



**Environmental, Social & Governance Report**  
*(Environment, Health & Safety, Social and Governance)*

**December 2016**

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## Introduction

This is the Kilombero Valley Teak Company ('KVTC')'s second Environmental, Social and Governance ('ESG') Report which aims to inform our board of directors, the management team, our partners as well as other stakeholders on the actions KVTC takes to create a safe, environmentally responsible and transparent working environment for all our stake holders.

The ESG report is an expansion on the previous monitoring reports and aims to include more information around the governance and management of the company.

KVTC teak plantations are interlinked with natural indigenous areas; these include evergreen forests, open to dense miombo woodlands, rivers, wetlands and grasslands with scattered trees.

KVTC is committed to maintain a high level of biodiversity within its landholding and believes this represents a value both to the business and to the communities surrounding the project.

KVTC furthermore strives to treat its employees as well as surrounding communities with respect and offers a safe working environment with growth opportunities for all parties involved in the management of the business.

This report contains the various plantation, social and environmental monitoring activities and also reflects the present condition of the plantations.

This publication is public domain to allow interested persons to be informed on the achievements and the impact of activities on people and the environment at KVTC

## Company Mission

Our mission is to produce high quality Teak timber products by adding value to resources from plantations which the Company has established, maintained and harvested on a sustainable basis by applying internationally accepted forestry, environmental, health, safety and social best operating practices

## Company Vision

Our vision is to maintain and grow our teak plantations in a sustainable and economical manner. These plantations are the basis for long term growth and value creation and are guided by international best practices. The plantations and the products derived of the plantations will serve both domestic as well as export markets.

Our business operates closely with surrounding communities and (local) governments and the economic, social and environmental benefits are shared widely.

## Organisational Structure

The Kilombero Valley Teak Company is a Tanzanian Limited Liability Company and was incorporated in 1992 with Certificate of Incorporation 2820.

The company's Head Quarters are located in Mavimba Village, Ulanga District, Morogoro Region in Tanzania. The company has a support office in Dar es Salaam, the commercial capital of Tanzania, and correspondence can be addressed to PO Box 12452, Dar es Salaam, Tanzania.

The company primarily engages in the production of sawlogs for own consumption as well as domestic markets and the production of sawn timber and value added products. In addition the company sells biomass to industrial users.

The company operates a sawmill in Mavimba Village and has plantations in the Ulanga and Kilombero District of the Morogoro Region, Tanzania.

		Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Av. 2016	Av. 2015
<b>Forests</b>															
Nursery	No	14	16	14	16	24	23	22	18	20	20	22	21	19	18
Silviculture	No	80	75	75	83	80	80	89	103	83	81	79	79	82	72
Enumeration / Technical Team	No	9	9	9	9	9	9	9	9	8	8	8	8	9	10
Harvest & Haulage	No	26	29	28	29	29	29	31	32	31	31	31	31	30	24
<b>Processing</b>															
Sawmill	No	66	64	67	67	63	65	69	65	64	74	59	26	62	102
Kilns	No	3	3	3	3	3	3	3	2	3	3	3	3	3	4
Dymill	No	32	32	32	32	32	32	32	32	32	32	32	12	30	58
VAM	No	25	22	30	39	35	38	37	39	37	44	37	37	35	5
Sawshop	No	6	6	7	7	7	7	6	7	7	7	7	7	7	7
<b>Support</b>															
Admin & Finance	No	2	2	2	2	2	2	2	2	2	2	2	2	2	2
MV Workshop / Drivers	No	6	6	6	6	6	6	6	6	6	6	6	6	6	7
Engineering	No	9	8	8	8	9	9	9	9	9	9	9	9	9	7
Sawmill Admin	No	5	5	5	5	5	4	5	5	5	5	5	5	5	4
<b>Tanzanian Management</b>	<b>No</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>
<b>Expatriate Management</b>	<b>No</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>
<b>Total Staff</b>	<b>No</b>	<b>314</b>	<b>308</b>	<b>317</b>	<b>338</b>	<b>337</b>	<b>340</b>	<b>353</b>	<b>362</b>	<b>339</b>	<b>354</b>	<b>332</b>	<b>278</b>	<b>331</b>	<b>350</b>

The below table provides a snapshot of the employees as per 30<sup>th</sup> of December 2016:

#### Employee Snapshot Dec '16

Female Caucasian	0	0.0%
Female Asian	2	0.7%
Female African	41	14.7%
Male Caucasian	4	1.4%
Male Asian	1	0.4%
Male African	230	82.7%
	<b>278</b>	<b>100.0%</b>

## Organisational Changes

During the 2016 there have been no major changes in the organisational structure of the company.

At the end of 2016 one of the Directors, Hanna Skelly, resigned from the board and her position was filled by Mr Ilkka Norjamakki of FinnFund.

There is one vacant seat on the board that was not filled after the resignation of Mr Erasmus in 2014.

## External Charters, Principles and Initiatives

KVTC is committed to complying with national, international legislation, conventions, guidelines and best operating practises related to its businesses. Below an extract of the most important ones:

- ) National Environmental Management Council’s framework for Environmental and Social Impact Assessments and (External) Monitoring
- ) Forest Stewardship Council (FSC)’s Principles and Criteria
- ) International Labour Organisation (ILO)’s declaration on the Fundamental Principles and Rights at Work
- ) ILO’s standard for Forestry Workers
- ) International Finance Corporation (IFC)’s Guidelines and Standards for Sawmilling and manufactured Wood Products as well as various other IFC standards

## Membership Associations

KVTC is a member of following organisations and associations

- ) American Tanzanian Chamber of Commerce
- ) Association for Tanzanian Employers
- ) CEO Roundtable
- ) Teaknet
- ) African Forestry

## External Assessments

KVTC adheres to various international and national standards and undergoes environmental assessments for new activities. During 2014 and 2016 KVTC completed several external audits:

**Table 1: Historic Overview KVTC Audit Performance (1)**

Date	Standard	Type	Results
Jul-14	FSC Controlled wood	Surveillance Audit	Successful
	FSC Chain of Custody	Surveillance Audit	Successful
	FSC Forest Management	3rd Party Audit	Successful but conversion principle excludes KVTC from full certification
Aug-14	ISO 14001	Re-certification	Successful
	OSHAS 18001	Re-certification	Successful
May-15	External Environmental Audit Processing Plants	External Audit	Accepted by NEMC
	External Environmental Plantation	External Audit	Accepted by NEMC
Jun-15	FSC Controlled wood	Surveillance Audit	Successful
	FSC Chain of Custody	Surveillance Audit	Successful
	FSC Forest Management	3rd Party Audit	Successful but conversion
Nov-15	ISO 14001	Re-certification	Successful
	OSHAS 18001	Re-certification	Successful
Jun-16	FSC Controlled wood	Surveillance Audit	Successful
	FSC Chain of Custody	Surveillance Audit	Successful
	FSC Forest Management	3rd Party Audit	Successful but conversion
Nov-16	ISO 14001 / OSHAS18001	Re-certification	Successful

## Historic Performance External Audits

Below table shows a historic overview of KVTC performance during various audits

**Table 2: Historic Overview KVTC Audit Performance (2)**

System	CAR	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
ISO14001	Minor	0	2	0	5	N/A	N/A	N/A	N/A	N/A	N/A
	Major	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
OSHAS18001/ISO14001	Minor	N/A	N/A	N/A	N/A	6	4	2	3	2	2
	Major	N/A	N/A	N/A	N/A	0	0	0	0	0	0
TLTV	Minor	N/A	5	4	0	6	0	N/A	N/A	N/A	N/A
	Major	N/A	0	0	0	0	1	N/A	N/A	N/A	N/A
FSC FM	Minor	N/A	N/A	N/A	N/A	N/A	N/A	13	5	4	4
	Major	N/A	N/A	N/A	N/A	N/A	N/A	3	3	1	0
FSC CoC	Minor	N/A	N/A	N/A	N/A	N/A	N/A	4	0	0	0
	Major	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0
FSC CW	Minor	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0
	Major	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0
<b>Total</b>	<b>Minor</b>	<b>0</b>	<b>7</b>	<b>4</b>	<b>5</b>	<b>12</b>	<b>4</b>	<b>15</b>	<b>8</b>	<b>4</b>	<b>6</b>
	<b>Major</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>0</b>

## Aspects and Impacts, Hazards and Risks

KVTC periodically identifies and updates the Impacts and Aspects of its operations the environment as well as the Hazards and Risks for its employees and stakeholders. The identification process is done through a ranking system that combines the likelihood as well as the severity of an incident to happen. Controls are introduced to reduce the ranking of a particular Hazard or Aspect.

- )] **Occupational Health & Safety (OH&S):** Safety is a priority throughout KVTC's operations. KVTC has policies and procedures in place and there is extensive training of employees and managers in all aspects of OH&S
- )] **Environment:** KVTC wishes to minimise the impact of its operations on the environment and wants to ensure its activities are environmentally sustainable and should have an overall net positive impact. The company monitors rainfall, stream flow, areas of special interest and maintains High Conservation Value Areas on its landholding. Over the years KVTC has worked extensively with external consultants and experts to ensure its plantation layout would not negatively impact the environment and allow for biodiversity protection and wildlife movement.

## Monitoring

Monitoring and evaluation of forest and environmental conditions is continuously and adapting to the approach of managing the plantations. KVTC implemented a range of plantation and environmental monitoring activities aimed at collecting different types of information, these methods are depending on the FSC, OSHAS18001 and ISO 140001 principles and guidelines.

### Plantation monitoring

The principle objective for the establishment of teak plantations was to establish teak on approximately 30% of the total land holding and to place the balance 70% of the land under a rigorous conservation regime.

To achieve this monitoring is undertaken in the plantations according to a set of standards and progress is measured over time. These subjects are covered in detail in the following paragraphs.



### Extent of the plantations

Over time, since 1992, the teak compartments have been established in a mosaic pattern and are embedded into the natural landscape. The block design and mosaic pattern provides for wildlife corridors and buffer zones.



**Figure 1:** View of plantation and buffer mosaic from fire lookout tower.



**Figure 2:** High biodiversity buffer zone neighbouring a teak stand in Mafinji plantation.



**Table 3: Break Down of KVTC Land Holding (Source 2013 Satellite Survey Unique Forestry)**

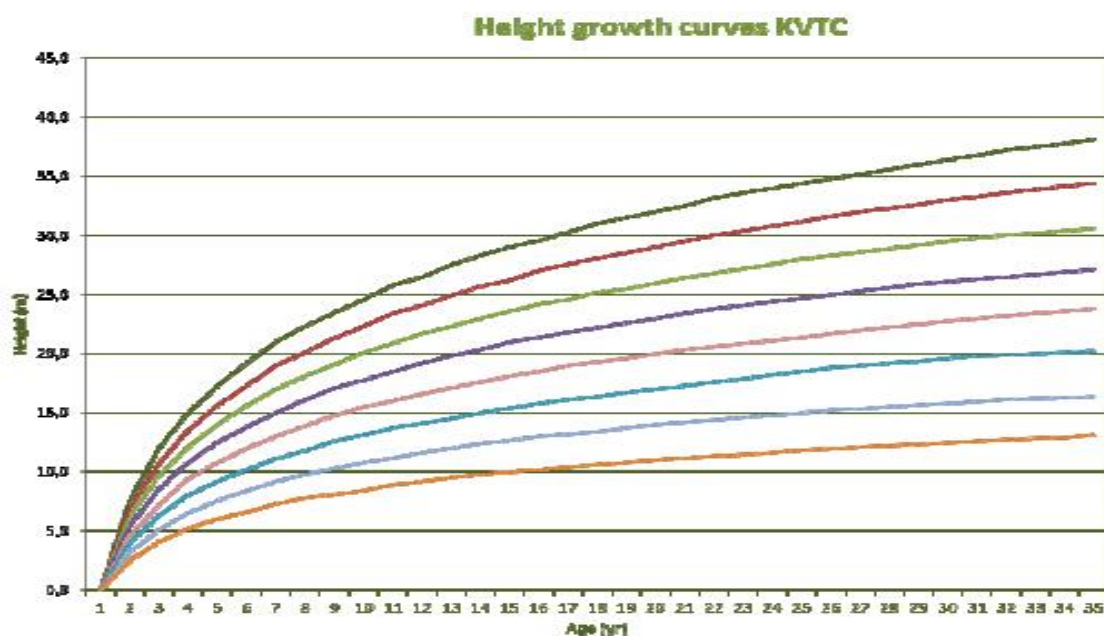
2013 Sat Survey		Nakafulu (C)	Mafinji (D)	Ichima (A)	Narabungo (B)	Total
Evergreen	ha	1,303	2,149	669	48	4,169
Dense Miombo	ha	5,929	2,045	1338	777	10,089
Open Miombo	ha	1,344	286	143	501	2,274
<b>Woodland</b>	ha	<b>8,576</b>	<b>4,480</b>	<b>2,150</b>	<b>1,326</b>	<b>16,532</b>
Open / Grassland	ha	3,250	1,357	69	110	4,786
Teak Compartments	ha	3,643	2,960	740	708	8,051
<b>Total Area</b>	ha	<b>15,469</b>	<b>8,797</b>	<b>2,959</b>	<b>2,144</b>	<b>29,369</b>

Currently KVTC plantations cover 29% of the total land holding and indigenous woodlands and other infrastructure areas cover 71%.

### Permanent sample plots – PSP’s

In order to collect sufficient time series data on the growth of teak for use in the development and calibration of growth and yield models, KVTC has established a comprehensive system of PSP’s. A total of 122 PSP’s was established over the range of growing sites and age profile at KVTC.

An 11.28 meter circle plot (0.004 of a hectare) is established in the selected area in a compartment. All trees are marked individually with a permanent marking paint. All trees are measured for DBH and 4 pairs of 4 trees each are assessed for height. The height pairs are selected for their height classes’ e.g. small, medium, large, and very large within the PSP plot. These plots are assessed and measured on a yearly basis and the data electronically captured and stored in a database for further analysis.



**Figure 1: Growth curves based upon data collected from Permanent Sample Plots (PSPs) on eight different growth site classes**

### Soil evaluation

When comparing the mean growth of teak between different sites, soil is the most influential factor to understand for further improved insight and management intervention.

Teak being such a soil-sensitive tree, a soil monitoring and evaluation program was implemented in order to get a better understanding of growing site conditions and performance. The results of the ongoing evaluations lead to more accurate growth predictions, as well as better management regimes and fertilizer strategies.

Results of the soil analyses are in analytical report form and comparisons are done between different areas to identify factors influencing tree performance.

In 2014 the company undertook a larger soil study to develop a broader classification of growing zones. The result of this work has been incorporated in management plans.

### Forest production

The annual allowable cut is determined through the Microforest system by running a simulation with the Harvest Scheduler Simulator - HSS. The annual allowable cut is the utilisable volume that can be harvested each year without compromising the long term sustainable timber supply. This is expressed as cubic meter (m<sup>3</sup>) per year and takes into consideration the current stands with their unique parameters and management regimes. The optimum sustained volume is an indication of business sustainability and maximum volume production.

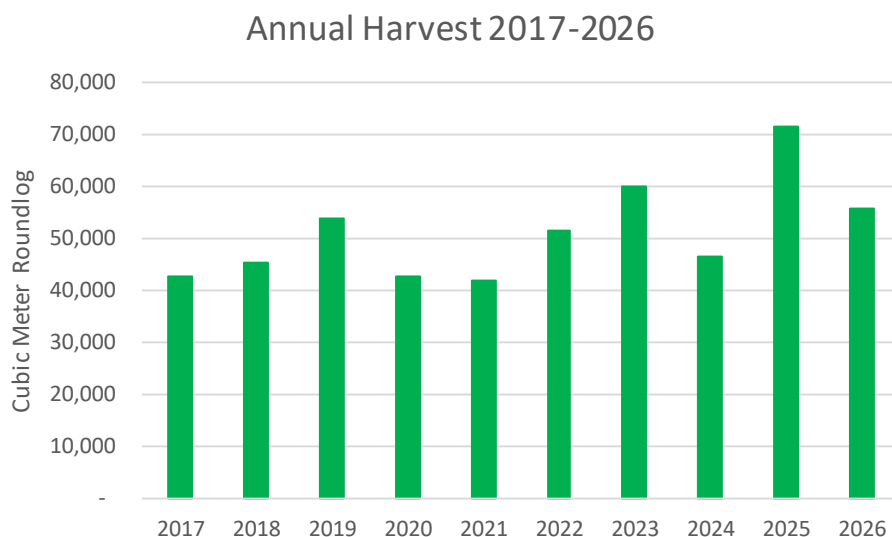


Figure 2: Harvest Scheduler Simulator (HSS run –Oct ‘16) output showing annual allowable cut over the next 10 years.

### Forest inventory

Forest inventory is a high precision operation. Future management decisions, forecasts and volume estimates are based on data that the enumeration teams collect. KVTC uses circular plots for forest inventory work, although special circumstances may require other types of inventory.

- ) The required radius of circular plots is 12.6 m (giving a 500 m<sup>2</sup> plot).
- ) A ratio of **two plots per hectare** is used giving a sampling intensity of 10%.
- ) All DBH’s per plot are measured, excluding dead trees and regeneration.
- ) The minimum number of plots per compartment is equal to 10% of the area.

- ) At least 30 DBH/height pairs per compartment, or two pairs per plot (whichever is the greater) are measured. To ensure an unbiased selection of trees for height measurements, the two trees closest to the plot centre are selected.



Figure 3: Diameter at Breast Height (DBH) measurement being conducted using MasserCalliper during an enumeration exercise

#### Herbicide use

The use of chemicals is controlled and a process of authorization is followed in accordance with set procedures. Only chemicals on the company's chemical approved list may be used. All chemicals have to be legally registered within Tanzania and conform to the chemical policy guidelines of the Forest Stewardship Council (FSC). Chemical spillage emergency procedures are in place and reviewed periodically. Chemical usage is continuously monitored through the "Job Instruction" process and records are kept; actual vs. planned consumption is compared per liter per hectare according to the prescription.

#### Water quality

River water quality monitoring is being carried out in compliance with the FSC and ISO 14001 requirements. The monitoring sites are located throughout water courses that pass through KVTC land or could be affected by KVTC operations.



**Figure 4: Identification of macro-invertebrates according to the Mini-SASS monitoring protocol**

Mini SASS (South African Scoring System) is used to measure the health of aquatic communities and the general quality of the water in those communities. Monitoring procedures based on the biota measure the health of a river and the ability of aquatic systems to support life, as opposed to simply characterizing the chemical and physical components of a particular system. Monitoring is done annually and the results of the rivers sampled in 2013 are tabled in Annexure C. The results of the monitoring between 2008 and 2014 at the Mafinji River appear in the graph below. Sampling has taken place at a different period each year as tabled below.

**Table 4: Summary of timing of KVTC's river health sampling over last 9 years in terms of month and rainfall**

<b>Year</b>	<b>Month</b>	<b>Season</b>
2008	October	Dry
2009	November	Dry (end)
2010	December	Rains
2011	September	Dry
2012	May	Rains (end)
2013	June/July	Rains (end)
2014	September	Dry
2015	November	Dry (end)
2016	August	Dry



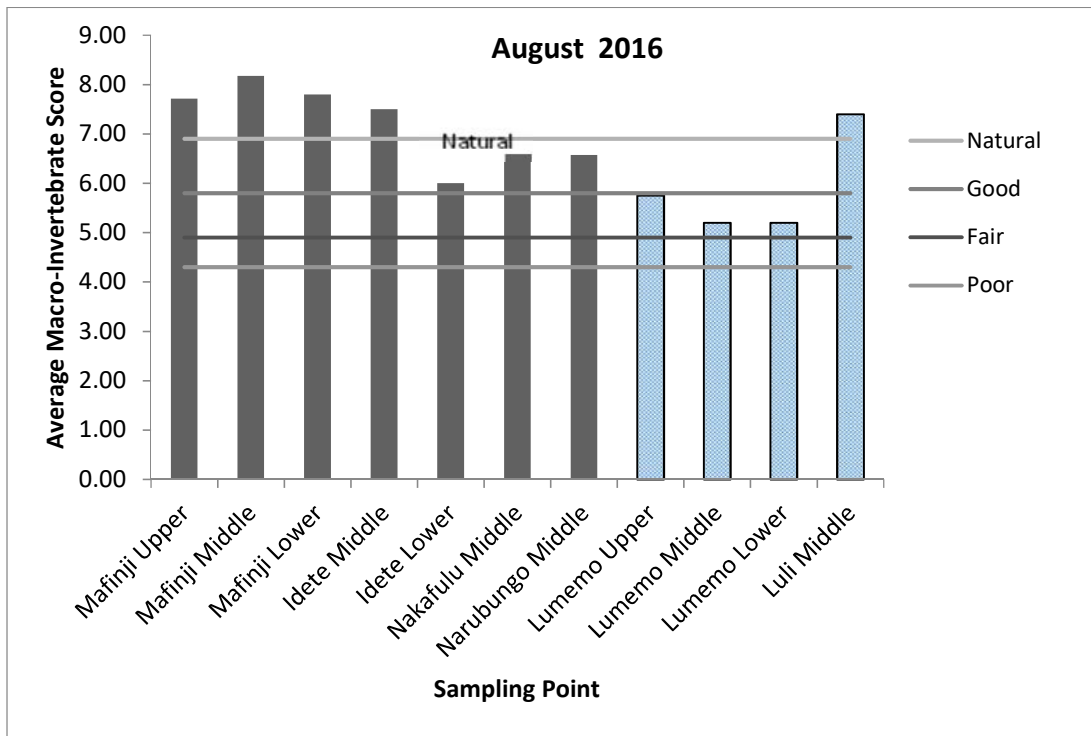


Figure 5: Mini-SASS biodiversity average scores for August 2016 river health monitoring. Note: Chequered bars are those rivers falling outside KVTC Plantation



Figure 6: Mini-SASS river sampling being carried out on Mafinji River

#### Areas of Special Interest – ASI

The KVTC Area of Special Interest (ASI) database is an archive of locations within the plantation that are significant for archaeological, historical, cultural, or environmental reasons. These locations warrant specific attention and/or management to preserve their integrity; annual monitoring is carried out in order to assess the status of each site, and to review the effectiveness of the prescribed management. About 22 ASI sites were recommended to be removed from the lists as they are not active.

Monitoring was performed and the register updated during May and June 2016.



**Figure 7: Furnaces ceramics from a locality in Nakafulu plantation designated as an ASI (Area of Special Interest) for its archaeological significance**

#### Red data species protection

CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) is an international agreement between governments. Its aim is to ensure that international trade in specimens of wild animals and plants does not threaten their survival.

Tanzania ratified the convention; and KVTC has identified species present on company land included on the CITES database.

The species included in Annexure B have been identified as species that are, or may be at risk of becoming extinct on a global or regional level. KVTC policies and procedures ensure that a safe habitat for all species living on company property is provided, whether they are at risk or not. This was achieved by limiting the modification of natural woodland only to areas where the impacts will be small and where mitigation is possible (such as leaving substantial natural corridors linking large habitat areas).

Comprehensive pre-felling assessments take all fauna and flora aspects of a particular area into consideration. This process has ensured that all species present has been able to continue living on KVTC land.

Individual trees identified within the property of KVTC for their aesthetic and genetic potential are protected and listed in the ASI register.





**Figure 8: Dalbergia Mmelanoxylon (Mpingo) tree in Mafinji (Mgombalenga) plantation; this particular tree is listed in the ASI (Area of Special Interest) register**

## Stakeholder Relations and Community Development

### Communication and Consultation

KVTC's Community Investment program is designed to secure, maintain and strengthen its 'social license to operate'. Communicating actively and repeatedly about this program is an integral part of the process.

Communicating with our neighbours and operating as part of the community is important to us. To maintain our two-way dialogue with stakeholders, KVTC:

- Ensures an open and transparent relationship with local people, politicians, community representatives and other local groups through provision of information about the operations and policies of KVTC
- Ensures that its employees and senior executives are kept informed about the company's community involvement and strategies.
- Trains its employees and executives to be ambassadors for the company and all are expected to be aware of the company's strategy towards the communities and to play an active role in realizing this strategy.
- Provides information through verbal communication, radio programs public notices and sometimes electronic formats accessible to all individuals as far as reasonably practicable
- Seeks opinions and views on matters affecting local people working or engaging with KVTC
- Audits of KVTC contractors and consulting of contractor employees

- Provides a forum for discussions about the Company

#### Mitiki Workers' SACCOS

KVTC's workers' Saving and Credit Cooperative Society (SACCOS) was established in May 2001 in order to provide members with an opportunity to invest their savings and to gain access to soft credits. Mitiki SACCOS provides loans to members ranging from small loans for school fees and agricultural inputs to larger loans for house construction as well as farming implements.

Membership of Mitiki SACCOS is on a voluntary basis and a total of 70 staff are currently registered. KVTC has contributed 3,000,000 to Mtiki SACCOS as starting capital. At present SACCOS shares and reserve stand at 12 million and 80 million Tanzanian Shillings respectively. At the end of 2016 KVTC provided a capital injection to further grow Mtiki SACCOS' activities

Mitiki Workers SACCOS is registered with registration no MGR 313 and operates under Tanzania Co-operative Act No 20 Of 2003. Its managing its affairs based on the relevant law and its regulation. The Society has a board responsible for policy of the society, employing staff when the need arises. Every member has a say through ballot box by electing Board members and passing resolutions through General Assembly.

#### Social Fund

The Social Fund is a novel way to provide continuous support to communities that have granted land to KVTC for its forestry and processing operations.

The concept of the social Fund is that annually KVTC will make a available a sum of money towards a selected community project in each of the 17 associated villages. Fund made available through the social fund are deposited in a joint account and will only be released against an approved project.

In recent years money from the social fund has been used for infrastructure projects, educational projects, community projects and many others. For 2013 a budget of approximately \$55k is available for the Social Fund and associated programs. Since 2002 an amount of approximately \$360,000 has been disbursed through the Social Fund program.

#### Health Care

It is in the interest of the company to operate in a healthy community from which it can recruit future staff. To support its neighbours and staff KVTC engages in following health activities:

- Employees undergo an annual medical checks
- A dispensary is available at the processing site for staff to receive first aid and initial diagnosis of injuries or illnesses
- KVTC provides medical support to staff and their immediate families
- KVTC has a system of Peer Health Educators in its associated villages; these PHE's provide training and raise awareness among villagers on most prevalent diseases such as malaria, typhoid as well as HIV/AIDS
- KVTC holds village seminars as well as work place seminars where villagers as staff are educated on the risks of HIV/AIDS

- KVTC provides free condoms at the work place
- KVTC bring awareness to their employees and contractors on occupational diseases and work place hazards
- KVTC provides First Aid Training to both employees as well as contractors

**Table 5: HIV Test Records 2016**

2016 HIV Testing Statistics	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	2016
Positive	0	0	0	0	0	0	0	0	0	1	1	0	2
Negative	2	0	2	2	0	15	0	0	13	1	21	5	61
Total Tested	2	0	2	2	0	15	0	0	13	2	22	5	63

### Village Contracts

KVTC believes incentives are to be offered for services that associated villages can provide and that have a common goal, i.e. control of poaching, encroachment and illegal logging as well as fire prevention and firefighting.

KVTC engages with its associated villages through a system of Village Contracts. Under these contracts trained Game Scouts from surrounding villages assist with cleaning boundaries of KVTC land, do patrols to avoid illegal logging or poaching and ensure that no land encroachment takes place. The Game Scouts also play an important role in monitoring and recording movements of wildlife.

In events of fire in or around the plantations the villages make available villagers that work together with KVTC staff in fighting or preventing fires.

Attached to the Village Contract is a bonus scheme where villagers are rewarded if incidents of illegal logging, poaching or fire are prevented during the course of a year.

KVTC has budgeted approximately 80m Tshs for 2016 towards village contracts and village bonuses.

The annual village bonuses are awarded during the Annual Village Seminar which is a forum where associated villages can engage with KVTC and discuss performance, concerns and table specific requests.

### Village Out Grower Project

KVTC realizes that in order to be aligned with its associated villages it needs to share a common goal as well as offer income generating activities.

In 2008 KVTC embarked on a Village Out Grower Project where annually teak plantations are being established in the associated villages. KVTC finances the establishment and maintenance of these new teak plantations and guarantees a market at a minimum age of 15 years for the trees. The Village is the owner of the new plantations and KVTC holds a right of first refusal to the trees. Approximately 67 hectares of new plantings have been established however in 2012 the program was replaced with the Outgrower Support Program.

### Out Grower Support Program ('OSP')

As KVTC has seized its planting program of new areas within its own landholding, this leaves out grower teak establishment as the next option to grow its business. By establishing a thriving out grower community the company aligns itself with the surrounding communities.

The overall objective of the project is to reduce poverty by establishing plantations that contribute effectively and sustainably to improving the lives of poorer members of the community whilst at the same time offering alternatives to more environmentally destructive manners of generating income, i.e. illegal logging, poaching and/or charcoal production.

KVTC has started the Outgrower Support Program ('OSP') in 2012 with a first trial planting season of 17 hectares although applications far exceeded this number of hectares. In 2014 KVTC entered into a dialogue with its development partners on how to expand and provide finance for an expanded outgrower program. The Program has expanded aggressively since

**Table 6: Development of Village and OSP Programs at KVTC**

<b>Year</b>	<b>Type</b>	<b>Active Areas ha</b>	<b>Cummulative ha</b>
2008	Village	2.9	2.9
2009	Village	23.8	26.7
2010	Village	23.2	49.9
2011	Village	16.7	66.6
2012	OSP	17.0	83.6
2013	OSP	36.9	120.5
2014	OSP	49.5	170.0
2015	OSP	219.4	389.4
2016	OSP	268.8	658.2
2017 (est.)	OSP	350.0	1,008.2

Currently three dedicated Outgrower Managers drive the OSP program and improve quality and quantity of planted areas.

### Community Radio Program

The Company always seeks for novel ways of communicating its messages to its stakeholders in the Ulanga, Malinyi and Kilombero Districts. The Radio operates a FM radio station with coverage in the Ulanga, Malinyi and Kilombero Districts. The Parties have a joint undertaking to use the radio station as a way to:

- ) Communicate information, reports and regular news to encourage greater understanding of the Company's operations and business practices
- ) Receive feedback from stakeholders on the company's performance and community perception of the company's operations and activities.
- ) Use the radio station educate the community on matters related to fire management, conservation and forest economic opportunities
- ) Engage with educational institutions to make students and staff aware of employment and training opportunities as well as project and research work.

### Annual Consultative meeting

Each year, KVTC update its stakeholders register list and invite them to the annual consultative meeting. The invitees are KVTC Participating village chairmen, executive officer, Honourable Ward councillors, Ward executive officer, division officers, community development officers, Local forest technical staff, District Council chairperson, NGO and local mass media representatives.

Main objective is to give local stakeholder a platform for receiving a feedback and exchanging information on the company operational activities and an opportunity to comment on company operations.

### Joint Forest Management

KVTC is currently exploring the potential to initiate a Joint Forest Management project between surrounding communities, the company and BTC of Belgium. The program is in an early stage but is envisaged to enhance the sharing of benefits from KVTC's forest management programs.

### Collective Agreement Union

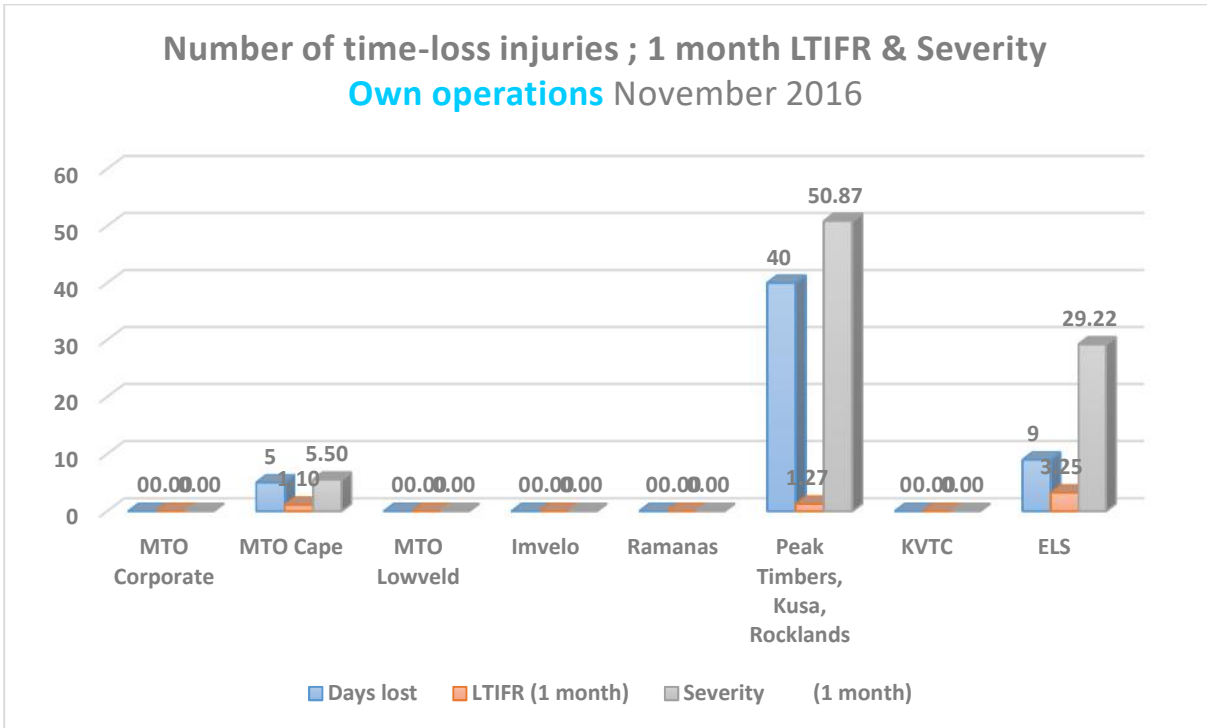
KVTC has an annual mechanism through which a collective agreement is reached with the Tanzania Plantation and Agricultural Workers Union ('TPAWU'). This agreement governs the interaction with as well as provides rules and obligations for company and employees. Union members as well as all other staff are kept up to date of the company's Occupational Health and Safety Policy as well as any changes in the company's Staff and Administrative Instructions.

### Monitoring of Accidents, Injuries (Disabling and Non-Disabling)

All accidents, near misses or any other incidents are being recorded at KVTC and undergo a formal investigation with recommendations and actions which are reviewed and approved by senior management.

KVTC has a full time two nurses as well as a dedicated HSE Manager to look after the safety and well-being of our employees.

KVTC monitors disabling and non-disabling injuries and reports these on a monthly basis to the Global Environment Fund (GEF)'s group companies.



**Figure 9: Disabling Injury Frequency Rate GEF Group Companies**

## Training

Human capital is one of the most important assets of any company. In a country where schooling and education is problematic KVTC has a policy to develop and maintain a solid and well balanced organization and staff complements capable of performing the duties of the company properly and thus special consideration is paid to training and development of the company employees. Training is provided both on the job, through in-house courses as well as by bringing in trainers from other areas or sending staff to courses within as well as outside of the country.

During 2016 following training courses were provided:

- ) 2016 Chainsaw Operator Training (Recertification)
- ) 2016 Occupational Health and Safety Management System- Internal Audit
- ) 2016 Defensive Driving Course
- ) 2016 Fire Safety training (by fire and Rescue Force)
- ) 2016 First Aid Training
- ) 2016 Safety and Health Representatives Training (by OHSA)
- ) 2016 Industrial First Aid Training (by OHSA)
- ) 2016 ATE Comprehensive Standard Labour Practices at the Work Place
- ) 2016 A Tree Breeding Course for Forest Managers
- ) 2016 Essentials of Occupational Health and Safety (ATE)
- ) 2016 Effective handling of Grievances and Disciplinary Procedures
- ) 2016 Human Resources for Line Managers (by ATE)
- ) 2016 ATE Immigration Law
- ) 2016 CMO – Harvesting Planning Course
- ) 2016 ATE – Performance Management



## Governance

The highest body at KVTC is the Board of Directors which currently consists of four Directors (with one vacancy). The board meets three times per annum of which one meeting is held at the company Head Quarters in Mavimba.

On a monthly basis the General Manager circulates a detailed report (including issues related to health, safety and environment) to the board and in addition the Chief Financial Officer prepares a monthly set of Management accounts for the board.

## Board of Directors

The Board of Directors of KVTC is responsible for the governance of the company and for the proper organisation of its activities in accordance with the Memorandum of Articles of Association. The board establishes the strategy and organization of the company and appoints the CEO/GM who acts in accordance with the instructions of the board and is responsible for the day to day management of the company.

Currently the composition of the board of directors is as follow:

- Amb. Ami Mpungwe                      Tanzanian (Chairman)
- Amb. Juma Mwapachu                  Tanzanian
- Mr Jim Heyes                              American
- Mrs Hanna Skelly                        Finnish (resigned August 2016)
- Mr Ilkka Norjamakki                    Finnish (joined August 2016)
- Mr Ole Sand                                Norwegian (Mr. Sand is an alternate to Mr Heyes)

The Chief Executive Officer of the company is Mr Hans Lemm a Dutch National.

## Company Addresses and Contacts

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