

2021

COMMUNICATION ON PROGRESS (COP)



State Trading Organization Plc
From April 2021 to April 2022

STATEMENT BY CEO & MD

Serving the community is the founding principle of State Trading Organization (STO). National interest and social responsibility are specified in our organizational values. We are keen to merge business success with ethical values, human dignity and sustainable development. Accordingly, we espouse a leading and proactive attitude towards sustainability reporting, which helps us gauge and push ourselves.

In our conventional approach to corporate social responsibility, our efforts have been divided into four main categories: society, market, staff, and environment. Nine years ago we joined the United Nations Global Compact and committed to its ten principles that are based on human rights, labour standards, environmental protection and anti-corruption. More recently, we have endorsed the Sustainable Development Goals (SDGs) designed by the United Nations to tackle the economic, social and environmental issues around the world, and it sets the format for this report.

SDGs are long term, and require action by governments, NGOs and the private sector. As a prominent PLC in the Maldives, we are committed to lead by example and function towards these goals. We strive to reduce the negative impact of our actions on the ecosystems and communities we engage. Each one of the seventeen SDGs has a specific target to be achieved by 2030. This report highlights eight that offer the most congruency with our operations and capabilities.

"Sustainability at STO embraces environmental and social responsibility while creating value for its stakeholders. I assure all stakeholders about implementing best practices while investing in CSR activities. Expenditure on CSR would be based on the needs of the communities and working towards making a meaningful difference to them."

Husen Amru Mohamed Rashad
CEO & Managing Director

DESCRIPTION OF ACTIONS AND THEIR OUTCOMES

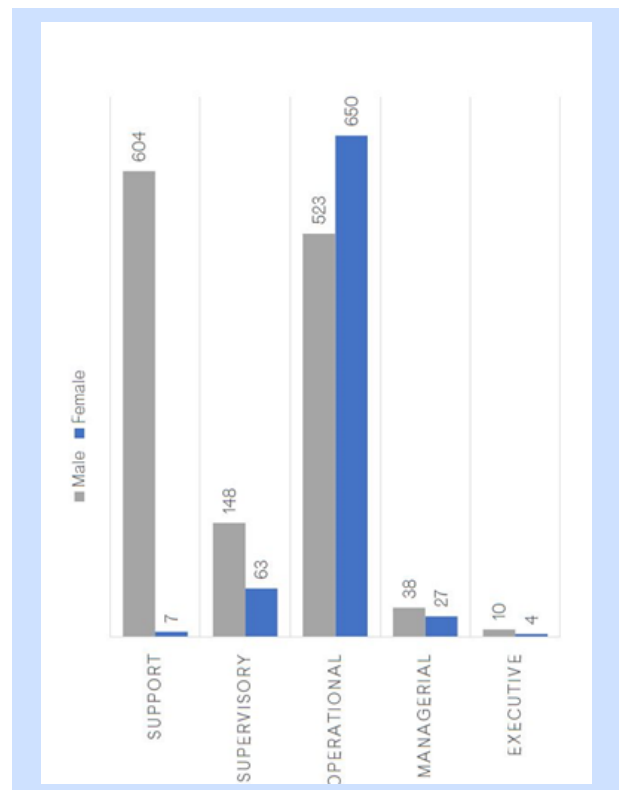
Human Rights



In 2021, STC had total number of 2029 employees of which 35% of is female and 85% consist of Male employees. With a large number foreign unskilled employees, we ensure comfortable stay and access to meals are provided on all outlets of STC including a central staff accomodation facility in the Capital, Male'.

With an existing Human resource policy in place, we ensure a sound and consistent human resource practices are developed with in the organization. There are several other sub policies such as

- .Benefit & Eligibility/Compensation policy
- Leave policy
- Confidentiality policy
- Discrimination and Anti-harassment policy
- Grievance & Conflict Resolution policy

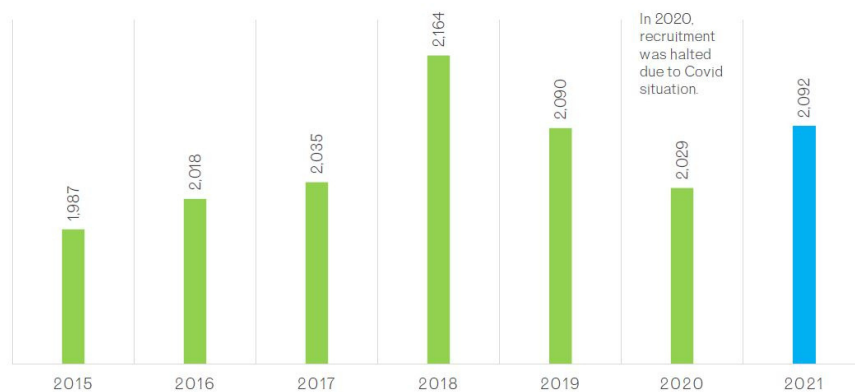


Labour

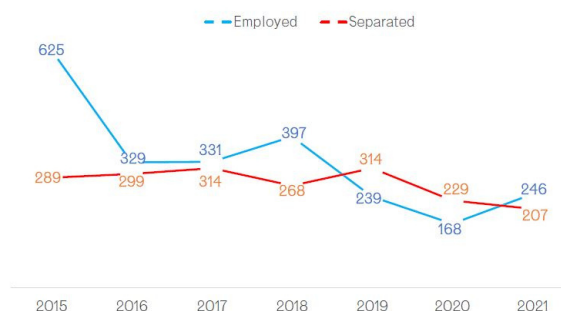
Salary streamlining process was completed and new pay structure was finalized in March 2021. This made a significant impact on staff turnover as number of staff who left STO in 2021 was reduced compared to 2020. This also addresses the issue of unequal pay within the organization.

In addition to this, STO was amongst the very first organizations to follow the minimum wage regulations as well. Relevant changes were made once again to harmonize the salary structure as we started paying our employees in accordance with minimum wage regulations.

TOTAL STAFF



TURNOVER



Environment



Covid-19 pandemic made a huge impact on our working style as we had to change to work from home as the Covid-19 cases increases. During the pandemic STO was able to stand back up due to its strong IT framework which also resulted in reduction of administrative costs as we finally were able to adapt to paperless approach.

In addition to this we have started using paper bags in our pharmacies in 2021 instead of plastic bags as we pledge to minimize Single-use plastic in our business outlets. This project will continue in other sales outlets of STO in the future.

Total No. of Plastic bags issued in 2020 (Pharmacies)	Total No. of Plastic bags issued in 2021 till August (Pharmacies)	Total No. of Paper Bags issued in 2021 (Pharmacies)
<u>614,200 EA</u>	<u>490,500 EA</u>	<u>390,745 EA</u>

Health and safety of our employees are our first priority as we continue to adapt the best practices in our daily operations. we have conducted the following trainings in 2021:

- Refresher program for drivers and Heavy Vehicle Operators
- Basic Fire Awareness and IFBC refresher training for Fuel Distribution Center staff
- Aviation Refueling Training for Fuel Distribution Center staff
- Refresher training on food safety and storage measure
- Operation & Maintenance of Batching plant for Vehicle Garage Staff
- Driving Regulation session by Maldives Police Service for drivers



Anti-Corruption

Corporate Governance and Compliance committee was established in STO to monitor and review Company's overall approach to Corporate Governance issues. This committee was formed in accordance with the requirement of Corporate Governance Code issued by the Capital Market Development Authority of Maldives. Here are some of the main policies on Corporate Governance in STO

No. 01 – Anti-Corruption and Anti Bribery Policy

No. 02 – Whistleblower Policy