

Group-level Functions

Although each of Terra's clusters is completely autonomous in its decision-making processes, budgeting, and reporting – with each leadership team individually accountable for its cluster's respective performance – strategic guidance and support services are provided at a Group level in relation to Terra's management of employees, environmental performance, and the community. This section briefly reviews the material performance and outlook of these Group-level activities.

HUMAN RESOURCES: INVESTING IN OUR PEOPLE

Having the right technical and leadership skills, diversity of experience, and a strong performance-oriented culture, is fundamental to Terra's ability to generate value. Terra's Corporate Human Resources (HR) Department, supported by the HR teams at Grays and Terragri, provides the Group's strategic guidance on HR issues, as well as various shared and value-added services, such as customised training and development programmes, HR efficiency matrices, and remuneration and benefit policies.

While several HR projects planned for 2021 were put on hold again, we managed to make headway in our culture journey, training and coaching activities. Our continued drive for efficiency in all our entities remained a key focus.

DEEPENING OUR DESIRED WORKING CULTURES

Our Culture and Engagement Journey in our agriculture and property clusters continued in 2021. In Terragri (Agriculture) we co-created the desired working culture through the delivery of workshops focused on trust and on how to define a caring and learning organisation, successfully moving away from a purely results and efficiency focused culture. For Novaterra, as a new and fast-growing cluster, we have the opportunity to create a culture focused on learning and results. Grays' leadership style has changed considerably over the years, and we also began the culture journey roll out in our Brands cluster, starting with a coaching session with the senior management team.

We continue to see improvements in interactions between colleagues from Terragri (Agriculture) and Terra Milling, supported by pairing exercises where colleagues from the different departments interact and learn about each other. Combined with private mentoring for individual employees where needed, and leadership sessions for key managers, this has helped to deepen our desired culture. The sugar industry has historically been seen as autocratic in its leadership style and through our initiatives our Cane cluster is moving towards a more caring and participative system.

We continue to track and measure desired behaviours through a culture index survey which is done every year. In addition, we will be rolling out our new employee engagement survey in 2022 to assess levels of employee engagement in our clusters. This survey will be conducted every two years.

To further support performance, we implemented a new continuous performance management system (PMS) in Terragri in 2021. We have called this new system PCR (Performance Coaching for Results). An important objective of this PMS is to have two meaningful conversations between the manager and staff member on an annual basis focused on measurable outcomes. We also conducted a remuneration survey, as we do every two years, for both executives and staff to monitor and adapt our remuneration policies and ensure they are aligned with market ranges.

HUMAN RESOURCES: INVESTING IN OUR PEOPLE (CONT'D)

LEARNING AND DEVELOPMENT

Our aim is to encourage a learning culture in all our entities, by continuously investing in learning and development. We formulate our annual training plan by conducting a training needs analysis in each cluster; economies of scale are achieved by running some Group learning programmes for all clusters with similar requirements. In 2021, we rolled out a new service through our Training Centre, which aims to provide excellent training services, optimising the Human Resource Development Council (HRDC) refunds and delivering improved return on investment for all trainings undertaken. Despite the difficult Covid-19 context, we adapted logistics to have a maximum of 20 participants in each training session combined with social distancing, and in some cases delivered live on-line sessions, enabling us to deliver a variety of training in 2021. Emphasis was placed on soft skills and coaching programmes. Through our Training Centre we delivered programmes across our clusters with a certified Gallup strengths coach, with a focus on existing and upcoming managers. This is part of our efforts to build a strong leadership bench. We launched our e-Learning platform towards the end of 2021, to meet the needs of millennials who now represent more than 50% of Terra's workforce. The platform offers eModules that require approximately 10-15 minutes to complete, and are easy to access at employees' workstations or on a mobile App. Our aim is to maximise the effectiveness of online learning by giving employees the possibility to learn at their own pace. Through our learning and development department and Training Centre, investing in the learning and development of our employees will remain a key strategic focus.

HEALTH AND SAFETY

The Group has a continuous improvement approach to providing a healthy and safe working environment for all its employees, sub-contractors, and visitors. With a proactive and highly KPI-driven health and safety (H&S) culture driven by our Group H&S Officer and dedicated H&S officers at the cluster level, we have decreased incidents significantly over the years.

This year we remained focused on handling the Covid-19 crisis to minimise the impact on business operations, while ensuring the safety of our staff. Terra's Covid-19 protocol, developed in 2020 and aligned with the country's legal framework, with input from our HR and H&S managers, proved effective in 2021 with no major business disruptions. For a substantial part of 2021 we put in place team rosters to prevent cross infection and with the support of a doctor on premises three times a week, cases were rapidly detected using medically certified PCRs. Together with contact tracing following the early identification of an infection, this reduced potential cases and saved significant lost time. Our workforce remained agile, operations were seamless, and the well-being of our staff was always front of mind. A high vaccination rate of 80% also helped to keep the teams mobile and motivated.

Cane: The Cane cluster recorded a total recordable injury rate (TRIR) of 18.4 in 2021 (2020: 27.2). This is the lowest injury rate that we have recorded since 2014, amounting to a 70% reduction in injuries over this eight-year period. This strong performance comes through active investment in health and safety, including training, equipment, and visible management interventions. Unfortunately, we still experienced two serious incidents during the year. In Terragri (Agriculture), a bell loader driver was hit by the bell loader and received multiple fractures. In Terra Milling, a seasonal worker caught his arm in a conveyor belt and suffered a crush injury. We expect significant man-days lost from both incidents. In addition to investing in occupational health and safety measures, we also spent MUR 1 million on a marketing campaign to address the ongoing risk of criminal fires in our fields and recorded a 90% reduction in fires during the year.

Brands: The Brands cluster recorded a TRIR of 30.8 in 2021 (2020: 29.0). We experienced a slight increase in our incident rate, mostly attributable to minor injuries from lifting heavy items with improper technique. We are addressing this issue through refresher training and more frequent visible on-site inspections. Unfortunately, we experienced one serious incident with an external service provider who received a serious electric shock from electrical high lines, while trimming a tree on our premises. We are always learning from incidents such as these and taking additional steps to prevent and mitigate these risks.

Power: The Power cluster recorded a TRIR of 0 in 2021 (2020: 19.9). All best practices and safety routines were successfully deployed and maintained during the year, and we met all our internal targets. There were no lost time incidents for employees and external workers, and we recorded 77 near-misses, the details of which inform our continuous learning and improvement. This strong performance is a reflexion of the excellent safety culture at Terragen. The focus in 2021 was also ensuring no burn-out amongst staff. We do stress tests at Terragen every two years to ensure they are equipped with the right tools to handle the level of stress in the workplace.

Property and Leisure: The Property and Leisure cluster recorded a TRIR of 12.4 in 2021 (2020: 3.5). A key initiative during the year was to address safety risks around the lake and stormwater drains around Beau Plan Smart City in preparation for the launch of the Mahogany Shopping Promenade. Novaterra ensures a safe working environment for all its stakeholders including employees, contractors, tenants, and visitors.

More information on our health and safety performance is provided in the Terra Sustainability Report, available on our website.

Group-level Functions (cont'd)

HUMAN RESOURCES: INVESTING IN OUR PEOPLE (CONT'D)

PROTECTING LABOUR RIGHTS

Covid-19 has brought several changes to labour law in Mauritius, including additional taxes and levies. Terra continues to ensure that all our employees are adequately remunerated and provided with a respectful working environment free from inappropriate or unprofessional behaviour, including any form of harassment or discrimination. We recognise the right of every employee to freedom of association. In the Cane cluster, 78% of workers are unionised across six different unions; sector workers are also regulated by sugar industry remuneration orders that set the minimum wages and conditions of employment for various categories of workers. The collective bargaining process was a key focus in 2021 with five of the six unions representing blue collar workers and negotiations remain ongoing. We also remain in negotiations with the union for white collar staff, and we hope that a satisfactory outcome will be reached in 2022. Through working with consultants in the negotiation process in 2021, we are no longer front facing, and this has helped significantly.

OUTLOOK

In terms of our human resource management, the digitalization of our processes for the next three years will be a key focus to remain lean and efficient, including in our recruitment and performance management.

In 2022, we will specifically focus on the delivery of three Group-level projects:

- Working with Dale Carnegie, we will conduct a full training needs analysis in all our businesses to identify needs as per objectives for each cluster and employee position;
- In collaboration with Willis Towers Watson, we will conduct our biennial employee engagement survey to identify top engagement drivers for the workforce;
- With the support of DDI, a global leadership consulting firm, we will identify critical positions at all levels in our businesses, run assessments with staff to identify talent, and create learning and development plans in line with our succession planning process. This aligns with our objective to build leadership bench strength.

In terms of health and safety, the Cane cluster will continue to run the fire campaign at a lower frequency to keep awareness on the issue and also implement ISO 45001. The Brands cluster will launch healthier products as part of its portfolio, widen the offering of low-no alcohol products, and continue with branded social media campaigns to promote smart drinking and address drink driving and domestic violence. The Power cluster will maintain strong safety performance. The Property and Leisure cluster will enhance collaboration to build a network of resilient relationships for the Smart City, working closely with the Group H&S manager to ensure safety protocols and compliance for all projects.

ENVIRONMENTAL PERFORMANCE: DRIVING SUSTAINABILITY AT THE CLUSTER LEVEL

Terra harnesses the productive qualities of landholdings in Mauritius to create stakeholder value. Agriculture and power-generation lie at the core of our business model, with our key business activities depending on the availability and quality of natural resources. Our key resources include land, water, soil, sugar cane, and biomass. Protecting our environment, through conserving these resources and safeguarding the ecological functioning of the island, is central to our value proposition.

Sustainability performance at each of our entities is managed through dedicated HSEQ employees at the cluster level. This decentralised approach is aimed at empowering each cluster to drive performance by identifying key objectives specific to their cluster and integrating this into the overall cluster strategy. This was supported by a Group-wide sustainability summit in 2021 for all General Managers and HSEQ officers. With a focus on making sustainability an intrinsic component of our employer branding at Terra, the summit helped each cluster to critically look at their businesses, create meaningful KPIs in better alignment with the Sustainable Development Goals (SDGs), and to identify synergies across the Group and commit to projects for 2022, to be taken through various stages, including pre-feasibility, feasibility, implementation, and monitoring. We will repeat the summit twice a year to monitor progress on KPIs.

ENVIRONMENTAL PERFORMANCE: DRIVING SUSTAINABILITY AT THE CLUSTER LEVEL (CONT'D)

SEMSI LISTING

Since 2015, Terra has been listed on the Stock Exchange of Mauritius' Sustainability Index (SEMSI). Following Terra's excellent performance in a review exercise undertaken in August 2019 by the SEMSI Supervisory Committee, the Company remained on the Index.

CIRCULAR ECONOMY: OUR ENVIRONMENTAL FOOTPRINT

Our industrial ecosystem is a leading example of circular economy in sugar production. By-products from one part of our business, serve as inputs for other parts of the business, as illustrated to some degree in our Group business model (see page 10).

Climate change and water scarcity remain the key emerging environmental risks for Terra, while wastewater management, water pollution and waste production remain other key concerns. The potential to expand our production of renewable energy from biomass is a key climate change-related opportunity for the Group, and one that speaks strongly to our business model (see our Sustainability Report for more details). Moving away from fossil fuels towards renewable energy sources remains a top priority and we continue to invest significantly in cleaner production.

Cane: Drought conditions continued to impact on sugar cane production for Terragri (Agriculture), and a key focus remained on improving irrigation infrastructure to expand the distribution of treated effluent for irrigation across our fields. In 2021, 436,061 m³ of treated effluent from Terra Milling and Terragen was used by Terragri for irrigation (2020: 536,430 m³). Efficiency measures were implemented for both water and energy at Terra Milling, with the consumption of both declining marginally in 2021, partly a result of lower sugar production. A concerted effort was made to improve waste management at Terra Milling, with an emphasis on waste separation and recycling. All plastics, used oil, and scrap metals were effectively separated and sent for recycling.

Brands: In 2021, Grays Distilling sent 49,267 m³ of *vinasse* effluent to Topterra for treatment, where it is processed into concentrated molasses stillage (CMS) and irrigation water, both used by Terragri in sugar cane fields. Water consumption declined at Grays Distilling due to lower levels of production, while consumption at Grays Inc. Ltd increased by 29%. Grays Inc. Ltd continued with efforts to optimise water-use efficiency, including the installation of rainwater harvesting

infrastructure. No exceedances of effluent quality standards were recorded at either entity. An environmental risk assessment was conducted to identify priority areas for improving environmental performance, and a committee was established to ensure better management of our carbon footprint. A key initiative at Grays Inc. Ltd was the implementation of a more structured waste management procedure, including clear waste separation, better communication and more diligent record keeping. Plastic waste production declined from 5.7 to 5.5 tonnes, along with a 25% reduction in the generation of general non-hazardous domestic waste.

Power: Terragen continued to produce renewable energy from cane straw and *bagasse*, and explored additional options for expanding the production of renewable energy from biomass. Renewable energy production declined from 405,949 GJ in 2020 to 395,492 GJ in 2021, and carbon emissions increased from 421,724 TCO₂e to 500,097 TCO₂e. This was due to declines in the production of cane straw and *bagasse*, and a resultant increase in coal consumption. An additional 20 ha of eucalyptus was planted as part of our move towards building a future source of renewable biomass, and we initiated a biomass trial generating electricity from 300 tonnes of locally produced wood chips. Our water consumption increased to 1,604,584 m³ (2020: 1,494,788 m³), while our water-use efficiency improved to 3.62 m³/MWh (2020: 3.70 m³/MWh), both as a result of increased energy production in 2021. We again recorded exceedances in the quality of our effluent due to the presence of oil and grease, and have intensified our investigation of the root causes of this problem. The bulk of our effluent was treated and sent to Terragri for irrigation, with 25.3 m³ of wastewater sent to the local water treatment facility. A portion of all coal fly ash generated (6,471 tonnes) was sent for processing at Omnicane for use as a cement additive. No exceedances were recorded for air emissions.

Property and Leisure: In 2021, Novaterra continued with the integration of environmental specifications and practices in the planning and construction of Beau Plan Smart City. The sewerage treatment works were completed and connected, and consultants have been contracted to design and implement an integrated waste management system that includes recycling and composting. Consultants have also been appointed to explore and guide the implementation of safe and sustainable mobility options. We have received the permit to install a 1.6 MW photovoltaic solar plant, which will cover the full energy requirements of the Mahogany Shopping Promenade.

Group-level Functions (cont'd)

ENVIRONMENTAL PERFORMANCE: DRIVING SUSTAINABILITY AT THE CLUSTER LEVEL (CONT'D)

OUTLOOK

During 2022 each of our clusters will have the following focus areas:

Cane: Developing precision agriculture capabilities to improve productivity and increase efficiency of chemical fertiliser; enhancing rainwater capture and developing irrigation infrastructure to enable more efficient use of water; enhancing focus on management of diesel consumption; and continuing to discuss and explore the future of organic sugar.

Brands: Implementing rainwater harvesting to cover up to 20% of needs; enabling re-use of rinse water for cleaning-in-place (CIP) processes to reduce the pressure on supply from the CWA; promoting sustainability internally and encouraging responsible use of water and the safe disposal of industrial effluent; and installing solar panels to meet up to 50% of electricity needs.

Power: Continuing engagements with Government to develop a strategy in line with the national 60% renewable energy objective by 2030, and the phasing out of coal; increasing cane straw and bagasse production, improving the bagasse conveyer system to enhance renewable energy production, and developing additional renewable biomass capacity, with a focus on wood chips from local sources.

Property and Leisure: Installing waste separation and recycling in our Beau Plan Smart City and working towards EDGE (ISC) certification for energy saving, targeting 20% energy savings in the office block, which reduces operational costs for tenants.

CORPORATE SOCIAL RESPONSIBILITY: SUPPORTING OUR COMMUNITIES

In addition to the significant social value created through the Group's core business activities by providing direct and indirect employment and upskilling of its workforce, Terra also provides focused support to neighbouring communities. Our Corporate Social Responsibility (CSR) programme, coordinated through Terra Foundation, is in line with Government's CSR guidelines promoting community development at both a regional and national level. The foundation's primary focus remained centred on the geographical areas around Terra's Beau Plan and Belle Vue operations, with 73% of our funds being allocated to projects in the region. Going forward, we aim to allocate more resources to ensure that the local communities fully tap the potential benefits associated with the development of our Smart City in Beau Plan.

COVID-19 PANDEMIC REMAINED A KEY CHALLENGE FOR OUR BENEFICIARIES IN 2021

In 2021, the facility offered by the Mauritius Revenue Authority (MRA) was maintained and companies of the Group were able to retain 25% for our long-term project partners out of the 75% CSR contribution to be made to the MRA for passing on to the National Social Inclusion Foundation (NSIF) for redistribution to NGOs. This enabled us to continue providing 50% of our CSR funds for our community projects. We maintained partnerships with 16 NGOs, sponsoring a total of 30 projects in 2021, with 22 projects representing 73.3% of our funding being delivered in the northern region. Our key focus remained in education and training, poverty alleviation, health care and sports.

While we were able to maintain our long-term NGO partnerships, our beneficiaries continued to face challenges in a difficult operating environment. The ZEP (priority education zone) school that we have historically supported, physically closed in 2021 due to Covid-19 restrictions, and teaching went online. In vulnerable areas online teaching is a major challenge for students who lack basic facilities at home, and our beneficiaries barely progressed in their curriculum. We continued to support the most vulnerable parts of the population in the northern region through our Group emergency fund, established in 2020. In addition to distributing food packs valued at MUR 289,082 in 2021, the Terra Foundation also collaborated with our Brands and Cane clusters to deliver food items to the most vulnerable and needy.

CORPORATE SOCIAL RESPONSIBILITY: SUPPORTING OUR COMMUNITIES (CONT'D)

Unfortunately, due to the Covid-19 restrictions we could not deliver several planned activities with our NGO partners. A missed opportunity was the cancellation of a three-day job fair to coincide with the launch of the Mahogany Shopping Promenade in Beau Plan, which impacted on our plans to build up a comprehensive database of jobseekers in the region and connect those seekers with our tenants. This is part of our integration strategy with local communities. We had to rely on NGO partners to develop a list of job seekers and encourage tenants to meet them, making it harder to track actual recruitment from the region. Following six months of operations, we did manage to conduct site visits at the Shopping Promenade to assess how many tenants have been able to hire people locally and we will develop a system where we can better track and recommend jobseekers.

Our focus remained on our immediate neighbourhoods to increase interaction between our community stakeholders and Beau Plan Smart City. A significant focus was to encourage local communities to use the facilities put at their disposal at the Creative Park and the Mahogany Shopping Promenade. Despite limitations due to Covid-19, we conducted guided tours of these facilities for a select group of NGO beneficiaries, and plan to offer this to more beneficiaries in 2022. As Covid-19 restrictions are gradually reduced and with the progress of the Smart City projects for the community, more facilities will be available as from next year.

Employees working from home also made it more challenging to connect with them about the work of the Foundation. Our plans to place more emphasis on employee volunteering initiatives was limited due to this, but we have started on a piece-meal basis. We will be building up a database in 2022 to enable the delivery of a broader level of volunteering and in-kind skills sharing projects.

On a more positive note, the Covid-19 crisis has inspired stronger networks and relationships with NGOs and beneficiaries, with their needs even more critical since the start of the pandemic.

More information on our CSR performance is provided in the Terra Sustainability Report, available on our website.

MEASURING IMPACT

Our budget of MUR 1,7 million net of administrative expenses supported 1,911 beneficiaries in total (1,452 in 2020), the majority of which were children. We conduct evaluation reports every year to assess the work of the various NGOs that we partner with.

OUTLOOK

Our focus will remain on maintaining the resilience of our NGO partners and local integration with our immediate neighbourhoods in Beau Plan Smart City. We will implement projects and activities planned since 2020 and delayed due to Covid-19, including beneficiary site visits, local recruitment and promotion of regional skills at Mahogany Shopping Promenade, as well as training to increase their employability in Beau Plan.

