control of Pollution) Rules 1975
- 7) The Water (Prevention Control of Pollution) Cess Act 1977 (Amended 2003)
- 8) The Water (Prevention Control of Pollution) Cess Rules 1978
- 9) The Air (Prevention & Control of Pollution) Act 1981 (Amended 1987)
- 10) The Air (Prevention & Control of Pollution) Rules 1982
- 11) The Noise Pollution (Regulation & Control) Rules
- 12) The Hazardous & Other Wastes (Management, Handling & Trans. Movement) Rules
- 13) The Batteries (Management & Handling) Rules
- 14) The E-Waste Management and Handling Rules
- 15) The Plastic Waste Management and Handling (Amendment) Rules
- 16) The Bio-Medical Waste (Management & Handling) Rules
- 17) The Ozone Depleting Substances (Regulation & Control) Rules
- 18) Manufacture, Storage or Import of Hazardous Chemicals
- 19) The Gas Cylinders Rules
- 20) The Motor Vehicles Act 1988 (Amended 2001) & The CMV Rules
- 21) The Electricity Act 2003 (Amended 2007) & The Indian Electricity Rules
- 22) The Static and Mobile Pressure Vessels (Rules)

During the reporting period, there were no non-compliance incidents in relation to air, noise, water and waste. We will continue to observe all applicable laws, regulations and statutory orders regarding environmental standards issued by State and National Government.

### **Targets for 2020**

- 1) Reduce water consumption at our Pasteurisation and Packing Facility by installing Smart Hand Washing Systems for all employees that uses 90% of less water, 60% less soap and 60% less tissue paper.
- 2) Renew ISO14001:2015 Environmental Management Systems.
- 3) Install Carbon Scrubber in 50% of our processing facilities.





*Anti-Corruption*



## Anti-Corruption

### Principle 10

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

Alphonsa Cashew Industries believes that we have a responsibility to set exemplary standards of ethical behaviour both within and outside the company. All of our employees have an obligation to conduct themselves in an honest and ethical manner and act in the best interest of the company at all times.

### Our Policy

- 1) To work with supply chain partners that comply with all applicable local laws and regulations related to bribery and corruption
- 2) It is unacceptable for anyone in the company to receive or pay bribes or any other form of a corrupt payment
- 3) Facilitation payments of all kinds are prohibited
- 4) Business partners are expected to share our commitment to ethical business practices

All employees that face or has direct interaction with our customers and suppliers are required to conduct themselves in accordance with the letter and spirit of our founding ethics, including anti-corruption practices. We organise regular training sessions and awareness programmes on anti-corruption practices.

During the reporting period, no legal case or non-compliance case regarding corrupt practices, bribery, extortion was brought against the company or its employees. We will continue to observe all applicable laws, regulations and statutory orders regarding anti-corruption issued by State and National Government.

### Targets for 2020

- 1) Introduce a comprehensive Anti Bribery and Corruption Policy for company-wide implementation. This is to be circulated to all management-level employees.
- 2) Introduce a Whistle-blower policy to encourage reporting of any suspected ethical violations without the fear of retribution.