CTC GROUP

Communication on Progress 2021

Khartoum, Sudan
www.ctcgroupltd.com

CTC Group Sustainability Agenda

CTC Group took a significant step towards institutionalizing sustainability as a corporate practice that runs across the Group and its different activities. The Group formally set up a Sustainability & Corporate Responsibility Department to oversee the integration of sustainable business practice, governance and impact assessment into daily operations and strategic decisions. In October 2020, all of the business units' General Managers and Directors attended a top management workshop on the Group's sustainability agenda.

Sustainability Principles

Our sustainability principles are deeply rooted in our history and in our conviction of doing business the right way. Over the years we have articulated these principles into a set of corporate values which today are the basis of our sustainability principles. Our CTC corporate values greatly reflect our commitment towards a more sustainable way of doing business. We are embracing our role and responsibility as a leading company to innovate and deliver positive impact particularly on local communities.

Teamwork

We accomplish more working together across CTC Group

We get better outcomes when planning, deciding & executing cooperatively. Understand your role in the team and in the overall Group's direction

Value Consciousness & Quality Focus

Cost consciousness and value for money, while doing it well at international quality standards

Attacking waste and inefficiencies while always maintaining quality. Seeking efficiency by preventing loss of resources and achieving the best optimization possible in utilizing these resources. Apply relevant & reputable international standards across business functions

Customer Focus

Being obsessed with customers' needs

Know your customers' needs well & go beyond expectations in meeting these needs

Professionalism

Professionals are disciplined, driven by a high self-standard and personal achievement

Professionals are result oriented, dependable, fair and consistent

Moving Forward

Leading markets in which we operate and continuously growing

CTC Group is a market leader in its areas of operations and is always looking into the future and eyeing new opportunities to develop

Employee Focus

Attracting, developing & retaining the best of the best through empowerment & meritocracy

Create a business environment that attracts top quality talent and facilitates growth and development, through empowerment whereby the necessary authorities are delegated & communicated, and access to full information is granted to employees to deliver on their tasks and allow space for creativity. All decisions are made purely on their merits

Integrity

Working with ethics, respect, and meeting Commitments

Conducting business with ethics & integrity in a sustainable and socially responsible manner. Treating all stakeholders with respect. Meeting company commitments towards its staff and stakeholders. Commitments made by CTC or any of its members with an internal or external party will be binding and supported by the Group.

Focus Areas

We have identified key focus areas that give us the best platform to deliver impact and change fulfilling our active role in society, the economy and environment, as well as within our own organization.

1.0 Agriculture

- ***Rationale*** - The most important economic sector and pivotal in the future economic planning & development
- ***Impact*** - Employees 80% of the working population and has the largest reach across all of the 18 states
- ***Key Focus*** - Rural and smallholder development through technology transfer and capacity building

2.0 Youth Development

- ***Rationale*** - The largest demographic segment with over 50% of population people the age of 25 years old
- ***Impact*** - Higher youth engagement who were instrumental in toppling the old regime and driving the new Sudan
- ***Key Focus*** - Aspire to have a brighter future providing them with vocational training, supporting innovation and job creation

3.0 Workforce Welfare

- ***Rationale*** - The Group is an employer of choice and is a preferred destination for many candidates and future generations
- ***Impact*** - Business continuity through employee retention and engagement and attracting new talent
- ***Key Focus*** - Practicing and promoting issues of equal opportunity, ethics, inclusion and diversity across the Group

4.0 Environment

- ***Rationale*** - Impact, reach and scale of the Group is bigger than ever and continues to expand as business operations grow and become more complex
- ***Impact*** - Promoting sustainable practices improves financial performance, increases social license and attractiveness of CTC Group as partner of choice
- ***Key Focus*** - Green offices & factories, supply chain & fleet Management, and product quality/safety and sustainable sourcing

5.0 Community Relations

- ***Rationale*** - Playing a leading role as a private sector company and seen as champions of community and social initiatives
- ***Impact*** - Opens doors through engagement at national and state level as well as builds partnerships with other development agencies and NGOs
- ***Key Focus*** - Public health, national emergency response and pandemic support, grassroot movements, culture & arts

Human Rights

Like many companies around the world, the Group has had to grapple with competing challenges of protecting our employees, meeting our financial obligations to clients, delivering on promises to customers, adhering to ethical and sustainable business principals, as well as carrying through with our social and environmental responsibilities and civic duties. One of the key focus areas for the Group is workforce welfare, which has never been more relevant than during these challenging times where health and safety have been paramount.

COVID-19 Response

The Group took great measures and spared no expenses to ensure that all our employees were provided with a safe and suitable work environment during the breakout of this pandemic. The Group quickly moved to establish a task force working round the clock in ensuring that quick and informed decisions were made with the safety of our employees being the overarching goal.
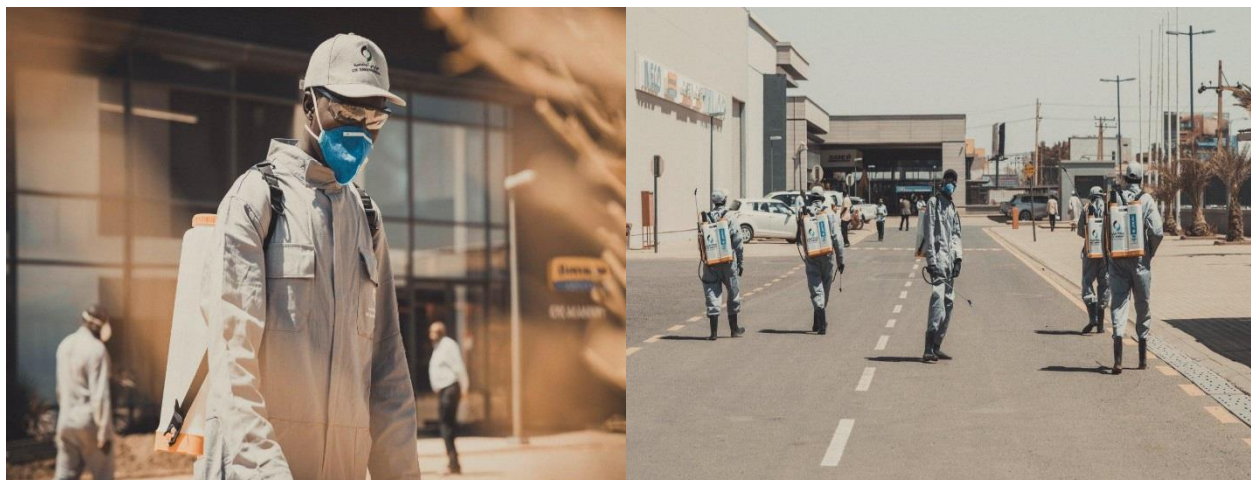
The Group implemented policies and guidelines to protect the welfare of its employees by implementing a work from home policy as well as fulltime paid leave for over 60s, employees with chronic health issues, pregnant and/or breastfeeding mothers. Key personnel that required to report to work were provided with guidelines and access to the Group's Medical Officer to ensure that all protocols and precautionary measures are observed.

These efforts greatly reduced the infection rates within the workplace but also helped us to ensure that the spread of the virus was minimized within our staff and their families recording only 11 cases (0.76% of CTC Group total workforce) as source of contagion from the workplace.

COVID Infection Tracker:

A major priority for us during the outbreak of the COVID pandemic was to ensure that we took the necessary precautions to mitigate the spread of the virus amongst employees and their families and to make sure the workplace was a safe environment once the government approved the safe return to work.

Our task force team along with our Group Medical Officer kept daily records of all the suspected and confirmed cases and to be able to make informed decisions and identify areas of risk. This was tracked by company, by location and by source of contagion.

The Group employees 1,441 staff members and the number of confirmed cases is 29 employees which is 2.01% of the total workforce.

Company	Count
Central Advanced Digitech	13
CTC	6
CTC Agrochemicals	6
Delta	4
Total	29

However, only 11 cases (0.76%) were traced back to the office as confirmed by our Group Medical Officer.

Source of Contagion	Count
Home	18
Office	11
Total	29

The Group has a very wide footprint across Sudan and we made sure that each location was given the same degree of attention and support. Each incident was recorded, monitored and evaluated on a daily basis to ensure that the optimal care and support was given to each of our employees and their families.
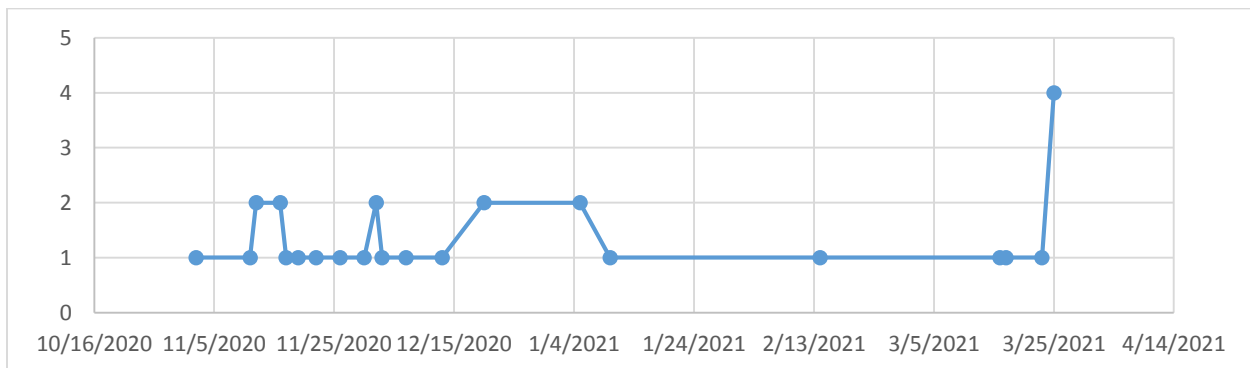
Labour

CTC Group abides with Sudan's Labour Law and regulations which entails freedom of association; abolition of child labour; and avoiding discrimination in respect of employment and occupation. Internally, the Human Resource Department ensures that recruitment is free from all forms of forced labour, compulsory labour and discrimination by virtue of HR Recruitment Policy. CTC Group is exerting continuous efforts to improve health insurance services & provide decent transportation for its employees as well as catering for the wellbeing of staff through different initiatives including a consistent Food Package granted equally to each & every employee every other month, irrespective of their grades or position.

Anti-harassment at CTC Group

At CTC Group we believe in equal opportunities for all. We pride ourselves on having a diverse workforce representing different age groups, religious beliefs, ethnic backgrounds, as well as nationalities. Since its inception in 1956, CTC Group has transformed from a family business with less than 50 employees into one of the leading multi sector corporates in East Africa, employing over 1,500 professionals.

CTC Group emphasizes the development of Sudanese human resources, running apprenticeship and graduate programs to give vocational training and university graduates the opportunity to build successful careers. We promote meritocracy as the key driver of your success within the organization. Our employees live and adhere to the spirit of our CTC Group values and ensure that our culture remains true while our business operations continue to prosper and grow and more employees come onboard.

The Group has focused on developing a robust governance and compliance structure to facilitate and manage the transition from a family business into a leading corporate. We believe in doing business the right way and we require all our employees to adhere to the Group's Code of Business Ethics.

Workplace discrimination, harassment, mistreatment, aggressive and abusive conduct are not tolerated under any circumstances. We have published our policy on our website which can be downloaded from our group website or by clicking the following link: https://ctcgroupltd.com/download_file/192/271

Diversity & Inclusion:

The Group is proud to be an inclusive and equal opportunity employer of choice promoting a culture that is based on meritocracy and empowerment. We believe in equal opportunities for all. We pride ourselves in having a diverse workforce representing different age groups, educational backgrounds, and gender to name a few.

Our gender balance continues to trend higher as we actively try to create a conducive work environment where colleagues are able to pursue and advance their career while also being able to meet personal and family commitments. Today, women represent 35% of our workforce and 24 of them have advanced to hold 24 managerial positions across the Group. Over 37% of female staff are mothers. We published these figures on our Group LinkedIn Page.
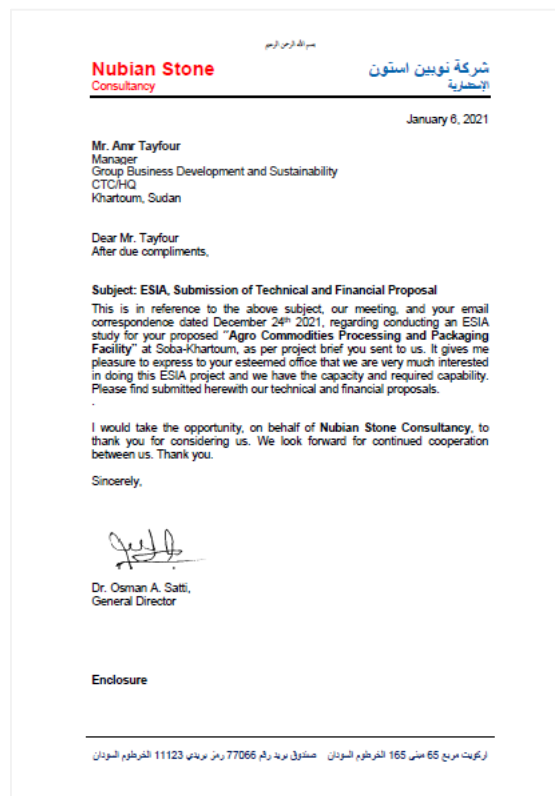
Environment:

Our Commodity Exports business is looking to develop agro processing facilities to ensure the quality of product, capture value add locally, offer fairtrade & organic certified exports, improve on traceability and also offer decent work environment and opportunities to up skill manual labour by introduction of mechanization. The new project allows CTC Group to foster rewarding and beneficial relationships with the off-takers, offering them competitive prices to ensure quality crops are sustainably grown, processed and exported according to international standards, whereat the proceeds can be re-invested back in the community. Through capacity building, there will be no shortage of operators to manage the facilities in long-term. Also through increased pay for skilled workers, the trickle-down effect will positively impact the community at large, improving welfare, and help the local industry to thrive and thus create more job opportunities. The project expected to increase processing capacity and export sales, control quality and minimize waste and develop in-house capabilities to reduce costs.

CTC Group has contracted Nubian Stone Consultancy (NSC) to conduct a thorough ESIA to assess the existing natural environment and socioeconomics of the area; assess the stakeholders' opinion about the project, provides the regulatory bodies with a means of assessing the impact on the natural environment and enables the project's proponent to show how they intend to mitigate such effects. Furthermore, the regulatory body shall use the ESIA as the basis to impose a number of obligatory minimum operating conditions.

بسم الله الرحمن الرحيم

Nubian Stone شركة نوبين استون
Consultancy الاستشارية

January 6, 2021

Mr. Amr Tayfour
Manager
Group Business Development and Sustainability
CTC/HQ
Khartoum, Sudan

Dear Mr. Tayfour
After due compliments,

Subject: ESIA, Submission of Technical and Financial Proposal
This is in reference to the above subject, our meeting, and your email correspondence dated December 24th 2021, regarding conducting an ESIA study for your proposed "**Agro Commodities Processing and Packaging Facility**" at Soba-Khartoum, as per project brief you sent to us. It gives me pleasure to express to your esteemed office that we are very much interested in doing this ESIA project and we have the capacity and required capability. Please find submitted herewith our technical and financial proposals.

I would take the opportunity, on behalf of **Nubian Stone Consultancy**, to thank you for considering us. We look forward for continued cooperation between us. Thank you.

Sincerely,

Dr. Osman A. Satti,
General Director

Enclosure

اركويت مربع 65 مبنى 165 الخرطوم السودان   صندوق بريد رقم 77066 رمز بريدي 11123 الخرطوم السودان

Water & Sanitation Services:

CTC Group in partnership with UNICEF Sudan engaged in a joint project to implement water and sanitation services in the region of East Darfur, which has been plighted by conflict for many years and furthermore had suffered from inequitable distribution of government investment and support.
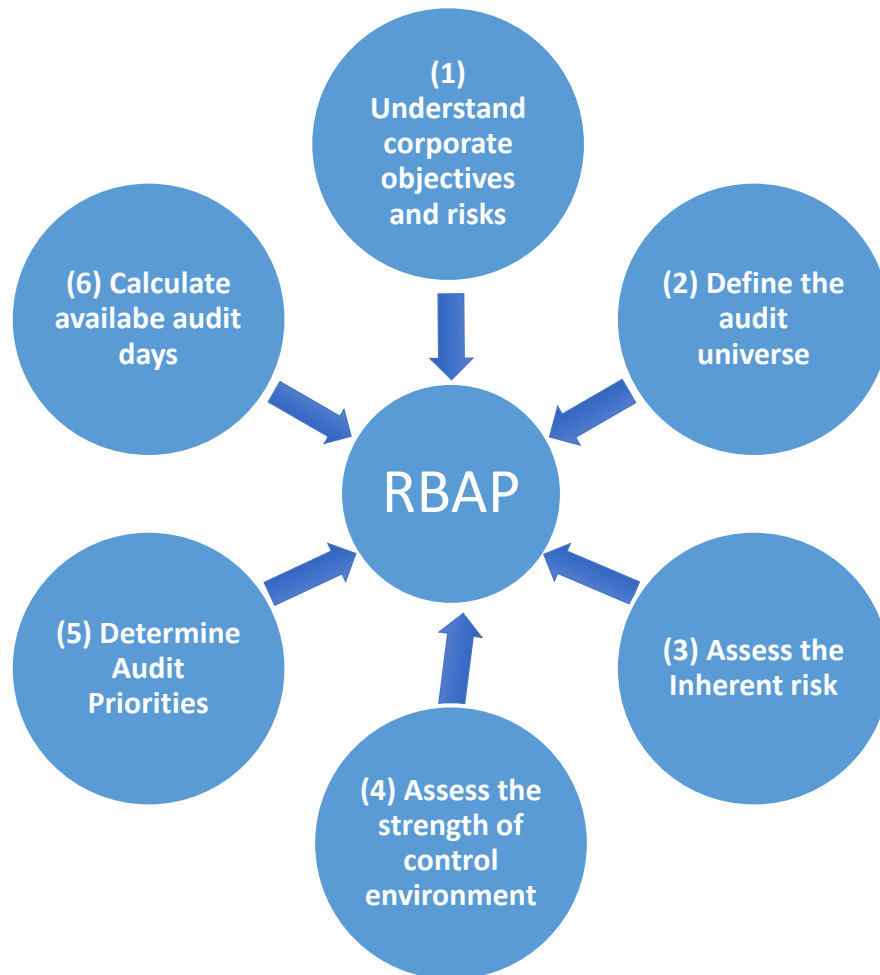
The health system in Sudan was already on the verge of collapse even before the COVID-19 pandemic hit the country, with the health indicators consistently low and the disparity among the different states and between urban and rural and between rich and poor is wide. Sudan continued to face protracted, complex and overlapping humanitarian challenges. According to the 2020 Humanitarian Needs Overview (HNO), 9.3 million people – of which 5.3 million children need humanitarian assistance. An estimated 2.7 million children under-five suffer from acute malnutrition, out of them 522,000 are severely malnourished whom are eleven times more likely to die, 2.2 million children U5 are suffering from moderate acute malnutrition. The 2018/2019 S3MII1 survey results reflected alarming nutrition situation: 36.6 per cent of all under-five children are stunted, Global Acute Malnutrition (GAM) rate was found to be 16 per cent, while Severe Acute Malnutrition (SAM) rate is 4.4. On the other hand, S3MII1 results reflected sub-optimal IYCF practices, exclusive breastfeeding is 61.5%, under a quarter (24.11%) of children 6-23 months of age received a diversified diet, almost 64% of children 6-23 months of age were fed the minimum recommended number of times per day according to their age.

The overall objective of this partnership is to improve access to quality lifesaving health, nutrition and water, sanitation & hygiene services for mothers, newborns and children in East Darfur. Through this project, critical and lifesaving commodities/supplies to ensure that mothers and children in the target localities have access to integrated health and nutrition services at the primary health care level. The project will procure and deliver Ready to use therapeutic food (RUTF) to enable the treatment of 3,600 children with SAM which is about half of the number of children with SAM in these localities; Midwifery kits for delivery of services to 20,000 Pregnant Mothers and 18,000 Newborn babies as well as long lasting insecticide treated nets (LLINs) to benefit 98,500 people to protect themselves from malaria and other vector-borne diseases; and Artemether/lumefantrine tablets for the treatment of 6,700 people with malaria. These lifesaving commodities contributes towards reducing morbidities and mortalities of mothers and children in the target localities.

The Project will identify, and support designated or high-risk health care facilities in East Darfur state, with tailored Infection Prevention and Control (IPC) interventions (including the rehabilitation of sanitary facilities, handwashing facilities and extension of water services) in six (6) Out-Patient Therapeutic Posts (OTPs). This will be complemented by sanitation and hygiene promotion interventions in the 6 communities hosting the OTPs – to foster proper sanitation and handwashing behaviour by the households in these communities.

Anti-Corruption:

CTC Group is a socially responsible company that believes in the right way of doing business through ethical and sustainable behaviour. This is an integral part of our governance and culture and we ensure that these practices are upheld at all times especially during such unprecedented times. To safeguard against this, the Group annually runs an internal risk based audit looking at identifying the areas of risk and evaluating the control measures that are put in place and to what level are they being adhered to:

(1) Understand corporate objectives and risks

(6) Calculate availabe audit days

(2) Define the audit universe

RBAP

(5) Determine Audit Priorities

(3) Assess the Inherent risk

(4) Assess the strength of control environment

Determination of Inherent Risk:

We determine the inherent risks as a function of the estimated impact and likelihood for each auditable unit within the audit universe as set out in the tables below:

1. **Impact:**

Impact rating	Assessment rationale	Impact description
5	Critical impact on operational performance; or Critical monetary or financial reporting impact; or Critical breach in laws and regulations that could result in material fines or consequences; or Critical impact on the reputation or brand of the Group or the BU which could threaten its future viability.	Catastrophic
4	Significant impact on operational performance or Significant monetary or financial statement impact; or Significant breach in laws and regulations resulting in large fines and consequences; or Significant impact on the reputation or brand of the Group or the BU	Severe
3	Major impact on operational performance; or Major monetary or financial statement impact; or Major breach in laws and regulations resulting in significant fines and consequences; or Major impact on the reputation or brand of the Group or the BU.	Significant
2	Moderate impact on the Group or the BU's operational performance; or Moderate monetary or financial statement impact or Moderate breach in laws and regulations with moderate consequences; or Moderate impact on the reputation of the Group or the BU.	Moderate
1	Minor impact on the Group or the BU's operational performance; or Minor monetary or financial statement impact; or Minor breach in laws and regulations with limited consequences; or Minor impact on the reputation of the Group or the BU.	Minor

2. **Likelihood:**

Likelihood rating	Assessment rationale
5	Almost certain
4	Probable
3	Possible
2	Unlikely
1	Rare

3. **Inherent risk rating:**

Inherent risk is measured based on likelihood & impact:

Likelihood	(5) Almost certain	5	10	15	20	25
	(4) Probable	4	8	12	16	20
	(3) Possible	3	6	9	12	15
	(2) Unlikely	2	4	6	8	10
	(1) Rare	1	2	3	4	5
		(1) Insignificant	(2) Minor	(3) Moderate	(4) Major	(5) Catastrophic
		Impact				

	Unacceptable
	Issue
	Supplementary issue
	Acceptable

4. Risk Register & Audit Universe:

- In order to develop an internal audit plan that reflects the Group's management and operating structure, we have identified the audit universe to include various auditable units. It includes functions, processes, systems, products or locations

- The internal audit plan focuses on the most risky areas of the business. As a result each auditable unit is allocated an inherent risk rating i.e. how risky the auditable unit is to the overall Group and how likely the risks are to arise

- The inherent risk assessment is determined by:
    - Mapping the corporate risks to the auditable units
    - Our knowledge of the sector where companies operate
    - Discussions with management especially the Corporate Performance Manager

Criteria to Evaluate Existing Controls:

In order to effectively allocate internal audit resources, we tried to evaluate the strength of environment\key controls within each auditable unit controls. This is assessed based on:
- Our knowledge of the group internal control environment;
- The outcomes of previous internal audits;
- Control ranged between 1 (to indicate weak or not exists) to 5 for strong control.

Control Rating	Strong (5)	Reasonably Strong (4)	Adequate (3)	Marginally Adequate (2)	Weak or Nonexistent (1)
	The control processes and management's mitigating activities are strong and allow for the effective management of the risk, thereby significantly reducing the frequency and/or impact of the risk event. It does not mean that there is no exposure to risk or that the risk has been reduced to zero.	The control processes and management's mitigating activities are more than adequate and allow for the management of the risk, thereby reducing the frequency and/or impact of the risk event; however, there are incremental opportunities for improvement and therefore the control cannot be considered strong.	The control processes and management's mitigating activities allow for effective management of the risk, thereby partially reducing the frequency and/or impact of the risk event occurring. There are opportunities for improvement and/or adding additional compensating controls to help mitigate the residual risk.	The control processes and management's mitigating activities allow for marginal management of the risk; there is minimal reduction in the frequency and/or severity of the risk event. Major gaps and deficiencies have been identified.	The control processes and management's mitigating activities do not allow for the effective management of the risk, there is no reduction in the frequency and/or severity of the risk event.

Internal Risk Registry Report 2020:

The Group's Internal Audit department published their findings for 2020 measuring the areas of potential inherent risks which cover:

- Non Compliance;
- Foreign Currency Fluctuation;
- Ineffective/Inefficient Operation;
- Unreliable Reporting Information; and
- Fraud

Auditable areas in Group and BU level	Non compliance			Foreign Currency Fluctuation			Ineffective\Inefficient Operation			Irreliabe Reporting\info.			Fraud			IR	Control	Time since last audited	RR
Business Units	Prob.	Impact	Score	Prob.	Impact	Score	Prob.	Impact	Score	Prob.	Impact	Score	Prob.	Impact	Score			Score	
CTC Engineering																			
HR&Payroll	3	4	12	1	4	4	3	3	9	3	4	12	3	4	12	9.8	3	5	11.8
IT SECURITY	5	5	25	0	0	0	5	2	10	2	3	6	4	4	16	11.4	3	5	13.4
Inventory Mangement	2	4	8	2	3	6	3	4	12	3	4	12	3	4	12	10	3	3	10
Revenue Controls	3	4	12	3	4	12	2	3	6	2	3	6	2	4	8	8.8	3	1	6.8
Financial Operations	2	3	6	4	4	16	3	4	12	3	4	12	3	4	12	11.6	3	4	12.6
Procurement	2	4	8	3	3	9	3	3	9	2	2	4	2	2	4	6.8	3	1	4.8
FA	4	3	12	1	3	3	3	4	12	3	4	12	2	4	8	9.4	3	1	7.4
Regoin	3	4	12	0	0	0	3	4	12	2	3	6	2	4	8	7.6	2	2	7.6
Agro																			
HR&Payroll	3	4	12	1	4	4	3	4	12	3	4	12	3	4	12	10.4	4	5	11.4
IT SECURITY	4	5	20	0	0	0	2	4	8	2	4	8	2	3	6	8.4	3	5	10.4
Revenue controls	3	5	15	2	4	8	2	4	8	2	4	8	5	5	25	12.8	1	1	12.8
Inventory management	5	5	25	2	3	6	2	4	8	3	5	15	4	5	20	14.8	2	1	13.8
Financial Operations	3	5	15	2	4	8	2	4	8	2	4	8	4	5	20	11.8	4	2	9.8
Procurement	3	4	12	2	4	8	2	4	8	2	4	8	1	4	4	8	3	1	6
FA	3	4	12	1	3	3	2	4	8	3	5	15	2	4	8	9.2	3	3	9.2
Regoin	4	5	20	1	4	4	2	4	8	2	4	8	3	5	15	11	2	2	11
EXPORT																			
HR&Payroll	2	4	8	1	4	4	2	4	8	2	4	8	2	4	8	7.2	3	5	9.2
IT SECURITY	2	5	10	0	0	0	2	4	8	2	4	8	2	5	10	7.2	3	5	9.2
Revenue controls	4	5	20	2	4	8	2	4	8	2	4	8	4	5	20	12.8	2	3	13.8
Inventory Management	5	5	25	2	4	8	5	5	25	5	5	25	3	5	15	19.6	2	1	18.6
Financial Operations	3	5	15	2	4	8	3	5	15	3	5	15	2	4	8	12.2	2	3	13.2
Procurement	5	5	25	2	4	8	2	4	8	2	4	8	5	5	25	14.8	2	1	13.8
FA	3	4	12	1	2	2	1	4	4	1	4	4	1	4	4	5.2	3	2	4.2