OPERATIONAL
REVIEW

CANE

Growing sugar cane and producing sugar are the foundation of Terra's growth and success, and date back to 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 factories on the island, with a processing capacity of 336 tonnes of cane per hour. In a typical year, the mill processes some 875,000 tonnes of sugar cane and produces 93,000 tonnes of sugar. We also jointly manage two sugar estates and factories in Côte d'Ivoire.

Our business model

Our cane business is largely a commodity business, driven by supply and demand dynamics in the global sugar industry. In addition to being a price-taker globally, we are subject, at the level of our Mauritian operations, to pricing that is centrally determined by the Mauritius Sugar Syndicate (MSS) for the local sugar sector. As a price-taker, our business model is determined largely by our ability to drive efficiency gains in both the growing and milling activities. An important differentiating factor is our offering of specialty sugars, which carry an additional price premium. We also benefit from state-of-the-art technology and skills in the mechanisation of cane growing and harvesting.

Given the current low-price environment and challenging global trade dynamics, we have a largely defensive strategy focused on driving operational efficiencies in our existing activities. The bulk of our material costs relates to labour, followed by repairs and maintenance, fuel and fertilisers. Through activity-based costing initiatives, undertaken in our fields, mills and garage operations, we have been identifying and realising opportunities to further optimise our production. In addition to driving efficiencies at our Belle Vue operation, we are also focusing on our Côte d'Ivoire operations with the objective of producing more sugar at a lower cost by reproducing our skills and expertise developed in Mauritius over the years. Moreover, we are reviewing international growth opportunities that harness our technological and process skills.

Our vision is to be a global player in growing cane and manufacturing (specialty) sugar

CAPITAL	MATERIAL INPUTS (2017)	MATERIAL OUTCOMES (2017)
People	392 permanent employees and 311 temporary employees (Terragri) 154 permanent employees and 296 temporary employees (Terra Milling)	Injury rate: 29.0 including 1 work-related fatality 39.5% drop in accident rate at Terra Milling and 15.9% drop at Terragri Two staff took early retirement
Manufactured	Installation of a new pre-evaporator to optimise on steam consumption Acquisition of three new TSK centrifugals for better efficiency and quality Automation of weighbridges for improved productivity and reduction in operational costs 867,643 tonnes of cane crushed	424,871 tonnes of own cane harvested 87,397 tonnes of specialty sugars produced in 10 varieties Closure of two weighbridges
Natural	5,510 hectares of land under cane cultivation 867,643 tonnes of sugar cane milled 9.8 million m^3 of water consumed 250,515 GJ coal-based energy 10,562 tonnes of organic fertilisers 1,174 tonnes of liquid mineral fertilisers 1,141 tonnes of solid fertilisers 1,650 m^3 of diesel	4,294 tonnes of CO_2 (from diesel) 19.8 tonnes of used vehicle tyres 14.5 m^3 of used oil
Social	Quality relationships with key stakeholders including: MCIA, Terragen, MSS, planters, employees and labour representatives and service providers	4.76% employee turnover rate Zero days lost due to strike action MUR 0.5 million of CSR contribution Closure of Mount garage and dispensary
Intellectual	Renewal of international certifications including BRC, HACCP, GMP, Halal and C-TPAT	Continuous improvement in manufacturing techniques One new employee with Specialty skills
Financial	Total borrowings increased by MUR 45.9 million MUR 112.6 million invested in property, plant and equipment. Out of the above investment, MUR 42 million was invested in a new evaporator (co-financed with Terragen) MUR 62.0 million invested in bearer biological assets	Turnover: MUR1.1 billion (16.8% decrease) Loss: MUR 100.6 (2016: Profit of MUR 90.5 million). 2017 figure includes negative Fair Valuation of Standing Crop of MUR 115.3 million

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
Continuing volatility in global sugar prices – This year the average selling price on the London Exchange stood at USD 433 compared to USD 499 in 2016 and USD 373 in 2015. In Mauritius, the price of sugar was MUR 11,000 per tonne for crop 2017. In addition, millers and growers have received the following financial aid per tonne: MUR 1,450 from MSS and MUR 1,250 from SIFB. The price for crop 2016 stood at MUR 15,571 per tonne.	With the lower sugar price anticipated to continue at least for the short term, we are focusing on improving efficiencies across our growing and milling operations. We are also striving to increase sugar yields and optimise production of our premium specialty sugars.
Changing global trade dynamics – With effect from 1st October 2017, the European Union abolished its system of sugar quotas, contributing to a supply surplus and lower sugar price, and resulting in a much more competitive market environment.	We welcome the establishment by the MSS of a marketing committee and the appointment of a foreign expert to assist in price negotiations; we are working actively to assist them in strengthening the branding and marketing of Mauritius' sugar, and exploring new market opportunities.

MATERIAL ISSUE IMPACTING VALUE CREATION (Cont'd)	OUR RESPONSE (Cont'd)
Sustaining supply from small-scale cane producers – The productivity of our mill and the production capacity of our specialty sugars, requires a regular supply of cane from small-scale independent cane producers. Some farmers are leaving the industry due to insufficient profitability, and there is low interest among the younger generation to work in the fields. This year, the volume of cane secured from planters fell to 442,000 tonnes, down from 478,000 tonnes a decade ago.	We are placing a strong focus on reviving the interest of existing and prospective independent cane planters to ensure a regular flow of cane to our mill. We will be working with authorities to identify opportunities to appropriately motivate the next generation of planters.
Rainfall patterns and water availability – With only 40% of our fields under irrigation, we are dependent on local rainfall and thus susceptible to the uncertainties of changing weather and climate. In terms of water for irrigation, we face competition from other users as the economy grows in the water-scarce north of Mauritius.	We have undertaken a thorough assessment of water-related risks and opportunities, and are implementing measures to optimise our water consumption and ensure better utilisation of effluents for irrigation.

Our 2017 performance

Following the 29.3% drop in sugar price, this has been a challenging year for the business, with the Cane cluster posting losses of MUR 100.6 million, down from MUR 90.5 million profits in 2016. Our Mauritian operations incurred losses of MUR 191.4 million, including a standing crop fair value loss of MUR 115.3 million. This was partially offset by the performance of our associate company in Côte d'Ivoire, *Sucrivoire*, in which Terra holds a 25.5% stake. This year *Sucrivoire* contributed MUR 62.6 million to Group profits, down from MUR 78.4 million in 2016.

Mauritius: Driving efficiencies in a low-price environment

With our Belle Vue operation feeling the impact of the lower sugar price and local market dynamics, it was encouraging to see that our recently introduced efficiency and change management measures are beginning to deliver some gains in our mill, field and garage operations.

This year, 52,635 tonnes of sugar accrued to the Group, comprising 33,224 tonnes attributable to growing operations and 19,411 tonnes to milling operations. Terra Milling produced 87,397 tonnes of sugar *Tel Quel*, of which a record 87,974 tonnes were specialty sugars. The extraction rate was 10.17% (compared to 11.12% in 2016), while the volumes of cane processed declined slightly to 867,643 down from 876,723 tonnes in 2016. Our average yield was 8.66 tonnes of sugar per hectare, with an average sucrose content of 11.6% (compared to 8.77 tonnes and 12.55% respectively in 2016).

We invested MUR 53.2 million (included in capital expenditure of MUR 112.6 million) this year to enhance the mill's performance and improve operational efficiencies. The mill crushed an average of 6,287 tonnes of cane per day, up from 6,262 tonnes in 2016, and operated on average 20.3 hours per day. The extraction rate of the mill improved to 97.56, up from 97.44, while the average milling rate was 310.1 tonnes per hour, compared to 300.9 in 2016.

We completed the setup of our new financial team, made further progress in the roll-out of activity-based costing and individual performance appraisals, delivering valuable productivity improvement and efficiency gains across our operations and employee teams. Following the recent dissolution of the Mauritius Sugar Producers' Association (MSPA), we have begun the process of direct negotiations with labour syndicates. We made some important progress this year in promoting a culture of health and safety in our operations through a combination of investments in technical equipment and a stronger focus on internal communication and employee training, both of which have contributed to reducing the accident rate across our operations. Despite these efforts it is deeply regrettable to report that one of our employees, Vivien Manuel Lejeune, was fatally injured in an accident involving a Bell loader in October 2017. We have completed an independent investigation into the accident and are taking remedial measures such as conducting awareness sessions, driver's ability assessment, and improving safety measures to prevent such accidents.

Côte d'Ivoire: Another profitable year

Together with our Ivoirian partner (SIFCA) we jointly manage two sugar estates in Côte d'Ivoire, with factories in Borotou and Zuenoula that collectively supply around half of the sugar consumed in the country. Sales in the growing domestic market continue to perform well. This year, production from both sites amounted to 77,600 tonnes, compared to 86,339 tonnes in the prior year. This is mainly due to unfavourable climatic conditions.

Sucrivoire sold 108,034 tonnes of sugar in 2017, compared to 102,464 tonnes in 2016.

Our goal is to grow sugar production from current levels to around 160,000 tonnes by 2023. Given recent developments in the country's political, regulatory and governance environment, and this year's encouraging GDP growth rate of 8%, we remain confident that we will deliver on our growth targets.

Our strategic outlook

We have recently finalised a 2020 Vision aimed at ensuring our resilience and growth in the very challenging current price environment.

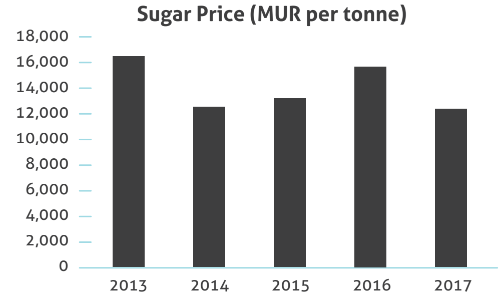
Our primary focus is on managing those activities where we are invested at present, driving improved efficiencies and optimising production. We have prioritised the following areas:

- Identifying and realising specific practical opportunities for improved efficiencies and enhanced productivity:
  - across our workforce;
  - through our procurement practices and productivity improvement programme;
  - by implementing more efficient harvesting and soil preparation measures; and
  - by introducing new technologies and field maintenance activities
- Retaining a strong focus on driving a culture change process across the operation
- Working actively in finding solutions to motivate and retain small-scale farmers
- Driving continuous improvement in our manufacturing techniques
- Optimising our water consumption and ensuring better utilisation of effluents for irrigation
- Maintaining our close collaboration with MSS regarding the pricing and volumes of specialty sugars.

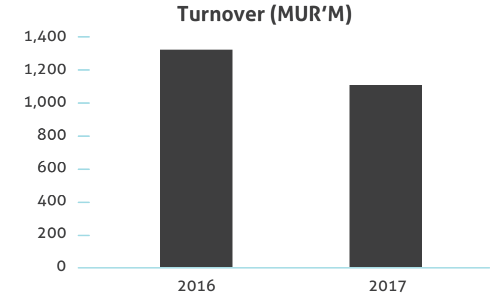
We will also be exploring opportunities for international diversification, harnessing our recognised technological and process skills in those regions that offer the right balance in terms of risk versus the potential return on investment.

Performance graphs

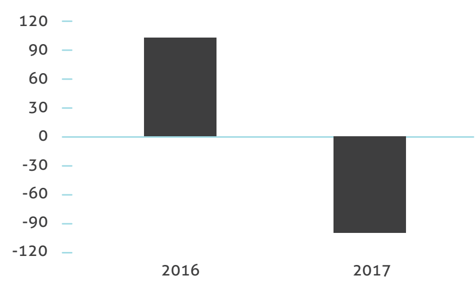
Sugar Price (MUR per tonne)



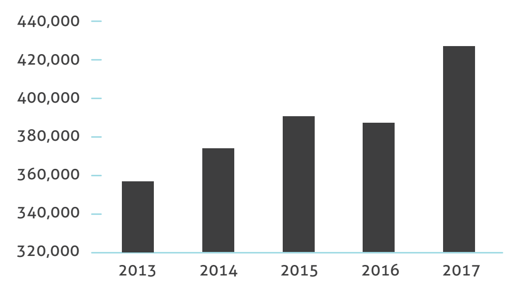
Turnover (MUR'M)



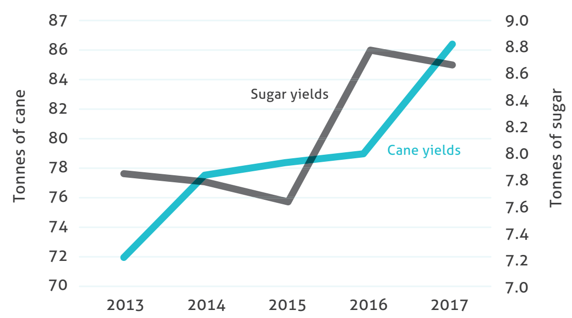
Profit/ (loss) after tax (MUR'M)



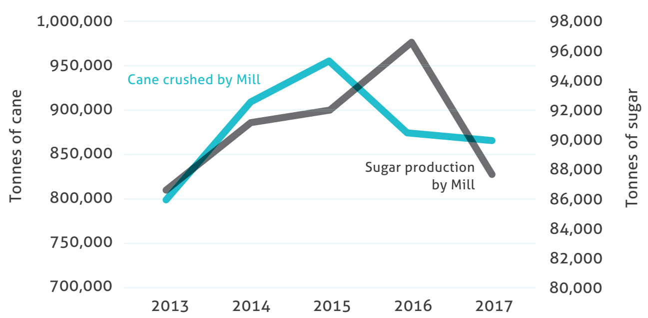
Cane harvested by Terragri (Agriculture) (Tonnes)



Yields per hectare



Milling - Cane crushed and Sugar production



POWER

Terragen is a power producer that supplies electricity to the Central Electricity Board (CEB), as well as electricity and steam to Terra's sugar mill, through our 2 x 35 MW thermal power plant. Operating in a joint venture partnership with French company Albioma, we generate electricity and steam by burning bagasse and cane trash during the crop season (from July to December), and imported coal from South Africa during the intercrop season.

Our business model

Ensuring a regular and reliable supply of electricity to the CEB and our partner, Terra's sugar mill, is at the heart of our business model. Delivering on our customer value proposition requires that our energy is available on demand; we strive to respond as quickly and efficiently as possible to calls for production from the CEB, and to maintain a reliable supply by avoiding any breakdown incidents, and minimising disruption to our clients from any incidents that might occur.

With our plant currently working close to its peak capacity, our opportunities for revenue generation derive primarily through optimising the efficiency of Terra's sugar mill. This reduces their share of energy usage and releases further capacity for sale to the CEB network.

As part of our commitment to driving renewable energy in Mauritius and to decarbonise our energy inputs, we are continually looking for opportunities to substitute coal with biomass as a raw material input. We are also maintaining a strong focus on identifying opportunities to reduce dust and particulate emissions.

CAPITAL	MATERIAL INPUTS (2017)	MATERIAL OUTCOMES (2017)
People	49 employees with the appropriate technical skills and motivation	Zero fatality Injury rate: 9.6 Lost day rate: 0.4
Manufactured	One generation plant of 450 GWh capacity Two units of 35MW operating on three types of fuel: Coal, bagasse, trash	427.5 GWh sold, constituting 16% of the national energy mix MUR 124.0 million invested in plant and equipment
Natural	188,892 tonnes of coal 294,793 tonnes of bagasse 7,526 sugarcane of trash 1.7 million m³ of water consumed	437,089 tonnes of CO2 (coal) 247,877 tonnes of biogenic CO2 (bagasse) 11,156 tonnes of biogenic CO2 (sugar cane trash) Zero environmental emergency situations
Social	Our business model depends on maintaining quality relationships with key stakeholders including: CEB, Terra Milling, regulatory authorities, small-scale planters and suppliers	Employee turnover rate: zero MUR 37.0 million payment in taxes MUR 4.7 million of CSR contribution
Intellectual	First Mauritian firm to be granted an AFNOR certified integrated management system certificate based ISO 9001, ISO 14001 and ILO OSH 2001	Availability on CEB network 95.6% Reliability: one plant trip Specific coal consumption: 598g/kWh
Financial	Coal purchase: MUR 750.7 million Maintenance cost: MUR 72.7 million	Turnover: MUR 1,340.0 million (18.8% increase) Profit: MUR 236.6 million (7.6% increase)

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
Dependency on a primary client – Being primarily dependent on a single external client, it is critical to maintain a strong relationship based on mutually beneficial outcomes.	We continue to invest in maintaining our ability to provide a regular and reliable supply of energy. This has been another positive year, with record availability levels and competitive pricing.
Potential changes to environmental regulation – Changes in environmental regulation could have a significant potential impact on our existing business model requiring substantial investment in new equipment and possible changes to current processes.	We engage regularly with relevant authorities to identify potential regulatory changes and ensure that appropriate measures are taken. We are identifying opportunities to minimise our emissions and to reduce the use of coal by increasing the use of sugarcane trash in the energy mix.
Unplanned disruption to generation or transmission activities – Unplanned outages, associated for example with a fire, mechanical breakdown or cyclone activity, could negatively impact the ability to deliver energy.	We have a preventative maintenance programme and clear risk management processes and response measures in place. We are currently investing in a new fire pumping station and new fire network.

POWER

Our 2017 performance

Strong financial returns underpinned by excellent operational performance

This was another good year for Terragen, characterised by 95.6% availability, as well as further improvements in operational efficiency. Our profitability this year was MUR 236.6 million, up from MUR 219.8 million in 2016. The plant had a good production of 427.5 GWh of electricity, close to the plant's peak capacity of 450 GWh. We invested an additional MUR 40.0 million this year to further enhance operational efficiencies in Terra's sugar mill, resulting in valuable revenue gains as well as improved environmental performance, particularly in terms of enhanced energy efficiency. This has offset the combustion of 1,700 tonnes of coal.

Seeking to decarbonise our energy mix

We have continued to make some progress in our commitment to increase the use of renewable resources for electricity generation, by realising opportunities for using cane trash as biomass input for electricity production. We are working collaboratively with Terragri's field teams to increase the collection, compacting and transportation of cane trash, and have further improved our production systems and processes for managing this alternative raw material input. This year we generated 7.5 MW using 7,526 tonnes of cane trash, up from 4.3 MW and 4,345 tonnes in 2016. We believe that this project offers a significant opportunity to improve the greening of energy generation in Mauritius, potentially reduce coal consumption and imports by around 15,000 tonnes. Its longer-term success is contingent, however, on the effective participation of small planters, as well as reaching agreement on an appropriate cost and price structure.

We made further progress this year with our carbon burnout project, a joint-venture between Terragen and Omnicane that is aimed at collecting ash, a by-product of coal combustion, and passing this through a re-burning process that will be transforming this into raw material for the production of cement. Through this process we can reduce the carbon content from around 20% to less than 5%.

We are pleased to report that we had another good year in terms of health, safety and environmental performance, with a productive collaboration between employees and external service providers in ensuring compliance with the health and safety rules and procedures. No serious injuries have been registered since January 2017. The injury rate and lost day rate for Terragen, and their external service providers, has been decreasing during 2017.

On the environmental front, corrective actions were taken according to legionella protocol when a contamination by this bacteria in the cooling towers was detected by the ATP-metry method, which allows identification and monitoring of the critical control points in water. Terragen pays particular attention to neighbouring residents regarding any potential environmental issues, and maintains good communication with them. Emergency response to chemical spillage was improved by installing two gate valves so as to contain the spilled products. We also relocated our diesel tank in compliance with regulations. All hazardous wastes are also well managed and appropriately disposed of at a waste storage facility at La Chaumière.

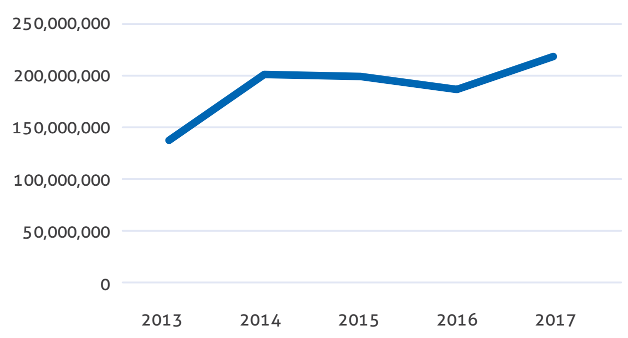
Our strategic outlook

Our strategic focus is to continue maintaining our availability and reliability and improve our efficiency. We will consolidate the uptake of cane trash as a renewable energy input in 2018. We will further invest and increase the consumption of trash if we obtain an appropriate remuneration on kWh/trash.

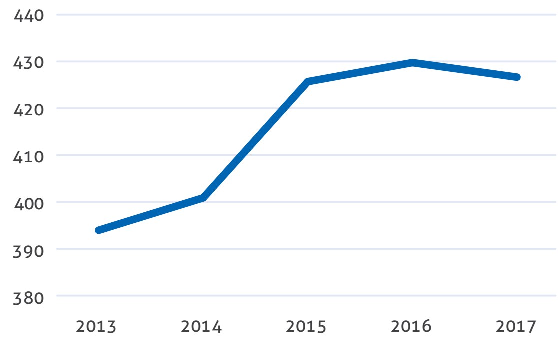
As part of long-term preventative maintenance measures, we will be investing in revamping our turbine control system. We will also be making further investments to ensure the integrity of our site, further reduce coal dust emissions, and install a new fire pumping station and fire network, supported by additional fire detection and protection measures.

Performance graphs

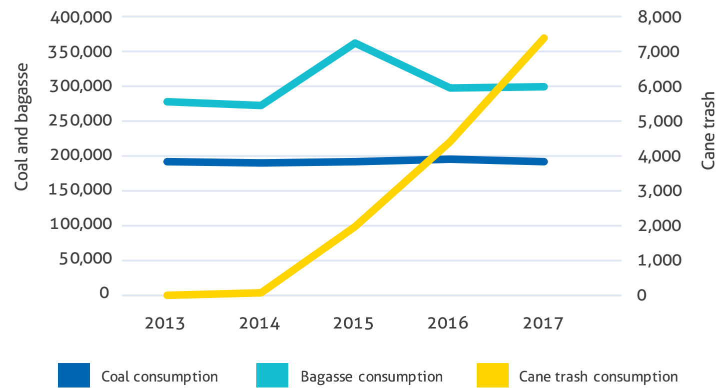
Profit after tax (MUR' M)



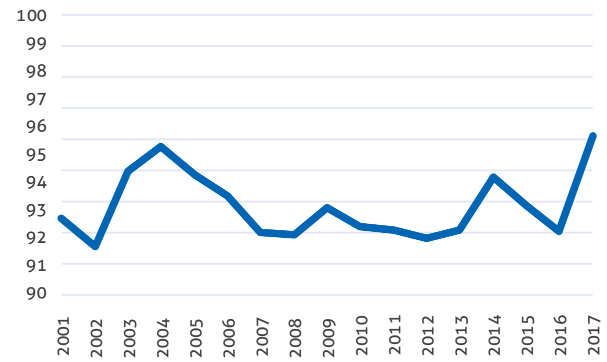
Energy produced (GWh)



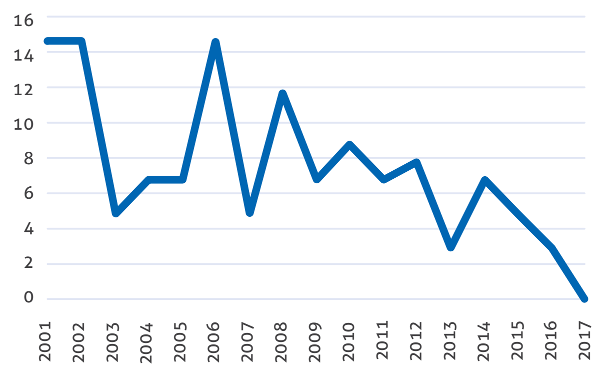
Fuel consumption (Tonnes)



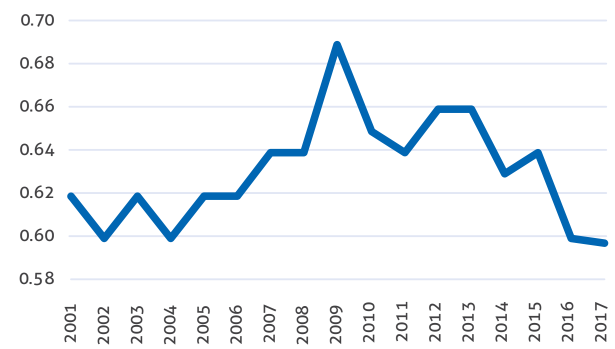
Availability (%)



Reliability (Number of plant trips)



Efficiency coal ratio (kg/kWh)



BRANDS

Established in 1931, Terra Brands Ltd, the holding company of the Grays cluster, is one of the pioneers in the Mauritian distillation sector, a local leader in importing and distributing quality spirits and wines, and the leading producer of alcoholic drinks derived from sugarcane. Over the past decades, we have diversified our activities to include the distribution and sale of personal care, and cosmetics to the end consumer.

Our business model

Our customer value proposition is centred on adding value through strong brands, and driving efficiencies through a better route to market. Our core competencies lie in spirit production and distribution, brand building and premium retail. Through our distribution activities we bring synergy to the Group's sugar operations by transforming by-products of the sugar production process into value-added products such as spirits.

We have developed our own well-recognised brand offerings in dark spirits (aged, spiced, flavoured rums and Scotch Whisky) and white spirits (such as cane spirit, white rum, vodka, gin and others), and have expanded this portfolio with global third-party brands in wine, whisky, personal care products and snacks. We market our wines and spirits through our network 20/Vin outlets, and we have developed strong relationships with retailers to ensure the effective coverage of our brands across Mauritius. As a vertically integrated company, we exercise control on all stages of local production – from refining to bottling and packaging – guaranteeing a seal of quality to the finished product. We are looking to export our expertise into other sugar producing countries to manage this vertical integration.

As our production and distribution activities are labour intensive, we place a high priority on nurturing strong relationships with our more than 500 employees. Grays has become recognised as an employer of choice in the north of Mauritius.

> We build leading Brands in our markets and market the spirit of our Brands internationally

CAPITAL	MATERIAL INPUTS (2017)	MATERIAL OUTCOMES (2017)
People	655 employees 93 outside Mauritius (included in the above)	Injury rate: 21.1 14 new specialist skilled staff recruited
Manufactured	6 million litres at distillery Six existing stores 5,000 m³ of warehouse space 5,500 m³ of ageing cellars	MUR 60 million planned investment in upgrading distillery Two new stores in the year 1,100 m³ of new warehouse space under construction
Natural	25,323 tonnes of Molasses 758 m³ of alcohol (100%)	53 tonnes of glass bottles recycled 11 tonnes of plastic waste recycled
Social	Our business model depends on maintaining quality relationships with key stakeholders including: MRA, employees, Government, brand owners, suppliers and customers	24.4% employee turnover rate Recognised as employer of choice MUR 627.1 million payment in taxes (Mauritius) MUR 2.2 million of CSR contribution
Intellectual	24 own brands	Five new brands established 74 previous brands discontinued Progress in securing HSEQ certification
Financial	Acquisition of new subsidiary – MUR 33.9 million Purchase of Plant and Equipment – MUR 35.3 million New buildings – MUR 37.1 million Purchase of intangible assets (Brand) – MUR 10.7 million Terra Brands total equity – MUR 854.2 million	Turnover: MUR 2.3 billion (10.3% increase) Profit: MUR 125.3 million (stable)

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
Increasing excise taxes – Yearly increase in the excise duty rate levied on alcoholic drinks results in price hikes, reducing the competitiveness of products on the local market.	To mitigate this risk, which affects the whole market, we have diversified our product offerings to include both luxurious brands and affordable products.
Global mergers and acquisitions – Mergers and acquisitions on international markets potentially impact the nature of our existing brand offerings.	We have diversified our offerings to include locally developed brands: eight of the 20 best performing brands are developed in-house. We have also benefited by obtaining distribution opportunities for new brands following recent mergers and acquisitions.
Increasing health consciousness of consumers – Growing health awareness among consumers of health-related issues is both a risk and an opportunity.	We regularly track changing consumer behaviour and tastes, and have recently approved a diversification strategy to actively seek new opportunities for revenue growth, including specifically in the healthy foods and personal care products sectors.

BRANDS

Our 2017 performance

This year was another year of steady growth in turnover, with the year ending at MUR 2,285.4 million, up from MUR 2,071.6 million in 2016. Profit after tax remained flat at MUR 125.3 million, compared to MUR 125.4 million in the prior year. This reflects the generally lower levels of consumer confidence, with an increasingly competitive market and higher local taxes placing pressure on margins.

Brands: Simplifying our business model

We made satisfactory progress this year in revising our brand portfolio, ensuring greater efficiencies by focusing on our stronger performing brands. Informed by a comprehensive activity-based costing exercise, we reduced the number of our brand offerings by 22% and stock keeping units by 55%, resulting in positive efficiency gains and ensuring that we focus on an optimum product mix.

Overall we saw a good performance from our own and managed brands across the year. Our Seven Seas brand retained its position as the leader in the premium cane liquor market and as the main source of revenue growth for the Group in this segment. The recently launched brand, Lazy Dodo, developed in a joint-venture with French partners, had a solid year, helping to increase our overall sales potential. To broaden our portfolio of premium aged rum, we have continued to develop the ageing process and our cellars, with the aim of maximising value in this segment. We saw steady growth in our imported whisky and wine offerings, as well as positive results from our diversification strategy, with our recently launched M.A.C. cosmetics business delivering particularly encouraging performance.

Distribution: Consolidating relationships

A cornerstone of our success has been our ability to exercise control over the value chain, by reaching out to the end consumer through our distribution activities. The launch and expansion of our 20/Vin network of stores has supported this strategy in the wines and spirits market. In 2017, we opened a new 20/Vin store, bringing the number of stores we operate to nine.

Production: Driving improved HSEQ performance in the distillery

This year our distillery produced 6 million litres of rum and spirit, 75% of which is for the export market. A key challenge was the reduced allocation of molasses from the Mauritian Control and Arbitration Department (MCIA), with the result that we did not operate at full capacity for the year. We are making significant investments in 2018 to improve the operation of our distillery, including substantial investments in a new molasses storage tank and a new boiler, as well as further investment in energy-saving equipment. Full benefits will be tangible in 2019. We are investigating the feasibility of installing a new fermentation plant and are continuing to work towards securing the HSEQ certification of our distillery and brand activities.

International operations: A year of mixed fortunes

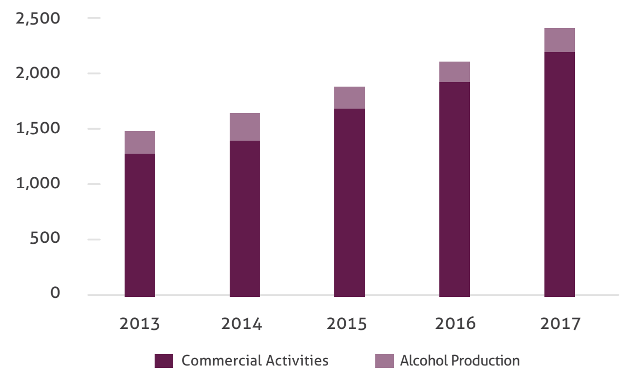
Unfortunately our Uganda venture, which primarily distributes imported spirits and our own locally manufactured gin, has had another disappointing year. We are reassessing our activities in the country and considering various options for the way forward. We are making positive progress with our wine and spirits operation in the Seychelles, where we are looking to grow our retail business and make further inroads into the luxury hospitality sector, under the leadership of a new Managing Director.

Our strategic outlook

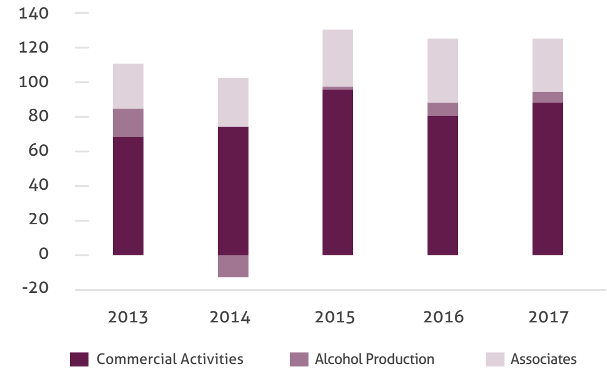
Our immediate strategic objectives are to simplify our business model, using the outcomes of our activity-based costing exercise to further streamline our brand offerings and ensure a better product mix that focuses on our high net-contribution activities. We will continue to identify opportunities to improve our distribution channels, lowering freight and handling costs, optimising store layout and securing other efficiencies across our supply chain. We will also be seeking to improve efficiencies in our recruitment and retention of committed sales and marketing personnel. For our international operations, we will be reviewing our Uganda business, and driving revenue growth in our Seychelles market.

Performance graphs

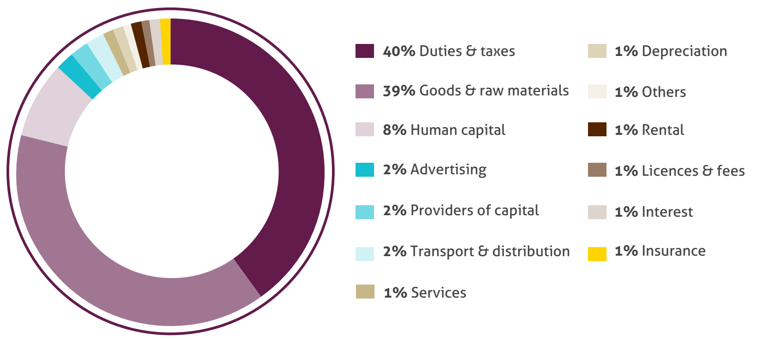
Turnover (MUR'M)



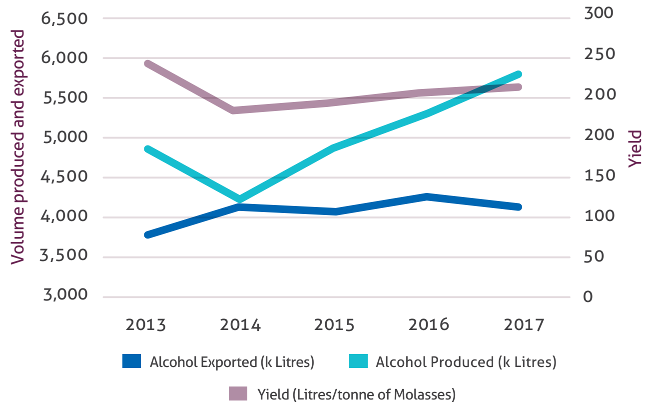
Profit after Tax (MUR'M)



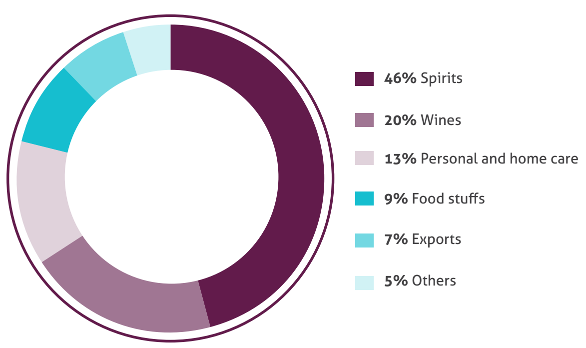
Use of funds by category



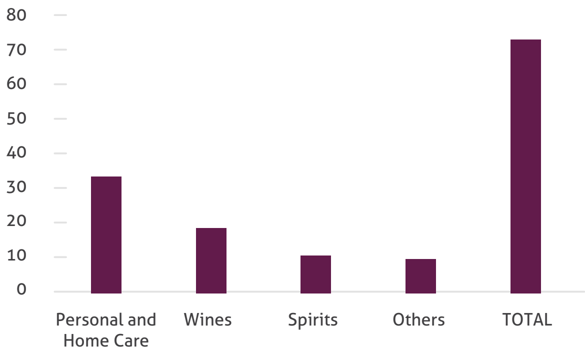
Distilling - Alcohol yield, Production and Export



Sales by brand



Brands culled



PROPERTY AND LEISURE

Our Property and Leisure business, operating as Novaterra, is a relatively new addition to the Group that is currently focusing on establishing an innovative property-development cluster between Port-Louis and the northern part of Mauritius. The cornerstone of this development will be the Beau Plan Smart City that aims to transform the Beau Plan region into a futuristic urban environment serving the North.

Our business model

Our Property and Leisure cluster looks to deliver increased value from the Group's existing land ownership in the North. Our core immediate focus is to grow value through our proposed Beau Plan Smart City development cluster. Strategically located with access to the activities and services of the Pamplemousses region – one of the most densely populated districts of Mauritius – the development benefits from ready access to major roads and public transport services. Occupying an area of 211.33 Ha, the site has been identified as a rural regeneration zone in the Government's National Development Strategy.

It is envisioned that the Smart City will become an important economic hub, creating thousands of employment opportunities, and providing an appealing commercial, residential, educational and leisure environment. The site, adjoining the villages of Pamplemousses and Bois Rouge, is being developed around the existing historical botanical garden, sugar museum and business park, which – with the recently established African Leadership College – is already drawing people to the area. The final development will include schools, retail outlets, office parks, residential offerings and recreational areas, as well as clinics, sports facilities, cultural activities and a university campus. The Smart City will be designed to integrate multiple digital connectivity solutions, encourage the uptake of renewable energy and facilitate a healthier lifestyle through the generous provision of non-motorised transport infrastructure and quality recreational spaces.

Delivering broader societal value

We anticipate that the Beau Plan Smart City development will result in the creation of at least 8,400 new and direct jobs in the Smart City itself, with an additional 500 construction jobs during the construction phase, and another 5,000 indirect jobs for the suppliers of various goods and services. We will be providing training to develop skills of people in the region, including in small business management, organic farming and ICT. In addition to boosting job creation opportunities, our development will have a positive impact on the value of Terra's existing land, as well as on the property of our neighbours, contributing to the general enhancement of the country's overall wealth.

CAPITAL	MATERIAL INPUTS (2017)	MATERIAL OUTCOMES (2017)
People	73 employees	Injury rate: 2.73 Two new senior executives appointed
Manufactured	Industrial 31,959 m² Office 11,079 m² Residential 22,620 m²	Improved occupancy rate by 3% during the year to reach 96.1%
Natural	454 hectares of land approved for development	Waste segregation to recycle paper, cardboard, plastic and cans at Beau Plan Business Park
Social	Our business model depends on maintaining quality relationships with key stakeholders including: Government, tenants, project developers, financiers, neighbouring communities and the media	11.8% employee turnover rate MUR 2.4 million payment in taxes MUR 0.3 million of CSR contribution 100,000 persons visiting *L'Aventure du sucre*
Financial	Creating Value: Realisation of non-strategic assets for reinvestment in adequately planned and designed project thus widening yielding based assets Capital expenditure MUR 60.2 million Investment in infastructure and improvement (in progress): MUR 49.3 million Investment in associate - Beau Plan Campus Ltd (Education project): MUR 100.6 million (out of which MUR 57 million for land capitalised in 2016)	Turnover: MUR 170.7 million (33.2% increase) Profit: MUR 103.7 million (240% increase)

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
Regulatory and policy framework – Changes in Government policies and regulations relating to property development, as well as any delays in obtaining approvals and other Government permits, could impact on the execution of our business model.	We place a high priority on building and maintaining good relations with Government and regulatory authorities and keeping well informed of any current and proposed regulatory and policy changes. We have secured a letter of intent from the Board of Investment for the Beau Plan Smart City, and are developing diversified service to minimise any negative impact resulting from changes in Government strategies.
The changing competitive and business environment – There is always a possibility that certain property developments remain unoccupied, resulting in loss of revenue and reduced return on investment.	We are ensuring the timely implementation of a mix of facilities to provide a compelling proposition for entrepreneurs to develop or relocate their business. Appropriate in-house resources are in place to drive effective project marketing.
Non-delivery by service providers – Any failure by service providers to complete their obligations on time reduces our ability to deliver the full potential of our developments in a timely and cost-efficient manner.	Rigorous screening processes are in place prior to contracting third party service providers, with provision for appropriate contractual remedies should the service provider underperform. We undertake regular quality controls during the construction phase to track delivery against the approved program of works and we ensure service providers are properly insured.

PROPERTY AND LEISURE

Our 2017 performance

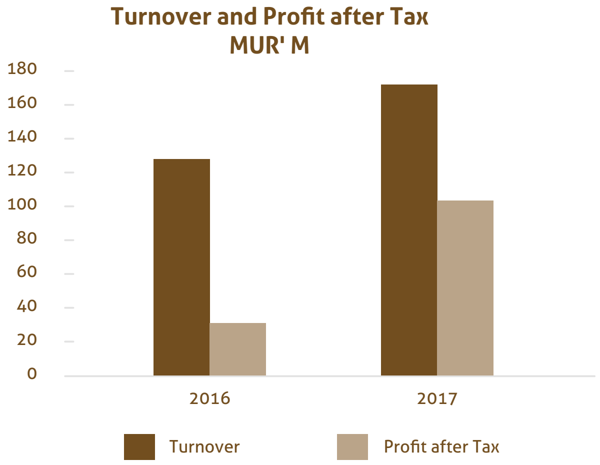
This year we completed the appointment of our core leadership team, with the successful recruitment of two new executives during the year. The full team is now constituted to provide services across our five departments: project development and finance; land management; property and asset management; sales and marketing; and project management. In making these appointments we have placed a strong emphasis on ensuring a diverse set of skills and experience, with the aim of instilling greater creativity.

Having finalised the recruitment of a high-profile team of property development and management professionals, we have started to drive implementation of our strategy: to develop investment properties in well-located sites to create and unlock value of the Group's land holdings. This has been a fair first full year in operation. We met our budget for the year, and our rental income for the period reached MUR 78.0 million as compared to MUR 56.0 million achieved in 2016 (+40%). Our profit after tax amounted to MUR 103.7 million. A key achievement has been to obtain the letter of intent for the proposed Beau Plan Smart City development, as well as securing conversion permits for strategically located land.

We have developed a detailed plan for the sale of non-strategic land, with the aim of securing additional finance for our property development investments, which in turn will boost the value of remaining property portfolio. We successfully launched and sold two key projects. As part of the phased roll-out of the Smart City development, we have continued to identify and engage with potential partners and anchor tenants, and have already secured the commitment of some important tenants. During the year we also completed a consultative corporate identity and branding exercise.

Notwithstanding these very encouraging developments, there have been some challenges over the year. Unexpected delays by a contractor meant that we were unfortunately not able to hand over the new campus to the African Leadership College in December 2017 as promised. We have managed the implications of this delay with the latter and formally handed over the new campus facilities to them in April 2018.

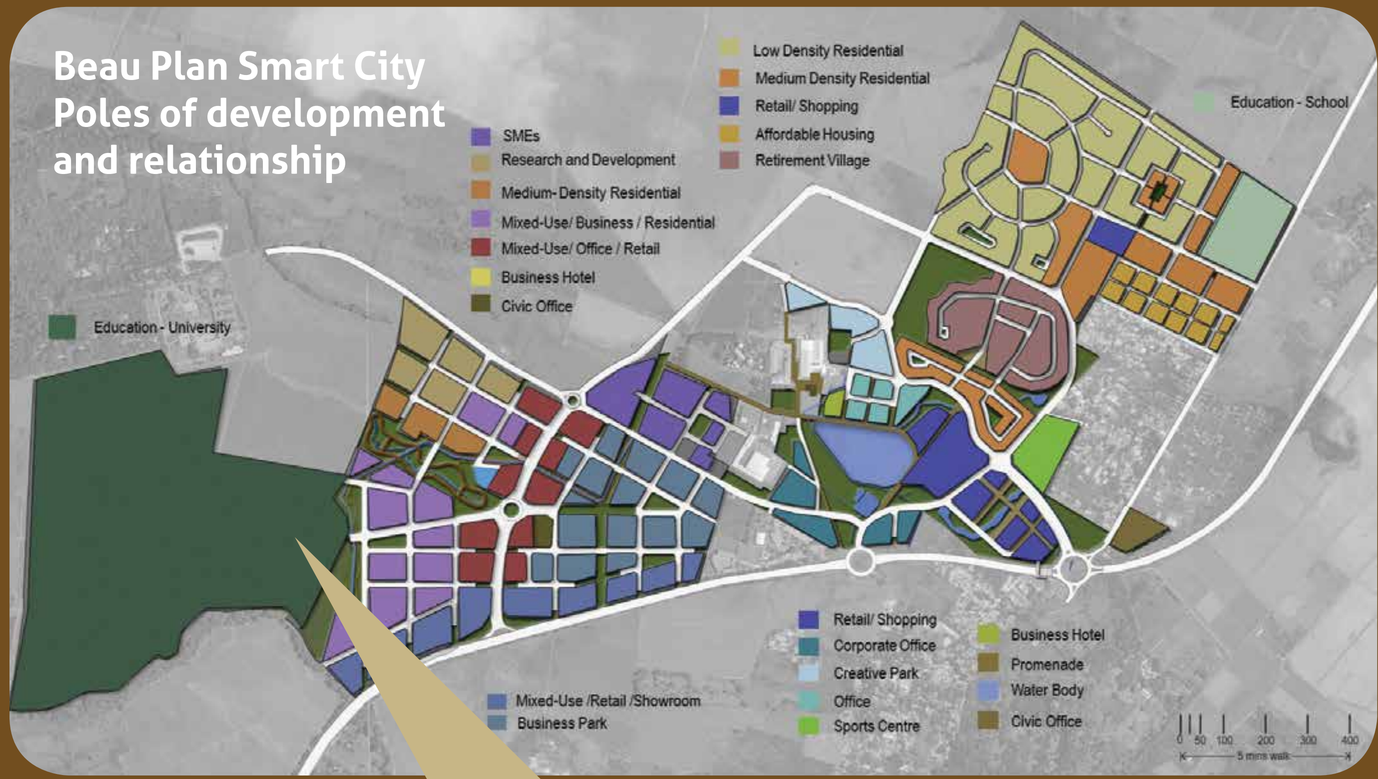
One of Terra's subsidiaries within the Property and Leisure cluster is Sugarworld Ltd. Operating under the brand name *L'Aventure du Sucre* it runs a museum showcasing the history of sugar operations in Mauritius. This year it posted a turnover of MUR 93.2 million and a profit after tax of MUR 12.0 million, up 10% from 2016.



Our strategic outlook

Our principal focus for the year ahead will be to give momentum to the Beau Plan Smart City development. In addition to obtaining some of the key required certificates and permits, we will be commencing infrastructure work on 'Le Hameau' development and the construction of the first phase of Greencoast Primary School. The planning and design processes are well under way for our retail and office developments. In driving these developments we will be seeking, where possible to rationalise costs and investing in GIS systems to ensure efficient land management. We will also continue our process of selling non-strategic agricultural land to raise cash to finance infrastructure.

Over the longer-term we plan to develop a 200-hectare lifestyle estate on the coast, with an 18-hole golf course and villas with beach access, which will fully complement our Smart City offering at Beau Plan.



The new African Leadership College campus

INVESTMENTS

Finance

SWAN General Ltd is the leading general insurance and life assurance company and financial solutions provider in Mauritius. It provides a full range of insurance and financial solutions, from short-term and long-term insurance, retirement plans, to wealth management and stockbroking for corporate clients and individual customers.

Terra Finance Ltd offers advice and assistance to Terra's subsidiaries on cash management, and on the negotiation of short and long term funding. The company is authorised to invest liquidities among the various subsidiaries, manage their foreign currencies and their exposure to currency and interest rate risks by using hedging tools.

AceTer Global Ltd is a management company incorporated in Mauritius and licensed by the Financial Services Commission that provides services on structuring and managing the business and wealth of its clients. Its client base includes high net worth individuals, family businesses, brokers, and start-ups.

Inside Capital Partners Ltd is an independent private equity manager seeking to invest through equity in strong potential opportunities in selected Southeast African countries. It is a limited company domiciled in Mauritius and also has an office in Lusaka, Zambia.

Inside Equity Fund provides risk capital to SMEs in selected countries in the Southern and Eastern Regions of Africa. The fund is focused on providing equity or equity-related instruments to SMEs with a good potential for growth, set up by entrepreneurs that could use support in order to professionalise and improve operations.

	Revenue MUR'M	Profit/(Loss) MUR'M	% effective holding
SWAN General Ltd	1,448.3	243.1	34.03
Terra Finance Ltd	19.1	4.8	100
AceTer Global Ltd	13.7	(5.3)	88.12
Inside Capital Partners Ltd	18.4	(14.5)	24.50
Inside Equity Fund	-	(32.5)	38.97

Construction

Terrarock Ltd, incorporated in 1990 further to Terra's policy of field de-rocking, is involved in the manufacturing and sale of hollow concrete blocks, aggregates and rock sand. Management of operations is entrusted to The United Basalt Products Ltd, the strategic partner of Terrarock.

Terra owns 35.49% of **Rehm Grinaker Construction Co Ltd**, a construction company set up in partnership with Aveng Grinaker LTA South Africa, one of the largest construction companies in South Africa. Today, Rehm Grinaker is among the leading construction companies in Mauritius, involved in industrial, commercial, high-end hospitality and leisure projects, as well as in civil and infrastructure works. The company has gained recognition on a wide range of projects in building and civil engineering, conventional contracts and design-build.

	Revenue MUR'M	Profit/(Loss) MUR'M	% effective holding
Terrarock Ltd	181.9	32.2	45.00
Rehm Grinaker Construction Co Ltd	1,181.2	0.0	35.49

Other investments

Harel Mallac & Co Ltd (HMC) is a publicly quoted conglomerate mainly involved in the following business segments: Chemicals, Technology, Engineering, Distribution, Services and Property. Terra holds directly and through holding entities 26.1% of HMC's capital but is not represented on HMC's Board and does not exercise significant influence on the company.

Terra owns 50% of **Horus Ltée**, a company that has an 18% stake in United Docks Ltd, a company listed on the Stock Exchange of Mauritius and holding property in the Port Louis harbour zone.

In November 2014, Terra acquired some 27% of **Terravest Limited**, a company that is active in development in East Africa, selling plastic equipment such as water tanks, mobile toilets, gas producing biomass digesters and septic tanks.

Terra holds 50% of **Commada Ltd**, a holding company, which acquired in March 2010 an effective stake of 5% in Orange Madagascar whose controlling shareholder, via Telsea, is Atlas Countries Support SA. This acquisition was made in partnership with a local private equity fund with a total stake of 10%.

In 2009, Terra Brands Ltd invested into **Topterra Ltd**, a 50:50 joint venture with Island Renewable Fertilisers Ltd, which produces a liquid fertilizer known as Concentrated Molasses Stillage (CMS) from *vinasse*, itself a residue from distillation.

Terra owns some 42% interest in **Alcohol & Molasses Export Ltd** (AMCO) a company specialized in procurement and logistics for the sugar industry. In addition to the traditional storage and distribution of molasses, AMCO also manages the Coal Terminal (Management) Co Ltd, whose responsibilities include the procurement, transport, storage and distribution of coal for the power plants of the sugar industry and the needs of the country. As from beginning of 2018, AMCO is also driving an aggressive procurement strategy to support its shareholders in their quest to lower their cost of inputs in the production of sugar.

United Investments Ltd (UIL) is a holding company with investments in various sectors of the Mauritian economy. In late December 2013, Terra acquired 29.03% of UIL's capital, in line with the Group's policy at the time, which aimed at diversifying its activities outside its core competencies.

	Revenue MUR'M	Profit/(Loss) MUR'M	% effective holding
Harel Mallac & Co Ltd	3,993.1	115.3	26.10
Horus Ltée	-	17.1	50.00
Terravest Limited	445.6	8.1	26.67
Commada Ltd	-	-	50.00
Topterra Ltd	17.7	(1.8)	50.00
Alcohol & Molasses Export Ltd	55.7	(8.8)	41.87
United Investments Ltd	34.6	(144.7)	29.03

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.

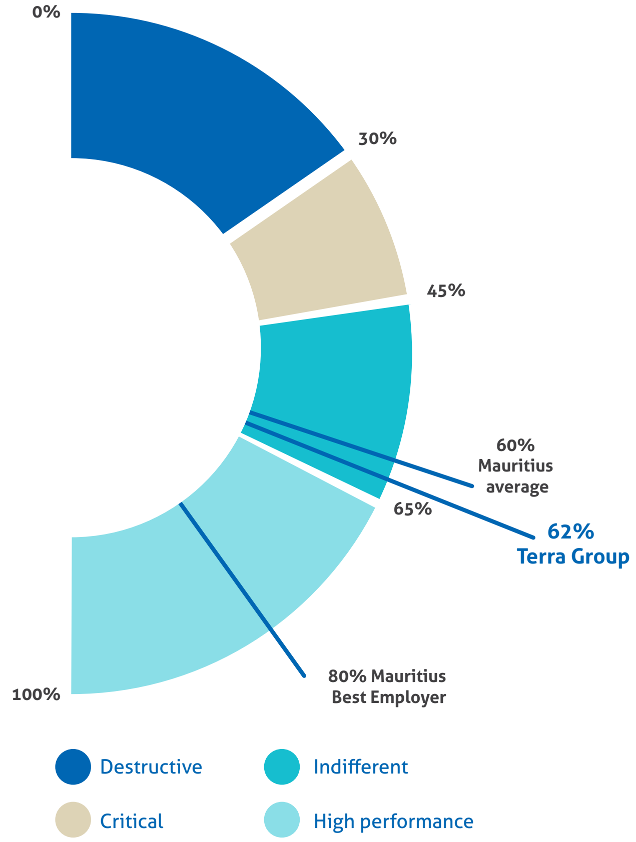
Between 2015 and 2016, 60 managers and 101 supervisory-level employees participated in dedicated leadership development programmes, aimed at further developing team management and leadership skills. In 2017, the 60 managers were each given the opportunity to participate in a program whereby four external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

GROUP-LEVEL
Functions
(cont'd)

Our 2017 environmental performance

DIRECT RENEWABLE MATERIALS

Terragri Ltd (Agriculture)
Organic fertilisers (CMS): 10,562 tonnes
Filtered mudcake (scum): 6,629 tonnes

Terra Milling Ltd
Surgarcane: 867,643 tonnes

Terragen Ltd
Bagasse: 294,793 tonnes
Sugarcane trash: 7,526 tonnes

Grays Distilling Ltd
Molasses: 25,323 tonnes

Grays Inc. Ltd
Alcohol (100%): 758 m^3
Bulk wines and spirits: 418 m^3

Topterra Ltd
Vinasse: 53,409 m^3

DIRECT NON-RENEWABLE MATERIALS

Terragri Ltd (Agriculture)
Liquid mineral fertilisers: 1,174 tonnes
Solid fertilisers: 1,141 tonnes
Diesel: 1,650 m^3

TERRAGEN Ltd
Coal: 188,892 tonnes

TERRAROCK LTD
Boulders: 361,879 tonnes

WATER CONSUMPTION

Terragri Ltd (Agriculture): 9,409,000 m^3
Terragen Ltd: 1,698,912 m^3
Terra Milling Ltd: 401,057 m^3

RENEWABLE ENERGY CONSUMPTION

Bagasse & Sugarcane trash

Terragen Ltd: 60,419 GJ
Terra Milling Ltd: 685,199 GJ

NON-RENEWABLE ENERGY CONSUMPTION

Coal

Terragen Ltd: 137,688 GJ
Terra Milling Ltd: 250,515 GJ

DIRECT GHG EMISSIONS (SCOPE 1)

Terragen Ltd

Bagasse: Biogenic 247,877 tonnes of CO_2
Sugarcane trash: Biogenic 11,156 tonnes of CO_2
Coal: 437,089 tonnes of CO_2

Terragri Ltd (Agriculture)

Diesel: 4,294 tonnes of CO_2

WASTE MANAGEMENT

Grays Inc. Ltd

Recycled non-hazardous waste:
Glass bottles: 53 tonnes
Plastic waste: 11 tonnes

Terragri Ltd (Agriculture)

Recycled hazardous waste:
Used vehicles tyres: 19.8 tonnes
Used oil: 14.5 m^3

GROUP-LEVEL Functions (cont'd)

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.

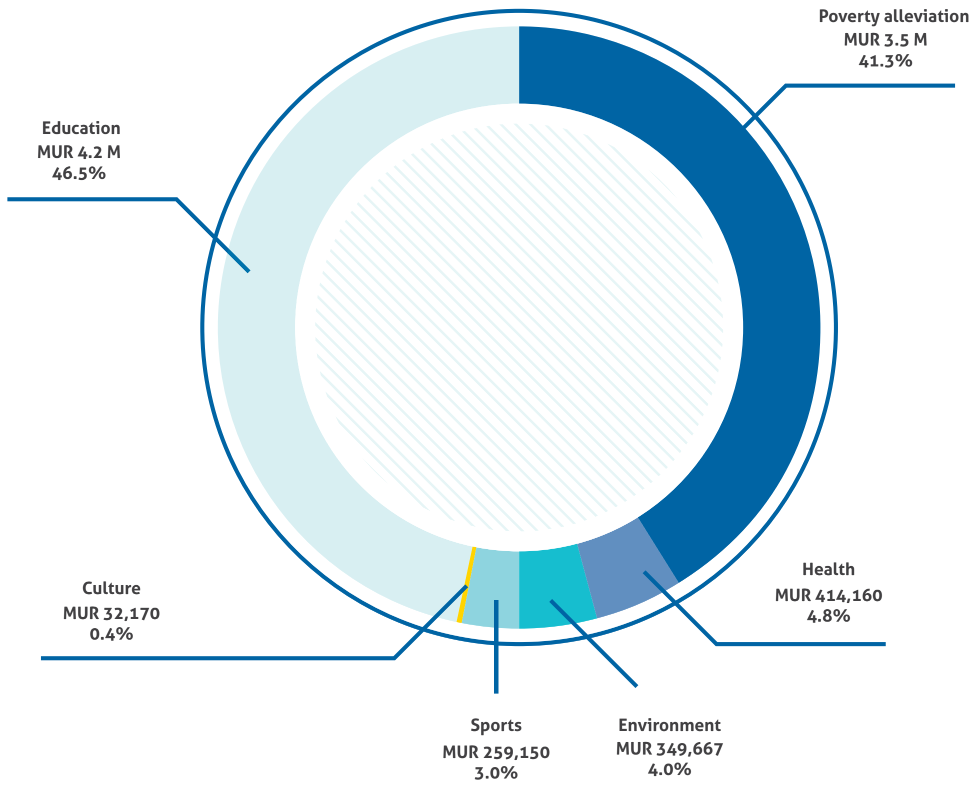
Terra Foundation was established in December 2009 to ensure enhanced coordination and sustainability of the Group's CSR initiative. Led by the Group CSR Manager under the stewardship of the CSR committee, the foundation seeks to promote community development at regional and national level, in line with 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.