

# Cane

Terra has been growing sugar cane and producing sugar since 1838, when the Harel brothers acquired the Belle Vue sugar estate in the north of Mauritius.

Today we have around 6,000 hectares of agricultural land, and we operate one of the most modern sugar producing factories on the island. We also jointly manage two sugar estates and factories in Côte d'Ivoire.

*Our purpose is to be a global player in growing cane and manufacturing sugar, with a particular focus on specialty sugars.*

## CANE BUSINESS MODEL

### VALUE DRIVERS

#### REVENUE DRIVER (PRICE)

##### Market demand and pricing

Commodity business shaped by supply and demand dynamics in the global sugar market, as well as local pricing determined by the Mauritius Sugar Syndicate (MSS).

Securing a price premium through distinct offering of specialty sugars.

#### COST DRIVER (PRICE)

##### Material cost efficiencies

Efficiency gains in our growing and milling activities.

### CONTEXT AND OUTLOOK

- With volatile global sugar prices below profitability levels, an adjustment of the supply and demand dynamics through Government policy support is vital for industry survival; Mauritius as a relatively small global producer continues to face a number of market obstacles with little structural reform.
- The sugar price has levelled out with slight recovery, yet still remains a risk of not reaching break-even point; the Government in Mauritius has shown positive signs of engagement with the industry and has announced a better remuneration for *bagasse*. We await the outcomes of the other aspects of the World Bank report.
- Mauritius has specialised in the manufacture of a wide range of specialty sugars, appealing to discerning customers and many agro-industrial ventures as healthier ingredients for finished food products; products are all marketed by the MSS which has become a reference for these unrefined specialty sugars. With the renewed focus by the MSS in targeting households and chefs as potential buyers for our specialty sugars, we have a more direct and active engagement with buyers.

- We have adopted a predominantly defensive strategy aimed at driving operational efficiencies in both our Belle Vue and Côte d'Ivoire operations.
- We benefit from our state-of-the-art technology and skills in the mechanisation of cane growing and harvesting. Digital farming enables us to increase efficiencies in the face of a reduced workforce.
- Our most significant costs relate to labour, followed by repairs and maintenance, fuel and fertilisers; activity-based costing exercises undertaken in our fields, mills and garage enable further optimisation.
- We foresee significant cost increases with the newly introduced Workers' Rights Act 2019 in Mauritius.
- We continue to review possible growth opportunities internationally that harness our recognised technological and process skills.

# Cane (cont'd)

## RESIDUAL RISKS

The main residual risks for the Cane cluster as at 31 December 2020 are summarised in the list below.

RISK	CONTRIBUTING FACTORS	RISK MITIGATING ACTIVITIES	YEAR ON YEAR TREND
<b>R1</b> Not securing an adequate price for <i>bagasse</i> , leading to a drop in cane supply.	<ul style="list-style-type: none"> <li>A drop in sugar cane supply is detrimental to the milling activities.</li> <li>Knock-on effect on the supply of <i>bagasse</i>, impacting our ability to shift to renewable energy sources for power generation.</li> </ul>	<ul style="list-style-type: none"> <li>Terra participated in an industry initiative to submit proposals for reform of the sector, driven by the MSS and Business Mauritius.</li> <li>The Government established a committee to work on the subject, involving the relevant Ministries.</li> </ul>	Unchanged
<b>R2</b> Volatile global sugar price, below the break-even point for Mauritius.	<ul style="list-style-type: none"> <li>Impact of the pandemic on demand and production of beet sugar in our principal markets in Europe.</li> <li>Impact of the pandemic on supply of sugars from competing countries such as Brazil and India.</li> </ul>	<ul style="list-style-type: none"> <li>Shifting towards specialty sugars that command a superior margin.</li> <li>Working with the MSS to market the Mauritian brand, our specialty sugars, and gain access to new markets.</li> </ul>	Unchanged
<b>R3</b> Continued decrease in the supply of cane combined with high costs of production resulting in reductions in productivity.	<ul style="list-style-type: none"> <li>Drop in cane supply is accelerated by the following:                             <ul style="list-style-type: none"> <li>Current low price of <i>bagasse</i>.</li> <li>Decline in number of small and medium planters.</li> <li>Drop in area available for cultivation as a result of real estate developments by planters.</li> <li>Urbanisation resulting in challenges to cultivate next to residential areas.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Supporting small planters:                             <ul style="list-style-type: none"> <li>Taking initiatives to motivate the next generation of farmers.</li> <li>Advising small farmers on harvesting, weeding and transporting the cane.</li> </ul> </li> <li>Optimising efficiency:                             <ul style="list-style-type: none"> <li>Adopting new technologies for digital farming.</li> <li>Adopting lean management principles.</li> <li>Investing in automation of processes.</li> </ul> </li> </ul>	Unchanged
<b>R4</b> Changing climatic conditions adversely impacting cane yield, resulting in losses.	<ul style="list-style-type: none"> <li>Increasing demand for water from other users in the water-scarce North of Mauritius.</li> <li>Certain competing countries are inherently more conducive to sugar cultivation in terms of soil structure, climate and water availability.</li> </ul>	<ul style="list-style-type: none"> <li>Optimising water consumption and improving use of effluents for irrigation.</li> <li>Securing insurance cover (through the Sugar Insurance Fund Board).</li> <li>Adopting more resistant and higher yielding strains of cane.</li> <li>Working with local authorities to increase the capacity of Nicolière dam.</li> </ul>	Unchanged
<b>R5</b> Plant and equipment failure, resulting in disruption to operations.	<ul style="list-style-type: none"> <li>Breakdown of major equipment within the mill.</li> <li>Breakdown at Terragen operations impacting the supply of electricity and steam.</li> <li>Impact of pandemic on timely supply of imported parts, and ability of specialist consultants to travel to Mauritius to perform maintenance and repairs.</li> </ul>	<ul style="list-style-type: none"> <li>Investing in modern plant and equipment and replacing old items as and when needed.</li> <li>Performing regular preventive maintenance and inspection of plant and equipment by specialist consultants.</li> <li>Maintaining a stock of critical spares on site.</li> <li>Coordination and planning of operations with Terragen.</li> </ul>	Unchanged

### CAPITAL

#### PEOPLE



### MATERIAL INPUTS (2020)

**TERRA MILLING EMPLOYEES**  
105 permanent and 234 temporary

**TERRAGRI EMPLOYEES**  
201 permanent and 60 temporary

### ACTIVITIES TO SUSTAIN VALUE

- Appointed a dedicated Health and Safety Officer at Terra Milling and made good progress in implementing the ISO 45001 health and safety management system. Certification is targeted for 2021.
- Installed safety modifications to the Over-Head Travelling Crane (OHTC) platform, set-up a gas-metering system for working safely in confined spaces, and conducted eye check-ups for all workshop employees.
- Fire in fields remained a key safety risk at Terragri (Agriculture) and we reaffirmed efforts to train employees and develop a safe system for firefighting.
- Defensive driving training was conducted with all drivers and operators to refresh safety practices, and a safety checklist was introduced for Bell Loaders. Electrical safety in the workshop was also upgraded.
- Safety measures and procedures in place in response to Covid-19.
- Executive and leadership development coaching programmes ongoing.

### MATERIAL OUTCOMES (2020)

**TOTAL RECORDABLE INJURY RATE (TRIR)**  
19.5 (-53%)

**LOST TIME INCIDENT RATE (LTIR)**  
17.1 (-59%)

**SEVERITY RATE**  
32.7 (-42%)

### MANUFACTURED



Agricultural and milling equipment

- Annual maintenance and critical spares kept in stock.
- Regular inspection by consultants and monitoring of equipment during operation through computerised system (SCADA).
- Fire safety and protection procedures in place.
- User access rights on operator terminals and regular server backups; access to USB ports disabled to enhance cyber-security.

### NATURAL



**LAND UNDER CANE CULTIVATION (INCLUDING AREA BEING PREPARED FOR PLANTATION)**  
5,340 Ha (+3%)

**WATER CONSUMED**  
1,622,443 M m<sup>3</sup> (-68%)

**LIQUID MINERAL FERTILISERS**  
2,082 T (+35%)

**DIESEL**  
898 m<sup>3</sup> (-17%)

**SUGAR CANE MILLED**  
704,629 T (-23%)

**ORGANIC FERTILISERS**  
18,738 T (+34%)

**SOLID FERTILISERS**  
365 T (-20%)

**STEAM FROM TERRAGEN**  
838,519 Gj (-10%)

- Small planter advisors in place to motivate small-scale farmers in implementing efficiency measures and assisting with their harvesting and transport.
- Measures to optimise water consumption and better utilisation of effluents for irrigation.
- Organic cane production trial started.

**OWN CANE HARVESTED**  
302,291 T (-22%)

**SPECIALTY SUGAR PRODUCED**  
74,541 T (-16%)

**ORGANIC CANE AREA PLANTED**  
50 Ha

**OIL USED**  
15.3 m<sup>3</sup> (+13%)

**VEHICLE TYRES USED**  
8.3 T (-55%)

# Cane (cont'd)

CAPITAL	MATERIAL INPUTS (2020)	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2020)
<b>SOCIAL AND RELATIONSHIP</b> 	Quality relationships with key stakeholders including: MCIA, MSS, Terragen, planters, employees and trade union representatives, and service providers.	<ul style="list-style-type: none"> <li>Embedded our Culture and Engagement Journey for employees creating a culture of care and learning.</li> <li>Workers' council meets twice a year. For Terra Milling Ltd 85% of workers remain unionized, while for Terragri Ltd 81% within its agricultural unit and 68% within the non-agricultural unit are unionised.</li> <li>Clear communication and collaboration with Terragen to maintain electricity and steam supply; vertical integration enables stability and growth.</li> <li>Active chairing of the MSS by the Managing Director of Terra; active engagement with Government stakeholders and assisting MSS to strengthen the branding and marketing of Mauritius' premium specialty sugars and exploring new market opportunities.</li> </ul>	<b>EMPLOYEE TURNOVER RATE</b> 12% (2019: 24%)  <b>DAYS LOST TO STRIKE ACTION</b> 0  <b>PAYMENT IN TAXES</b> MUR 3.0 M
<b>INTELLECTUAL</b> 	<ul style="list-style-type: none"> <li>International certifications, including BRC, GMP, Halal and C-TPAT.</li> <li>Application of HACCP Codex Alimentarius.</li> <li>A registered SEDEX B member and subject to annual third-party audit on local and international labour laws; health, safety and environmental regulations; and business ethics.</li> </ul>	<ul style="list-style-type: none"> <li>Renewal of certificates and customer second party audits to ensure safety of product and system, social and environmental compliance.</li> <li>Improving efficiencies across our growing and milling operations.</li> <li>New technologies and software (CanePro) adopted for precision farming.</li> <li>Embedding 'lean management' principles and continuing with KAIZEN process.</li> </ul>	Continuous improvement in farming and manufacturing techniques.  <b>PRODUCTION COST (AGRICULTURE)</b> MUR 14,000/T (-2%)  <b>PRODUCTION COST (MILLING)</b> MUR 6,900/T (+30%)  <b>CANE PROCESSING</b> 281 T/hr (-8%)
<b>FINANCIAL</b> 	<b>CANE CLUSTER TOTAL EQUITY (JAN 2020)</b> MUR 6,688.3 M  <b>TOTAL BORROWINGS</b> MUR 743.7 M  <b>CAPITAL EXPENDITURE</b> MUR 116.0 M	<ul style="list-style-type: none"> <li>Actively managed the financial performance through weekly executive meetings, monthly management meetings and regular Board meetings.</li> </ul>	<b>TURNOVER</b> MUR 1,086.6 M (+6%)  <b>PROFIT</b> MUR 40.3 M (+120%)  <b>CANE CLUSTER TOTAL EQUITY (DEC 2020)</b> MUR 6,778.2 M

## THE OPERATING CONTEXT

### MATERIAL ISSUE IMPACTING VALUE CREATION

**Sustaining supply from small-scale cane producers** – Around 42% of our cane is produced by Terragri, the remaining is produced by large (38%) and small (20%) growers, thus making us reliant on a regular supply of cane from independent small-scale cane producers. With the price of sugar remaining low and the difficulty in securing labour, some farmers are leaving the sector and there is generally low interest in the younger generation to work in the fields. This year, the volume of cane secured from planters was 406,000 tonnes compared to 531,000 tonnes last year.

**Water availability** – 60% of our fields are directly dependent on local rainfall, and thus susceptible to the uncertainties of changing weather and climate. In 2020 we faced below-average rainfall due to the ongoing national drought, which impacted on cane yields Mauritius-wide. In terms of irrigation for the remaining 40% of our fields, we face increasing competition from other users as the economy grows in the water-scarce north of Mauritius.

**Continuing volatility in global sugar prices** – In 2020 the price of sugar remained low despite a slight recovery, continuing to negatively impact on global sugar producers outside tariff-protected countries. In Mauritius, the price of sugar ex-MSS increased from MUR 11,383 per tonne in 2019 to MUR 14,000 per tonne in 2020. This remains considerably lower than the price of MUR17,000 per tonne required to sustain operations.

**Challenging sugar trade dynamics** – The global sugar market was profoundly affected by the European Union's abolition of sugar quotas in October 2017, which contributed to a global supply surplus and resulting lower sugar prices. The global sugar market is also impacted by strong protectionist measures in many sugar-producing countries, such as in Europe and India where producers are given subsidies, and the fact that Brazil, historically the largest sugar producer, mainly produces for its own internal use and for the production of ethanol for energy, with surplus being sold onto the global market. This results in very different pricing competitors to Mauritius.

**Structural challenges in the Mauritian sugar sector** – The Mauritian sugar sector has some unique features, including a highly-regulated labour environment and a centralised organisation, the MSS, responsible for the marketing and sale of all locally-produced sugar. With revenue being centrally controlled, we can only focus on new products and reducing our cost of production. Given that it is very difficult to mechanise on mountain flanks or on small fields, our industry remains very labour intensive. In the context of a sector that has already comparatively high labour costs, the Worker's Rights Act, which came into force in Mauritius in October 2019, further negatively impacts the sector's global competitiveness. We foresee significant costs increases in relation to the remuneration orders. The World Bank report, commissioned by Government in 2019 to make recommendations for the sustainability of the sugar cane industry, has been completed and we await propositions from the Government based on the report findings.

### OUR RESPONSE

To ensure a regular flow of cane to our mill, we are placing a strong focus on reviving the interest of existing and prospective independent cane planters. We have a team that works with and advises small farmers on harvesting, weeding and transporting the cane. We continue to work with authorities to identify opportunities to appropriately motivate the next generation of planters. Long-term we will need to mechanise; digital farming is an important part of this transition.

We continue to implement measures to optimise our water consumption and ensure better utilisation of effluents for irrigation.

Discussions are continuing between growers, millers, the MSS and Government; the outcome of these negotiations remains to be seen. With low sugar prices anticipated at least for the short term, we have maintained a strong focus on enhancing efficiencies across our growing and milling operations and have made significant progress in reducing the cost of production.

With high competition for specialty sugars in European markets, greater focus will be placed on emerging markets such as China and India. The Mauritian government has signed an agreement with China to start exporting sugar there in 2021. We are working actively with the MSS to assist them in strengthening the branding and marketing of Mauritian sugar, and to identify new market opportunities, particularly in our distinctive specialty sugars. Significant progress was made in 2020 with the targeting of households and chefs, which helped to ensure high demand, even during lockdown periods. We believe that the longer-term fundamentals for sugar remain strong, particularly given growing consumer demand in emerging markets and for healthier, unrefined sugars that command a price premium.

Given the cross-roads that the industry finds itself at – with the challenging trade and price dynamics in the global sugar market, and with the substantial contribution of sugar to the Mauritian economy – the industry has submitted a proposal for structural reform, driven by the MSS and Business Mauritius. Suggested measures to enhance local competitiveness include: reviewing the current regulatory context for labour; providing better reward for the sector's renewable energy sources (*bagasse*); and ensuring that millers receive fair return from the Sugar Insurance Fund Board (SIFB). In terms of *bagasse*, the Government has, in the last Budget, announced the remuneration of *bagasse* at the rate of MUR3,300 per tonne of sugar. This will add up value to the cane producers as sugar is sold today at MUR 14,750 per tonne.

# Cane (cont'd)

## OUR 2020 PERFORMANCE

*The Cane cluster was classified as an essential service during the Covid-19 outbreak in the country and business ran largely as usual.*

Aside from the delay to the start of our harvest season due to the lockdown, the major impact on operations in 2020 was the ongoing national drought in Mauritius. The below-average rainfall this year impacted on cane yields across the country, and we lost 23% of cane volume and 16% in sugar volume. While we were expecting this year to produce 85,000 tonnes of specialty sugar to meet demand, we were only able to produce 74,541 tonnes. Fortunately, due to our previous cost cutting efforts, we faced a smaller loss locally this year. In the context of low sugar prices, we saw some improvements in 2020, helped by the depreciation of the MUR. The Cane cluster therefore posted profits of MUR 40.3 million, compared to restated losses of MUR 203.9 million in 2019.

We incurred losses only in our Mauritian operations (MUR 6.1 million) this year. Our associate company in Côte d'Ivoire, Sucrivoire, in which Terra holds a 25.5% stake, posted profit in 2020. The contribution of Sucrivoire to the cluster, excluding fees received for our management services, amounted to MUR 6.4 million (against restated losses of MUR 63.1 million in 2019).

For the 2020 crop, Terra Milling processed 704,629 tonnes of cane, impacted by the reduced throughput. This resulted in 44,114 tonnes of sugar accruing to the Group (2019: 52,563), with 16,762 tonnes attributable to milling operations (2019: 20,586) and 27,352 tonnes to growing operations (2019: 31,977). Terra Milling produced 78,978 tonnes *tel quel* of raw sugar (2019: 94,711), and therefrom 74,541 tonnes of specialty sugars (2019: 88,095). The average sucrose content stood at 13.16% (2019: 11.85%). On the growing operations side, the extraction rate improved to 11.43% (2019: 10.43%) with an average yield of 7.45 tonnes of sugar per hectare (2019: 8.37 tonnes).

### Mauritius: Driving efficiency and innovation

Our investments in digitalisation, automation, and lean management structures continue to help the cluster to become more efficient and, as far as possible, to reduce our break-even cost. We made further advancements towards digital / precision agriculture with the support of our comprehensive operation management software, CanePro, and digital tools such as mobile phones and tablets. Together, these enable precise application of chemicals, testing the fertility of soils, and yield monitoring in real time. Our cost reductions through these field innovations and the application of more efficient machinery remain in place, and we are on track to reaching our 2021 target to save up to 10% in fertilisation volume.

In 2020, we invested a further MUR 15.0 million in automation projects (as part of an investment plan of MUR 60.0 million to 2022), and this has yielded further positive changes in the mill performance and improvement in efficiencies. Given that we operate a volumes business with 80% of our costs being fixed, the reduction in cane volume by 25% this year resulted in an increase in cost per tonne. In 2020, the mill operated on average 18.7 hours per day and crushed an average of 5,258 tonnes of cane (2019: 19.4 hours and 5,929 tonnes). The extraction rate of the mill was 96.73 (2019: 97.41), while the milling rate was 280.9 tonnes per hour (2019: 305.8). Through our efficiency initiatives, our cost of production at the mill for the 2020 crop amounted to MUR 6,900 tonne (2019: MUR 5,300 per tonne), a 30% increase due to the significant drop in cane volume. On the growing side, we had targeted MUR 13,100 per tonne of sugar, and achieved MUR 14,000 per tonne.

This was the first year of our organic sugar trials, in which we produced 50 hectares of organic cane using non-chemical herbicides in the field and chemical substitutes in the factory cooking process. Results have shown a 35% drop in yield, as expected. We will increase organic production to 70 hectares in 2021; it remains a three-to-five-year project to achieve certification. Organic sugar will, in the medium-term, remain a percentage of our overall production, only reaching an industrial scale of production in the long-term. This testing phase is in line with the Mauritius Chamber of Agriculture's vision for 1,500 hectares of land to be converted to organic.

The undervaluation of *bagasse*, the main by-product left after cane has been processed for sugar and used to produce renewable energy in Mauritius, was a major challenge for us. The World Bank report, commissioned by Government in 2019 to make recommendations for the sustainability of the sugar cane industry, has been completed and Government announced the remuneration of *bagasse* at the rate of MUR 3,300 per tonne of sugar. This will greatly help to reverse the downward trend in sugar revenue from cane, an urgent challenge facing the sustainability of the industry.

Vegetable production remained a small portion of our business and we will be reducing the scope even further, as this remained loss-making in 2020. This was essentially a side-business to grow potatoes, onions, and carrots, but ultimately needs to break-even to be viable.

We suffered a record number of 175 accidental fires in our fields in 2020, with more than 1,000 hectares, close to 25% of our cane land surface, being burnt. Aside from the human risk of stopping these fires, and the downwind impacts on households, the major impact is the need to harvest immature canes. With no rainfall, the roots tend to die and the cane does not grow back, affecting the following year's harvest.

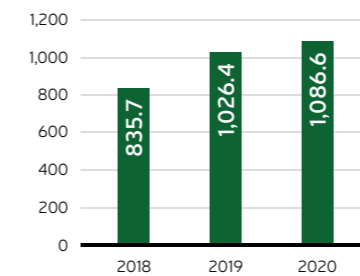
On a more positive note, we have seen significant benefits from our Culture and Engagement Journey, which we started towards the end of 2019 and continued across the Cane cluster into 2020. We embedded the values defined in the previous year, and we continued to co-create the desired working culture. For Terragri (Agriculture) this has meant moving from a purely results and efficiency focused culture with traditional approaches to agriculture, towards becoming a more caring and learning organisation. We have seen improvements in interactions between colleagues from Terragri (Agriculture) and Terra Milling, as well as more meaningful conversations during the employee performance appraisal process.

### Côte d'Ivoire: Good turnaround and profitable in 2020

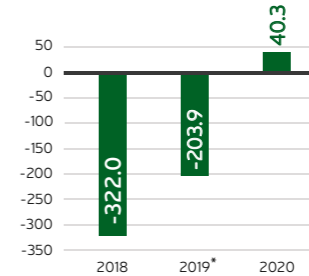
This has been a pleasing year for the two sugar estates and factories in Côte d'Ivoire that we manage together with SIFCA, our Ivorian partner. We have seen a good turnaround at Sucrivoire, with the appointment of four permanent Mauritian staff including a factory manager, field manager, chief operating manager and mechanical harvest manager. Terra has been the technical advisor to the operation and with these new appointments, some of which were previously Terra employees, this had resulted in improved yields and production. Sucrivoire sold 124,014 tonnes of sugar (comprising 104,348 tonnes of own production and 19,666 tonnes imported), compared to 110,190 tonnes in 2019. This year, production from our factories in Borotou and Zuenoula, which collectively supply half of the sugar consumed in the country, amounted to 102,902 tonnes, up from 84,110 tonnes in 2019. The revenue for 2020 was up 11.8% compared to 2019.

To satisfy local demand, the focus has been on increasing production capacity. Knowing that consumption is increasing year-after-year in Côte d'Ivoire, this increase in production will help to reduce our cost of production in the country. We will do this through upscaling the factories, targeting to produce 97,000 tonnes in 2021, increasing to 120,000 tonnes by 2024 and 160,000 tonnes by 2030. Our 2020 results show that we are on track to achieving this.

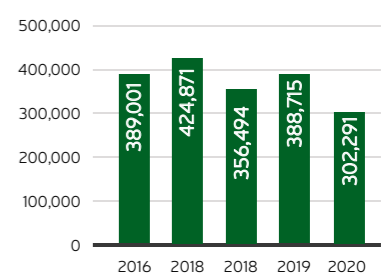
Turnover (MUR' M)



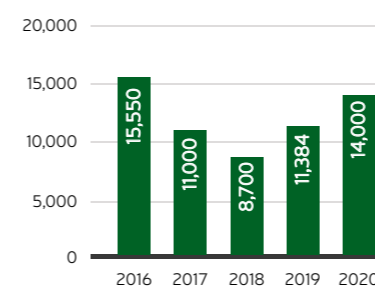
Profit/Loss after tax (MUR' M)



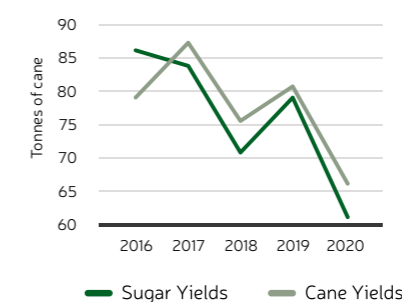
Cane Harvested by Terragri (Tonnes)



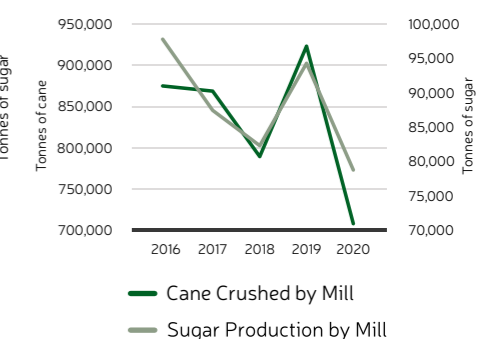
Sugar price (MUR/Tonne)



Yields per Hectare



Milling - Cane crushed and Sugar production



\*The 2019 figures have been restated.

# Cane (cont'd)

## OUR STRATEGIC OUTLOOK

Our 2022 Vision for the cluster aims to ensure our continued resilience and growth in the current challenging environment. Our 2021 OKRs (objectives and key results) will be more people-oriented, maintaining a strong culture of engagement with our staff, while we continue to focus on improving efficiencies and further optimising production.

We have prioritised the following areas:

- Maintaining a strong focus on embedding a change of culture across the operation and building staff morale through being a caring, learning, and trusted organisation;
- Implementing a new performance management system and platform, renumeration staff on performance in more modern and innovative ways;
- Completing collective bargaining agreement negotiations with the various trade unions, which takes place every three years;
- Further developing our health and safety culture, introducing reporting at the Board level, and instilling a health and safety culture among contractors through education and monitoring;
- Further embedding our decentralised risk management framework through ownership and reporting;
- Driving further efficiency and productivity gains across our operations and workforce;
- Optimising the production of our specialty sugars, and continuing to collaborate with MSS to enhance the global marketing, pricing and volumes of Mauritian specialty sugars;
- Working with small-scale farmers through our small planter advisors in implementing efficiency measures and assisting with their harvesting and transport;
- Further improving our water consumption and ensuring better utilisation of effluents for irrigation; and
- Investing in organic sugar production on a further 70 hectares of land.

On the back of these initiatives, we are confident that we will become more competitive, hopefully also supported by Government policy changes that will assist the local sugar sector to be able to play in a more level playing field. We will continue to engage with the Government through the MSS and Business Mauritius.

Labour availability will remain a major challenge. With an aging labour force and no interest amongst the youth to work in the fields, our only option is to mechanise and our emphasis on digital farming will remain a key focus. By the end of 2020, we received a compulsory request, now allowed with the revised Employment Relations Act 2019, to start anew collective bargaining processes. Negotiations with relevant trade unions began in February 2021.

We will continue to be more directly involved in our Côte d'Ivoire's operations and take the steps needed to improve our competitiveness and efficiency.

Our outlook for 2021 remains cautiously positive. Because of the impact of the drought and a second lockdown, we do not expect good yields and we will be unable to meet the demand for specialty sugar. The impact of the fires in 2020 will also likely result in a lower harvest for the year ahead.

### IMPACT OF COVID-19

- During the initial two months of lockdown, we were not able to irrigate the fields and apply herbicide for weed control. Access to supplier spare parts to complete the maintenance of the mill and the harvesting equipment was also delayed. This resulted in a delay to the start of the harvest season (mid-July instead of end of June).
- As technical managers for our associate company in Côte d'Ivoire, Sucrivoire, this requires monthly visits to the operation; with the onset of Covid-19, we have not been on site in over a year.
- We saw positive impacts on the demand side, with our brand partners in the UK, such as Silver Spoon, running excellent social media campaigns for promoting sugar in baking. Despite the lockdowns in our respective markets, we managed to sell directly to households and chefs through the MSS, who are placing more emphasis on direct and active engagement with buyers.
- We learnt how to be innovative in ways of working, relying on new technologies for office-based staff to work remotely. Resilience was a big part of our focus.

