Green Resources

Sustainability Report 2022

Scope of the Report

This report provides an account of the sustainability performance of Green Resources AS (**GRAS**) during the last financial year — July 2021 to June 2022. The report explores how GRAS has been a responsible player in Eastern and Southern Africa's economies while achieving a positive impact on its stakeholders and the environment. The report demonstrates how GRAS has dealt with risks and identified opportunities while taking a critical look at areas that need improvement. In addition, the report adheres to the Global Reporting Initiative Standards (GRI) as the basis for its disclosure of sustainability information.

Published: December 2022

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Key Impacts

GRAS works to be a responsible corporate citizen in the communities where it operates. The company's operations seeks to align with the United Nations Sustainable Development Goals (SDGs) through *protecting the environment*, *promoting economic prosperity* and *investing in social development*.

Economic Impact

560
Employees
+ **1,700**
contractors

New FSC™ Chain of Custody (FSC™ C179108) **certificate in Mozambique**

Salaries, wages & compensations:
$3.5m

Local purchases:
$18m

Industrial capital projects:
$0.7m
Treatment plant in Mozambique

Donations:
$0.3m

Taxes, duties, fees, royalties & levies:
$2.4m

Contractors:
$4.2m

Social security:
$0.3m

Transmission poles:
110,000
= **5,500 km** of new **electricity lines**

Poles from smallholder farmers:
$3.1m

Land & Forestry Management

Added:
9,050ha
under **FSC™ certification**

Now:
57,491ha
of certified landholding
(50% of total — see page 16)

Seedlings:
3.6m

Hectares of trees planted:
2,087ha

Land return in Mozambique:
238,852ha

Land to be returned in FY22-23 in Tanzania:
20,000ha

All dollar amounts are in USD

Community Development

Community development projects investment:
$0.5m

Social Development Fund (SDF) program:
75 associations & villages

SDF spending on **education infrastructure** projects:
>50%

Number of community infrastructure projects (roads, schools, water, health & sanitation):
50

Roads maintained for improved community access:
387km

Number of community members that received **firefighting training** in Tanzania:
69 ppl

Carbon Fund amount given to 4 communities in Tanzania:
$0.2m

Knowledge Sharing & Training

Number of trainings delivered:
96

Number of employees & contractors trained:
1,565 *(70% of total workforce)*

Carbon Footprint

Net carbon sink *(based on whole forest stand)*:
449,746tCO_2e

Carbon Credits Verified in TZ FY 21-22:
532,089VERs

Alignment with the SDGs

Green Resources recognises that the forest industry in Africa is uniquely positioned to drive the transition to a low-carbon future rooted in renewable natural resources and sustainable economic growth.

Although the sector interacts with all 17 of the United Nations Sustainable Development Goals (SDGs), GRAS will analyse its contribution to the forestry's core SDGs, 6, 7, 8, 12, 13, and 15 – defined by the World Business Council for Sustainable Development (WBCSD) – and additional supportive SDGs, 1, 4, 5, 9 and 11. In accorodance with these goals, GRAS has set concrete targets and will revise and outline key actions for impact opportunities. These targets are outlined in GRAS' 10-year sustainability agenda.

Foreword from the CEO

Dear Reader,

Forestry is a unique industry as it combines financial returns with social and environmental impact. Green Resources is committed to being a responsible player in the industry, investing in and creating a sustainable impact.

Sustainability is fundamental to forest management and maintaining healthy and productive forests requires a long-term perspective. This involves the balance of needs and demands from the surrounding communities, maintaining biodiversity and bodies of water, and supplying products that are financially viable.

One way GRAS works towards sustainability is through value addition. Our operations are mostly located in remote and rural areas that traditionally would have limited employment opportunities. Besides employment, GRAS adds value through the use of raw materials in our factories and other industries. Community development projects are also an important contribution - which we are excited to outline in this sustainability report.

Our plantations are contributing to the protection of natural forest areas and the wood from these plantations contributes to building the future of Eastern Africa and beyond.

FY21/22 Highlights

During the year, we concluded a number of large projects but also initiated new ones that build on the success of earlier activities.

Our largest project was the return of 238,852 ha of land in Mozambique.

Not only did we return the land, but we pro-actively restored land rights to the communities living in the areas. This land return is part of a strategic initiative by the company to consolidate our landholding and match it to our future ambitions. The area is part of a total

area of 238,852 ha returned, affecting 117 villages (approximately 500,000 people) of which 64,561 ha had been returned in 2018. We are excited that some of the lessons learned from this project have been incorporated into the latest draft of the Mozambican Land Policy. We commend the government of Mozambique for supporting this project.

As hinted at in our last report, Green Resources embarked on an ambitious project, leading to GRAS' Sustainability Agenda 2022-2032. The sustainability agenda will provide GRAS' Directors, management, and employees with a strategic roadmap of how the company wishes to perform its operations in the next decade. The agenda is formulated around seven themes linked to 22 ambitious goals. These seven themes form the reporting framework for this sustainability report.

Not All Good News

During FY21/22, Tanzania experienced a very hot dry season coupled with high winds which resulted in thousands of hectares lost in the Southern Highlands due to forest fires. This included significant loss of 1,700 ha of planted forest at GRL.

Traditional farming practices in the region includes farm burning at the end of the dry season. While this practice may be fast and economical, it is highly unsustainable, as it produces large amounts of the particle pollutant black carbon and reduces the fertility of the soil. Many farmers are well aware of the consequences of open burning but lack the tools and knowledge to adopt alternative practices.

Looking Forward

At a time when we thought we had left a global health crisis behind, we are now facing a new crisis. The conflict in Ukraine has caused a series of ripple effects with energy prices soaring, resulting in inflation globally and consequently central banks intervening by increasing interest rates. This has impacted our cost of production and borrowing and several projects have been delayed as a result. However, we are pleased that we have now secured the funding required to initiate two ambitious sawmill upgrades in Tanzania and Uganda. For

"...building the future of Eastern Africa and beyond."

the coming year we will be adding kiln drying and grading capacity. We are also committed to building two new saw lines and ensuring our mills are future proof with higher recovery and more efficient energy use.

In Tanzania we have embarked on a land return process with Landesa. Although it has similarities to the Mozambique project, it is significantly smaller in scope and complexity. The total land area that will be returned to communities is around 20,000 ha.

We have seen continued interest in emission offsetting and are now evaluating the viability of biomass energy and biochar, targeting increased recovery and other benefits of biomass conversion. We are looking forward to these decisions being made in FY22/23 that will allow us to invest further into our circular economy model.

At the time of writing, Green Resources is at an advanced stage of being acquired by the African Forestry Impact Platform ('AFIP'). AFIP is an investment platform established by New Forests with a focus on forestry investments in Sub-Saharan Africa. New Forests is a global forest asset manager with its head quarters in Sydney, Australia. GRAS will be AFIP's cornerstone and first investment in Africa. Management is looking forward to work with AFIP to shape the future of forestry in East Africa. We believe that New Forests global expertise and GRAS' regional knowledge and asset base are a very strong union that will result in significant growth over the coming years.

I am proud to present to you our 2022 sustainability report covering the period of July 2021 to June 2022.

We welcome your feedback on this report, be it positive or negative. We believe constructive criticism helps us to improve both our relationships with stakeholders and our operations. If you feel aggrieved by GRAS' operations or wish to share your views and suggestions, please contact us at **speakout@greenresources.no**

Hans Lemm
Chief Executive Officer

Board of Directors & Management

The Board of Directors is responsible for the governance of the company and 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. The Board appoints the CEO, who acts according to the Board of Directors and is responsible for the day-to-day management of the company's operations.

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

GRAS' Board of Directors 2022

Frode Alhaug	*Arild Engh*	*Ilkka Norjamäki*	*Lasse D. Nergaard*	*Matti Karinen*	*Terhi Koipijärvi*
Chairman	*Director*	*Director*	*Director*	*Director*	*Director*

GRAS' Executive Management 2022

Hans Lemm
Chief Executive Officer

Lilian Kitosy	*Demetrius Kweka*
Chief Financial Officer	*Group ESG Manager*

GRAS' Subsidiary Management 2022

John Ferguson	*John Rabie*	*Hampus Hamilton*	*Enver Mapanda*	*Kevin Cremer*
Managing Director Uganda	*Country Manager Tanzania*	*General Manager Forestry Tanzania*	*General Manager Forestry Mozambique*	*General Manager Industry Mozambique*

Our Mission, Vision & Values

At Green Resources AS (GRAS) we believe that social and environmental impact are material to the value of investments and therefore is highly relevant for our shareholders and clients. We also recognise the role of this impact on 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 activities which includes their families, the general public, governments, and civil society organisations.

GRAS' strategy is based on the sustainable development of the areas in which it operates. The company believes that forestation and processing 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. For more information on our impact in the communities, see theme 4, **page 41** of this report.

Our Mission

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

Our Values

- Excellence
- Integrity
- Sustainability
- Trust
- Transforming lives

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.

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

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

Location & Operations

GRAS is a private Norwegian company established in 1995 with both private and institutional investors. Our administrative headquarter is located in Dar es Salaam, Tanzania with operations in **Uganda**, **Mozambique** and **Tanzania**.

In these countries, GRAS manages a landholding of **113,602 ha**.

57,491ha of Forest Stewardship Council (FSC™) certified plantations

GRAS is a significant player in the East African forest, timber, and transmission poles markets.

GRAS manages five subsidiaries:

Uganda

- Busoga Forestry Company Ltd. (**BFC**)

Tanzania

- Sao Hill Industries Ltd. (**SHI**)
- GRL Tanzania Ltd. (**GRL**)

Mozambique

- Green Resources Niassa (**GRN**)
- Niassa GreenPly (**NGP**)

Forestry Operations

GRAS's primary products and services are establishing and managing pine and eucalyptus plantations as raw materials for our own processing and third-party wood processing industries.

Industrial Operations

The company adds value to the industry through continuous improvement in the quality of timber products. Our industrial facilities include: ***two sawmills***, ***four pole treatment operations*** (two in Mozambique and one in Uganda and Tanzania), ***timber and pole kilns***, a ***veneer mill*** and a ***briquetting plant***. During the year, the company commissioned a new pole treatment plant in Mozambique catering to the rural electricity projects funded by Mozambique and the World Bank.

In Uganda and Tanzania, plans are in an advanced stage to upgrade the existing sawmilling operations starting with the addition of more kilns in FY22/23 followed by further sawmill upgrades/replacements in FY23/24. These investments will increase efficiency and enhance production capacity.

Our plantations and wood processing industries produce various products. Details of our products are found on ***page 62***.

Energy Climate & Carbon Credits

GRAS' forests act as a carbon sink with **10%** of our plantations certified as carbon projects[1]

These projects are regularly verified using the recently updated methodology which includes demonstrations of its social and environmental benefits — reducing emissions.

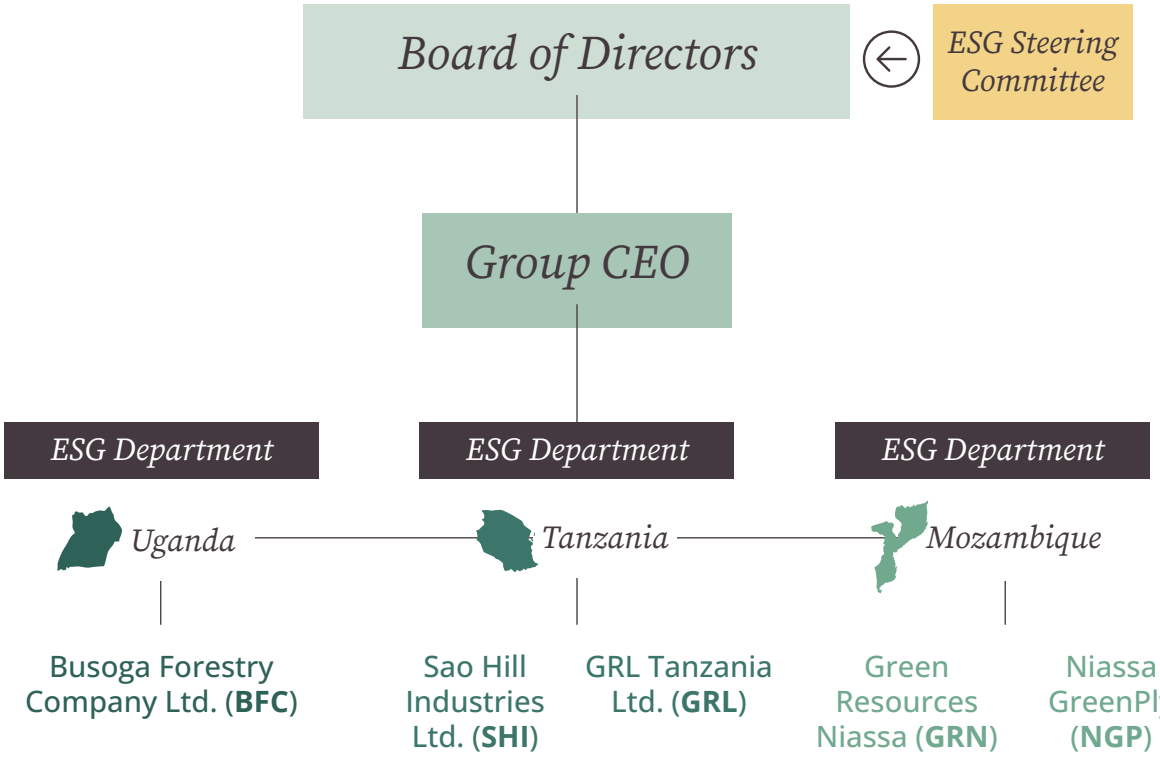
We use **Verified Carbon Standard** (VCS) & **Clean Development Mechanism** (CDM) monitoring and reporting frameworks developed by Verra and UNFCCC to generate high quality carbon credits. CDM credits are now discontinued[2] and GRAS will be using only VCS in future projects. More details are on ***page 30*** of this report.

1) Not all GRAS landholding was eligible for generating carbon credits under VCS. For details see https://verra.org/programs/verified-carbon-standard/vcs-program-details/

2) https://unfccc.int/news/the-cdm-executive-board-agrees-on-temporary-measures-to-address-cop26-postponement

Company Structure & Sustainability Management

Management of GRAS is structured in a tier format with the Board of Directors, GRAS corporate management team and subsidiary management teams, forming the critical delivery teams for the organisation.



The subsidiary companies have in-house boards consisting of external Non-Executive Directors and GRAS representatives.

ESG Steering Committee and ESG Department roles are outlined on the next page.

Environmental Social and Governance Steering Committee (ESG SC)

The ESG SC's role is to provide technical guidance on sustainability matters and ensures that GRAS complies with national and international best practices (such as FSC™, IFC PS and ILO) and meets investors' criteria in respect of its Environmental and Social Management. The committee consists of representative members from management, the board and investors. GRAS benefit from its investors through their long-term experience investing in the forestry sector and the region, as well as through investors' sustainability teams that support the operations.

Environment, Social and Governance (ESG) Department

The Group ESG Manager reports to the Group CEO. Each country has its ESG team, who ensures that all environmental and social aspects are planned and implemented across the group, following national and international best practices and ensuring compliance with laws and applicable sustainability codes.

Sustainability Agenda *2022-2032*

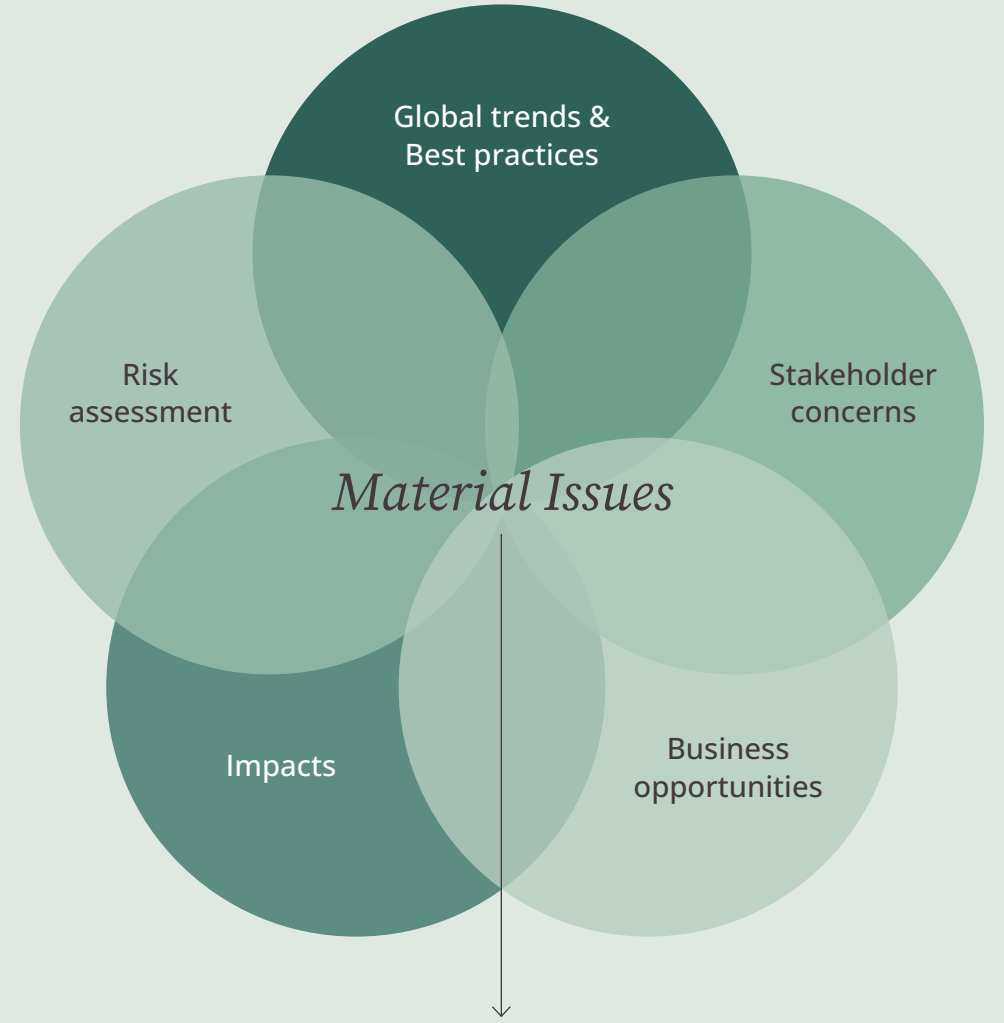
During the FY21/22 the GRAS Board of Directors in collaboration with management, initiated a process to develop the Green Resources Sustainability Agenda (GRAS-SA).

The sustainability agenda was developed to define, in a structured way, the company's key materiality and sustainability themes that influence the business and GRAS' key stakeholders. These are expected to capture value through growth and return on capital over the coming decade (2022-2032).

The sustainability agenda represents a commitment to incorporating ***social***, ***environmental***, ***economic***, and ***ethical*** factors into the company's strategic decision-making. It includes an evaluation of how these factors affect the business — including all its stakeholders — and what risks and opportunities these factors present, outlining measures to mitigate risks and take advantage of opportunities.

As a result of the materiality assessment process, **7 key themes** were identified that formed the basis of the sustainability agenda. Long-term goals for each theme were set, to be achieved as part of the 10-year strategy. Going forward, these themes form the basis of our annual sustainability reporting.

Each of the goals is accompanied by an ambitious aspiration that will be clearly shown in this report.



A pool of 100+ potential goals, cutting across a wide range of thematic areas from expert researchers & advisors.

Filtered to a list of 22 goals focused on 7 key themes from an internal working session.

Actionable targets, key performance indicators (KPIs), and timelines through management review.

Sustainability Agenda

7 Key Themes

Theme 1
Biodiversity & Water

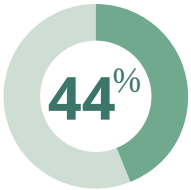
Aspiration

Green Resources' operations will strive to achieve significant net gains in biodiversity values and a net positive impact on ecosystem services in critical habitats by the year 2030. No net loss of biodiversity in natural habitats will be achieved through the application of clear mitigating actions in line with a mitigation hierarchy; 1) avoid, 2) minimise, 3) restore and 4) offset. Green Resources will promote the sustainable management of living natural resources through the adoption of practices that integrate needs and development priorities at a landscape level in the areas of direct and indirect influence of its projects.

Biodiversity and ecosystem services, as well as water quality, quantity and access, are essential to sustaining a long-term forestry operation, and the associated sustainable development of surrounding communities. This, along with the pressing global agenda to halt biodiversity loss and protect watersheds, makes the management of water and biodiversity at a landscape level a critical area for Green Resources.

Land Use, Biodiversity & Environmental Management

Of GRAS' total landholding:



conservation, buffer, right unutlized land

FSC™ certified

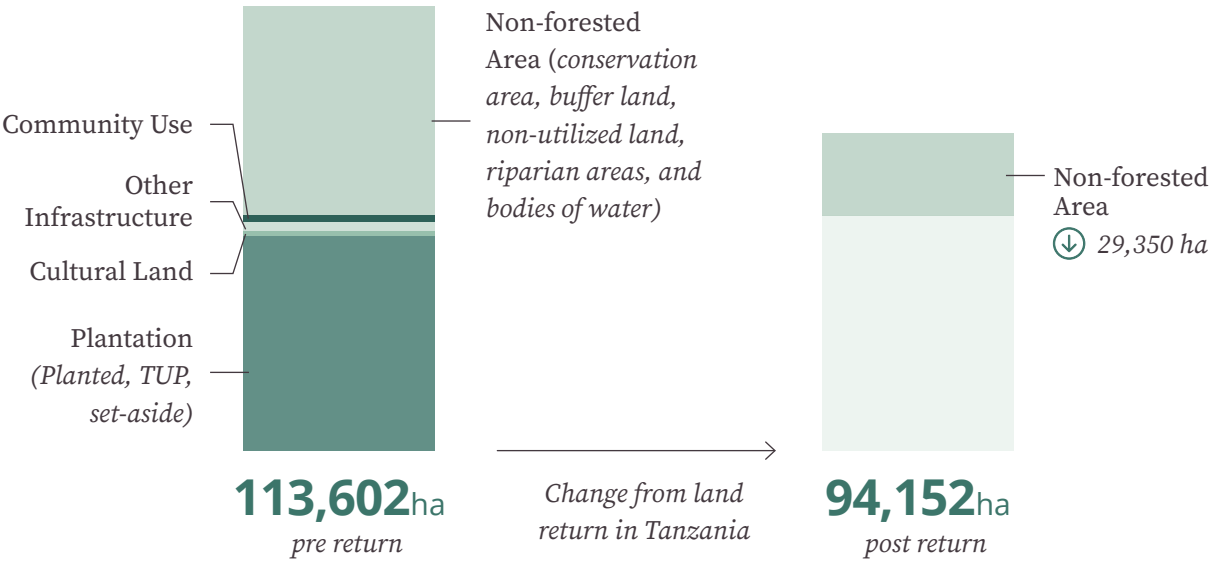
This meets the criteria for preserving biodiversity, water, soil, ecosystems, landscapes, and the forest's ecological functions and integrity. As assessed in recent surveys, policies and practices such as silviculture, reforestation/ afforestation of degraded lands, and conservation ringfencing, result in low impact to biodiversity.

Invasive species are regularly removed from managed areas and indigenous seedlings are provided to organisations, such as One Acre Fund, for their reforestation initiatives supporting thousands of smallholder farmers across Tanzania.

In Kachung and Bukaleba, the Uganda operation is piloting a Community Based Natural Resource Management (CBNRM*) program, in which communities are contracted to help protect forest plantations.

**The establishment of a CBNRM program is compromised of individuals in the community willing to work with BFC to achieve a common objective of protecting the forest resource.*

GRAS' Land Use Categories



Impact for the year

Invasive species eradicated in **conservation areas** :
646ha

First HCVAs assessment conducted in **Mozambique** operations

HCVAs in **Uganda** under active management: **3**

Water points:
36 collection & testing for quality & water health

Roads repaired to provide access & control erosion **387**km

BFC — Uganda **plantation area protected** by the CBNRM program to reduce illegal activities

Area planted with indigenous species:
17ha

Managed wetlands:
800ha

5% of training in environmental management, monitoring & compliance

Buffer land around bodies of water: **200**m

in collaboration with the Ugandan Environmental Management Authority

Biodiversity Management & Interventions

The company implemented the following as part of environmental and biodiversity management within its landholding.

Aspect	Implemented Activities	Effectiveness
	Uganda	
Identification & Monitoring of Biodiversity	Procedures are in place to guide the management of Areas of Special Interest (ASIs) such as graveyards, cultural sites, wetlands, water points, animal breeding grounds	Effective
	Monitoring of RTE species activities in HCVAs (AZ53 Bukaleba FMU) revealed an increase in the number of cycad colonies (*Encephalartos equatorialis*) with half fruiting, therefore a future growth in numbers is expected	Effective; the population structure remains relatively constant, with all colonies intact and free from illegal harvesting
	RTE species assessment of the population structure of Melicia excelsa, an IUCN vulnerable species	Effective; an average of one stem per 10 ha was recorded and geo referenced
	Bird field assessment around Bukaleba plantation as part of biodiversity assessment	The area has very little natural habitat to support bird-life. Operations to increase birds habitat through replanting indigenous trees in natural habitats and around the buffer of Lake Victoria. The report to include distribution pattern, pictorial and images of birds, species description, key characteristics for identification, any RTE species rating and maps of occurrence and seasonal pattern.
	BFC has started monitoring stream and river health through the mini-SASS (stream assessment scoring system) method	Too early to assess its effectiveness
Management of Conservation Areas	141 ha of invasive species removal from conservation areas	Effective; but program will need to be expanded
	17 ha of enrichment planting with *Maesopsis eminii*	Effective; older *Maesopsis eminii* stands have shown to provide commercial opportunities
	Expansion of the conservation area (AZ53) with scheduled planting of 4,000 seedlings of indigenous species	Effective; indigenous species planting concluded; however, monitoring on survival required
	Patrols to combat illegal activities and encroachment conducted through CBNRM and security contractors	Effective; 50% of BFC area now patrolled through CBNRM

Aspect	Implemented Activities	Effectiveness
	Tanzania	
	GRL has started monitoring stream and river health through the mini-SASS (stream assessment scoring system) method	Too early to assess its effectiveness; however, it is expected that consistent monitoring will give insight in water quality developments
Identification & Monitoring of Biodiversity	Identified flora and fauna RTE species are reported and geo referenced through photos and then mapped in GIS database	Effective; over time a database of RTE species will be built up
	Planned initial biodiversity assessment in the open areas in FY 22/23	Too early to assess its effectiveness; assessment in the open areas to be done after drone survey
	Under the Social Development Fund contracts there is a shared value component where financial incentives are available to • Track and report illegal activities • Improve security around landholding	Effective; the SDF has been expanded from 3 to 4 villages during FY21/22
	A total of 1,088 km of firebreaks were prepared during FY21/22. The focus has also been on strengthening forest patrols to eradicate illegal activities and improving external firebreaks.	Moderately effective; given significant fires experienced during FY21/22 further interventions will be required
Management of Conservation Areas	505 ha of invasive species were eradicated in conservation and unplanted areas. The main invasive species removed from conservation areas (mainly *Riverine*) were pine and eucalyptus trees left after harvesting.	Moderately effective; the company did not meet its budgeted targets of invasive species control
	To reduce the fuel load in open areas, the company has introduced prescribed burning, which will result in some selected conservation areas undergoing controlled cool burning every 4 years. Only areas vulnerable to forest fires will be considered for controlled burning activity. The focus has also been on strengthening forest patrols to eradicate illegal activities and improving external firebreaks.	Too early to assess its effectiveness

Aspect	Implemented Activities	Effectiveness
	Mozambique	
Identification & Monitoring of Biodiversity	Total wetland areas identified and mapped, totaling 2,958 ha with development of special management instructions that will include • No cultivation • No hunting or fishing • 200 m buffer around wetlands	Too early to assess its effectiveness; community agreements linked to SDF have been signed
	578 ha identified as rocky HCVAs were mapped and put under a special management regime with prevention of encroachment, hunting or other illegal activities (quarrying)	Too early to assess its effectiveness; community agreements linked to SDF have been signed
	7,639 ha under special management mainly consisting of Riverine Forests (45%) and Wetlands (33%)	Moderately effective; some clear signs of recovery of natural areas in some parts of the plantation
Management of Conservation Areas	3,346 ha of invasive species were eradicated in conservation and plantation areas. The main invasive species removed from conservation areas (mainly *Riverine*) were pine and eucalyptus trees left after harvesting.	Moderately effective; the company did not meet its budgeted targets of invasive species control
	Erosion sites are mapped across the Forest Management Units; measures are implemented to reduce erosion by • Level curves during land preparation activity • Land preparation to take place during dry season • Retention of material from harvesting to minimize soil damage and improve nutrient decomposition • Improvement of existing firebreaks to facilitate vehicle movement during forest operation activities • Allowing vehicles in designated roads only during operations	Effective; erosion is being controlled across the estate but ongoing measures are required due to increase in commercial activities
	Initiatives launched with local communities to develop a landscape level participatory fire working program to reduce fire incidents, in aim of reducing material loss and improving biodiversity	Too early to assess its effectiveness

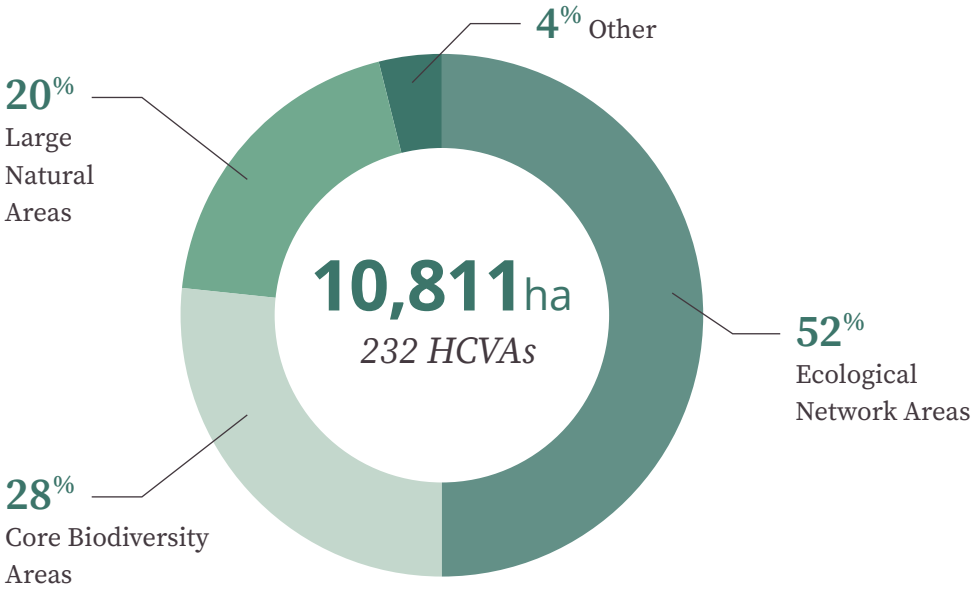
High Conservation Value Areas/Forests (HCVA/F) in Mozambique

High Conservation Value Areas are defined by FSC™ certification as areas with outstanding significance and critical importance and therefore need to be properly managed. Identifying areas where these values occur is an essential first step in developing appropriate management.

Previous studies carried out in Mozambique indicated the non-existence of HCVAs. This is because most areas do not comply with the classic interpretation of HCVAs. However, due to the increased importance of the subject, recently, the company hired an expert to re-evaluate its areas with the results as per below:

Identification of 232 HCVAs (equivalent to 10,811 ha) out of 32,000 ha in Mozambique

Preliminary survey - numbers may change



The potential HCVAs (232) are relatively high and it is likely that field verification will result in a significant reduction of the overall areas. Fieldwork is scheduled for FY22/23. During the process GRAS will follow ISO and FSC™ standards of HCVAs verification and maintenance, and monitoring thereafter.

Areas of Special Interest

In all operations, all Areas/Sites of Special interest (ASIs) are protected against encroachment and illegal activities with no human activities permitted. Such areas are graveyards, ritual sites, bodies of water and riparian zones.

Theme 2

Climate Change, Mitigation & Adaptations

Aspiration

Green Resources will decrease its carbon footprint each year through integrating practices and technologies that promote resource efficiency. It will increase its sequestration to a minimum of 1 million tCO_2e by 2025 and increase its carbon handprint by actively promoting and developing sustainable wooden buildings, infrastructure, and energy products to substitute carbon-intensive materials. GRAS will also identify and implement impact driven climate change adaptation opportunities to increase its resilience within the project and within the surrounding communities.*

Climate change is a global risk with significant consequences. The company is committed to act according to science-based targets to limit global warming to less than two degrees. GRAS also aligns its programs to support the achievement of Nationally Determined Contributions (NDC) and implement climate change adaptation measures in our direct and indirect areas of influence and within local communities that are directly impacted.

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. The company is integrating climate change mitigation into core business operations by aligning processes, company-wide strategies, and greenhouse gas (GHG) assessments with the aim of:

- Reducing carbon emissions emanating from both direct and indirect GHG emissions

Carbon Emissions & Footprint Monitoring

The greenhouse gas emissions of GRAS forest-based activities is assessed annually using an adaptation of the Forest Industry Carbon Assessment Tool (FICAT - **http://ficat.odel.org**). It takes into account the forest products value chain and all subsequent activities related to production use, reuse and end-of-life of forest products.

**Carbon footprint is a measure of a product's negative impact. In contrast, carbon handprint refers to the positive environmental impact that a company can achieve and communicate by offering products that help customers lower their carbon footprint.*

GRAS carbon footprint model follows an assessment of biological growth, carbon stored in products and losses through harvesting and fires, as well as emissions linked to fossil fuel and grid electricity. During the reporting period, GRAS sequestered 1,100,748 tCO_2e and emitted 651,002 tCO_2e, resulting in a net carbon footprint (sink) of 449,746 tCO_2e — the amount of carbon sequestered from the atmosphere by our plantations.

Uganda

Total Forest Flux: 237,468 — **YoY:** ↓ **6%**
Emissions Generated: 118,547 — **YoY:** ↑ **304%**
Net CarbonSink: 118,921 — **YoY:** ↓ **47%**

Tanzania

Total Forest Flux: 356,430 — **YoY:** ↓ **14%**
Emissions Generated: 416,130 — **YoY:** ↑ **142%**
Carbon Footprint: 59,700 — **YoY:** **75%** ↓

Mozambique

Total Forest Flux: 506,850 — **YoY:** ↑ **56%**
Emissions Generated: 116,324 — **YoY:** ↓ **1%**
Net Carbon Sink: 390,525 — **YoY:** ↑ **88%**

Group Total (tonnes CO_2e/year)

Total Forest Flux:
1,100,748
YoY: ↑ **10%**

Emissions Generated:
651,003
YoY: ↑ **51%**

Net Carbon Sink:
449,746
YoY: ↓ **32%**

Mozambique had no difference in annual emissions for the past two years, although it sequestered more CO_2 in the current reporting period. The difference is due to increased activities and energy consumption brought by the veneer plant, as seen in scope 2 (grid consumption), which increased by 62%.

Uganda sequestered 14,000 tCO_2e less than last year and almost quadrupled its emissions levels during the reporting period. The Uganda emission is up compared to the previous year due to the effect of post-Covid 19, which saw increased production and harvesting post to catch with increased demand for products. However, the overall operation net carbon footprint (sink) was 118,920 tCO_2e, which is similar to last year's level.

The loss of biomass is the leading cause of emissions. This is from fires in Tanzania which destroyed close to 1,700 ha of the forest generating 257,191 tCO_2e carbon emissions.

Addtionally, the annual carbon storage in harvested wood products (HWP) was 157,986 tCO_2e, an increase of 23% from the previous year; due to the increase in harvested volumes.

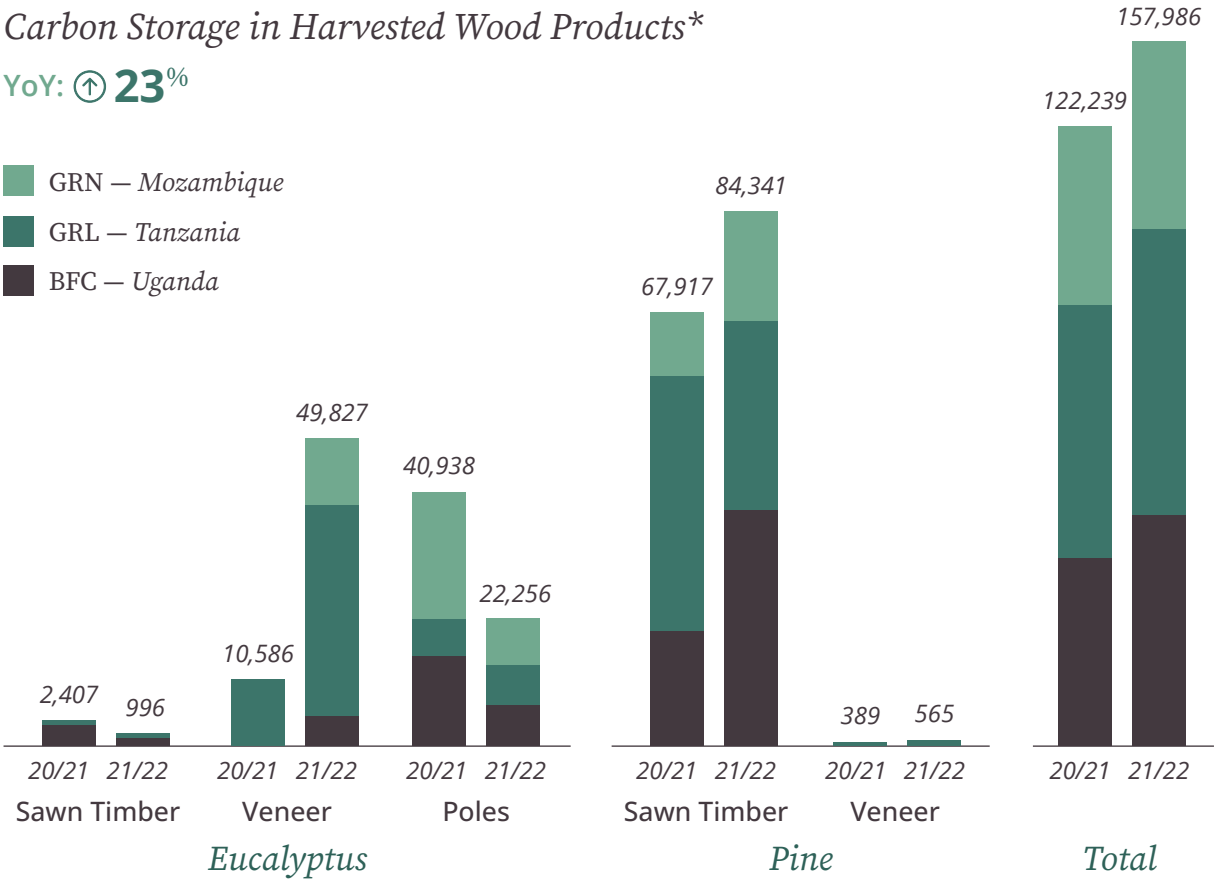
GRAS is committed to the reduction of GHG emissions and among other measures, introduced air travel monitoring, energy and fuel consumption monitoring, and a vehicle monitoring/tracking system to curb unnecessary use. Scope 1 and 2 emissions are predominantly from on-site use of fuel, electricity and emissions from fire. Almost 60% of our emission comes from internal operations (Scope 1) and are mainly linked to fire incidents. Scope 3 covers only company's air travel; in future, the company is planning to expand the scope to include upstream and downstream activities related to our operations. However, by far the biggest positive impact on carbon emissions will be, the ***control of (wild) fires coupled with increasing the plantation yields***.

Emissions by Scope tonnes CO_2e/year		Scope 1 Direct emission: Harvest / Fire / Diesel / Gas	Scope 2 Grid	Scope 3* Travel / Air travel
Mozambique	FY 20/21	117,003	91	720
	FY 21/22	115,957	244	123
	Change	↑ *1046*	↓ *153*	↓ *597*
Tanzania	FY 20/21	171,929	18	234
	FY 21/22	413,768	907	1,455
	Change	↑ *241,839*	↑ *889*	↑ *1221*
Uganda	FY 20/21	28,433	81	806
	FY 21/22	117,222	184	1,142
	Change	↑ *88,789*	↑ *103*	↑ *336*
Group	FY 20/21	317,365	190	1,760
	FY 21/22	646,947	1,335	2,720
	Change	↑ *329,582*	↑ *1145*	↑ *960*

**Our scope 3 is still limited to air travel only*

*Carbon Storage in Harvested Wood Products**

YoY: ↑ 23%



*Calculated with the Ficat model (**page 26**). It looks at all products generated and sold by the operation.

Carbon Project Portfolio & Updates

Since the project inception in 2010, GRAS carbon projects have generated and sold **1,350,690 tCO_2e** of VERs and CERs and early in FY22/23, a further 100,358 tCO_2e VERs were added from the Bukaleba Forest Project. The sale of carbon credits resulted in close to US$ 0.2m in contributions to four communities through the Carbon Development Fund. The funds are for development activities within the respective villages. For more details of projects implemented and in the pipeline, see ***page 58*** of the report.

1 *Kachung*

2006 — Uganda

Credits verified: 345,164 tCO_2e

Status: Project is no longer eligible to issue credits through CDM— *discontinued*[3]

2 *Uchindile/Mapanda*

2001 — Tanzania

Credits verified: 753,975 tCO_2e

Status: Likely not to issue more credits because the project reached LTA[4]

3 *Bukaleba*

2004 — Uganda Credits verified: 351,909 tCO_2e

Status: Likely not to issue more credits because the project reached LTA

3) *https://unfccc.int/news/the-cdm-executive-board-agrees-on-temporary-measures-to-address-cop26-postponement*

4) *Carbon projects have a completion date and stop generating new credits when the long-term average stocking is reached. Calculations are done by subtracting the long-term average baseline carbon stock (zero for new plantations) and any project emissions from the project carbon stock.*

Although the revenue from carbon projects is important to Green Resources it **represents less than 3% of GRAS' overall revenue** and ultimately its plantations are primarily grown for the production of solid wood products (sawn timber, transmission poles, etc.) as well as biomass.

The decision at COP26 (UN Climate Change Conference) regarding the future of CDM mechanism has affected credit issuance for ARR projects that have completed the first credit period (20 years). The Kachung project is therefore no longer eligible to issue credits under the CDM mechanism.

Most of Green Resources' active carbon projects are currently running towards their long term baseline and will no longer produce carbon credits in the near future. GRAS is actively evaluating the potential of plantation expansion in some areas and will take into account the potential for carbon revenue when making its assessments.

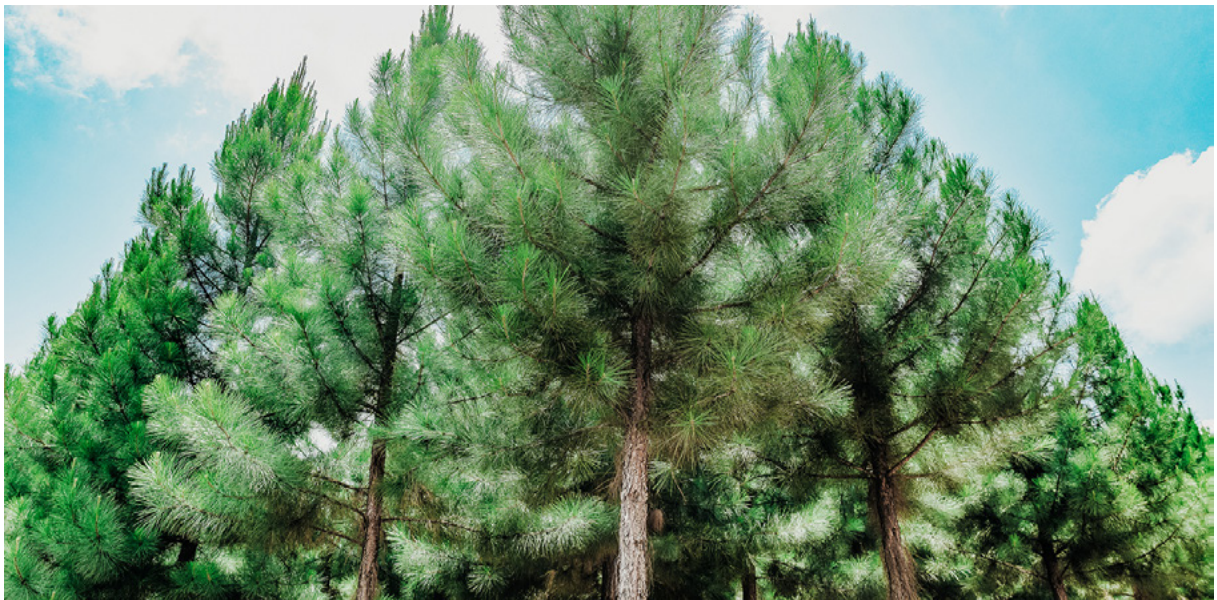
What is a Forest Carbon Credit?

*Today, there are 3 forestry options available for verified carbon credits: **afforestation/reforestation**, **improved forest management**, and **avoided conversion** (REDD+).*

GRAS' credits are generated based on afforestation/reforestation (ARR).

This type of project involves planting forest trees in agricultural areas or areas deforested more than 10 years ago. In doing so, a project helps to reduce the amount of greenhouse gas entering the atmosphere, as carbon remains stored in the trees while they grow (referred to as 'carbon stock') as well as in products derived from trees. Net reduction in greenhouse gas emissions as a result of a project is referred to as 'net abatement'.

Afforestation projects can be conducted with exotic or indigenous species.



Adaptation

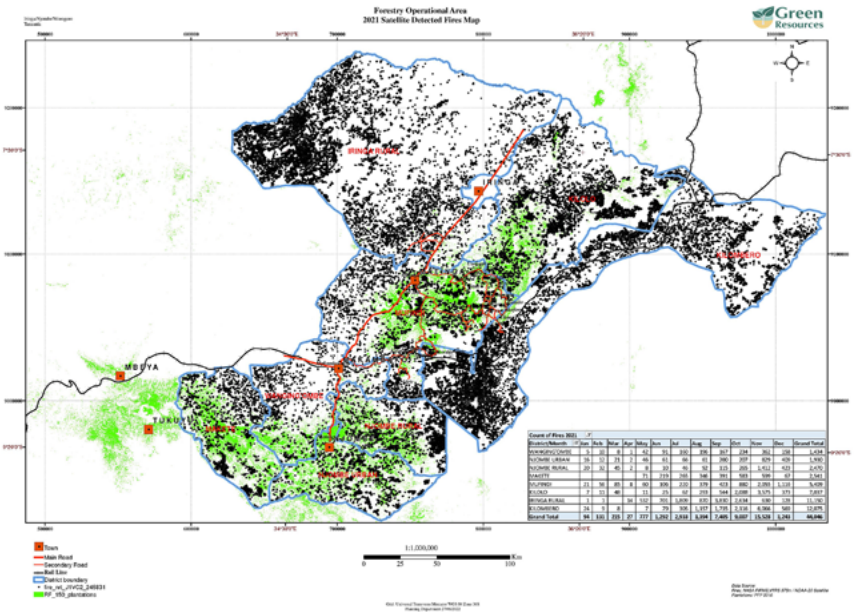
Rising temperatures adversely affect the growth and resilience of our plantations. Climate change brings storms, floods, extended droughts, and other changes in climate in the areas that we operate which in turn increases pests and diseases, and creates fire risks. Models predict the effects of global warming will increase in coming years. As one adaptive measure, GRAS is pro-actively working on identifying genetics that would be resilient to future climate shocks.

Over the past years, GRAS has experimented with various clones and genetic seed sources from a variety of countries and some are now being commercially deployed. In addition, GRAS has teamed up with leading experts from organizations such as Forest Development Trust, Forestry and Agricultural Biotechnology Institute (FABI) and many other world renowned experts to advise GRAS on genetic selection of growing stock.

Farm Clearing & the Risk of Forest Fires

Farmers in many parts of Africa set fire to cultivated fields to clear stubble, weeds and waste before sowing a new crop. While this practice may be fast and economical, it is highly unsustainable, as it produces large amounts of the particle pollutant black carbon and reduces the fertility of the soil. Many farmers are well aware of the consequences of open burning but lack the tools and knowledge to adopt alternative practices.

During FY21/22, Tanzania experienced a very hot dry season (June to November) coupled with high winds and significant farm clearing in November 2021. This resulted in an extremely dangerous situation where 15,000 fires were reported. This ultimately resulted in significant forest loss and damage to the industry. The map below represents the Southern Highlands of Tanzania with black spots showing extent of fires while the green shows forest plantations (this includes entire area, including community woodlots; not just GRAS' landholding).



The annual practice of farm burning creates significant fire risks for our Tanzanian and Mozambican plantations. Consequently, GRAS has implemented the following measures:

- Trained 69 firefighters in Tanzania
- Implemented fire fighting strategies in collaboration with the government and communities in Tanzania and Mozambique
- Bringing in a expert to redesign the layout of plantations and firebreaks to minimize fire impact

Building up in-house capacity

The Group ESG Manager completed a carbon forestry course offered by the University of Freiburg Germany, where he honed his skills in ***Carbon Accounting***, ***Measuring & Verification***, ***Markets & Standards*** as well as ***Climate Finance***.

This was a valuable investment for the company given the ESG Manager is overseeing and managing the company's carbon projects – a place he was able to apply the knowledge and skills learned in the course.

Drone Technology

Forestry projects are challenging and often difficult to map and monitor on the ground. Drone data with field plots increase the precision of field-based estimates of forest resource parameters offering a reliable and cost-effective solution. Drone forestry survey applies a smart and automatic algorithm to calculate forest parameters in a detailed and practical way, reducing the need for ground-based sampling measurements. The results are easily integrated with existing base and cover type mapping, inventory systems, and GIS. Drone has proven to have a higher level of detail and precision, ultimately reducing sampling and coverage errors, in comparison to traditional forestry inventory techniques.

GRAS has recently procured a new state-of-the-art drone to survey its landholding. The drone survey is resulting in more accurate plantation mapping of commercial and conservation areas. This allows for better forecasts and management of all areas.

Benefit of using drone technology:

- Growth estimation and yield prediction
- Financial risk and scenario analysis
- Harvest and thinning optimization
- Sustainable forest planning management
- Surveillance and monitoring

Energy Consumption

GRAS recognizes that efficient energy use and a transition to clean energy is critical to achieving our carbon footprint goals. At present, all our factories are connected to the national grid, with a large percentage of power being generated by hydropower. However, due to power quality and outages, a significant amount of power is generated through use of backup diesel generators.

As part of our sawmill upgrade we are discussing our options with solar power companies to integrate solar power into GRAS' energy mix in the next few years.

Energy Consumption per Operation - FY 21/22

	Electrical (kWh)	Fuel (litres)	Lubricants (litres)
Tanzania — GRL	20,997	87,032	98
Tanzania — SHI	1,457,647	311,002	589
Mozambique — GRN & NGP	468,393	448,445	293
Uganda — BFC	303,866	339,939	852

Theme 3

Waste & Hazardous Materials Management

Aspiration

Green Resources will manage industrial and hazardous waste as well as all types of hazardous materials in line with good international industry practice, IFC PS3 requirements and EHS guidelines; including transportation, storage, use and final disposal, in order to prevent adverse impact to nature and human health. The waste management hierarchy (avoid, reduce, reuse, recycle, recover or dispose) will be followed and circular economy principles will be integrated into decision making and management plans.

Our activities generate quantities of hazardous and non-hazardous waste, which can have adverse environmental impact if not adequately managed. Waste management is guided principally by the national regulations. In addition, we have internal waste management procedures which guide our waste management practices.

We continue to focus on complying with waste regulations, reducing waste, and improving our waste recycling initiatives.

Chemical & Fertilizer Use in Plantations

Chemicals are used to control weeds and pests as part of plantation management whilst fertilisers are used to boost (early) growth of seedlings and trees and improve their chances of survival. Chemical and fertilizer selection is guided by government policies and legislation as well as FSC™ approved lists. Operations also only use chemicals if no other viable alternative is available. Buffer zones are maintained around water bodies and river zones as prescribed by the national environmental authorities.

The main chemical used in plantation operations is glyphosate for the control of herbaceous weeds, whilst NPK fertiliser improves nutrients at the seedling growth stage. NPK does not biologically accumulate. The following table shows the use of fertilisers and chemicals in the various operations. The increase in use across the various estates is primarily linked to the increase in planting activities over the past years.

Chemicals Used

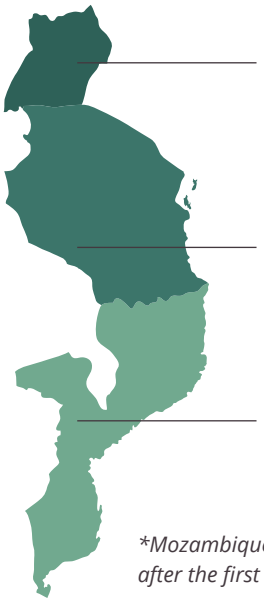
	Active Ingredients	Use	Negative Effects	Safeguards
Permacure Oxide Liquor	Copper Chrome Arsenic Wood Preservative, CCA, Oxide Liquor	Wood preservative	Highly toxic. Poisonous if ingested.	Acid-resistant clothing, filtered respirator, protective gloves, goggles and face shields
Aquasoil	Acrylamide/acrylic acid copolymer, potassium/ ammonium salt fused with NPK	Soil conditioning	Irritating to respiratory system, skin, and eyes. Harmful if ingested.	Full protective gear with approved respirator
Creosote	IDR Coal Tar Creosote, 1000 g/l	Wood preservative	Prolonged exposure can have negative effects on skin. Harmful if ingested.	Full protective gear with approved respirator
Torrent 200 SL	Imidacloprid 20% SL	Termite control	Harmful/irritating to skin and eyes. Harmful if ingested/ inhaled. Highly toxic to aquatic invertebrates.	Full protective gear with approved respirator
Cungufu 538 SC	Copper Hydroxide	Fungus control	Harmful/irritating to skin and eyes. Harmful if ingested.	Full protective gear with approved respirator
Hippo 480 EC	Triclopyr 480 (as Butoxy Ethyl Ester 480 g/l)	Control of woody plants and weeds	Moderately irritating to skin. Harmful if ingested.	Full protective gear with approved respirator
Agrichlor 900 EC	Acetochlor 900g/l	Weed control	Irritating to respiratory system and skin.	Full protective gear with approved respirator
Voloxypir 20% EC	Fluroxypyr 200g/L	Control of wood plants	Harmful/irritating to skin and eyes. Harmful if ingested/ inhaled.	Full protective gear with approved respirator
MambaMax 480 SL	Glyphosate salt	Herbicide	Can be irritating to skin, eyes, respiratory system. Harmful if ingested.	Full protective gear with approved respirator

The most widely used herbicide in the world, Glyphosate, is used in plant protection products (PPPs), and these PPPs are used in agriculture and horticulture to combat weeds that compete with cultivated crops. Studies are ongoing to evaluate the possibility to reduce the use of Glyphosate.

GRAS' ambition is to implement mitigation measures such as establishing buffer zones, training workers to use chemicals safely and to minimise reach, waste and use of hazardous chemicals, as well as practices to avoid pest invasion. Specifically, Tanzania and Mozambique are working on a **chemical reduction strategy** through chemical and non-chemical practices. Integrated Pest Management (IPM) is a process of achieving

long-term, environmentally safe pest control using a wide variety of technology and other potential pest management practices. The company is researching the use of nature-based solutions, for example biochar, as a method to suppress weeds and reduce the volume of chemicals used. Other methods include, focused-termite treatment, using low-drift nozzles to minimise area sprayed, using local organic fertilisers, and others.

Chemical & Fertiliser Use in Operations



	Chemical (L)	*Fertiliser (kg)*	*Area Planted (ha)*
Uganda	YoY: ↓ **52**% *in kg - Granular Glyphosate*	YoY: ↑ **0.5**%	YoY: ↑ **69**%
Tanzania	YoY: ↑ **28**%	YoY: ↑ **75**%	YoY: ↑ **79**%
Mozambique	YoY: ↑ **195**%*		YoY: ↑ **28**%

**Mozambique started planting in FY20/21 - young plants (0-2 years) require chemical weeding that will lessen after the first 2 years.*

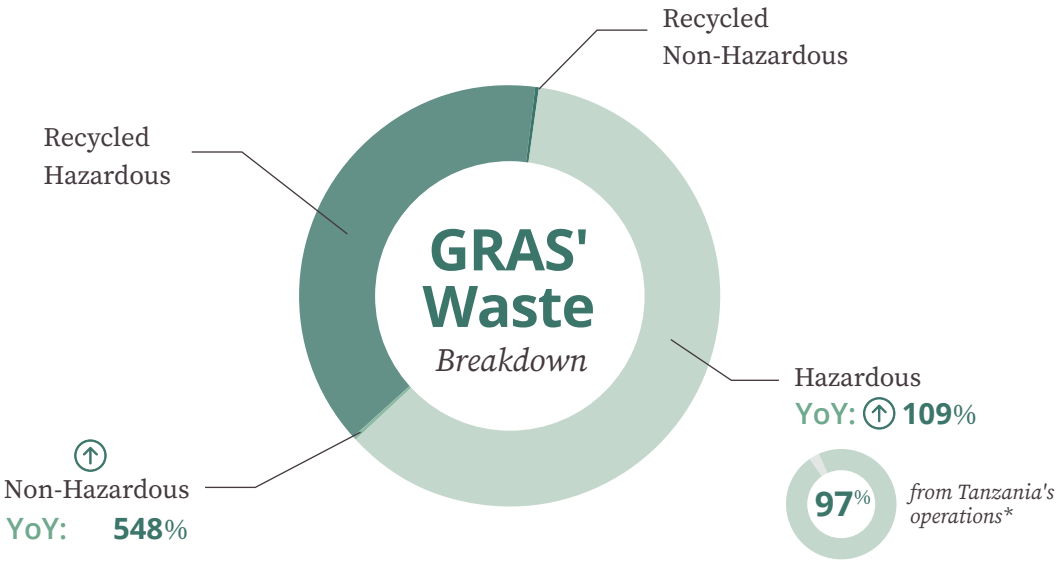
During the reporting period, BFC operation used 9,907 kg of Rondo (a granular glyphosate-based herbicide) to treat 4,995 ha at an average application rate of 2kgs/ha and 20,747 kgs (20,650 kgs in the previous year) of NPK fertiliser across all its plantations in Uganda. Both products are registered for use in Uganda, and the company obtained an importation permit through the Ugandan authorities responsible for Environmental Management.

In Tanzania, during the reporting period, herbicides and fertilisers were applied in plantations and at the nursery for weeding and improving plants/seedlings' growth. Increased usage of chemicals and fertilisers directly reflects the increase in planted area (417 ha in FY 20/21 and 748 ha in FY 21/22). Therefore, there has been an increase in planted areas each year, resulting in more chemicals and fertilisers application. The chemicals used were mainly herbicides (for weed control), and chlorine (for fungi control at the nursery). Regarding fertilisers, mainly NPK was used and Polyfeed at the nursery.

Waste Management

As mentioned above, we continue to focus on reducing waste and manage the waste according to the waste regulations and recycle or dispose according to the waste management protocols. During FY21/22 waste was mainly generated from packaging materials and electrical items such as chemical containers, used batteries, florescent tubes and used oil.

Types of Waste Generated in Operations



**The higher number of hazardous waste in Tanzania is because of higher number of CCA container use to bring in chemicals for treating transmission poles.*

In particular, the handling of chemical containers (used to hold CCA and Glyphosate) requires specific care due to the hazardous substances that they carry. GRAS follows the procedures laid out in the ILO Safety and Health in Forestry Work with a priority on disposal and re-use. Empty containers of CCA are shredded and disposed of following applicable national requirements and company procedures.

Hazardous waste is waste with a chemical composition or other properties capable of causing illness, death, or harm to humans and other life forms when mismanaged or released into the environment. GRAS is committed to managing hazardous waste properly (incineration and proper disposal) and finding alternative uses to increase their useful-life or reduce disposal volumes.

For example, in Tanzania, oil is reused in-house on log hauls and cutter bars for lubrication. In addition, batteries and oil filters are sold to scrap merchants who salvage the metal, and CCA containers are sold to recycling companies to produce plastic furniture. These practices and initiatives are shared and rolled out across countries, with further alternatives continuously being investigated.

Utilization of Biomass

In theme 3, ***Waste & Hazardous Material Management***, the seventh goal the company aspires to achieve, is 100% processing and utilisation of biomass generated from GRAS' operations. In this section below we report progress towards this goal.

Wood chips, sawdust and other wood byproduct accumulation at the company's industrial and plantation sites, create fire hazards. They can, however, be turned into an economic opportunity, but in the absence of markets and complex regulatory frameworks, the opportunities are often challenging to realize. GRAS is committed to finding solutions, and has, with varying success, in each country of operations.

Th most successful solution is in ***Uganda***, where GRAS sells 100% of its biomass to a mix of industrial companies. Amongst these buyers, is a large multinational company that has been able to convert their boilers from heavy fuel oil to biomass (FSC™ certified).

In ***Tanzania***, market opportunities are being explored with a number of Blue Chip companies, amongst them is a large cement factory that uses chips in its kilns. A new Medium Density Fibreboard (MDF) factory in the vicinity of Mafinga is expected to

further improve the off-take of chips from the mill. The anticipated mill expansion and upgrade is expected to improve recovery and consequently, reduce the relative volume of biomass produced.

The ***Mozambican*** situation is relatively complex with limited opportunities to monetize biomass. Firewood sales to a large agro-processing operation continues as it has in recent years; however, growth potential is limited. Management is in dialogue with a number of parties to explore opportunities for biomass energy, charcoal and biochar, though significant challenges remain before these discussions would materialize into commercial ventures. Management is exploring biochar opportunities with a number of parties and believes this may be a long term solution to processing residues.

Environmental Incidents / Spills

All operations keep detailed records of any contamination or spills (chemical or hydrocarbon). The company has standard operating procedures to deal with environmental damage, including investigations into cases of significant damage.

Environmental Incidents per Operation

	Fires	*Hectares Lost*	*# of Spills*	*Amount spilled (L)*
Uganda	2	0	0	0
Tanzania	7	1,700	1	2
Mozambique	86	8	2	30
Total	**95**	**1,708**	**3**	**32**

Although Tanzania and Mozambique experienced minor spills from oil/lubricants or chemicals used in the factory, each incident did not result in any damage to the environment or to indivuduals involved, due to proper care and clean-up.

Spill details and impact: *In Mozambique, at the creosote plant, the first incident (20 L) was a tanker refilling the creosote tank after pump sucking failed to work. The second spill (10 L) occurred while the bell-logger was moving and knocked a drum that stored creosote. The creosote was washed into trapping chambers and contained. In Tanzania, oil from a broken filter in one of the trucks, released 2 L of oil onto the ground. Sawdust was used to cover the area as per procedure, resulting in no damage to the environment.*

Theme 4

Land, Communities & Stakeholders

Aspiration

Green Resources' licence to operate is granted through the communities and governments associated with its land use. In terms of social and economic well-being, associated communities and host nations should increasingly benefit from having granted Green Resources access to land. GRAS is committed to improving the local communities' well-being through a shared value approach to doing business. In addition to economic impact, we will continue to invest a minimum of 2% of our revenue on Community Development Programs and investment in joint businesses in the value chain.

Land Holding & Legal Status

Tanzania

GRL in Tanzania has access to approximately 60,000 ha of land in the Mufindi and Kilombero districts of Tanzania. Like in Mozambique, the Tanzanian landholding has been subjected to a strategic review based on forestry potential (physical and economical) and the company has decided to **earmark 20,000 ha for return to communities**.

The return-project was kicked off towards the end of FY21/22 and will

be undertaken in collaboration with Haki Ardhi and Landesa. The project is expected to take approximately twelve months and the operational phase will be initiated and concluded during the FY22/23. The project will involve several government and public stakeholders ranging from central government down to village leaders.

This project is receiving support from GRL and the Community-Smart Consultation and Consent (CSCC) Project – a larger global initiative focused on advancing community consultation and consent. This project is part of an effort to develop and test community consultation and consent tools and processes in Tanzania, with a specific focus on the southern Tanzania landscape.

Haki Ardhi is a Tanzanian NGO founded in 1994 and established to generate and sustain public debate and participation in respect of village land use and land tenure. Landesa is a US-Based NGO that partners with progressive governments, civil society and companies to develop pro-poor and gender-sensitive laws,

policies, and programs that strengthen land rights for people experiencing extreme poverty.

This project seeks to ensure that the process of returning land to communities is conducted transparently and inclusively.

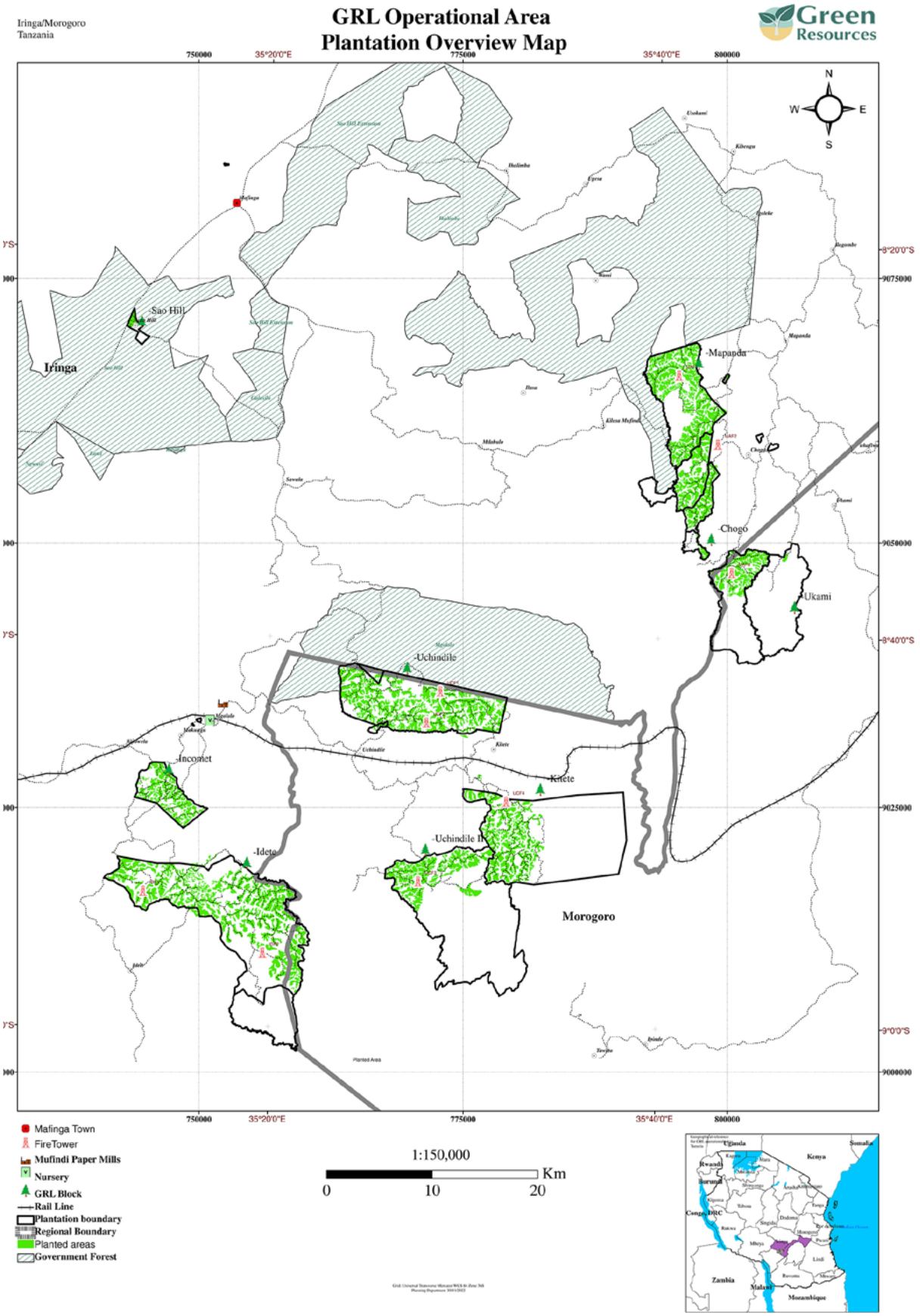
Land Return Activities

1. Review and assess initial land transaction and actions to-date
2. Develop land return strategy
3. Community needs and intended use assessment
4. Meetings with government
5. Meetings with village councils and committees
6. Land survey and resurvey
7. Feedback meetings with village council and assembly members
8. Negotiate and execute land return agreements

Approximate land return:
20,000ha

Population impacted:
24,409

GRL Plantation - Forest Management Map



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. The total land holding in Uganda operation is 9,135 ha with 4,401 eligible for carbon projects (2,099 ha of Kachung Forest and 2,302 ha of Bukaleba Forest).

Landholding & Use in Uganda Operation

Green Resources and in particular the Ugandan Forestry Operations have over the years, received a lot of criticism and been associated with "Carbon Colonialism" or "Land Grabbing" in articles by organizations like the Oakland Institute[5], African People's Tribunal[6] and more recently the John Oliver Show[7].

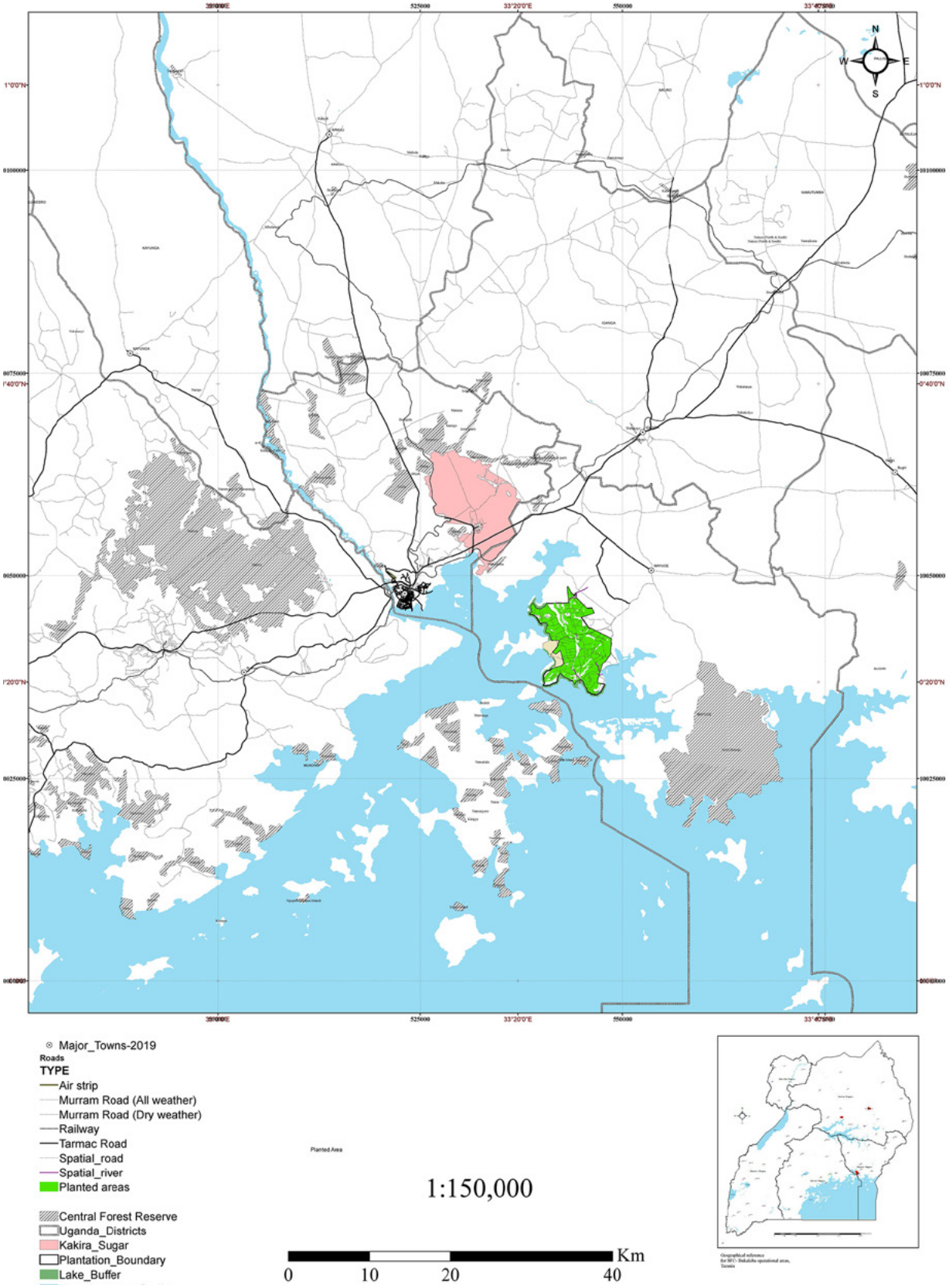
Green Resources does not agree with the way it has been portrayed by these reports but has, of recent, taken the view that it would not seek publicity to counter the claims made. We know what we do and we are proud of our business and the contribution it makes to the local economies and environment.

However, as we prepared the *Sustainability Report,* we saw this as an opportunity to provide context and background on our landholding in Uganda. In the next section, we give a detailed overview of the history and geographic context and setting in the Kachung and Bukaleba Central Forest Reserves, as well as the impact the company has on the lives of people living around these areas.

Busoga Forestry Company and Green Resources welcome constructive criticism and dialogue, and as such we continue our open-door policy and would be happy to meet with critics and allow them an opportunity to witness our operations first hand.

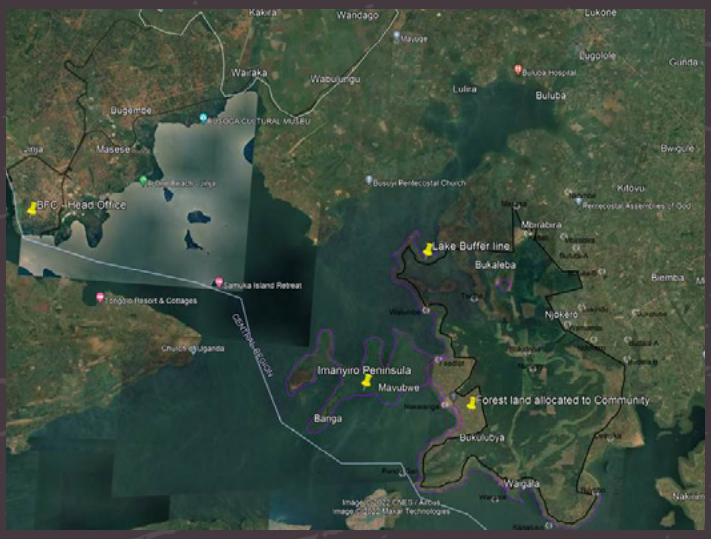
5) https://www.oaklandinstitute.org/carbon-colonialism-press-release
6) https://africanpeoplestribunal.org/wp-content/uploads/2020/11/APT_Uganda-min.pdf
7) https://www.youtube.com/watch?v=6p8zAbFKpW0

Bukaleba Plantation - Forest Management Map



Bukaleba Land

Background



Bukaleba Central Forest Reserve (CFR) consists of 6,466 hectares, including a 1,200 ha Imanyiro peninsula (an IUCN site), 500 ha for community tree planting, 999 ha managed by an NGO, 1,500 ha conservation area and 4,911 ha forestry and operating area.

In 1996, a government call for private investment in forestry, led to Green Resources being awarded a license for tree growing in designated areas in the Bukaleba Forest Reserve. At the time, only very few people lived in the village of Bukaleba, and neither Bukaleba nor the fishing villages were registered with the government.

In 2002, the government of Uganda offered to set aside 500 ha out of the forest reserve area for interested members of the local communities to undertake forestry related activities as part of the engagement strategy in the management of the CFR.

The 1,200 ha Imanyiro peninsula within the Bukaleba CFR is managed by National Forest Authority as an IUCN site. BFC does not encroach on, nor access, nor manage the IUCN portion of the forest reserve. BFC currently manages close to 1,500 ha under its own conservation remit.

Evictions

Claims against Green Resources' operations in Uganda, Busoga Forestry Company (BFC), being involved in evictions first came to our attention in 2014. GRAS has never evicted any individuals. The numbers claimed vary from report to report, but no evidence has been presented to the company in association with these claims, despite internal investigations. However, the company is aware that the Ugandan government has moved individuals within reserves, and has over the years stopped illegal activities such as farming from taking place. It is illegal for people to settle and farm within the boundaries of the forest reserves in Uganda, and GRAS is bound to comply with the law in Uganda (regardless of the view of the company towards settlement or farming within its operations). The law associated with preventing farming within the reserves is aimed at protecting the environment from agricultural practices, which can often have devastating effects on habitats.

Forest Access

Green Resources/BFC manages its operations in Uganda, in a responsible manner, in line with international standards and adheres to government policies and legislation. Such policies state no cultivation or settlement can take place within the reserve.

Over 90% of BFC's staff are Ugandan, and the majority come from the local communities. As such, BFC makes significant contributions to the livelihoods of the local communities. The company contributes to the communities through jobs, economic opportunities, boreholes, NGO partnership programs, healthcare and other community programmes, as well as funding through the Social Funds.

Community Development Projects:
$40,000

Population impacted:
23,156

Supported villages:
17

Direct & indirect jobs: **600**

Households impacted: **5,000**

Kachung Central Forest Reserve

Background

Kachung Forest Project is implemented on land within the Kachung Central Forest Reserve in the district of Dokolo (area around 107,000 ha), Northern Uganda. Uganda made a decision around the late 90's to privatise investment in forestry and Lango Forestry Company Ltd., formerly known as the Norwegian Afforestation Group (NAG) and currently known as Busoga Forestry Company was awarded a 50-year lease of 2,669 ha (approx. 2.5% of the district) of Kachung Forest (KF) to establish and manage exotic and indigenous afforestation of a degraded grass and shrubland using a tree planting licence (permit number 4230) issued by the National Forestry Authority (NFA). The Uganda government's decision to restore the forest reserve was based on the fact that a lot of forest was destroyed and degraded around the 70's and 80's. FAO estimated a 2.2 % annual loss of forest area with Uganda among the ten countries globally with the highest deforestation rates between 2000 and 2005 (Forest Resources Assessment, FAO of the UN 2005). At the same time the country had to expand its wood resources substantially to meet the growing demand of wood products and to reduce the pressure on the remaining natural forests.

Around 2,100 ha of the area leased was eligible for reforestation under the CDM mechanism. The remaining land of approximately 600 ha contains pockets of remnant vegetation and wetland areas, which are being conserved. At the time, no settlements

were within the reserve, but it was surrounded by 14 villages in three parishes: Aputi, Adok and Amuda parish. However, communities used to practice shifting cultivation and farming in some areas of KFR and in such they were later stopped by the government authority as it was deemed illegal according to Ugandan law.

The establishment of the Kachung Forest Project was approved by the Government of Uganda through and endorsement letter from the Ministry of Water and Environment under the governance of National Forestry Authority (NFA) and an investment licence was obtained from Uganda Investment Authority and the National Environmental Management Authority approved the project.

Around 2018/2019 GRAS was accused by a third-party for ordering an eviction around KF around to pave way for plantations activities. However, GRAS was not a part of the establishment of KF, and as such, did not control nor witness the exact process. However, there are no records with the company at present to suggest the use of force by government authorities. The relocation of farming activities by the government was an economic resettlement (resettlement of individual livelihood practices) and was initiated as a result of enforcing a policy where forest reserves were strictly to be used for growing and maintaining conservation and production forests.

Presently all Central Forest Reserves (CFRs) are owned (administered) by the central government (NFA) in accordance with Article 237 of the 1995 constitution and the land act of 1998. Section 45(A) of the 1998 Land Act also prevents Government from leasing out any CFR, but concessions, licenses, or permits can be granted for the purpose of forestry development.

Kachung Forest Projects

GRAS has always been transparent about its objectives and sales of carbon credits. It is only one of the revenue streams for the company and even the design of the carbon credit scheme under the UNFCCC is such that the credits are additional to the main financial drivers of the project, i.e. commercial forestry. The carbon sequestration value is derived from the development of a standing forest which remains constant with ongoing harvesting and re-planting of trees. In 2021, The carbon aspect of the Kachung Forest Project had come to a halt following the UNFCCC decision to discontinue the issuance of credits from afforestation projects and Green Resources is now purely focused on the creation of a forest industry in Northern Uganda.

The overall objective of the Kachung Forest Project is to contribute to mitigating climate change while meeting the growing demand for quality wood products from well-managed plantation forests and contributing to sustainable environmental management, community development and poverty alleviation in Uganda. As a result, Uganda has become almost entirely self-reliant regarding wooden construction materials such as transmission poles, plywood and sawn timber. This effort has generated employment, reduced pressure on remaining natural forests, and supported the construction of thousands of kilometres of electricity lines with wood sourced from projects like Kachung Forest Project and many smallholder farmers.

As part of the community development plan, Green Resources has implemented several activities in the Kachung area focusing on health, education, improved livelihoods and alternative income generation activities. Recently the company has created a continuous way to support all the 17 villages surrounding Kachung Forest through a Social Development Fund*.

Community Development Projects:

$45,000

Children's Ward constructed, serving:

12,000

Communities' firewood needs met:

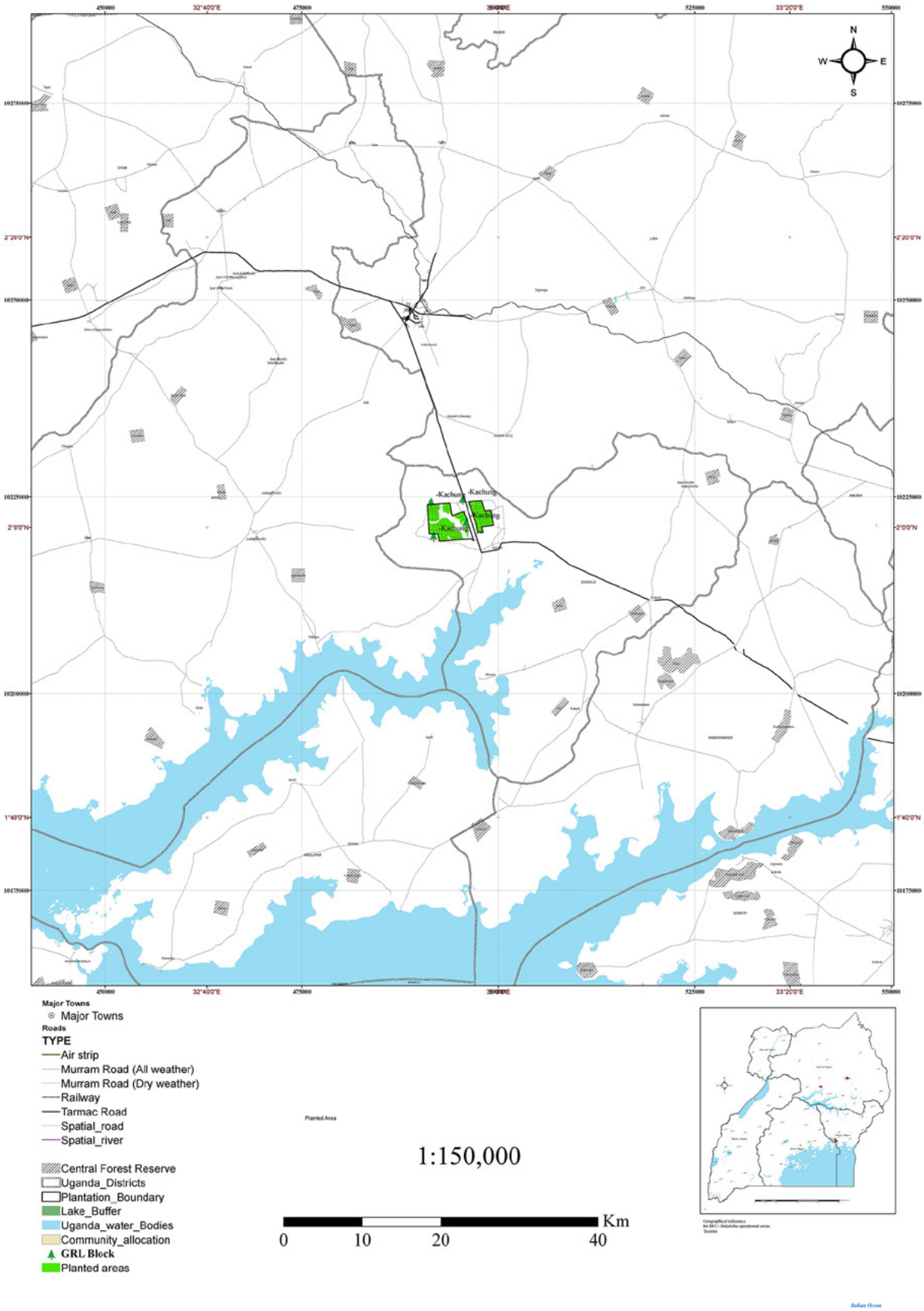
90%

3 Boreholes constructed. Households served: **490**

Households trained in best agriculture practices: **180**

**The SDF is designed to provide continuous community support as part of GRAS risk mitigation strategy, and intends to strengthen the company's Social License to Operate. In addition, the SDF allowed for the decentralization of powers to the communities where GRAS becomes a facilitator while communities become the decision-makers for their development priorities.*

Kachung Plantation - Forest Management Map



Mozambique

Green Resources' Mozambican landholding is the result of the acquisition of five forestry companies and two original Green Resources projects/companies. This resulted in the company having land-use rights to approximately 280,000 hectares in Mozambique's Niassa, Nampula, and Zambezia provinces.

Over the past years, it had become increasingly clear that Green Resources would not be in a position (financial, operational, managerial, or market-wise) to develop these vast landholdings. In the absence of a clear development trajectory, and given concerns from our stakeholders, including communities and civil society, these holdings represented a liability to the company and an uncertainty to the related communities.

In early 2019, the company, under the new ownership of Norfund and Finnfund, made a conscious decision to work towards a responsible land divestment strategy of more than 238,852 ha. Much of the land was never developed into forestry plantations, and some was classified as high-value areas due to existing tree plantations, infrastructure, or proximity to water bodies.

GRAS followed international best practices and national laws in the return of the land titles. The land return project is executed in partnership with USAID under its Integrated Land and Resource Governance Program ILRG project. USAID's ILRG program is a global program to assess and respond to land and resource tenure and property rights constraints. Terra Firma (a land tenure specialist in Mozambique) provided technical support and advice and helped broker financial support via the ILRG. In addition to USAID, there are many Mozambican NGO's and service providers involved in this project which stretches across various provinces. The State of Mozambique has been supportive and recognizes the project as a win-win for the government, communities and company.

Land disinvested:
238,852ha

Communities obtaining land rights certificates: **86**

People impacted: **500,000**

of which: **52**% *women*

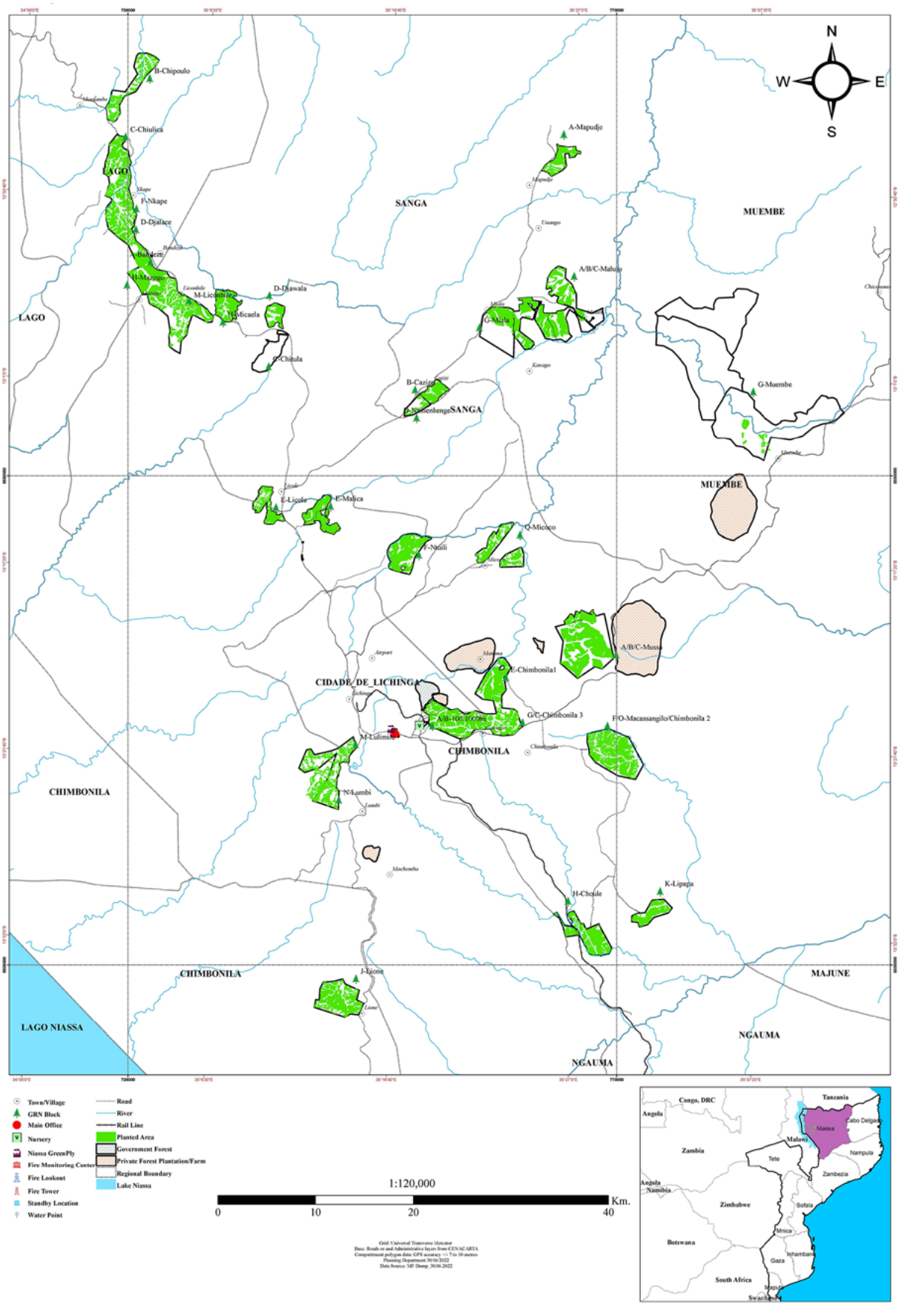
The ceding of land-use rights is a challenging process and can be influenced by attempts to grab land or resources by various parties. In order to minimise this risk. GRAS wanted to ensure that the return of land was done in an inclusive manner that benefited local communities. The company developed an approach where local communities could document their rights to the land in parallel with the company's disinvestment efforts. In addition, communities were prepared to manage the land.

Over the past three years, GRAS has disinvested 238,852 hectares of land, and through its partnerships has helped 86 communities obtain or apply for certificates of community land rights, providing them with secure land tenure. These certificates cover over 466,000 hectares, including both lands renounced by the company and other land that communities historically occupied, benefiting over 500,000 people (52% women).

Following the disinvestment process Green Resources remains with 43,000 ha of land in the Niassa Province and the company is committed to develop those landholdings and will continue to invest in industrial infrastructure around the forestry assets in order to be a driver of economic growth and opportunities in Mozambique.

For information on Green Resources Land Return Project we refer to USAID's Land Portal Website: **https://landportal.org/node/112406**

GRN Plantation - Forest Management Map

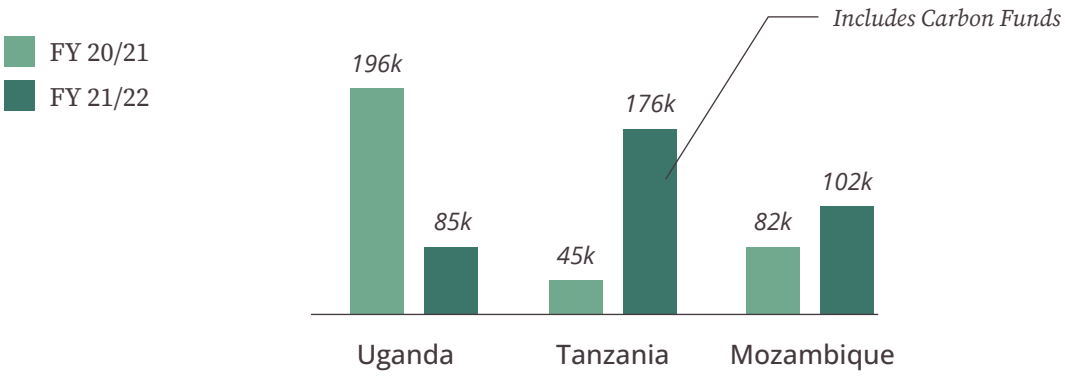


Socio-Economic Impact on Neighbouring Communities

As stated previously, communities associated with Green Resources' operations and landholding should increasingly benefit from GRAS' activities, as the plantation matures. However, we want our impact to go beyond CSR and job creation, we want to be an engine of economic growth for the surrounding areas, as well. Our success (or failure) will be defined by the value we create for all stakeholders.

During FY21/22 the company spent US$ 0.5m on ESG-related activities (6% up from the previous year) with almost **80% of this money directly spent on Community Development Projects** (schools, maize mills, hospitals, farming equipment, roads, water projects, sanitation projects, agri-support, and other community infrastructure), with the balance being spent on stakeholders' engagement, monitoring, compliance, and certification-related activities.

Expenditure in USD on Community Development Projects



The Social Development Fund is now active around all operations and more than 60 community development projects are currently under implementation with a total of 75 communities receiving SDF contributions during the FY21/22. The distribution of funds is based on a calculation that looks at gross and planted area as well as absence or presence of incidents (fire, illegal logging, poaching, etc.).

Communities nominate projects to be executed with SDF contributions whereby the company evaluates these projects in collaboration with the community leadership. Typical development projects include roads, classrooms, boreholes, marketplaces, hospital wards, and water and sanitation projects.

Formation of CBO/Villages/Association managing SDF*

	Uganda *Village Committees*	***Tanzania*** *Village Council*	***Mozambique*** *Association*
Total	Bukaleba: **17** Kachung: **16**	**4**	**38**
Legal registration	✓	✓	✓
Composition	Mix — Elder/ Youth/Women	Mix — Elder/ Youth/Women	Mix — Elder/ Youth/Women
Members/group	**10**	**20-25**	**10**
Head of Village role	LC* is the chairperson of the committee (except in 2 villages)	The chairperson & VEO* are members of the council	Members are independent of the village
Contracts with GRAS	✓	✓	✓
Control of funds	Joint account (BFC & Committees)	Joint account (GRL & village)	Joint account in progress

**CBO = Community-based Organisation LC = Local Council VEO = Village Executive Officer*

The SDF is designed to provide continuous community support as part of GRAS' risk mitigation strategy, and intends to strengthen the company's social license to operate. Below is an overview of the **most notable projects implemented during FY21/22**:

✓ Completed ○ Ongoing

	Project	*Status*
 *Uganda*	***Meeting Infrastructure*** - Funded (through the SDF) the purchase of meeting infrastructure for meetings and village events. **7 communities** are able to generate income from renting out the chairs and tents.	✓
	Land Acquisition for School - 6.5 acres of land were procured (through the SDF) with 13 communities sharing the costs. The land will accommodate the first government-aided secondary school in Bukatube sub-county. Enrollment: **115 students**	✓
	Maize Milling – a maize milling machine was bought (through the SDF) to support **125 households** at a subsidized price, reducing need to rely on the closest milling machine located 5 km away from community.	✓
	Children's Health Ward – a children's health ward was constructed to replace an old, dilapidated, structure. The hospital serves a population of about **12,400**. It handles an average of 25 births/month.	✓
	Rays of Hope Hospice – GRAS contributed US$ 8,000 for counselling, testing and treatment of cervical cancer patients in the communities around Bukaleba plantation, helping **150 individuals**.	✓
	Community Boreholes – 3 community boreholes were funded (through the SDF) in communities surrounding the Kachung plantation, benefiting a total of **500 households**.	✓
	Food Security – through BFC, the NGO FGW trained **80 households** around Bukaleba plantation in best agricultural practices to increase yields and improve food security.	✓
	Firewood – as in previous years, communities around the Kachung and Bukaleba forests have been granted access to firewood resources; an estimated 16,000m³ of firewood was donated, benefiting **7,000 people**. Selling the firewood is an income generator for many of these communities.	✓
	Social Development Fund – a total of US$ 40,000 benefited **34 villages** in Kachung and Bukaleba – funding health, education, and socio-economic projects: purchase of farming equipment in Kachung, maize milling in Wamondo, purchase of tents and chairs for 7 villages, and land for a school benefiting 13 villages.	✓

 *Mozambique*	***School Infrastructure*** – 57 projects have been initiated with use of SDF funds and are all geared towards improving educational facilities in surrounding communities	○
	Social Fund Projects Completed – 5 schools rehabilitated, 3 health centres, 1 market square and 1 borehole	✓
	Social Development Fund – a total of US$ 99,000 was released from the SDF account to communities surrounding GRN plantations with projects to be nominated and executed during FY22/23	✓

	Project	*Status*
 *Tanzania*	***Classroom Construction*** – a new classroom was constructed at Mapanda village's Mtwivilla Primary School – the school serves a community with a population of 5,000 people and evidence suggests an increased student enrollment by 40%	✓
	Classroom Construction – a new classroom was constructed at Idete village's Primary School – the school serves a community with a population of 2,800 people	✓
	Dispensary – a new dispensary was built (through SDF) in Kiyovela village reducing the distance and travel time to community health care facilities	✓
	School Infrastructure – 2 classrooms and a teacher office were built in Makungu community, increasing the willingness of teachers to work in remote locations and improving facilities for students	✓
	School Infrastructure – 2 toilets and a classroom were constructed in Uchindile community through SDF funds reducing the shortage of classrooms and improving hygiene at the school	✓
	School Infrastructure – a classroom was constructed in Idete village reducing the shortage of classrooms in the community	✓
	Carbon Fund – a total of USD$ 0.2m was released from the Carbon Fund (operated in parallel to the SDF but linked to carbon sales) to a total of 4 communities in the Southern Highlands of Tanzania	✓
	Seedlings – 42,000 seedlings were donated to various communities surrounding the GRL project area, aimed at improving community relations and aligning interests	✓
	Social Fund Tanzania – a total of US$ 11,000 was released from the SDF account to communities surrounding GRL plantations with projects to be nominated and executed during FY22/23	✓

Overview of community projects funded in FY 21/22

Meeting infrastructure funded: **7**

School projects funded: **68**

Firewood donated: **16,000**m^3

Health infrastructures: **5**

Funding for counselling, testing & treatments of cervical cancer: **$8k**

Seedlings donated: **42,000**

Households supported with a maize milling machine donation: **125**

Community Boreholes: **4**

Households trained in best agriculture practices: **80**

GRAS is mindful of its critical space in its wider community of stakeholders and the interdependent nature of our relationships. We, therefore, emphasise 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* that can be found on our **website**.

In FY 21/22, GRAS held **399 meetings** with various stakeholders - an increase of **30%** from the previous year.

Case Study: Working together in Uganda

At the BFC operations, as part of stakeholder engagement, a meeting was held on the 25th February 2022, to share and receive input on the management of Fort Thruston and other HCVAs within the Forest Management Unit (FMU). In attendance was the Minister of Tourism, the Commissioner of Museums and Monuments, Bunya chiefdom (one of the traditional institutions in the Busoga Kingdom), the Mayuge district local government, the Bukatube sub-county chairperson and all local council. The preservation and protection of Fort Thruston's heritage site and fragile ecosystems provide an opportunity to develop tourism activities within the area and further grow support businesses such as tour-guiding, catering, and arts and crafts that would supplement household incomes in neighbouring villages. The initiative fulfills one of the FSC™ principles of involving local stakeholders in recognising and managing areas or sites of special interest (ASIs).

African Forestry Forum, Iringa, Tanzania

In November 2021, GRAS participated in a 3-day forestry investment forum in Mafinga organized by the Forestry Development Trust (FDT), where actors discussed the future of forestry in Tanzania. GRAS had the opportunity to increase visibility and interact with government stakeholders to understand how to position itself in the timber business.

Generation Empower ('GenEm') in Tanzania

Green Resources has partnered with Empower Tanzania and is supporting the GenEm Program. GenEm is a program developed to bring together private and public sector players with a common vision to support university students and prepare them for their future careers.

Presidential Visit Niassa GreenPly in Mozambique

Green Resources was honoured with a visit from HE Filipe Jacinto Nyusi, President of Mozambique. The President congratulated the company on its success and long-term vision and expressed his excitement that Mozambique (through Green Resources) is now in a position to supply treated transmission poles from domestic sources, reducing an import reliance. At the visit, Finnish Ambassador to Mozambique, Anna-Kaisa Heikkinen represented the Nordic investors Norfund and Finnfund.

Grievances

Feedback (both positive and negative) from stakeholders is important to improve our relationships with stakeholders and improve GRAS' operating activities. Our grievances mechanism ensures that all stakeholders are heard and each issue is effectively resolved in a timely manner, before any escalate into a dispute or legal matter. Each grievance is reviewed to see whether a potential breach of our standards or procedures has occurred. In some cases, the grievance or complaint can be addressed immediately but in some cases a more thorough investigation and consultation is needed. In FY21/22, **41 grievances were raised with 85% of all grievances closed** to the satisfaction of all parties.

Grievances Management - Number Received/Closed per Operation	*Uganda*	*Tanzania*	*Mozambique**
Land tenure/Rights Disputes/Conflict	**0**	**1/0**	**3/2**
Issues with CSR *(CDPs/SDF mismanagement)* & company delay fulfilling obligation	**0**	**0**	**11/11**
Human & Labour Rights *(delay payment, poor working conditions, harassment, unfair treatment)*	**3/3**	**7/6**	**6/5**
Unsatisfactory/lack of compensation or unfulfilled obligation/commitment by company	**3/3**	**1/1**	**6/4**

**Green Resources takes grievances linked to payment of contractor staff extremely serious and prioritizes resolution of such grievances. During FY21/22 Mozambique made a change from a system of Own Ops to Contractor Ops.*

The delays in SDF payments are linked to the period 2016-2019 when the company was under financial distress. In collaboration with the communities, a program to catch up on these errors has been set up. At present, the company is still one year behind but is projecting to have caught up by end of FY23/24.

Theme 5

Products & Supply Chain

Aspiration

Green Resources strives to build a circular bioeconomy, to introduce further sustainable products and solutions, and to minimise the environmental footprint of its inputs and products by adhering to international best practices. GRAS aims to reduce the use of packaging material, especially plastics, implement energy and material efficiency, and implement chemical and water management programs.

Green Resources produces and supplies forest products to industrial facilities across its operations — this table below gives an overview of how the company participates in the forestry value chain, fitting into either of the two categories.

(s) *Supplier of raw materials* (p) *Primary producer* - *not applicable*

Product	Tanzania	Uganda	Mozambique
Biomass & Firewood/Boiler fuel	(p)	(p)	(p)
Briquettes	(p)	-	-
Building & Fencing Poles	(p)	(p)	(p)
Furniture	(s)	(s)	-
MDF	(s)	-	-
Pallets	(p)	(p)	(s)
Paper	(s)	-	-
Peeler Logs	(p)	(p)	(p)
Plywood	(s)	(s)	(s)
Resin Tapping	(s)	(s)	(s)
Sawn Timber	(p)	(p)	(s)
Scaffolding	(p)	(p)	(p)
Standing Forests & Saw Logs	(p)	(p)	(p)
Treated Transmission Poles	(p)	(p)	(p)
Veneer	(s)	(s)	(p)
Wood Chips	(p)	(p)	-

CLT (Cross Laminated Timber) & Mass Timber

Rising GHG emissions and depleting natural carbon sinks are changing our climate, risking human life and our planet. Buildings and construction are among the greatest GHG emitters, responsible for 39% of global carbon emissions (including embodied and operating emissions).

Wood is a natural, renewable material for building. And kilogram for kilogram, timber has a lower carbon footprint than concrete or steel. The use of mass timber products can play a significant role in reducing the carbon footprint of a project, achieving eco-friendly design goals.

Mass timber processing and building in East Africa offers the most promising opportunity for eliminating the embodied carbon of buildings.

- ***Sink:*** Trees naturally sequester carbon dioxide from the atmosphere, which is stored when used in durable products
- ***Store:*** By using wood products to construct buildings we guarantee that carbon is locked away long-term
- ***Substitute:*** By building with wood, we are avoiding the high carbon emissions from using concrete or steel

Green Resources is actively engaging with a number of partners in the region to scope the long term viability of large scale construction using mass timber.

Fumba Town (by CPS*) in Zanzibar is one of the pioneers with the use of Cross Laminated Timber (CLT) and is already using timber sourced from our Tanzanian sawmill in their construction. In 2025, CPS aims to build the world's tallest multi-storey mass timber building with the completion of the 96-metre-tall residential tower, Burj Zanzibar at the heart of Fumba Town. This wooden tower is planned with a fully timber load-bearing system that will be co-developed by a European and African project team lead by OMT Architects and Knippers Helbig Engineers.

**https://www.cps.co.tz/*

Supply Chain Management

GRAS is committed to maintaining a mutually beneficial relationship based on productivity and responsibility with our suppliers and customers. Therefore, we insist contractors and suppliers to conduct business with integrity, adhering to GRAS' safety, business ethics, and quality principles. These include:

- Information sharing
- Job creation for the community surrounding GRAS' operation
- Income generation
- Monitoring of off-site impacts of our operations

GRAS uses a contractor compliance process to conduct operational audits across the operation. The contractor audits are designed to rate contractors based on the following criteria:

- Operational standards & work planning
- Contractor employee ability
- Contractor management ability
- Safety, Health, Environment & Quality (SHEQ) factors
- Human rights requirements & legal compliance

Theme 6

Human Rights & Human Capital

Aspiration

Green Resources recognizes that human capital is its most valuable commodity. Thus, it will train and promote local talent irrespective of gender, race, or cultural background and equally, ensure contractor, subcontractors and third-party labour takes place on similar terms as company employees. It will also ensure an injury-free workplace. GRAS respects human rights, and will do its human rights impact assessment (UNGP - United Nations Guiding Principles), which will include supply chains and local communities in FY22/23. Protecting people, safeguarding their welfare, and actively creating opportunities is both a moral imperative, and operational necessity.

Organisation

As of 30th June 2022, Green Resources' direct employment consists of 555 full-time staff. In addition, the company indirectly employs more than 1,700 people during peak season through a system of contractors.

During the year no major organizational changes took place; however, some changes are expected to take place during FY22/23 with the introduction of the position of a country manager for Tanzania which will go together with some re-allocations of tasks.

Around 48 contractor companies provide various services to the company in the three countries (five subsidiaries) and the number of contractors' employees fluctuates due to seasonal activities such as planting, weeding and/or fire protection services. One of GRAS' key positive impacts is providing employment and training to local staff. Most of the contractors' employees are from the surrounding communities, with some contractors as much as 100%; however, this number is typically lower for specialized work.

The shift from "Own Ops" to "Contractor Ops" that has taken place over the past 2-3 years has resulted in a new risk factor for the company where contractor operations need to be closely monitored not only for operational performance but also for compliance with employment conditions. Green Resources conducts regular compliance audits covering all areas ranging from operational / quality, health & safety ,as well as statutory compliance of contractors.

The contractors' compliance system has been developed across the group, managed through the IMS (Integrated Management System), and aligns with IFC performance standards (PS 2*). Unfortunately, the system still contains some weaknesses, as non-reporting of accidents and non-compliance with PPE (personal protective equipment) were two main non-conformities identified during the recent FSC™ audit in both Tanzania and Uganda.

Employee Headcount by Employment Type & Gender

	Permanent Employees (FTE)	*Seasonal & Temporary Employees*	*Indirect employment (3rd party contractors)*
Male	463	2	1371
Female	92	3	341
Total	**555**	**5**	**1,721**

Employee Benefits

GRAS offers a range of employee benefits at different levels, as outlined in the ***Employee Handbook,*** and these benefits often exceed national compliance requirements. All employees at Green Resources are paid more than the national minimum wages for the respective countries.

Green Resources provides housing to 143 staff, with the bulk of those in Tanzania (93) residing at Sao Hill Industries in Tanzania. Uganda provides housing to 38 staff members, while Mozambique provides housing to 12. GRAS also provides transportation benefits to the majority of employees who do not live in company houses. All Green Resources' employees are registered with a social security system and there is an ongoing drive for contractor labour to be enrolled; however, due to national requirements not all contractor employees qualify for social security registration.

Equal Opportunity & Inclusivity

GRAS promotes equal employment opportunities for everyone, irrespective of gender, sexuality, disability, race or religion. Green Resources' HR policy commits to fostering diversity and an inclusive culture.

**PS 2 - Performance Standard 2: labour and working conditions*

Females in GRAS Management

The sector is traditionally male dominated but through the Sustainability Agenda, GRAS targets to improve equality through the following ways:

- Increase the number of female employees in all sectors from the current 17% to 30% by FY26/27 through hiring and training.
- Increase female managerial staff from the current 20% to 40% by FY26/27 through hiring, coaching and workplace equality, and improve graduates and internship programs to attract female recruits.
- Introduce policies where contractors employing more than 10 people should have a minimum of 20% females by FY22/23 and 30% by FY26/27. This level has been achieved in Mozambique and Uganda and is ongoing to achieve the same in Tanzania operations.

GRAS values and respects its female employees and is committed to a work environment free from discrimination and harassment. The company focuses on empowering women to achieve their career aspirations.

Committing to reducing inequalities both within the workforce and at community and national level, means finding, training, and developing locally sourced talent and working to close skills gaps and to facilitate access to higher positions immediately and into the future. Difficulties in finding and attracting local staff with relevant skills and talent, and subsequent reliance on expatriate labour, are high risks to the business. Reducing the reliance on expatriate labour will improve relationships with local and national stakeholders. This will create parity, fair representation, and a better sense of equivalence internally and within communities.

Training of Service Providers

GRL Tanzania in partnership with Mzumbe University and its contractors, has designed a forestry contractor course in business skills with a focus on the below areas:

- Tax & Compliance
- Financial Management
- HR Management
- Business Analysis
- Sustainable Development

Occupational Health & Safety

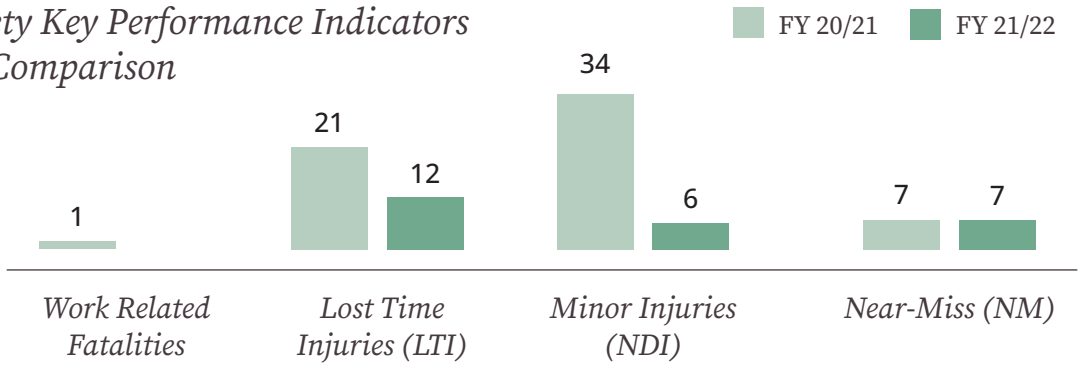
GRAS recognises that strong OHS management requires a culture committed to every worker's safety and wellbeing. This responsibility goes beyond our immediate employees but also covers contractor employees, visitors, and community members. Our business is committed to ensuring that all our employees and contractors go home safely every day.

During the year FY21/22 we recorded 27 work-related injuries (62 for FY20/21). There were 12 incidents that were classified as Lost Time Injury (LTI) of which 6 were classified as minor and 7 as serious or significant. A total 7 near-misses were recorded. All major accidents were investigated, and remedial actions plans were developed and put in place to prevent a recurrence.

Safety Key Performance Indicators - GRAS Employees & Contractors

Work Related Fatalities	0
Lost Time Injuries (LTI)	12
Minor Injuries (NDI)	6
Near-Miss (NM)	7
Property Damage (PD)	27
Total	**52**

Safety Key Performance Indicators FY Comparison



Although the company has made significant improvements and is committed to further advances in occupational health and safety, we recognize that LTIs remain a major risk to the organization. Focus areas in terms of education and toolbox talks in the period under review are on the following subjects:

- Contractor management and inspection
- Driving at night restrictions
- Defensive driving training
- Training on safe harvesting operations
- Lock-out procedure

Workplace Integrity

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

During the year, there were two reports (of four incidents total) of sexual harassment (in Tanzania and Uganda). In one case the claims could not be verified whilst the second case resulted in the resignation of a section manager. The other cases were both in Uganda, one was the use of abusive language and the other, a case of fraud.

Recorded Incidents of Violations of Human Rights per Operation

Tanzania	1
Mozambique	0
Uganda	3
Total	**4**

Green Resources recognizes that we operate in different cultural settings and that significant education is required to ensure all our staff and contractors are aware of the standards we subscribe to. We therefore hold regular toolbox talks on topics such as human rights abuses, bullying, and sexual harassment. This communication is accompanied by top management commitment and the group CEO regularly holding talks to drive the culture change that is required in today's work environment.

Training & Development

At Green Resources, we invest in the development of our employees, and we aim to broaden the knowledge base in the company. We believe that a trained and engaged workforce has improved morale, representation, and motivation. Active promotion of local staff members to more senior roles is an important aspect of sharing the economic benefits of the company. Below is a high-level summary of the major trainings carried out during the reporting period.

Total Number of Staff Trained in FY21/22

	Total
*Forest Operations & Management**	308
Health & Safety Training & Awareness	653
Compliance including Audit & Certification (FSC &ISO)	37
Technical/Operational Skills	35
Business Intergrity	276
Environmental Complaince & Management	83
Industrial & Processing	16
COVID & Vaccine Awareness	157
Total	**1565**

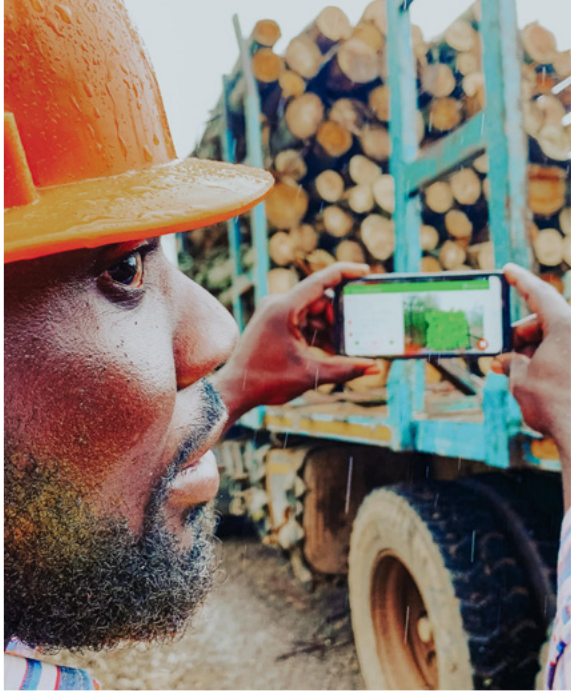
**Includes 2 corporate staff trainings, 1 trained in ESMS (CDC/Norfund) and 1 trained in Carbon Forestry*

Theme 7

Management Systems, Reporting & Disclosures

Aspiration

Green Resources is committed to standardized, independently verified, integrated management systems and will proactively and transparently disclose and report its impacts on society, the environment, and local economies. The company is committed to attaining and maintaining 100% ISO14001, ISO45001, ISO 9001 and FSC™ Forest Management certifications by 2025 and will submit annual sustainability reports in line with global best practices and reporting standards.



Third-Party Audits & Inspections

Green Resources is committed to adhering to international best practices and compliance to standards, national legislation and various lender and shareholder requirements. To demonstrate compliance, GRAS undergoes frequent third-party assessments.

Number of Audits & Inspections by Operation

	Audits	*Inspections by External Authorities*
Tanzania	2	2
Mozambique	2	7
Uganda	3	0
Total	**7**	**9**

Details in the following table

	Third-party Audits	*Date*
Mozambique	**Successfully certified against FSC™ CoC (C 179108)**. The certification is a landmark achievement as two of our operations (Uganda & Mozambique) can now trade their products with the FSC™ logo to increase the market appeal and fulfill customer requirements.	June 2021
	FSC™ conducted a re-assessment audit - the re-certification resulted in non-conformities and an addition of 9,050 ha to the scope. The first surveillance audit is scheduled for November 2023.	Sep 2021
Tanzania	The 4th surveillance FSC™ audit was conducted with 3 major non-conformities (Corrective Actions Requests - CARs) and 4 minor non-conformities. The major non-conformities are: Lack of employment contracts with contractor employees; Non-reporting of contractor accidents; Failure to seek government approval of the forest management plan as required by national laws (legal non-compliance). As a result, the team prepared action plans to close CARs.	Jul 2022
	The Tanzania Bureau of Standards assessed the Tanzania operation readiness against Occupational Health Management System (ISO 45001) and Environmental Management System (ISO 14001). The assessment confirmed the operation to have the systems in place and recommended SHI and GRL operations for ISO's audit in October 2022.	Jul 2022
Uganda	The Ugandan operation successfully passed a surveillance audit to **retain the FSC™ Chain of Custody (CoC) certificate**. Following that, in December 2021, Uganda maintained its FSCT™ Forest Management (FM) certification following a successful surveillance audit by Soil Association certification body. However, the operation received one minor non-conformities related to the lack of management strategy and action plans for the HVCAs.	Aug 2021
	BFC maintained its ISO certification following a successful surveillance audit against an Integrated Management System (ISO 14001:2015-Environmental Management System; ISO 9001:2015 - Quality Management System; and ISO 45001:2018- Occupational Health and Safety Management System).	Feb 2022
	Audited again against both certifications (FM & CoC). It **maintained its credentials** but with 4 minor non-conformities related to forest management and 2 minor non-conformities associated with CoC.	Jul 2022

57,490 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-C 106074; Tanzania: GRL FSC-C015169). The certification is equivalent to more than 50% of GRAS' landholdings. We are working towards 64% in 2023, and 100% by 2024.

FSC™ certified areas for FY20/21 & FY 21/22

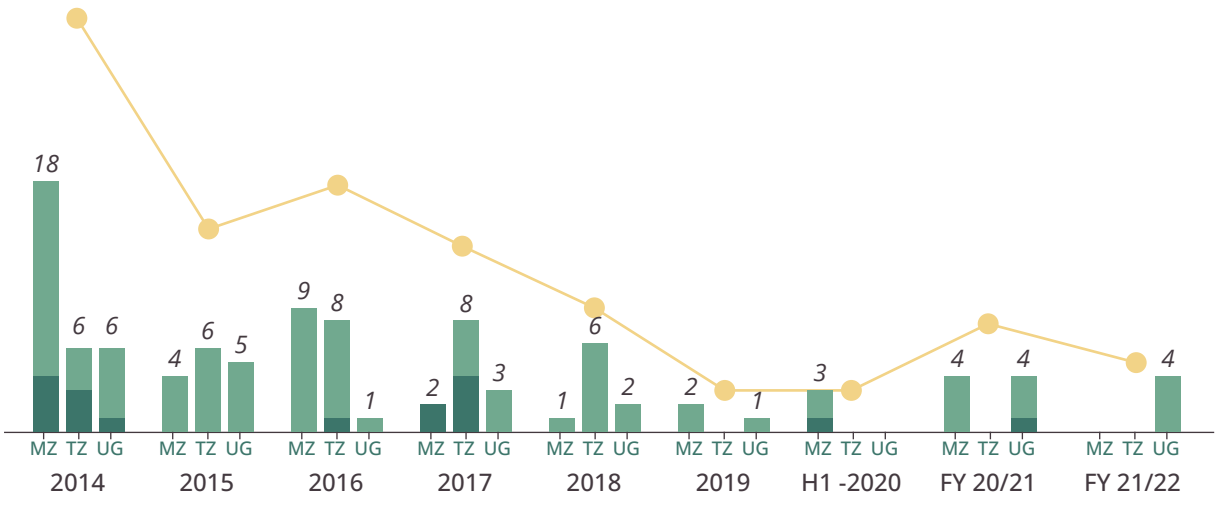
Plantation Certified		*Total Area Certified (ha)*
Uganda	Bukaleba	6,465
	Kachung	2,669
Tanzania	Mapanda	6,258
	Uchindile	6,647
	Idete	11,653
	Kitete	10,505
Mozambique	Malulu Ntuile Malica	4,243
	Mussa	2,207
	Maccassangilo	1,868
	Liconhile a Chiulica	4,977
Total FSC		**57,491**

Once we return land, it will go down to around 46,985 ha

FSC™ Corrective Action Numbers by Operation 9-year Comparison

Minor *Corrective Action Requests*
Major *Corrective Action Requests*
Group Total of *Corrective Action Requests*

MZ — Mozambique FSC™ FM *FSC-C107952*
TZ — Tanzania FSC™ FM *FSC-C015169*
UG — Uganda FSC™ FM *FSC-C106074*



In November 2021 and March 2022, the Tanzania and Mozambique operations audited and passed a surveillance audit to retain the pole operation's ISO 9001 Quality Management System (QMS) - bringing all our pole operations up to certification. The system ensures increased efficiency, improves poles treatment operational process, and improves the quality of our products.

FSC™ Certification Status by Operation & Year

	Current Year	*2023*	*2024*
Tanzania	60%	76%	100%
Mozambique	30%	45%	100%
Uganda	100%	100%	100%
Total FSC	**50%**	**64%**	**100%**

Inspections & Other Verifications

To determine the adequacy of the internal controls, promoting best practices, ensuring compliance with policies and regulations, and identify opportunities for improvement, the company has conducted more than 360 internal environmental, health and safety, and operations inspections, with more than 300 in Tanzania, alone.

	Subject	*Internal Inspections*	*Focus Area*
Tanzania	Environmental	36	Waste Management & Fire Safety
	Occupational Health & Safety (OHS)	85	Housekeeping, Water Quality, Emergency Response Plan, Transport
	Operational	182	PPE Use, Operational Controls, RTE and Invasive Species
Uganda	Operational	36	OHS, Environment and Operational Controls
Mozambique	Environmental	36	Waste Management & Fire Safety
	Occupational Health & Safety (OHS)	85	Housekeeping, Water Quality, Emergency Response Plan, Transport
	Operational	182	PPE Use, Operational Controls, RTE and Invasive Species

In addition, government authorities and agencies conducted a total of 9 inspections. SHI underwent two inspections (October and November 2021) by the Occupational Health & Safety Authority (OSHA) while Mozambique had 7 inspections by various entities, some private and some government authorities. Summary of the findings from external inspections conducted the following information:

	By	*Details*	*Findings*
 *Mozambique*	CMO	Internal Audit	Recommendation: • Update the management plan to ensure that it is realistic • Assess the HCVA properly • Put in place a system to record invasive species • Ensure that the monitoring procedure describes exactly who does what • Put in place a system to record RTEs • Improve the harvesting operations • Revise the monitoring procedure
	CMO	Due diligence audit to determine sustainability of timber from GRN	CMO can certify that GRN is suppling sustainable timber to an agroprocessing operation
	SDAE	Government Inspection of the chemical warehouse to issue creosote's import license	• Drainage for chemical runoff inadequate • Fire extinguishers with low capacity compared 4kg to 9kg • The second warehouse has no emergency exit
	PANGEIA	Environmental & Social Audit of GRN's operations	Environmental License Renewed
	EDM	Inspection readiness for tendering process	Successful farmer-based agroforestry technologies (FAT) and company meets electronic distance measurement (EDM) tendering requirements
	Directorate of Mineral and Energy	Inspection of electrical systems	Place fire extinguishers in sites where generators and electrical panels have been mounted
	Environmental Department (SPA)	License for charcoal production	The team recommended a site-specific environmental impact assessment (EIA) with multi-sectoral department.

Table continues on the following page

	By	*Details*	*Findings*
	OSHA	Annual medical examination	74% of employees were fit for their work while 26% were fit with follow-up Recommendations: • Conduct regular risk assessment as per section 60 of OHS Act • Conduct first aid refresher training course • Conduct thorough pre-placement medical examination, annual medical checkups and exit medical examination
 *Tanzania*	OSHA	Annual inspection	Findings / Observations • Missing compliance license certificate for the workplace • Missing proper access to Lindsaw section • Available changing room not well maintained • Inadequate first aid kit in some facilities • Poor seating facilities • Missing file with all OHS correspondence from OSHA • Unacceptable noise level in some areas in Lindsaw, joinery trimming and hewsaw sections *Corrective measures were taken to close out all identified non-conformances, except seating in offices as assessment is ongoing* Recommendations: • Comply with all statutory requirements to the compliance license • Maintain safe means of access to every place • Provide proper changing rooms and separate based on gender • Obtain proper first aid kit, with adequate facilities, first aid register book and put name and contact for a trained first aider • Provide proper seating facilities not only in the office • Create OSHA file that will contain the following things: OHS Act, registration certificates, certificates of first aider, certificate of HSE representative, inspection reports, all written communication from OSHA • Install noise detection equipment and ensure responsible workers wear earmuffs or plugs

Legal Compliance

The below table shows a (non-exhaustive) list of compliance obligations for GRAS:

Product	Tanzania	Uganda	Mozambique
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	✓	✓	✓
National Bureau of Standards	✓	✓	-
Timber Transport Permits	✓	-	-
Water Permits	✓	✓	✓
Work & Resident Permits for Foreign Employees	✓	✓	✓
Workers Compensation Insurance	✓	✓	✓
Workplace Registration & Compliance Licenses	✓	✓	✓

- = not applicable

Governance & Anti-Corruption

Green Resources has a zero-tolerance stance against corruption, theft, fraud or collusion and this is emphasised in our Business Ethics & Principles Policy. Green Resources ensures that all (new) staff and contractors are provided copies and trained on this policy and supply contracts include references to the policy. All key company policies are published on the notice boards and website, visible to all stakeholders, including employees, customers, suppliers, and visitors.

During FY21/22 there was one report of corruption. However, there have been a series of other cases, in particular, illegal activities that are a significant problem in Uganda — charcoal making and theft of firewood. All illegal activities recorded by GRAS are disclosed below.

Illegal Activities Recorded by Operation & Nature

	Uganda	*Tanzania*	*Mozambique*	*Total*
Illegal logging/Cutting trees/Harvest	9	3	4	**16**
Property Stolen *(office/laptops, motobike, etc.)*	1	2	1	**4**
Poles Stolen	2	0	0	**2**
Crop/trees destruction/Animal Grazing	14	1	0	**15**
Fuel theft	1	0	2	**3**
Illegal firewood/charcoal making using company's materials	32	1	0	**33**
Fraud/Corruption/Collusion	1	0	0	**1**
Conduct farming & agriculture activities inside plantation	0	2	0	**2**
Failed break-in attempt *(Near-miss)*	1	0	0	**1**

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Abbreviations

Abbreviation	Description	Abbreviation	Description
ASIs	*Areas of Special Interest*	**IT**	*Information Technology*
BFC	*Busoga Forestry Company Limited*	**IUCN**	*The International Union for Conservation of Nature*
CBNRM	*Community Based Natural Resource Management*	**kg**	*Kilograms*
CCA	*Cromated copper arsenic*	**km**	*Kilometers*
CDM	*Clean Development Mechanism*	**kWh**	*Kilowatt hour*
CDP	*Community Development Project*	**m**	*Million*
CEO	*Chief Executive Officer*	**NFA**	*National Forestry Authority*
CFR	*Central Forest Reserve*	**NGO**	*Non-government Organisation*
CO_2	*Carbon Dioxide*	**NGP**	*Niassa GreenPly*
CSR	*Corporate Social Responsibility*	**NPK**	*Nitrogen, Phosphorus & Potassium*
ESG (SC)	*Environmental Social and Governance (Steering Committee)*	**OHS**	*Occupational Health and Safety*
FM	*Forest Management*	**OSHA**	*The Occupational Safety and Health Administration*
FSC™	*The Forest Stewardship Council*	**PPE**	*Personal Protective Equipment*
FY	*Financial Year*	**RTE**	*Rare, Threatened, and Endangered*
GHG	*Green House Gases*	**SDF**	*Social Development Fund*
g/l	*Grams per liter*	**SHI**	*Sao Hill Industries Ltd.*
GRAS	*Green Resources AS*	**tCO_2e**	*tonnes of carbon dioxide equivalent*
GRI	*The Global Reporting Initiative*	**TUP**	*Temporary Use Permit*
GRL	*GRL Tanzania Limited*	**UN**	*United Nations*
GRN	*Green Resources Niassa*	**UNFCCC**	*United Nations Framework Convention on Climate Change*
ha	*Hectares*	**USAID**	*The United States Agency for International Development*
HCVAs	*High Conservation Value Areas*	**USD**	*The United States Dollar*
IFC	*International Finance Corporation*	**VCS**	*Verified Carbon Standard*
ILO	*The International Labour Organization*	**VERs**	*Voluntary Emission Reductions*
IMS	*Integrated Management System*	**YoY**	*Year on Year*
ISO	*The International Organization for Standardization*		

GRI Checklist

GRI Section	Covered	GRI Section	Covered
Organizational profile	✓	Rights of Indigenous People	✓
Strategy	✓	Human Rights	✓
Ethics and Integrity	✓	Local Communities	✓
Governance	✓	Public Policy	✓
Stakeholder Engagement	✓	Marketing & Labelling	✓
Reporting	✓	Customer Privacy	✓
Management Approach	✓	Social-economic Compliance	✓
Economic Performance	✓		
Market Presence	✓		
Indirect Economic Impacts	✓		
Procurement Practices	✓		
Anti-corruption	✓		
Anti-competitive behaviour	✓		
Energy	✓		
Water & Effluents	✓		
Biodiversity	✓		
Emissions	✓		
Environmental Compliance	✓		
Employment	✓		
OHS	✓		
Training and Education	✓		
Diversity & Equal Opportunity	✓		
Non-discrimination	✓		
Child Labour	✓		
Forced Labour	✓		

Green Resources

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