

GROUP-LEVEL functions

Although each of Terra's clusters is completely autonomous in its decision-making processes, budgeting and reporting – with each leadership team individually accountable for its cluster's respective performance – strategic guidance and support services are provided at a Group level in relation to Terra's management of environmental performance, employees, and the community. This section briefly reviews the material performance and outlook of these Group-level activities.

INVESTING IN OUR PEOPLE

Having the right technical and leadership skills, diversity of experience, and a strong performance-oriented culture, is fundamental to Terra's ability to generate value. Terra's Corporate Human Resources (HR) Department, supported by the HR teams at Grays and Terragri, provides the Group's strategic guidance on HR issues, as well as various shared and value-added services, such as customised training and development programmes, HR efficiency matrices, and remuneration and benefit policies. Although training is managed by conducting a training needs analysis in each cluster and then formulating an annual training plan, we achieve economies of scale by running some Group learning programmes for all clusters with similar requirements.

FOSTERING A PERFORMANCE-BASED CULTURE

During 2019 we further embedded the importance of appropriate key performance indicators (KPIs) for each team and for each role within that team, to ensure that the HR strategy is aligned with business objectives. After agreeing key result areas and KPIs at the executive level the previous year, we began discussions with other senior managers in 2019 with the aim of deepening the performance-driven culture. In 2020, we plan to progress towards more continuous performance management processes rather than one-off assessments. We will also be participating in a remuneration survey, as we do every two years, for both executives and staff. Our objective is to use the survey results to monitor and strengthen our remuneration policies and ensure they respect market ranges.

LEARNING AND DEVELOPMENT

Investing in the learning and development of our employees remains a key strategic focus. This year, we continued our efforts to build a strong leadership bench by providing executive and leadership development coaching programmes. We continued our collaboration with the African Leadership College (ALC) on co-creating a Leadership Programme that focuses on 'intrapreneurship' and innovation. This will be launched in 2020. As part of our continued focus on becoming more efficient, we initiated certain 'lean management' principles in collaboration with the National Productivity and Competitiveness Council (NPCC) for our agriculture cluster. We have launched a productivity improvement programme, which is already starting to reap benefits. We are looking forward to pursuing the next steps in the KAIZEN process and disseminating it to our other clusters. We also launched a Culture and Engagement Journey in our property and agriculture clusters, co-creating the working culture with identified Change Ambassadors. During the engagement we identified certain values that each cluster wanted to embed into their operations. For Novaterra, as a new and fast-growing cluster, this meant a culture of being a learning organisation and focusing on results. For Terragri (Agriculture) this meant changing from an old traditional approach to agriculture to becoming a modern organisation. We will also roll out a new training identification and evaluation model in 2020.

GROUP LEVEL FUNCTIONS (CONT'D)

HEALTH AND SAFETY

The Group has a continual improvement approach to providing a healthy and safe working environment for all its employees, sub-contractors and visitors. In 2019, the clusters focused their efforts on achieving an optimal safe working environment for their employees.

Cane

Following the recent restructuring of staff at Terra Milling, management recognised the need to train the new leaders on health and safety. Training on the ISO 45001: 2018 (Health and Safety) standard was delivered to them to enhance the occupational health and safety performance at Terra Milling, with the plan to achieve certification in 2020. Working at height was one of the major hazards identified at the factory, and management team placed an emphasis on mitigating the risks through investments in new equipment, including a boom lift and a forklift. Measures for safe working at height during difficult weather conditions were taken through investment in new equipment. Within the agricultural sector, fire in fields has been a major risk in 2019. Training was reinforced to provide a group of employees with the appropriate skills and attitude for efficient and safe firefighting. Following the training, brainstorming sessions were carried out to implement a safe system for field firefighting.

Power

Terragen secured a successful recertification audit for its integrated management system on Quality, Environment, Health and Safety based on ISO 9001:2015, ISO 14001:2015 and ILO OSH 2001 standards respectively, for another three-year period. More emphasis was placed around major risks such as fire and lone working in 2019. We also reinforced our health and safety message with sub-contractors working at the premises through communication and consultation. Terragen will continue active engagement with employees and sub-contractors through sensitisation and training to ensure near-miss events are reported to prevent accidents.

Brands

At Grays Inc. and Grays Distilling Ltd, we continued to reinforce the risk prevention strategy through employee awareness initiatives. Training and awareness sessions were organised to enhance the health and safety culture including first aid, fire safety, manual handling, ergonomic, road safety and stress management. The fire safety culture was improved through further training of the Emergency Response Team. Root cause analysis of accidents and timely follow up enabled the management team to put in place preventive measures.

Property and Leisure

With the onset of construction of the Beau Plan Smart City, Novaterra enhanced communication with employees to ensure their safety in non-authorised zones and in re-routing access. The renovation of the roof at "La Villebague" house required close supervision and training to ensure that work was carried out within safe conditions. Following audits from external tour operators, L'Aventure du Sucre set up a steering committee to ensure compliance with international health and safety requirements, including food safety.

At Group level, this year we introduced 'sophrology' a relaxation technique comprising easy-to-do physical and mental exercises to mitigate stress and other psychosocial hazards. This innovative initiative was introduced during the health and safety week in May 2019, where employees experienced how the art of breathing can help relieve stress in the workplace.

	CANE			POWER			BRANDS			PROPERTY AND LEISURE		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Fatalities	0	0	1	0	0	0	0	0	0	0	0	0
Number of injuries with lost day > 24h	87	72	77	1	0	1	33	32	29	4	3	2
Injury rate	53.0	37.2	29.0	9.9	0.0	9.6	42.4	21.0	21.1	11.0	9.1	6.0
Lost day rate	0.36	0.31	0.29	0.14	0.00	0.38	0.04	0.13	0.16	0.09	0.03	0.02

Further details on our safety and health performance are provided in our online Sustainability Report.

PROTECTING LABOUR RIGHTS

Terra continues to ensure that all our employees are adequately remunerated and provided with a respectful working environment free from inappropriate or unprofessional behaviour, including any form of harassment or discrimination. We recognise the right of every employee to freedom of association. In the Cane cluster, 96% of workers are unionised across six different unions; sector workers are also regulated by sugar industry remuneration orders that set the minimum wages and conditions of employment for various categories of workers.

GROUP-LEVEL

functions (cont'd)

INVESTING IN OUR PEOPLE (CONT'D)

PROTECTING LABOUR RIGHTS (CONT'D)

The collective bargaining process, which started in 2018, is ongoing for both our staff and labour force, and we hope that a satisfactory outcome will be reached in 2020. In October 2019, new employment legislation was introduced in Mauritius and we are in the process of achieving full compliance in all our clusters. This legislation resulted in an unexpected increase in staff and labour costs, having a financial impact across operations. We are keen to explore opportunities to use imported labour for activities where we struggle to find suitably skilled workers and are waiting for a framework from the Government to provide guidance.

OUTLOOK

In 2020, our focus continues to be on the following priority areas:

- In the Cane cluster, we will maintain a strong emphasis on controlling labour costs and maximising productivity. Collective bargaining agreement negotiations are still ongoing with the various unions.
- In our Brands cluster, we will continue to identify more opportunities to optimise manpower structures and processes in order to further improve cost efficiencies. We will launch work Improvement Teams to further enhance work processes.
- We will enhance our performance management processes by introducing new practices, including the use of objectives and key results (OKR), which will be piloted initially within the Cane and Property clusters.

INTEGRATING SUSTAINABILITY THROUGHOUT THE BUSINESS

To enhance the performance of each of our entities, we set up a structured sustainability platform in December 2018 and developed a five-year sustainability framework in 2019. Through this platform and framework, we will be sharing best industry practices with the aim of further improving the economic, environmental and social performance of our operations, as well as identifying practical opportunities across our broader value chain. This requires us to critically look at all aspects of our operations across the business units and to engage with our stakeholders on sustainability issues.

SEMSI LISTING

Since 2015, Terra has been listed on the Stock Exchange of Mauritius' Sustainability Index (SEMSI). Following Terra's excellent performance in a review exercise undertaken in August 2019 by the SEMSI Supervisory Committee, the Company remained on the Index.

Our 2019-2023 sustainability framework has three focus areas and 16 commitments, as listed below:

Creating value for the business and stakeholders

- Increasing operational efficiency and enhancing productivity.
- Continuously improving our operations.
- Developing new business opportunities.
- Promoting innovation.

Supporting and creating positive change and opportunities for people

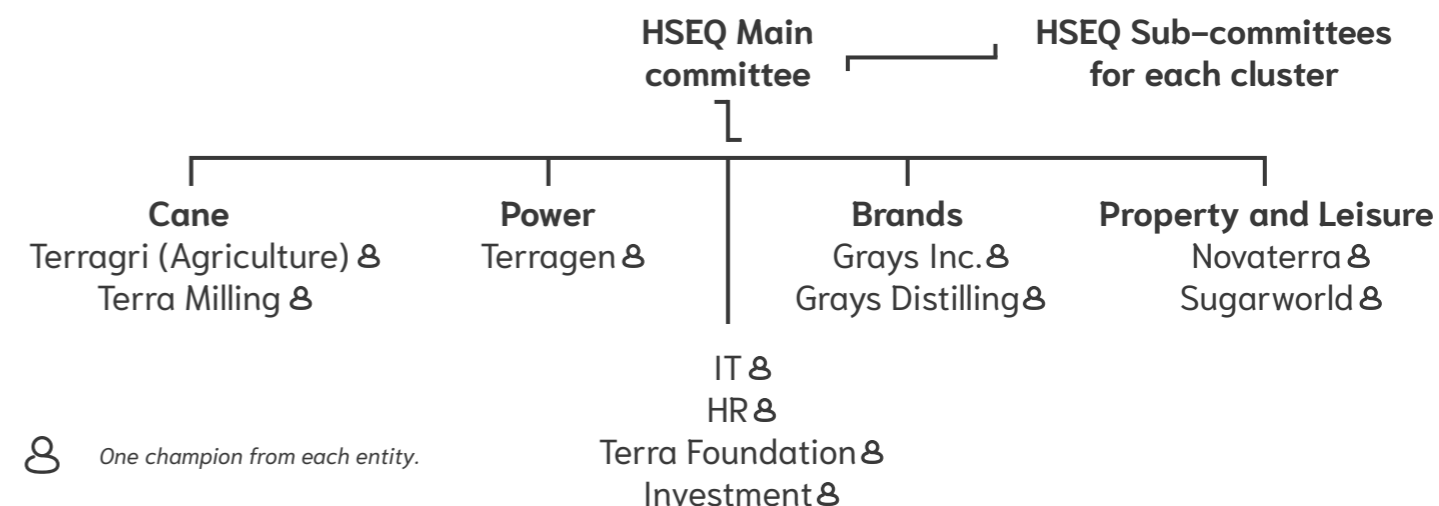
- Nurturing and developing our people to help them achieve their potential.
- Providing a safe and healthy work environment for our employees.
- Promoting inclusive business.
- Addressing the social challenges of our businesses.

Caring for our planet

- Reducing water use in our processes.
- Managing energy use to reduce the emission of greenhouse gases
- Improving our carbon footprint.
- Reducing waste throughout operations and promoting efficient disposal of waste.
- Minimising the generation of effluent and discharging it as per regulations.
- Promoting sustainable sourcing and supply chain sustainability.
- Promoting a circular business.
- Adapting our operations to climate change impacts.

GROUP LEVEL FUNCTIONS (CONT'D)

The sustainability framework is relevant at both Group and business unit levels and respective objectives and targets will be set in 2020. The diagram below illustrates the operating structure of the sustainability platform that will help monitor the impacts of the business units and to track our progress in meeting our sustainability commitments over the next five years. An intensive series of meetings with internal stakeholders took place from mid-2018 to 2019, which helped in identifying the material focus areas for each business unit. Specific objectives and targets are currently being defined, and we will structure our reporting in line with these in 2020. While we report on all three focus areas throughout our cluster sections (pages. 28 to 53), at Group-level we place greater emphasis on the second and third focus areas, as set out below.



OUTLOOK

During 2020 our focus will be on:

- Setting objectives and targets for material topics for each business unit, with respect to our sustainability commitments.
- Sharing and transferring good practices across the clusters in the sustainability platform.

More detailed information on our sustainability commitments, the environmental and social performance of our business units is provided in Terra's separate online Sustainability Report.

CARING FOR OUR PLANET

Our business activities depend on the use of natural resources, such as water, energy, serviceable land and sugarcane. Given this dependency, we recognise the strategic importance of integrating sustainability into the business and having a common platform to ensure better monitoring of our footprint.

As outlined below and on pages 10 and 11, the Group's business model reflects the principles of a closed-loop circular economy, with many of the by-products of one of our operations serving as a raw material input for another.

Water consumption

Mauritius is a water-stressed island and we have ongoing measures in place across our operations to reduce or optimise our water consumption. Effluents from Terragen and Terra Milling are utilised for the irrigation of Terragri (Agriculture)'s sugar cane fields (509,400 m³ in 2019).

Energy consumption and Scope 1 greenhouse gases emissions

Terragen continues to add more renewable energy sources to its fuel mix. The use of sugar cane straw from Terragri (Agriculture)'s fields has increased to 9,639 tonnes, to further decrease the volume of coal consumed per kWh, delivering both environmental and financial benefits. Some 39% of Terragen's emissions are accounted as biogenic, which means that the gases are absorbed by the sugar cane plants in the closed carbon cycle.


During 2019, there were no cases within the Group of non-compliance with legal requirements relating to the environment. We continue to work with industry associations and government authorities to assist us in managing our environmental footprint.



GROUP-LEVEL

functions (cont'd)

INTEGRATING SUSTAINABILITY THROUGHOUT THE BUSINESS (CONT'D)




OUR 2019 ENVIRONMENTAL PERFORMANCE

DIRECT RENEWABLE MATERIALS 	
Terragri Ltd (Agriculture)	
Organic fertilisers (CMS)	Filtered mudcake (Scum)
13,917 T	4,328 T
Terra Milling Ltd	
Sugar cane	
919,615 T	
Terragen Ltd	
Bagasse	Sugar cane trash
311,544 T	9,639 T
Grays Distilling Ltd	
Molasses	
24,094 T	
Grays Inc. Ltd	
Alcohol (100%)	Bulk wines and spirits (65%)
729 m³	734 m³
Topterra Ltd	
Vinasse	
40,094 m³	

WATER CONSUMPTION 	
Terragri Ltd	Terragen Ltd
5,051,600 m³	1,522,596 m³
Terra Milling Ltd	
509,413 m³	
DIRECT NON-RENEWABLE MATERIALS 	
Terragri Ltd (Agriculture)	
Liquid mineral fertilisers	Solid fertilisers
1,546 T	457 T
Diesel	
1,085 m³	
Terragen Ltd	
Coal	
188,085 T	
Terrarock Ltd	
Boulders	
380,364 T	
RENEWABLE ENERGY CONSUMPTION 	
Bagasse and sugar cane trash	
Terragen Ltd	Terra Milling Ltd
62,103 GJ	651,432 GJ

GROUP LEVEL FUNCTIONS (CONT'D)

OUR 2019 ENVIRONMENTAL PERFORMANCE (CONT'D)

NON-RENEWABLE ENERGY CONSUMPTION 	
Coal	
Terragen Ltd	Terra Milling Ltd
131,100 GJ	373,151 GJ
DIRECT GHG EMISSIONS (SCOPE 1) 	
Terragen Ltd	
Bagasse (Biogenic CO ₂)	Sugar cane trash (Biogenic CO ₂)
263,525 T	14,104 T
Coal (CO ₂)	
436,637 T	
Terragri Ltd (Agriculture)	
Diesel (CO ₂)	
2,825 T	
WASTE GENERATION 	
Grays Inc. Ltd	
Recycled non-hazardous waste	
Glass bottles (damaged)	Plastic waste
30 T	4.7 T
Cardboard & paper waste	
23.1 T	
Terragri Ltd (Agriculture)	
Recycled hazardous waste	
Used oil	Used tyres (vehicles)
4 m³	15 T

OUTLOOK

- During 2020 our focus will be on:
- Securing QSE certification of Grays Inc. and Grays Distilling, which will have a direct impact on their environmental performance.
 - Ensuring effective integration of environmental measures during the conception phase of the Smart City development.

GROUP-LEVEL

functions (cont'd)

DELIVERING VALUE FOR LOCAL COMMUNITIES THROUGH TERRA FOUNDATION

In addition to the significant social value created through the Group's core business activities by providing direct and indirect employment and upskilling of its workforce, Terra also provides focused support to neighbouring communities. Our Corporate Social Responsibility (CSR) programme, coordinated through Terra Foundation, is in line with Government's CSR guidelines promoting community development at both a regional and national level. The foundation's primary focus remained centered on the geographical areas around Terra's Beau Plan and Belle Vue operations. Going forward, we aim to allocate more resources to ensuring that the local communities fully tap the potential benefits associated with the development of our Smart City in Beau Plan.

OUR 2019 PERFORMANCE

This year, as per the Income Tax Act, Group companies were required to increase their contribution of the 2% of book profits from 50% to 75% to the Mauritius Revenue Authority (MRA) for onwards transmission to the National Social Inclusion Foundation (formerly the National CSR Foundation) for redistribution to local projects and NGOs. The remaining 25% was remitted to Terra Foundation. A facility was, however, granted to companies already committed to long-term projects to apply for a 25% reduction in their remittance to the National CSR Foundation. Following approval of our list of projects, this enabled us to continue investing 50% of our CSR funds into local communities. We maintained partnerships with 22 NGOs, sponsoring a total of 34 projects in 2019, with 87% of our funding being delivered in the North. Our key focus remained in the following intervention areas:

Education and training

- Sponsoring two remedial classes and other projects targeted to vulnerable students in a priority education zone;
- Sponsoring vocational training for vulnerable youth and supporting visually impaired children;
- Continuing our support for an NGO that works with autistic students; and
- Supporting two schools in the North in the delivery of a programme that develops children's skills in coping with emotions, difficult situations and violence.

Poverty alleviation

- Supporting the monitoring of youth falling out of the mainstream educational system and enabling integration through the Cycling Academy and a sports coach;
- Supporting the work of an NGO delivering an empowerment and monitoring programme for vulnerable children living in a pocket of poverty including daily meals, trainings and other recreational activities;
- Supporting an NGO monitoring and empowering ten vulnerable families; and
- Providing daily meal support to disabled students.

Health care

- Assisting vulnerable children and adults suffering from Type 1 diabetes with access to quality health services and sponsoring therapy activities to improve the daily management of their disease.

Sports

- Covering transport costs for beneficiaries attending football training sessions.

Heritage and Culture

- Sponsoring the participation of children and adults in a cultural and music festival, as well as in various workshops and visits to *L'Aventure du Sucre*, Terra's sugar museum, in association with three NGOs in Pamplemousses.

Rodrigues

- Sponsoring the entry fees at *L'Aventure du Sucre* and a lunch for a delegation of 267 people, including 159 students from five primary schools in Rodrigues. Terra employees welcomed the delegation and prepared lunch packs.

Employee volunteering

- Employees participated in various volunteering initiatives to support vulnerable children.

Further details on the above intervention areas can be found in our online Sustainability Report.

GROUP LEVEL FUNCTIONS (CONT'D)

MEASURING IMPACT

Our budget of MUR 2.4 million (net of administrative expenses) supported 1,669 beneficiaries in total. We conduct evaluation reports every year to assess the work of the various NGOs that we partner with, and every five years we conduct an in-depth assessment, bringing together our NGO partners and the beneficiaries. We actively engage with other CSR foundations and other stakeholders of the region to identify regional needs and to monitor the impact of programmes delivered.

OUTLOOK

Our focus will remain on our immediate neighbourhoods and in particular on the areas adjacent to Novaterra's Smart City in Beau Plan, where we will conduct a social survey in 2020 to identify community needs. Based on the outcomes of the survey we will, within the limits of our means, which are likely to be drastically reduced by the economic consequences of the Covid-19 pandemic, continue to work with existing NGO partners to meet both societal needs and the needs of the business. This could involve recruitment of people from local communities and training for new positions. Over time, we see our NGO partnerships being concentrated around core community and business objectives to ensure greater impact.

