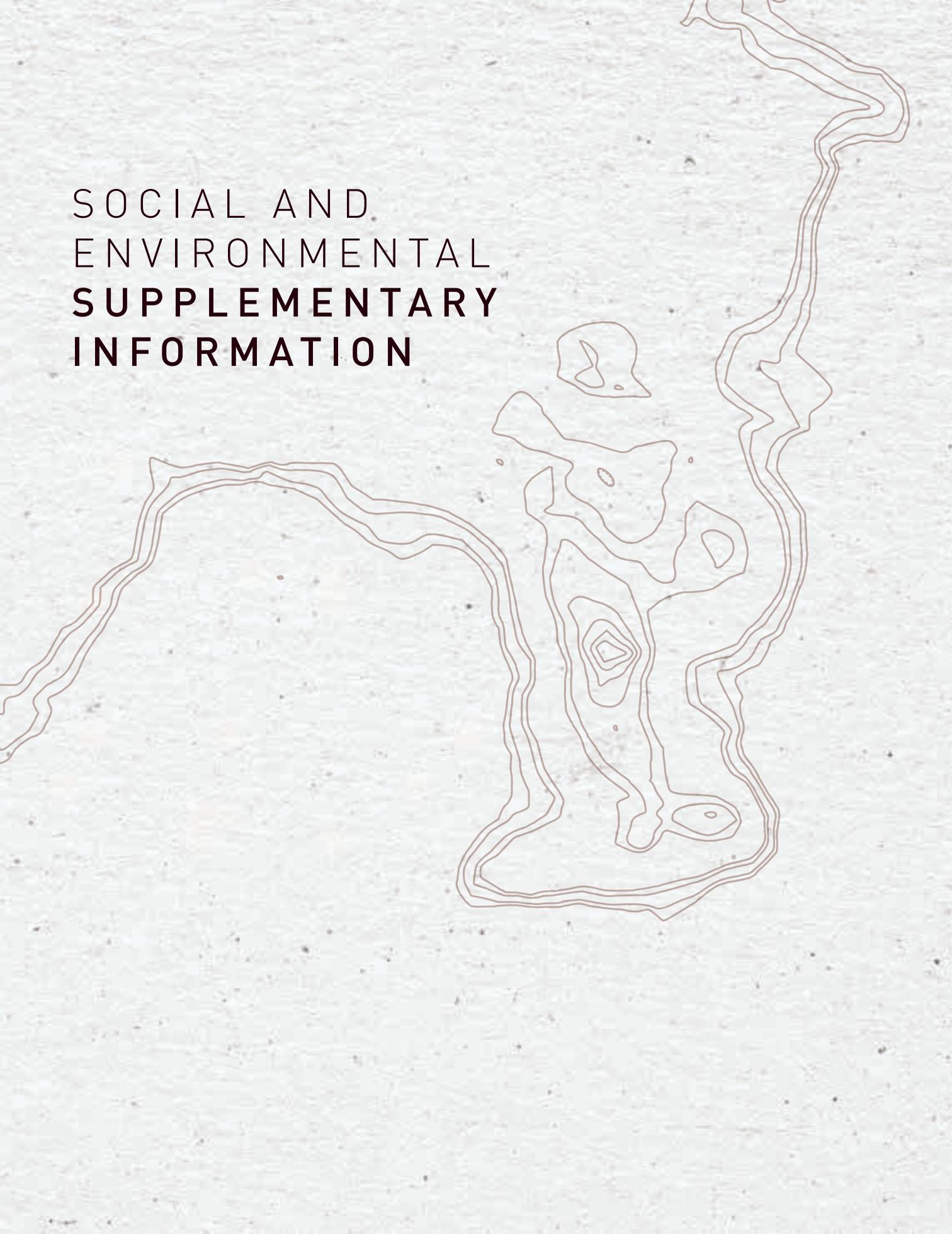




sugar • energy • property

ANNUAL REPORT **2019**

A topographic map of Mauritius is shown in the background of the left page. The map features brown contour lines indicating elevation, with a central peak and several smaller peaks. The map is oriented vertically, with the northern part at the top and the southern part at the bottom.

SOCIAL AND ENVIRONMENTAL SUPPLEMENTARY INFORMATION

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STRATEGY

Alteo Limited is a diversified Group in the Sugar, Energy and Property clusters in Mauritius, Kenya and Tanzania, and has for mission to develop a culture of engagement amongst its employees and other stakeholders. Alteo is committed to improving its organisation by promoting a culture of sustainability; managing its operations to minimise negative environmental and social impacts, and enabling the integration of sustainability principles and practices within each business operation and community engagement.

In this context, Alteo has chosen to report on social and environmental issues, illustrating its commitment to more comprehensive disclosure, as well as its understanding and management of material sustainability issues. These sustainability issues are:

- **HUMAN CAPITAL;**
- **THE ENVIRONMENT; AND**
- **COMMUNITY ENGAGEMENT.**

As mentioned in the Chairman’s statement and the CEO’s report, the Group has chosen to adopt a hybrid reporting approach combining the relative strengths of the ←IR→ Framework and the GRI Standards. With this approach, Alteo’s objective is not only to report on performance about material sustainability topics, but also to support corporate decisions that create value and tangible benefits across the social, environmental and financial spheres. The aim of adopting this hybrid approach is foremost the institutionalisation of corporate sustainability at Alteo rather than a mere reporting strategy. The adoption of the hybrid reporting approach began towards the end of the current financial year with the objective of presenting Alteo’s first integrated report for the financial year ending in June 2020. Ongoing work will ensure that the integrated report for the next financial year will be fully aligned with the ←IR→ Framework and in conformity with the GRI. This year’s report is work in progress and takes the aforementioned Framework and Standards into consideration to define the Group’s sustainability issues.

As part of the process of institutionalising sustainability at Alteo, a Sustainability Policy has been drafted and is currently in the process of validation. This Policy will articulate Alteo’s vision with regards to its sustainability objectives.

The Group also wishes to disclose that the data provided in this section is accurate in so far as it reflects the principles of quality and the current organisational data management capacities. Data quality is expected to improve in the future with the setting up of an appropriate Data Management/Quality Assurance System with accompanying human and organisational capacity building. Alteo’s commitment to improving data quality rests on the premise that sound and robust decision making is underpinned by analyses using accurate and timely data.

UN SUSTAINABLE DEVELOPMENT GOALS

This year, Alteo ambitions to align its sustainability projects and initiatives with the Sustainable Development Goals (SDGs). To date, Alteo’s operations and community engagement activities contribute directly and indirectly to 16 out of the 17 goals. The SDGs will be included in materiality analyses to identify material sustainability topics in the forthcoming financial year. Consequently, the Group will be well placed to start communicating on its performance against the SDGs as from the next reporting cycle.

GLOBAL REPORTING INITIATIVE STANDARDS

The Global Reporting Initiative (GRI) Standards are issued by the Global Sustainability Standard Board. Standards exist for each material topic and are designed to be used by organizations to report about their impacts on the economy, the environment and society.

There are two basic approaches for using the GRI Standards. For each way of using the Standards there is a corresponding claim, or statement of use, which an organisation is required to include in any published materials.

1. The GRI Standards can be used as a set to prepare a sustainability report that is in accordance with the Standards. There are two options for preparing a report in accordance (Core or Comprehensive), depending on the extent of disclosures included in the report.
2. Selected GRI Standards, or parts of their content, can also be used to report specific information, without preparing a report in accordance with the

Standards. Any published materials that use the GRI Standards in this way are to include a ‘GRI-referenced’ claim.

As per the definition above, this year’s report is in accordance to Point 2 whereby parts of the listed GRI series and disclosures have been used to guide the report. The Group will be working towards a proper disclosure as per the GRI standard as from next Financial Year.

Table 1: GRI Standards and Series

Section	GRI Standard Series	Disclosure	Definition
Employee Safety and Health	403 – Occupational Safety and Health	403 -9 – Work related injuries	Sets out the reporting requirements for reporting on the Occupational Safety and Health. The disclosure covers work-related injuries. Data on work-related injuries are a measure of the extent of harm suffered by workers; they are not a measure of safety.
Environment	300 Series – Environment topics		Sets out the reporting requirements for reporting on environmental topics.
	301 – materials	301-1	The GRI 301 addresses the inputs and types of materials used by the Company. The Disclosure reports materials used by weight or volume.
	302 - Energy	302-1 & 302-3	The 302-1 Disclosure sets out the definition and the principle of calculation for Energy Consumption.
	303 – Water and Effluents	303-1, 303-3, 303-4 and 303-5	The 303 series and respective Disclosures give the context and cover the relationship of the Company with water: interactions with water as a shared resource, water withdrawal, water discharge and water consumption.
	306 – Effluents and Waste	306-2, 306-4	The GRI 306 series covers the topic on the generation of waste, disposal and treatment of waste and effluents. An update of this series in 2018 makes reference to use the GRI 303 series with regards to effluents.
	307 – Environmental Compliance	307-1	The 307 series covers an organisation’s compliance with environmental law and or regulations. The Disclosure 307-1 covers the obligation to disclose on environmental non-compliance.
Community Engagement	413 – Local Communities	413-1	This Disclosure covers an organisation’s operations with local community engagement, impact assessments, and development programs.

HUMAN CAPITAL

**EDDY
BONTENDE**
SENIOR
RESTAURANT
AND CORPORATE
SERVICES
MANAGER IN
MAURITIUS,
*PART OF GROUP
SINCE 2008*



STRATEGY

A. HUMAN CAPITAL [SDG 3, 10]

Table 2: Human Capital Data for FY 18/19

Country	Permanent	Fixed term Contract	Casuals /Trainees	Number of Men	Number of Women	Average Years of Service	Total Number of Training Hours
Mauritius	1804	119	26	1724	225	14	2627
Tanzania	1607	335	1061	2231	772	12	2978
Kenya	375	753	-	1056	72	4	496

Our approach

At Alteo, People is the pillar on which success is built. Management is deeply committed to providing a safe and healthy working environment for its employees. Furthermore, recruiting the best and the continued investments in talent development are the cornerstone of value creation for Alteo's stakeholders. In this reporting cycle, Alteo has focused on:

- Engaging employees to deliver a cost effective performance in autonomous work conditions.
- Empowering employees by providing training to promote learning and development in a competitive environment.
- Targeting the right talent for any position, including any re-deployment or succession planning opportunity.
- Employee recognition in the face of a challenging environment has seen the introduction of:
 - loyalty programmes
 - innovation competitions
 - work/life balance and blend practices¹
 - performance management reviews

In 2018/19, Alteo has continued with the completion of people initiatives introduced in 2017/18. As a reminder these are:

- Leadership Development Centres (LDC's) to build greater leadership skills and identify development areas for Alteo's senior managers (two centres per year, involving individual assessments and group projects to drive the potential and visibility of each participant);

- A Performance Management System (PMS) that has been rolled out to all staff and management team members in Mauritius. Regional businesses will be targeted in 2019/20;
- A coaching programme rolled out to the executive team and senior managers to support their personal development needs within the Group. This programme has been supported by external coaches and internally trained senior managers;
- An Accelerated Leadership Programme (ALP), which has created a pool of future Alteo managers with more readiness to take on work challenges;
- A newly developed e-learning platform offering bite-sized digital learning to our employees, covering policies and procedures at Group level;
- A Job Evaluation project rolled out to support the introduction of a new grading structure across staff and management grades;
- A re-structuring of the HR team organization to offer a better internal service to the Group's companies.

Our strategic commitments for 2019/20 have been challenged and will include:

- Effectively engaging and motivating employees to be committed to their work and workplace
- Ensuring compliance with all our systems
- Innovating to drive cost effectiveness in Human resource practices
- Delivering e-learning to ensure focus on Group policies, procedures and practices

i. Connecting with employees

In 2018/19, Alteo rolled out the Group's Code of Ethics and Business Conduct via a series of roadshows.

The Group's intranet platform continues to be a communication tool with our employees locally and regionally, providing them with pertinent company information. Every week, our people receive a news update via email, which triggers their interest on what is happening within the Group and that directs them towards the Intranet to read up the full article.

ii. Employee Safety and Health

Alteo is committed to engaging the hearts and minds of its employees to make steady progress towards a zero injury culture. It is taking a fresh look at how to help its employees embrace change. Employees are being motivated to invest energy and commitment towards a new safety culture.

Alteo aims to inspire its employees to consider a different organisational experience where structure, roles and responsibilities are well defined. This new culture will then allow employees to embrace safety at all levels of the organization.

Alteo's commitment is therefore to:

- Promote a culture which is based on the principle that all incidents can be prevented;
- Provide a safe and healthy work environment at all times;
- Comply with all legal duties and responsibilities under the Occupational Health and Safety Act (OHSA) and governing national legislation;
- Provide the necessary resources and training to enable everyone to participate fully in implementing the Health and Safety objectives of the Group;
- Ensure employees are able to Identify hazards, assess risks and take all reasonable steps to control, minimize or eliminate those risks on an ongoing basis;
- Establish rigorous goals to reduce accidents at work;
- Actively encourage and support the involvement of its people at all levels, working together to continually improve safety and health;
- Continue to ensure a robust contractor control system to ensure compliance with safety and occupational health;
- Ensure that the Alteo Health & Safety Policy is communicated and understood by all employees, contractors and visitors.

¹ Different time-management practices available to employees, including flexitime or "work from home".

STRATEGY

Table 3: Safety & Health Data for FY 18/19

Country	Fatalities	High consequence	Recordable work injuries	Hours worked	Rate of fatalities	Rate of high-consequence work-related injuries	Rate of recordable work-related injuries
						x200,000	x200,000
Mauritius employees	0	0	132	2,560,536	0	0.00	13.90
Mauritius employees through Job Contractors	0	0	35	1,186,104	0	0.00	5.90
Tanzania Employees	0	2	59	7,224,255	0	0.055	1.633
Tanzania employees through Job Contractors	0	0	7	2,405,680	0	0.000	0.582
Kenya Employees	0	0	112	1,682,118	0	0.000	13.317
Kenya employees through Job Contractors	0	1	24	200,352	0	0.998	23.958

Alteo has decided to use the GRI 403-92 to disclose data on injuries as it considers work-related injuries to be a quintessential parameter. A first attempt to normalise data across the three countries of operation has been made. As mentioned above, this year's report represents work in progress until detailed materiality analyses are undertaken.

Alteo has adopted the South Africa National Occupational Safety Association (NOSA) system and has started grading audit to account for work-related injuries and fatalities. In this case, the factor x200,000 has been adopted. The rate of recordable work related injuries is high in both Mauritius and Kenya, and well above the NOSA Health, Safety and Environment qualifying criteria.

Looking at the total number of recordable work-related injuries for Mauritius and Kenya, the rates of 13.90 and 13.31, respectively, indicate around 14 injuries per 100 employees who have worked a minimum of 40 hours per week for that given year. This shows that more remains to be done regarding efforts

to bring this number down as per Alteo's 'zero injury' commitment. For Kenya, the number of work-related injuries is significant at a rate of 23.95 among workers contracted through Job Contractors.

The most commonly occurring injuries recorded in the three countries among employees were soft tissue cuts and lacerations, slip and fall, injuries, as well as crush injuries. The most commonly occurring injuries recorded among workers employed through job contractors in Tanzania were crush injuries and those through slip and fall, whereas deep cut wounds, crushed finger tips and fractures were recorded in Kenya.

Among the root causes are a lack of formal training, awareness and experience for contracted workers. In Mauritius, Alteo is looking to drive meaningful training & education for all employees. While some training was conducted in-house, others were outsourced to local training institutions. Alteo is also prospecting using NOSA to equip the personnel with a broader set of skills and knowledge with regards to Safety & Health.

A series of actions and projects are under implementation in order to reduce work-related injuries to a minimum, and these differ from one country to the other. Alteo offers free medical services and occupational health services to its employees and their immediate dependents. Mauritius benefits from a free national healthcare system, and on top of that, Alteo provides medical services on the Sugar Estate through a dispensary with one full-time nurse, part-time Estate doctors and an occupational physician. Furthermore, the Safety and Health Committees are being empowered through training, awareness campaigns and by involving its members in the review of safety hazards to provide a safer and healthier workplace. For example, at TPC, an integrated system is in place whereby safety, health and environmental hazards are discussed and appropriate mitigation measures are taken. A specialist attends and advises the technical committee on a needs basis.

Another major achievement at TPC is the implementation of a procedure specific to personnel employed through Job Contractors. As reported, about 25% of employed manpower is through Job Contractors. Internal audits are conducted and the resulting reports and action plans are discussed with all Heads of Department and relevant managers. One of the main actions undertaken so far is the provision of a Safety and Health Policy by each Job Contractor. Hence, the Company ensures that 100% of its manpower works in a safe an environment where employers have signed a commitment to do what is practicable to ensure the health and safety of their employees.

Alteo is conscious that a concerted and comprehensive approach has to be further developed to improve the safety and health conditions in each country with their own specificity and working committees will be empowered so as Safety and Health receives the attention of both the Management and the Employees.

² The formula for the calculation as per GRI 403-9 is: rate = [no. of cases (fatalities, high consequence injuries or recordable work injuries) divided by the total no. of hours worked] multiplied by 200,000.

ENVIRONMENT



H. PIERRE NOEL,
AGRICULTURAL DEVELOPMENT
MANAGER IN MAURITIUS,
PART OF THE GROUP SINCE 1989.

STRATEGY

B. ENVIRONMENT

Our approach

Alteo is committed to using a cautionary approach to address environmental challenges; undertaking initiatives to promote greater environmental responsibility; and promoting the development and diffusion of environmentally-friendly technologies. The sections of the Environment strategy are guided by the GRI 301, 303, 306 and 307 series. The GRI 302 series for energy disclosure has not been followed completely in the present report, but its guiding principles have been applied to create this document.

Key achievements:

MAURITIUS:

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- Preparation for Bonsucro certification is on track. The new Bonsucro Herbicide Protocol developed in collaboration with the MSIRI and Alteo Agri Ltd has been validated and is under implementation.
- Commissioning of Alteo's first photovoltaic farm, in joint venture with Quadran, in November 2018 at Ernest Florent in Mauritius. 8.5 GWh of renewable electricity has been produced for the period to 30 June 2019.
- Collection and use of 5,998 tonnes of cane trash to produce 3.8 GWh of renewable electricity.
- Construction and operation of a new Caustic Wash tank of a capacity of 600 m3 at Alteo Milling Ltd to treat all chemical cleaning of the Factory's equipment and general Factory's cleaning during crop and intercrop seasons by Alteo's wastewater treatment facility, thereby allowing direct management of the treatment of such washings, reducing transport costs and greenhouse gas (GHG) emissions for the factory.
- Validation of project proposal for the smarter elimination of effluents from the backwash of sand filters from Alteo Refinery Ltd.
- Launch of a Heritage-Sustainability Committee at Alteo in Mauritius that spearheaded a clean-up campaign for the World Environment Day during which 548 kg of waste were collected by Alteo employees.
- Validation of a waste management programme for Industrial and Agricultural activities in Mauritius.



TANZANIA:

- Implementation of a green waste composting project at TPC.
- Feasibility studies initiated for effluent treatment at TPC.
- Studies regarding the optimisation of marginal lands at TPC.
- Continuous support to the protection of the 4,614 Ha Namalok Nature Reserve inside the TPC estate which is one of only two certificated wildlife ranches in Tanzania.



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KENYA:

- Commissioning of a state-of-the-art wastewater treatment plant at Transmara, with a treatment capacity of 500 m3 per day.
- Completion of feasibility study for the implementation of an electrostatic precipitator with Co-generation project and mechanical dust separator of boiler at Transmara.
- Undertaking of feasibility Study to treat leachate from bagasse disposal in Kenya.

STRATEGY

i. Water Management [SDG 6, 9, 11, 13]

Alteo recognises that access to water supply is critical to its business operations and remains sensitive to water scarcity, especially in the face of climate change and extreme weather events.

Alteo's operations derive most of their water for agricultural and industrial purposes directly from riparian water rights in Mauritius, Tanzania and Kenya, as well as water rights on agricultural boreholes in Tanzania and Kenya. Water is also indirectly sourced from the public distribution system. The Group ensures that water withdrawals are sustainable and do not impact water availability for the communities surrounding its operations.

Table 4: Water consumption in m³

Cluster/Country	Year 2018-2019	Year 2017-2018
River Abstraction in m3 (Estimates)		
Sugar – Mauritius	6,750,309	7,595,614
Sugar – Tanzania	161,643,675	133,986,946
Sugar & Energy - Kenya	145,101	160,768
Energy – Mauritius	1,889,377	2,296,618
Property – Mauritius	10,650	11,710
Total River Abstraction	170,439,112	144,051,656
Boreholes in m3 (Estimates)		
Sugar - Tanzania	33,318,096	29,971,724
Energy – Tanzania	340,000	Figure not estimated
Sugar – Kenya	12,385	10,608
Total Borehole abstraction	33,670,481	29,982,332
Public Distribution System, m3		
Sugar – Mauritius	1,994	3,447
Energy – Mauritius	700	6,952
Property - Mauritius	153,077	135,601
Total Water consumption from Public Distribution System	155,771	146,000

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It is observed that water consumption in Mauritius has decreased except for the Property Cluster. This is due to the fact that Anahita Resort and Spa Resort is now fully operational after a temporary closure for renovations work over the Financial Year of 2017/18. Moreover, there has been a change in the management of Anahita Golf Ltd over the financial year under review and the latter is now self managed. However, the Sustainability Agenda has not yet been discussed with this new entity and will be undertaken during the course of deployment of the multi-criteria assessment and consultations linked to the preparation of the Integrated Report for financial year ending in June 2020. Consequently, the water abstracted from river and consumed by Anahita Golf is not monitored currently and a monitoring programme will be put in place as from Financial Year 19/20.

For the Sugar Cluster in Mauritius, the decrease in water consumption is linked to the lower tonnage of sugarcane crushed and sugars produced, and the closure of Consolidated Energy Ltd as from 31st December 2018. Additionally, the eastern region of Mauritius has had above average rainfall, thus reducing the need for irrigation.

In Tanzania, TPC is found in a region of the country where rainfall is less reliable – it has Tanzania's lowest mean annual rainfall. The higher water consumption figures can be explained by a low availability of rainwater for crop consumption over the current reporting year and a higher tonnage of sugarcane crushed.

The Kenyan activities include milling and energy production processes only, and thus, the water consumption figure is relatively low compared to the two other countries of operations. Furthermore, it should be noted that all of the cane production is rain-fed in Kenya.

Additionally, Alteo is continuing its investment into sustainable industrialisation using smarter irrigation technology, weather station tools, and soil tests for increasing water productivity.

It is worthy to note that Alteo's operations in Kenya and Tanzania occur in areas where access to water is limited. As part of its water stewardship strategy, the Group provides affordable, safe and equal access to water, sanitation and hygiene for its employees and the local communities in these countries.

Alteo also continues to work towards improving the accuracy of water reporting and ensuring that water is not lost between abstraction and use points, where it is difficult to identify losses. This is done by identifying improvement opportunities including the implementation of water metering systems where applicable. It is important to note that water abstracted from river is possibly overestimated. A surplus of water is abstracted and this surplus that is not metered is returned to the river. Variations in surplus water abstracted results in irregular year-on-year river abstraction figures.

With the implementation of its Sustainability Policy, Alteo will develop an action plan for the efficient use of this important resource as well.

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STRATEGY

ii. Energy Management [SDG 7, 8, 9, 11, 12, 13]

Alteo is aware that environmental degradation and climate change pose important new risks and challenges to its competitiveness, development and growth, as it operates in countries exposed and vulnerable to climate change (World Risk Index,

2018). The driver of climate change and extreme weather events is atmospheric greenhouse gas (GHG) emissions emanating largely from the energy industries. For this reason, Alteo is actively investing in the production of affordable and cleaner energy.

ELECTRICAL ENERGY CONSUMPTION AND PRODUCTION, COUNTRYWISE, IN GWH

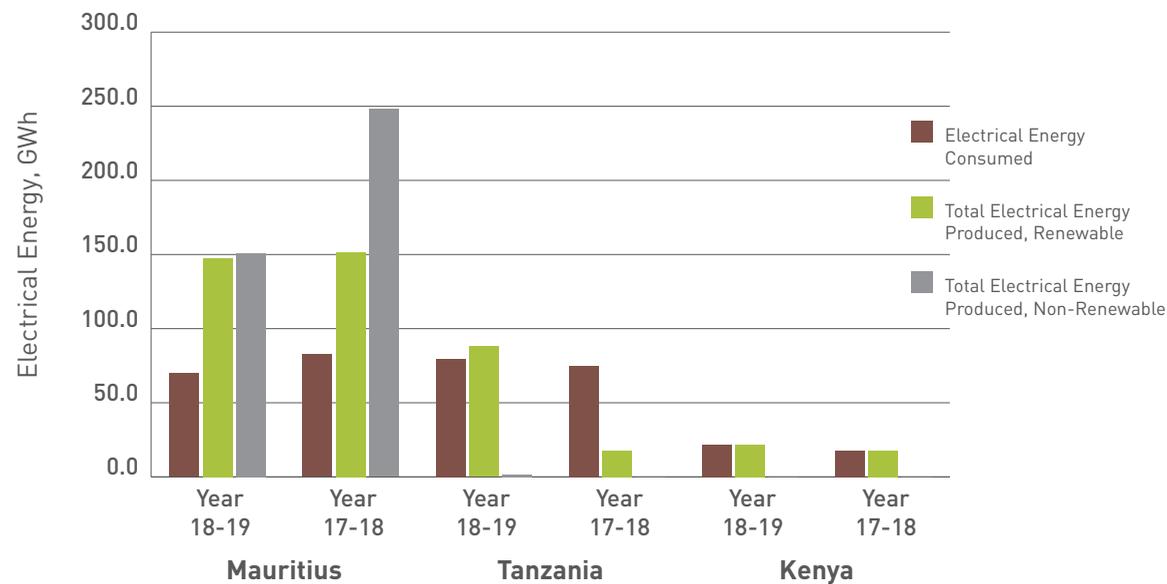


Figure 1: Electrical Energy Production and Consumption

The cane industry in Mauritius is at a crossroad with a decreasing price obtained for its sugar and decreasing land area under cultivation. New strategies have been designed and implemented by Alteo to pursue its journey to renewable energy production.

As such, the Group reached another milestone during the 2018/19 financial year with the launch of Helios Beau Champ - a 10 MW photovoltaic (PV) farm at Ernest Florent in Mauritius. The total renewable electricity produced from December 2018 to June 2019 was 8.5 GWh, all of which was sold to the national grid.

As mentioned last year, the project has been submitted for approval by the Clean Development Mechanism of

the Kyoto Protocol, under the UNFCCC. The project is awaiting the letter of approval from the Designated National Authority.

Further to the successful pilot project of energy production from cane trash in the previous year, Alteo Energy Ltd has produced an additional 3.8 GWh of renewable electricity using 5,998 tonnes of cane trash.

On another note, the significant reduction of non-renewable electricity produced in Mauritius is explained by the fact that Consolidated Energy Limited, Alteo's coal only power plant, stopped its operations on 21st December 2018 at the end of its Power Purchase Agreement.

As such and currently, In Mauritius, Alteo supplies about 19% of the total national renewable energy production through the use of bagasse and cane trash, as well as the conversion of solar energy to electrical power. All these confirm the Group's strategy to further investigate its potential to the production

of energy through renewable sources. A general increase in renewable energy production can also be observed in both Tanzania and Kenya owing to a larger availability of sugarcane, and hence bagasse, compared to the last financial year.

Table 5: Energy Efficiency parameters

Alteo's operations

Sugar Mauritius Sugar Tanzania Sugar Kenya

	FY 18/19		FY 17/18	
	kWh/ tonne of sugarcane	kg of Steam/ tonne of sugarcane	kWh/ tonne of sugarcane	kg of Steam/ tonne of sugarcane
Sugar Mauritius	26.54	358	24.13	345
Sugar Tanzania	39.96	364	40.11	366
Sugar Kenya	27.35	585	30.35	656

The energy efficiency indicator for the cogeneration plant is the amount of kWh electricity generated per tonne of sugar cane crushed by the sugar mills and the amount of kilogram of steam consumed per tonne of sugarcane crushed. From literature available, it is stated that sugar mills currently consume between 350 to 500 kg of steam per tonne of sugarcane with current installations and conditions of operations. It can be therefore said that the Sugar Cluster of the Group does operate as per the norm. However, there are opportunities to further improve energy efficiency

and a feasibility study will be required to evaluate capital expenditure, gain in efficiency and other environmental, social and economic parameters.

It can be noted that the African operations have gained in electrical efficiency over the last financial year, while in Mauritius, the electrical efficiency has been negatively impacted due to an exceptional lack of cane supply to the mill leading to an exceptionally high number of operational stoppages and decreases in production.

STRATEGY

iii. Material Inputs [SDG 12, 14, 15]

In an effort to ensure management of its environmental impacts and to measure the effectiveness of input materials, a first attempt to monitor the use of chemicals has been initiated by the Group in all operations. The table below lists the

use of chemicals in the Sugar & Energy clusters, classified in two main categories: Agro-Chemicals and Other Chemicals that include the products used in the process of manufacturing refined and special sugars.

Table 6: Chemical Consumption

FY Chemicals	Mauritius		Tanzania		Kenya	
	18/19	17/18	18/19	17/18	18/19	17/18
Agro-Chemicals						
Pesticides (kg)	-	-	7,100	92	-	-
Pesticides (L)	-	-	6,452	10,017	-	-
Fertiliser N *(t)	895	907	2,120	2,313	-	-
Fertiliser P *(t)	166	58	-	-	-	-
Fertiliser K *(t)	1,348	1,442	-	-	-	-
Herbicides (t)	68	148	1.74	1.57	-	-
Herbicides (L)	-	-	70,258	72,072	-	-
Fungicides (kg)	410	416	-	-	-	-
Other Chemicals						
Lime (t)	1,437	1,943	1,502	1,326	1,076	730
Acid (t)	169	139	24	182	97	72
Coagulant (t)	16	13	-	-	0.59	0.35
Flocculant (t)	31	20	9	8	4.53	2.63
Caustic Soda (t)	476	746	242	182	58	40

*includes figures for Anahita Golf Ltd for FY 18/19

No attempt for interpretation of the above data has been undertaken since the baseline is being progressively built and the materiality exercise with regards to the GRI standard will allow Alteo to provide a cohesive description of the data.

The Group is engaged in promoting appropriate sustainable agricultural practices and these include:

- integrated pest management;
- soil conservation management such as trash blanketing, minimum tillage & contour planting on slopes, minimum soil disturbance in association with vegetable and leguminous crop rotation on 20% of replanted land; and the systematic creation of grassed waterways where required;

- judicious replenishment of mineral nutrients back into the soil. The Maintenance Philosophy policy set up aims at replacing only the nutrients taken in by the harvested cane. Additionally, this policy will impact positively on the ecosystems by reducing leaching of nutrients.

With the development and implementation of the above smart agricultural practices together with the Mauritius Sugar Research Institute and other institutions, it is interesting to note that no pesticides are used within the Mauritian agricultural activities. Pests and insects are controlled by bio-agents such as parasitic wasps and lady beetles.

MATERIALS FOR ENERGY PRODUCTION, IN TONNES

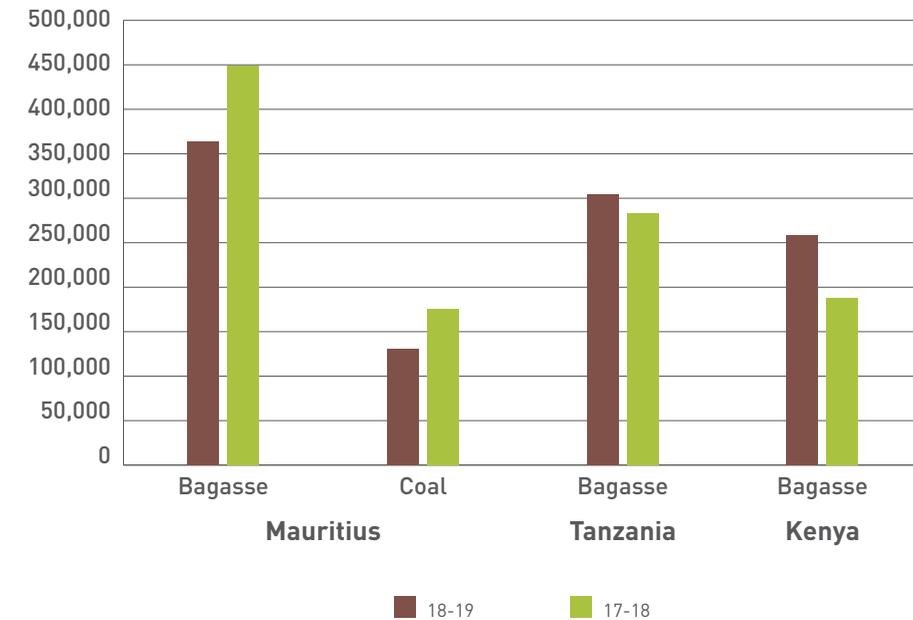


Figure 2: Bagasse and Coal Consumption

Reports on bagasse availability and coal use are also included in this section since they are the main inputs for the Energy Cluster. Alteo is aware that coal has a high GHG emission factor. Consequently, the Group will report on Scope 1 emissions as from next reporting cycle. The coal is used for non-renewable energy production, with electricity sold to the national grid and steam used by Alteo Milling and Alteo Refinery.

Bagasse is used for energy (electrical and thermal) production in all three countries. Any excess bagasse produced in Kenya is transformed into briquettes, which are then sold to third parties. The balance is stored.

iv. Outputs [SDG 13,14 &15]

In support to the SDGs, it is desirable that companies act to improve environmental performance by reducing pollution, eliminating dumping, avoiding the release of hazardous chemicals and materials, and substantially increasing rates of recycling and safe reuse. Alteo is committed to avoiding or minimizing environmental impacts arising from the generation of effluents and solid wastes. At a minimum, Alteo is committed to respecting all national legislations regarding waste management.

STRATEGY

WASTEWATER MANAGEMENT

Conscious of the importance of healthy watercourses, Alteo is continuously improving its wastewater management. The following measures have been implemented over the last financial year:

- Caustic wash tank – 12,144 m³ of wastewater treated by existing facility,
- The wastewater treatment plant received an average of 36.9 m³/h from the Alteo Mlling Ltd for treatment,
- Close monitoring of effluent circuits for irrigation to ensure neighbouring communities are not affected in Mauritius;

- Survey of effluent streams exits and proposal for installation of flowmeters in Mauritius;
- Commissioning of a biological wastewater treatment system in Kenya;
- Daily quantitative and qualitative monitoring of effluents and treated effluents in Mauritius,
- Engagement with management to decrease wastewater at source in Mauritius;
- Project under study in Tanzania for the optimisation of the use of effluent from the mill and energy process.

Table 7: Wastewater figures in m³

Cluster/Country	Volume of wastewater discharge, m3 (estimate)		Destination /Use
	FY 2018-19	FY 2017/18	
Alteo Milling	2,264,485	1,498,622	The effluent of Alteo Milling is separated into two main streams. The water with the lowest organic load is pumped directly for irrigation, while the effluents from the process are treated by our in-house Wastewater Treatment Plant (WTP) before use for irrigation.
Alteo Refinery	561,284	86,686	The effluent goes through nano-filtration and reverse osmosis for maximum recovery, before further treatment at the in-house WTP. The treated effluent is used for irrigation. The brine is pumped and transported for treatment at the Roche Bois Treatment Plant. This year's figures include the estimate of condensate and cooling tower effluents from the Refinery, which was unavailable until now.
Alteo Energy	1,084,263	1,258,851	The water is treated through a decantation pond and a flocculation process before being pumped for cane irrigation.
Consolidated Energy	282,240	604,992	The water is treated through a decantation pond and a flocculation process before being pumped for golf course irrigation at Ile-aux-Cerfs. The decrease in effluent is directly linked to the ceasing of activities.
Anahita Resort and Spa	63,966	61,706	The effluent is treated at the in-house WTP for subsequent irrigation of gardens and golf course at Anahita.
Total Mauritius	4,256,238	3,510,857	

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Cluster/Country	Volume of wastewater discharge, m3 (estimate)		Destination /Use
	FY 2018-19	FY 2017/18	
TPC Ltd – Milling	988,055	736,000	The effluent is treated through decantation ponds and used for irrigation. The Cooling water effluents are not accounted for and not monitored.
Transmara – Milling	27,092	29,727	A WTP comprising of an anaerobic reactor, an aeration tank, secondary clarifier and sludge management system has been commissioned and installed in October 2018. The plant can treat up to 500 m ³ of effluent per day. The low figure is explained by the fact that part of the water is deviated in a tank and the volume deviated is not measured. No other volume or flowrate metering measures exist to enable the production of a more reliable and consistent figure for this year. Improvements in the quality of data are expected with the implementation of new processes.

The table above provides an overview of the management of effluents arising from different business operations. It is pointed out that better estimates of effluent discharge have been provided compared to the last FY, explaining the significant

variations in the numbers provided. The Group is expecting improvements in the quality of data over the next two years with the installation of flowmeters.

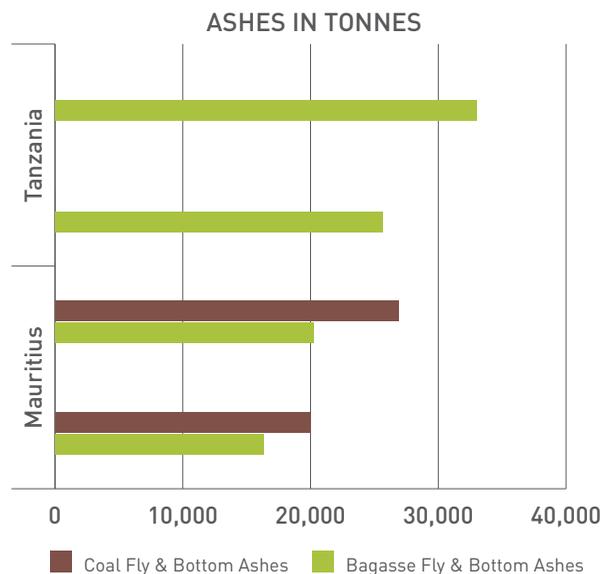
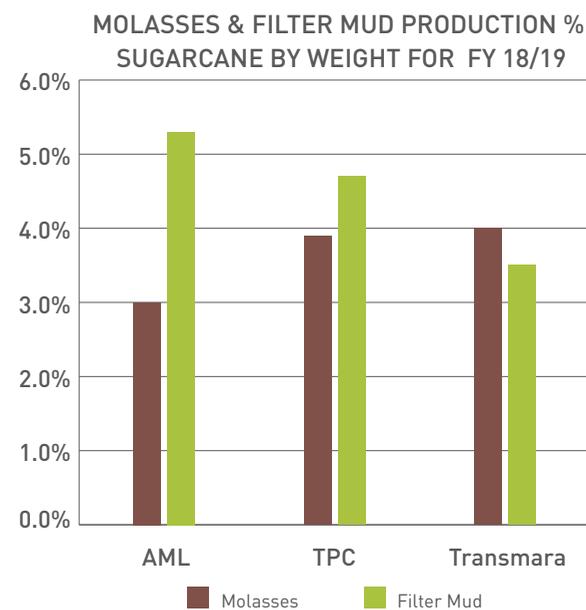
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STRATEGY

WASTE MANAGEMENT

Alteo is focused on promoting the principles of circular economy within the Sugarcane Industry in all locations. In Mauritius, most by-products are used as direct materials in other processes. Bagasse is used for

renewable energy production, molasses for ethanol production or animal feed, and filter mud together with bagasse ashes are used in fields for soil nourishment. This practice is used in all the countries where the Group operates.



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The graphs above are an account of the amount of recycled outputs produced across the Group. These by-products are intricately linked to the quantity of sugarcane processed and overall factory efficiency. Ashes figures for Transmara have not been reported since they are not weighed and are mixed with the filter mud from the milling process. It should be noted that the value of ashes for Tanzania includes the weight of water used in the process to capture the fly ashes.

The other types of non-hazardous wastes produced can be classified as paper, metal, plastic and carton. In Mauritius, the amount of non-hazardous waste accounted to a total of approximately 1,000 tonnes which has been sent to the landfill. Hazardous waste such as electrical and electronic waste, used/expired products and used oil are collected by approved recyclers.

As mentioned in the previous reports, a comprehensive Waste Management Plan has been validated in FY 2018/19 for the Mauritian activities, and will be under implementation on a pilot basis during the next Financial Year.

Some actions taken in FY 2018/19 in Mauritius are:

- Collection of 4.3 tonnes of paper waste across all business units in Mauritius since February 2019, in collaboration with Wecycle Ltd,
- Collection of 9,000 litres of used mineral oil by a licensed recycler from the Garage of Alteo Union Flacq,
- Participation in the Nespresso Recycling Programme by collecting all used capsules and transporting them to Nespresso Recycling points,

- Revisiting the waste collection system of homeowners at Anahita to promote recycling of household wastes,

At TPC, Alteo invested in a Hazardous Cell for safe disposal of hazardous waste since no local licensed hazardous waste dealer is available for the collection, proper treatment and disposal of hazardous waste such as batteries, electric and electronic waste.

Another milestone achieved this year at Alteo Properties was the implementation of a compost facility in June 2019 for composting of green waste. The project cost was around Rs 2.5 million, and it is managed by Anahita Golf Ltd. This project was financed by Anahita Homeowners' Association, Anahita Estates, Anahita Resort and Spa, and Anahita Golf. The compost produced is used on the golf course and gardens at Anahita. Alternative uses of compost will be sought as the project scales up.

v. Environmental Compliance

In line with its vision to be a leader in sustainable development, Alteo is strongly committed to complying with all environmental laws and regulations with respect to its business units. This is of utmost importance to demonstrate the Group's goodwill to its stakeholders and its stewardship towards the environment and local communities.

Regular monitoring of air stack emissions, effluent quality and noise level is conducted during the crop and intercrop seasons at its industrial sites in Mauritius, and all parameters measured were within permissible limits.

The Refinery was successfully assessed in November 2018 against the VIVE claim level, an internationally recognised sustainability programme that focuses on continuous improvement and creating value throughout the ingredient supply chains (www.viveprogramme.com).

With regards to Alteo's journey towards the Bonsucro certification, the main bottleneck has been overcome and the Group is confident that it will obtain a certification in the coming months.

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COMMUNITY ENGAGEMENT



PILLY RAMADHANI,
LABOURER IN TANZANIA,
PART OF THE GROUP SINCE 1996.

STRATEGY

Alteo has established an operational network to efficiently engage with the community. Committees have been set up in all countries of operation to respond to the interests and concerns of this stakeholder group based on the principles of inclusiveness, dialogue and transparency.

C. COMMUNITY ENGAGEMENT

[SDG 1, 2, 3, 4, 10, 13, 14, 15, 16, 17]

Our approach

Alteo values community development and engagement as much as its economic activities. One of the core competencies required of Alteo's leaders is to create value responsibly through:

- Long term sustainable value creation
- Abiding to good governance & ethical principles
- Respect for communities and the environment in all decisions

For this reason, Alteo's approach to community engagement is to promote social empowerment, environmental protection, cultural heritage and social wellbeing for the sustainable development of the regions in which it operates. Its corporate responsiveness endorses the SDGs to create a great today and a better future.

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The community engagement programmes of the three countries in which Alteo operates are differentiated by the Human Development Index (HDI) and level of development in each location. As such, Mauritius is classified in the high human development category, Kenya in the medium human development category, Tanzania is in the low human development category.³

Alteo has established an operational network to efficiently engage with the community. Committees have been set up in all countries of operation to respond to the interests and concerns of this stakeholder group based on the principles of inclusiveness, dialogue and transparency. In-depth community consultations will form an integral part of the process to identify material sustainability topics in FY 2019/20.

The investment in these communities mainly revolves around the key priority areas identified by the Group, in close consultation with local communities:

- Sports
- Education
- Environment
- Health (mainly Kenya and Tanzania)

³ Reference to the latest Human Development Report.



i. Activities in Mauritius

Being in the high development category and among the best performers among the sub-Saharan African countries, Mauritius has a solid foundation and regulation around community engagement. This is why the Group talks of Corporate Social Responsibility (CSR) in Mauritius and Community Engagement in Tanzania and Kenya. Projects are mainly geared towards enhancing the quality of life and working on social problems linked to local development challenges.

With the change in the CSR landscape in Mauritius, the Finance (Miscellaneous) Act 2018 compels private companies to provide 75 % of their CSR funds to the Mauritius Revenue Authority (MRA) for onward use by the National CSR Foundation that was set up in 2017. This undoubtedly had an immediate impact on how CSR funds could be managed and allocated.

In 2018/19, total funding allocated via Alteo's CSR budget and Anahita Centre for Excellence amounted to Rs 6,999,999 (including amount remitted to the MRA for onward contribution to the National CSR Foundation) and Rs 3,233,264, respectively.

Key activities

- The Skills Hub Programme, one of the flagship initiatives of Alteo. This programme, which is in its pilot phase, is providing access to quality education and skills for about 60 youth in the East of Mauritius. They are afforded with the opportunity to grow and develop their talent to improve employability and access to work, notably through internships, which subsequently develop into full-time jobs.
- The Group contributed to the funding of Fondation Ciel Nouveau Regard and Fondation

Joseph Lagesse, which are Ciel's and IBL's respective Special Purpose Vehicles tasked with implementing social and environmental projects.

- Lakaz Lespwar Olivia, an NGO managed by Caritas Mauritius with the financial and administrative support of Alteo, offers continuous support to children and adults from vulnerable families in the region of Olivia to help them emerge from poverty and integrate socially. More than 200 individuals have benefited directly from the project over last financial year. Lakaz Lespwar is undergoing a transformational process to better address issues and challenges in the region and focus on community development.
- The Group funded the activities of Faucon Flacq Sports Club, a regional sports club in Flacq, as well as Kickboxing Clubs in the villages of Caroline, Quatre Soeurs and Olivia. About 150 youngsters from vulnerable backgrounds have access to sports facilities and practice a discipline for their personal development, wellness and wellbeing, as well as for community cohesion.
- Alteo collaborated with Mission Verte for the collection and recycling of 1,585 kg of cartons and papers, 1,070 kg of PET, 311 kg of other types of plastics and 85 kg of aluminium cans in Quatre Soeurs and Flacq.
- The Group contributed to several local NGOs to promote education among vulnerable groups. Grade II pupils from 4 primary schools and children from one pre-primary school of the region have followed the Zippy Programme of the ICJM. The NGO Safire continues to work with the street children of Caroline, Bel-Air, Olivia and Trou d'Eau Douce.
- Aligned with the 2019 World Environment Day's theme, about 49 employees and workers of Alteo collected 548 kg of waste.

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STRATEGY



ii. Activities in Tanzania

In Tanzania, TPC contributes to the basic needs of the local communities in terms of access to electricity and water. It is also actively engaged in provisioning local communities with decent housing by building sustainable villages.

Beyond this, Alteo's community engagement activities in Tanzania are driven by an NGO, FT Kilimanjaro (FTK). FTK is a joint initiative between the Dutch FEMI Foundation and TPC Ltd.

FTK operates on the principle of community-based adaptation and engagement, and mainly works in communities based near the TPC estate and in the surrounding villages, namely Mtakuja, Mikocheni, Chemchem, Londoto and the Lower Moshi region. FTK's projects benefit more than 30,000 people. The NGO manages projects only until the community and local authorities have acquired the skills and capacities to manage and sustain the initiatives themselves. These projects are documented on the NGO's website.

The main projects under implementation are:

- Ongoing support in terms of project management, training, and sensitisation to empower local communities to combat poverty.
- Running of 4 children centres, bus transport for secondary schools, building classrooms, teachers' training, tablet programme and provision of scholarships that benefit about 20,000 children and youth with access to quality education.
- Investment in tree planting programme and training in general awareness on environmental issues.
- Participation in the promotion of sports that benefits about 300 school children.
- Investment in community farm irrigation, agricultural training and extension services
- Investment in access to improved cook stoves and solar lighting

FTK's total expenses in Tanzania for the calendar year 2018 were Tsh 1,401,261,000 (about USD 609,000) out of which TPC contributed Tsh 195,326,000 (about USD 85,000) in cash and services and Tsh 70,400,000 (about USD 31,000) for in-kind contribution.

Over and above, TPC has also contributed USD 68,000 over the last financial year to other community development programmes in the region it operates together with the Government and other institutions. As such, the number of direct and indirect beneficiaries can reach up to more than 150,000.



iii. Activities in Kenya

Similar to Tanzania, community engagement programmes are geared towards providing basic needs to the community and to maximise socio-economic development.

TSCL has developed an extensive network within its region and is actively engaged with local growers through a number of initiatives. Regular 'barazas', or public meetings, are held in each cane supply area, during which issues pertaining to the wellbeing and good functioning of the villages are discussed. TSCL is also active within the local community and has contributed to several projects, including road infrastructure upgrades, water supply initiatives, health infrastructure funding and access to education.

Some of the major projects undertaken during the current financial year:

- Road development and maintenance is key to building a resilient network between TSCL and its over 15,000 out-growers. 162 km of gravelled road have been developed by the Company in this remote rural area, thereby unlocking trade potential to the benefit of all community members;
- Training of a first batch of 415 farmers to cane farming best practices that have been specifically developed for the Transmara region and its farmers. The training focused on the longer-term sustainability of soil health, profitable yields and appreciation of Transmara as a value-adding partner.
- Distribution of indigenous trees from Transmara's tree nursery to 64 schools in the region.
- Paying school fees in advance to farmers for the education of their children
- Assisting farmers financially to develop 4,500 Ha of sugarcane annually
- Donation of seedling for the afforestation of the Mau Forest

During the financial year 2018/19, a total of 1,014,388 USD has been invested in community engagement programmes at Transmara.

