

Cane

Terra has been growing sugar cane and producing sugar since 1838, when the Harel brothers acquired the Belle Vue sugar estate in the north of Mauritius. Today we have around 6,000 hectares of agricultural land, and we operate one of the most modern sugar producing factories on the island. We also jointly manage two sugar estates and factories in Côte d'Ivoire.

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

CANE BUSINESS MODEL

VALUE DRIVERS	CONTEXT AND OUTLOOK
REVENUE DRIVER (PRICE)	
<p>MARKET DEMAND AND PRICING</p> <ul style="list-style-type: none"> Commodity business shaped by supply and demand dynamics in the global sugar market, as well as local pricing determined by the Mauritius Sugar Syndicate (MSS). Securing a price premium through distinct offering of specialty sugars. 	<ul style="list-style-type: none"> With volatile global sugar prices below profitability levels, an adjustment of the supply and demand dynamics through Government policy support is vital for industry survival; Mauritius as a relatively small global producer continues to face several market obstacles, but the Government has shown positive signs of engagement with the industry and has announced a better remuneration for <i>bagasse</i>. Sugar prices are on the rise with an increase of 19% per annum in 2021. Mauritius has specialised in the manufacture of a wide range of specialty sugars, appealing to discerning customers and many agro-industrial ventures as healthier ingredients for finished food products; products are all marketed by the MSS which has become a reference for these unrefined specialty sugars. With the renewed focus by the MSS in targeting households and chefs as potential buyers for our specialty sugars, we have a more direct and active engagement with buyers. We maximise the value of our sugar mix, by producing the right mix and concentrating on higher value products.
COST DRIVER (PRICE)	
<p>MATERIAL COST EFFICIENCIES</p> <ul style="list-style-type: none"> Supply and demand of raw materials and freight costs. Efficiency gains in our growing and milling activities. 	<ul style="list-style-type: none"> The costs of fertiliser and herbicide have increased substantially driven by an increase in freight cost and an imbalance in supply and demand dynamics due to Covid-19. This has been offset to some degree by precision fertilisation, but costs will remain a challenge. We have adopted a predominantly defensive strategy aimed at driving operational efficiencies in both our Belle Vue and Côte d'Ivoire operations. We benefit from our state-of-the-art technology and skills in the mechanisation of cane growing and harvesting. Digital farming enables us to increase efficiencies in the face of a reduced workforce. Our most significant costs relate to labour, followed by repairs and maintenance, fuel and fertilisers; activity-based costing exercises undertaken in our fields, mills and garage enable further optimisation. We continue to review possible growth opportunities internationally that harness our recognised technological and process skills.




Cane (cont'd)

CANE BUSINESS MODEL (CONT'D)

The main residual risks for the Cane cluster as at 31 December 2021 are summarised below.

RISK	CONTRIBUTING FACTORS	RISK MITIGATING ACTIVITIES	YEAR ON YEAR TREND	
R1	Continued decrease in the supply of cane combined with high costs of production resulting in reductions in productivity.	<ul style="list-style-type: none"> Drop in cane supply is accelerated by the following: <ul style="list-style-type: none"> Sharp increase in price of fertilisers. Decline in number of small and medium planters. Drop in area available for cultivation as a result of real estate developments by planters. Urbanisation resulting in challenges to cultivate next to residential areas. 	<ul style="list-style-type: none"> Supporting small planters: <ul style="list-style-type: none"> Taking initiatives to motivate the next generation of farmers. Advising small farmers on harvesting, weeding and transporting the cane. Current price of sugar of MUR 25,000 / tonne for small planters to be sustained in the future. Current scheme to support re-plantation of old fields to be accelerated in the future. Optimising efficiency: <ul style="list-style-type: none"> Adopting new technologies for digital farming. Adopting lean management principles. Investing in automation of processes. 	Unchanged
R2	Not securing an adequate price for bagasse, leading to a drop in cane supply.	<ul style="list-style-type: none"> A drop in sugar cane supply is detrimental to the milling activities. Knock-on effect on the supply of bagasse, impacting our ability to shift to renewable energy sources for power generation. 	<ul style="list-style-type: none"> Bagasse has been adequately priced; awaiting a biomass framework in order to sustain this remuneration / indexation. Hence the risk has been significantly reduced. 	Reduced
R3	Volatile global sugar price, below the break-even point for Mauritius.	<ul style="list-style-type: none"> Impact of the pandemic on demand and production of beet sugar in our principal markets in Europe. Impact of the pandemic on supply of sugars from competing countries such as Brazil and India. Surge in cost of freight and reduction in vessels availability in Mauritius. 	<ul style="list-style-type: none"> Shifting towards specialty sugars that command a superior margin. Working with the Mauritius Sugar Syndicate to market the Mauritian brand, our specialty sugars and gain access to new markets. Less volatility in overall sugar prices since 25% of the overall sugar price is fixed (bagasse, molasses and bottlers contribution). 	Reduced
R4	Changing climatic conditions adversely impacting cane yield, resulting in losses.	<ul style="list-style-type: none"> Increasing demand for water from other users in the water-scarce north of Mauritius. Certain competing countries are inherently more conducive to sugar cultivation in terms of soil structure, climate and water availability. 	<ul style="list-style-type: none"> Optimising water consumption and improving use of effluents for irrigation. Securing insurance cover (through the Sugar Insurance Fund Board). Adopting more resistant and higher yielding strains of cane. Working with local authorities to increase the capacity of Nicolière dam. Working with local authorities on a project of using water from retention basins. 	Unchanged
R5	Plant and equipment failure, resulting in disruption to operations.	<ul style="list-style-type: none"> Breakdown of major equipment within the mill. Breakdown at Terragen operations impacting the supply of electricity and steam. Impact of pandemic on timely supply of imported parts, and ability of specialist consultants to travel to Mauritius to perform maintenance and repairs. 	<ul style="list-style-type: none"> Investing in modern plant and equipment and replacing old items as and when needed. Performing regular preventive maintenance and inspection of plant and equipment by specialist consultants. Maintaining a stock of critical spares on site. Coordination and planning of operations with Terragen. Improving insurance cover for machinery breakdown and consequential loss in revenue. 	Unchanged

CANE BUSINESS MODEL (CONT'D)




CAPITAL	MATERIAL INPUTS (2021) ¹	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2021)
 PEOPLE	TERRA MILLING EMPLOYEES 128 permanent 234 temporary TERRAGRI EMPLOYEES 224 permanent 57 temporary	<ul style="list-style-type: none"> A dedicated Health and Safety Officer at Terra Milling, implementation of the ISO 45001 health and safety management system, equipment investments, an increase in health and safety training, reporting at the Board level, and instilling a health and safety culture among contractors has enabled us to achieve a low accident rate. Safety measures and procedures in place in response to Covid-19 remain. Private mentoring for individual employees where needed, plus leadership sessions for key managers. 	TOTAL RECORDABLE INJURY RATE (TRIR)² 18.4 (-6%) LOST TIME INCIDENT RATE (LTIR)² 17.6 (+3%) SEVERITY RATE² 42.3 (-19%)
	 MANUFACTURED	Agricultural and milling equipment	<ul style="list-style-type: none"> Annual maintenance and critical spares kept in stock. Regular inspection by consultants and monitoring of equipment during operation through computerised system (SCADA). Fire safety and protection procedures in place. User access rights on operator terminals and regular server backups; access to USB ports disabled to enhance cyber-security.
 NATURAL	LAND UNDER CANE CULTIVATION (INCLUDING AREA BEING PREPARED FOR PLANTATION) 4,986 Ha (-7%)	<ul style="list-style-type: none"> Small planter advisors in place to motivate small-scale farmers in implementing efficiency measures and assisting with their harvesting and transport. Measures to optimise water consumption and better utilisation of effluents for irrigation. R&D for organic cane and sugar production. 	OWN CANE HARVESTED 327,705 T (+8%) SPECIALTY SUGAR PRODUCED 71,760 T (-4%)
	WATER CONSUMED 3,032,101 m³		ORGANIC CANE AREA PLANTED 58 Ha (+16%)
	LIQUID MINERAL FERTILISERS 11,831 T		OIL USED 9.5 m³ (-38%)
	STEAM FROM TERRAGEN 754,332 GJ (-10%)		VEHICLE TYRES USED 11 T (+33%)
	SUGAR CANE MILLED 718,969 T (+2%) ORGANIC FERTILISERS 14,460 T (-23%) SOLID FERTILISERS 262 T (-28%) DIESEL 1,013 m³ (+13%)		

¹Data as at 31 December 2021

²Calculation methodology was updated in 2021

Cane (cont'd)

CANE BUSINESS MODEL (CONT'D)

CAPITAL	MATERIAL INPUTS (2021) ¹	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2021)
 <p>SOCIAL AND RELATIONSHIP</p>	<p>Quality relationships with key stakeholders including: MCIA, MSS, Terragen, planters, employees and trade union representatives, and service providers.</p>	<ul style="list-style-type: none"> Continued to embed our Culture and Engagement Journey for employees creating a culture of caring and learning. Negotiations with trade unions for three years, still ongoing. Remains uncertain when this will be resolved but with the support of external advisors in 2021, we are no longer front facing and this has helped the negotiations. For Terra Milling Ltd 85% of workers remain unionised, while for Terragri Ltd 88% within its agricultural unit and 65% within the non-agricultural unit are unionised. Active engagement with MSS, Business Mauritius, and Government stakeholders on the future of the sugar industry; assisting MSS to strengthen the branding and marketing of Mauritius' premium specialty sugars and exploring new market opportunities. Customer visits to our facilities strengthens our relationships with them; any new sugar product requires new audits. We are closer to the customers today than we were five years ago. Our major sugar buyer remains Silver Spoon. 	<p>EMPLOYEE TURNOVER RATE 9.2% (2020: 12%)</p> <p>DAYS LOST TO STRIKE ACTION 0</p> <p>PAYMENT IN TAXES MUR 0.8 million</p> <p>Strengthened relationships with employees, Government departments and customers.</p>
 <p>INTELLECTUAL</p>	<ul style="list-style-type: none"> International certifications, including BRC, GMP, Halal and C-TPAT. Application of HACCP Codex Alimentarius. A registered SEDEX B member and subject to annual third-party audit on local and international labour laws; health, safety and environmental regulations; and business ethics. Integrated management system underway (ISO 14001) 	<ul style="list-style-type: none"> Renewal of certificates and customer second party audits to ensure safety of product and system, social and environmental compliance. Improving efficiencies across our growing and milling operations. New technologies and software (CanePro) enable digital / precision farming and we introduced yield monitoring on harvesters to build yield maps, enabling better decision making. 	<p>Continuous improvement in farming and manufacturing techniques.</p> <p>PRODUCTION COST (AGRICULTURE) MUR 14,250/T (+2%)</p> <p>PRODUCTION COST (MILLING) MUR 7,900/T (+14%)</p> <p>CANE PROCESSING 279 T/hr (-1%)</p>
 <p>FINANCIAL</p>	<p>CANE CLUSTER TOTAL EQUITY (JAN 2021) MUR 6,778.2 million</p> <p>TOTAL BORROWINGS MUR 738.9 million</p> <p>CAPITAL EXPENDITURE MUR 144.1 million</p>	<ul style="list-style-type: none"> Actively managed the financial performance through weekly executive meetings, monthly management meetings and regular Board meetings. 	<p>TURNOVER MUR 1,226.6 million (+11%)</p> <p>PROFIT MUR 105.3 million (+161%)</p> <p>CANE CLUSTER TOTAL EQUITY (DEC 2021) MUR 6,797.8 million</p>

¹Data as at 31 December 2021

THE OPERATING CONTEXT

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
<p>Sustaining supply from small-scale cane producers – Around 42% of our cane is produced by Terragri, with the balance produced by large (38%) and small (20%) growers, thus making us reliant on a regular supply of cane from independent small-scale cane producers. With the price of sugar remaining low and the difficulty in securing labour, some farmers are leaving the sector and there is generally low interest in the younger generation to work in the fields. This year, the volume of cane secured from planters was 394,000 tonnes compared to 406,000 tonnes last year.</p>	<p>To ensure a regular flow of cane to our mill, we are placing a strong focus on reviving the interest of existing and prospective independent cane planters. We have a team that works with and advises small farmers on harvesting, weeding, and transporting the cane. We continue to work with authorities to identify opportunities to appropriately motivate the next generation of planters. Long-term we will need to mechanise; digital farming is an important part of this transition.</p>
<p>Water availability – 60% of our fields are directly dependent on local rainfall, and thus susceptible to the uncertainties of changing weather and climate. In 2021 we faced a second year of below-average rainfall due to the ongoing national drought, which impacted on cane yields Mauritius-wide. In terms of irrigation for the remaining 40% of our fields, we face increasing competition from other users as the economy grows in the water-scarce north of Mauritius.</p>	<p>We continue to implement measures to optimise our water consumption and ensure better utilisation of effluents for irrigation.</p>
<p>Continuing volatility in global sugar prices – In 2021 global sugar prices improved globally. In Mauritius, the price of sugar ex-MSS increased from MUR 14,062 per tonne in 2020 to MUR 16,765 per tonne in 2021. Total revenue increased from MUR 15,600 per tonne in 2020 to MUR 22,000 per tonne in 2021. This is mainly attributable to an improved sugar price and significant increase in remuneration for bagasse.</p>	<p>Ongoing discussions between growers, millers, the MSS and Government have been successful. Following the World Bank report's recommendations for the sugar sector the Government has implemented a better remuneration for bagasse, leading to a 25% increase in net sugar prices, a major plus for our operations and the industry. This has reduced the impact of volatile global sugar prices on Terra, but we still maintain a strong focus on enhancing efficiencies across our growing and milling operations and continue to make significant progress in reducing the cost of production.</p>
<p>Challenging sugar trade dynamics – Sugar is a worldwide commodity and 100% linked to the cost of freight, demand and supply dynamics, and climate change. The global sugar market was profoundly affected by the European Union's abolition of sugar quotas in October 2017, which contributed to a global supply surplus and resulting lower sugar prices. The global sugar market is also impacted by strong protectionist measures in many sugar-producing countries, such as in Europe and India where producers are given subsidies; Brazil, historically the largest sugar producer, mainly produces for its own internal use and for the production of ethanol for energy, with surplus being sold onto the global market. This results in very different pricing competitors to Mauritius. 2021 prices were supported by the Euro / Mauritius Rupee exchange rate, but this remains a short-term gain.</p>	<p>With high competition for specialty sugars in European markets, greater focus will be placed on emerging markets such as China and India. We are working actively with the MSS to assist them in strengthening the branding and marketing of Mauritian sugar, and to identify new market opportunities, particularly in our distinctive specialty sugars. We believe that the longer-term fundamentals for sugar remain strong, particularly given growing consumer demand in emerging markets and for healthier, unrefined sugars that command a price premium.</p>
<p>Structural challenges in the Mauritian sugar sector – The Mauritian sugar sector has some unique features, including a highly regulated labour environment and a centralised organisation, the MSS, responsible for the marketing and sale of all locally-produced sugar. With revenue being centrally controlled, we can only focus on new products and reducing our cost of production. Given that it is very difficult to mechanise on mountain flanks or on small fields, our industry remains very labour intensive. The World Bank report, commissioned by Government in 2019 to make recommendations for the sustainability of the sugar cane industry, has led to improved remuneration for bagasse, a step in the right direction. We await a biomass framework in order to sustain this remuneration / indexation.</p>	<p>Given the crossroad that the industry still finds itself at – with the challenging trade and price dynamics in the global sugar market, and with the substantial contribution of sugar to the Mauritian economy – the industry submitted a proposal for structural reform, in 2020, driven by the MSS and Business Mauritius. Suggested measures to enhance local competitiveness include: reviewing the current regulatory context for labour; providing better reward for the sector's renewable energy sources (bagasse); and ensuring that millers receive fair return from the Sugar Insurance Fund Board (SIFB). In terms of bagasse, the Government has, in the 2021 Budget, announced the remuneration of bagasse at the rate of MUR 3,300 per tonne of sugar. This will add up value to the cane producers as sugar is sold today at MUR 16,765 per tonne.</p>

Cane (cont'd)

OUR 2021 PERFORMANCE

The Cane cluster was again impacted by low rainfall in 2021 due to the ongoing drought in the north of Mauritius, reducing cane throughput. Terragri produced a lower than average 335,000 tonnes of cane, however 9.7% more than 2020. Due to the imbalances in supply and demand caused by Covid-19, we also saw significant cost increases in terms of freight, fertilisers, herbicides, and spare parts. Increased freight costs had a significant impact on the cost of raw materials imported and also exportation of sugar.

We also had to start the crop late this year due to the Covid-19 related lockdown; coupled with several breakdowns in the mill, this affected the length of the crop.

On a more positive note, the efficiency level of harvesting has been very good with a much better extraction rate, aided by our investments in digitalisation, automation, and lean management over the years. Due to our previous cost cutting efforts, coupled with the improvement in global sugar prices this year, and fair remuneration of *bagasse*, we had a profitable year. The Cane cluster posted improved profits of MUR 105.3 million in 2021, compared to MUR 40.3 million in 2020.

We also managed to contain labour costs and maximised the value of our sugar mix, by producing the right mix and concentrating on higher value products. We produced two new types of sugar this year - Extra Fine and New Dark Demerara.

The World Bank report on the future of the industry has been approved by Government and has clearly pointed out the importance of taking bold steps to revive our sector. The Government has already announced better *bagasse* prices and the construction of a modern storage facility to improve competitiveness. These bold measures will hopefully put an end to the decline in sugar production in Mauritius. The Government has set a target of going back to 400,000 tonnes of sugar production per year.

For the 2021 crop, Terra Milling processed 718,969 tonnes of cane (704,629 tonnes in 2020). This resulted in 41,540 tonnes of sugar accruing to the Group (2020: 44,114), with 15,815 tonnes attributable to milling operations (2020: 16,762) and 25,725 tonnes to growing operations (2020: 27,352). Terra Milling produced 71,952 tonnes tel quel of raw sugar (2020: 78,978), and 71,760 tonnes of specialty sugars (2020: 74,541). The average sucrose content stood at 11.61% (2020: 13.16%). On the growing operations side, the extraction rate stood to 10.01 % (2020: 11.43%) with an average yield of 7.14 tonnes of sugar per hectare (2020: 7.45 tonnes).

As a result of a long battle with cancer, we sadly lost our factory manager from Terra Milling, Ajay Parsan. Ajay was one of the architects in the significant gains in productivity that our sugar operations was able to achieve over the last five years. He was a hugely respected member of the management team and will be sorely missed.

Fortunately, we managed to recruit a new factory manager in the name of Mr Didier Ramsamy. Didier has joined us on the 01 August 2022. He has vast experience in the sugar manufacturing industry having spent many years in sugar factories in Africa.

Our associate company in Côte d'Ivoire, Sucrivoire, in which Terra holds a 25.5% stake, posted a significant loss in 2021 mainly due to an adjustment in the value of standing crop. As a result, we had a negative contribution of MUR 130.0 million to the cluster.

MAURITIUS: DRIVING EFFICIENCY, INNOVATION AND A CULTURE OF TRUST; SUCCESSFUL CAMPAIGN TO STOP FIRES

In 2021, we invested a further MUR 10.0 million in automation projects (as part of an investment plan of MUR 60.0 million to 2022), and this has yielded further positive changes in the mill performance and improvement in efficiencies. In 2021, the mill operated on average 17.8 hours per day and crushed an average of 4,958 tonnes of cane (2020: 18.7 hours and 5,258 tonnes). The extraction rate of the mill was 96.03 (2020: 96.73), while the milling rate was 279 tonnes per hour (2020: 281). Because of the low volume of cane in the sugar mills and increased import costs of raw materials, our cost per tonne was up; our cost of production at the mill for the 2021 crop amounted to MUR 7,900 per tonne (2020: MUR 6,900 per tonne), a 14% increase. On the growing side, we had targeted MUR 13,000 per tonne of sugar for a production of 38,000 tonnes, and achieved MUR 14,250 per tonne for a production of 32,000 tonnes.

This was the second year of our organic sugar trials, in which we continued to produce 50 hectares of organic cane using non-chemical herbicides and fertilisers in the field. This remains in an experimental phase. There remains a big demand for organic sugar in Europe. To make organic sugar viable a minimum volume of 2,000 hectares would be needed in Mauritius, and at present Terragri remains the only producer.

Vegetable production made a profit of MUR 5 million for the first time in many years, following a change in personnel and structural improvements.

OUR 2021 PERFORMANCE (CONT'D)

Another major positive development this year was the success of our campaign to stop criminal cane burning. Using a combination of TV, radio, billboards, and social media we spent MUR 1 million on the campaign, managing to reduce criminal fires by 90%. This was the first time such a campaign had been launched in Mauritius, working with multiple stakeholders, and we will repeat it in 2022.

We continue to see significant benefits from our Culture and Engagement Journey. We embedded the values defined at the start of the process, and we continued to co-create the desired working culture. As part of wanting to be a learning and caring organisation, we had several sessions on trust, how to define a learning organisation and setting priorities. We implemented a new performance monitoring system and have seen tangible improvements in setting objectives and outcomes. To encourage interaction and learning amongst colleagues from Terragri (Agriculture) and Terra Milling, we also initiated pairing exercises.

We have seen improvements in interactions between colleagues, as well as more meaningful conversations during the employee performance appraisal process.

This year was the lowest accident rate recorded in both our growing and milling operations following major investments in health and safety training, equipment and plant improvements, and new measures to controls risks. We have seen a 70% reduction in accidents since 2014 and we aim to sustain this good performance. Unfortunately, we still had two major accidents, one in Terragri and one in Terra Milling.

CÔTE D'IVOIRE: CHALLENGING YEAR IN 2021

This has been a challenging year for the two sugar estates and factories in Côte d'Ivoire that we manage together with SIFCA, our Ivoirian partner. Following the good turnaround at Sucrivoire in 2020 – with Terra as the technical advisor to the operation and new appointments – yields and production were unfortunately reduced in 2021 due to tough operating conditions. Sucrivoire sold 122,481 tonnes of sugar (comprising 98,717 tonnes of own production and 23,764 tonnes imported), compared to 124,014 tonnes in 2020. This year, production from our factories in Borotou and Zuenoula, which collectively supply half of the sugar consumed in the country, amounted to 90,401 tonnes, down from 102,902 tonnes in 2020. The revenue for 2021 was down 1.3% compared to 2020.

To satisfy local demand, the focus has been on increasing production capacity. Knowing that consumption is increasing year-after-year in Côte d'Ivoire, this increase in production will help to reduce our cost of production in the country. We will do this through upscaling the factories, targeting to produce at least 90,000 tonnes in 2022, but conscious of the fact that it will likely be another challenging year. With an increase in the prices of sugar, we expect to resume with profitability in 2022. Ultimately, we aim to increase to 120,000 tonnes by 2024.

OUR STRATEGIC OUTLOOK

Our 2027 Vision for the cluster aims to ensure our continued resilience and growth in the current challenging environment. We want to produce 380,000 tonnes of cane by 2027 and to do this we will need to plant more and irrigate better. We plan to build new irrigation infrastructure to capture rainwater at an industrial scale; water will remain key and is now more so than ever. We also want to accelerate our replantation process to close any gaps in the fields. Gappiness naturally arises when cane dies, or through fires and drought, and we are working on planting these gaps. We will also remain focused on precision fertilisation to give the cane exactly what it needs.

To reach our target of 380,000 tonnes by 2027, we have prioritised the following areas for 2022.

In our fields we will focus on:

- Irrigation, gappiness, and replantation;
- Precision fertilisation with the support of data from yield maps;
- Just-In-Time weed control (herbicide);
- Monitoring and reducing diesel consumption, which will gain even more focus with the increase in the price of fuel; and
- Food crop diversification to non-sugar vegetables.

In our mills we will focus on:

- ISO 14001 implementation;
- To produce 80,000 tonnes of specialty sugars on a sustainable basis.

Cane (cont'd)

OUR STRATEGIC OUTLOOK (CONT'D)

- For both our growing and milling operations we will also focus on:
- Developing our sustainability framework following the Group meeting in 2021 to define and align sustainability actions;
- Maintaining a strong focus on embedding a change of culture across the operation and building staff morale through being a caring, learning, and trusted organisation, including the delivery of an engagement survey in 2022;
- Continuing with our R&D to ensure we can grow cane organically and to explore with Grays the use of this cane to produce organic rum.

In Côte d'Ivoire we will continue with our expansion plans and to be more directly involved in operations, and take the steps needed to improve our competitiveness and efficiency.

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

In 2021 we saw a big turnaround in our operations becoming more profit making, in line with our strategic plan. Our outlook for 2022 remains cautiously positive in the aftermath of the Covid-19 pandemic and now the war in Ukraine impacting commodity prices. While local issues have been sorted out, namely with the World Bank report and the fair price for *bagasse*, we foresee many international issues in 2022. Freight and fuel costs, availability of flights and transport and the price of raw materials will be a challenge, and we have built these into our budgets for 2022. Fertiliser will particularly be a problem, not only on the pricing front but in terms of the availability of volumes given we do not produce all fertilisers needed in Mauritius, some shipping lines not stopping at the island and Ukraine being a major producer. Our Board is in the process of doing a review on the costs of production, but this remains a challenge to predict as we are no longer facing the norm. Despite all this, we will continue to strive to meet the demand for specialty sugar.

IMPACT OF COVID-19

- We were more prepared in 2021, learning from past experiences, having in place policies, procedures and protocols.
- We were not impacted by any confinement rules as the sugar industry continued to be classified as essential services. We worked through the second wave in Mauritius and continued to adapt.
- In our milling operations we did see some Covid-19 cases during the crop season and had to manage this carefully with a shift system in place. The Ministry protocols were very strict requiring self-isolation for 14 days for any positive cases, including people in close contact; but this has been reduced to 7 days. It was very challenging to operate the mill in such a situation.
- We put in place an internal testing centre to ensure business continuity, including rapid testing on Day 1, Day 3 and Day 7 for close contact colleagues. This helped to minimise the risk of self-isolation.
- In our agricultural operations it was easier to manage given the different teams working on different estates providing segregated working; if one person tested positive, it didn't impact the whole workforce.
- We implemented temperature screening, social distancing measures, and weekly site inspections to limit infection amongst contractors used for the maintenance of fields.
- Positive case detection through internal contact tracing procedures put in place saved the cluster 360-man days lost (around MUR 504,000).

