

Socfin Agricultural Company



Sustainability Report

2016

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I. Introduction

1. Message from the General Manager

The model taken for the establishment of Socfin Agricultural Company (SAC) was to establish a plantation around an old existing plantation called the Sierra Leonean Marketing Board (SLMB) and keep village communities within so not to disturb settlements and provide an evenly distributed availability of work opportunities. The Paramount Chief welcomed and encouraged the investment knowing it will bring valuable development and employment to his chiefdom. The plantation was created using International Standards to ensure environmental and social impacts were kept to a minimum and was built around communities who co-exist with the plantation of which many are now employed. Further, several measures were adopted to protect any potential High Conservation Value Areas (HCVA's) by means of implementing a non-planting policy in the swamps away from villages, creating green belts around all villages and identifying "protected forests" inside the plantation.



Philip Tonks, SAC General Manager

The establishment of the 12 319 ha plantation in Sierra Leone was completed in 2015 with the first 25% of the area planted in 2012 and the last in 2015. The mill which has a capacity to process 30 tons per hour of fresh fruit bunches (FFB) was commissioned by the President of Sierra Leone, Ernest Bai Koroma on the 9th April 2016 and began production in May 2016. In December 2016, SAC was certified ISO 14001 compliant for all activities by Bureau Veritas and will receive formal certification by April 2017.

SAC now moves from "Green Field" to a productive plantation and local sales of CPO have increased slowly.

2. Commitment in the fields of transparency, environment, health, social and education

The project operates in a 17 724 ha concession of land located in the Pujehun District in the Southern Province of Sierra Leone. The project has been built around 52 communities who co-exist with the plantation. One of the key objectives of SAC is to minimize the impacts of its operations on these communities by ensuring an open dialogue with these stakeholders and developing a strong environmental and social impact assessment (ESIA) with management system in place.

SAC's ESHIA was realized in January 2011 by a Sierra Leonean Office who described the project plan before the establishment of the Company in Malen Chiefdom. This assessment and its Public Disclosure (June 2011) serves to identify the key actions that must complement the design and implementation of the project to address identified environmental and social issues and impacts. These actions are closely controlled by the various stakeholders involved in order to ensure that SAC respects its commitment in the fields of environment, transparency, health, social and education. The following presents

some of the various control mechanisms put in place to/by SAC in its strategy for the short, medium and long-term:

- Monthly Social and Grievances Committee Meetings with Chiefdom Authorities and Representatives, SAC’s Management, Women and Youth Interest Group, etc.;
- Quarterly Environmental Monitoring Report to the Environment Protection Agency (EPA-SL);
- Quarterly Audit conducted by the EPA-SL;
- Annual Environmental Impact Assessment Licence;
- Annual Corporate and Social Responsibility;
- Annual Environmental Internal Audit.

Considering the impacts of the Company’s operations on the environment, protection and conservation of natural resources has become a pillar of social responsibility for the business. Therefore the Company has decided to be certified following the ISO 14001 standard for the entire of the Company’s activities. The Company commits to constantly improve its environmental responsibilities and agricultural practices by the recognition, prevention and minimization of the impact of its activities on the natural resources and the communities.



3. Profile

SAC, palm oil plantation of 12 319 ha and processing plant (“Mill”), started in 2011 following conclusion of the agreement on the project proposal with the Government of Sierra Leone, and agreement on the land acquisition with the Chiefdom and landowners. The organization’s activities are divided into two main categories:

- Maintenance’s activities are the repair of the vehicles, the slashing, the weeding, the pruning of the plant, the application of chemicals in the field, the waste management, etc.
- Production’s activities are the harvesting, the transport of fruits, the processing of the plant, the maintenance of the Mill, etc.

Construction of the mill of 30 tons (T) of FFB per hour started in 2012 and was commissioned in April 2016 in the presence of the President of Sierra Leone. Power for the mill is provided by a steam boiler that runs on shell and fiber from the FFB. Steam is used for processing and to run a 1.2 MW power



Commissioning of the mill in April 2016

generator. Produced palm oil is stored in tanks on site. Tank capacity is about 4 200 tons (T).

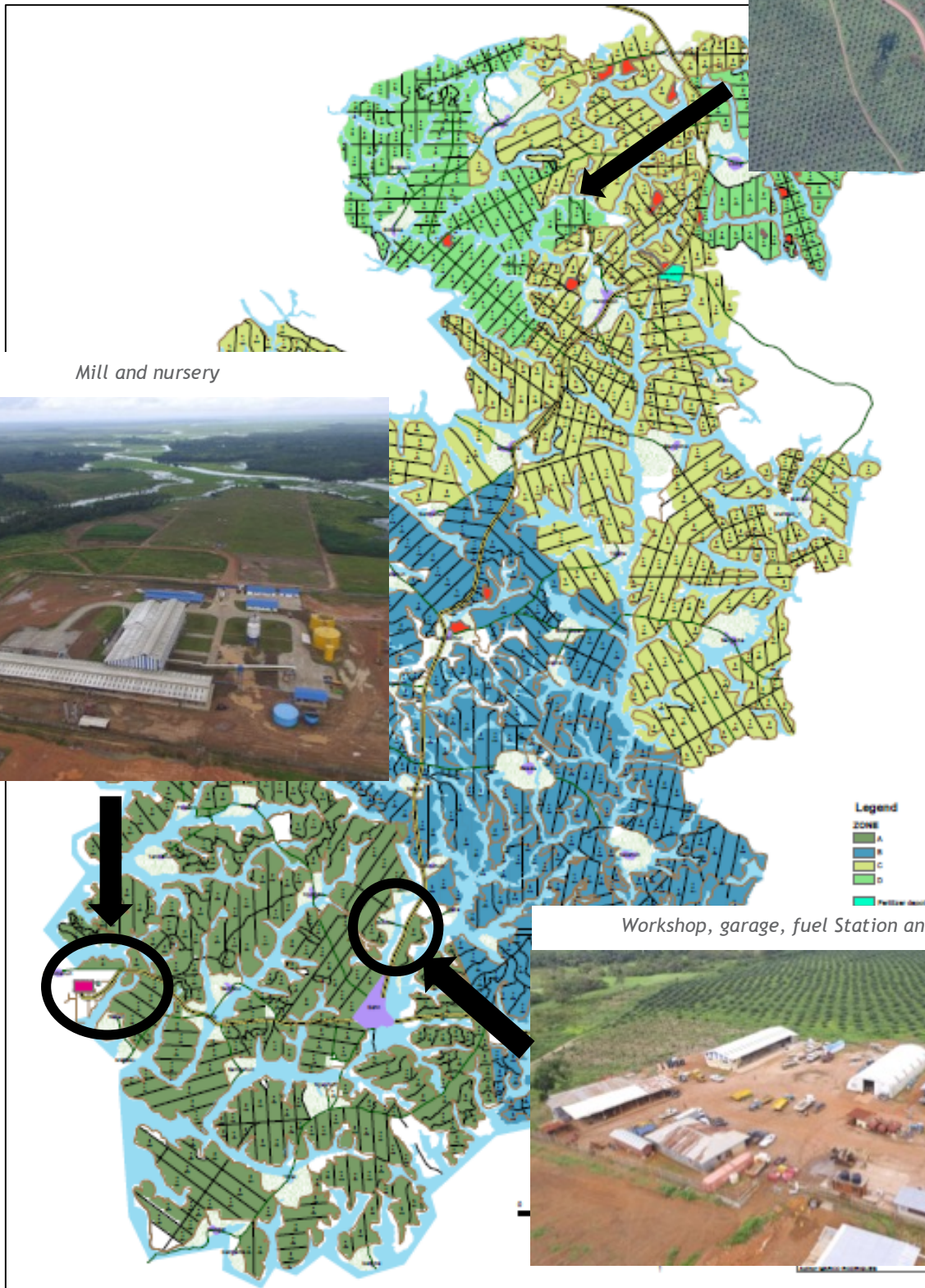
The plantation has developed around employing local people from communities to work in the plantation. Initially, 2012 and 2013 was difficult as communities had been compensated for their land and many did not want to work as the compensation amounts allowed land owners to build houses or replace thatch with zinc sheets, buy motorbikes, etc. This which necessitated SAC to engage workers from outside the Chiefdom. However, all current recruitment is now done from surrounding villages. In 2016 over 3 400 people were engaged to support plantation operations, SAC being the largest private employer in Sierra Leone in 2015 and 2016. Senior staff and Mill workers are housed in company-provided accommodations called “compounds”. SAC operations management staff comprises about 20 people.

The 52 communities are not managed by the Company, although support is provided through sensitization programs and “Corporate Social Responsibilities” projects, such as water wells, public toilets, community Barry’s, an administration and drug store for the local health center, electrification of a rural health post, football fields, street lights for the town, a large mosque, mechanical rice cultivation and in-valley swamp rice production, a school, schools rehabilitation, assistance support to teachers, new roads and access to villages, to name but a few.

The monitoring of the CSR projects, the surveillance of the open dialogue with communities and the control of environmental and social issues are managed by the Community Liaison Department (CLD) and the Health, Safety and Environment (HSE) Department comprised of 30 employees.

In terms of health facilities, there is a government health center managed by a full-time Health Officer and nursing staff. The Company supports medical services through care costs for workers and their families, and emergency services (ambulance, emergency line, firefighting team, first Aid team, evacuation procedures, etc.). The map below locates geographically the Company main infrastructures such as the mill or the workshop.

Plantation area



Mill and nursery

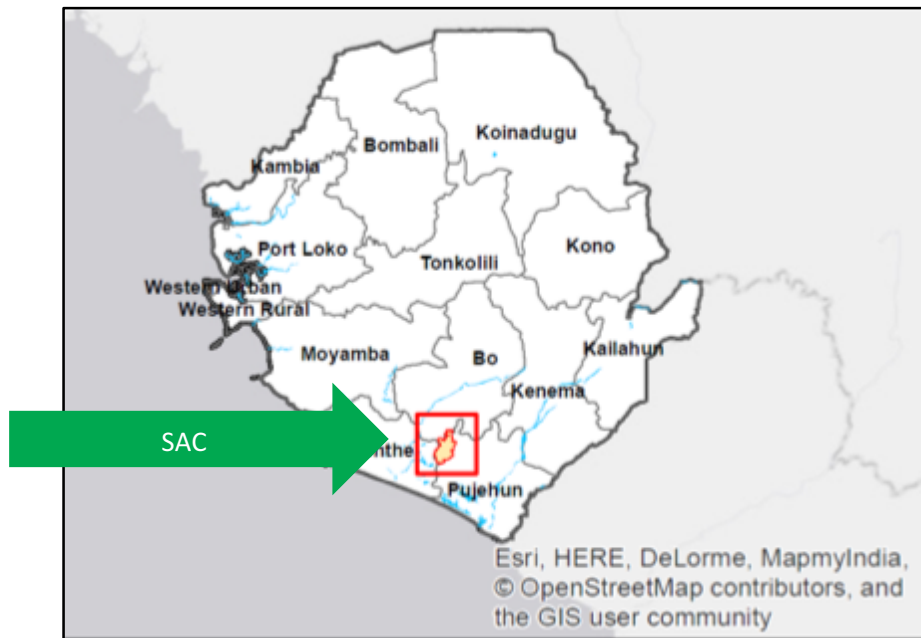


Workshop, garage, fuel Station and storage area



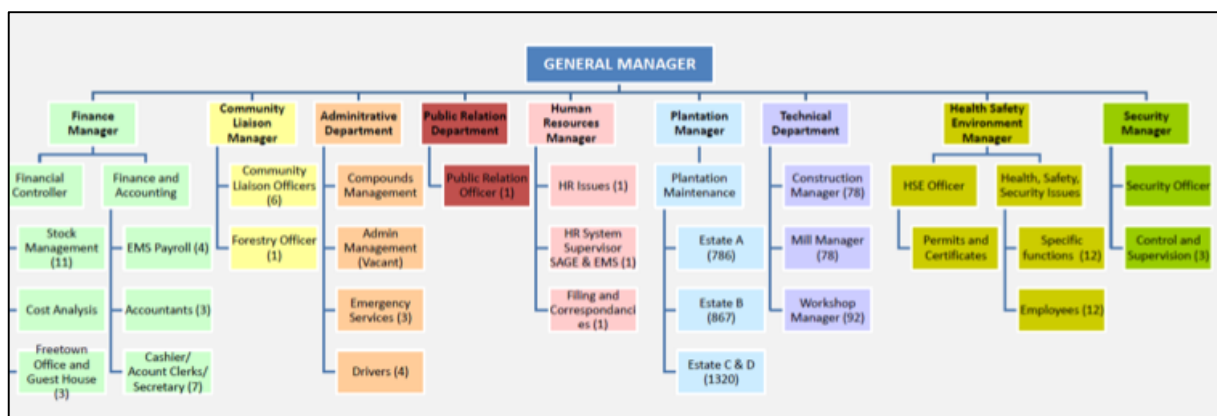
4. Presence in the country

The map below locates the plantation in the Pujehun District, Southern province of Sierra Leone.



5. Management organogram of the plantation

The graph below shows the management organogram of the plantation.



6. Ownership structure

Socfin Agricultural Company SL LTD is a Limited Liability Company. From 2011 to 2015, the project had several significant changes in terms of geography and supporting infrastructure. With the last phase of planting in 2015 the project has reached its final size of 12 319 ha of oil palm plantation.

7. Key dates

| | |
|---------------------|---------------------------------------------------------------------------------------------------------------------------|
| 2011 | Land compensation and starting of operations |
| January - June 2011 | Environmental and Social Impact Assessment (ESIA) and public disclosure |
| April - August 2012 | Planting of the first Estate called "Estate A" |
| April - August 2013 | Planting of the second Estate called "Estate B" |
| December 2013 | Creation of SAC internal newspaper called "SAC News" publish every quarter |
| April - August 2014 | Planting of the third Estate called "Estate C" |
| April - August 2015 | Planting of the fourth Estate called "Estate D" |
| 2012 - 2015 | Construction of the mill |
| July 2014 | Completion of the building of Sahn Malen Mosque |
| November 2014 | First "Protected Forest" established in the plantation |
| 02 December 2014 | Unanimous ratification of the MOU between the Company and the Sierra Leonean Government |
| December 2014 | Collaboration with the Phone Company AFRICEL to improve the communication and ensure phone coverage in the Malen Chiefdom |
| 14 February 2015 | Organization of the village health competition |
| March 2015 | Beginning of the processing of FFB in Estate A |
| March 2015 | Construction of the workers entertainment center: the Canteen |
| March 2015 | Official Opening of the GTbank built by the Company |
| June 2015 | Inauguration of the extension of the health center of Sahn Malen |
| June 2015 | ERM Assessment against IFC and RSPO Standards |
| October 2015 | Creation of the forest nursery |
| November 2015 | Biodiversity and Ecosystem Services Impact Assessment (BESIA) and Biodiversity Management Plan (BMP) |
| December 2015 | Waste Management Plan (WMP) study |
| 18 December 2015 | Official ending date of the presence of the Ebola virus in Sierra Leone |
| February 2016 | Beginning of the construction of 2 health posts in Malen Chiefdom |
| March 2016 | Starting of micro credit fund of 45 million Leone |
| April 2016 | Commissioning of the mill |
| May 2016 | Beginning of the harvesting in Estate B |
| May 2016 | Construction of fish ponds and aquaculture projects |
| June 2016 | 41 Socfin scholarships were awarded |
| August 2016 | Completion of reforestation projects of 8 000 trees |
| September 2016 | Commissioning of Sieraphil fuel station in Sahn Malen |
| December 2016 | SAC's end of the year party with 4 000 attendees |
| December 2016 | ISO 14001 certification by Bureau Veritas |

II. The economic performance of the company in figures

1. Palm oil production

At the end of the year 2016, about 500 persons per month were employed in the palm oil production operations. Throughout the year, the total FFB delivered and processed at the mill was 14 756 tons.

2. Perspectives 2016 - 2017

The key aim and objective in 2017 to 2018 is to move into production in Estate A, B and C and generate the necessary revenues to support SAC's own costs within the respect of the ISO 14001 certification.



III.A responsible governance


1. Governance structure and management process

SAC is managed by a General Manager at the head of 9 Departmental Managers that have the delegated authority on economic, environmental and social topics. Head of Department (HOD) report directly to the General Manager. Consultation with stakeholders is organized at the departmental level with approval of the General Manager:

- Environmental Agencies’ representatives will be managed by the Environmental Department Manager,
- Land Owners representatives will be consulted by the Community Liaison Officer,
- District Authorities will be received by the General Manager,
- Labor Union will be received by the Human Resources Manager,
- Etc.

2. Policies, charters & code of ethics

The Company has developed its HSE policy that is communicated to all employees and signed by all suppliers and contractors.

| | | |
|-------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------|
|  | HEALTH, SAFETY AND ENVIRONMENTAL POLICY | Reference POL_001_P1 |
|-------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------|

HSE POLICY STATEMENT

Health and Safety issues are of paramount importance to Socfin Agricultural Company. The welfare of its employees and contractors is such that the Company strives for them to work and live in a safe environment; this is a priority for the Company.

The conservation of natural resources and biodiversity is an integral part of the Company's values. The Company commits to constantly improve its environmental responsibilities and agricultural practices by the recognition, prevention and minimization of the impact of its activities on the natural resources, the biodiversity and the community.

Considering the impacts of the Company's operations on the biotope, protection of the environment and conservation of natural resources and biodiversity, it has become a pillar of social responsibility for the business. Therefore the Company has decided to be certified following the ISO 14001 standard for the entire of the Company's activities.

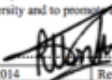
The Company engages itself to:

- Continuously compile its efforts to decrease its needs of energy and natural resources by:
 - o Installing water meters to monitor all of the water used;
 - o Recording the water and fuel consumption on monthly basis following determined targets;
 - o Monitor the gaps and deviations on Monthly Pilot Report sent to managers for corrective action;
 - o Obtain traceability for all of its raw material supplies
- Implement mitigation measures to reduce the risks of pollution from its activities by:
 - o Having all spraying staff trained and aware on the risks and hazards of chemicals;
 - o Implementing preventive maintenance of Air Conditioners with a monthly report;
 - o Suppressing dust by spraying water to limit footprints of wind-blown surfaces;
 - o Managing, sorting, reusing and recycling all waste generated by the Company.
- Comply with applicable laws, regulations and other requirements.
- Ensure and encourage fair and transparent communication and open dialogue with its working staff and collaborators by:
 - o Respecting the rights and consent of local communities in all its operations and supply chains;
 - o Implement an open, transparent and consultative grievance management mechanism
- Promote a safe and healthy workplace by:
 - o Recognise and respect the rights of all workers and local communities;
 - o Preventing and reducing of work accidents;
 - o Informing employees on the risks of accidents and environmental degradation;
 - o Displaying HSE Notice Boards at every workplace with the identification of:
 - Hazards, precautions and prohibition signs;
 - Emergency Services, Situations and Plan and Work Related Instructions.
 - o Sensitizing employees on their social and environmental responsibilities via:
 - Training of employees to prevent accidents and pollution;
 - Thursday's "HSE Minutes" on various safety topics.

The employees engage themselves to adhere to the safety and environmental protection principles at the workplace by:

- o Working and respecting the safety and environmental regulations of the Company
- o Respecting the Company procedures
- o Respecting the safety and environmental instructions and signs of the Company
- o Reporting the dangers and helping on risk prevention at the workplace

The General Manager engages himself to support and promote this Environmental Policy by controlling and managing its implementation, respect and its efficiency by fixing and reviewing yearly objectives and goals. The General Manager assumes his environmental responsibility by engaging himself to promote the use of appropriate best practices in agriculture, to be aware on the potential of renewable energy sources, to conduct continuous improvement to protect the biodiversity and to promote a safe and healthy work environment where each worker can feel secure.

 Dated and signed by the General Manager

| | | |
|----------------------------|----------------------------|--------------------|
| Creation: 28 February 2014 | Revision: 28 December 2016 | Revision Status: 6 |
|----------------------------|----------------------------|--------------------|

3. Human rights declaration

The management approach for human rights assessment consist of four phases, these are:

- The development of procedures by the management for all types of activities,
- The communication and control of these procedures via training to employees and monitoring's,
- The reporting to the EPA-SL that set up a Control Committee on annual basis in order to control the respect of all legal and other requirements. This committee headed by the EPA-SL is composed by the Ministry of Labor and Social Security (MLSS), Ministry of Agriculture, Forestry and Food Security (MAFFS), Ministry of Water Resources (MWR), Ministry of Fisheries and Marine Resources, etc.,
- The annual control of the ISO 14001 certification by Bureau Veritas.

4. Compliance with legal requirements

a. National environmental and social laws

SAC complies with the National Policies and Legal Requirements. The list below describes the permits and certificates obtained by the Company. In addition to this list, internal policies have been established by the Company to ensure implementation and respect to the employees, the communities of the Malen Chiefdom and their environment.

| Valid permits | Issue date | Expiry date | Law |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------|----------------------------------------------|
| MOU - Memorandum of Understanding | 24-09-12 | / | Ministry of Finance and Economic Development |
| EIA License (Environnemental Impact Assissent License) | 05-01-12 | / | EPA-SL Act, 2008 amended in 2010 |
| EIA License (Annual Renewal) | 19-01-13 | 18-01-18 | EPA-SL Act, 2008 amended in 2010 |
| Certificate of Business Registration | 01-09-10 | / | The Business Registration Act, NO. 18/2007 |
| Lease Agreement (A) | 05-03-11 | 05-03-61 | The Government of Sierra Leone |
| Lease Agreement (B) | 01-09-13 | 31-08-63 | The Government of Sierra Leone |
| Certificate of Registration of a Factory <ul style="list-style-type: none"> • Processing of Palm Fruits to Produce Palm Oil Kernels • Mechanical Workshop • Water Treatment Plan • Motor Vehicle Maintenance | 01-01-15 | 31-12-17 | The Factory Act, NO. 3/1974 |

The Company follows the requirement of the “Terms and Conditions on the issuance of an Environmental Impact Assessment (EIA) License” granted by the EPA-SL in pursuance of the Environment Protection Agency Act, 2008 (Section 24 (f), 29 and 30) as amended in 2010 and the Environmental Impact Assessment License Regulations, 2010.

SAC has established a “Legal Review” which compiles the legal and other requirements and ratified documents with a short description of the Law or Text, the type of document, the availability of the document (with its web link when possible), the applicability of the law for the Company and when applied the compliance of the Company (details, evidence, date of analysis, etc.). The list of the National Environmental and Social Laws of Sierra Leone is placed in Annex 1.

b. No child labor

SAC official age of employment is 18 years and beyond which is clearly stated in the recruitment policy. Child labor is strictly forbidden, thus a worker is engaged based on proof of age using biometric and non-biometric voter ID cards, drivers’ License, national ID card, etc. On a monthly basis, all ID cards are controlled at the payment of salary to avoid any disrespect to this policy.

c. No forced or compulsory labor

The HSE policy, signed by all suppliers and contractors, states on the Company’s environmental responsibilities, occupational health and safety objectives, child labor, forced labor to name some. This policy and the code of conduct for employee are communicated to all employees via trainings and HSE minutes.

d. Anti-corruption

The HSE policy, signed by all suppliers and contractors, states on the need of transparent communication.

e. Anti-competitive behavior

The Company keeps a transparent communication and open dialogue with all stakeholders.

f. Social contributions (pensions, occupational accidents, associations, unions)

The National Social Security and Insurance Trust (Nassit) corresponds at 5% of the basic salary of employee and the employer pays 10% of the basic salary to Nassit on monthly basis for each permanent employee.

In terms of occupational accidents, the Company follows the Workmen’s Compensation Act which states that “When an industrial accident involving a worker occurs, the employer must take immediate responsibility for medication. In case the accident involves loss of life/death, the employer shall also take full responsibility for the funeral in consultation with the family. Employers and Unions shall consult with each other to establish the terms and conditions for funerals. The worker shall be paid an established compensation.”

g. Compliance with labor laws (associations, unions)

The Company is in full compliance with labor laws thereby using the Employer and Employee Act by Government of Sierra Leone, the Government Gazette, Legislations, the Local content Act, the Child Labor Act, the CBA, the workers constitution, etc., as working document to maintain standards.

5. Our voluntary subscription to other standards

In 2015, SAC has commissioned “Environmental Resources Management” (ERM) to conduct an assessment of its operations against the environmental and social requirements of the IFC Performance Standards (2012) and RSPO Principles (2013) with the goal to identify areas for improvement.

This assessment aims to provide a gap analysis and action plan against the requirements of the IFC Performance Standards, HSE Guidelines, RSPO and National Laws and Regulation. The gap analysis was based on documentation review, field inspections, and consultations with SAC's management, local communities (internal and external), workers, smallholders and out growers.

a. ISO 14001

SAC is engaged in the certification process of ISO 14001 since June 2014. The certification body hired in this process is “Bureau Veritas”. The audit team conducted the first certification assessment in December 2016 and recommend that certification to ISO 14001:2004 be awarded after the successful closure of non-conformities raised during this audit.

b. High Carbon Stock Approach

The Company's activities have been identified with their environmental impacts in the Environmental Management System in order to develop an environmental management plan (EMP) and program to reduce these impacts.

As part of the High Carbon Stock Approach the Company follows a “no-deforestation” policy with a reforestation program supported by the MAFFS. In this program, at the request of the Ministry, 2 ha have been allocated to the preservation of a threatened species called “Ceiba Pattendra” or “Cotton Tree” which is the symbol of Sierra Leone.



c. Free Prior & Informed Consent

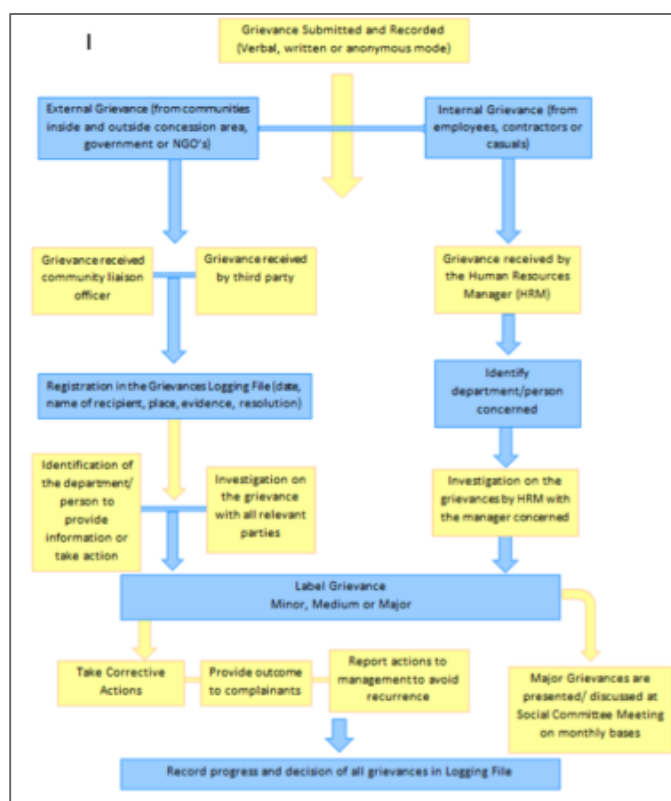
The Company has established bottom up participation and consultation of stakeholders with an open dialogue channel based on internal and external grievances mechanisms, the availability of community liaison officers and monthly meetings with community representatives.

6. Complaints & grievances

The graph below summarized the mechanisms used to address and resolve the grievances and complains separated into two categories “Internal” and “External”.

Internal grievances are the grievances raised by employees of all categories, permanent, fixed term, casual and seasonal. The internal grievance mechanism is overseen and managed by the Human Resources Department (Mende Speaking) which follows the Human Resources ethics and confidentiality process.

External grievances are managed by the CLD composed by officers in charge of collecting and resolving the grievances from the communities. A grievance mechanism procedure has been set up by the Company in order to manage public grievances through a complaint logging system and grievance resolution mechanisms. The grievance mechanism aims to detail the communication channel of the Company in order to ensure transparency, monitoring and follow-up of the grievances. The external grievances logging file is the official document which compiles the details of the grievance, the time of action, the resolution and investigation to ensure that adequate compensation is paid to affected communities.



7. Membership & associations

SAC is a member of the Commercial Agricultural Producers and Processors Association (CAPPA). The primary objective of CAPPA is to act as the principal coordinating body representing all commercial, agricultural producers and processing companies in Sierra Leone and elsewhere to provide:

- A unified approach that positively influences the activities of all Sierra Leonean based agricultural producers, processing companies and rural communities.
- To initiate, foster and maintain a consultative, cooperative and communicative approach to dealing with Governments.

COMMERCIAL AGRICULTURAL PRODUCERS AND PROCESSORS ASSOCIATION

The primary objectives of CAPPA is to act as the principal coordinating body representing all Commercial, Agricultural Producers and Processing companies in Sierra Leone and elsewhere to provide;

- A unified approach that positively influences the activities of all Sierra Leonean based agricultural producers, processing companies and rural communities.
- To initiate, foster and maintain a consultative, cooperative and communicative approach to dealing with Governments.

Government Ministries and Institutions, and other agricultural-related organizations, media, Non-Governmental organizations, community groups and the public;

- To initiate, foster and maintain a consultative, cooperative and communicative approach to dealing with Governments, Government Ministries and Institutions, and other agricultural-related organizations, media, Non-Governmental organizations, community groups and the public;
- To provide a forum in which to meet and exchange ideas;
- Promote the interests of the Association and to proactively interact with members to ensure that the interests of Commercial agriculture continues to be dynamic in meeting the ever-changing needs and expectations;
- Stimulate greater awareness of modern farming excellence through improved communication between the Association, farming/agricultural communities and the Government;
- Recognize and promote the highest professional standards, to ensure greater efficiency and competitiveness for the betterment of all Commercial agricultural activities as well as small holders throughout the country.

FOUNDING MEMBERS OF CAPPA

LION ACCOUNTANTS, MIRC TOBACCO COMPANY, Natural Habitats, Sierra Land Development, Sierra Tropical, SOCFIN, SUNBIRD, Goldtree, Camarot

8. Objectives & perspectives

SAC aims to produce and supply quality CPO through an environmentally and sustainable approach and market it locally and regionally.

IV. A strong social commitment

1. Social engagement of our company

Social engagement of SAC is strong in a way that a cordial working relationship within our concession is maintained due to the creation of the Social and Grievance Committee composed by the stakeholders of the Malen Chiefdom (Town and Section Chiefs, District Representatives, Women and Youth Leaders, etc.) and its Chairman is the Paramount Chief P.C. B.V.S. Kebbie III. This committee has been established to ensure transparency in the process of reporting and dealing on issues, grievances or recommendations and to allow all stakeholders to provide input and determine priorities.

This committee meets every month with the General Manager and the CLD to discuss pertinent issues, enhance communication, approach and resolve grievances, etc. This committee selected a sub-committee who is in charge of the proposition, prioritization and planning of the Corporate Social Responsibility (CSR) projects to be discussed and implemented by the Company. During such meetings, reviews will be made of the progress of on-going and committed projects in their respective areas to ensure that they are being done in the way and manner planned, and to discuss any occurrences that may necessitate changes in plans.

2. Overall assessment of key social indicators

a. Staff

i. Distribution by department

At the end of the year 2016, SAC employed 3 128 employees with 1 004 contract staff and 2 124 casuals. The distribution by department and by gender is as followed:

| | | Industrial | Agronomic | General Management | HSE | Community liaison | Communication | Medical | HR + teacher | Administration | Finance | Purchasing/sales | Security | Total Gender | Total |
|-----|--------|------------|-----------|--------------------|-----|-------------------|---------------|---------|--------------|----------------|---------|------------------|----------|--------------|-------|
| SAC | Male | 65 | 1,869 | 1 | 23 | 7 | 1 | - | 3 | - | 27 | 1 | 5 | 2,002 | 3,128 |
| | Female | 8 | 1,106 | 1 | 1 | 1 | - | - | 1 | - | 7 | 1 | - | 1,126 | |

ii. Distribution by category and gender

The Company counts around 36% of female workers and 64% of male workers. However this percentage is expected to move up during the raining season due to certain jobs that are still classified on gender basis by community people.

iii. Integration of young people into the work world

The young workforce is classified as between 18 years and 40 years old. The older workforce is as well classified between 41 years and 60 years old. SAC employs around 81% of young workforce (male & female) and around 19% of older workforce (male & female).

b. Protection of employees

The Company develops a code of conduct for employee that determines the roles and responsibilities of the employee and employer in case of different situations. In terms of

communication, the human resources department is in charge of the internal grievances mechanisms to receive and resolve the complaints raised by the employee.

c. Management of internal complaints

Internal grievances are the grievances raised by employees of all categories, permanent, fixed term, casual and seasonal. The internal grievance mechanism is overseen and managed by the Human Resources Department (Mende Speaking) which follows the Human Resources ethics and confidentiality process. Depending on the circumstance, the complainant may be accompanied by a companion to express its claim.

Internal grievances are logged and recorded in the “Internal Grievances Logging File” by the Human Resources Manager who will act on it and consult the Union for opinion and/or elevate it to the General Manager when necessary. This logging file, monitored by the HSE Manager on monthly basis, contains the following information:

- Status of the grievance,
- Employee data,
- Description of the source and details of the grievance,
- Resolution mechanism.

d. Meeting the financial needs of employees

The Company respects the local minimum wage set up by the Government of Sierra Leone. Revision of the salary grid have also be reviewed in consultation with the Memorandum of Understanding (MoU) prepared with the Unions.

SAC encourage the employee promotion via several performance initiatives such as the annual appraisals conducted by the managers, the annual bonus at the end of the year party and price for winners of competition such as drivers competition, sport competition, compounds competition, etc.

e. Hiring, maternity leave, leave entitlements, overtime, work accidents, layoffs and voluntary departures

Hiring is made upon job availability and is categorized into 3 separate forms:

- 1) Seasonal recruitment: when workers are engaged in seasonal work.
- 2) Casual recruitment: when workers are engaged for occasional jobs. This recruitment is done mostly by Managers out in the field according to SAC recruitment polices.
- 3) Permanent/fixed term recruitment: when adverts are placed inviting both intern and external candidates to apply and due process is followed in selecting the most qualified person. Succession planed strategy is considered to fill in such vacancies promoting internally.

Benefits for SAC employees are following the national laws and include life insurance, health care, parental leave, retirement provision, etc. The maternity leave consists in 10 working weeks permitted. The leave entitlement consists of 20 working days permitted per

annum. The overtime is 1.5 time daily rate/basic on week days and 2 time daily rate/basic for Sundays and public holidays.

f. Training

The planning and organization of training/retraining is managed by the HSE department which prepared a yearly training calendar set up according to the needs observed during the year, the type of operations and the decision of the Managers.

For the year 2016, the board below gives the data’s for the 3 128 employees.

| | Inductions | HSE Minutes | Trainings (Calendar) | Trainings (Other) |
|-----------------------|---------------|----------------|----------------------|---------------------|
| Total | 68 | 1 642 | 170 | 262 |
| Duration | 30 minutes | 10 minutes | 1 hour (minimum) | 1 hour (minimum) |
| Total Duration | 2 280 minutes | 16 420 minutes | 170 hours (minimum) | 262 hours (minimum) |
| Total Employee | 68 | 29 009 | 15 326 | 23 621 |

g. Committees: CHSTC, unions

SAC follows national labor laws and aspects such as worker organization and collective bargaining. Workers are part of a union and there is a functional collective bargaining process and agreements in place. SAC and the workers union have a good working relationship and maintain an open dialog to address grievances. SAC workers are represented by a Union called the “National Union of Forestry, Plantation and Agricultural Workers” (NUFPAW). The contribution to the NUFPAW is Le 10 000 per person per month.

h. Social events

In 2016, the Company organized an end of the year party in December as an annual celebration for all Socfin workers and Chiefdom representatives, entertained by the well-known musician group, Steady Bongo. Prizes for the best worker in various categories and department were handed out as well as competitions. The week before the party a football gala held with all departments providing support and prizes for the winner, runner up and third place. Some 4 000 people were in attendance.

3. Social infrastructure

a. Infrastructure investments

SAC infrastructures are listed below:

| Infrastructure | New or repair | Date | Services supported | Location | Impacts on communities |
|-------------------------|---------------|------|--------------------------------------|------------|----------------------------------------------------|
| Clinic Extension | New | 2014 | Extension with water and electricity | Sahn Malen | Addition of rooms to welcome more patients |
| Bank | New | 2014 | Electricity, water and safe | Sahn Malen | Opening of GTBank to provide closest bank services |

| | | | | | |
|-----------------------|--------------|------|------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------------------------------------------------------------|
| Brick Factory | New | 2013 | Offices, welding area, wood workshop and brick factory | Sahn Malen | Construction of wood materials and bricks for buildings creation |
| Mill | New | 2015 | Processing plant of 30 T/h, offices, showers, tanks, stores, workshop, canteen, security posts, etc. | Kortumahun | Job opportunities and water, air and noise control to avoid pollution |
| Mosque | New | 2014 | Electricity provided | Sahn Malen | Meeting and praying place |
| Church | New | 2016 | Electricity provided | Sahn Malen | Meeting and praying place |
| Offices | Repair | 2013 | Offices for all working staff with electricity, water, toilets, etc. | Sahn Malen | Job opportunities |
| | New | 2014 | | Kortumahun | |
| | New | 2015 | | Jao | |
| Hill station | New | 2016 | Workshops, showers, toilets, offices, stores, decontamination of fuel station, internet tower, etc. | Sahn Malen | Job opportunities and water control to avoid pollution Phone network for all chiefdom |
| Compounds | Repair & new | 2015 | Houses, gardens, electricity, water, sport fields, etc. | Sahn, Honga Y-Junction | Housing |
| Mixing centers | New | 2016 | Water and tanks available for mixing of herbicides | Sahn, Jao Nanyahun | Job opportunities and water control to avoid pollution |

b. In a village

i. Employees' personal infrastructure

The plantation has developed around employing local people from communities to work in the plantation. However senior staffs and mill workers are housed in company-provided accommodations called “compounds” whilst plantation workers live in their own houses in villages within the plantation. SAC employs workers from surroundings villages where they have their family houses. Compounds are created for staff coming from outside the plantation (i.e. staff employed for the mill as it is a particular skill) and also as a promotion for local staff.

| | Community villages (Not directly managed by SAC but supported through CSR projects and ESHIA) | Company compounds (Directly managed by SAC) |
|--------------------|--------------------------------------------------------------------------------------------------|------------------------------------------------|
| Total habitants | 13 809 | 179 |
| SAC contract staff | 835 | 179 |
| SAC casuals | 2 224 | 0 |

ii. Utilities

SAC has seven compounds for the accommodation of its employees: electricity and water are supplied.



iii. Leisure infrastructure (sports fields, community gardens, orchards, market places, etc.)

A particular compound is added to this list which is the “Canteen” (218 m²) constructed in 2015 and its entertainment center composed by a volley ball field, a satellite television, music and power.

Basketball court is built at the workers’ canteen and inside the compound of Y-Junction. Personal gardens are attached to all quarters with different sizes in each compound.

c. Mobility (mass transit, ease of purchasing motorcycles and bicycles)

SAC is desirous of providing motorbikes for the use of some of its employees whilst on duty at the Company’s site in Sierra Leone in order to facilitate their movement and the work of the Company; and that the employee has agreed to receive and operate the motorbike assigned to him/her within the terms and conditions made in a contract.

4. Security on the estate

SAC has a “third party” security service call Sharp Security Services operating around the plantation. In addition, in 2015, the Company has created a Security Department managed by Security Manager and four supervisors that oversee security of the plantation and oversee the activities of the private security firms. All staff employed inside the security department is trained as per following the training calendar.

Farm guards selected by the community villages are also posted to report fires and fruit theft around the plantation.

5. Health: first steps for development

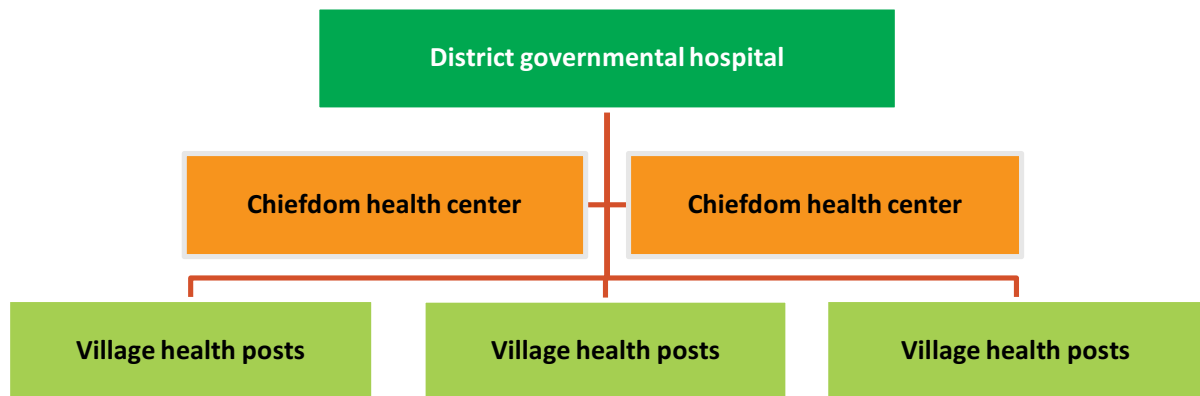
In terms of health facilities, there is a government health center managed by a full-time Health Officer and nursing staff. The Company supports medical services through care costs for workers and their families, and emergency services (ambulance, emergency line, firefighting team, first aid team, evacuation procedures, etc.).

a. Our health policy

SAC Health Policy aims to promote a safe and healthy workplace to all its employee and their family by:

- Recognize and respect the rights of all workers and local communities;
- Preventing and reducing of work accidents;
- Informing employees on the risks of accidents and environmental degradation;
- Displaying HSE notice boards at every workplace with the identification of hazards, precautions, prohibition signs, emergency services and situations, etc.;
- Sensitizing employees on their social and environmental responsibilities via trainings, awareness, sensitizations, minutes and inductions.

SAC is working in close collaboration with the health facilities of the Pujehun District. The health facilities are managed by the Ministry of Health and Sanitation (MoHS) directed by the District Medical Officer (DMO). The HSE department meets on regular basis with the MoHS to discuss about health topics such as children vaccination, Malaria, HIV-Aids, diarrhea, Ebola and other medical services. There are three levels of health facilities which are:



Sahn Malen health center



Hongai health post

Pujehun is located 30 minutes from the plantation and houses the Pujehun Governmental Hospital. In terms of medical services, the government Hospital is managing the serious cases that cannot be handle at the inferior levels (health centers and health posts).

SAC's plantation houses the health center of Malen Chiefdom (BEMOC) and five health posts spread inside the Malen Chiefdom. The company is building more health posts in order to reduce the distance from some villages to health premises.

b. Staff and infrastructure

As the health centers are managed by the MoHS, SAC intervenes in terms of:

- Building (or rehabilitation) of medical infrastructures (health centers, posts, etc.),
- Assistance relating to the administration and medical files,
- Refurbishment of the old building (painting, repair, cleaning, etc.),
- Provision of Water and electricity 24h/day to support the medical services 24h/day,
- The payment of the consultation and drugs prescribed to Socfin staff and family.

The health center in Sahn Malen is managed by a staff composed by 1 part-time doctor, 13 nurses, 1 midwife, 1 person in charge of the laboratory, 1 person in charge of the pharmacy, 1 Medical Assistant (employed by Socfin) in charge of the emergency services (ambulance), registration of the bills and medical archives, 6 persons allocated to the mobile prevention team and 1 Cleaner.

This governmental center provides adult and pediatric medicine, minor surgery services without anesthesia, pre-natal cares, maternity and post-natal cares and medical laboratory able to practice Malaria rapid test, Tuberculosis microscopy, urine testing and syphilis testing. The center is also in charge of the sensitization and prevention regarding the vaccination of pregnant women and the children under 5 years of age. SAC has provided substantial support to the Chiefdom as a whole in health care. An ambulance is provided and run by the Company for the Chiefdom, provision of 24 hour power to the local health center, rehabilitation of the water supply, construction of additional administration and storage areas to the local health center, electrification of one rural health center in the plantation and free medical to all permanent employees.

c. Prevention, detection and treatment of diseases

SAC pays the medical care for all its employees and their families.

The Company supported the Ebola prevention with a budget of 454 400 USD. SAC engaged itself with the aim of achieving the following objectives:

- Respect all governmental procedures to reduce the risks of the disease.
- Support the Sierra Leone government with joint effort to eradicate the disease out of Sierra Leone.
- Provide all the company workers and communities with Dettol or chlorine to wash their hands.
- Ensure that people are aware of the signs and symptoms of Ebola in order to report early any suspected signs to the health facility.
- Provide good working environment and safety for the medical staff.

d. Policy against HIV-Aids

SAC put in place a prevention campaign on yearly basis about HIV every first week of December at the time of the World Aids Day. Sensitizations, jingles and radio messages are organized on the 1st of December with a condom distribution to the communities. This campaign is prepared in collaboration with the National HIV/Aids secretariat that is supplying the health centers with condoms and posters. The pictures below illustrate the HIV-Day of 2016 in Sahn Malen, capital of Malen Chiefdom.



World Aids Day commemoration organized by HSE staff

Aside this punctual program, the HIV-Aids topic is approached as a weekly minutes on Thursdays at every muster point to sensitize the whole working staff.

e. Emergency preparedness

The Company provides an ambulance to the health center in order to offer a rapid medical assistance to the community people.

6. Supporting education and training for the development of regions

a. Our education policy

The CLD employs a liaison officer in charge of all type of educational issues and microfinance projects. This employee, formal head master of the RC primary school of Sahn Malen, has a particular knowledge on the lacks and issues in terms of education and provides Socfin a pertinent action program to be implemented.

The Company supports education programs for the communities of Malen such as:

- Scholarship scheme to assist hard working pupils that pass their BECE exams into senior school;
- Nature club to sensitize the children of primary and secondary schools about the environment (waste management, road safety, water and sanitation, protection of the forests, HIV, Malaria, Ebola, etc.);
- Meetings and Invitation of several ministries to support sensitization programs and actions (MWR, MAFFS, National HIV/Aids secretariat, etc.);



- Schools rehabilitation and materials such as benches, desks, chairs, cupboards, tables and office tables, transporting of books and supporting game events, etc.;
- Football fields;
- Support to school program such as sport competitions and interschool kid clubs, cultural shows, remedial classes for BECE, summer school debate, world teacher day, cross country, health sensitizations, etc.;
- Assistance to non-registered teachers and scholarships;
- Transport for schools for their inter school galas, for the BECE examination, for their social functions and other school related activities in and out of the chiefdom;
- Financial support to schools in the form of stipen to teachers that are not yet on the payroll.



Since 2011, the Company has provided numerous interventions within the education program. In 2013 a scholarship program was set up where by students achieving an aggregate of 30 or less would qualify for a scholarship. Malen Junior Secondary School (MJSS) is the only junior secondary school in the Chiefdom and in 2013 only one attained a pass for a scholarship. Since then SAC's intervention of providing stipends for 9 teachers and 2 security guards as well as feeding and transport for students at examination time, rehabilitation of the school and teachers accommodation quarters has improved drastically the results. In 2015 some 43 students qualified for a scholarship and in 2016 some 41 students qualified.

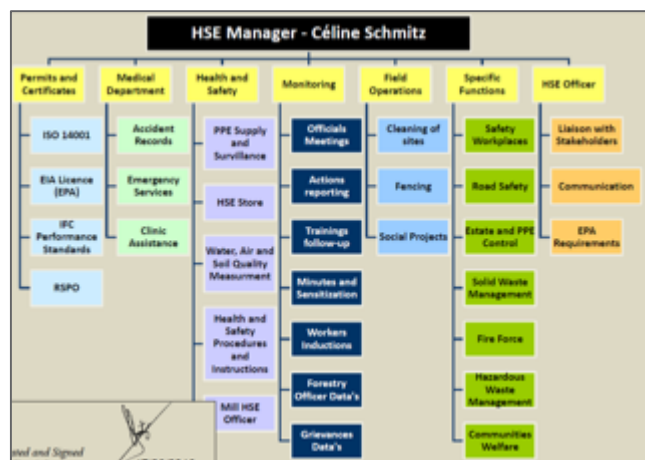
V. Ensuring employee safety

1. Our management system

To ensure the employee safety SAC has created since 2012 a HSE department which is managed by a full-time expatriate. This department is responsible for the establishment and implementation of safety procedures, the surveillance of the workers accidents, the communication with the working staff about HSE topics, etc.

On a monthly basis, reports on accidents statistics by type of injury and solutions for improvements are developed to ensure a continuous improvement on the safety at work place.

The HSE Organogram is placed below.



2. Policy on occupational safety and health

The Company's Occupational Health and Safety (OH&S) Management System aims to present the roles and responsibilities attached to the health and safety of the employee. This OH&S Management System comprised an OHSMP with the procedures, documents and analysis needed to guarantee a health and safety workplace as per stated in the Company HSE Policy.

The OHSMP is developed as required by the Sierra Leonean laws and requirements such as specified in the IFC Performance Standard 2 "Labor and Working Conditions" (January 2012).

3. Risk analysis

SAC "Risk Assessment" and OHSMP uses the following analytical methodology.

| Health and safety hazard identification / Risk Assessment | | | | | |
|-----------------------------------------------------------|---------------|------------------------------------------------------------------------------------------------------|------------|----------------|--------------------------------------------|
| Severity | | | Likelihood | | |
| 1 | Insignificant | No injuries, low financial loss, negligible environmental impact | A | Almost certain | Is expected to occur in most circumstances |
| 2 | Minor | First aid treatment, on-site release immediately contained, medium financial loss, small impact area | B | Likely | Will probably occur in most circumstances |
| 3 | Moderate | Medical treatment required, on-site | C | Possible | Might occur at some |

| | | | | | |
|---|--------------|---------------------------------------------------------------------------------------------------------------|---|----------|---------------------------------------------|
| | | release contained with outside assistance, high financial loss | | | time |
| 4 | Major | Extensive injuries, delay to construction, off-site release with no detrimental effects, major financial loss | D | Unlikely | Could occur at some time |
| 5 | Catastrophic | Death, toxic release off-site with detrimental effect, huge financial loss | E | Rare | May occur only in exceptional circumstances |

The risk analysis is reviewed on annual basis to ensure all operations have been taken in account. This analysis details potential occupational hazards and injuries linked to each company's operations. Prevention measures are adopted to avoid these risks with the development of a Personal Protective Equipment (PPE) database that aims to support each manager in their purchase of preventive equipment for their workers. Trainings and minutes on health and safety are organized to workers in all departments to ensure that they are informed on the risks linked to their functions and the type of prevention the company put in place to protect them. The board below gives some examples of hazards identified.

4. Programs and plans (existing and developed this year)

The company develops an Emergency Response Plan controlled by the EPA-SL on annual basis. Accidental situations have been determined for all company's activities in the plantation with preventive measures and response actions. Probable major emergencies are listed.

The Emergency Response Plan defines the prevention means put in place to avoid that such accidents occur with the response services in case of such accident occur. Emergency exercises are organized on monthly basis in all workplace to test the efficiency of the response plan and the awareness of the workers. During these exercises, 10 minutes are allocated for questions, comments, observations and keys for improvement.

Emergency services are the First Aid Team (trained by Sierra Leone Red Cross), the Fire Fighting Team (equipment controlled by the National Fire Force), the Hazardous Waste Management, the Occupational Health and Safety Officer, etc.

5. Achievements

The achievements in terms of employee safety could firstly be observed in the development of health and safety procedures which guide employers and employees on the rules to follow to promote the safety at the workplace. Secondly, the development of medical statistics allow to understand the circumstances of accidental situations and therefore to develop prevention measures against this type of situation such as the purchase of personal protective equipment (PPE) or the organization of training to the employees.

Thirdly, a particular attention has been attached to the communication means such as the development of HSE Minutes on Thursdays which allow the entire workforce of the Company to learn and speak about a topic linked to health, safety and environment. These

weekly minutes are also the time of ideas and grievances sharing from the working staff to their managers.

6. Training - awareness

The planning and organization of training/retraining is managed by the HSE department which prepared a yearly training calendar set up according to the needs observed during the year, the type of operations and the decision of the Managers.

The Company has three (3) channels to identify the training needs which are the programmed training (training calendar), employment training (before 1st day of work) and refreshment training (when deviance to instructions are observed). The conduct of trainings is the responsibility of departmental managers on the basis of appropriate education, training or experience.

Trainings must be recorded for evidence with the support used for the training and the list of attendance signed by the trainees.

Inductions are developed to ensure that newly engaged employee or sub-contracted receive an overall presentation of the Company with a description of the Company’s HSE Policy and current legislation. The new employee is first welcomed by the Company’s Human Resource Department (for employees, trainees, temporary workers) or by the Department concerned (for the personnel from sub-contractors), in order to fulfill the administrative requirements.



The “HSE Minutes” is a weekly meeting of about 10-15 minutes carried on every Thursday at the workplace. These minutes covers 52 topics linked to health, safety and environment.

7. Medical supervision

Medical statistics are developed in order to calculate the amount of work accidents, to register the frequency of injuries relative to the total time worked, to understand the circumstances of the accidents and to put in place mitigation measures to prevent these accidents. These statistics are recorded and developed by the HSE department in charge of the reporting to the Head of Department (HOD) and the implementation of action plans.

8. Number of accidents (higher than one day loss)

SAC records the number of accidents among workers, especially accidents that could result in lost work time, different levels of disability, or fatalities. The number of accidents is categorized by nature of accident and followed on monthly bases by the HSE department and communicated to each Manager.

The communication to the working staff on the work accidents statistics is done on notice boards displayed at the mill and office.

In 2016, the Company has recorded 373 work accidents against 708 in 2015 and 2 016 non-work accidents against 993 (2015). This comparison shows that the amount of work accident has been almost divided by two whilst the amount of non-work accident has been doubled between 2015 and 2016.

These differences are explained by:

- 1) The consolidation of the medical data's by the HSE department;
- 2) The employment of a person in charge of the study of the situation of the work accidents;
- 3) The increase collaboration with the health center to share data';
- 4) The interpretation of the work accident cases in order to improve the safety at the workplace;
- 5) The increased number of employees leading to an additional amount of non-work accidents.



Medical data board displayed at the offices

9. Targets for next year

This analysis opens the way to improve the quality and value of these figures:

- 1) Develop statistics on minor injuries at the first-aid level;
- 2) Sensitize departments with high quantity of accidents and propose solutions to reduce the risks;
- 3) Ensure a faster response in case of accidents (distance, certificate supply, etc.);
- 4) Propose a breakdown by gender in statistics.

VI. Management of natural resources

1. Our environmental management system

SAC Environmental Management System (EMS) is a system in constant evolution that is prepared as detailed by the requirements of ISO 14001, with:

- The development of an environmental policy (HSE policy),
- The definition of the environmental assessment of the Company's activities including external parties (suppliers, contractors, etc.),
- The definitions of the roles and responsibilities,
- The environmental assessment with development of targets/objectives on environmental impacts,
- The establishment and implementation of procedures and instructions on environmental aspects, legal and other requirements, competence, training and awareness, communication, etc.,
- The assessment of the EMS during an internal audit,
- The organization of the annual management review,
- The monitoring, measurement and revision of the environmental objectives and targets.



2. Status of certifications in progress

SAC contracted Bureau Veritas for the ISO14001 certification.

SAC succeeded the documentation assessment in November 2016 such as the audit certification Year 1 in December 2016. Auditors from Bureau Veritas audited the EMS from the 12th to the 18th of December 2016. The closing meeting ends on the recommendation of the ISO 14001 certification for SAC after the resolving of 2 minor non-conformities. The certificate will be received once these NC are solved.

3. Policies

a. Water

The impact of the Company's activities on the water is assessed in the EMS and considered as a significant aspect also specified in the Company HSE policy. Objectives and targets have been established on the water consumption and the control of water pollution in order to continuously monitor the impacts of the company's activities:

- Total volume of water withdrawn from ground water and surface water for the company's activities is monthly measured with water meters. Water consumption

data's are communicated on quarterly basis to the EPA-SL and every year to the MWR. SAC follows the national requirements for the payment and use of water.

- Rainwater is measured for statistics but not directly collected nor stored by the Company.
- Total volume of effluent treated in the lagoons is measured and monthly monitored to ensure efficiency of the effluent ponds.
- Water quality control is conducted on quarterly basis and sent to the EPA-SL in monitoring reports.

b. Soil protection

SAC follows the EPA-SL Act (2010) which requires that soil analyses must be conducted every year.

Particular attention is attached to the erosion assessment via the development of erosion control techniques such as: the broadcasting of cover crop, the placement of drains and culverts to prevent flooding, the planting method and orientation of palm oil trees, the creation of rock barriers, the planting of Vetiver in slopes, etc. The topography is undulating with little slope inclinations and the soil type is predominantly lateritic including stones and rocks which provide high eroding resistance to surface water.

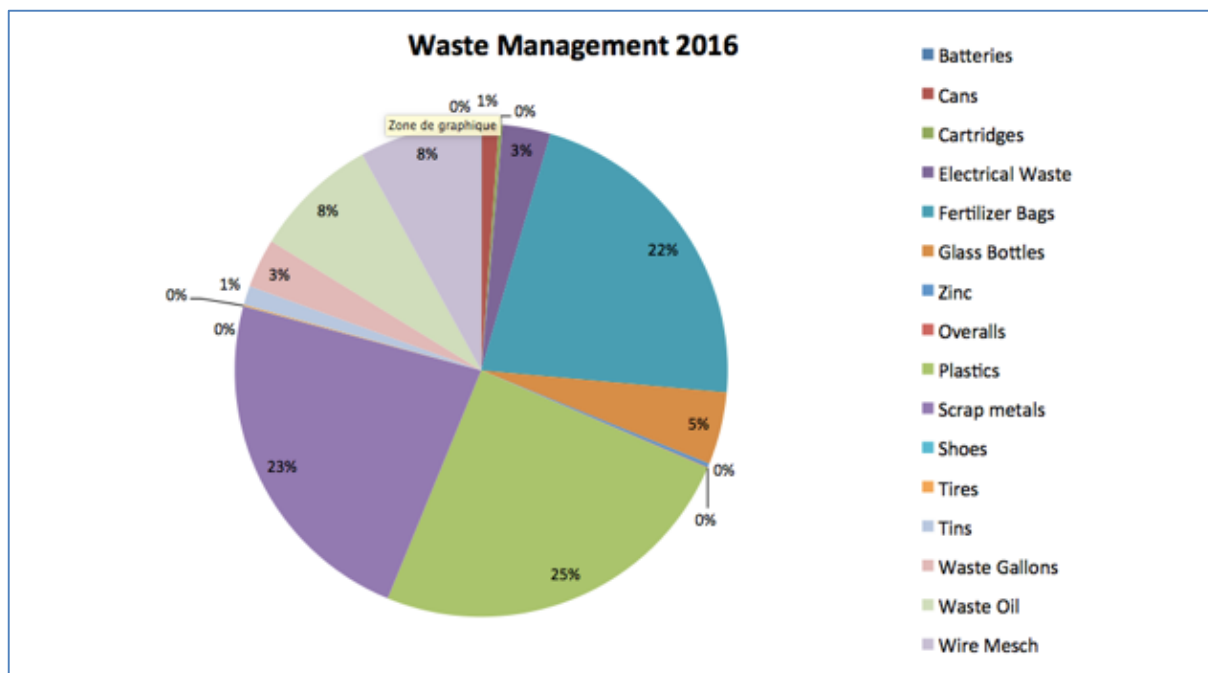
c. Waste management

The waste management is summarized in the Waste Management Plan (WMP) that must be approved by the EPA-SL. This plan lists the type of waste generated in the plantation, their quantity, the collection and disposal method, the name and certificate of the recyclers, etc. This plan contains the different category of waste including liquid and solid with details on water discharges, hazardous and non-hazardous, etc.

The recyclers are visited and controlled by the "Solid Waste Technician" in charge of the waste management (collection, counting, sorting, disposal and control). The Company works in close collaboration with the Waste Management Department of Bo District Council, with Welt Hunger Hilfe (WHH) and with the Regional Office of the EPA-SL to seek for approval of the recycling places.

The Company has built its landfill called "waste center" with containers used to store all waste generated by the operations. The waste center currently in use was established in 2013 and approved by the Environmental Unit of the Pujehun District Council. This center is fenced and indicated as restricting access to unauthorized person. The transports used to collect the waste are tricycles and tractors.

The following graph represents the different category of waste generated and recycled in 2016.

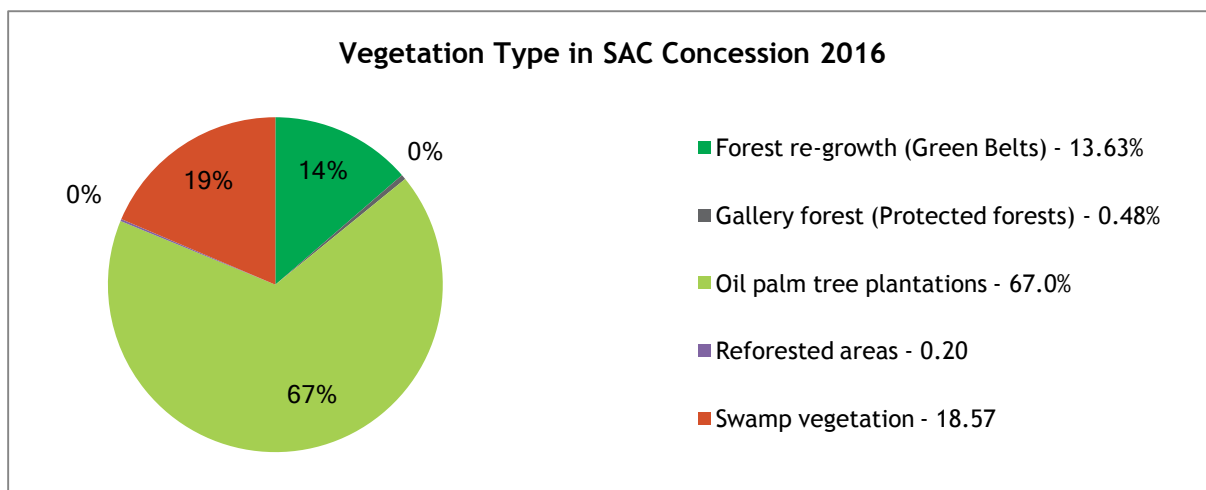


d. Protection and enhancement of biodiversity

SAC is committed to protection and conservation of biodiversity as demonstrated in the environmental policies. SAC has a biodiversity management plan intended to guide and protect biodiversity of the remnant forests on the plantation from hunting, logging and cultivation. It is focused on protection of High Conservation Value areas by means of implementing a non-planting policy in the swamps, creating green belts around every village and identifying protected forest inside the plantation. The plan provides the framework for protection but requires further development to define procedures that need to be followed.

A Biodiversity Ecosystem Services Impact Assessment (BESIA) was conducted in November 2015 by the experts from the MAFFS. This study compiled initial biodiversity inventories with an analysis of the importance of conservation status, legal protection requirements, population status, habitat requirements and migratory movements of species, risks and impacts to these biodiversity values associated with the project, etc. The BESIA study was conducted as per required by the IFC gap analysis Action Plan (July 2015) to determine the nature and extent of biodiversity resources and in particular important and highly sensitive areas. This study contains a biodiversity management plan (BMP) which details the conservation and protection programs and procedures.

SAC's concession (17 724 ha) contains different vegetation type such as forest re-growth in the green belts left around the villages (about 2 500 ha), gallery forest in the protected areas (about 100 ha), oil palm tree plantations (12 329 ha), reforested areas (43.8 ha), protected forests (91 ha) and swamps (about 3 000 ha). The proportion of these vegetation types is represented below:



The reforestation program started in 2015 in collaboration with the MAFFS. The Company has expanded this project for 2016 with its own forest nursery of around 18 000 seeds of various species such as Acacia, Afzelia Gbaji, Banana, Cashew nut, Ceiba Patendra, Coconut, Melina, Tectonia Grandis and Terminalia Ivorensis. These projects of reforestation have several objectives such as the provision of timber for repairing houses, the reforestation of the previous nursery, the protection of endangered species for sustainable development; increase the sizes of green belts between Socfin operational areas and the communities, etc.

e. Air emissions and ambient air

The Company institutes dust suppression programs during the dry season by allocating a tractor in charge of water sprays in Sahn Malen and on the busiest roads of the plantation, close to villages and schools during the dry season. Another measure developed in the dust suppression program is the establishment of a tracking system for all vehicles in order to control the speed limits and by the way decrease the accidents occurrence.

The Company has a non-burning policy to reduce the air pollution. This policy was applied in the field to avoid the burning of the windrow and is still applied for the burning of the waste. All equipment's/machineries are subjected to regular maintenance recorded by the Workshop Manager in the Monthly WS Report. The generators and machines are maintained every 250 hours, trucks, tractors, cars are controlled every 5 000 km decreasing pollution risks.

The Company contracted experts recommended by the EPA-SL to conduct an air analyze assessment at the mill chimney. The analyze is planned for the next production period.

f. Energy

The electricity used by SAC is produced by generators and 16 solar street lights that SAC supplied in the village of Sahn Malen. Power for the mill is provided by a steam boiler that runs on shell and fiber from the FFB. Workplaces are provided with daytime electricity. The compounds and the clinic are provided with night electricity.

g. Preservation of the high conservation values

Areas of mature secondary forest, wetlands and cultural areas were observed within the SAC concession. The Company has contacted the MAFFS to conduct a study on HCV areas and critical habitat with a Biodiversity Management Plan (BMP) which will guide the Company in its preservation plan of the HCV.

h. Responsible supply chain

The Company's suppliers are engaged to respect the Company's requirements regarding ISO 14001:2004, RSPO and the IFC Performance Standards such as the national laws of Sierra Leone regarding:

- Child labor and forced labor: if child or forced labor is identified the Company will take appropriate steps in the relationship with the supplier.
- Hazardous and non-hazardous goods: the supplier must ensure that the products sold are approved by the Government of Sierra Leone.

The Company keeps a file for every supplier with the following list of signed document:

- An updated copy of the supplier' business registration or certificate;
- The Company's "Preferred Supplier Agreement";
- The HSE policy for suppliers.

4. Environmental impact assessments

The environmental impact assessment starts with the identification of all company's activities, their environmental impacts and aspects and the calculation of their frequency, level of severity, level of control and legal compliance. This calculation will give a total sum that will be considered as "significant aspect" if above a level established by the Company. Once designated as significant, action plans and environmental performance with responsibilities are identified, addressed and discussed with HOD for validation. Action plans are approved by the General Manager who releases the required resources to achieve the environmental objectives and targets. The Environmental Assessment is yearly revisited in management review with every responsible to control the progress and if needed to propose action plans on new significant aspect or to consider new development, activities, products or services.

5. Observation values

SAC is situated in the south-western Sierra Leone and is outside of any Key Biodiversity Area (KBA). The World Database of Protected Areas illustrates a few small unnamed forest reserves within a 50 km radius of the concession, but does not indicate any important protected areas nearby.

Areas of mature secondary forest were observed within the SAC concession, and are estimated to have been protected from major disturbances for at least 20 to 30 years. The largest forest patch (38.62 ha) occurs near Fayama village and offers the best opportunities for biodiversity protection.

Many sacred forests occur and these are still a significant component of the culture and tradition of the people in the area. Nearly all communities have bondo and poro society forests (for women's and men's cultural rituals respectively) and cemeteries in the Socfin concession or the adjacent community areas. These sacred forests are protected by the communities and remain an important refuge for a diversity of species. They are however generally too small to sustain most mammal species that require large home ranges.

6. Programs and plans

The Company follows the EPA-SL Act (2010) requirements which states that an Environmental management Plan (EMP) comprising the Company's environmental impacts with appropriate mitigation measures must be sent to their Agency on quarterly basis.

The main achievement for 2016 in terms of management of natural resources is the considerable effort put in place in the reforestation program developed in conjunction with the MAFFS as over 8 000 trees have been planted in various locations around the plantation and in surrounding village areas.

In addition, one of the biggest challenges has been met regarding the conservation of protected areas during the dry season with the risk of uncontrolled fires. The Company attached a particular attention to control these fires by the development of the firefighting team 24 h/day and the employment of fire observers deployed in all part of the concession.

7. Monitoring

SAC counts presently 30 procedures. The communication, implementation and control of SOP are the responsibility of the HSE department which developed about 18 checklists. Non-conformities to the checklists are inputted in the HSE monthly report and studied with the HOD for improvements.

In 2016, 57 analyses of the drinking water (from boreholes and water wells) have been conducted, 6 analyses of the river (upstream and downstream of the Mill/Nursery area) and 4 analyses of the treatment ponds. Conclusions from the laboratory in charge of the analyses revealed that 10 wells were in need of chlorination. The action has been put in place by the Company.

8. Relationship with the government/administrations

The HSE department meets regularly with several stakeholders such as the MWR, the MAFFS, the EPA-SL, the Sierra Leone House of Parliament, the Sierra Leone Road Safety Authority, the National Fire Force, the MLSS, etc.

- Once a month, meetings are organized with the MWR in Pujehun to share figures and projects on Water, Sanitation and Hygiene (WASH meetings).
- Once a month, the forestry officer of the MAFFS meets the HSE manager about the reforestation projects, the Forest Nursery and the HCV areas.
- Every quarter the EPA-SL conducts an audit on the plantation to monitor the compliance with the Environmental Impact Assessment License and the implementation of the Environmental Management Plan.

- Regular meetings are organized with the Sierra Leone Road Safety Authority in order to promote safety on the road and reduce the quantity of accidents.
- Ongoing collaboration with the Waste Management department of the Bo District Council which develops a recycling program in collaboration with Welt Hunger Hilfe (WHH).



Quarterly monitoring visit conducted by the EPA-SL

VII. A contribution to local development

1. Local partners

a. Subcontractors

SAC has some key local partners who provide services to the Company. All security personnel are contracted by Sharp Security Services and fuel is provided by Sierraphil at their fuel station in Sahn Malen. Sale of CPO is through natural oils who distribute in Sierra Leone. Local initiatives are promoted in terms of suppliers such as the purchase of the Company's uniforms from a tailor in Sahn Malen amounting to over 175 million Leones (30 000 USD) to this one local supplier alone in Sahn Malen, providing empowerment and jobs. The company works in collaboration of local partners in charge of the recycling of waste such as plastic and metal. All these activities contribute to the local and national development of the country.



Alfred Muana Enterprise of waste recycling in Bo

b. Smallholders

SAC has developed initiatives around smallholders to achieve food security for the communities. Rice production through lowland and Inland Valley Swamp (IVS) farming has been chosen as one of the key crops to develop and improve food security as well as provide surplus for sale. Development of small holders into this initiative is SAC's main out-grower drive to date

c. The stakeholder engagement plan

A Stakeholder Engagement Plan (SEP) has been developed to maintain a two-way dialogue with stakeholders to ensure awareness and efficient management of their concerns. The

SEP is a living plan, reviewed at least once a year in management review where major grievances are addressed to and discussed with managers.

2. Community development plans

SAC employs full time Community Liaison Officers (Mende speaking) responsible for managing communication and relations with stakeholders. These eight officers have experience of communication and liaison with communities and are reporting directly to the General Manager on consultation, grievances, results and progress, either successful or unsuccessful, and with ideas or impacts relating to the project. This department is known around the workforce via HSE Minutes and Induction and around the communities by regular visits to villages and communities.

The Company’s Community Development Plan (CDP) defines the Company strategy for the period 2016 to 2021. Effective community development helps to establish sustainable relationships and alliances between plantations, communities and governments. The CDP aims to provide guidance on the implementation of short, medium and long-term investment in the communities surrounding the plantation. The CDP is divided in two phases, which are the short term investment, or “preliminary phase”, and the long term or “ongoing phase”.

Short-term community investment are the mitigation measures detailed in the Environmental and Social Health Impact Assessment (ESHIA) report made in 2011, with medium and long-term commitments developed in collaboration with local communities, following the Public Disclosure of the ESHIA. This is a living document that should be referred to and updated on a regular basis by the Community Liaison Officers and the HSE department.

The first phase includes working with local stakeholders to design and implement livelihood and economic diversification programs, developing partnerships to implement health programs, with a focus on HIV/Aids and malaria, and the development of community infrastructure. The long term phase compiles the “ongoing” measures implemented by the Company which focuses on:

- Livelihood diversification: Local livelihoods are rural based and dependent on farming, fishing and forestry. SAC have committed to assisting in the diversification of local livelihoods through the implementation of small-scale projects. A rice cultivation scheme has already been developed and 35 000 USD will be set aside annually for the development of other livelihood diversification schemes.
- Sanitation: SAC has committed to installing water wells and latrines in communities with training of a local representative in the repair of water wells to ensure autonomy and continuous management.



- Education: SAC is committed to increasing local educational standards through the delivery of local training programs catering for a range of skills (i.e. Hygiene promotion, Waste management, fire exercises, Malaria and HIV World Day, etc.).
- Road Infrastructure: The Company is maintaining the roads inside the Malen Chiefdom including the roads leading to the concession from Pujehun to Sahn Malen and from Koribundu to Sahn Malen.

Health: improvements to health care is a key focus area for SAC's CDP. Specific measures include an emergency line and ambulance for transporting local community members to hospital, working closely with the MoHS on awareness programs in relation to HIV/AIDs and malaria. Several of the community development initiatives outlined above will continue until 2021, including the provision of emergency response vehicle and telephone line. SAC aims to work with local stakeholders to build capacity and move away from other initiatives, such as improvements to sanitation in the long-term. Special care will be taken to ensure that vulnerable groups, including women are included in this engagement process and that all voices are heard. As already stated, investment packages for the other communities will be planned to ensure that the community development program is as far reaching as possible.



3. Good-neighborly relations with neighboring populations

In 2011, a Social and Grievance Committee was founded. It meets every last Friday of the month. The committee is chaired by the Paramount Chief and in his absence the Chiefdom Speaker and all parts of the chiefdom are represented as well as many layers of society, including women and youth interest groups and the Company. This committee is a forum where the community can channel grievances and where the Corporate Social Responsibility (CSR) programs are planned and discussed as well as other issues to the chiefdom, the people and the Company.

Additionally to the Social and Grievance Committee, SAC has created a CLD which is the main line of communication of the Company with the local communities. Officers visit villages within the concession to disseminate information and to engage in dialogue in order to know and report any issues that may arise between the Company and local communities. Land disputes that may arise are handled by the Liaison Officers first and where necessary, the Social and Grievance Committee will intervene. This forum is also used to address issues of this nature and decide on Corporate Social Responsibility programs.

Two members of the Liaison team sit on the Social and Grievance Committee. All Social and Grievance Committee meetings have minute's drafts and signed.

Records on issues linked to neighboring populations are recorded in the External Grievance Logging File.

SAC monitors all its internal and external communication including all engagement with stakeholders. For 2016, around 150 meetings have been organized between the Company

and stakeholders with 58 meetings with Governments’ representatives, 6 with NGO’s, 45 with Suppliers, 6 with Medias’ representatives, etc.

a. Partners in local development projects

The Company benefits some strategic partnerships with communities, government, NGOs and other stakeholders which involve joint activities and collaborative efforts based on a common interest. The list of partnerships and stakeholders with the assessment of the viability and effectiveness of potential partnership is among the SEP such as the following:

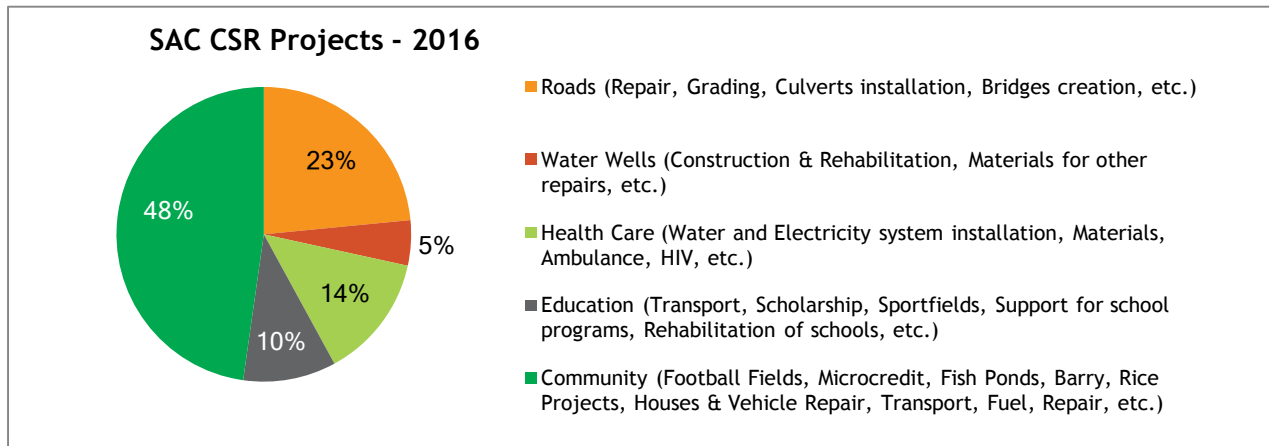
- Partnership with the Ministry of Health and Sanitation through the organization of Environmental Sensitization in Primary and Secondary Schools in Malen Chiefdom.
- The Company is sharing common objectives with the MAFFS by the development of rice cultivation, protected forest and reforestation projects.
- Partnership with the Pujehun District Council via financial support or in-kind resources to ensure and secure an ongoing health care for the Malen Chiefdom.
- Partnership with the MWR through the implementation of water quality sensitization in villages, the organization of water well chlorination and the sharing of information regarding the water quality monitoring, the water wells and boreholes GPS data.
- Partnership with Njala University via several internships to assist students in practical learning.

The company started in 2016 a micro credit fund of 45 million Leone and another addition was made in January 2017.



In addition, local initiatives are promoted such as the purchase of the Company’s uniforms from a tailor in Sahn Malen amounting to over 175 million Leones (30 000 USD) to this local supplier alone in Sahn Malen, providing local empowerment and jobs. With the introduction of microcredit, SAC has laid the foundation to bring in a Micro Finance Institution (MFI) to take over. SAC attaches a great importance to the implementation and development of social projects launched for the local communities. In 2016, SAC has spent around 362 527 USD in the CSR projects.

The following graph gives the breakdown of this amount.



b. Access to health and education

SAC has provided substantial support to the Chiefdom as a whole in health care. An ambulance is provided and run by the Company for the Chiefdom, provision of 24 hour power to the local health center, rehabilitation of the water supply, construction of additional administration and storage areas to the local health center, electrification of one rural health center in the plantation and free medical to all permanent employees.

SAC also provides substantial support to the educational sector, rehabilitation of schools, construction of one school, provision of allowances for some non-registered teachers with the Ministry of Education, Science and Technology (MEST), transport for moving books and school children for exams and provision of food during exam time and a scholarship scheme for bright and deserving students in public exams.

c. Energy and water supply

SAC has installed about 16 street solar lights street in Sahn Malen. Electricity has been provided in all the health facilities of Sahn Malen and Taninahun. All the bulbs of the electrical system have been changed to energy saver bulbs.

d. Roads

The Company maintains roads inside the Chiefdom and has made access to all villages in the plantation. The Company also maintains 60 km of roads leading from the concession to the District capital, Pujehun and to Koribundu. Annually, over 120 000 USD is spent on the maintenance of these two roads and currently the road from Koribundu to Pujehun has been rehabilitated and is in excellent conditions.

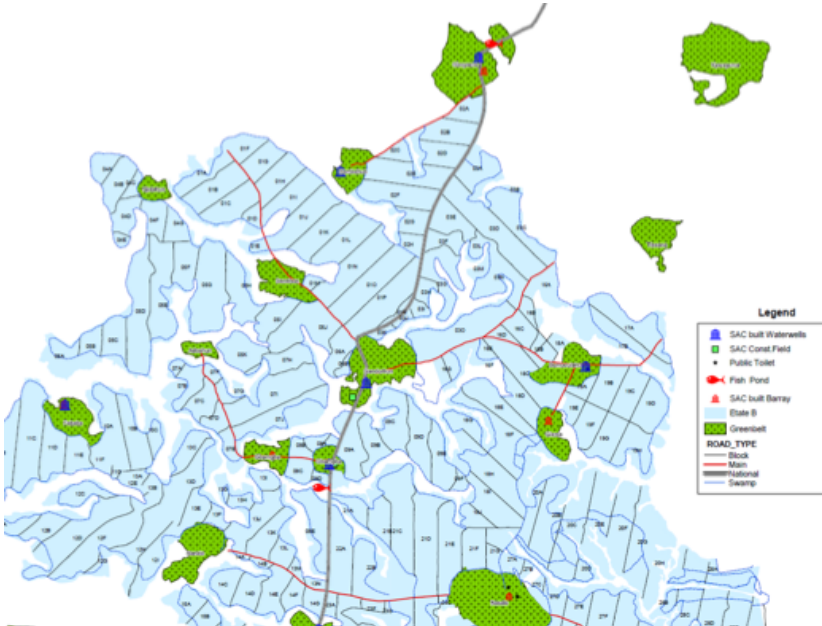
The road network is well established within and outside the concession improving the communication and access between villages, improving access to the towns and health centers. Safety on the road is prioritized in collaboration with the Sierra Leone Road Safety Authority by the placement of road sign boards, the creation of speed humps and the development of dust control mechanisms.

Since 2011, the Company spent over 1 000 000 USD on road creation and repairs to improve the Chiefdom network and quality of the roads. On public roads outside the plantation, the

Company has rehabilitated 42 km to the north between Sahn Malen and Koribundu including 11 culverts and 20 km to the South between Sahn Malen and Pujehun including 4 culverts. Inside the Malen Chiefdom, the Company has carried out major roads works on 31 km of public roads. In 2015 the Company placed 44 culverts and built 3 bridges. In 2016 an additional 35 culverts and 4 bridges were built to facilitate the access and improve the communication network during the rainy season.

e. Donations

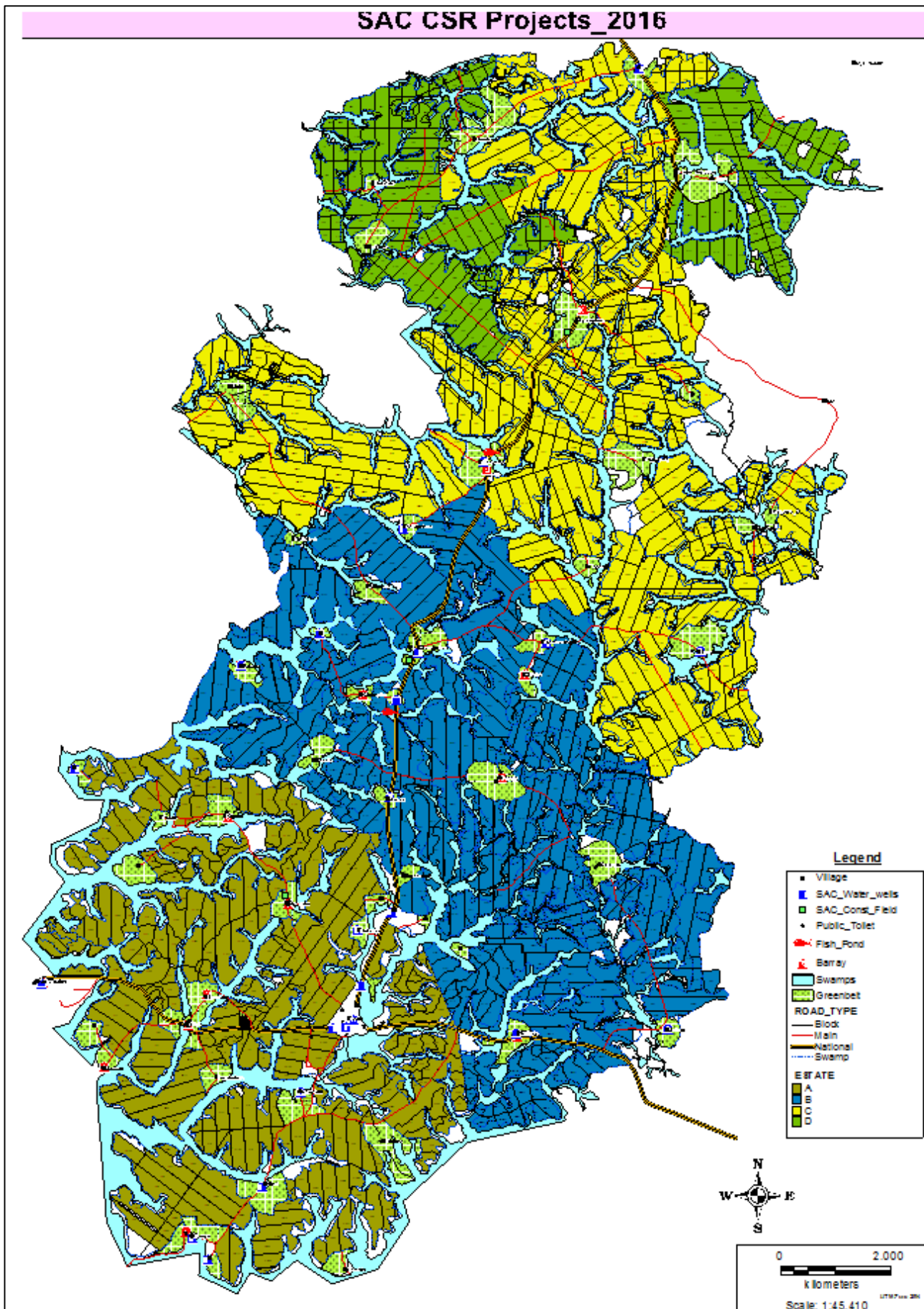
Substantial assistance is given to the CSR program which includes, mechanical rice cultivation, IVS rice cultivation and provision of seeds, wells, community Barry’s, public toilets, a Mosque, rural health center electrification, main health center given provision of water and electricity, ambulance service, road access, school scholarships to name some. In 2016, 362 527 was expensed in CSR excluding additional support for Ebola prevention.



SAC provides fuel and assistance to district functions and helps in the logistics of people when large festivities or meetings take place. Additionally, SAC provided in 2016 an end of season party for its entire workforce as well as representatives from the Chiefdom and district.

For 2016, the maps below locate geographically these projects on the concession. The first map zooms on “Estate B” to show the detailed projects in this area. The second map shows all the projects together.

Map of SAC's concession with CSR projects



VIII. Partnerships with organizations

1. NGO

SAC engages with the Human Rights Commission of Sierra Leone and Green Scenery on general, social and land issues. These institutions specialize on supporting the human rights of people which SAC ensures are upheld and respected. SAC also engages with World Bank on general policy and in future possible collaboration with small farming enterprises such as rearing of chickens.

The Company is working with NGO's such as World Vision, Welt Hunger Hilfe and the Peace Corps' volunteers. World Vision is based in Sahn Malen and works on several projects together with the Company (e.g.: road safety prevention). For the last project they served as judges in the "Village Health" competition launched by the Company throughout 55 villages of the Malen Chiefdom.

Welt Hunger Hilfe is working on the boreholes and wells through the communities. They also work together on the waste management project in Bo (the second biggest city of Sierra Leone). Meetings have been organized between W.H.H and the HSE department to speak about this issue and find solutions.

The collaboration with the Peace Corps volunteers passes by the creation of the School Club (meeting of three secondary schools), by the construction of the library of Malen Junior Secondary School, by the project of the "Environmental Sensitization" in the secondary schools of the chiefdom.

Partnership with GTBank has been done to bring banking facilities to Sahn Malen. Socfin has built a bank and GTBank will offer financial services to the local community as well as local businesses.

2. Description of agreements made

Only World Vision (WV) an NGO operates in the Malen Chiefdom. SAC has partnered with WV in community cleaning initiatives and sensitization of child protection. SAC has engaged Green Scenery (G/S) another NGO who has been critical of the SAC operation. However, SAC has provided ample information to alleviate their fears. Other interest Green Scenery has is fish farming and bee keeping. SAC uses an open door policy and has achieved good dialogue with NGO's.

IX. Glossary

| | |
|--------|-----------------------------------------------------|
| CLD | Community Liaison Department |
| CPO | Crude Palm Oil |
| EPA-SL | Environment Protection Agency of Sierra Leone |
| FFB | Fresh Fruit Bunch |
| HSE | Health, Safety and Environment |
| MAFFS | Ministry of Agriculture, Forestry and Food Security |
| MEST | Ministry of Education, Sciences and Technology |
| MLSS | Ministry of Labor and Social Security |
| MoHS | Ministry of Health and Salitation |
| MWR | Ministry of Water Resources |
| SAC | Socfin Agricultural Company |