

GROUP-LEVEL Functions

Although each of the Terra clusters is autonomous in its decision-making processes, budgeting and reporting – and each leadership team is fully 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 Terra’s activities relating to its investments in employees, the environment and the community.

Investing in our people

Terra’s people are at the heart of the Group’s success. Having the right technical and leadership skills, the diversity of experience and perspective, and a strong performance-oriented culture, are fundamental to our 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.

Attracting, retaining and developing talent

Following the recent restructuring of the Group into an autonomous set of clusters, we have been placing strong emphasis on recruiting new skills. In addition to filling new positions in financial management and accounting across most of the clusters, talent acquisition has been a particular priority in the recently established Property and Leisure cluster, where we have appointed three executive positions and seven senior management positions in the past two years. In the Cane cluster, we have completed a comprehensive review of current and proposed positions, and are identifying opportunities to further strengthen the team. In the Brands cluster, our recruitments have focused on bringing in necessary skills aligned with the division’s growth plans in its retail operations, as well as ensuring effective succession planning and skills retention given the higher turnover levels associated with the retail sector.

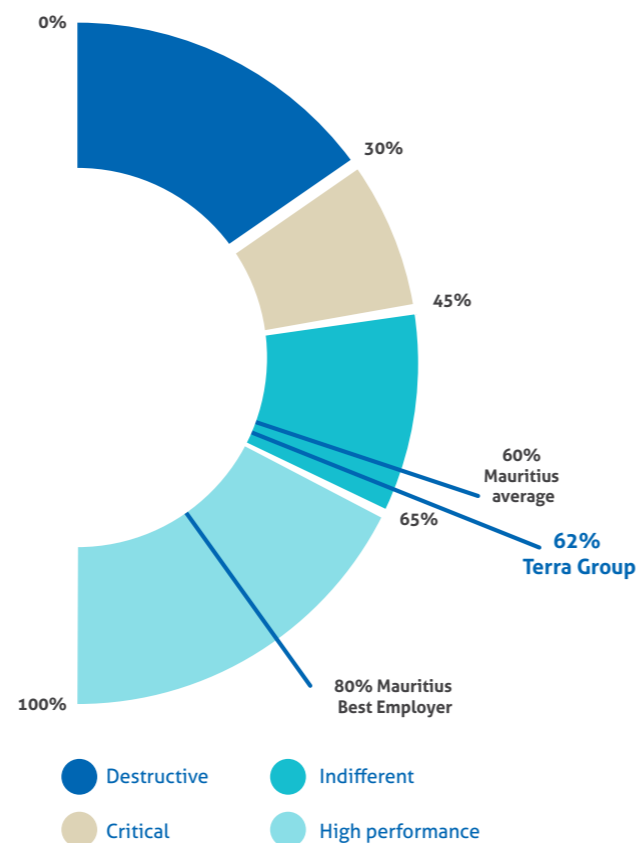
Between 2015 and 2016, 60 managers and 101 supervisory-level employees participated in dedicated leadership development programmes, aimed at further developing team management and leadership skills. In 2017, the 60 managers were each given the opportunity to participate in a program whereby four external Executive Coaches were selected to give them individual coaching.

Developing a performance-based culture

The reorganisation 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. 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 and will be revising this to support the longer-term competitiveness of Terra’s business units.

Engaging our employees

We run annual engagement surveys with our employees to monitor employee engagement and to assess the ability of staff to successfully deliver according to the Group’s strategic plan. The results from the 2017 survey showed a 62% engagement level, slightly down from the 65% score achieved in 2016. Focus groups will be held at the level of each subsidiary in 2018 to work on the key improvement and engagement sustenance drivers to bring Terra to a high performance culture.



Health and Safety

The Group has a continual improvement approach to providing a healthy and safe working environment for all our employees, sub-contractors and visitors. Various initiatives were undertaken during the year at each of our existing core operations:

- **Cane:** At Terra Milling Ltd we placed particular emphasis this year on improving our OHS management system, with the goal of achieving OHSAS 18001 certification in 2018. We reviewed the overall risk assessment processes, invested substantially in training and development of employees, and undertook an internal audit that helped to identify key strengths and improvement areas. At Terragri Ltd a strong focus was placed this year on upgrading the welfare accommodation for employees, improving the provision of first aid facilities, training first aiders and reinstating health surveillance programmes. Safe system of work procedures have been designed for the cane treatment plant, supported by targeted employee training and awareness initiatives. Terra deeply regrets to report a fatal accident which occurred in the agricultural entity. One of our experienced operators was fatally injured in an accident involving a Bell loader on 02 October 2017. The employee was taken to the Sir Seewoosagar Ramgoolam National Hospital, where he unfortunately died after a few days. An independent investigation on the causes of the accident has been completed and remedial actions were taken to prevent such accidents in the future.

- **Brands:** At Grays Inc. and Grays Distilling Ltd, a task-based approach was used to evaluate the risks of their activities. This gave the management team an overview of the critical risks and their control measures. With regard to fire safety, the teams concerned in both companies attended a refresher course. Fire drills were organised to make people aware of their roles during a fire occurrence, as well as to improve the existing fire safety system. As part of its health surveillance programme, all the employees of the distillery had audiometric examination. Moreover, a noise survey was carried out at Grays Inc. to mitigate noise-related risks.

- **Power:** Terragen registered a serious injury with 40 lost work days in January 2017, but no serious occupational accident has been registered since then. The gas suppression system for fire safety, which was under commissioning during 2016, became fully operational in 2017, and health and safety leadership training was provided to the management team. For 2018, Terragen has planned the implementation of dust suppression system on its coal handling system, the fencing of its effluent pond, the covering of one major dust emitting *bagasse* conveyor, the renovation of its first-aid room,

as well as training in fire safety and fire fighting, electrical safety, first-aid, safety in scaffold erection and dismantling and work at height.

	Cane	Power	Brands	Property and Leisure
Number of injuries with lost day > 24h	77	1	29	2
Injury rate	29.0	9.58	21.1	6.03
Lost day rate	0.29	0.38	0.16	0.02

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

Protecting labour rights

Terra strives for full compliance with all relevant labour legislation, and ensures that all Terra employees are adequately remunerated and are provided with a respectful working environment that is free from inappropriate or unprofessional behaviour, including any form of harassment or discrimination. Terra recognises the right of every employee to the 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.

Until recently, collective bargaining and employment relations in the sector have been governed by collective agreements through the Joint Negotiating Panel (a consortium of trade unions) and the Mauritius Sugar Producers’ Association (MSPA). The MSPA was dissolved in 2016 and the existing collective agreement expired in December 2017. During 2018, Terra management will be negotiating directly with the unions’ representatives. We also strive to continue to work in collaboration with duly chosen employee representatives in our non-sugar businesses, through our workers’ councils at Terragri, Terra Milling and Grays Inc., and to maintain our commitment to an open-door policy, with a view to facilitating a climate conducive for employees to voice their concerns.

Outlook

In 2018, we will be focusing on the following priority areas:

- In the Cane cluster, we will be placing particular emphasis on assisting in the 2018 wage negotiations, as well as retaining a strong focus on driving the culture change process across the operation

- We will continue to work closely with the Brands cluster to identify opportunities for improved efficiencies in recruitment processes
- With most of the executive and management team now in place in Property and Leisure, our focus will be on further strengthening the team
- We will be implementing a more detailed dashboard that will allow us to track the Group's performance of key human resource parameters, as well as developing an employee handbook aimed at ensuring a consistent approach across the Group
- Further 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.

Minimising our environmental impacts

Given that many of our core business activities rely heavily on natural resources – such as access to water, energy, serviceable land and sugarcane – we recognise the strategic importance of managing our environmental impacts. To a large extent the Group's business model reflects the principles of a closed-loop circular economy, with many of the by-products of a given operation's activities serving as an input to another's (see the Group business model on pages 8 and 9).

Through our structured HSEQ (health, safety, environment, quality) management systems and our commitment to reporting against the GRI's Sustainability Reporting Standards, we facilitate knowledge transfer across the Group with the aim of enhancing the environmental performance of each of the various entities. Our primary environmental management objectives are to:

- Encourage the reuse of by-products
- Monitor and optimise water consumption
- Optimise energy generation and consumption
- Improve our effluent and waste management
- Continuously enhance the quality of our products and services.

Our most material environmental impacts include:

- The consumption of water at Terragri Ltd (Agriculture) and Terragen Ltd: Given the water-stressed nature of Mauritius, we have ongoing measures in place to optimise our water consumption and ensure better utilisation of effluents for the irrigation of sugarcane fields.
- Energy consumption (steam and electricity) at Terra Milling: This energy is supplied by Terragen Ltd, which contributes to around 16% of national energy consumption; the increasing integration of sugarcane trash into the fuel mix, since 2015, is reducing coal consumption and prolonging our biomass utilisation period annually.
- 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 sugarcane trash in the energy mix; 37% of Terragen's emissions are accounted as biogenic, which means that the gases are absorbed by the sugarcane plants in the closed carbon cycle.
- Liquid effluents and waste management across the Group: We continue to encourage the adoption of good practices across our operations, seeking opportunities to reuse by-products as inputs in other Group processes, to direct non-reusable wastes to appropriate disposal facilities, and to optimise liquid effluent.

We continue to work with industry associations and Government authorities to assist us in managing our environmental impacts. In 2017, for example, with the support of Business Mauritius and AFD (the French Development Agency), Terragri Ltd (Agriculture) conducted an energy audit of its pumping system. We also engaged in a national public-private exchange forum on the revision of regulations on effluent discharge, where Terra raised its concerns with regard to effluent management for some of its entities.

During 2017, there were no cases of non-compliance within the Group on legal matters regarding the environment. Our commitment to minimising our environmental impacts is reflected by the fact that Terra has been listed on the Stock Exchange of Mauritius' Sustainability Index (SEMSI) since 2015.

Detailed information on the environmental performance of the various Terra entities is provided in the separate online Sustainability Report 2017.

Our 2017 environmental performance



Outlook

In 2018 the focus will be on:

- Developing an environmental and health and safety policy at Group level, with the objective of sharing and transferring of good practices across the clusters
- Improving on waste management practices
- Securing HSEQ certification of Grays Inc. and Grays Distilling, which will have a direct impact on their environmental performance
- Improving on effluent management through the extension of its irrigation network by Terragri (Agriculture) to optimise the use of effluents.

Terra Foundation: Supporting neighbouring communities

Terra’s commitment to driving economic and social development in the North is reflected not only in the significant value-added that is created across the region through our core business activities, but also through the Group’s specific focus on support to neighbouring communities through its Corporate Social Responsibility (CSR) programme.

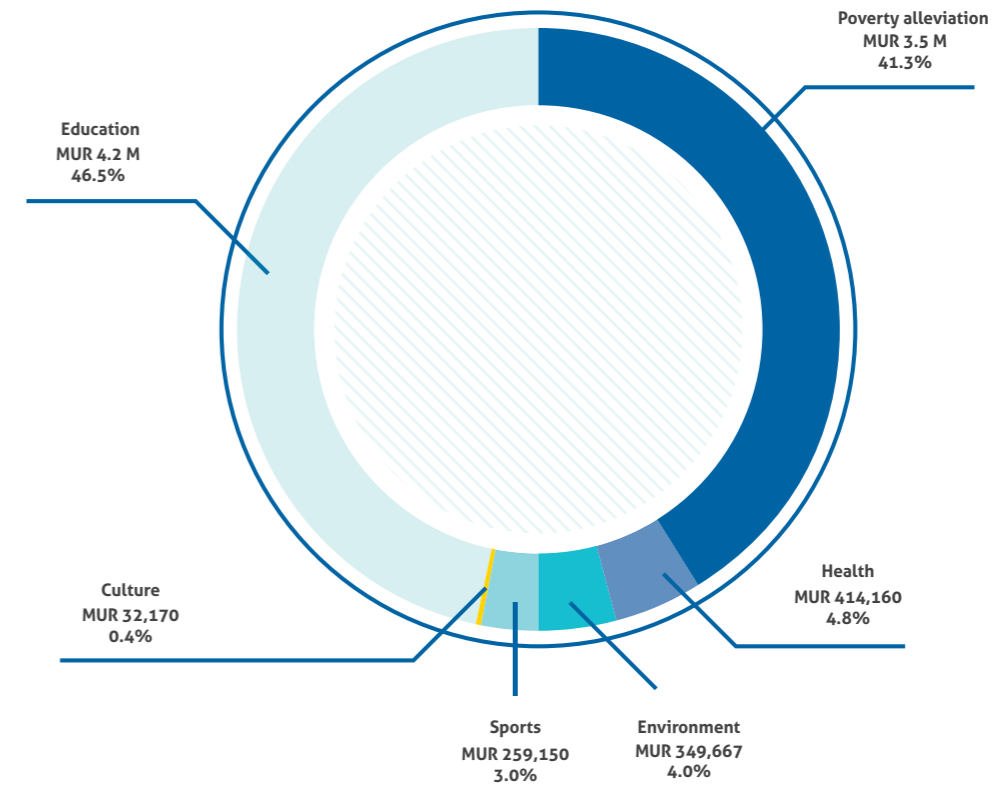
Terra Foundation was established in December 2009 to ensure enhanced coordination and sustainability of the Group’s CSR initiative. Led by the Group CSR Manager under the stewardship of the CSR committee, the foundation seeks to promote community development at regional and national level, in line with Government’s CSR guidelines and the foundation’s own CSR terms of reference. The foundation’s primary focus is allocating 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 2017 performance

This year Terra Foundation’s budget of MUR 8.6 million (net of administrative expenses) was invested in supporting 77 projects and 4,027 beneficiaries, in the following specific areas:

- **Education and training** – including sponsoring the building of two remedial classes for a school in a priority education zone, continuing our support for an NGO caring for autistic students, and providing university fees for two vulnerable students from Rodrigues.
- **Poverty alleviation** – initiatives included supporting the work of an NGO to protect vulnerable children in a high-poverty area, training unemployed women in the business of recycling newspaper into paper bags, sponsoring a day care centre and associated initiatives for vulnerable children and providing daily meal support for vulnerable students in Mauritius and Rodrigues.
- **Health care** – assisting vulnerable children to have access to 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 protect the Mauritian Echo Parakeet (an endangered endemic bird of Mauritius) and to promote pesticide-free/organic planting of vegetables.
- **Sports** – supporting the development of a cycling academy for vulnerable youths and of badminton athletes from low income families in the North.
- **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.

Sponsorship by areas of intervention



Further details are available in the online Sustainability Report 2017.

Outlook

In his 2017 budget speech, the Minister of Finance announced changes to the Mauritian CSR legislation, in terms of which, as from July 2017, 50% of companies’ CSR contributions are to be given to the Mauritius Revenue Authority for transfer to the National CSR Foundation where the funds will be redistributed to projects in line with the Government’s national priorities for social development. This will have a significant impact on Terra Foundation’s existing commitments to its current partners. In response to this development, we are looking to actively involve potential project beneficiaries in the design and decision-making of our CSR investments, to ensure that priority community development needs are most effectively addressed. We will also be encouraging increased participation of the Group’s management and employees to share their knowledge, expertise and resources, as well as catalysing local entrepreneurship opportunities through targeted group procurement initiatives.