

1. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE FROM JUNE 2021 TO AUGUST 2022

31 August 2022

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.

With 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 through primary communication channels.

In 2021, we took steps toward rebuilding in a post-pandemic world. Covid-19 was the biggest disruptor to all industries. We now recognise we must make decisions and reframe our growth ambitions to gear towards creating long-term shared value.

Across our businesses, we want to be more intentional in measuring our impact. As a result, we are working towards prioritising short-, mid-, and long-term targets in environmental, social and governance for our teams to work towards collectively.

Our culture continues to be shaped by our guiding values of Trust, Respect, Commitment, Courage and Humility. We strive to transform Tolaram into a more purpose-driven organisation. Our renewed focus on sustainable and inclusive growth will enable us to continue positively impacting those around us.

Yours sincerely,

Sajen Aswani

Chief Executive

2. OUR BUSINESS UNITS

Business Unit	Key Business Activity	Product / Service(s)
Agro-Allied Resources & Processing Nigeria	Agriculture	Palm oil
BHN	Logistics	Haulage
Colgate Tolaram	Manufacturing	Toothpaste, toothbrush
Dufil Prima Foods Ghana	Manufacturing	Cooking oil, instant noodles, pasta, snacks, product packaging
Dufil Prima Foods Nigeria	Manufacturing	Cooking oil, instant noodles, pasta, snacks
Horizon Pulp & Paper	Manufacturing	Paper packaging
Hypo Homecare Products Limited	Manufacturing	Bleach, toilet cleaner
Kellogg Tolaram Egypt	Manufacturing	Instant noodles
Kellogg Tolaram Nigeria	Manufacturing	Cereals, snacks, porridge
Kellogg Tolaram South Africa	Manufacturing	Instant noodles
Lucky Fibres Limited	Manufacturing	Synthetic hair, carpets
Lagos Free Zone	Special economic zone	Special economic zone
Lush Kenya	Manufacturing	Synthetic hair
Multipro	Services	Marketing & distribution
TG Arla	Services – packaging & distribution	Dairy Products
Tolaram Nutri Beverages Limited	Manufacturing	Beverages

3. DESCRIPTION OF ACTIONS

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Businesses should make sure that they are not complicit in human rights abuses

I. Agro-Allied Resources & Processing Nigeria

- Provide local community with necessities such as healthcare, potable water, and road infrastructures under the FPIC.
- Free, Prior and Informed Consent (FPIC) is mandatory as part of being RSPO certified. 11 out of 17 communities engaged have signed a FPIC.
- Onsite clinic, accommodation, and personal protection equipment (PPE) provided for all staff/worker.

II. BHN

- Anti-harassment is taken seriously and dealt with by management.
- Human rights policy in place, covering issues such as child labour, discrimination, and harassment.

III. Colgate Tolaram

- Improve dental hygiene in local communities by providing accessible and affordable (free) knowledge on preventive oral care.
- Human Resource Policy in place to discourage any form of workplace discrimination.

IV. Dufil Prima Foods Nigeria

- Supplier Code of Conduct in place with annual audits done.
- Donated scholarships given out to children of the local community, eg: Indomie Education Scholarship.
- Donated medical equipment to local healthcare facilities.
- Relief donation during disasters.

V. Hypo Homecare Products Limited

- Human Resource Policy in place to discourage any form of workplace discrimination.

VI. Kellogg Tolaram Nigeria

- Increases accessibility to necessities of food by providing employees with 2 free meals a day.
- Actively conducts community welfare programmes, such as donation of foods and building of potable water facilities in the local community. A recently completed clean drinking water project provided 11,000 locals with good access to potable water.

VII. Kellogg Tolaram South Africa

- Increases accessibility and affordability of necessities such as providing free meals to employees daily, and subsidising housing for employees.

VIII. Lucky Fibres Limited

- Empower local community by providing education and hard skills via the LUSH Academy.
- Zero-tolerance for sexual harassment.

IX. Lagos Free Zone

- Employee code of conduct contains a Human Rights Policy to safeguard the rights of employees.
- Frequent engagement with local communities to ensure that business does not infringe upon their rights and cause them implications.
- Empower the local community through awarding scholarships and building education infrastructures.

X. Lush Kenya

- Empower local communities through generation of job opportunities and provide training facilities for locals.
- Increases accessibility to food for the locals through food donation drives.

XI. TG Arla

- Arla group conducts affordability assessments on their products to ensure that locals are able to access and afford the products.
- Supplier Code of Conduct in place to ensure raw materials and ethically sourced.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour

Principle 5: Businesses should uphold the effective abolition of child labour

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

I. Agro-Allied Resources & Processing Nigeria

- Provide both permanent and contract staff with benefits such as transport allowance, accommodation, performance-based incentives, annual leaves. A total of 12 full timers and 818 contract staff are currently employed.
- Onsite trainings are provided for workers.
- Daily briefing and worker engagement conducted.

II. BHN

- Various training courses available for employees. Recorded 55,662 training hours yearly.
- System in place to guarantee health and safety of employees. 19 injuries recorded in 2021.
- Policy in place for quality assurance and emergency responses.
- Policy in place to ensure gender equality, diversity, and inclusion.
- Actively employs locals. 99% of total workforce is locally employed.

III. Colgate Tolaram

- Employee training in place, carried out every 4 months. 41 hours/employee clocked in 2021.

IV. Dufil Prima Foods Ghana

- Operational health and safety system in place, with mandatory training conducted quarterly. 4 injuries recorded in 2021.
- Actively employs locals. 95% of the total workforce is locally employed, 40% of the management team is locally hired.
- Anti-discrimination policy in place.

V. Dufil Prima Foods Nigeria

- Frequent employee engagement and feedback conducted.
- Employee training is provided for all employees. 33,060 training hours recorded in 2021.
- Training policy and handbook in place.
- Operational health and safety system in place, with mandatory training conducted twice a quarter. 36 injuries recorded in 2021.

VI. Horizon Pulp & Paper

- Good gender ratio in the workforce, 59% male, 41% female.
- Employee policy in place, with employee benefits such as paid maternity and paternity leave formalised.
- Employee training and education policy in place, guided by ISO 9001. 120 training hours clocked in 2021.
- Various engagement initiatives in place for employee enrichment.
- Operational health and safety handbook in place, with mandatory training conducted for all employees on a yearly basis.
- Employee practices in place guided by ISO 9001, local Gender Equality Act, Equal Treatment Act, ILO, and EU directives.
- Practices non-discriminatory hiring, with work practices audited externally for certification of compliance.

VII. Hypo Homecare Products Limited

- Employee training in place, carried out every 4 months. 41 hours/employee clocked in 2021.
- Operational health and safety system in place. Mandatory training on safety is conducted monthly. 2 injuries reported in 2021.

VIII. Kellogg Tolaram Egypt

- Employee training in place, a total of 1,604 hours clocked in 2021.
- Actively employs locals. 97% of the total workforce is locally employed, 73% of managerial roles are locally hired.
- Policies for non-discrimination is in place.

IX. Kellogg Tolaram Nigeria

- Employee benefits are provided, including paid annual leave, paid maternity leave, health insurance, provision of 2 meals a day, and more.
- Various engagement initiatives in place for employee enrichment.
- Employee training in place. 91.5% of total employees underwent training on life-skills and job-related skills in 2021.
- Occupational Health and Safety system in place, with mandatory trainings conducted bimonthly. No work-related injuries reported in 2021.
- Actively employs locals. 80% of total workforce is locally employed.

X. Kellogg Tolaram South Africa

- Policies in place to prevent discrimination in work practices.
- Wages are set in accordance with local wage legislation (Regulation of Wages).
- Employees receive various benefits such as housing benefits.
- Food and transport provided for all employees.
- As per local labour laws, an Occupational Health and Safety system in place, with mandatory trainings conducted annually. A health and safety booklet is also formalised.
- Policy in place to prevent discrimination in hiring process and workplace practices.
- Policy in place to formalise employee's freedom to join unions.
- Actively employs locals. 95% of total workforce is locally employed, 45% of management is local.
- Actively employs women. 30% of total workforce are women.

XI. Lucky Fibres Limited

- Employee training in place, with appraisals and feedback given once every 3 months. Total of 60 hours per employee clocked in 2021.
- Senior employees and management team undergo mandatory sensitivity training to ensure a comfortable and non-discriminatory work environment.
- Non-discrimination policies in place, along with mandatory employee training on these policies.

XII. Lagos Free Zone

- Support education and learning through establishment of a skill development centre, and partner with external institutions for skill development.
- Occupational Health and Safety policy in place, along with related Standard of Procedures.
- Provide necessary personal protective equipment for workers and conduct relevant safety audits and drills.
- Supplier Code of Conduct in place to ensure procurement of suppliers are done so without human right abuses.
- Policy to maintain diversity and inclusion included within the employee handbook.
- Actively employs locals. 78% of total workforce is locally employed.

XIII. Lush Kenya

- Occupational Health and Safety system and policy in place.
- Actively employs women. 46% of the total workforce are women. Female to male ratio in management is 1:2.

XIV. Multipro

- Local labour laws are strictly upheld, and a Grievance Policy is in place.
- Champions employee wellbeing and learning through annual feedback sessions.
- Employees receive various benefits such as annual leaves, year-end bonuses and insurance.
- Employee wages are also set with consideration of local economy and local living standards.
- Employee training in place, a total of 5,690 hours clocked in 2021.
- Actively employs locals. 79% of management positions are locally employed.
- Actively employs women. 23% of total workforce are women, 11% of mid-senior management team are women.
- Employee handbook in place with policy discouraging workplace discrimination.

XV. TG Arla

- Policy in place to cap working hours.
- Undertaking studies on living wages.
- Provides free transportation and food for all employees.
- Champions employee wellbeing and learning through townhalls and feedback sessions.
- Occupational Health and Safety policy and training in place, application for ISO 45001 certification in progress. Zero work related injuries reported in 2021.
- Strict fire hazard standard of procedure in place.
- Actively employs locals. 98% of total workforce are locally employed.
- Actively employs women. 23% of total workforce are women.
- Various policies, such as a gender equality policy, to safeguard the rights of underrepresented groups.
- Code of Conduct in place, with zero-tolerance on forced labour.

XVI. Tolaram Nutri Beverages Limited

- Employee training in place. Total of 880 training hours clocked in 2021.
- Champions employee wellbeing and learning through appraisals and employee engagement sessions.
- Occupational Health and Safety system in place, with mandatory training conducted monthly. Zero injuries reported in 2021.
- Actively employs locals. 96% of total workforce are locally employed.
- Actively employs women. 22% of total workforce are women, 12% of senior management are women.
- No disparities in wages between genders.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges
- Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility
- Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

I. Agro-Allied Resources & Processing Nigeria

- High Conservation Value (HCV) and High Carbon Stock (HCS) areas are left untouched under obligations of the RSPO.
- Reduced annual fuel consumption by 100,000 litres in 2021.
- In the process of transitioning all off-grid generators from diesel into solar powered ones. Current coverage at 12 kva.
- Utilise water holding trenches and rainwater harvesting systems to minimise use of groundwater.
- Effluents collected and treated before discharge. Zero accidental discharge incident.

II. BHN

- Tracks waste generated.
- Recycles used tires and have an inhouse tire repair centre to lengthen lifespan of tires.
- Tracks water consumption.
- Takes active steps in identifying and fixing potential environmental threats from the business.

III. Colgate Tolaram

- Waste heat recovery system in place.
- Water usage currently being tracked.
- In-house water treatment plant to reuse water for irrigation or plumbing. Zero effluent discharge recorded.

IV. Dufil Prima Foods Nigeria

- Conducted EIA prior to building of new facilities.
- Use of low carbon fuels such as biomass and natural gas. 90-95% of energy mix is natural gas, remaining made of diesel and solar power.
- Metrics in place to track energy usage.
- Energy performance targets are set and met yearly, based on per tonne of output.
- Tracks carbon emissions. kgCO₂ calculated using proxy measurements, 100kg/ton emitted in 2021.
- Recycling of industrial waste done in multiple factories. 64% of industrial waste recycled in Insignia.
- Tracks water consumption.
- Wastewater treatment done. 100% of wastewater is treated and recycled for irrigation and plumbing use.
- Policy in place for waste collection and disposal.
- Tracks waste generated. 30% of industrial waste is recycled inhouse.

V. Dufil Prima Foods Ghana

- Tracks electricity usage.
- Shifting energy source into more renewable options such as from oil to biomass.
- Tracks waste generated.

VI. Horizon Pulp & Paper

- Renewable energy makes up 80% of the business' energy mix.
- Constant improvement of energy efficiency, increment in 21% since 2021.
- Internal performance goals in place for electricity consumption and production.
- Energy policy guided by ISO 50001.
- Tracks electricity consumption monthly.
- Investment in green technology such as a Combined Heat & Power Plant for green energy production from industrial by-products.
- Policy in place for carbon emissions, guided by the EU ETS Directive.
- Greatly reduced greenhouse gas emissions by 80%, 20% more than the EU target.
- Have internal performance goals in place for carbon emission limits.
- Tracks carbon emissions annually.
- Paper produced are fully recyclable and biodegradable.
- Timber used for the production are FSC certified.
- Waste management policy in place, guided by ISO 14001.
- Internal performance goals in place for waste management.
- Tracking of waste done quarterly.
- Part of local recycling organisation (Estonian Recycling Organisation).
- Various waste recycling plants in place to reduce volume of production waste disposed.
- Water treatment policy in place.
- Tracks water consumption monthly.
- Internal performance goals for water consumption.

VII. Hypo Homecare Products Limited

- Tracks waste generated.
- Recycling done for all recyclable post-production waste.
- Tracks water consumed.

VIII. Kellogg Tolaram Egypt

- Standard of procedure for energy management is formalised, and monthly tracking of energy is in place.
- Sets energy efficiency target and has relevant plans to meet these targets. Current efficiency target is set at 135kWh/ton, and current energy efficiency is at 127.5kWh/ton.
- Transitioned into less carbon intensive fuel of natural gas.
- Efforts in place to reduce plastics and packaging in both manufacturing and products. Volume of plastic wrappers used in products have been reduced by 22%, with research and innovation ongoing to further reduce this.
- Standard of procedure for waste management is formalised, and monthly tracking of waste is in place.
- Planning for a zero-waste policy for the factory, with an Environmental Impact Assessment currently ongoing.

- Standard of procedure for water management is formalised, and monthly tracking of water consumption is in place.
- Sets water consumption target of 1.83m³/ton, with current water consumption at 2.11m³/ton.

IX. Kellogg Tolaram Nigeria

- Improves fuel efficiency through implementation of heat recovery systems.
- Tracks electricity consumption. 8,898,042.11 kWh of electricity consumed in 2021.
- Tracks emissions since January 2021. Until October 2021, total of 67,156 MT of carbon was emitted.

X. Kellogg Tolaram South Africa

- Tracks waste generated monthly.
- All wastepaper collected and recycled via a third-party mill.
- Policy in place to prevent food waste in production.
- Effluent treatment Standard of Procedure in place, with wastewater being treated by an inhouse wastewater treatment facility.

XI. Lucky Fibres Limited

- Plans to divest away from diesel and invest in solar panels of 200kW capacity by the end of 2022.
- Segregates postproduction waste into recyclables and non-recyclables. Recyclable fibres are reused to produce other products.
- Tracks water consumption.
- Effluents are treated by an inhouse wastewater treatment system.
- Products are manufactured according to all disclosures and regulations set by the local standardisation agency (Standards of Nigeria).

XII. Lagos Free Zone

- Invests in most advanced air quality monitoring systems.
- Has an Environmental Management Plan that addresses multiple environmental issues such as air pollution, carbon emissions, energy, waste, water and biodiversity loss.
- Tracks energy consumption monthly.
- Plans to apply for EDGE certification across the entire free zone.
- Tracks fuel consumption and partial tracking of scope 1 emissions.
- Ensures that waste within the zone is properly collected and sorted in the central waste collection centre.
- Undergoing a climate risk assessment, to be completed in August 2022.

XIII. TG Arla

- Tracks electricity consumption. 3,071,000 kW consumed in 2021.
- Sets internal energy reduction targets.
- Research and development in reducing packaging volume. Development of 100% recyclable plastic packaging in process.
- Tracks waste generated. 288 tons of waste produced in 2021, 237Mt of it recycled.

XIV. Tolaram Nutri Beverages Limited

- Tracks water consumed. 1,390,500 m³ of water consumed in 2021.
- Treats effluent using an inhouse effluent treatment plant.

Anti-Corruption

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

I. Agro-Allied Resources & Processing Nigeria

- Internal procedures in place to handle corrupt behaviour.

II. BHN

- Policy document reflects clause on anti-bribery and anti-corruption.

III. Colgate Tolaram

- Adopts Colgate-Palmolive's anti-corruption policy.

IV. Kellogg Tolaram Egypt

- Adopts Kellogg's anti-corruption policy.
- Regularly conducts FCPA training
- Code of conduct in place to reflect best practices

V. Kellogg Tolaram Nigeria

- Adopts Kellogg's anti-corruption policy.
- Regularly conducts FCPA training, allowing employees to understand compliance requirements.
- Code of conduct in place to reflect best practices

VI. Kellogg Tolaram South Africa

- Adopts Kellogg's anti-corruption policy.
- Regularly conducts FCPA training, allowing employees to understand compliance requirements.
- Code of conduct in place to reflect best practices

VII. Multipro

- Anti-corruption policy in place stating zero-tolerance on corruption and bribery.
- Code of Conduct in place to reflect anti-corruption policy.