

**1. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER**  
**FROM JUNE 2020 TO MAY 2021**

08 June 2021

To our stakeholders:

I am pleased to confirm that Tolaram 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 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.

2020 will forever be remembered as an inflexion point in human history. The world faced a common adversary in the Covid-19 pandemic, forcing us to pause and rethink the way we live, work and play. Like climate change, the virus did not care about geographical boundaries, nor did it discriminate by age, gender, race, religion, or political leanings.

Across the business, as the pandemic to hold globally, our focus shifted to safeguarding our people by ensuring that they had access to the necessary protective equipment for their daily lives and medical facilities should one of our own fall ill. Our facilities producing food and other essential consumer goods, as well as sales and distribution functions remained in operation with the strictest of guidelines in place to ensure the health of our teams. We retained 100% of our workforce so that they could continue looking after their families and communities.

We firmly believe that with our successes comes an increased responsibility to contribute meaningfully to the communities in which we operate. Despite the challenging climate for economic growth last year, we supported the well-being of our communities by donating close to USD20m in cash and kind to combat the spread of Covid-19. In Nigeria and Ghana, where our consumer brands have a strong presence, we set up soup kitchens within communities and donated products to both state and central governments for their pandemic relief efforts.

We strive to create shared value for all by prioritising social and environmental well-being alongside economic success, underpinned by strong governance and ethics. Our culture continues to be shaped by our guiding values of 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 building a better world.

Sincerely yours,

Sajen Aswani

Group CEO

## 2. CHANGES TO OUR BUSINESS UNITS

Changes to some of our business units since our last report are reflected below.

<u>Business Unit</u>	<u>Key Business Activity</u>	<u>Status</u>
Multipro Enterprises Limited	Sales and distribution of FMCG	Renamed: Multipro Consumer Products Limited
Tolaram Africa Enterprises Ltd – Hypo Division	Manufacturing - Bleach	Renamed: Hypo Homecare Products Limited
Multipro Enterprises Limited – First Choice Retailing Limited	Retail	Divested
VConnect Global Services Limited	Information service	Divested
MBH Power Limited	Transmission and distribution - Power	Divested
Lagos Free Trade Zone Company	Special economic zone	Renamed: Lagos Free Zone
Lekki Port LFTZ Enterprise	Deep sea port	Divested
AS Tolaram Investments / AS Phoenix Land	Real estate development	Changed from operating to holding company
PT Lotus Indah Textile Industries	Manufacturing – Polyester and rayon spun yarns	Divested
Tunaiku	Financial services – data analytics	Subsumed under Amar Bank
Kellogg Tolaram Nigeria Limited	Manufacturing - Food	New since last report



### 3. DESCRIPTIONS OF ACTIONS

#### **Human Rights**

- We provide a safe and healthy work environment at all our business units, with PPE supplied as necessary.
- We have strict non-discrimination policies in place across all our business units.
- Our employees and their families have access to primary healthcare via corporate health insurance policies.
- Our employees enjoy subsidised loans for education and housing.
- We make reasonable accommodations across all our business units to support all religions observed by our employees.
- We consciously strive to prevent the forcible displacement of individuals, groups, or communities.
- Where feasible, we prioritise the employment of local communities to protect their economic livelihood.
- Lucky Fibres commits up to 75% of their employment provision to community youths.
- 55% of Kellogg Tolaram Nigeria Limited's workforce is from the local community.
- As of 30 April 2021, 60% of total employment at Lago Free Zone is from the local community.
- Our business units have policies to protect human rights and regularly engage stakeholders within our supply chain to ensure that they are compliant.
- Where we use security services, our business units stipulate that our suppliers are compliant with national laws and/or international guidelines on the use of force.

#### **Labour**

- Where trade unions are permitted, we respect the right of our employees to form or join a trade union without fear of intimidation or reprisal and have policies and facilities in place to support such activities.
- DUFIL Prima Foods has a union for both senior and junior employees which are affiliated to the national union bodies FOBTOB (Food, Beverages & Tobacco senior staff association) and NUFBTE (National Union for Food, Beverages and Tobacco Employees).
- Lagos Free Zone complies with regulation of the NEPZA act which gives clear directives on human resource.
- Our business units have a clear understanding and guidelines on not using, be complicit in or benefitting from forced labour.
- All employees are provided with employment contracts stating the terms and conditions of service, the voluntary nature of employment and the freedom to leave - with mutually agreed exit clauses outlined.
- Our business units comply with local laws on the minimum age of employment and require potential candidates to produce national identification documents as proof of age as part of the recruitment process.
- We support education, vocational training and upskilling through various training and development programmes.



- We are an equal opportunity employer and ensure that qualifications, skills, and experience form the basis of recruitment at all levels throughout the business.
- We do not discriminate based on age, gender, nationality, race, religion, or orientation when hiring.
- We keep up-to-date records on recruitment, training, and career advancement.
- Our business units provide a transparent view of opportunities and progression within the organisation through regular, documented appraisal conversations with employees.
- Our business units have clear guidelines published in employee handbooks that outline grievance procedures to address complaints, handle appeals and provide recourse for employees.
- Respect is a core value of our business. Therefore, we accommodate cultural traditions and work with representatives to ensure equal employment opportunities for women and minorities.

## **Environment**

- Our manufacturing operations and special economic zone have had environmental impact assessments performed and follow a code of conduct that affirms our commitment to care for the environment.
- Our business units have defined visions, policies, and strategies to include sustainable practices applicable to their business area.
- Our business units had implemented environmentally friendly technology such as shifting from AGO to CNG for power generation, effective waste heat recovery systems, effluent treatment plants, and effective waste recycling systems.
- We have visibility on our supply chain and work closely with the stakeholders producing raw materials to ensure that they are compliant with our sustainability policies.
- DUFIL Prima Foods' manufacturing facilities are certified with Quality Management System ISO 9001:2008 and Food Safety Management System ISO22000:2005 and ISO 9001:2008, certifying that the highest safety standards for food manufacturing is maintained.
- Multipro Consumer Products Limited aims to go paperless by 2023.
- Hypo Homecare Products have received certifications from the Manufacturers' Association of Nigeria (MAN), National Agency for Food and Drug Administration and Control (NAFDAC) as well as NIS/ISO 9001:2008.
- TG Arla Dairy Products Limited have a well-defined code of conduct and are ISO9001 and FSSC 22000 certified.
- Horizon Pulp and Paper in Estonia outperforms the EU2020 climate and energy package targets – reducing greenhouse gas emissions by 80% versus the 20% target.
- Horizon Pulp and Paper sources raw materials used for production from 100% renewable forest and carries FSC (Forest Stewardship Council) certification in addition to environmental management system ISO14001 and energy management system ISO50001.
- Lagos Free Zone has a Masterplan with provisions for solar streetlights, rainwater harvesting and renewable energy; and aims to be carbon and water neutral by 2030.
- Lagos Free Zone is also working on a Green Procurement Programme that prioritises partnerships with stakeholders with a sustainability programme in place.
- We have embarked on a more concerted, measurable effort on our sustainability practices as a business group and aim to roll out our plan by 2023.



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### **Anti-Corruption**

- Our business units have clear anti-corruption / anti-bribery policies that are communicated to our stakeholders.
- Kellogg Tolaram Nigeria Limited and Multipro Consumer Products Limited conducts FCPA training regularly, enabling employees to understand compliance requirements.
- Horizon Pulp and Paper has anti-corruption clauses included in contracts and comply strictly with the EU anti-money laundering directives.