

Compiled by: SFI Tanzania Ltd
February 2021



SFI TANZANIA LTD PUBLIC MONITORING REPORT 2020

ABSTRACT

Annual report on social impact, environmental data and development at SFI Tanzania Ltd.

PO Box 57
Korogwe
Tanzania
www.sfitanzania.com

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1. Introduction

Management is a continuous process. This means that the management will be adapted over time related to changes in the field. To keep track of these changes, SFI and Form Tanzania apply a system of monitoring in which information is gathered annually. The process of planning, monitoring and evaluation supports a further fine-tuning of the management plan. The monitoring plan for 2020 was developed at the beginning of the year.

This report builds on the 2019 report and incorporates refinements made in the past year. It informs on the various monitoring activities that have taken place the past year, and what has been learned from it. As more knowledge is gained on monitoring activities, these are further refined, and the setup of the monitoring system will be adapted accordingly.

This annual monitoring report is public to allow interested persons to be informed on the progress of SFI and Form Tanzania and the impact its activities have on the people and the environment at both estates.

2. Economical sustainability

2.1 Plantation establishment

In 2020 a total area of 477 hectares was planted. A remarkable increase from 131 hectares during 2019 due to unexpected October monsoon rains hindering further planting. 2020 Also marks a planting record since inception of SFI Tanzania in 2013. Figure 1 shows the land use classification of the planted areas at both estates. Figure 2 shows the hectare planted at SFI Tanzania since 2005.

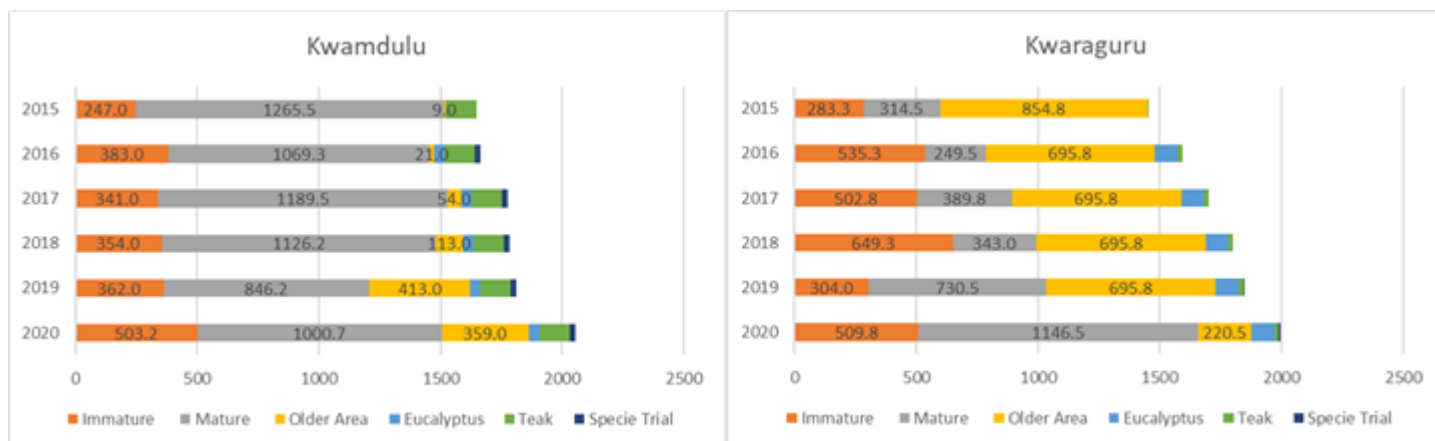


Figure 1 Planted areas at both estates

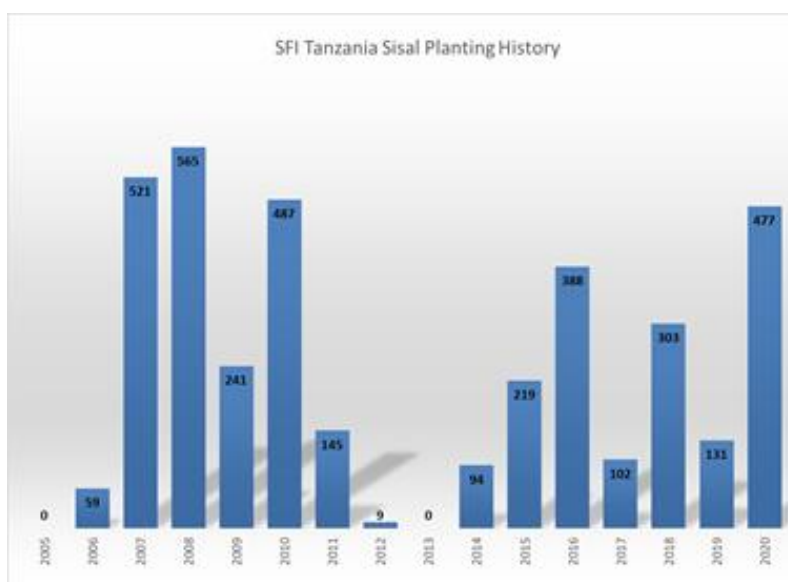


Figure 2 Planted area per annum

2.2 Plantation condition and regeneration

2.2.1 Sisal plantation productivity

The productivity of the sisal fields is estimated using the daily cutting reports per field. Figure 3 shows the sisal production per estate in metas per ton and ton per ha.

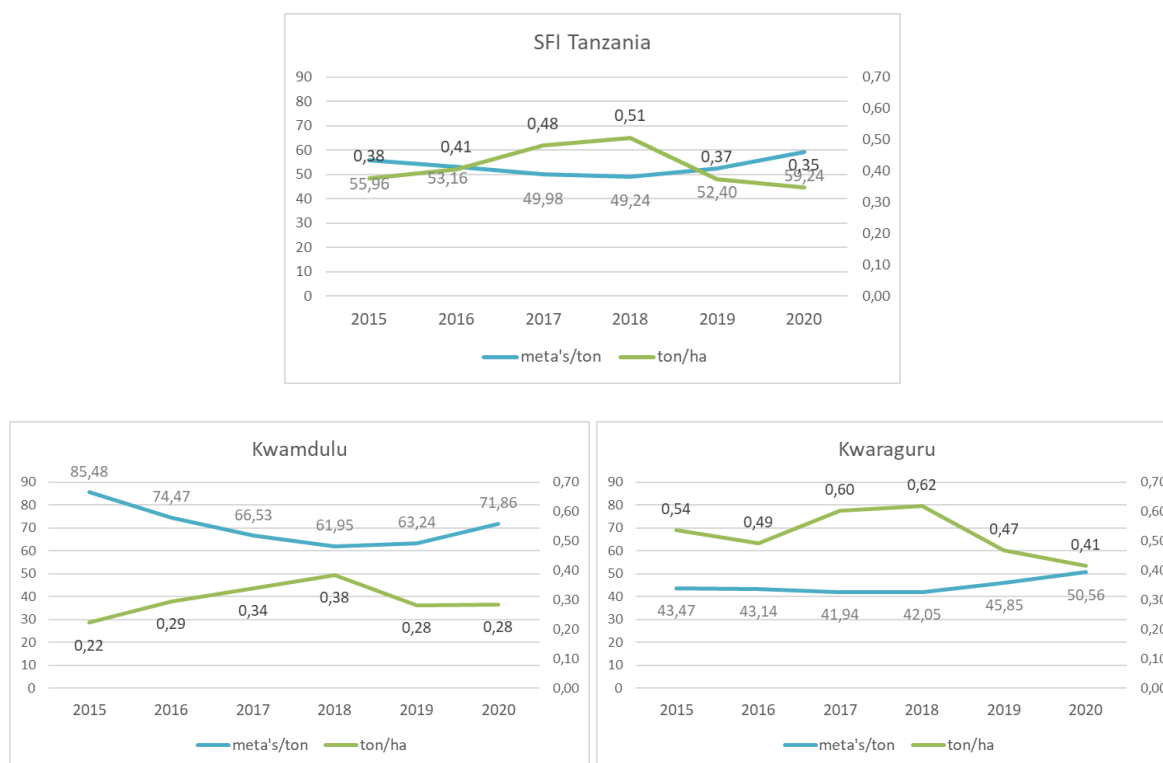


Figure 3 Production recovery 2015-2020

For both estates it can be observed that there are some sisal compartments with no production. This is mainly because of (1) the compartment is still immature, (2) the compartment is not planted, or (3) the compartment is a very old sisal compartment used for bullbill harvesting (nursery material) only.

2.2.2 Forestry nursery development

Form Tanzania nursery usually sow 1,000kg teak however, only 500kg was sown during 2020. The teak plants was supplied to outgrowers to plant in their plots. During 2019 a lot of teak plants dried up due to the fact that few outgrowers were interested to plant teak in their plots and so, to avoid this going forward the amount for sowing was reduced to half of the full amount. The nursery however produced more than enough teak stumps for outgrowers during 2020. The farmers who were initially interested to plant teak in their plots could not finish all the teak stumps, hence the balance was used to do blanking of the teak compartments planted in 2015 (15ha) at Kwamdulu estate. At Kwaraguru estate blanking was also done in the 2016 compartment (6ha). The teak area for Kwaraguru is small because of the planting pattern adapted due to site specie matching.

Together with teak plants also Dalbergia Melanoxylon seeds were sown in polybags for planting around the buffer zones in the estates. Kapok seeds were sown in December and this will be planted along the major roads in the estate to act as wind breaks.

2.2.4 Protection of the plantations against fire

Due to lack of fire-fighting equipment; fire remains a challenge at SFI Tanzania. Majority of fires are experienced during dry weather conditions. Korogwe Fire and Rescue Services assist the company with annual training and stand-by assistance during fire season. Fires decreased slightly from 24 during 2019 to 20 during 2020 of which 16 were reported at Kwamdulu and 4 at Kwaraguru.

SFI Tanzania managed to limit the damage considerably; 36,60 ha sisal was damaged during 2019 whereas only 3,25 ha sisal was damaged during 2020. No damage was caused to forestry compartments. The main causes were farmers preparing land in dry and windy weather conditions and honey hunters setting fires to extract honey. Measures were put in place to ensure effective fire prevention in collaboration with surrounding communities. Formal fire training was provided to the communities and community meetings scheduled to ensure effective communication regarding fire prevention and fire safety.

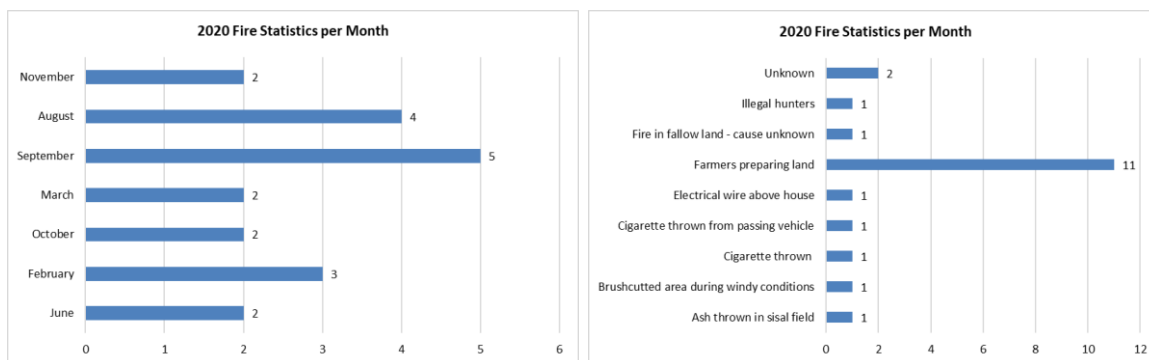


Figure 4 Number and cause of fires in 2020

2.2.5 Plantation health monitoring

During 2020 one incident of stem rot disease was reported in the forestry compartments. This was effectively maintained and only one tree was affected. In sisal however, four incidents of sisal weevil (*scyphophorus interstitialu*) were reported and one incident of ball rot disease. Figure 5 depicts the pest and diseases during 2020 stipulating: type of disease and scale of infestation.

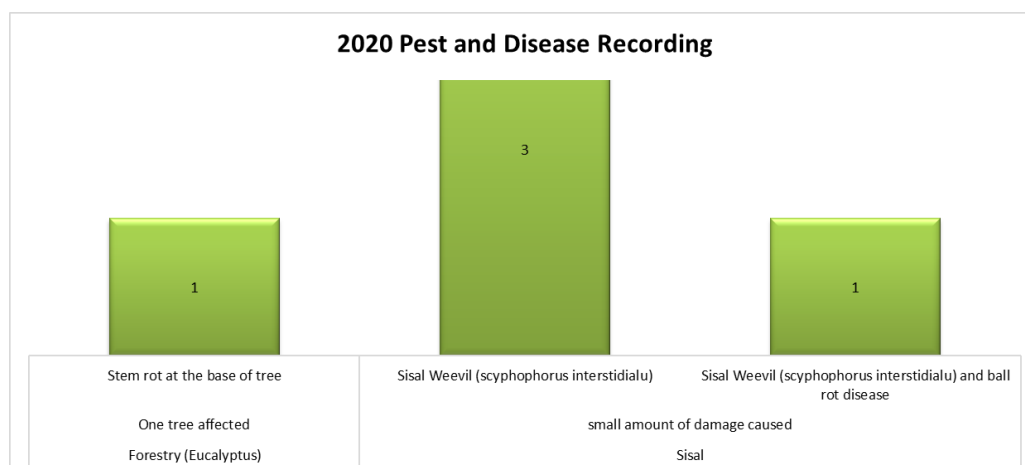


Figure 5 Pests and diseases recorded in 2020

3. Ecological sustainability

3.1 Plantation ecosystem

3.1.1 Extent of protected area

The protected areas are identified on maps and are mainly the remnant forest patches and buffer zones along the water courses. At Kwaraguru this is 101 hectares, of which the remnant forest at

the big dam is the major portion. At Kwamdulu there are only 2 hectares remnant forest, which is the full conservation area of this estate. Within the next 5 years; SFI Tanzania plans to plant indigenous trees at the Mnyuzi stream at Kwamdulu to re-establish the natural ecosystem that was eroded due to overgrazing thereby increasing the protected area. The company will endeavour to continue to expand protected areas in unplanted portions of the estate, where the indigenous vegetation will be protected. Those areas will be selected as protected areas that are not suitable for commercial plantation of either sisal or forestry.

3.1.2 Protection of flora and fauna species

In the biodiversity study of 2013, some endangered species were identified. Fauna is protected through the prohibition of hunting, while trees are protected as logging is also prohibited. Also, awareness of the protected states is raised for both company staff and surrounding communities through community meetings and trainings. In addition to these protection measures the protected tree species Mpingo (*Dalbergia melanoxylon*) is planted at both estates, which will further strengthen the local population of this tree species. SFI Tanzania has acquired quotations from reputable institutions during 2020 to conduct a follow up biodiversity study. This will be conducted during 2021 pending funding.

Refer Figure 6 for the average diameter and height of Mpingo (*Dalbergia melanoxylon*) monitoring results conducted during April 2019.

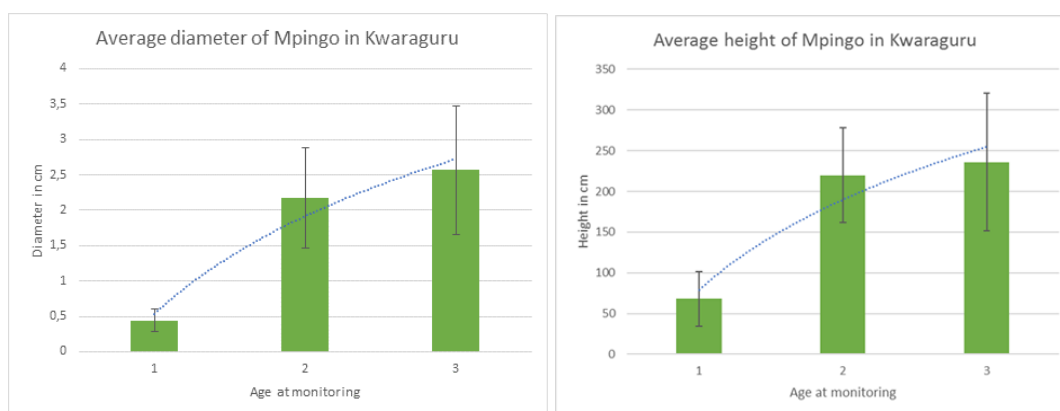


Figure 6 Mpingo monitoring results

No new planting was done in 2020, only the maintenance of the existing stands.

3.2 Water conservation

3.2.1 Protection of indigenous forest and vegetation along water courses

Buffer zones are protected along water courses. No farming or other activities were allowed in the buffer zones to protect the water courses and give indigenous vegetation the chance to develop.

3.2.2 Rainfall

Figure 7 shows the rainfall per estate from 2015 to 2020. Actual precipitation during 2020 shows 1,116mm and 1,275mm for Kwamdulu and Kwaraguru, respectively. Season patterns in Tanzania is renowned for two rainfall peaks, with the main peak over April-May followed by a short season

over Nov-Dec. While the 2019 pattern consisted of minimal rains during the peak rain season followed by monsoon rains during Oct-Dec (low peak rain season), a normal pattern can be observed for 2020 with the peak during April and May. Referring to the 6year precipitation by estate, a noticeable decrease can be observed.

Estate	Year	Per annum	6yr Avg	Monthly Avg	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Kwamdulu	2020	1116	1835	93	144	64	95	342	150	15	43	10	0	59	177	17
Kwamdulu	2019	1767	1835	147	0	0	20	93	382	0	18	61	35	940	107	111
Kwamdulu	2018	1205	1835	100	70	0	210	294	235	81	81	22	63	110	39	0
Kwamdulu	2017	1980	1835	165	0	45	330	543	536	38	0	50	70	68	300	0
Kwamdulu	2016	2458	1835	205	295	170	97	1383	67	55	25	262	42	0	0	62
Kwamdulu	2015	2486	1835	207	15	70	252	663	837	10	109	89	64	127	175	75
Kwaraguru	2020	1275	1976	106	230	65	119	279	156	9	38	16	8	90	245	20
Kwaraguru	2019	1447	1976	121	45	7	0	121	273	0	0	66	28	683	118	106
Kwaraguru	2018	1124	1976	94	44	0	236	265	189	33	59	25	58	89	30	96
Kwaraguru	2017	2999	1976	250	232	354	209	570	871	112	24	141	270	33	108	75
Kwaraguru	2016	2272	1976	189	143	110	36	1360	73	78	15	125	90	62	58	122
Kwaraguru	2015	2738	1976	228	71	78	350	514	645	26	186	48	58	146	484	132

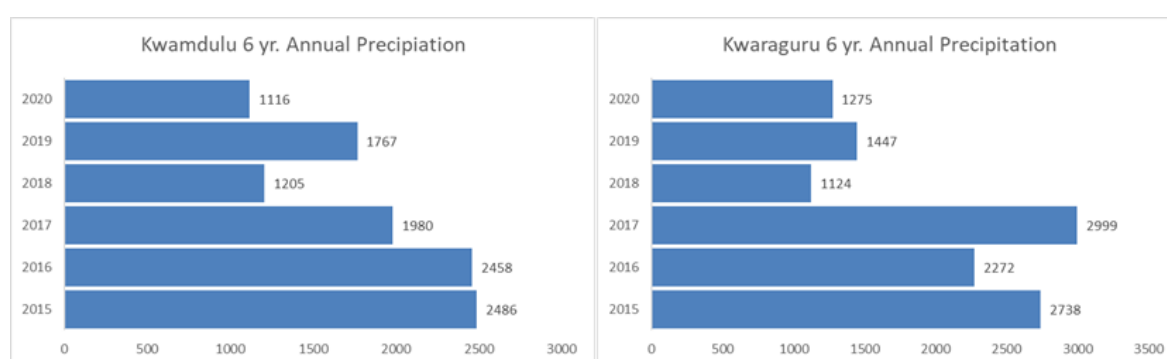


Figure 7 Precipitation comparison since 2015

3.2.3 Water quality

The Pangani Water Basin, based in Tanga, Tanzania conducted water testing during 2020. (Refer Annex A and B for testing locations) The following water bodies were tested.

No	ESTATE	WATERBODY	CATEGORY
1	Kwamdulu	Water filtration	Water filtration
2	Kwamdulu	Section II Dam	Open water body
3	Kwamdulu	Open dug well at Dry ground area	Open water body
4	Kwamdulu	Dug well with cover at Dry ground area	Open water body
5	Kwamdulu	Pangani River	Open water body
6	Kwamdulu	Sisal water	Sisal wastewater
7	Kwamdulu	Mnyuzi stream	Open water body
8	Kwaraguru	Water filtration	Water filtration
9	Kwaraguru	Big dam near Mbando house	Open water body
10	Kwaraguru	Sisal water	Sisal wastewater
11	Kwaraguru	Kabuku dam	Open water body
12	Kwaraguru	Animal dam	Open water body

Table 1 List of water bodies tested

Physical, Chemical (in milligrams per litre) and Bacteriological examination was conducted based on the following parameters:

PHYSICAL EXAMINATION		CHEMICAL EXAMINATION			BACTERIOLOGICAL EXAMINATION
Parameter	Units	Alkalinity (as CaCO ₃)	Hardness (as CaCO ₃)		Parameter
Colour	mgPt/L	Phenolphthalein	Carbonate	Calcium	E. coli/100ml (44 °C)
Turbidity	NTU	Cadmium	Non Carbonate	Magnesium	Fecal coli (44 °C)
Settleable matter	ml/L	Chromium	Total Nitrogen	Sodium	Total coli / 100ml (37 °C)
pH		Copper	Ammonical Nitrogen	Potassium	
Conductivity at 25 °C	µS/cm	Iron	Nitrate Nitrogen	Chloride	
Total dissolved solids	mg/L	Lead	Nitrite Nitrogen	Fluoride	
Temperature	°C	Manganese	Total Phosphorus	Permanganate Value (as mg/L KMnO ₄)	
		Mercury	Orthophosphate	BOD (5 days)	
		Zinc	Sulphate		

Table 2 Water testing parameters

The following remarks and recommendations were made by the Pangani Water Basin based on test results:

ESTATE	WATERBODY	REMARKS	RECOMMENDATION
Kwamdulu	Water filtration	Moderate, hard water	Suitable for domestic use
Kwamdulu	Section II Dam	Moderate, hard and contaminated water	Suitable for domestic use. Bacterial disinfection required
Kwamdulu	Shallow well (open) at Dry ground area	Moderate, hard and contaminated water	Suitable for domestic use. Bacterial disinfection required
Kwamdulu	Shallow well (covered) at Dry ground area	Soft and contaminated water	Suitable for domestic use. Bacterial disinfection required
Kwamdulu	Pangani River	Moderate, hard and contaminated water	Suitable for domestic use. Bacterial disinfection required
Kwamdulu	Sisal water	<i>Effluent</i>	<i>Discharge permit issued</i>
Kwamdulu	Mnyuzi stream	Hard and contaminated water	TDS, Chloride is above the normal standard. Bacteriological disinfection required
Kwaraguru	Water filtration	Hard water	Suitable for domestic use
Kwaraguru	Big dam near Mbando house	Hard and contaminated water	Suitable for domestic use. Bacterial disinfection required
Kwaraguru	Sisal water	<i>Effluent</i>	<i>Discharge permit issued</i>
Kwaraguru	Kabuku dam	Soft and contaminated water	Suitable for domestic use. Bacterial disinfection required
Kwaraguru	Animal dam	Soft and contaminated water	Suitable for domestic use. Bacterial disinfection required

Table 3 Water test results

While majority of tests in water bodies indicated bacterial activity; SFI Tanzania is not required to conduct treatment thereof due to the allocation of water treatment factories on both estates allowing for clean drinking water to the population. It was also established that the dry weather conditions automatically affect the sisal wastewater. A compliance plan was drafted and a water discharge permit issued.

3.2.4 Water consumption

In October 2017 a study was done to get among others a better understanding of the water consumption of the decortication process. The water flow was measured for several days to have an accurate estimate of the water flow per hour. This is 48,6 m³/hour at Kwaraguru estate, and 48,7 m³/hour at Kwamdulu estate. However, since the sisal production per hour differs significantly, this will also significantly affect the water consumption per ton sisal. A timer was used for several months to determine the running hours of the water pumps used in the decortication process. Against the daily production a good estimate was obtained of the water consumption per ton sisal. For Kwaraguru estate this is 108,9 m³/ton, and for Kwamdulu estate this is 241,3 m³/ton. The figure for Kwaraguru is relatively close to the industry figures of 100 m³/ton, while the figure for Kwamdulu is much higher. Investigations are currently carried out to recycle the water in order to reduce water consumption significantly.

Besides water consumption in the factory the other significant water consumer at Kwamdulu estate is the teak nursery. Consumption of the sprinkler installation in the nursery is recorded since June 2017. This is a major part of the consumption in the nursery, as there is also some consumption through manual watering. Figure 8 shows that the volume of monthly water consumption in the nursery is 10.8% of the total water consumption at the Estate. During 2019 it was 30%. This reduction is directly related to less teak that was planted to sustain the outgrower program at SFI Tanzania. This consumption vary with the rainfall pattern as rainfall will replace the need of watering.

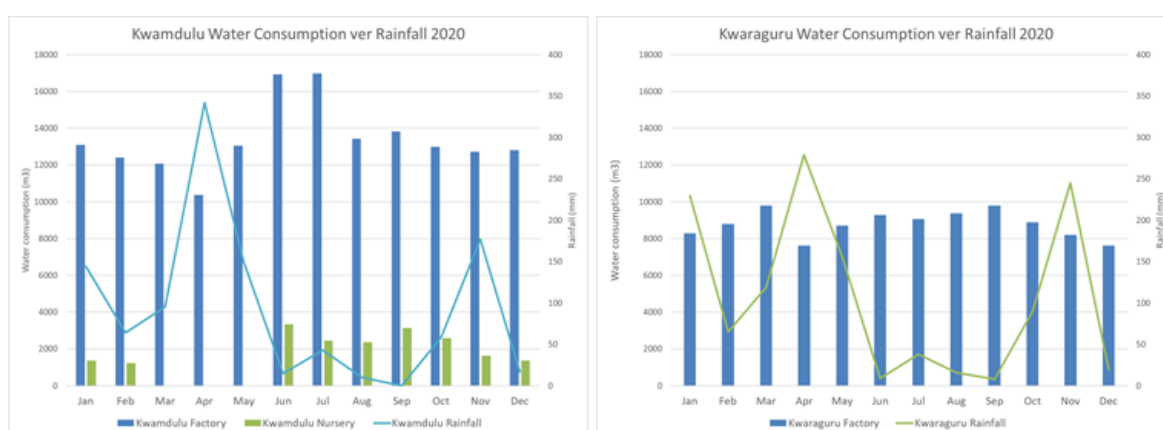


Figure 8 Water consumption per Estate vs. Rainfall

3.3 Soil conservation

3.3.1 Erosion prevention

On sloped terrain erosion can be a problem, and for this reason SFI Tanzania pay special attention to erosion on the roads and in the fields. As much as possible weeding is done mechanically and manually to ensure a permanent vegetative cover of the soil. In the permanent sample plots in

the forestry erosion is checked every time the plot is measured, and in the sisal plantations this is monitored through regular field observations.

4. Social sustainability

4.1 Social impact

4.1.1 Human capital

Provision of employment is one of the major social impacts of the company. Figure 9 shows the number of employees since establishment of SFI Tanzania in September 2013.

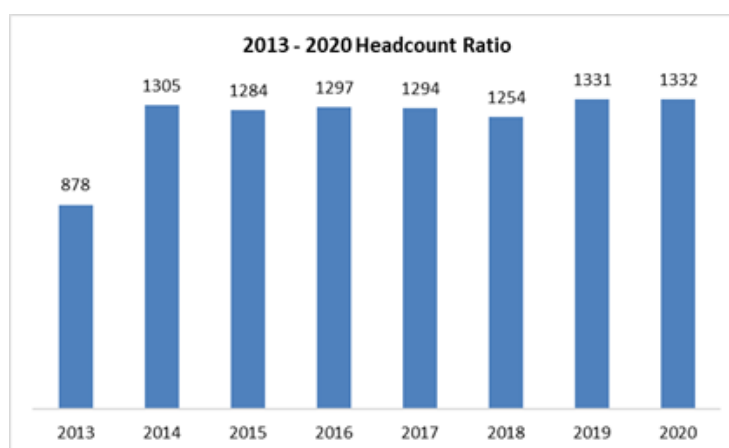


Figure 9 Development of employment

Besides absolute data on total workers also the composition of the labour force is of importance when talking about social impact. Figure 10 shows some key data on labour force composition namely employees per estate and gender.

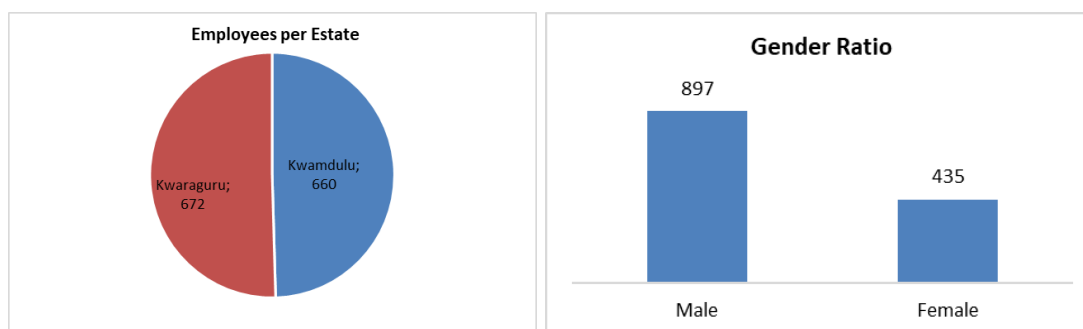


Figure 10 Composition of labour force

4.1.2 Farming and intercropping

Besides employment many people are dependent on the estate area for (subsistence) farming. In 2016 the company started with a farming and intercropping system. This system intends to provide local communities with access to farmland, while having a more effective control on land-use on the estates. Farming is considered to be on fallow land of the estates, while intercropping is farming within planted areas of sisal or forestry. 179 Intercropper contracts were signed during 2020. A total of 1,107 Intercroppers have benefitted from this project since 2016 (Figure 11).

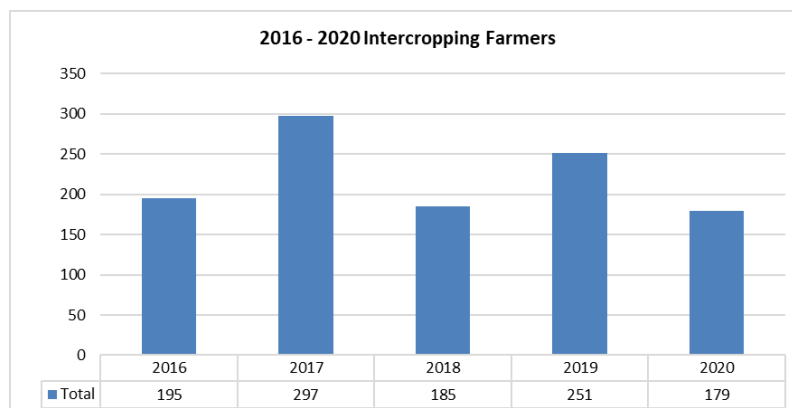


Figure 11 Number of signed farmer / intercropper agreements over time

Figure 12 provides data pertaining to total hectares planted since inception of the project in 2016.

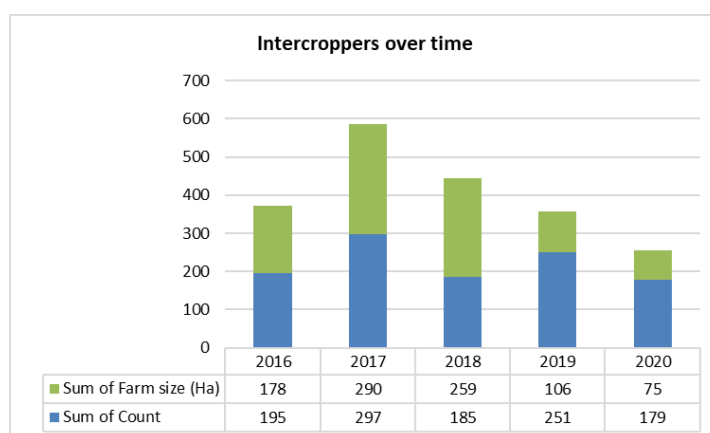


Figure 12 Farmland covered by farmer / intercropper agreements over time

4.1.3 Impact of operations on surrounding communities

Social Monitoring for 2020 was conducted by the company's Safety, Health, Environment and Quality (SHEQ) officer and Estate Managers. Villages ranged from bordering the estates up to 10km away. The opportunity was also utilized to discuss the following important company information:

- Corporate Responsibility Policy
- Teak outgrower program
- Intercropping Contract Procedure
- Grievance and Complaints Procedure
- Illegal activities
- Community rights
- Fire safety and awareness
- Fishing contract procedure

The following villages were included in the 2020 social monitoring.

	KWARAGURU			KWAMDULU	
Kwedizinga	Kabuku Mjini	Kwediloko	Kwamnguni	Kwakombo	Jitemgeni

Taula		Mtakuja	Mandela		Komsala
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Communities displayed an overall positive disposition towards the company and listed the following improvements since the inception of SFI Tanzania Ltd in 2013.

- Economic growth through job creation
- Social improvement and development
- Environmental changes, awareness and conservation
- Increase in community income
- Improved communication and relationship building
- Medical travel assistance
- Sustainability of the project
- Increased understanding of company policies and procedures. Specific mention regarding the complaint's procedure and illegal activities

The following appreciation statements was received from the monitored communities:

1. Kwaraguru Primary School for the land preparation for maize cultivation.
2. Taula Village for the donation of a table and chairs for the dispensary.
3. Taula village for grading dispensary road.
4. Kwedizinga village for the construction of a waste pit and the use of water from the estate ponds.
5. Kwamngumi village for water support to the school and Kwamngumi village.

No official concerns were raised; the communities rather reiterated for the company to continue with current services and increase community contributions where financially able.

4.1.4 Training and capacity building for employees and intercroppers

At SFI and Form Tanzania training opportunities are offered as and when needed in order to enhance staff skills and attitude. Besides on the job trainings, workers and management of SFI and Form Tanzania have been trained formally on various subjects and training has also been offered to the surrounding communities. Table 4 provides an overview of the training subjects, the number of training participants and trainer for the formal trainings provided in 2020.

Table 4 Training courses provided in 2020

<i>Training Conducted</i>	<i>Month</i>	<i># Trainees</i>	<i>Trainer</i>
<i>Drivers safety & management of equipment</i>	February	15	Kanu Equipment and SHEQ Officer
<i>Importance of PPE: Corona & Brushroom</i>	February	30	SHEQ Officer
<i>Children and Pregnancy Nutrition Seminar Training to Kwaraguru nurses</i>	February	2	World Vision
<i>Child Vaccine Program Database Training to Kwaraguru Nurses</i>	February	2	Government of Mkata
<i>Trauma Counselling</i>	March	30	Bombo Hospital Psychology Department
<i>Covid-19 Prevention Training: Production Workers</i>	March	246	Dr Paulo Nyabwile (Magunga Hospital)
<i>HIV/Aids Testing and Counselling</i>	March	60	AMREF
<i>Covid-19 Prevention Training: Dispensaries</i>	March	2	Department of Health

<i>Covid-19 Prevention Training: Production Workers</i>	April	262	Dr Paulo Nyabwile (Magunga Hospital)
<i>Practice of Digital infrared thermometer</i>	April	9	SHEQ Officer
<i>Safety training to newly appointed Safety Supervisor</i>	June	1	SHEQ Officer
<i>Vehicle checklist to promoted tractor drivers</i>	August	5	SHEQ Officer
<i>Covid-19 Prevention training - Estate Schools</i>	August	1060	SHEQ Officer
<i>Health and Safety Representative Course</i>	October	10	OSHA
<i>Teak Pruning Training - Kwakombo Primary School</i>	December	50	Forestry Operational Manager
<i>Clinic Biometric Device Training</i>	December	12	SUBNET - Dar es Salaam
Total		1,796	

Due to the global Covid-19 pandemic, SFI Tanzania conducted preventative safety awareness training to employees, estate school and dispensaries.

4.1.5 Outgrowing program

In 2015 Form Tanzania initiated an outgrowing program where people from local communities grow teak on their own plot using teak stumps supplied from the Form Tanzania nursery. Training is provided and a contract is entered into.

Form Tanzania outgrowers increased by 17 during 2020, now totalling 156 teak outgrowers since inception of the Teak Outgrower Program in 2015. Figure 13 lists the number of outgrowers from 2015 to 2020 including the total ha of teak planting and financial stump cost (US\$).

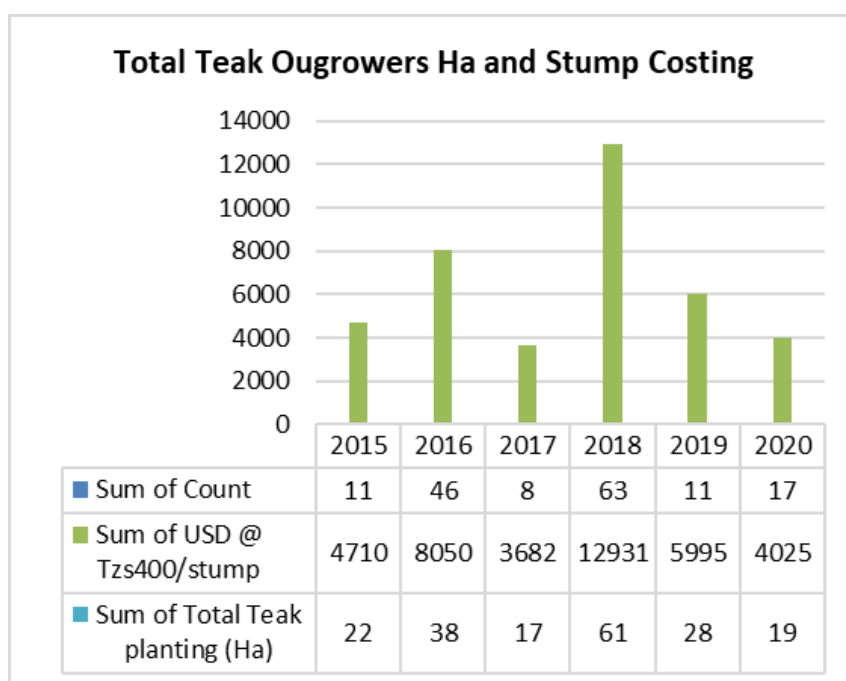


Figure 13 Number of outgrowers

4.2 Social interactions

4.2.1 Stakeholder activities

Regular stakeholder meetings are held to maintain good relations with all parties impacted by the company and vice versa. 120 Stakeholder, Industry and Government meetings was conducted during 2020 including Senior National Government officials.

Figure 14 gives an overview on the meetings held with the various stakeholder categories since inception and during 2020. It should be noted that the categories contain all kind of stakeholders, such as authorities, communities, suppliers and industry.

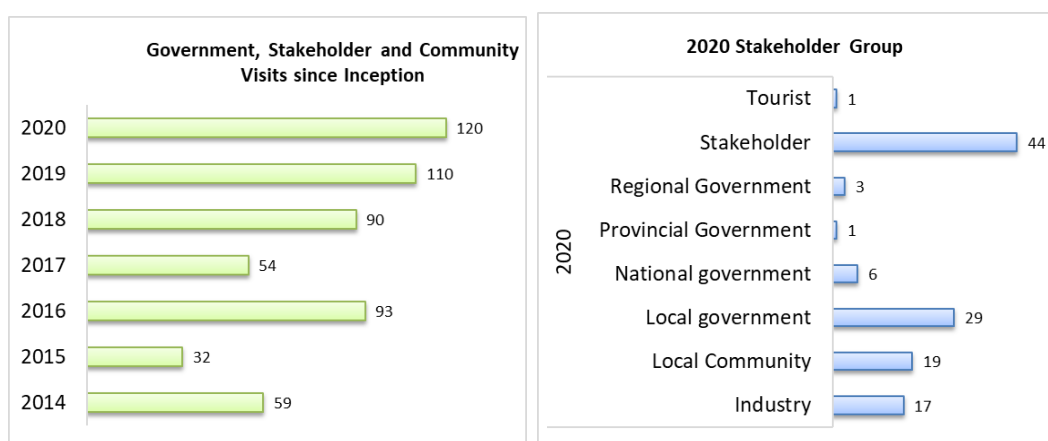


Figure 14 Stakeholder meetings conducted in 2019

4.3 Health and Safety

4.3.1 Worker health

Although health is primarily a personal matter and the clinics serve as a benefit to SFI employees and their immediate family members, continuous efforts are implemented to improve the health of the workers and their families. For this purpose, SFI Tanzania is collecting anonymous data from the clinics at both estates. This gives more insight in the health and work-related injuries of the company's labour force and their families and will help to direct improvement programs implemented by the company. Since data cannot be related to individuals; the data is counted in number of consults.

A total of 10,895 clinic visits were reported during 2020. A remarkable increase from 6,278 in 2019. This is due to the availability of medical supplies at SFI Tanzania dispensaries. While Kwaraguru Estate also serves the surrounding communities; it does receive assistance from the Department of Health. A dispensary has been constructed at Taula Village near Kwaraguru estate that will further assist. It is important to note that the majority of visits increased at Kwamdulu estate due to the distance of villagers to the regional hospital in Korogwe and the availability of supplies. SFI Tanzania has implemented a biometric system at the estate whereby employees and their immediate families will be registered to ensure limited "outside" patients resulting in a financial strain to the company. Notices has been placed at dispensary entrances and medical personnel trained.

SFI Tanzania did not report any Covid-19 infections during 2020 however, the company adheres to a Covid-19 operational plan consisting of 3 phases. Covid-19 prevention training has been done

to employees, dispensary personnel and estate schools. Figure 15 depicts number of cases per estate from 2015 to 2020.

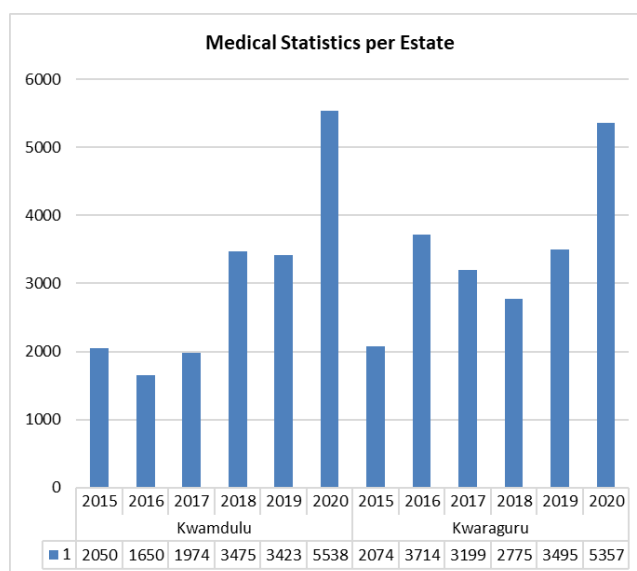


Figure 15 Medical cases over time at both estates

Table 5 shows the 10 most prevalent diseases recorded in 2020. Malaria increased from 1,993 in 2019 to 3,200 cases during 2020. Fumigation was done on water bodies to curb the spread of malaria. Acute respiratory infection increased from 991 in 2019 to 1,330 during 2020 while Urinary Tract Infections (UTI) also increased from 743 in 2019 to 1,285.

Table 5 Top-10 most prevalent diseases recorded in 2020

Primary Illness	#
Malaria	3200
Acute Respiratory Infection	1330
Urinary tract infection	1285
Diarrhoea	324
Traumatic Pain	261
Headache	260
Hypertension	253
Worms	243
Skin Infection	204
Pneumonia	170
Grand Total	7530

4.3.2 Injuries on duty

SFI Tanzania reported 169 injuries during 2020 with 164 on duty. The Estate School and Family members reported 5 cut wounds which does not constitute an injury on duty. This is a remarkable decrease from 215 injuries on duty during 2019. The main cause of injury includes cut wounds and sisal thorns in the Bush knife cleaning and Sisal cutting job categories (Figure 16). All employees have been issued with personal protective equipment.

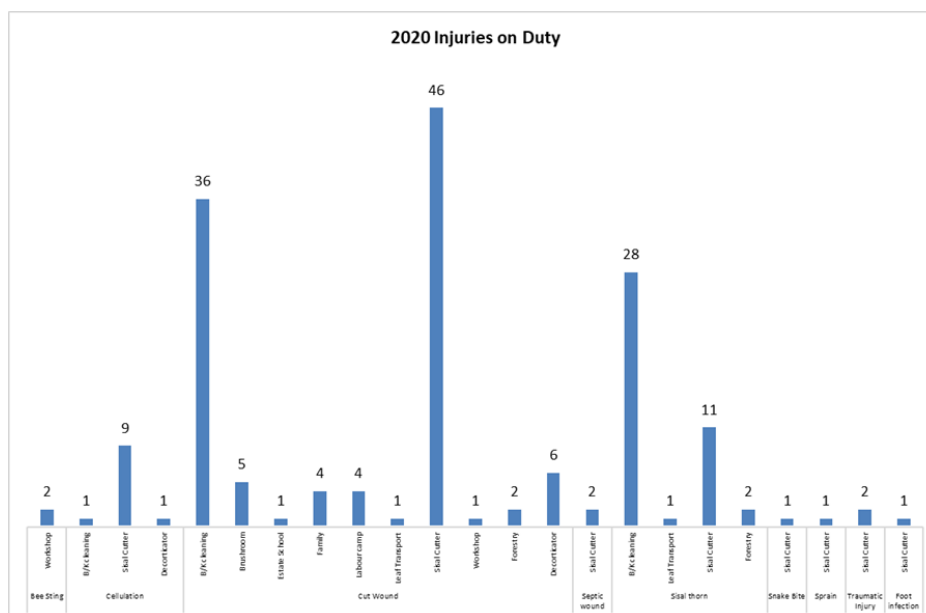


Figure 16 Reported Injuries on Duty during 2020

4.4 Unauthorized activities

4.4.1 Prevention of unauthorized activities and incidents

Illegal activities increased from 14 during 2019 to 19 during 2020. Charcoal factories in the fallow land of the estates constitute the main offence. This is of a particular concern due to the fire risk. Illegal activities were again discussed with the surrounding communities whereby all committed to support the company in the eradication and reporting of illegal activities. Important to note communities will continue to build charcoal factories due to poverty and the large scale of fallow land on the estates. Figure 17 shows the illegal activities during 2020.

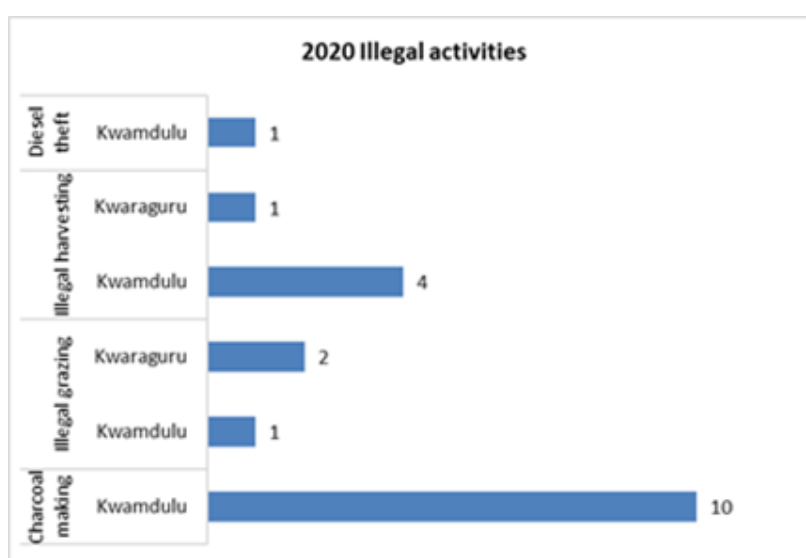


Figure 17 Illegal activities and incidents 2020

A comparison between 2015 to 2020 shows a considerable decrease at Kwaraguru (Figure 18). This is due to more stringent control of illegal activities and the subsequent capturing and

monitoring of the Illegal Activities procedure. Illegal activities and incidents are reported and managed immediately in collaboration with the surrounding communities.

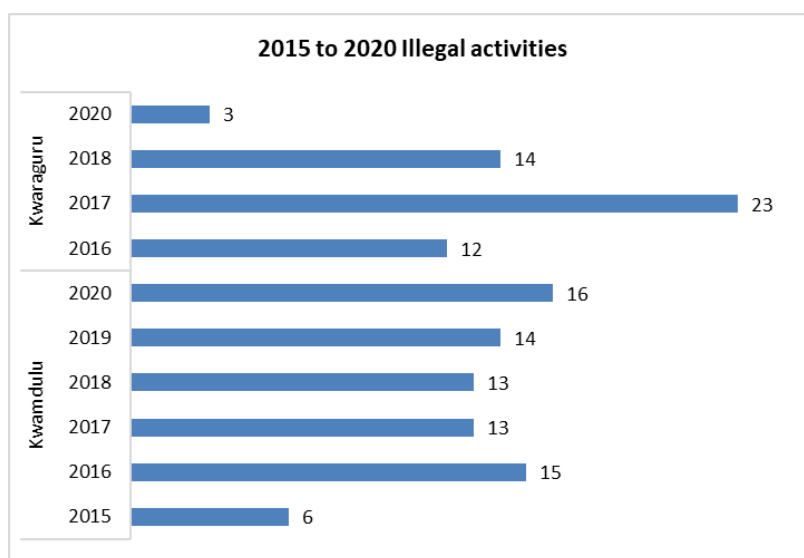


Figure 18 Illegal activities and incidents 2015-2020

5. Conclusions and recommendations

Based on the data presented in this report valuable information is obtained on many relevant aspects of the company's management. Further implementation and improvement of the monitoring system will yield more valuable information that can be used to direct future management actions. A few findings of this report are highlighted:

5.1 Fertilisation

High priority is now paid to fertilisation, because it is affecting many elements of the company's activities. Fertilisation will increase field productivity as the soils are facing depletion due to decades of sisal harvesting without fertilisation. The compartment details provided from the monitoring system already allow for targeted fertilisation based on current productivity levels. Fertilisation will result in bigger leaves, which will improve production recovery (paragraph 2.4.1) and reduced energy costs per ton fibre (paragraph 2.1.2).

5.2 Decortication tests

The current information also demonstrates the need for improved and more regular decortication tests. This will help to establish recovery figures per compartment (paragraph 2.3.1), and improve understanding of the various losses in the process from plant to fibre (paragraph 2.4.1).

5.3 Rope production

It could be considered to purchase machine-made ropes for decortication externally. This may reduce production downtime and might also be cost effective given the high costs of fibre used for rope production (paragraph 2.4.3). However, it is good practise to upgrade the rope wheel condition and alignment (costly) at the same time before considering machine-made ropes. For this a cost benefit must be concluded due to the capital involved for such an upgrade.

5.4 Water consumption for factory and nursery

The current water consumption for both the factory and the teak nursery is high. Recycling of water should be given higher priority to minimize consumption, reduce water pumping costs (electricity), and reduce dependency on natural water bodies (paragraph 3.2.4). Investment capital will be required to construct the power, transformer, pumps and pipeline over the the distances involved. I.e. at Kwaraguru the closest water body to do this almost 1km from the factory.

5.5 Water for consumption

Water tests of all the water bodies are conducted annually. The tests confirm that all water bodies on the estates are not suitable for human consumption without disinfection. Therefore, a major step was taken with the construction of water purification plants for both estates in 2016. This is also reflected in the health and safety statistics, where a reduction in diarrhoea cases was observed as well as in the absence of cholera (paragraph 4.3.1).

5.6 Social impact

The company is having a significant positive social impact (chapter 4) through, among others, (1) provision of employment in a safe and healthy environment, (2) farming and intercropping activities, and (3) an outgrowing program. Further actions, such as community meetings are undertaken to strengthen the relationship with the local communities. The goal is to conduct these meetings on an annual basis.

Annex A: Water sampling locations Kwaraguru



Annex B: Water sampling locations Kwamdulu

