

## 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 employees, environmental performance, and the community. This section briefly reviews the material performance and outlook of these Group-level activities.*

### HUMAN RESOURCES: 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.

This year was very much focused on handling the Covid-19 crisis. The Group HR took the lead in creating Terra's Covid-19 protocol with the assistance of operational HR managers. A key challenge at the outset of the pandemic was the associated anxiety and stress amongst our employees. Calls from HR personnel, continuous engagement with General Managers, and regular communications from the Managing Director, provided the needed reassurance to our workforce to ensure their resilience. Effective use of technologies enabled certain teams to work from home, creating new innovative ways of working. The work we started a few years ago to improve efficiencies and strengthen teams, significantly helped us during this Covid-19 transition. Several HR projects planned for 2020 were put on hold and we will resume focus on these in 2021.

### Fostering engagement to create desired working cultures

Our Culture and Engagement Journey in our agriculture and property clusters continued in 2020. We embedded in the respective operations the values defined for each cluster in the previous year, and we continued to co-create the desired working cultures. 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. For Novaterra, as a new and fast-growing cluster, the corporate culture journey is more focused on learning and results. We will also be rolling this out in our Brands cluster in 2021, starting with several coaching sessions with leadership teams.

We have seen improvements in interactions between colleagues from Terragri (Agriculture) and Terra Milling, as well as improvements in communication within clusters. In 2020, we developed a culture index to track and measure the cultural behaviours, both enabling and disabling, and we will continue to monitor this every four to six months. This year, we conducted a trust survey in the Cane cluster, using the Lencioni model, and observed overall increased levels of trust amongst colleagues. In our Power cluster, we delivered training on performance management, moving towards a coaching approach. We will continue to develop the corporate culture around trust through training and development in 2021. We will also be rolling out our employee survey, conducted every two years, to assess levels of employee engagement.

To further support performance in 2021, 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 are aligned with market ranges.

### Learning and development

We formulate our annual training plan by conducting a training needs analysis in each cluster; economies of scale are achieved by running some Group learning programmes for all clusters with similar requirements. We continued our collaboration this year with the African Leadership College (ALC) on co-creating a Leadership Programme that focuses on 'intrapreneurship' and innovation, and we ran follow up coaching workshops for 19 employees at the supervisory level. We will be maintaining our efforts to build a strong leadership bench by identifying key needs for our executive and leadership teams, and develop appropriate programmes. As part of our focus on becoming more efficient, we continued with our KAIZEN process in the Cane cluster and continued to improve on our performance management initiatives. 2021 will see a new performance management system rolled out in the cluster, with all staff trained on coaching skills to run an effective performance conversation. We will also roll out a new service through our Training Centre, which aims to provide excellent training services, optimising the Human Resource Development Council (HRDC) refunds and delivering improved return on investment for all trainings undertaken. Investing in the learning and development of our employees will remain a key strategic focus.

### 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 2020, Covid-19 was the dominant health and safety concern. The top priority across all clusters was to protect employees and their families from infection, and to learn from the crisis to strengthen the health and safety culture across Terra. The Group Covid-19 response strategy is detailed on page 6, with the impact on each cluster outlined in the Operational Review (page 30). Our focus was to ensure we did not put any of our employees at risk; wherever possible we had dedicated teams working from home.

**Cane** | Terra Milling remained compliant with the Occupational Health and Safety Act (2005) and successfully completed the scheduled health and safety risk assessment. With the addition of a dedicated Health and Safety Officer, good progress was made in implementing the ISO 45001 health and safety management system. With slight delays this year due to Covid-19, certification to the standard is now targeted for 2021. Other key actions included the installation of safety modifications to the Over-Head Travelling Crane (OHTC) platform, setting-up a gas-metering system for working safely in confined spaces, and conducting eye check-ups for all workshop employees. No injuries or severe incidents were reported at the sugar mill during the year. In Agriculture, fire in fields remained a key safety risk, reaffirming efforts made in 2019 to train employees and develop a safe system for firefighting. Two injuries were reported in the year. One employee was admitted to hospital following a wasp bite, and another employee sustained a femur fracture in a road accident alongside the cane fields. Following the road accident, 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.

**Power** | The key focus at Terragen has been to reinforce the health and safety culture at all levels, and to improve the effectiveness of fire prevention and protection. Refresher training was conducted throughout the year to reinforce health and safety practices, near-miss reporting was rolled out, and key safety protections were installed for roads, the perimeter walkway and bagasse conveyer-belt. The construction of a new water tank, pump and network is underway to bolster fire protection. Following an external audit in December 2020, the health and safety management system has successfully transitioned from ILO OSH 2001 to ISO 45001. The year saw an increase in accidents and minor injuries, currently being mitigated through refresher training, new safety installations, emergency testing and learning from the near-miss reporting. We also conducted psychology stress tests in our cluster to ensure employees were not close to burnout.

**Brands** | At Grays Inc. and Grays Distilling, the focus remained on risk prevention through employee awareness and training. Training sessions were held on first aid, emergency procedures, boiler operation, firefighting protocols, manual handling, chemical safety, food handling, road safety, and hearing protection. A system for proper maintenance of First-Aid kits was established, and fire safety was maintained through the renewal of fire certificates, maintenance of firefighting equipment and installation of new signage. Two accidents occurred during the year, relating to chemical burn and back pain. Refresher training in handling chemicals and manual handling was organised in response.

**Property and Leisure** | Novaterra ensures a safe working environment for all its stakeholders including employees, contractors, tenants and visitors. A health and safety risk assessment is conducted every two years, with regular inspections carried out and corrective measures implemented. Work at height and fire safety remained the key health and safety risks, mitigated through training and supervision. Both Novaterra and Sugarworld have strengthened their fire prevention and protection readiness, obtained fire certificates and ensured compliance with the Fire and Rescue Service Act (2018). In preparation for the opening of our retail centre in Beau Plan Smart City in 2021, safety barriers were installed during the construction of stormwater drains and the traffic circle in Beau Plan has been redesigned to better ensure driver safety. Trees on the site of the Mahogany shopping promenade are being inspected and trimmed, and the terrain surrounding the on-site lake is being assessed to identify any potential safety risks.

# Group-level functions (cont'd)

## Health and safety (Cont'd)

### Total recordable injury rate

**COMMENTS**

Incidents were not recorded in previous annual reports as same was not required. Same shall be recorded as from July 2021. Thus, to calculate some data, accident data used to calculate Lost Time Incident rate was taken.

**FORMULA**

TNI\*1,000,000/THW

BRANDS				PROPERTY AND LEISURE				CANE				POWER			
2020	2019	2018	2017	2020	2019*	2018	2017	2020	2019	2018	2017	2020	2019	2018	2017
21.8	25.8	21.0	21.1	6.4	18.3	29.6	10.1	19.5	41.5	30.2	27.0	19.9	9.9	0.0	9.6

### Lost time incident rate

**COMMENTS**

Number of injuries with lost day > 24h recorded in previous reports was used as TNA.

**FORMULA**

TNA\*1,000,000/THW

BRANDS				PROPERTY AND LEISURE				CANE				POWER			
2020	2019	2018	2017	2020	2019*	2018	2017	2020	2019	2018	2017	2020	2019	2018	2017
29.0	31.4	21.0	21.1	6.5	18.3	29.6	10.1	17.1	41.5	30.2	27.0	19.9	9.9	0.0	9.6

### Severity rate

**COMMENTS**

Data has been taken from previous annual reports as same calculations used to be made. Only exception was that coefficient used to be 1,000 instead of 200,000. So Lost Day Rate calculated previously was multiplied by 200 (Lost Day rate x 200).

**FORMULA**

WDL\*200,000/THW

BRANDS				PROPERTY AND LEISURE				CANE				POWER			
2020	2019	2018	2017	2020	2019*	2018	2017	2020	2019	2018	2017	2020	2019	2018	2017
22.2	28.9	26.0	32.0	15.6	18.0	6.0	4.0	32.7	56.8	49.7	65.1	55.6	27.6	0.0	76.6

\* Inclusive of temporary employees

**TNI:** Total number of incidents. | **THW:** Total hours worked. | **TNA:** Total number of accidents. | **WDL:** Workdays lost.

Further details on our health and safety 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. The collective bargaining process takes place every three years, and we hope that a satisfactory outcome will be reached in 2021.

## Outlook

In 2021, our focus will be on the following priority areas:

- In the Cane cluster, we will develop OKR's (Objectives & Key Results) to be more people-oriented in line with our culture of being a caring and learning organisation, and we will continue our journey of being a trusted organisation. We will complete collective bargaining agreement negotiations with the various unions. We will further develop our health and safety culture, introducing reporting at the Board level, and instil a health and safety culture among contractors through education and monitoring.
- 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 place more emphasis on health and safety, with an additional employee appointed to oversee this.
- In our Power cluster, we will implement further measures to improve the health and safety performance for our employees and contractors, and we will adopt a more coaching type of approach to performance review.
- In our Property cluster and in the opening of our retail centre, Mahogany shopping promenade, we will place attention on any new health and safety risks, bringing in experts where needed to support our Health and Safety Officer.
- At a Group level we plan on continuing on our culture and engagement work in specific clusters and strengthening our performance management by moving more towards a performance-oriented culture and mindset. We will be launching a new e-learning platform to implement a learning culture and continue to strengthen our teams.

# ENVIRONMENTAL PERFORMANCE: INTEGRATING SUSTAINABILITY THROUGHOUT THE BUSINESS

Sustainability performance at each of our entities is managed through dedicated HSEQ employees at the cluster level. At Group level, the sustainability platform and five-year sustainability framework has traditionally provided the overarching support and guidance needed to ensure that best practice was followed at the operational level. With the onset of Covid-19 and the movement of the Group towards leaner operating models, this has necessitated a reconfiguration of how sustainability is approached at Terra. Towards the end of the year, the Group Sustainability function was brought

under the HR team, with a new approach to drive sustainability performance at a cluster-level by identifying key objectives specific to each cluster. This requires us to critically look at all aspects of our operations across the business units and to engage with our internal stakeholders, including at the executive level, to identify highly-material sustainability projects to be rolled out in 2021. We will reinforce the HSEQ positions at cluster level, engage with the General Managers to identify a few targeted sustainability projects, and ensure better alignment with the Sustainable Development Goals (SDGs).

## 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.

# Group-level functions (cont'd)

## Protecting our environment

Terra has deep roots in the land of Mauritius. Harnessing the productive qualities of landholdings on the island is what enables the Group to create value for stakeholders. Protecting the ecological functioning of the island is central to this value proposition, and thus 'caring for the environment' is one of our strategic imperatives. With agricultural activity at the core of our business model, all our activities across the Group's clusters depend ultimately on the availability and quality of natural resources, including land, water, soil, sugar cane, biomass and coal.

## Our environmental footprint and circular economy

We have taken leadership in implementing a circular economy, with many of the by-products of one of our operations serving as a raw material input for another. Climate change and water scarcity are the key emerging sustainability risks for Terra, while water pollution and waste production remain other key concerns.

**Cane** | Terragri (Agriculture) complies with the water-use restrictions established by the Irrigation Authority and is developing the capability for precision irrigation through the use of a digital software, CanePro. In 2020, due to ongoing drought conditions and a reduction in water allocations from 20,000 to 3,000 m<sup>3</sup>/day, significantly less water was used for irrigation. Terra Milling separates the wastewater it produces, reusing clean water internally and treating contaminated effluent for reuse as irrigation water by Terragri on sugar cane fields. In 2020, all effluent from Terra Milling and Terragen was used by Terragri for irrigation (526,430 m<sup>3</sup> this year, up from 509,400 m<sup>3</sup> in 2019). We are currently extending our irrigation network to expand capacity for the use of effluent. Water consumption at Terra Milling was slightly higher this year, due to the higher proportion of speciality sugars produced, which require a longer liquidation process.

**Power** | Terragen maintained the production of renewable energy using cane straw and *bagasse* sourced from Terragri and Terra Milling, and made progress on developing eucalyptus as an additional source of renewable biomass. While continuing to pursue decarbonisation through the gradual replacement of coal with renewable biomass, the combustion of cane straw and *bagasse* declined this year due to lower levels of cane production. The combustion of cane straw declined to 4,171 tonnes (9,639 in 2019), producing 4.1 GWh for export on the grid, while the combustion of *bagasse* declined to 259,850 tonnes (311,544 in 2019), producing 83.7 GWh for export on the grid. This was partially offset, however, by lower overall energy demand locally and an unplanned shutdown. Overall 35% of Terragen's greenhouse gas emissions are accounted as biogenic, which means that the gases are absorbed by the sugar cane plants in the closed carbon cycle. During 2020, Terragen recorded five cases of non-compliance with legal requirements for the quality of effluent discharged into the environment. Management is investigating the non-conformity in accordance with the Group's QSE policy, with action and surveillance in progress.

Terra has channelled this understanding into growing the business as a leading example of closed-loop resource flows in sugar production. The Group's business model reflects the principles of a circular economy as an implicit aspect of the business (see page 12). Looking ahead, as the HR department works to redefine the Group's sustainability approach and objectives, a key imperative will be to refine sustainability oversight at cluster-level to further champion operational efficiency and to ensure the effective monitoring of our environmental impact and performance.

**Brands** | At Grays, water is needed for boiler operations, running of the bottle washer, and blending alcoholic beverages. Water used for cooling purposes is returned to the source, while *vinasse* (liquid waste) is sent to Topterra for treatment and used as fertiliser. Water scarcity and potable water supply remain key concerns for Mauritius and measures continued to be implemented to optimise the use of water in processes and reduce the volume of wastewater discharged. In 2020, further investments in the boiler enabled a shift away from heavy fuel oil to a renewable energy source with the replacement of the heavy fuel oil burner with an alcohol burner. Non-potable alcohol obtained as a by-product of the distillation process is being used, reducing overall emissions. Another key focus area was ensuring segregation and recycling of both hazardous and non-hazardous waste as per environmental regulations, in line with the cluster's strategy to reduce the amount of waste going to landfill.

**Property and Leisure** | During the construction phase of development projects, contractors are obliged to follow environmental protection rules, as set out by the Ministry of Environment, taking into account air quality monitoring and disposal of construction waste. In 2020, significant effort was dedicated to integrating sustainability practices into the design process of the Beau Plan Smart City and to carrying out strategic planning to achieve sustainability goals. Internet of Things (IoT), intelligent sensors, and cloud-based software applications are all being considered to monitor traffic flows, water consumption, flood levels, energy consumption in public areas, energy efficiency, air quality, solid waste management, and wastewater management. Novaterra continued discussions with the local authority to identify best practice in the disposal, recycling and adding of value to the waste that will be produced within the Beau Plan Smart City, and also engaged in discussions with CEB to construct a 1.6 MW photovoltaic solar farm to supply renewable energy to the Smart City.

## Outlook

In 2021, our focus will be on:

- Continuing the extension of the irrigation network for Terragri to expand the use of treated effluent for irrigation and implement a new process for treated effluent at Terra Milling;
- Continuing discussions with the CEB and other involved ministries to extend the share of renewable energy in Terragen's production mix from 27% to 40%, with a competitive price per kWh, and progressing with the planting of eucalyptus as an alternative source of renewable biomass;
- Securing QSE certification of Grays Inc. and Grays Distilling and continuing efforts to reduce water and energy consumption;
- Ensuring effective implementation of environmental measures in the Beau Plan Smart City development utilising IoT and other smart city technologies; and
- Maintaining discussions with the local authority to establish a long-term relationship for integrated waste management and continue engagements with CEB and CWA to optimise resource use.

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

# CORPORATE SOCIAL RESPONSIBILITY: SUPPORTING OUR COMMUNITIES

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 centred on the geographical areas around Terra's Beau Plan and Belle Vue operations, with 88% of our funds being allocated to projects in the region. Going forward, we aim to allocate more resources to ensure that the local communities fully tap the potential benefits associated with the development of our Smart City in Beau Plan.

## Terra Foundation celebrated 10 years in 2020

Terra Foundation celebrated its 10<sup>th</sup> year in 2020, achieving significant impact through its NGO partners over the years. We have donated MUR 79 million to 263 projects over this period, with MUR 41 million allocated to 133 projects in the North. Through these projects we were able to reach 33,220 children and youth, and 60,131 adults, as direct and indirect beneficiaries.

Our contribution to construction and social housing projects over this period included MUR 15.6 million being allocated to 15 projects in Mauritius. We also enabled 240 employees to volunteer their time to support various projects in the community.

## Support during the Covid-19 pandemic

Following the implementation of the lockdown in Mauritius in March 2020, the suddenness of the confinement led to critical situations for many vulnerable families, with many losing their jobs, particularly in the hotel industry. The Group responded by creating a special emergency fund to support the neediest in the northern region. In addition to distributing 206 emergency food packs, the foundation also organised a 'Terra Stay Safe Operation' by donating foot-pedal sanitising stations to two NGOs caring for beneficiaries requiring medical assistance.

A further five sanitising stations were donated to the SSRN Hospital (one of the biggest hospitals in Mauritius) and 7,000 masks and 16 gallons of sanitizing solution were distributed to 11 NGOs. With many NGOs not able to afford to offer the usual Christmas parties and activities for their significantly impacted beneficiaries, Terra Foundation sponsored tickets for a Christmas show including food and beverages for 245 children and 28 adults connected to these NGOs.

# Group-level functions (cont'd)

## OUR 2020 PERFORMANCE

In 2020, the facility offered by the Mauritius Revenue Authority (MRA) was maintained and companies of the Group were able to retain 25% out of the 75% CSR contribution to be made to the MRA for passing on to the National Social Inclusion Foundation (NSIF) for redistribution to NGOs. Approval was thus obtained, following submission of our long-term NGO projects to the NSIF, enabling 25% to be added to the earmarked remaining 25% share for the foundation, with a total of 50% of the CSR funds secured for our community projects.

We maintained partnerships with 16 NGOs, sponsoring a total of 32 projects in 2020, with 28 projects representing 88% of our funding being delivered in the northern region. Our key focus remained in education and training, poverty alleviation, health care, sports and heritage and culture.

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

## MEASURING IMPACT

Our budget of MUR 2.9 million (net of administrative expenses) supported 1,452 beneficiaries in total. We conduct evaluation reports every year to assess the work of the various NGOs that we partner with. For the 10-year anniversary of the foundation, a review of the major projects was completed through short presentations from NGOs and testimonials from beneficiaries. We produced short films for six major NGOs to illustrate how our sponsorship and support over the years has helped our NGO partners.

## OUTLOOK

Our focus will remain on our immediate neighbourhoods to increase interaction with our community stakeholders and to further promote the integration of the community in Beau Plan Smart City. The social survey planned in 2020 to identify community needs was postponed due to the lockdown and sanitary reasons and should be carried out in 2021. A new focus going forward is to place more emphasis on our employee volunteering initiatives. We plan to provide in-kind support to our NGO partners through matching employee skills to NGO needs, as well as continued support as volunteers in project delivery. Post Covid-19 we will stay committed to helping NGOs to remain resilient, which has become even more critical since the impact of the virus.

