

2019

SUSTAINABILITY REPORT





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



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.



Carbon sequestration through its plantation development



Local governments continue to benefit from Green Resources' investments through tax payments and domestic purchases of required operational inputs.



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.



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.



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FOREWORD



CEO'S LETTER

I joined Green Resources AS in April 2019 and can look back on an exciting first year with the company. During the year in review, we embarked on several new initiatives and started the work on fulfilling historic commitments, specifically in Mozambique.

The launch of the Integrated Management System towards the end of 2019 has been a key milestone where all our operations are now working along a common standard.

Another major step forward has been the work done towards rationalizing our landholding in Mozambique. This has not been an easy process and involved alignment of many different views and a complete review of our business plan. I am extremely pleased that by the end of 2019 we had formed a clear vision for the future of our Mozambican operations. We now need to execute this vision in the coming year.

2019 was an interesting and transformative year for Green Resources AS and despite challenges we managed to reach our milestones in terms of our sustainability agenda.

For the coming year, there are several exciting projects in the pipeline that should result in true shared value for all our stakeholders. We are bringing the lessons learnt in Mozambique across to our Ugandan and Tanzanian operations and will roll out a Social Fund in these countries.

Green Resources AS is committed to build a sustainable business that is guided by sound governance and

a strong focus on the health and safety of our employees. We aim to build lasting relationships with the surrounding communities and share the benefits of our business equitably.

We believe that providing our investors and stakeholders with an overview of our Environmental, Social, and Governance (ESG) management will complement the financial reporting and will demonstrate the true impact of our business. We hope this report will provide you with valuable information on the transformative role sustainable forestry plays in East Africa and how it supports the development of the region.

As always, we welcome both positive and negative feedback. We believe constructive criticism helps us to improve both our relationships with stakeholders and our operations. If you feel aggrieved by Green Resources AS' operations or wish to share your views and suggestions, please contact us at speakout@greenresources.no.

In future we will align our reporting to the financial years which runs from July to June and therefore the next report will cover the period January to June 2020.

Hans Lemm
Chief Executive Officer

SCOPE OF THE REPORT

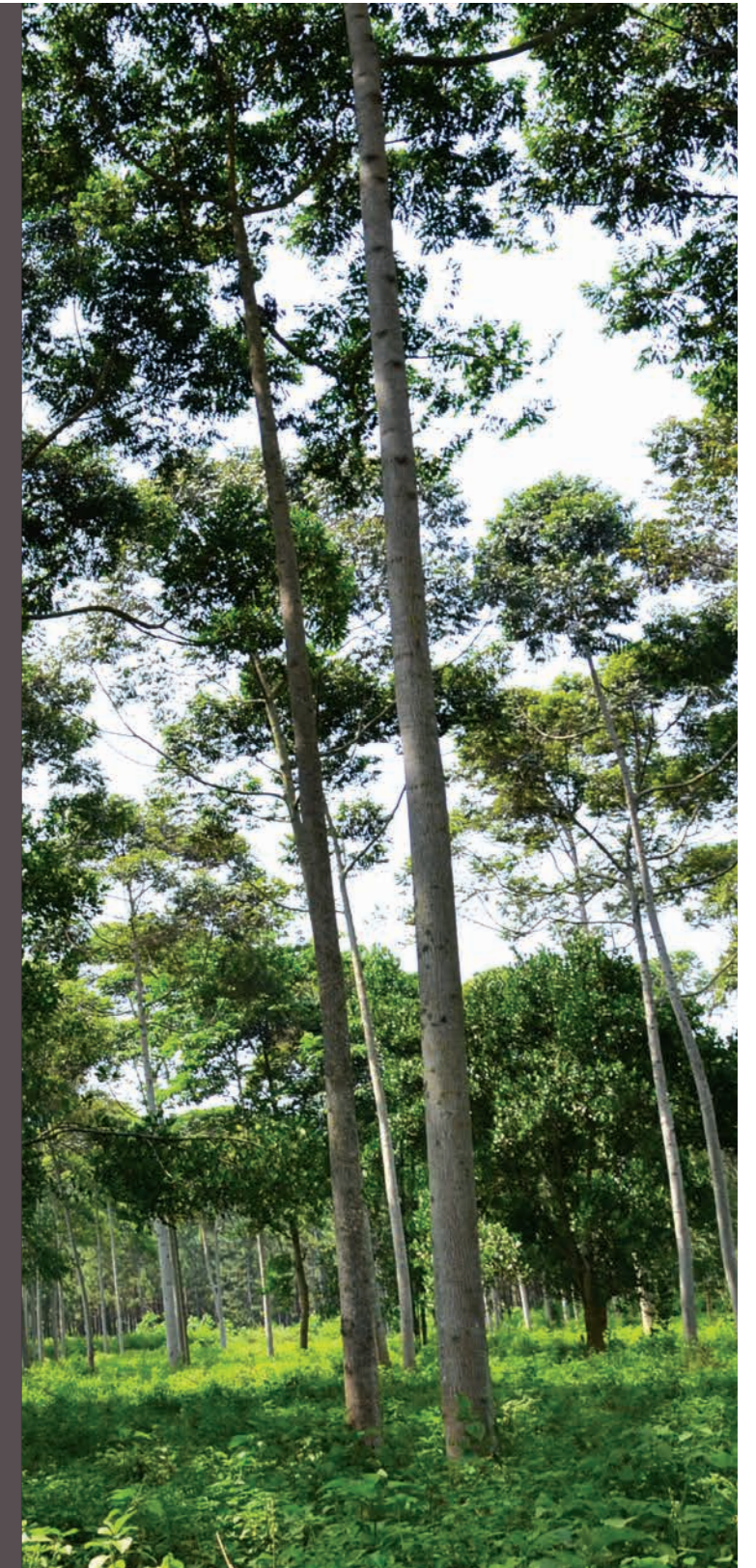
This sustainability report seeks to provide a concise and balanced account of the performance of Green Resources AS (GRAS) in the 2019 calendar year.

The report explores how GRAS aims to be a responsible player in the national and regional economies of East Africa and strives to achieve a positive impact on its stakeholders and the environment. The report shows how GRAS works in harmony with its operating environment and how it deals with the needs of its stakeholders and the risks and opportunities. It aims to demonstrate how it measures itself and improve its operations.

The report covers GRAS's approach to the social, economic, environmental and governance aspects of the business.

The Global Reporting Initiative Standards as well as the UN's Sustainable Development Goals have been referenced as the basis for disclosure of sustainability information.

Where possible, prior year comparatives have been provided, while in some instances, in order to illustrate historical trends, statistics and graphical representation cover a couple years. Both historical and forward-looking data are provided. There has been no material restatements of data or measurement methods during the year.



BOARD OF DIRECTORS AND MANAGEMENT



OUR MISSION, VISION AND VALUES

At Green Resources AS (GRAS), we believe that social and environmental impacts are material to the value of investments and therefore this information is highly relevant for our shareholders and clients. We also recognize that the social and environmental impacts of our investments are important to other stakeholders, including the people who live in communities that are affected by our investments, the workers who are employed directly or indirectly

by our investment activities as well as their families, the general public, governments, and civil society.

GRAS' strategy is based on the sustainable development of the areas in which it operates. The company believes that forestation is one of the most efficient ways of improving social and economic conditions for people in rural areas and aims to be the preferred employer and partner for local communities in these areas.

OUR MISSION

Our mission is to establish East Africa's leading Forest Industry. We operate for the benefit of our shareholders, employees and the communities where we operate.

OUR VISION

Our vision is to establish sustainably-managed forest plantations that will create the basis for long-term growth and value creation. We will use wood from existing and new plantations to produce wood-based products as per the requirements of the markets we operate in. Our objective is to become an employer of choice in the countries we operate in.

We will follow the highest standards in corporate governance and in sustainable forest management. Our aim is to become an attractive company for investors and a favoured partner for development organisations.

OUR OBJECTIVES

Our objectives are to:

- Establish and maintain fast growing and high-quality forests
- Provide quality products and services to our customers
- Adhere to high environmental and social standards
- Contribute to social and economic development and sustainable development objectives
- Generate good returns on the investment
- Zero tolerance towards discrimination, poor working conditions and corruption
- Provide a safe working environment for employees and other stakeholders
- Committed to meet international standards for transparency and communicate openly and regularly with key stakeholders



SCOPE OF ACTIVITIES

LOCATION AND OPERATIONS



We are East Africa's **largest forest development** and wood processing company

A private Norwegian company, **established in 1995**, with both private and institutional investors



Our administrative headquarters are located in **Dar es Salaam, Tanzania**



We have the following operating subsidiaries:

- Sao Hill Industries Ltd. (SHI),
- GRL Tanzania Ltd (GRL),
- Niassa Green Resources SA (NGR),
- Chikweti Forests of Niassa (CFN),
- Florestal do Planato (FdP) and
- Busoga Forestry Company Ltd. (BFC)

We operate industrial facilities including
2 sawmills
3 pole treatment plants
1 briquetting plant



We manage approximately **38,118 ha** of plantation forests in **Mozambique, Tanzania and Uganda**

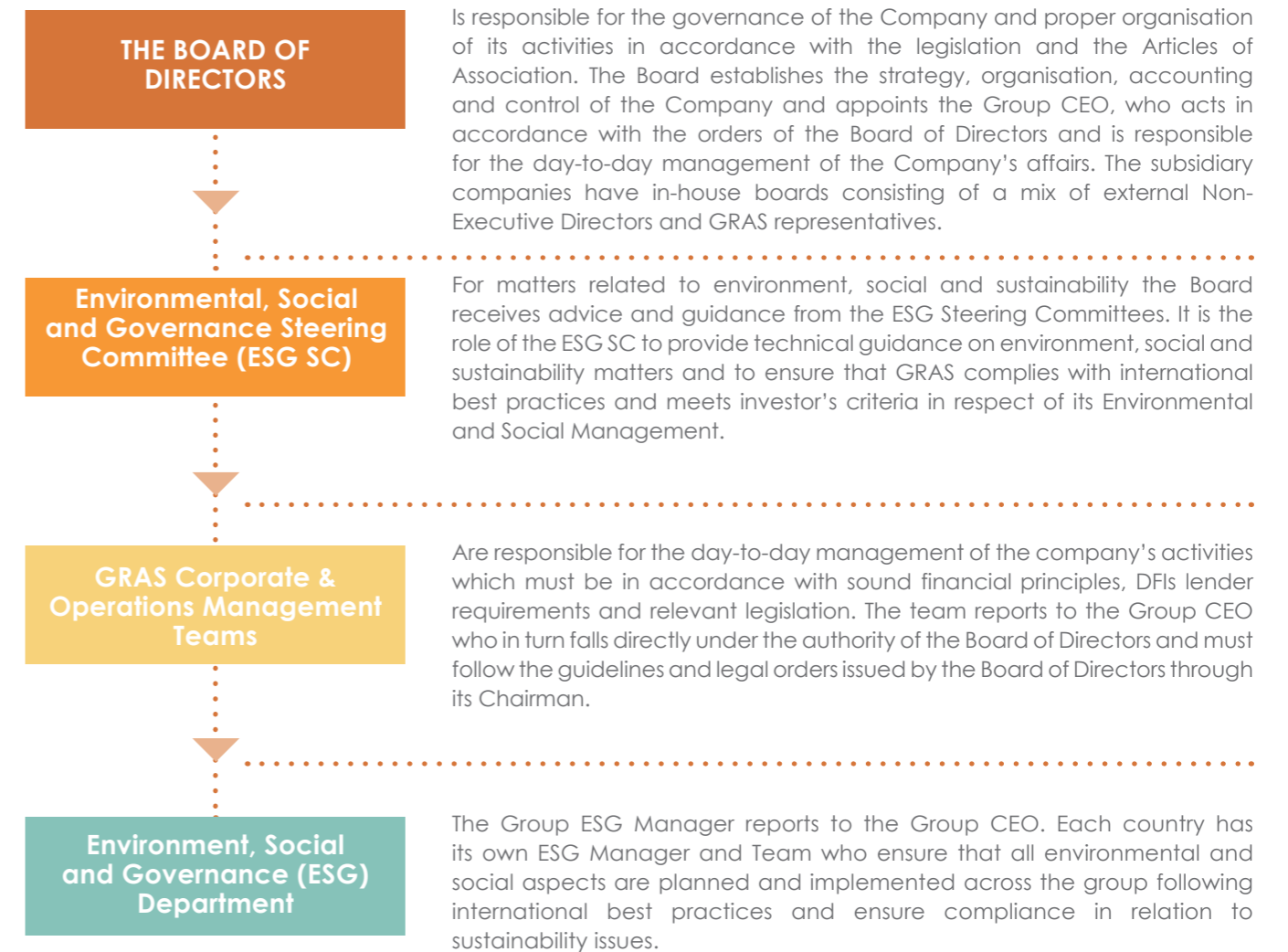
GRAS's primary products and services are the establishment and management of forest plantations as raw materials for wood processing industries. These plantations and wood processing industries produce a variety of products as shown below:

Product	Mozambique	Tanzania	Uganda
Standing Forests & Sawlogs	●	●	●
Peeler Logs	●	●	●
Biomass & Firewood	●	●	●
Briquettes		●	
Sawn Timber		●	●
Pallets		●	●
Treated Transmission Poles	●	●	●
Building & Fencing Poles	●	●	●
Veneer (available from mid-2021)	●		

GRAS is at the forefront to tackle global warming – one of the most pressing environmental issues of our day. Our achieved emissions reduction credits are certified by VERRA and UNFCCC.

MANAGEMENT STRUCTURE AND RESPONSIBILITIES

Management of GRAS is structured in a tier format with the Board of Directors, GRAS Corporate Management team and Operations Management teams, forming the key delivery teams for the organisation.



ORGANISATIONAL IMPACT

At Green Resources AS we strive to improve lives and positively impact development in the communities we serve. Through our operations, we are contributing to the United Nation's Sustainability Development Goals (SDGs) by protecting the environment, promoting economic prosperity and investing in social development. GRAS is committed to playing its role in the attainment of these goals, supporting governments and working with other stakeholders to build thriving communities.



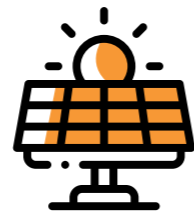
More than
US\$12m
in local purchases
from Small
and Medium
Enterprises

Approximately
US\$5m
paid taxes, duties, fees,
royalties and levies to
national and regional
governments

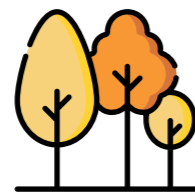
More than
US\$4m
paid in
salaries and
compensation

Completed 15 community infrastructure projects

including roads, school infrastructure, renewable energy, water and sanitation with a total value of US\$0.2m up from US\$0.08m in 2018



Three new
partnerships
signed
with local
universities in
Mozambique
and Tanzania



**29,000
Hectares**
of conservation
areas and buffer zones
under management
constituting more
than 30% of our
land area

Provided
training
to more than
**2,400
people**



SUSTAINABILITY COMMITMENTS AND GOVERNANCE

LEGAL COMPLIANCE

The table below shows a list of compliance obligations the Group subscribes to.

All	Mozambique	Tanzania	Uganda
Business License	●	●	●
Environmental Impact Assessments & Certificates	●	●	●
Fire & Rescue Certification of Workplace	●	●	●
Import & Export Licenses	●	●	●
Investment Promotion Certificates	●	●	●
Land Use Rights and Land Rent	●	●	●
Motor Vehicle License	●	●	●
Operating Licenses	●	●	●
Radio License	●	●	●
Tanzania Bureau of Standards		●	
Timber Transport Permits		●	
Uganda Standard Certification Mark			●
Water Permits	●	●	●
Work & Resident Permits for Foreign Employees	●	●	●
Workers Compensation Insurance	●	●	●
Workplace Registration and Compliance Licenses	●	●	●



THIRD PARTY AUDITS & INSPECTIONS

GRAS is committed to adhere to international best practices and standards as well as comply with national legislation and DFIs tender requirements. In order to demonstrate compliance, GRAS undergoes frequent third-party assessments.

A number of third-party audits took place during the reporting period and these are listed below:

Mozambique:

The company underwent an FSC™ surveillance audit in August 2019

The audit resulted in two corrective actions

The company maintained its certification status

Tanzania:

The company underwent an FSC™ surveillance audit from the 27th – 29th August 2019

The audit resulted in zero corrective actions

The company maintained its certification status

Uganda:

An FSC™ re-certification audit was held in August 2019

The audit resulted in two corrective actions

The company was recommended for continued certification

The company was audited against the **ISO14001/OSHAS18001 standards** as well as **ISO9001** for the pole treatment operations

All certificates were maintained

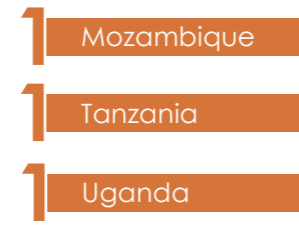
38,118 Hectares of our plantation areas are certified according to the Forest Stewardship Council (FSC™) standard: the world's leading standard for responsible forest management (Mozambique: Niassa FSC-C107952; Uganda: BFC FSC-C106074; Tanzania: GRL FSC-C015169). Plans are under way to roll out an FSC Chain of Custody system at BFC to increase the market appeal for our products and fulfill customer requirements.

GRL has a plan to extend FSC™ certification to other plantations after the Government has issued the title deeds for the areas. The future extension of scope will start at Incomet plantation (1,920ha), followed by Kitete Plantation (10,505ha) and Uchindile II Plantation (10,879ha).

NUMBER OF INSPECTIONS BY OPERATION



FSC AUDITS BY OPERATION



FSC CORRECTIVE ACTION NUMBERS BY OPERATION – 6 YEAR COMPARISON

Country	Licence Number	Corrective Action Requests						
			2014	2015	2016	2017	2018	2019
Mozambique	FSC-C107952	Minor	14	4	9	0	1	2
		Major	4	0	0	2	0	0
		Total	18	4	9	2	1	2
Tanzania	FSC-C015169	Minor	3	6	7	4	6	0
		Major	3	0	1	4	0	0
		Total	6	6	8	8	6	0
Uganda	FSC-C106074	Minor	5	5	1	3	2	1
		Major	1	0	0	0	0	0
		Total	6	5	1	3	2	1
GROUP	All	Minor	22	15	17	7	9	3
		Major	8	0	1	6	0	0
		Total	30	15	18	13	9	3

FSC™ CERTIFICATION AND HECTARAGE PER OPERATION

Country	Plantations Certified	Total Area Certified
Uganda – BFC	Bukaleba	6,465 ha
	Kachung	2,669 ha
Tanzania – GRL	Mapanda	6,258 ha
	Uchindile	6,647 ha
	Idete	11,653 ha
Mozambique – NGR	Malulu	4 426 ha



INSPECTIONS & OTHER VERIFICATIONS

A total of six inspections were held from government authorities, agencies and our customers. SHI had three inspections from National Environmental Management Council (NEMC), Occupational Safety & Health Authority (OSHA) and the Fire & Rescue Force Authority. NGR on the other hand had a cumulative four inspections

from National Power supply company (EDM and the Provincial Environmental Authority - Direcção Provincial de Terra, Ambiente e Desenvolvimento Rural, (DPTADER).

Summary of the findings from inspections conducted:

Operational	Inspection Authority	Inspection Findings
SHI & GRL	National Environmental Management Council (NEMC)	Regular inspection but with particular focus on management of hazardous waste. A number of corrective actions were successfully implemented
	Fire & Rescue Force Authority	Training in Fire Fighting Techniques to 112 employees of GRL and SHI
NGR	Occupational Safety & Health Authority (OSHA)	Renewal of the compliance license
	National Power supply company (EDM)	The Niassa Operations were approved to supply EDM with transmission poles
	Provincial Environmental Authority	The Niassa operations' environmental license was renewed

INSPECTIONS AND OTHER VERIFICATIONS - SPECIAL HIGHLIGHT

On the 4th of May 2019 BFC hosted Inger Nygaard, Norfund's Communication Manager on a working visit to our Kachung operations. The objective of the visit was to understand the operating environment where GRAS operates in Uganda. During the visit she had the opportunity to interact with two communities living adjacent to the plantation as well as two community

development projects supported by the company. Mrs Nygaard interacted with the beneficiaries of the projects and witness first hand the level of commitment and improvement in the engagement between the company, communities and other stakeholders including the local government administration.

EXTERNAL CHARTERS

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 Organisation for Standardisation (ISO)
- International Labour Organisation (ILO)'s declaration on Fundamental Principles and Rights at Work

- International Finance Corporation's (IFC) Performance Standards
- Verified Carbon Standard (VCS) and the Clean Development Mechanism (CDM) Standards

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

SUPPLIER & CONTRACTOR MONITORING

GRAS 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 their business with integrity, adhering to GRAS's safety, business ethics and quality principles.

These include:

- Toolbox Talks,
- Employment Numbers,
- Wage and Salary Compliance, and
- Safety and Environmental Aspects.

ANTI-CORRUPTION

We have a zero-tolerance stance towards corruption, and this is clearly stated in our Business Ethics and Principles Policy. Green Resources AS continues to ensure that all new staff and stakeholders are provided copies and trained on this policy.

Two instances regarding corruption, theft or bribery occurred, in Tanzania, during the reporting period. Details and occurrence rates have been listed below.

All incidences were investigated internally and none are outstanding with appropriate disciplinary action being taken and the issues being reported to the police.

GOVERNANCE & ANTI-CORRUPTION TRAININGS & AWARENESS TO STAKEHOLDERS

Anti-corruption and bribery training and awareness sessions were held to various stakeholders in Tanzania and Uganda. Training and information dissemination help ensure our staff and external stakeholders understand what is considered best practice, how to avoid misappropriation of company resources and how to ensure sound ethical business practices prevail. The company has continued to inform all stakeholders

of its Business Ethics and Principles Policy through information on the website.

Tanzania: During the reporting period, SHI/GRL conducted anti-corruption training for 45 employees with ten of them being females. The training was held internally and included managers and supervisors with topics covered including the effects of corruption on business operations and how to manage and avoid all forms of corruption. A number of consultants and customers were informed of the company's anti-corruption policies through new contracts that were initiated. This information is communicated before the finalisation of any contracts with the company.

Uganda: The Business Ethics and Principles Policy which covers anti-corruption management forms part of the agenda items in all stakeholder engagement meetings at village and sub-county level. At operational sites the policy is strategically published on notice boards, visible to all stakeholders including employees, customers, suppliers and visitors.

The Business Ethics and Principles Policy is available on GRAS's website.



Two incidents of diesel theft occurred at Sao Hill Industries. Theft of fuels and lubricants is a serious problem in the forest industry and management continuously improves its controls.

CORRUPTION INCIDENTS BY OPERATION



PEOPLE



As at 31 December 2019, the organisation directly employed a total of **985** people, of whom **145 were women**.

ORGANISATIONAL CHANGES

A number of significant changes took place in the organisational structure in 2019. Key to this were:

- **Appointment** of a new **Group CEO** effective 1st April 2019
- **Appointment** of a new **Group CFO** effective 1st December 2019
- **Retirement** of the **Group COO** at the end of December 2019
- The **ESG Director** position has been held on an interim basis and was ultimately filled by a new **Group ESG Manager** in June 2020
- **Recruitment** of a **Group Natural Resources Manager** in May 2019

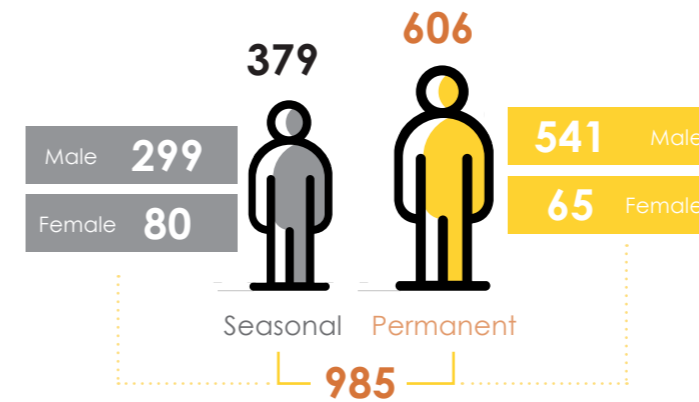
In addition, operational restructuring took place to streamline the organisation and improve efficiencies whilst reducing costs. A number of positions in the organisation have been localized and talented Ugandans, Mozambicans and Tanzanians have taken on roles previously held by expatriate employees.

EQUAL OPPORTUNITY

GRAS promotes equal employment opportunities irrespective of gender, sexuality, race or religion. The company promotes fair opportunities to its employees with a focus on female participation. All employees are given a chance to participate fairly in all programs including training and development opportunities.

Green Resources AS continuously creates opportunities for jobs, skills development and income generation for the benefit of the community. In addition, the companies engage around 974 contractors in various operations.

EMPLOYEE HEADCOUNT BY TYPE AND GENDER (EXCLUDING CONTRACTORS)



Permanent employees represent the number of people employed at the end of the calendar year in full-time equivalents (FTE) whilst temporary employees refer to the number of seasonal and contract employees, including construction workers, that have worked for the organisation in the last calendar year, in full-time equivalents (FTE).

7% female share in employment at Green Resources AS

MANAGEMENT DISTRIBUTION BY GENDER

	Male	Female
Tanzania – GRL	9	0
Tanzania – SHI	10	1
Uganda – BFC	8	4
Mozambique – all operations	19	4
Corporate office	5	2
Total	51	11

GRAS is committed to improving gender equality both within the organisation's companies, and in the communities in which we operate. In line with this, GRL and SHI pilot launched the Green Resources Gender Initiative on the 4th of October 2019. Aimed at empowering women in our teams and enhancing the reporting channels for sexual harassment issues, the initiative was aptly titled Mwanamke Shujaa, a Kiswahili term meaning Strong Women. The event was officially opened by the GM's of GRL and SHI showing senior management commitment to this cause. The guest speaker, from the Labour Office, raised awareness on labour laws in relation to women and women empowerment issues in general. GRAS values and respects all women in our team and we are committed to a work environment free from discrimination and harassment and empowers women to achieve their career aspirations.

TRAINING AND DEVELOPMENT HIGHLIGHTS

At Green Resources AS we invest in the development of our employees and we aim to broaden the knowledge base in the company. Presented in the table on the next page, is a high-level summary of the major trainings that were carried out during the reporting period is provided in the table. Two development areas are highlighted below.

OTHER TRAININGS

GRAS was invited by the Tanzania CEO Round Table (CEOrt) to participate in a sustainability reporting training on the 5th and 6th of September 2019. The initiative was co-led by the Global Reporting Initiative (GRI) Africa and the International Union for the Conservation of Nature (IUCN) and was aimed at increasing awareness on sustainability reporting in Tanzania.

TRAINING AND DEVELOPMENT – SPECIAL HIGHLIGHT

Integrated Management System Project: The development of a comprehensive Integrated Management System (IMS) is currently underway. The system is designed to bring together best practices from across our operations and translate these into a single management system. The IMS will assist GRAS in standardizing the way it conducts business across its operations. This project will assist in aligning the documentation of the organisation in line with the international standards and best practices measures. The IMS will allow Green Resources AS to have a single standardized document repository system which will increase efficiency. The system went live at the beginning of 2020 and will be improved and developed over time.



Training/Awareness Programs held in 2019	Trainees		
	Total	Female	Male
TANZANIA			
Business Skills	56	14	42
Environmental Training	205	155	49
Health and Safety Training	95	3	92
Health Training	33	8	25
Technical Skills	0	0	0
Other Skills and Knowledge	24	24	0
Total number of staff trained	413	204	208
UGANDA			
Business Skills	31	13	18
Environmental Training	12	4	8
Health and Safety Training	80	17	63
Health Training	0	0	0
Technical Skills	25	2	23
Other Skills and Knowledge	0	0	0
Total number of staff trained	148	36	112
MOZAMBIQUE			
Business Skills	0	0	0
Environmental Training	0	0	0
Health and Safety Training	1310	321	989
Health Training	471	73	398
Technical Skills	188	19	169
Other Skills and Knowledge	738	175	578
Total number of staff trained	2707	588	2134



EMPLOYEE BENEFITS

A range of employee benefits at different levels are provided by GRAS as outlined in the Employee Handbook. This is in compliance with national legislation and often exceeds national requirements. All employees at Green Resources AS are paid in excess of the National Minimum Wages for the respective countries.

GRAS currently provides staff housing to approximately 250 people with the bulk of those in Tanzania where the company has around 200 houses at SHI.

With facilities around our operating areas improving, the company aims to reduce the number of staff staying in

company housing and actively promotes members of staff to live in and with the surrounding communities to improve integration.

During the reporting period, the houses at Bukaleba Plantation in Uganda were renovated and improved, to ensure employee safety and comfort.

250 people
provided with
staff housing



OCCUPATIONAL HEALTH & SAFETY

Green Resources AS recognizes that strong OHS management requires a culture committed to safety and the wellbeing of every worker. This responsibility goes beyond our immediate employees but also covers contractor employees, visitors and community members. Our business is committed to ensure that all our employees and contractors go home healthy and safely every day!

OCCUPATIONAL HEALTH & SAFETY PERFORMANCE

No work-related deaths were recorded during the reporting period however there were two unfortunate incidents of suicide by contractor employees.

On the 8th of April 2019, a member of the community was found dead in the Bukaleba Plantation (Uganda). The investigation led by the Uganda Police Force ruled the death as a suicide.

On 14th November 2019, a fatality occurred involving a contractor employee. The case was investigated extensively both internally as well as by the Uganda Police Force and the case has been categorised as a suicide according to the official criminal investigation report.

Nine accidents classified as Lost Time Injuries (LTI) during the reporting period. One occurred at Uganda, one in Mozambique and the balance seven in Tanzania. All accidents were investigated and remedial action plans put in place to prevent recurrence.

GOING FORWARD

Green Resources AS continues to strive to improve its safety performance. Systems are also being revisited and teams are being motivated to focus on key learning points from each reported safety incident from within the company, to improve on safety performance.

The following are some of the system interventions that have been considered and will be focused on:

- Contractor management;
- Mental health promotion;
- Vehicles and mobile equipment safe use; and
- Harvesting operations

COMMUNITY

COMMUNITIES & SOCIAL IMPACT

We believe that our success depends on the extent to which we create value for all our stakeholders. Sharing value is a core pillar in our approach to doing business.

GRAS has embarked on a program to develop a Social

Development Fund (SDF) approach in Uganda and Tanzania which is to become operational in FY20/21.

The SDF is designed to provide continuous support to communities given the nature of the long-term investment. The SDF will allow for the decentralisation of powers to the communities where GRAS becomes a facilitator while communities become the decision makers on what development project is needed in each community.

GRAS E&S Activities Expenditure 2019	Expenditure (US\$)		
US X 1.000	Mozambique	Tanzania	Uganda
Certifications and Inspections - FSC™, Statutory and Others	9.1	16.4	72.3
Community Development Projects/Funding	43.0	74.9	63.1
Stakeholder Engagement/Community Meetings	11.2	3.7	6.2
Total	63.3	94.9	141.6



GRAS E&S Activities Expenditure 2019		
US X 1.000	2018	2019
Certifications, Audits & Inspections	70.4	97.8
Community Development Project/Funds	79.6	181.0
Community & Stakeholder Engagement	16.2	21.0
Total	166.2	299.7



Various Community Development Project's (CDP's) were implemented during the reporting period:

Country	Community Development Project' Name
Mozambique	<ul style="list-style-type: none"> Construction of a market place Construction of a classroom block Construction of a pre-maternity waiting place
Tanzania	<ul style="list-style-type: none"> Construction of a community hall and village office Two classroom blocks in two schools Construction of a maternity ward Installation of a renewable energy system at primary school and village office
Uganda	<ul style="list-style-type: none"> Support to the construction of dormitory of a secondary school Two community boreholes Drug supply to local health centres Supply of fish feed to community-based groups



SOCIAL PERFORMANCE SPECIAL HIGHLIGHT - MOZAMBIQUE SOCIAL FUNDS DISBURSEMENTS

Whilst there is still work to be done with the finalisation of social funds in Mozambique, Green Resources managed to pay out a total sum of US\$40,000 to communities around its operations. Green Resources has staggered its disbursement process with the balance due to be paid in 2020 and 2021. The disbursement in phases allows for control mechanisms to be implemented and tested. Disbursements in previous years have suffered from misappropriation and new control systems have been introduced during 2019.

OTHER COMMUNITY TRAININGS & DEVELOPMENT ACTIVITIES

Mozambique

Niassa Green Resources was invited to showcase its activities at the 1st International Symposium on Agriculture and Sustainable Development held at the University of Lurio in Niassa. The symposium held between the 6th and 7th of November 2019 was attended by many international and local academics. During the symposium GRAS provided training to students and graduates on Environmental and Social monitoring techniques. Some of the trainees were later selected to partake in an internship conducting the NGR E&S studies in Niassa.

Tanzania

Between the 11th and 20th of June 2019, a total of 345 women from community groups around our operations were trained on making soap, detergent and Batiki clothes to contribute to their household income. The training was organized and paid for by GRL and was conducted by the Mwalimu Group.

Uganda

From the 1st to the 9th of March 2019, 240 community members (42% women) from eight villages around our Kachung Plantation in Uganda were trained on land preparation and post-harvest handling technologies. The training was conducted by an agricultural extension officer engaged by Green Resources AS as part of our food security programs in Uganda.

STAKEHOLDER ENGAGEMENT & RELATIONSHIP MANAGEMENT

STAKEHOLDER RELATIONSHIP MANAGEMENT APPROACH

As part of our efforts to maintain our social license to operate, we continue our efforts of regular engagement with all stakeholders including neighbouring communities with a focus on community development and continuing to implement corporate social investment programs.

Green Resources AS' is cognizant of the critical space it occupies in its wider community of stakeholders and the interdependent nature of our relationships. We therefore emphasize our commitment to creating shared value and upholding stakeholder engagement as an integral part of our business operations. This commitment is enshrined in our Stakeholder Relationship Management Policy which was drafted and operationalized during this reporting period.

KEY STAKEHOLDERS IDENTIFICATION AND MANAGEMENT

Green Resources AS' internal stakeholders include shareholders, management and employees while its external stakeholders include governments and authorities, communities, customers, suppliers, media, NGOs and lobby groups. Identification of stakeholders is achieved through a process of assessing (mapping) how they directly or indirectly impact the company or how the company impacts them.

Prioritisation of stakeholders is done following the company's strategic objectives and risk register. Our

ongoing efforts to build and maintain sustainable relationships with all stakeholder groups have been critical in enabling us to meet our commitments, and to manage expectations and deal with challenges.

To identify its material issues, Green Resources AS uses a wide range of criteria and processes:

- 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 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.

STAKEHOLDER ENGAGEMENT

GRAS's stakeholder management approach looks at effective engagement processes. A key aspect of effective engagement is communication. As such, Green Resources AS holds regular formal and informal meetings with different stakeholders. During the reporting period GRAS staff held meetings with a range of different stakeholders.

NUMBER OF MEETINGS HELD DURING THE REPORTING PERIOD

Mozambique:
126 planned
58 ad hoc

The large number of meetings was mainly due to the operationalisation and legalisation of community association with regards to the social funds issue. Meetings were held with local communities, banks, NGO's, government departments and universities



Tanzania:
10 planned
3 ad hoc

Meetings were held with the local communities, government departments and other stakeholders during the reporting period

Uganda:
120 planned
50 ad hoc

GRIEVANCES

Feedback (both positive and negative) from our stakeholders is important for Green Resources AS. We believe feedback helps us to improve our relationships and improves the company's operating activities.

GRAS has an effective grievance mechanism in place, which ensures that all stakeholders are able to raise issues and ensure that they are dealt with in an effective and timely manner.

Issue	Mozambique		Tanzania		Uganda	
	Number raised	Number closed	Number raised	Number closed	Number raised	Number closed
Staff grievances with supervisors or managers	0	0	16	16	4	4
Community grievances with supervisors or managers	0	0	3	3	0	0
Lack of required resources for staff	0	0	0	0	0	0
Issues with Community Development Projects / Funds	27	25	0	0	0	0
Illegal activities	1	1	1	1	0	0
Claims and requests for compensation from GRAS	7	4	1	1	3	3

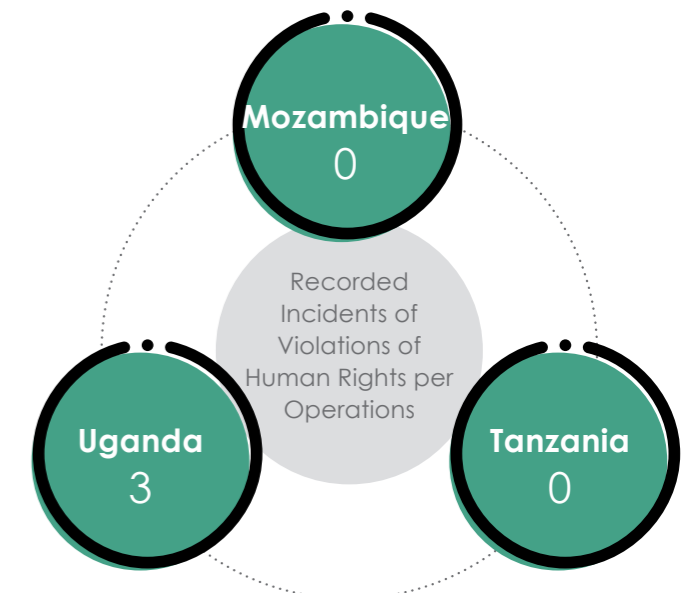
HUMAN RIGHTS

All our operations and activities take consideration of human rights and social impact, within the framework of the International Finance Corporation's Environmental and Social performance standards. Our employees and contractors are trained on human rights policies and the ESG include human rights awareness training in their community work.

According to the national laws in Uganda, Mozambique, Tanzania and international statutes, none of the local communities in our areas of operation are considered "indigenous peoples."

During 2019, we encountered three security-related grievances against one security contractor. The security contractor was accused of using unnecessary levels of force against members of the community. The contract with the security provider was terminated after an investigation. GRAS values the relationship with communities and does not condone actions that undermine the relationship which we feel goes against our Social License to operate.

Following the incident, a detailed Security Management Procedure and Guidelines were developed as well as a Security Management Policy to assist management in controlling this critical part of the business.



ENVIRONMENTAL MANAGEMENT

Green Resources AS is committed to ensuring the long-term sustainability of all resources within all areas of operations. All activities are guided by a policy of reducing impacts and understanding the interaction between fauna, flora, company activities and surrounding communities. The company manages its operations in line with the Principles and Criteria of the Forest Stewardship Council and is ISO14001 certified in Uganda.

We comply with all environmental laws and regulations applicable to our activities. We engage relevant regulatory authorities to ensure timely renewal and approval of our licenses, permits and agreements. Environmental management procedures and instructions are in place to guide our operations in complying with the applicable environmental laws, regulations and codes. We track new environmental laws and regulatory changes and amendments applicable to our business.

The carbon absorbed by forests is essential in combating climate change globally. In Africa, deforestation is a significant concern and the continent's major contributor to climate change.

ENVIRONMENTAL INCIDENTS

A total of 29 fires occurred on or near our plantations as well as three minor hydrocarbon spills which were cleaned up in line with existing procedures. No other environmental incidents took place.



Country	Total number of fires	Total hectares lost	Total waste spills	Total amount spilled (litres)
Mozambique	27	397.3	2	12
Tanzania	1	34.8	0	0
Uganda	1	0.0	1	5

BIODIVERSITY CONSERVATION AND MANAGEMENT

This chapter presents a summary of key biodiversity monitoring issues across the group.

Tanzania

For continuous protection of biodiversity within GRL's operational areas, a total of 13,700ha of conservation areas (natural forests, wetlands, grasslands, riverine etc.) were remapped and classified. The mapping of these areas was carried out internally and was based mainly on the new Classification of Open Areas Guideline as well as other Biodiversity studies carried out by independent external professionals.

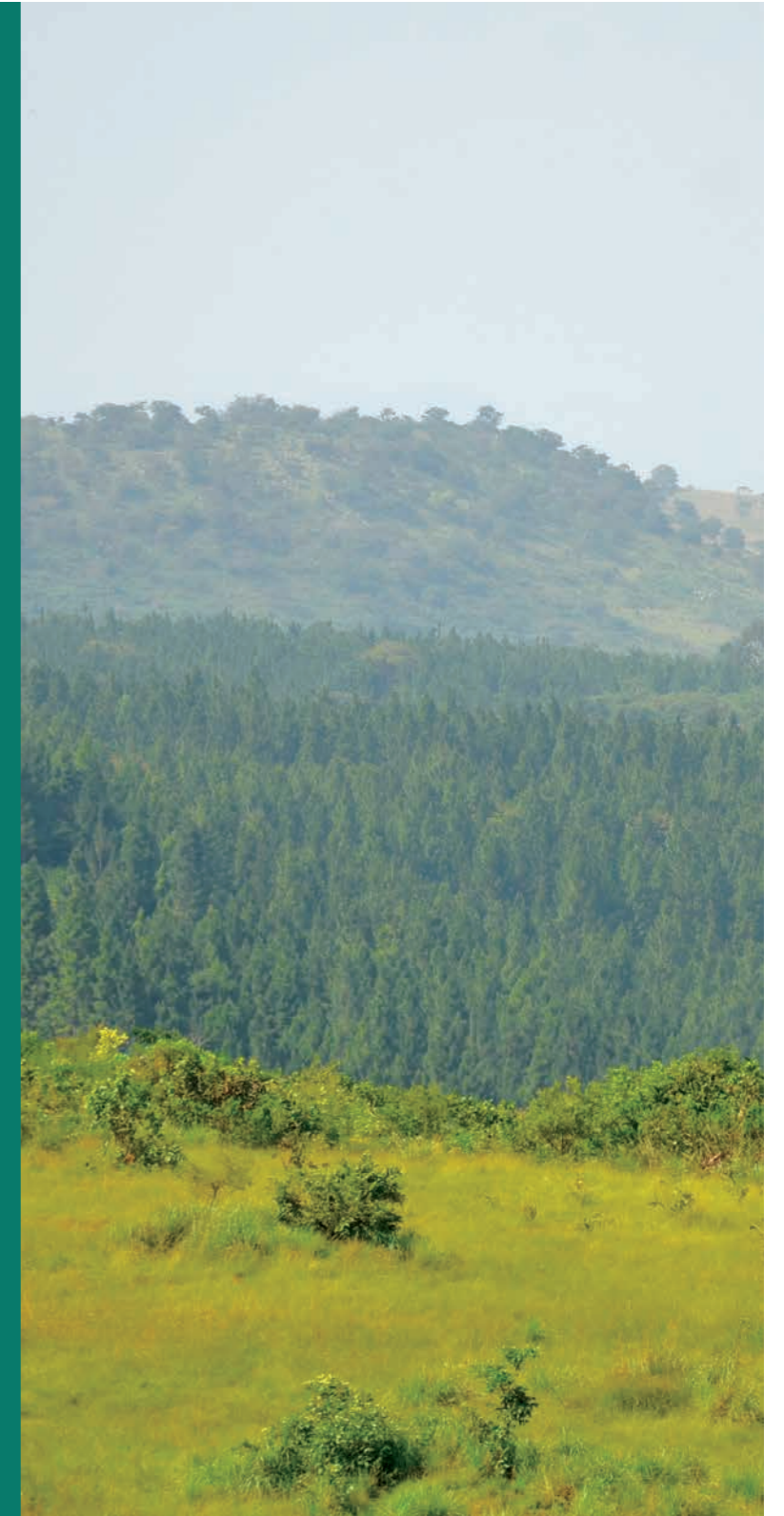
Uganda

Biodiversity monitoring reports for Bukaleba and Kachung Plantations was done in January 2019. A monitoring procedure and action plans have since been developed to monitor the condition of identified key environmental aspects and parameters.

Mozambique

As part of our continuous improvement process, NGR initiated a biodiversity and socio-economic assessment project during the period under review. The results of this assessment are meant to enhance the way NGR and GR as a whole can add value to the environment and to the communities living proximal to our operations.

The study covered the operational areas in Niassa and the report, by independent consultants, will be out in 2020.



CLIMATE CHANGE MITIGATION & MANAGEMENT ISSUES

CARBON EMISSIONS AND FOOTPRINT MONITORING

Green Resources AS is progressively integrating climate change mitigation into core business operations. It is aligning processes with the climate change and the company-wide strategies and greenhouse gas (GHG) assessments with the aim of:

- Reducing our carbon footprint as part of our voluntary commitment to mitigate climate change impacts
- Identifying areas for mitigation and efficiencies
- Reducing carbon emission emanating from both direct and indirect GHG emissions

The greenhouse gas and carbon impacts of GRAS forest-based activities especially those involving production of wood products are computed using The Forest Industry Carbon Assessment Tool (FICAT). The FICAT (<http://ficat.odel.org>) framework understands forest products value chain begins in the forest and encompasses all subsequent activities related to production use, reuse and end-of-life of forest products. FICAT addresses these and other aspects of the forest products value chain. The FICAT assessment is structured according to the carbon footprint framework developed by The National Council for Air and Stream Improvement (NCASI).

During the reporting period, GRAS recorded 970,779 tonnes and 198,779 tonnes of carbon from sequestration and emissions respectively. This is a net carbon footprint of 769,620 tonnes of sequestered carbon.

GRAS is committed to the reduction of GHG emissions. In line with this, among other measures that had been place, GRAS has introduced a vehicle monitoring system (vehicle tracking) that helps to curb unnecessary use of company vehicles thereby reducing carbon emissions.

ENERGY CONSUMPTION

Green Resource AS recognizes that the efficient use of energy and adoption of clean energy is critical in achieving sustainable development goals. We consume both renewable and non-renewable energy throughout our operations. Towards the end of 2019 the Ugandan sawmilling operations managed to switch from diesel generated power to the national grid which is largely driven by hydro-electricity resulting in a significant reduction of emissions.

We believe that harnessing renewable energy sources is essential in combating climate change. Key initiatives that reduce energy and emission intensities in our operations have included the installation of energy efficient equipment and increasing the use and uptake of solar lighting and heating.

At GRL, energy requirements in the plantations and at Makungu Nursery, are supplied through the national grid (45% of Tanzania's grid supply comes from hydro-electricity with the balance from gas and diesel generation). At SHI electricity is supplied through the national grid, with the diesel generator on standby and only used during power cuts.

CARBON PROJECTS PORTFOLIO AND UPDATES

GRAS was one of the first companies globally to receive carbon revenue from its plantation forests. It is a leader in carbon finance with three verified reforestation projects. The company is also certified under various Carbon Mechanisms (VCS, CDM and CCBA) and local certification schemes in each country.

US\$17,520 was generated from carbon revenue during the reporting period and 10% of all proceeds from carbon sales will be invested back into the communities around its carbon projects.

GRAS has experienced an increase in demand for carbon offsets and believes this demand is likely to continue to grow and add value to the company's bottom line in coming years.

CARBON EMISSIONS AND FOOTPRINT MONITORING

Country	January – December 2019		
	Total Forest Flux (tonnes CO ₂ eq/yr)	Emissions Generated (tonnes CO ₂ eq/yr)	Net Carbon Footprint (tonnes CO ₂ eq/yr)
Mozambique	-326 426	75 612	-250 8155
Tanzania	-417 830	136 782	-281 048
Uganda	-226 522	27 979	-198 543
Total	-970 778	240 373	-730 406

Our forests absorb more carbon than they emit – we are therefore carbon positive

ENERGY CONSUMPTION PER OPERATION

Company	Energy Type	Consumption
GRL	Electrical (kWh)	14 928
	Fuel (Litres)	178 956
	Gas (Kg's)	0
SHI	Electrical (kWh)	1 343 506
	Fuel (Litres)	258 856
	Gas (Kg's)	0
NGR	Electrical (kWh)	105 000
	Fuel (Litres)	251 779
	Gas (Kg's)	66
BFC	Electrical (kWh)	15 519
	Fuel (Litres)	233 811
	Gas (Kg's)	0

CARBON PROJECTS PORTFOLIO UPDATE

Country	Project	Carbon Standard	Emission Reduction Sold (tonnes CO ₂)	Verification & Other Updates
Tanzania	Uchindile/Mapanda	VCS & CCBA	2 336	No verification was done in 2019
				Next verification is planned for 2020
Uganda	Bukaleba	VCS	0	No verification was done in 2019
	Kachung	CDM	0	Next verification is planned for 2020
				No verification was done in 2019
				Next sale is scheduled for 2020

Credits sold were verified in 2013



WASTE MANAGEMENT

Our activities generate quantities of hazardous and non-hazardous waste streams, which if not adequately managed can have adverse environmental impacts. The management of waste is guided principally by the national applicable and associated regulations. We have internal waste management procedures which also provide guidance on waste management practices throughout our operations. We continue to focus on complying with the waste regulations, reducing waste and improving on our waste recycling initiatives.

The main hazardous waste produced during the reporting period are empty chemical containers (used to hold CCA and Glyphosate), used oil, contaminated clothes, fluorescent tubes, medical and soiled PPE. Proper disposal and wherever possible, reuse of the waste is encouraged. Empty containers of CCA are shredded and disposed

following applicable national requirements and company procedures.

In the plantations, the empty chemical containers are mainly reused in plantations to store water for firefighting activities and the others are kept at the plantation store facilities. Contaminated clothes and soiled PPEs are incinerated.

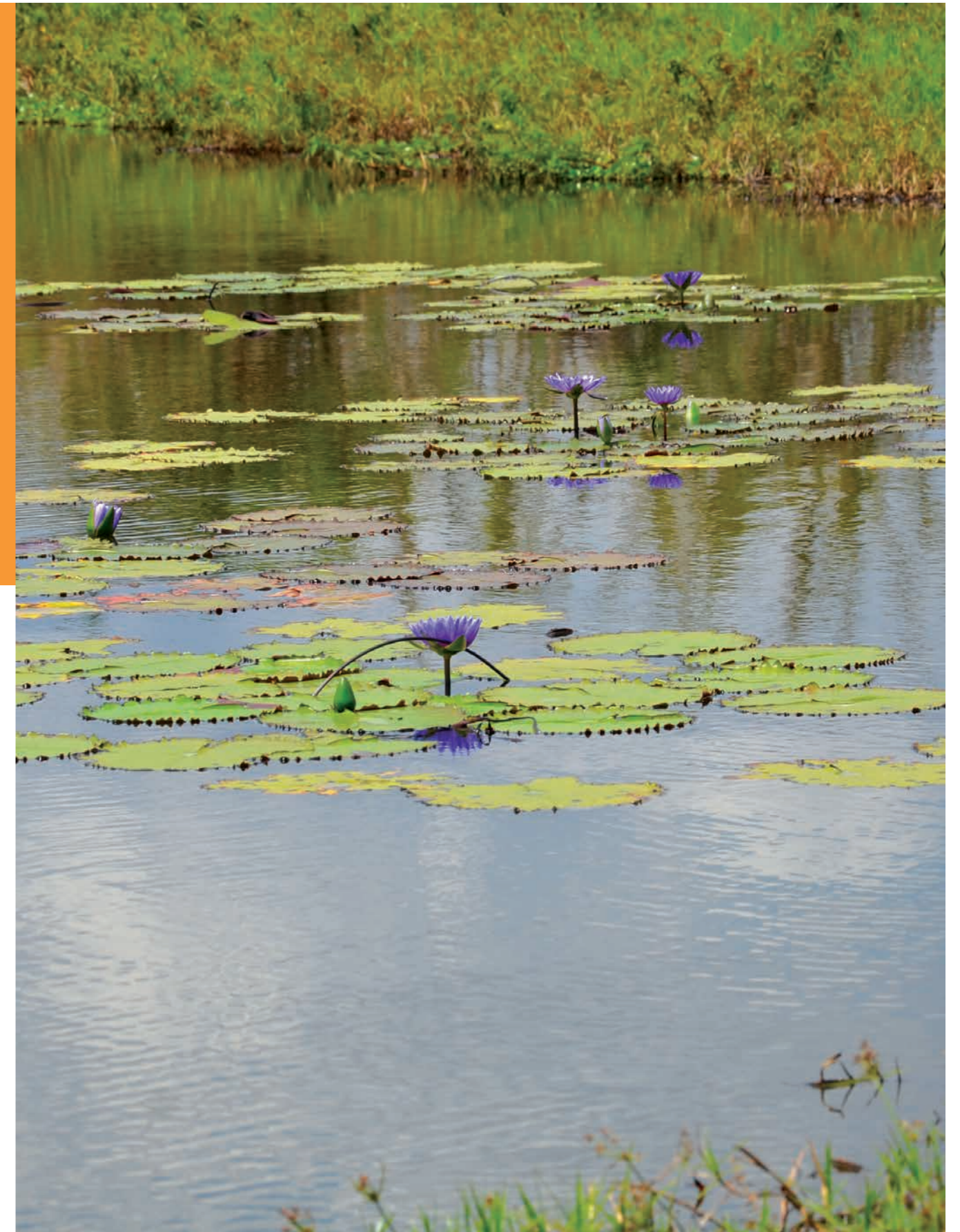
In Mozambique, the disposal of hazardous waste has been challenging due to the unavailability of hazardous waste disposal or collection companies. The company follows the procedures are laid out in the ILO's Safety and Health in Forestry Work.

ENVIRONMENTAL PERFORMANCE MONITORING & REPORTING – SPECIAL HIGHLIGHT

Green Resources AS has improved the accuracy of recording vital environmental data; monthly reports are issued for monitoring, ensuring any discrepancies are actioned. These reports give a detailed breakdown of the data input to the sustainability report and other reports as required by the companies' investors.

WASTE GENERATED PER OPERATION

Operating unit	Waste Type	Litres	Kg's	PCS
Tanzania	Hazardous	1 707	27	4 574
	Non-Hazardous	-	-	-
	Recycled waste	131	0	0
	TOTAL	1 707	27	4 574
Mozambique	Hazardous	322	0	744
	Non-Hazardous	0	0	386
	Recycled waste	240	0	157
	TOTAL	562	0	1 287
Uganda	Hazardous	-	-	-
	Non-Hazardous	300	0	0
	Recycled waste	0	90	0
	TOTAL	300	90	0
GRAS TOTALS	Hazardous	2 029	27	5 318
	Non-Hazardous	300	0	386
	Recycled waste	371	90	157
	TOTAL	2 700	117	5 861



GRAS POLICIES

GRAS' key ESG policies are: Business Ethics and Principles Policy; Occupational Health and Safety Policy; Human Resources Management Policy; Environmental Policy; Communications and IT Policy; Stakeholder and Community Relations Policy and Security Management Policy. The company is undertaking a new Environmental and Social Management System Project in 2019, in which all of its ESG 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.

Below are summaries of the company policies. The full versions and copies are available on the GRAS website. www.greenresources.no

1. BUSINESS ETHICS AND PRINCIPLES POLICY

PREAMBLE

Green Resources AS is committed to contribute to the sustainable development and good governance in the countries where we work. To do this we 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 GRAS, our subsidiaries, joint ventures and associates, in terms of high standards of integrity wherever we work.

POLICY

To achieve this, GRAS 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 internal dealings, we subscribe to the principles set by the policy. Violations of this policy will lead to disciplinary action in accordance with company disciplinary procedures.

2. COMMUNICATIONS AND IT POLICY

PREAMBLE

Green Resources AS 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, GRAS 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.

3. ENVIRONMENTAL POLICY

PREAMBLE

Green Resources AS recognizes 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 and 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

We recognize that our future development is inevitably tied to how we take care of our environment and natural resource base. Sustainable and responsible environmental management is therefore a key to maintaining stakeholder relationships, reputation and operational efficiency.

4. HUMAN RESOURCES MANAGEMENT POLICY

PREAMBLE

Green Resources AS 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, GRAS 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' Organisations and Trade Union Membership
- Non-Discrimination and Equal Opportunity
- Grievance Mechanism
- Modern Slavery and Child Labour

TEAMWORK MAKES THE DREAM WORK

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

5. OCCUPATIONAL HEALTH AND SAFETY POLICY

PREAMBLE

Green Resources AS 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 health and safety standards through continuous measurement of incident rates and by identifying and mitigating risks. 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 are the responsibility of all people working for and with Green Resources AS. The commitment to health and safety is driven by the Senior Management Team and cascades down to all levels of the company. GRAS's goal is to provide a safe and healthy work environment that is free from workplace injury or illness.

6. STAKEHOLDER AND COMMUNITY RELATIONS POLICY

PREAMBLE

Green Resources AS 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 maximizing the positive influence we can have on local development.

POLICY

To achieve this, GRAS 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 stakeholders. We will, therefore, strive to integrate our stakeholder and community management work into our business processes and operations to optimize the mutual benefits.

7. SECURITY MANAGEMENT POLICY

PREAMBLE

Green Resources AS recognizes that security and respect for people and human rights is fundamental to safeguarding the integrity of company personnel and property. An effective security program is fundamental in the protection of our people, products, assets and reputation.

Policy

To achieve this, GRAS will operate in accordance with relevant national and international laws, conventions, treaties and social agreements on a local level. The company will subscribe to the requirements of international best practice standards including the FSC™ Principles and

IFC Performance Standards with regards to Security Operations and Management. The policy covers the following areas:

- Upholding of human rights
- Provision of resources and expertise
- Compliance to legal and other obligations
- Professionalism, knowledge and integrity

We will measure and report progress against this policy and review performance on a periodic basis to ensure ongoing management of security risks.



GRI AND SDG REFERENCES

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Norway

Green Resources AS,
Engbrets vei 3
0275
Oslo, Norway

Tanzania

7th Floor, Amverton Towers,
Chole Road, Masaki,
Dar Es Salaam, Tanzania

Mozambique

Torres Rani
Av. Marginal, T- 141, 6ºAndar
Maputo, Mozambique

Uganda

Plot 9B,
Kyaggwe Avenue,
PO 1900
Jinja, Uganda

info@greenresources.no

www.greenresources.no