

# GROUP-LEVEL Functions

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

*Investing in our people*



Having the right technical and leadership skills, the diversity of experience and perspective, 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 value-added services, such as customised training and development programmes, HR efficiency matrices, and remuneration and benefit policies. Although training is managed by conducting 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.

## DEVELOPING A PERFORMANCE-BASED CULTURE

The recent organisational restructuring has provided an opportunity to run comprehensive discussions with management to identify 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, we have begun discussions with other senior managers with the aim of fostering a strong performance-driven culture. We have also recently reviewed the existing structure of executive pay packages to support the longer-term competitiveness of Terra's business units.

## ENGAGING OUR EMPLOYEES

We run engagement surveys every two years with our employees to assess the levels of employee engagement. No survey was undertaken in 2018. Basing the Group on the results from the 2017 survey, a 62% engagement level was recorded. We held focus groups at a Group level in 2018 to work on the key engagement drivers with the aim of fostering a high-performance culture across clusters. In 2019 we will be using a new tool that measures both engagement and enablement. We also assist the management to maintain a good employment relationship (employer and employee).

## LEARNING AND DEVELOPMENT

Investing in the learning and development of our employees remains a key strategic initiative. This year, we continued our efforts in building a strong leadership bench strength by providing executive and leadership development coaching programmes. We have been working in collaboration with the African Leadership College (ALC) on co-creating a Leadership Programme that focuses on 'intrapreneurship' and innovation. This will be launched in February 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.

## 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. During 2018, we placed particular emphasis on risk prevention and on enhancing the safety and health culture across the Group, with specific objectives set in each cluster to realise established goals. Following is a summary of the key health and safety initiatives undertaken this year at each cluster:

**Cane:** At Terra Milling Ltd and Terragri Ltd (Agriculture), training and awareness have been the driving tools towards accident prevention. Various workshops were held throughout the year to sensitise employees on understanding high risk activities and fostering a strong safety and health culture. In addition to weekly toolbox talks aimed at raising general awareness, more technical training was provided specifically on fire prevention and fire fighting, working at heights, electrical safety and authorisation of work and chemical safety. To mitigate the risk of fire, we have established emergency response teams, provided the teams with training by professional fire fighters, and undertaken fire drills across all departments in the cluster. Terra Milling aims to achieve ISO 45001:2018 (Health and Safety) certification in 2019.

**Power:** Terragen recorded zero accidents at work with no lost work days since February 2017, which is an excellent result. This pleasing performance is attributed to the active engagement with workers, the sensitisation and training that have been provided, and the level of maturity of the workforce. Despite this encouraging performance, we recognise the need to improve the safety culture and performance of sub-contractors working at the premises. To address this, from 2019 we will be reinforcing health and safety communication, consultation and participation of sub-contractors.

**Brands:** At Grays Inc. and Grays Distilling Ltd, we have re-enforced the risk prevention strategy through increased employee awareness initiatives. Sign boards have been posted in relevant areas to sensitise workers on the area-specific risks, relevant precautionary measures and wearing of personal protective equipment. During the year, an evaluation of the whole electrical installation of the premises was undertaken to improve electrical safety. We strengthened the emergency response team and conducted fire drills. Following the installation of the new boiler at the distilling operation, we will be providing the required training for the boiler operators. In 2019, Grays will be aiming to achieve certification of an integrated Quality, Environment, Safety and health (QSE) management system.

**Property and Leisure:** At Novaterra, employees have been trained on fire fighting with practical training on use of fire fighting equipment such as fire extinguishers, hose reels, water hydrants and nozzles. Regular toolbox talks were conducted on work at height and general maintenance work. At *L'Aventure du Sucre*, we have enhanced fire safety training. Following the upgrading of the restaurant we have received a new fire certificate. Additional fire fighting equipment has been purchased and installed, and we will be redesigning the fire evacuation plan for the museum. This year, employees were provided with risk prevention training for high risk activities, such as working at height and manual handling. In October 2018, one of the tour operators conducted a safety and health performance audit of the facility and identified some valuable areas for improvement. A steering committee has been established to develop and implement an action plan to ensure that the required improvements are implemented in 2019.

At Group level, a Health, Safety and Welfare Week was organised in May 2018 to commemorate the World Day for Safety and Health at Work. Employees were able to participate in several health check-ups such as eyes screenings, foot screenings, HIV screenings and breast echography. Various awareness sessions were organised with the collaboration of authorities and NGOs, including on road safety and defensive driving, drugs and substance abuse, breast cancer, and dermatologic issues. Sports activities were also organised during the week, providing employees with the opportunity to engage in Pilates, an exercise 'boot camp' and a self-defence course. An additional 52 first aiders were nominated throughout the clusters after an intensive training this year.

|  | CANE |      | POWER |      | BRANDS |      | PROPERTY AND LEISURE |      |
|--|------|------|-------|------|--------|------|----------------------|------|
|  | 2018 | 2017 | 2018  | 2017 | 2018   | 2017 | 2018                 | 2017 |
| <b>Fatalities</b>                                | 0    | 1    | 0     | 0    | 0      | 0    | 0                    | 0    |
| <b>Number of injuries with lost day &gt; 24h</b> | 72   | 77   | 0     | 1    | 32     | 29   | 3                    | 2    |
| <b>Injury rate</b>                               | 37.2 | 29.0 | 0.0   | 9.6  | 21.0   | 21.1 | 9.1                  | 6.0  |
| <b>Lost day rate</b>                             | 0.31 | 0.29 | 0.00  | 0.38 | 0.13   | 0.16 | 0.03                 | 0.02 |

 Further details on our safety and health performance are provided in our [online Sustainability Report](#).

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## PROTECTING LABOUR RIGHTS

In addition to striving for full compliance with relevant labour legislation, Terra seeks to ensure that all Terra 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 with 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. The collective bargaining process has commenced for both our staff and labour force, and we hope that a satisfactory outcome will be reached during 2019.

## OUTLOOK

In 2019, we will be focusing on the following priority areas:

- In the Cane cluster, particular emphasis will be placed on the ongoing negotiations with the Unions; we will also retain a strong focus on controlling labour costs and maximising productivity.
- We will be working closely with the Brands cluster to identify opportunities to optimise their manpower structures and processes in order to further improve cost efficiencies.
- We will continue with the strengthening of the Novaterra team, and will be looking to foster a 'Winning Culture' formula across the cluster's new and growing teams.
- We have implemented a detailed dashboard that will allow us to track the Group's performance of key human resource parameters; we will further improve this in 2019 to make it an essential tool for our senior managers and executives to make informed decisions on human capital.
- Key amendments will be made to the executive remuneration schemes across the Group, ensuring that the right metrics and short-term and long-term incentives are in place to accurately assess and reward performance.

## Managing our environmental impacts



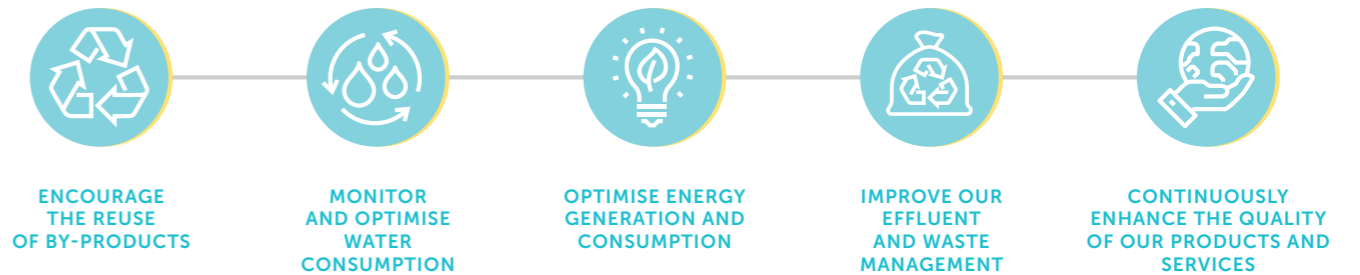
Many of our business activities depend on the use of natural resources, such as water, energy, serviceable land and sugarcane. Given this dependency, we recognise the strategic importance of ensuring responsible environmental stewardship.

As outlined on page 10, 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 to another's.



To enhance the environmental performance of each of our entities, we have set up a structured Health, Safety, Environmental and Quality (HSEQ) management platform. During 2018, one champion from each of the business units was appointed to assist in driving the implementation of the HSEQ framework across each of the clusters over the next five years (from 2019-2023). Through this framework, we will be sharing best industry practices with the aim of further improving the environmental and social performance of our operations, as well as identifying practical opportunities across our broader value chain.

Our primary environmental management objectives are to:



Our most material environmental impacts are:

**Water consumption** – especially at Terragri Ltd (Agriculture) and Terragen Ltd. Given the water-stressed nature of Mauritius, we have ongoing measures in place across our operations to reduce or optimise our water consumption. Terragri Ltd, the highest consumer of water in the Group, has been implementing measures to ensure better utilisation of effluents for the irrigation of sugarcane fields. In 2018 around 850,000 m<sup>3</sup> of effluent from Terragen and Terra Milling was used for irrigation.

**Energy consumption** – particularly of steam and electricity at Terragen and Terra Milling. Terragen, which supplies energy to Terra Milling and sells electricity to CEB (the national grid), strives to reduce its electrical consumption and is adding more renewable energy sources to its fuel mix. This year it increased the use of sugar cane trash to 15%. We continue to monitor coal consumption per kWh, and we are striving to further decrease the volume of coal consumed per kWh, as this delivers both environmental and financial benefits. Terra Milling is continuing to reap energy efficiency gain following the investments in mill's machinery in 2016.

**Waste management** – across the Group. The major wastes generated at Terra by type are plastic, glass bottles, paper and scrap metal. There are also certain hazardous wastes, such as used oil and chemical wastes, that are directed to registered waste disposal companies for their safe disposal. We are continuing to identify opportunities to reuse by-products as inputs in other Group process, to direct non-reusable wastes to appropriate disposal facilities, and to improve effluent management.

**Scope 1 greenhouse gases emissions** – generated mostly by Terragen Ltd. We are seeking to minimise these emissions and reduce the use of coal by increasing the use of sugar cane trash in the energy mix; 33% 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 2018, there were no cases of non-compliance within the Group on legal matters regarding the environment. Our commitment to managing our environmental impacts is reflected by the fact that Terra has been listed on the Stock Exchange of Mauritius' Sustainability Index (SEMSI) since 2015. We continue to work with industry associations and government authorities to assist us in managing our environmental impacts.

## OUTLOOK

During 2019 our focus will be on:

- Developing an HSEQ policy at Group level, with the objective of sharing and transferring good practices across the clusters;
- Further improving our waste management practices;
- 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; and
- Continuing to identify and implement measures aimed at enhancing the environmental and social impacts of our operations across all business units.



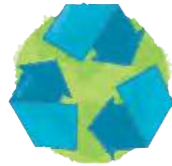
More detailed information on the environmental performance of our various entities is provided in Terra's separate [online Sustainability Report 2018](#).



# GROUP-LEVEL Functions

## OUR 2018 ENVIRONMENTAL PERFORMANCE

### Direct Renewable Materials



#### TERRAGRI LTD (AGRICULTURE):

14,117 TONNES Organic fertilisers (CMS)  
4,346 TONNES Filtered mudcake (scum)

#### TERRA MILLING LTD

751,122 TONNES Sugar cane

#### TERRAGEN LTD

252,940 TONNES Bagasse  
8,247 TONNES sugar cane trash

#### TOPTERRA LTD

62,153 m<sup>3</sup> Vinasse

#### GRAYS INC. LTD

817 m<sup>3</sup> Alcohol (100%)  
479 m<sup>3</sup> Bulk wines and spirits

#### GRAYS DISTILLING LTD

24,888 TONNES Molasses



### Direct Non-Renewable Materials

#### TERRAGRI LTD (AGRICULTURE):

1,569 TONNES Liquid mineral fertilisers  
1,043 TONNES Solid fertilisers

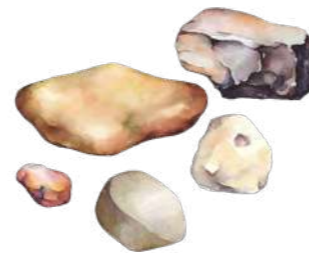
1,688 m<sup>3</sup> Diesel

#### TERRAGEN LTD

192,768 TONNES Coal

#### TERRAROCK LTD

350,729 TONNES Boulders



### Water Consumption

#### TERRAGRI LTD (AGRICULTURE):

5,807,518 m<sup>3</sup>

#### TERRAGEN LTD

1,578,574 m<sup>3</sup>

#### TERRA MILLING LTD

392,482 m<sup>3</sup>



### Direct GHG Emissions (Scope 1)

#### TERRAGEN LTD

Bagasse: 213,816 TONNES of biogenic CO<sub>2</sub>  
Sugar cane trash: 12,289 TONNES of biogenic CO<sub>2</sub>  
Coal: 449,973 TONNES of CO<sub>2</sub>

#### TERRAGRI LTD (AGRICULTURE):

Diesel: 4,395 TONNES of CO<sub>2</sub>



### Renewable Energy Consumption

#### Bagasse and sugar cane trash:

#### TERRAGEN LTD

43,294 GJ

#### TERRA MILLING LTD

568,035 GJ



### Waste Generation

#### GRAYS INC. LTD

Recycled non-hazardous waste:  
31.5 TONNES Glass bottles  
9 TONNES Plastic waste



#### TERRAGRI LTD (AGRICULTURE):

Recycled hazardous waste:  
13.5 m<sup>3</sup> Used oil  
17.6 TONNES Used tyres (vehicles)

### Non-Renewable Energy Consumption

#### Coal

#### TERRAGEN LTD

151,420 GJ

#### TERRA MILLING LTD

322,686 GJ



# GROUP-LEVEL Functions

## Terra Foundation: Supporting neighbouring communities

In addition to the significant social value-added that is created through the Group's core business activities, Terra seeks also to support neighbouring communities through its Corporate Social Responsibility (CSR) programme. To enhance the coordination and sustainability of the Group's CSR initiatives, we established the Terra Foundation in December 2009. Led by the Group CSR Manager under the stewardship of the CSR committee, and in line with government's CSR guidelines and the foundation's own terms of reference, the foundation seeks to promote community development at both a regional and national level. The foundation's primary focus is to ensure effective allocation of the legislated 2% of book profits to support approved projects set up in the geographical areas around Terra's Beau Plan and Belle Vue operations. An important aim of our support is to assist the local communities to fully tap the potential benefits associated with the opportunities that should arise from the development of our Smart City in Beau Plan.

### OUR 2018 PERFORMANCE

This year, Terra Foundation's budget was significantly affected by the announced changes in the CSR legislation, which resulted in a 50% reduction of funds. The other 50% was provided to the Mauritius Revenue Authority (MRA) and retransferred to the National CSR Foundation that has been established to redistribute funds to projects that are in line with the Government's national priorities. This reduction in funds had a profound impact on the foundation's commitments towards its partners.

In this context, the foundation's sponsorships have focused mainly on supporting the development of local communities around the Group's operation in the North. An increased share was allocated to this region, with a total of MUR 2.6 million granted to this region, representing 96% of the total funds disbursed in the year, and 28 out of the total of 33 projects supported by the foundation.

This year, the foundation's sponsorship budget of MUR 2.7 million (net of administrative expenses) was invested in supporting 1,719 beneficiaries in the following intervention areas:

**Education and training** – including: sponsoring the completion and inauguration of two remedial classes and the remedial programme for a school in a priority education zone; continuing our support for an NGO caring for autistic students; sponsoring two schools in the North with the aim of developing the children's skills to cope with their emotions, difficult situations and violence.

**Poverty alleviation** – initiatives included: supporting the work of an NGO's empowerment and monitoring programme to protect vulnerable children in a high-poverty area; providing daily meal support for vulnerable students; supplying emergency assistance to victims of floods and food baskets to six vulnerable families; and maintaining our sponsorship for the Cycling Academy and sports coach that engages vulnerable children in a pocket of poverty.

**Health care** – assisting vulnerable children and adults suffering from type 1 diabetes in accessing quality health services and sponsoring the development of medical materials and therapy camps enabling them to improve the daily management of their disease.

**Environment** – sponsoring initiatives to support the infrastructure for a training project promoting pesticide-free planting.

**Sports** – providing transport costs for beneficiaries attending training sessions of their football school.

**Heritage and Culture** – sponsoring the participation of children and adults in a cultural and musical festival, and in various workshops and visits to *L'Aventure du Sucre*, Terra's sugar museum.

### OUTLOOK

In his 2018 budget speech, the Minister of Finance confirmed that companies will be required to increase their contribution from 50% to 75% to be remitted to the MRA for transfer to the National CSR Foundation for redistribution to projects. As a result, companies will only have 25% of their funds to carry on their social projects. A facility has, however, been granted to those companies that have already committed themselves to long-term projects started before 2019, to apply for the approval of these projects at the National CSR Foundation. If approved, companies will be able to allocate to these projects up to a maximum of 25% of their budget out of the 75% to be remitted to the MRA.

SPONSORSHIP BY AREAS OF INTERVENTION

