



**SUSTAINABILITY
REPORT**
2018







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FOREWORD



Green Resources establishes long-term relations wherever we operate, and it is essential for our success that we operate in harmony with nature as well as foster relations with the community around us. We aim for all of our forest operations to be certified by the Forest Stewardship Council™ (FSC™) Today, 74% of our plantations are FSC™ certified and our goal is to have all areas certified by 2020.

Operating a responsible and sustainable business can only be achieved by developing a culture within the company where respect for people, other living creatures and nature is our first concern. The Carbon absorbed by forests is essential for combating climate change globally. In Africa, deforestation is a significant concern and the continent's major contributor to climate change.

Green Resources was the first company in Africa seeking support through the United Nations Framework Convention on Climate Change (UNFCCC) for our carbon offsets thereby creating export revenues from absorbing Carbon in the countries we operate. We continue to work with our clients to realize these benefits globally and locally.

In the remote and less developed areas where we operate, social development and support such as job creation and skills development are particularly important and valuable.

We continue to take major steps to improve our operations and an important element is to right-size our land concessions, consolidate our forest development and organize industrial operations for a growing wood flow. In Mozambique, following consultations with the Government and stakeholders, Green Resources has initiated a process to return a part of its landholdings.

During 2018 Green Resources completed a significant restructuring of its business and shareholding structure. This change involved Norfund and Finnfund taking a more central role in the company's development. This offers us an opportunity for a longer-term development perspective. The emphasis on responsible and sustainable operations by Norfund and Finnfund represents important support for Green Resources' continued improvement in these areas.

Hans Lemm
Chief Executive Officer

“Green Resources establishes long-term relations wherever we operate, and it is essential for our success that we operate in harmony with nature as well as foster relations with the community around us. ”

BOARD OF DIRECTORS

The Board of Directors is responsible for the governance of the Company and for the proper organisation of its activities in accordance with the legislation and the Articles of Association. The Board establishes the strategy, organisation, accounting and control of the Company and appoints the CEO, who acts in accordance with the orders of the Board of Directors and is responsible for the day-to-day management of the Company's affairs.

The subsidiary companies have in-house boards in all key countries of operations consisting of Green Resources' employees and in some instances external members who in some instances represent minority shareholders and in some instances act in an advisory capacity.



GRAS'S BOARD OF DIRECTORS

EXECUTIVE MANAGEMENT

Frode Alhaug
Chairman

Lasse D. Nergaard
Director

Michal Brink
Director

Ilkka Norjamâki
Director

Mikko Kuuskoski
Director

Eirik Bergh
Director

Hans Lemm
Chief Executive Officer

Jarl Kosberg
Chief Operating Officer

Lars Ellegard
Chief Finance Officer

John Ferguson
Managing Director Uganda

Arlito Cuco
Managing Director Mozambique

Emma Shepheard-Walwyn
ESG Director

Godlisten Abel Minja
Corporate Affairs Director

OUR COMPANY'S MISSION

Green Resources is one of East Africa's largest forestry companies and a leader in East African wood processing. We believe that forestation is one of the most efficient ways of improving social and economic conditions for people in rural areas.

The company's strategy is based on the sustainable development of the areas in which it operates, and we aim to be the preferred employer and partner for local communities in these areas.

The prime objective of our industrial operations is to add value to the forest. Green Resources' main industrial operations, Sao Hill Industries (SHI), Tanzania, operates two sawmills, a pole treatment plant, joinery facilities and wooden briquettes and other biomass to energy carrier processing, including what is probably Africa's largest and most modern sawmill outside South Africa. We have large sales network across Tanzania and also operate electricity pole plants in Uganda and Mozambique, and a sawmill in Uganda.

OUR VISION AND OBJECTIVES

Green Resources aims to be one of Africa's leading forestry companies that generates returns to its shareholders, provides high employment standards, and contributes environmental and social development in line with best international practices.

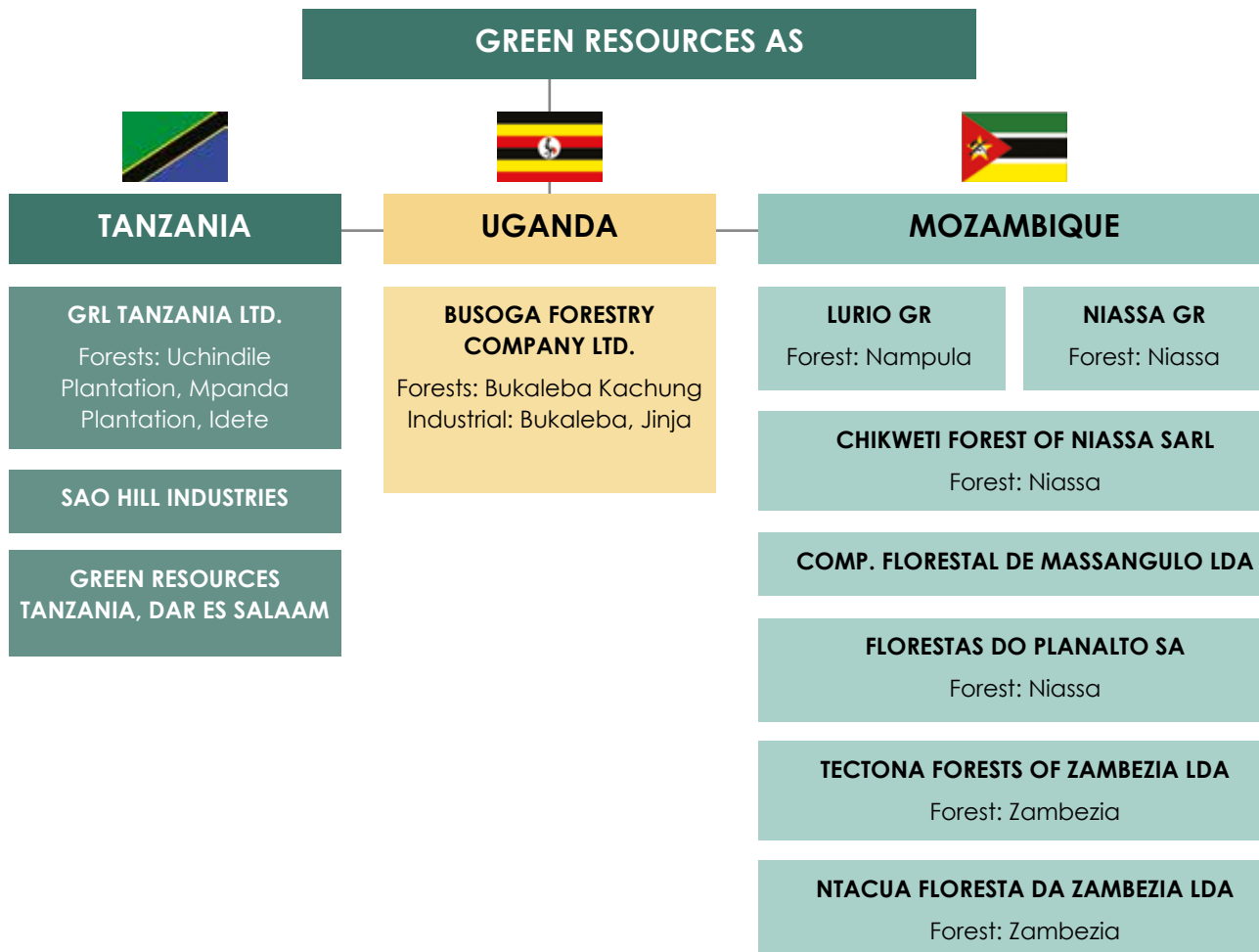
We aim to create an advanced plantation company that develops first-class, rapidly growing forest products and energy business in Africa so as to provide the maximum value from our forests. The company converts low-yielding grasslands and degraded or abandoned farmlands to tree plantations suitable for the different areas under its management and ownership. We also operate in areas designated by national governments for forestry development. All this is done whilst at the same time, adhering to high standards of corporate social responsibility through focusing strongly on sustainable environmental and social stewardship principles.



SCOPE OF ACTIVITIES

The Company's primary brands, products and services are the establishment and management of forest plantations

as raw materials for wood processing industries, namely saw logs, transmission poles, and processed wood products and biomass in Tanzania, Uganda and Mozambique. It also focuses on carbon sequestration through its plantation development and conservation activities.



THIS REPORT

Green Resources' fourth sustainability report has been produced to update stakeholders on the company's progress. We believe that social and environmental impacts

are material to the value of investments and therefore this information is highly relevant for our stakeholders and clients.

The report covers Green Resources' operations from 1st January 2018 to 31st December 2018.

KEY IMPACT

One of the largest employers

in the areas in which it operates, particularly in the rural regions where its plantations are located.



Local governments continue to benefit from Green Resources' investments through tax payments

and domestic purchases of required operational inputs.



The investments associated with Green Resources' activities in these areas have brought not only **employment but additional development including community development projects and new business opportunities**, such as helping to develop local skills for improved livelihoods, as well as local marketplaces.

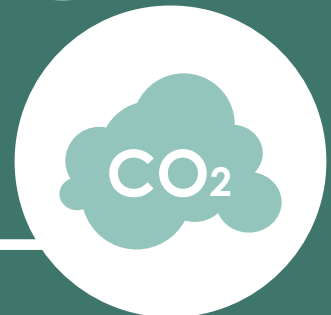


Investments in local communities and social upliftment activities

such as improving road networks, building and providing supplies for schools, helping communities gain access to clean and safe water and development of small businesses through engagement in GR's activities.



Carbon sequestration through its plantation development



Green Resources provides access to firewood from its plantations for household use in accordance with national legislations and company standards,

thereby helping to reduce pressure on natural forests for bioenergy. The production of sustainable wood products from Green Resources' plantations helps meet the demand for wood products in the regions where the company operates, especially with the growing construction industry in East Africa that would otherwise put additional pressure on natural forests.



EXTERNAL CHARTERS, PRINCIPLES AND INITIATIVES

Green Resources is committed to complying with both internationally recognized conventions, national legislation, and guidelines and standards related to its businesses, including, but not limited to:

- Forest Stewardship Council™ (FSC™)'s Principles and Criteria
- International Labour Organisation (ILO)'s declaration on Fundamental Principles and Rights at Work
- International Finance Corporation's (IFC) Performance Standards on E&S Sustainability
- OECD's Guidelines for Multinational Enterprises (two largely overlapping guidelines for corporate behaviour)
- World Bank Policy on Involuntary Resettlement
- The Climate, Community & Biodiversity Alliance (CCBA), Verified Carbon Standard (VCS), and the Clean Development Mechanism (CDM)

For a number of the above, as well as other certification schemes, and company obligations, Green Resources is frequently assessed through third party verification to demonstrate our adherence and commitment to such standards.

ESG KEY POLICY COMMUNICATIONS

Green Resources' key ESG policies are its: Business Ethics and Principles Policy; Occupational Health and Safety Policy; Human Resources Management Policy; Environmental Policy; Communications and IT Policy; and Stakeholder and Community Relations Policy (for details, please see the company website: www.greenresources.no). The company is undertaking a new Environmental and Social Management System Project in 2019, in which all of Green Resources' E&S policies, procedures and reporting are being reviewed, updated and organized into Integrated Management System (IMS) that will ensure better synergy, reporting and compliance across the organisation.

SUPPLIER AND CONTRACTOR MONITORING

Green Resources is committed to ensure that a mutually-beneficial relationship based on productivity and responsibility is maintained with our suppliers and customers. We encourage them to carry out business with integrity, adhering to Green Resources safety, business ethics and quality principles. Green Resources aims to build long term partnerships and has identified key areas of interest which shall be monitored going forward. These include:

- Information sharing
- Job creation
- Income generation, and
- Monitoring of off-site impacts of our operations

ENVIRONMENTAL AND SOCIAL GOVERNANCE STRUCTURE

CEO

- Approves all ESG activities, updates GRAS Board and Shareholders on plans, status and actions

ESG Director

- Ensures E&S requirements are incorporated into all operational plans
- Develops the ESG Strategy and setting of targets
- Leads the ESG team and the monitoring and reporting of key ESG aspects
- Ensures timeous reporting on all E&S obligations across the organisation

ESG Managers

- Budgets all required ESG activities
- Operationalise strategies for achieving the ESG targets
- Monitor teams to ensure implementing activities
- Collect data and report against the ESG targets

E&S Officers

- Implement activities to achieve the targets and plans
- Inform & educate stakeholders on ESG activities
- Contribute to data collection and reports on ESG activities

Reporting to the CEO, the ESG Director's key responsibilities are to ensure that all environmental and social aspects are planned, executed and monitored across the group following best practice. Each country has its own ESG team with Environmental and Social Managers overseeing all E&S activities. All subsidiaries have Community Development Officers (CDO's) employed to handle day-to-day community development activities (2 in Tanzania and Uganda, 3 in Mozambique). They report to the ESG Managers in each country. The subsidiaries also have EHS officers (3 in Tanzania and Uganda, 2 in Mozambique) to handle environment, health and safety issues. Standard practice is for EHS officers to report to the ESG Manager in each country. In 2019 GRAS is looking to employ a new EHS Manager in Mozambique, as well as a group Natural Resources Manager.



COMPLIANCE WITH LEGAL REQUIREMENTS

Country	The company is in compliance with the following:
Tanzania, Uganda and Mozambique	<ul style="list-style-type: none"> • Certificate of Incentives; • Work Permits for foreign employees; • Residence Permits for foreign employees; • Environmental Impact Assessment for projects; • Environmental Audit Certificate • EIA Certificate for Sawmill; • Water Rights; • Fire Rescue Certificate; • Certificate of Registration of Work Place; • Compliance License Work Place, • Forest Harvesting License; • Timber Yard Registration; • Sawmill Registration; • Trade of Timber Export Certificate; • Building Permit; • Licenses for Import and Use of Pesticides; • Radio License; and • Investment Promotion Certificate.
Tanzania	<ul style="list-style-type: none"> • National Business Licence; • Transit Pass Permit; • Motor vehicle licences; • Water permits; • Fire certificate; and • Environmental permits.
Uganda	<ul style="list-style-type: none"> • Trading Licence, Jinja Municipal Council; • Manufacturing Industrial Operational Permit for Industry, Masese, Jinja Municipal Council; • UNBS Permit to use the Uganda Standard Certification Mark, Uganda National Bureau of Standards; • Log Harvesting Licence-Bukaleba Plantation, NFA; and • Certificate of Approval of Environmental Impact Assessment-Woodmizer Sawmill, NEMA.
Mozambique	<ul style="list-style-type: none"> • Land user rights tax payment; • Workers compensation insurance; • DUAT payments; • Road circulation tax for Lurio Green Resources; • Vehicle inspection; • Vehicles third party insurance; and • Water license for the nursery (issued by Ara Norte).

THIRD PARTY AUDITS

A number of third-party audits took place during the reporting period. Across all operations Coastal Environmental Services (CES) in June 2018 conducted the most recent of a series of audits on the company's ESG activities, including its adherence to the agreements that it has with its lenders. This year's audit showed that there is still significant work to be done on the action plan resulting from these audits, the Company's ESG activities show improved results and adherence to the relevant standards and agreements in the previous 6 months.

In addition:

- In Tanzania, the company underwent an FSC™ re-certification audit in August 2018. The outcome was successful with the certification being renewed.
- In Uganda, an FSC™ surveillance audit was held in August 2018. Here, two minor non-compliance CARs were found and the auditors recommended continued certification.
- In Mozambique, an FSC™ audit was also conducted where the company received a minor CAR and the auditors recommended continued certification.

INSPECTIONS AND REVIEWS

A number of inspections and reviews by external authorities took place during the period of reporting.

- In Tanzania the company was inspected by Occupational Health and Safety Authority (OSHA) in December, the Fire and Rescue Department in July, the Government Chemistry Department in August and the Tanzania Atomic Energy Commission in November 2018.
- In Uganda the National Environment Management Authority carried out an inspection in January. One major non-compliance item with legislation was raised relating to pollution resulting from storm waters due to poor drainage systems at the pole plant. Work was initiated to upgrade the pole plant and address the non-compliance this year with completion in 2019.
- In Mozambique from June to November 2018 the Government Land Authority (MITADER) conducted land inspections on our Lurio and Niassa operations. While the inspections did not result in any non-compliance, the issue of unutilized land was discussed and resulted in the commitment by the company to return some of its land in both operations.

STATUS OF LAND DEMARCATION AND TITLE DEEDS

TANZANIA

The status of the land demarcation and title deeds for our Tanzania operations are as summarised below:

Area	Location	Area (Ha)	Title Deed	Issue Date	Comments
Idete	Farm 900	11,663	99-year title	April 17, 2009	Issued
	Farm 901	2,513	99 year title	April 17, 2009	Issued
Chogo	Farm 854	1,605	99 year title	March 8, 2004	Issued
Mapanda	Farm 837	4,653	99 year title	March 8, 2004	Issued

Status of title deeds under processing for Tanzania

Green Resources is actively engaged with the government to follow-up and attempt to ensure Title Deeds are issued in a timely manner. Pending titles are being followed up and should be available in the next year FY19/20

Area	Location	Area (Ha)	Comments
Incomet	Farm 1022	1,921	Final survey completed and approval for issuance of a 98 year derivative right given on November 2015.
Mufindi	Farm 838	421	Pending final surveys for title deed processing
Chogo	Farm 1015	314	Pending final surveys for title deed processing
	Farm 1014	822	Pending final surveys for title deed processing
Ukami	New Land	4, 670	Final land valuation report completed in September 2015 and associated compensation payments made in December 2016. A governmental survey and community consultations were held in 2018. Some issues with community agreements, and clarification on land boundaries were noted. The governmental official confirmed titles will be processed once Green Resources can prove conclusion to these issues, and the ESIA is conducted. This is expected to take place in 2019
Makungu	Nursery	12	Final survey completed in November 2011. Title deed processing to be done in conjunction with the Uchindile II, Kitete and Taweta land areas;
Uchindile I	Farm 308	6,647	New Title Deed not yet issued, however all legal requirements have been fulfilled. Title deed to be provided by the government.
Kitete	Farm 1173	10,505	Final survey and EIA completed in October 2015, awaiting EIA certificate issuance. Title deed processing is expected to start as soon as confirmation provided by the government.
Uchindile II	Farm 1172	10,880	Final survey and EIA completed in October 2015, awaiting EIA certificate issuance. Title deed processing is expected to start as soon as confirmation provided by the government.
Taweta	Farm 1174	10,878	Final survey and EIA completed in October 2015, awaiting EIA certificate issuance. Title deed processing is expected to start as soon as confirmation provided by the government.
Uchindile Industrial Area	Uchindile Industrial Area	45	Final survey completed in November 2015. Title deed processing to be done in conjunction with the Uchindile II, Kitete and Taweta land areas

Mozambique

In 2018, Green Resources began a review of all its operations, and reviewed all of its land holdings (called DUATs) in Mozambique in line with a newly developed business plan. The company developed a land consolidation project, which looked at the area of land required to be developed, as well as factors such as access to processing sites etc. Through the first stage of the consolidation review it was identified, that for the new Business Plan, the company held land rights (both provisional and demarcated) for an area greater than that which the company would seek to develop. As such, the company notified the government of the intent to relinquish certain land-rights. A complete version of the new business plan will be presented to the government, and it is expected that a more comprehensive land-consolidation process will take place with additional land holdings being relinquished. Green Resources' land holding in Mozambique is approximately 300,000 ha for its working DUATS. These are in three main regions, Niassa, Nampula and Zambezia and cover the area termed Lurio in Nampula; Lichinga, Chimbonila, Sanga, Lago, Muembe, Ngauma and Mandimba in Niassa, and Tectona and Ntacua in Zambezia.

Uganda

Green Resources' subsidiary in Uganda, Busoga Forestry Company Ltd (BFC) operates two plantations in areas designated by the national government for forestry development as Forest Reserves. These plantations are namely Bukaleba Plantation (6.466 ha in Mayuge District) and Kachung Plantation (2.699 ha in Dokolo District) under 50 years' licenses.



LABOUR AND EMPLOYMENT RELATIONS

Green Resources strives to have high human resources management standards in all its operations so as to maintain a motivated and satisfied employee workforce and to ensure that the company gives equal opportunities to all. Across Green Resources the HR teams provide oversight and support operational management in the hiring, staff training and development, employee welfare and disciplinary processes. During the reporting period, the teams worked on training and sensitisation of staff in relation to company policies and ensuring that all staff are adhering to them.

EQUAL OPPORTUNITY

Green Resources promotes equal opportunities for employment for everyone, regardless of gender, race,

language, religion, geographic origin, national or social origin, birth origin, property ownership status, any other status or whether staff they are members of a labour union or not.

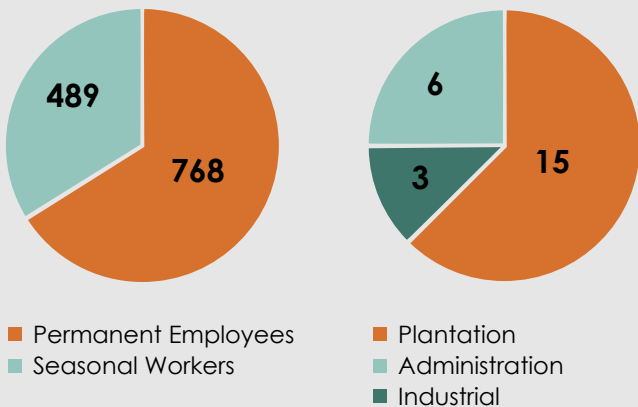
ORGANISATIONAL CHANGES

One of the most significant changes for the organisation in 2018 was the departure of Erik Knive as CEO. Erik left GRAS in October 2018 due to health reasons, and Jarl Kosberg (COO for GRAS), took on the position of Acting CEO until Hans Lemm took over as new permanent CEO from the 1st of April 2019. During the period a restructuring of ownership took place involving the DFIs Norfund and Finnfund strengthening their involvement in the company with the aim of becoming equity partners in the organisation. This led to a change in the Board of Directors (for more information please see the GRAS website). These changes have helped to stabilise GRAS's financial situation which provides a positive foundation for its future development.

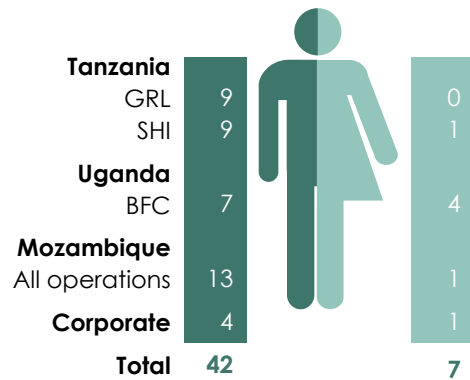
SCALE OF THE ORGANISATION IN 2018

Number of Employees
Jan to Dec 2018: 1 256

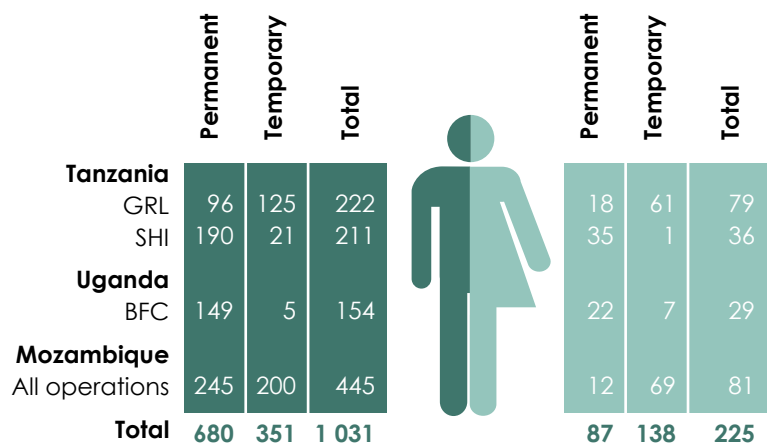
Number of Operations: 24



MANAGEMENT (BY GENDER)



NUMBER OF EMPLOYEES (BY GENDER) – JANUARY TO DECEMBER 2018



TRAINING AND DEVELOPMENT

The tables below represent a high-level summary of the major trainings that were carried out during the reporting period.

Training/Awareness Programs held in 2018	Trainees			Conducted by
	Total	Female	Male	
TANZANIA				
Anti-Corruption Awareness Training	12	2	10	Internal
Basic Fire Prevention and Fighting Training	124	4	120	Internal & External
Biodiversity Survey and Monitoring Training	24	8	16	External
EHS Induction and Training	270	39	231	Internal & External
EHS Representative Awareness Training	21	2	19	Internal
Emergency Response & First Aid Training	22	4	18	Internal & External
Hazard Identification and Risk Assessment Training	44	0	44	Internal
HIV/AIDS Awareness Training	95	10	85	Internal & External
PPE Use Training	33	0	33	Internal
Social Monitoring Training	4	3	1	External
Waste Management Training	46	3	43	Internal
Water Quality Survey and Monitoring Training	9	6	3	External
Total number of staff trained	704	81	623	Internal & External
UGANDA				
Basic Fire Prevention and Fighting Training	13	9	4	External
Chemical Handling and Management Training	10	7	3	External
Defensive Driving Training	17	0	17	External
Emergency Response & First Aid Training	14	11	3	External
Environmental and Social Governance Training	1	0	1	External
Equipment Safe Practice Refresher Trainings	18	5	13	External
Managerial Finance Training	1	0	1	External
Managing Terminations Training	1	0	1	External
Operational Harvesting Planning Training	2	0	2	External
Total number of staff trained	77	32	45	External
MOZAMBIQUE				
Basic Fire Prevention and Fighting Training	52	12	40	Internal
Chemical Handling and Management Training	21	0	21	Internal
Election of Workers Union Representatives Training	75	2	73	External
Equipment Safe Practice Refresher Trainings	23	1	22	External
Establishment of EHS Committees Training	40	0	40	Internal
HIV/AIDS Awareness Training	20	0	20	Internal
HR Induction - New Employees Training	340	59	281	Internal
Labour Law Awareness Training	14	1	13	External
PPE Use Training	12	0	12	Internal
Strategic Management of Human Resources	2	0	2	External
EHS Induction & General Awareness Trainings	434	71	363	Internal
Total number of staff trained	1033	146	887	Internal & External

EMPLOYEE HOUSING AND STAFF BENEFITS

Green Resources provides a range of housing for staff in the operating countries and accommodation that meet the minimum ILO standards for Workers' accommodation requirements.

- In Uganda housing is provided for about 15 individual supervisory staff.
- At SHI, the majority of employees are accommodated in 208 company houses with electricity, water and other basic amenities.
- In Mozambique, some staff are provided housing on an individual housing per family basis. The housing is organised depending on the staff member's position, and their need for housing.

A range of employee benefits at different levels are provided by Green Resources as outlined in the Employee Handbook and these comply with each respective country's national legislation. These include:

- All related leave (annual, sick, compassionate, parental)
- Insurance scheme benefits
- Medical aid schemes
- Overtime payment in accordance with registers

All employees including the lowest paid employee at Green Resources are paid above the respective National Minimum Wages for the countries they operate in.

SOCIAL IMPACT

ESG Expenditure for the period under review.

GRAS ESG expenditure 2018	Expenditure (USD x 1,000)			
	Mozambique	Tanzania	Uganda	
Community Development Projects and/or Social funds	\$17.6	\$43.7	\$18.3	\$79.6
Community and Stakeholder Engagement	\$3.4	\$10.2	\$2.6	\$16.2
Audits, Monitoring and Licences	\$0.3	\$20.3	\$49.8	\$70.9
Total	\$21.3	\$74.2	\$70.7	\$166.7





SUSTAINABILITY COMMITMENTS AND STRUCTURES

STAKEHOLDER ENGAGEMENT

Green Resources bases its stakeholder engagement on a combination of factors, including field-based experience of our staff members, feedback from stakeholders, input from reviews and audits, as well as findings from independent studies and review projects by specialist consultants. The core basis of Green Resources' stakeholder management is based on input from the 'Monkey Forest Consulting' work that was done in 2014/2015 which led to the development of Green Resources' stakeholder engagement, communications and grievance management plans. Following on from this Green Resources gained feedback from various audits on the company's engagement activities, and regularly receives input from communities and other stakeholders.

Community engagement through informal interactions and formal meetings is a key part of Green Resources' social impact program. In Tanzania, a total of 26 community meetings were held in villages during the reporting period, and the company began social surveys including stakeholder interviews to monitor their perceptions of Green Resources and its social activities. In Mozambique, 111 community meetings were held in Niassa and 28 community meetings were held in Lurio. In Uganda, a total of 81 community meetings were held during the year.

Our stakeholder management involves engagement at all levels (local communities, governments, civil society, NGOs, partners, financiers, etc.) with the aim to engage,

listen, and keep stakeholders informed through effective communication. During the reporting period Green Resources staff held meetings with a range of different stakeholders.

Steps:



Identify any areas of concern and/or interest for the various stakeholder group.



Focus on the areas of concern, or possible benefit, and identify possible ways to address/engage with the key issues for mutual benefit between the stakeholder group and the company.



Understand the views, needs, perceptions and expectations associated with identified areas of concern/interest in relation to both the local and the global environment.



ANTI-CORRUPTION

Green Resources has a zero-tolerance to corruption, and this is clearly stated in our policies. The organisation continues to ensure that all new staff are provided copies and explanations of the anti-corruption and anti-bribery policies. Inductions are held continuously where the principles and rules of these policies are outlined. Anti-corruption training sessions were held for all corporate management and at the operations in Tanzania during the period under review and has continued in our other operations after the reporting period. Training and information dissemination raise awareness and prevent misappropriation of company resource. Green Resources investigates all incidents reported and uncovered and works closely with local law enforcement where necessary. Disciplinary action is taken in accordance with our HR policies where employees may be involved in wrongdoing. The following significant matters were recorded in the period:

Tanzania



Under the year in review three incidents of theft were reported. The most serious incident occurred at one of the sales yards involving manipulation of sales and stock figures which was detected through audits and investigated.

Mozambique



Under the year in review one illegal logging and sawing incident was reported and one inappropriate award of an IT contract was detected and investigated.

GRIEVANCE MANAGEMENT

In 2015, Green Resources updated and reinforced its Grievance Management Processes for each country organisation and centrally. This included improved information and publication of the system as well as systemizing how grievances are lodged, managed and addressed (to ensure appropriate investigation and timely closure). A bottom-up reporting of grievances ensures transparency at all levels of organization including senior management and the board. Green Resources has seen an active uptake in using the grievance management process by staff, communities and other stakeholders, and

it has allowed the organisation to address many issues before they become major concerns. The most common way for communities to raise grievances is during regular community meetings.

Any grievances raised are advised to be sent to or to go to the company to enable management to engage and rectify accordingly. A note of concern though is that a few stakeholders prefer to use the press and social media and do not use the correct Green Resources grievance mechanism channels. This however only acts to dissuade stakeholders on any possible dialogue, which would have been key in grievance resolution.

Issue	Tanzania		Uganda		Mozambique	
	Number Raised	Number Closed	Number Raised	Number Closed	Number Raised	Number Closed
All Grievances (Inc. community grievances)	9	6	11	8	26	6

Green Resources continuous to engage with all stakeholders in pursuit of sustainable and mutually agreeable resolution of all raised and pending grievances. Some of the grievances which are still open have been submitted to the responsible government departments for redress and are pending feedback.

COMMUNITY DEVELOPMENT ACTIVITIES

TANZANIA



Construction of a **Maternity ward** in Uchindile Village



Village office and **community hall** in Mapanda Village




Community **tree planting**




Fire fighting skills


UGANDA




Food security programme




Medical drugs donated to Nkombe and Bukatube health centres




Entrepreneurship training – 173 individuals from 6 communities




HIV/AIDS awareness, testing, counselling as well as common illness and personal hygiene




Women and youth group participation




Study tour hosted by The World Wide Fund for Nature




Baking skills development in Kachung



Community roads in Bukaleba



Two community boreholes in Tetugo and Agolowelo village



Tuition fees for girls' education program in Bukaleba

MOZAMBIQUE



ID project in partnership with Norwegian Embassy to engage people to engage in formal employment



Participatory approach including working with local government, NGOs and the wider community



ENVIRONMENTAL MANAGEMENT

In 2012 GRAS developed an ESAP which was extended to 2013 which selected corporate actions. The ESAP provides a benchmark towards responsible management based on audits and reviews comparing Green Resources against best practice. As this was not largely successful, based on a baseline review done by Coastal Environmental Services (CES), a new ESAP was agreed in 2016 with the financiers, FinnFund and Norfund. The new ESAP works as a guide to managers in all areas to ensure that all activities are managed according to high social and environmental standards. Progress is controlled through third party audits where CES follows up 3 times annually and certifications auditing processes also assist in alignment where possible. Performance monitoring, regular checks and management reviews are used and are monitored by the ESG Director on a monthly basis. In 2018, Green Resources underwent an independent follow-on audit by CES to review progress on the ESAP and in general to assess the company's ability to achieve its environmental and social goals and obligations. Whilst improvements were noted from previous years assessments, it was noted that further work is required in several areas including a review of the management system approach is needed to ensure effective documentation and implementation of the company's policies and procedures. This project will be undertaken in 2019.

Significant Environmental Impacts

No significant impacts on the environment were reported during the period under review due to Green Resources' operations. The company has a system in place to monitor environmental performance and ensure legal compliance in all operational sites. Key areas of concern are waste management, emissions and spills, energy and water usage. Green Resources uses internationally recognised, independently verified certified systems including FSC™ and ISO 14001 to ensure compliance.

The organisation rates the various environmental impacts that its operations have, and seeks to ensure that negative impacts are avoided, or where possible have low direct or indirect impacts. Where this is not possible, Green Resources actively manages sites and operations to reduce negative impacts, mitigation/minimisation activities are undertaken

and where necessary, the company takes required actions to address impacts, such as fixing erosion sites.

Operations Near Protected Areas

Most of Green Resources tree plantations have been grown on converted low-yielding grassland and degraded/abandoned farmland and therefore encroachment upon protected natural areas has not been a significant aspect of our operations. The only operation that take place near the geographic vicinity of a protected area is the Uchindile I plantation at the Taweta operational site. These activities are adjacent to Kilombero Game controlled area - a protected area named under the Tanzanian national Legislation as a Nature Reserve. The protected area is characterised by presence of terrestrial wildlife and Green Resources closely monitors its activities to ensure that negative impacts are avoided and mitigated.

Biodiversity Management

Approximately 40,518ha of conservation areas and buffer zones are managed across Green Resources operations. These include wetland (both seasonal and annual) riparian zones, natural forest stands, gully areas and valley bottoms. The choice of which areas the company chooses to set-aside for conservation is dependent on the type of area, the management objectives, legal requirements, long-term land-use opportunities, and ecological factors such as preserving representational habitats. The maintenance of biodiversity is a very important consideration in how Green Resources chooses to manage its forests.

In 2018, biodiversity assessments took place in Tanzania and Uganda. In Uganda, two separate biodiversity assessments were commissioned: one in Bukaleba and the other in Kachung. The studies found that several flora and fauna species and ecosystems are maintained in our plantations and that the plantations provide complementary conservation habitats that will retain and maintain biodiversity value for as long as they stand. Levels of biodiversity varied from habitat to habitat (based on the geographical and topographical location of the plantations, such as in a valley bottom, by a water source, or at a higher altitude). The importance of native woody vegetation left and growing was emphasized as they act as a resource for the fauna and also mother trees for seedling and contributing to the seed bank and regeneration.



Improving the Environment

Green Resources continually takes steps to ensure the protection and improvement of the environment we operate in. These include the following actions:

- Setting aside land from plantations for conservation and biodiversity
- Removal of invasive species (lantana) from operational areas
- Conducting biodiversity studies and monitoring activities allowing us to identify rare threatened or endangered species
- Environmental Impact Assessments before commencing operations
- Protecting riparian zones and wetlands
- Promoting sustainable wood harvesting by communities
- Fire protection activities which include preparing fire breaks and sensitisation meetings with communities.
- Preservation of buffer zones
- Promoting community woodlots established through Green Resources support of seedlings
- Trained and competent plantation and environmental employees working in all our operating countries

Environmental Incidents

52 fires occurred on or near our plantations, with 55 hectares being lost to fires. 2 oil spillages were recorded during the reporting period. No other environmental incidents took place.

Country	Total number of fires Jan-Dec 2018	Total hectares lost to fire	Total Waste spills Jan-Dec 2018	Total Amount spilled (litres)
Tanzania	4	3	0	0
Uganda	6	<1	2	60
Mozambique	42	52	0	0



Green Resources' Carbon Footprint

Green Resources continues to sequester carbon through its plantations which aids in the mitigation of climate change.. Green Resources is committed to curb its GHG emissions, and where possible, reduce emissions. As such, staff awareness is taking place related to climate change and how we can contribute to it positively or negatively.

Green Resources emits GHG from its use of machinery and vehicles involved in harvesting and transport of logs, poles, sawn timber and other wooden products. The number of machinery and vehicles operating for Green Resources at any time is on average 30 units corresponding to an estimated annual GHG emissions of roughly 1,400 tons of CO₂ equivalent. The main source of emissions from Green Resources activities is from transport, the diesel generators, as well as standard electricity consumed from the national grid in our operations that is, in part, generated from fossil fuels. On the other side, Green Resources' 38,000 ha of forests sequesters Carbon corresponding to approximately 4.7 million tons of CO₂. In 2019 Green Resources will develop a strategy to monitor the year-on-year growth of trees and carbon sequestered annually.

Safe Management of Hazardous Waste

Waste management across the group is guided by the waste management procedure. Wastes are collected and sorted on site. Disposal of wastes generated is dependent on the nature of the waste being either organic or non-organic, hazardous or non-hazardous. During the reporting period, no chemical substitution took place as the company is in full compliance with national and international legislation on the issue. Chemicals used are those authorised by national bodies and acceptable on FSC™ certified areas. Waste management procedures are in place to guide staff on waste handling. The procedures employed for handling or disposing of containers for chemical substances (e.g. CCA container, Glyphosate) and expired chemicals, lubricants or lubricant residues (e.g. oils, fuel) is to store in secure location for re-use/recycle or disposal collection. For batteries (of any kind) and fluorescent tubes these are stored in secured locations before being disposed of by a qualified company. The waste management plan also accounts for treated wood waste, contaminated rags and sediments and other clothes contaminated with oil.

Certification Overview

The table below provides a general overview of the certification schemes currently present in the countries that GRAS operates in. Note that this section does not provide for specific plantations within the countries of operation. For example in Mozambique, Malulu, Malica and Ntule FMU's under NGR operations are certified under FSC™ and the rest are under a plan for certification stretching into the next 3 years and all LGR operations are not certified.

Country	Certification Schemes			
	FSC™	ISO	OSHA	VCS/CCBA
Tanzania	•			•
Uganda	•	•	•	•
Mozambique	•	•		

In Tanzania the company is certified under FSC™, the

Verified Carbon Standard and the Climate, Community and Biodiversity Alliance (VCS/CCBA). In Uganda, BFC is currently certified to ISO 9001:2015 for quality management systems, ISO 14001:2015 for Environment, and OSHAS 18001:2007 for health and safety as an integrated management system (IMS), FSC™ certified since 2010 and all the projects are certified by the National Environment Management Authority (NEMA). Mapanda and Uchindile plantations in Tanzania and Bukaleba plantation in Uganda are VCS certified while Kachung being a CDM verified project. In Mozambique, the company initiated the ISO certification for ISO 9001 for the pole treatment plant in December 2018. Mozambique submitted a request for renewal of environmental licenses for the sawmill and poles treatment plant.



FSC™ Certification and Responsible Forest Management

One of the key forest management standards that Green Resources is certified against is The Forest Stewardship Council™ (FSC™), which assesses forestry companies for responsible management. Like many other African companies and sustainable forestry companies, Green Resources believes that FSC™ Principles and Criteria's are the most effective measure for responsible forest management. Green Resources aims to ensure that all its plantation operations are FSC™ certified. This is because it acts as a benchmark for responsible forest management. The principles cover all aspects of responsible management, not just looking at the forestry practices, but also the economic, social, and environmental aspects associated with the organisation's activities. As such, by working towards full certification, Green Resources is able to demonstrate its ability to manage its operations in a responsible manner. In addition, the FSC™ Principles help to provide a basic guideline for responsible management, which Green Resources can incorporate into its forest management approaches.

Green Resources closely monitors its progress each year and aims to reduce the number of corrective actions from the audit's year-to-year. Over in 2016/2017 Green Resources saw an increase in CARs both in Mozambique and Tanzania. These were closely linked to the organisation being unable to implement its own policies and procedures due to limited funds. In 2018, with improvements in the funds situation, the CARs reduced again. Whilst there were still a number of CARs raised for Tanzania, it should be noted that 2018 was a re-certification year, where every criteria and principle were assessed.

During the reporting period, Green Resources had successful audits and recertification of its three existing licences. In February, Green Resources NGR operations in Niassa, Mozambique, underwent a successful surveillance audit, with just one minor CAR raised. Audits took place for both Uganda and Tanzania in August 2018. For the Tanzanian operations, the audit was a full re-certification audit. The company was approved for recertification and is currently waiting for the certificated. During the audit, seven minor CARs were raised.

The Uganda operations underwent a successful surveillance audit, with just two minor CARs raised.

Country	Licence number	Country	Corrective Action Requests				
			2014	2015	2016	2017	2018
Mozambique	FSC-C107952	Minor	14	4	9	0	1
		Major	4	0	0	2	0
		Total	18	4	9	2	1
Tanzania	FSC-C015169	Minor	3	6	7	4	6
		Major	3	0	1	4	0
		Total	6	6	8	8	7
Uganda	FSC-C106074	Minor	5	5	1	3	2
		Major	1	0	0	0	0
		Total	6	5	1	3	2

HEALTH AND SAFETY



The health and safety (OSHA) policy guides all Green Resources' operations. Performance and compliance are monitored through regular reporting, our own internal audits as well as external third-party audits.

Environmental Health and Safety (EHS) is vested with the COO who provides direction to operational line management and oversees the EHS staff in each operation. Health and safety management during the reporting period took the form of monthly and weekly meetings and continuous daily intervention. EHS representatives from the different operations met with management and workers to discuss all matters relating to EHS working areas. EHS intervention focused on the provision of PPE, toolbox talks, accident and incident reporting, accident investigation with recognition and learning outcomes from any previous accidents, and the performance of the EHS management systems. The EHS requirements are equally applicable to our consultants and suppliers and they are an integral part of contract documents, inductions, inspections and interventions.

Several Health and Safety Training Courses took place during the reporting period. This included inductions, technology and equipment training, vehicle training, first aid and emergency care, fire awareness and protection, among others. A full list of all training sessions that took place during the reporting period are listed on the tables on pages 18 to 20 of this Report. No revisions have been made to the Emergency Response Plans (ERP) during the reporting period.

Tanzania

During the reporting period, the company received an audit by the Occupational Health and Safety Authority (OSHA) in Tanzania in December, the Fire and

Rescue Department in July, the Government Chemistry Department in August, and the Atomic Energy Commission of Tanzania in November. During the reporting period the company continued to inform their suppliers about the Environmental and Social policy of the company and the standard expected from them.

Training related to workplace health and safety during the reporting period included basic induction, fire training, hazard and risk identification training, waste management training, and HIV/AIDS awareness training. The health and safety topics covered in formal agreements with trade unions included the use of worker PPE, food provision, transport safety, sanitation and hygiene and accident or incident risk management. Workplace conditions have been maintained and improved through the provision of PPE, food provision, transport, and the installation of security lighting.

A serious incident occurred at SHI during the period when a door of a treatment tank burst under pressure. The accident caused material damage but did not cause any personnel injury. Except for this accident, no workers were reported to be of high incident or disease risk during the reporting period.

Uganda

A fatal accident was recorded in our Uganda operations when a young village boy, who had climbed onto the trailer of a logging truck, fell and was run over by the truck. The accident resulted in significant review and revision of contractor management practices in the company with transfer of lessons from the accident to other operations.

During the reporting period, health and safety inductions and training sessions were conducted and over 70 members of staff were trained. This training included different aspects including first aid, fire and emergency training, defensive driving, chemical spraying and handling, and chainsaw operating. In addition, the departmental ESG manager attended the Agri-Vie ESG OHS workshop in Kenya. Health and safety is covered in the formal agreements with trade unions.

Mozambique

During the reporting period in Mozambique, the Niassa operations received an inspection by the Government's Department of Labour looking into the working conditions of workers, PPE provision and incident and accident reporting. No significant deviations were observed. Workplace specific risk assessments were conducted during the reporting period, and any improvement needs identified during these assessments were implemented. During the reporting period employees received training on the following health and safety issues: EHS inductions, labour working conditions, alcohol testing procedures, PPE usage, chemical handling and management, chainsaw operation and harvesting procedures. The HR team met regularly with new employees to ensure their received the required induction and training.

No workers were reported to be exposed to high risk working conditions that could result in occupational incidents or diseases during the reporting period.

H&S Agreements in Formal Agreements

Tanzania

In the Collective Bargain Agreements Green Resources has with Unions (TUICO for Industrial workers and TPAWU for plantation workers), it has been agreed that all workers (both Casuals and Permanent) should be provided with PPE, meals during work hours, and safe transport to/ from work.

Uganda

The agreements cover health and safety and stipulate the required PPE per task undertaken. These have been agreed

with the health and safety committees. Additionally, managers or supervisors hold safety talks before and end of day's task. In these talks, safety is emphasised.

Mozambique

A matrix detailing the PPE required for each activity has been compiled for the company taking into account the risk assessment results and the ILO minimum requirements under the code of practice for safety and health in forest operations. The formations of unions are in place and formal agreements will be put in place once they have been established.

Incident Reporting



A total of **113 accidents and incidents** were recorded across the group

ONE

fatality reported and 6 injuries were classified as serious, but didn't result in permanent injury

TEN

were Lost Time Incidents (altogether including the fatality)



THIRTY SEVEN were minor injuries and near misses

22

involved property damage

52 fires



TWO

environmental spills from machinery in Uganda – both were cleaned up

55 ha

were classified as lost due to fires, mainly in Niassa Mozambique

PPE Provision and Kit Description

PPE is provided to staff and workers in line with the ILO International standards requirements for safe work practices. A kit list is used to enable supervisors and users to identify the recommended PPE per operation. All employees are trained on the use of PPE issued to them.



POLICIES

The below are summaries of the Green Resources policies. The full versions and copies are available on the Green Resources website. www.greenresources.no

BUSINESS ETHICS AND PRINCIPLES POLICY

Preamble

Green Resources is committed to contribute to the sustainable development and good governance in the countries where we work. To do this we will ensure full compliance with relevant laws, observe high standards of corporate governance and be committed to transparency and fair dealings. Our policy sets out the standards of conduct we strive to maintain at every level within Green Resources, our subsidiaries, joint ventures and associates, in terms of high standards of integrity wherever we work.

Policy

To achieve this, Green Resources implements applicable business ethics principles, procedures and guidelines according to relevant national and international laws into its policy which covers the following areas:

- **Anti-Corruption and Bribery**
- **Tax and Royalties**
- **Exercise of Improper Influence**
- **Conflicts of Interest**
- **Interactions with Government officials and Lobbying**
- **Speak Up/ Whistle Blowing**

Integrity Defines the Way we do Business

In our dealings internally, towards our suppliers, government officials and other stakeholders, we subscribe to the principles set by the policy. Violations of this policy will lead to disciplinary action in accordance with Group disciplinary procedures.

COMMUNICATIONS AND IT POLICY

Preamble

Green Resources aspires to be a leader in the Forest Industry in Africa and to achieve this we are committed to bringing international best practices into our Communication and IT Systems. The company strives to continuously train and develop staff in the use of technology and to provide efficient IT services for enhanced productivity, protection of company assets and to provide value – addition to all our stakeholders.

Policy

To achieve this, Green Resources will implement systems to ensure that business functions progress without any loss of company data or infrastructure while upholding security standards. To achieve this the policy provides rules and guidelines in the following areas:

- **Company IT Infrastructure:**
- **Access**
- **Emails Usage**
- **Data Storage and Protection**

- **IT and Communication Competence**
- **Internet Access and Usage**

Our Systems Define our Business

In order to remain competitive and viable in our industry, we will continuously upgrade our IT and Communications systems to ensure a productive and cooperative work environment.

ENVIRONMENTAL POLICY

Preamble

Green Resources recognizes that that the scale of its operational activities will inevitably impact on the environment. Responsible environmental stewardship is therefore essential in the company's management of environmental impacts and of our relationships with host communities, regulators and other stakeholders. The company will adhere to all applicable legislation, taking into account applicable relevant international & regional laws, conventions, treaties and environmental agreements of the countries we operate in. The company will adhere to FSC™ Principles and IFC Performance Standards governing environmental management.

Policy

The company will identify negative environmental impacts, establish programs for continuous improvement and monitor developments in the understanding of environmental aspects of its operations. In order to guide responsible environmental management the policy covers the following areas:

- **Biodiversity**
- **Water**
- **Soils**
- **Chemicals and Hydrocarbons**
- **Harvesting**
- **Waste and Pollution Prevention**
- **Training and Awareness**

Greener, Better, Together.

As an organization, we recognize that our future development is inevitable tied to how we take care of our environment and natural resource base. Sustainable and responsible environmental management is therefore a key to stakeholder relationship, reputation and operational efficiency.

HUMAN RESOURCES MANAGEMENT POLICY

Preamble

Green Resources strives to be an employer of choice in the African Forestry Industry. The company works to foster an atmosphere of mutual trust, mutual benefits, harmony and respect amongst our employees, contractors and the customers we serve. The aim is to create, develop and lead highly motivated competent teams who have appropriate skills to develop a long term sustainable and successful business.

Policy

To achieve this, Green Resources implements labour and human resources management procedures according to relevant national and international laws, conventions, treaties and social agreements on a local level. The company aims to work in full compliance with the requirements of international best practice standards including the FSC™ Principles, IFC Performance Standards, the ILO Fundamental Conventions and the UN Declaration of Human Rights related to labour and human resources management guided by the HR policy within the following areas:

- **Labour and Working Conditions**
- **Workers' Organizations and Trade Union Membership**
- **Non-Discrimination and Equal Opportunity**
- **Grievance Mechanism**
- **Modern Slavery and Child Labor**

Teamwork Makes the Dream Work.

As a company our goal is to be consistent and fair to all our stakeholders. We therefore will strive to treat all our employees fairly and respect their self-worth, well-being and diversity.

OCCUPATIONAL HEALTH AND SAFETY POLICY

Preamble

Green Resources recognizes that its developments and activities, typical to the forestry and wood processing industry, can have an impact on the Health and Safety of its employees, contractors and other stakeholders. The Company will manage its operations in such a way as to minimize Occupational Health and Safety risks. The Company firmly believes that a high standard of Health and Safety contributes to improved employee satisfaction, higher productivity and increases shareholder value.

The Company aims to achieve high standard within Health and Safety through continuous measurement of accident and incident rates and by identifying risks and implementing mitigating measures. Continual improvement is strived for based on performance monitoring, learning from incidents and accidents, and risk identification.

Policy

Green Resources aims to adhere to all laws and regulations covering Health and Safety and subscribes to OSHAS 18001:2007 and ISO 45001 standards as well as FSC™ Health and Safety related principles. The following areas are covered by the Policy

- **Accessible Health and Safety guidelines**
- **Risk assessment**
- **Safety Training**
- **Correct use of safety equipment**
- **Accident record keeping**
- **Emergency preparedness and response procedures**
- **Health and Safety committees**
- **Employment of qualified and professional Safety Officers and Managers**

Occupational Health and Safety all Day, Every Day.

Health and Safety is the responsibility of all people working for and with Green Resources. The commitment to Health and Safety is driven by the Senior Management Team and cascades down to all levels of the Company. Green Resources' goal is to provide a safe and healthy work environment that is free from workplace injury or illness.

STAKEHOLDER AND COMMUNITY RELATIONS POLICY

Preamble

Green Resources recognizes that the scale of its operational activities will inevitably impact our stakeholders and host communities. The company aims to make a lasting, positive contribution to the countries and communities in which we operate through mutually beneficial relationships and understanding and maximising the positive influence we can have on local development.

Policy

To achieve this, Green Resources implements procedures and programs in compliance with relevant national and international laws, conventions, treaties and social agreements on a local level. The company subscribes to the requirements of international best practice standards including the FSC™ Principles, IFC Performance Standards and the ILO Core Labour Standards. The Policy covers the following areas:

- **Community**
- **Employee Consultation and Communication**
- **Human Rights and HIV/AIDS**

We Are Our People.

As a business, we recognize that our license to operate and our productivity depend on our relationship with our neighbours and stakeholders. We therefore will strive to integrate our stakeholder and community management work into our business processes and operations to optimize the mutual benefits.

**Norway**

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