



Impact Report

21st August 2015



Disclaimer

The purpose of this document is to provide general information about Obtala Resources Limited, its subsidiary companies, ("Obtala") and its operations solely to the addressee. This document is for the exclusive use of the persons to whom it is addressed and their advisers and shall not be copied or reproduced or distributed, communicated or disclosed in whole or in part by recipients to any other person nor should any other person act on it.

The information in this document has not been independently verified by Obtala. Except in the case of fraudulent misrepresentation, no responsibility, liability or obligation is accepted by Obtala, or by any of its officers, employees, advisers or agents as to or in relation to this document or sufficiency of information contained herein or any other written or oral information made available to any interested party or its advisers and any such liability is expressly disclaimed save as may be expressly agreed in writing by Obtala and any third party. In particular, but without limitation, no representation or warranty, express or implied, is given by Obtala or any of its officers, employees or agents as to the achievement or reasonableness of, and no reliance should be placed on, any projections, estimates, forecasts, targets, prospects or returns contained herein. Any projections, estimates, forecasts, targets, prospects or returns contained herein are not a reliable indicator of future performance. Nothing in these materials should be relied upon as a promise or representation as to the future.

Obtala gives no undertaking and is under no obligation to provide the recipient with access to any additional information and it reserves the right, without giving reasons, at any time and in any respect to amend anything described in this document.

This document does not constitute in any jurisdiction an invitation or inducement to engage in investment activities or an offer by Obtala or any of its officers, employees, advisers or agents for the sale or purchase of securities or of any of the assets, business or undertaking of Obtala. If you require any investment advice, please consult with a professional financial adviser.

By accepting this document the recipient agrees to be bound by the foregoing limitations.

Key Headings

1. CEO Overview.....	3
a. Organisational Summary.....	3
b. Commitment to Social Value.....	4
2. Social Purpose and Context.....	5
3. Who Benefits.....	8
4. Activities and Operations.....	9
5. Stakeholders.....	12
6. Evidence of Social Value.....	14
a. Evidence.....	14
b. Current Management.....	15
c. Future Plans.....	15
7. Other Issues.....	16

1. CEO Overview

Obtala Resources Limited (“Obtala”) over the past few years has worked on creating a multi-industry African centred business focussed on creating value for its stakeholders whilst providing positive social impacts in the countries, economies and communities in which we operate. The areas we have chosen to build the business all show highly favourable macro trends and the business fundamentals and growth opportunity that exist are highly attractive, which will realise tangible social benefits for the host community.

Currently the three main pillars to the business we are developing are; agriculture and associated processing, forestry and retail.

The focus for the agricultural business has been the Tanzanian operations, which over the last two years has created an aspiring horticultural farming enterprise for fresh produce. This is complemented with a processing facility at site, to produce a range of high quality dried fruits which are packaged and branded under our own label, "Mama Jo's". The process of gaining international food safety standards and certification on both the farm and the processing facility is well advanced. We have recently been award GLOBALG.A.P. Certification on the farm.

In Mozambique, timber operations continue to supply timber for national infrastructure upgrade programmes and domestic consumption. Going forwards we will explore and develop processed timber products for the local market, which has been experiencing strong GDP growth for a number of years and forecast to continue.

In late 2014 we acquired a chain of retail outlets in Lesotho. This will provide an additional route to market for our products and presents an ideal opportunity to roll-out an African Home Stores concept in other countries in the Southern and East African region where Obtala has expertise and on the ground working knowledge.

a. Organisational Summary

Obtala Resources Limited was admitted to the AIM market of the London Stock Exchange in April 2008

Each of the 3 pillars under-pinning the business; agriculture and processing, sustainable forestry and retail, is managed on the ground by our local project directors, each of whom have substantial Africa work experience. They are in turn supported by their local staff who are fully trained by Obtala to the standards required to fulfil their role and also the opportunity to gain promotion within the organisation. Project directors report to the Board of Directors of the Company. We currently operate in Tanzania, Mozambique and Lesotho, employing over 400 people.

The farm in Tanzania is managed through a joint venture with the local land holders who retain title to the land and have a 20% free carried interest in the Operating and Management Company, which we formed to supervise the farm and processing activities. In Mozambique the timber concessions are granted on a 50 year, renewable basis and held through our subsidiaries on a 100 or 99% ownership basis. Currently the timber concession portfolio stands at 314,965 hectares. The shareholding not owned by Obtala is held by Mozambican Nationals.

We purchased a 73% interest in the Lesotho registered private company that owns the retail shops in Lesotho with the balance being held by local Basotho individuals. Additional information on corporate governance can be found in Section 7 of this report.

b. Commitment to Social Value

Obtala's approach to the continued development of its business units directly and indirectly generate a wide range of benefits to the host community and host country as a whole. In addition to the community participation benefits, development of the project areas provides a number of core benefits such as employment generation, training, infrastructure improvement, support for localised industries and food security. Obtala is also committed, to employment generation and developing and utilising the human resources of the host community.

We manage the environmental and social impact of our operations and supply chain through the process of internationally recognised certification. On the farm in Tanzania we have recently been awarded GLOBALG.A.P certification; a standard for food safety and environmental protection. We are in the process of working towards achieving BRC Global Standards certification for the processing unit on the farm.

We liaise closely with all local stakeholders through partnerships, and undertake regular communication with stakeholders, via our website, social media and our Annual Report. We encourage stakeholders to review this Impact Report in detail and to contact us for more detailed information should they require it.

We are committed to measuring and reporting our impact in future years and will report annually for the period end 31st December, which coincides with the audited financial reporting period of Obtala. All disclosures made by the company are governed by the AIM regulation on reporting.



Simon Rollason

Managing Director

2. Social Purpose and Context

Africa has enormous potential, not only to feed itself and eliminate hunger and food insecurity, but also to be a major player in global food markets. This potential lies in its land, water and oceans, in its men and women, in its knowledge and huge markets. Obtala recognizes this opportunity and has over the past 4 years been developing three core businesses to tap into this potential which will yield positive impacts on both the social and environmental fronts.

Africa faces many challenges such as education and skills development, poverty, rapid urbanisation, poor infrastructure, gender inequality, food insecurity, violent conflict and political fragmentation. Obtala believes that through its activities and project development programmes it can play a role in addressing some of these issues.

The most fundamental positive social impact associated with the company's strategic growth objective is the employment and training opportunity we bring to a region. Our projects are located in regions of relatively high unemployment. National rates of unemployment are for Mozambique: 17%, Lesotho: 25% and Tanzania: 10% (www.tradingeconomics.com). In the more rural areas this rate is often much higher and the level of education and training lower.

Agriculture forms a significant portion of the economies of all African countries, as a sector it can therefore contribute towards major continental priorities, such as eradicating poverty and hunger, boosting intra-Africa trade and investments, rapid industrialization and economic diversification, sustainable resource and environmental management, and creating jobs, human security and shared prosperity.

In Tanzania we have started working with the Tanzanian Horticultural Association (TAHA) whose mission statement is "to develop and promote the Horticultural Industry in Tanzania to become more profitable, sustainable, and participate more effectively in the development of the country". We have found this relationship beneficial in that the assistance provided aides in identifying out-growers, improved seed knowledge, training opportunities and market potential.

Forests and woodlands in Africa occupy an estimated 650 million hectares (ha) or 21.8 percent of the land area of this continent. These account for 16.8 percent of the global forest cover. Many of the forests are severely fragmented due to the encroachment of an expanding human population, leading to demand for firewood and extensive conversion of land to agricultural use. The forest sector in Africa plays an important role in the livelihoods of many communities and in the economic development of many countries. Obtala recognises this potential opportunity through its ownership and management of sustainable natural forest concession in Mozambique. Our operations are working natural forest concessions with the permitted harvesting volume determined by Government regulations to ensure sustainability of the forest. Cutting volumes are calculated as per the Government guidelines and assume a 20 year regrowth period to ensure the protection of the forests. We has not harvested in any year the full permitted quota.

On average, forests account for 6 percent of gross domestic product (GDP) in Africa, which is the highest in the world, with forests and woodlands being an important component of a nation's stock of economic assets, contributing to the economy through forestry, tourism, agriculture and energy. Forests and woodlands also contribute to the long-term social and economic development goals providing energy, food, timber and non-timber forest products

(NTFPs) and are important contributors to wealth and health at the household, community, national, sub-regional, regional or even global level.

One of the challenges in Mozambique is illegal logging activities which occur throughout the country. We are aware of the issue and work closely with the local law enforcement agencies to ensure the protection of the forests. The Government of Mozambique has very clear and fixed guidelines and regulations on how forests should be managed to ensure sustainability.

Retail businesses in Africa are tapping into the massive potential across the continent. The population is nearing 900 million people and urbanising at a rate of 3.6%, faster than any other region in the world. A wealthy middle class is emerging and increasingly wealthy consumers are embracing western brands, products and lifestyles. Domestic, regional and international retailers are taking notice of Africa's massive room for retail growth. Africans are fast gaining a vast range of consumer options, in terms both of products to buy and of places in which to buy them – from the street vendor, in open markets, at the supermarket, from the hybrid grocery truck, or delivered directly after purchase from an online platform.

The development of retail centres in rural areas has measurable and tangible positive impacts on these areas and their communities. Prior to the development of local retail centres, consumers would travel very long distances to conduct most of their shopping. This would result in consumers' disposable income being reduced due to transportation costs and in a leakage of income from rural areas. The development of local retail centres has positively impacted consumers since it has substantially reduced the travel and time costs that consumers have to pay to get to distant retail centres. Indicators to this outcome can be measured in terms of new outlets opened and sales volumes of goods and services provided.

The economic contribution made by the retail industry is of great value to any economy and the public as it offers more employment opportunities, especially to the youth. The industry has the ability to absorb unskilled workers and train them into cashiers in stores, to promote skills development and afford people the opportunity to obtain better employment.

Lesotho has one of the world's highest infection rates of HIV/AIDS. 1 in 3 children are orphaned by this epidemic. Unemployment is high with many workers returning home after many years working in the mining industry in neighbouring South Africa; which in recent years suffered badly due to declining commodity prices and increasing costs. Life expectancy is only 48 years. Our retail business provides employment opportunity as we pursue our objective of having a country wide foot print with branch shops located in rural and often mountainous areas. We do not discriminate based on gender or health and we will start offering counselling to AIDS/HIV infected staff members. We also provide free contraception to our employees, available in the changing rooms.

Obtala is working towards building an integrated, socially impactful, value creation platform with an emphasis on agriculture, food production and processing with direct market access through owned retail and wholesale outlets. In the most simple of terms for the agriculture and retail businesses this is the "Farm to Fork" model which allows us to plant a seed and produce a finished marketable branded product. Obtala's founding principal is to provide the capital, management and technical expertise required to increase the productivity of available land in emerging markets within a socially responsible and environmentally sustainable framework.

Our core social mission goals are therefore to:

- Create employment and implement equal opportunity employment policies
- Provide training and knowledge through education
- Work towards making the local communities where we operate more self-sufficient
- Enhance food security & sustainability
- Improve awareness and knowledge of the importance of environmental protection

3. Who Benefits

Obtala provides education, training and a drive toward self-sufficiency whilst promoting an increased awareness of environment protection to its beneficiaries. The key beneficiaries of the development of the Obtala projects are listed below:

1. The local Community
2. Our local staff
3. Host Nations

The Local Community

Any organisation developing and operating in Africa must understand that the engagement of the local community is critical. Obtala's business model requires a long-term investment and therefore structuring of the business to provide such benefits to local communities ensuring that all stakeholders are aligned to the success of the venture. In addition to being ethically responsible, community engagement is essential to the commercial success of a particular project, and acts by aligning the commercial successes of the project to community benefits. The community have a vested interest in the long-term success and security of the asset. The local community have village committees with the elected Chairman and the Committee Secretary as our point of contact for engaging in dialogue.

Our projects provide opportunities for large numbers of people living in rural Africa to achieve higher incomes by stimulating the development of a profitable and sustainable business and the surrounding economy. Our projects are located, predominantly in the more rural areas where access to paid employment is limited. We currently employ 440 local staff members who are provide with training, education and engaged to increase environmental awareness.

Our Local Staff

We ensure that all our workers operate in safe and healthy working conditions, providing them with personnel protective equipment (PPE) and training. This is an ongoing exercise which we monitor closely and have reporting systems in place, some of which are also regulated by external organisations. The reporting records are maintained on site and subject to independent audit where required. We provide additional benefits such as providing one free meal a day per worker. We are an equal opportunity employer, not differentiating between gender, nor as is applicable in Africa on basis of tribal background. Obtala engages its staff on the respective projects through dialogue and consultation with Union representatives or elected spokespersons for worker formed committees.

Nation States

The development of the Obtala projects allows for additional employment and skill transfer opportunities through a number of channels which have the objective of assisting in alleviating poverty and improving food security. An example is the planned establishment of marketing teams and sales staff. Nation states benefit from our activities through increase taxation revenue and international exposure through exports of local products. In the case of the retail shops we are aspiring to build a nationwide foot print to provide services to outlying mountainous rural areas.

4. Activities and Operations

Obtala is creating a vertically integrated “Farm to Fork” model where products are grown and produced and then transferred along the supply chain to the consumer. In parallel we are growing a timber business to service domestic and international demand. The platform which has been constructed is ready to deliver sustainable revenues from high quality produce which will enhance the underlying value of the projects, and in turn provide significant social benefits to our main beneficiaries and stakeholders. To complete the final step for the vertical integration, Obtala acquired a chain of retail outlets in Lesotho which facilitates additional routes to market thus supporting sales for all the businesses.

The Local Community

Outcome 1. Access to employment.

Obtala’s operations are for the most part located in rural areas where formal employment is low due to limited opportunities. Poverty is high as a direct consequence with many villagers living on a subsistence level. Indicators to our impact on the local community can be measured by the number of employees engaged and also be the number of people leaving employment to seek other work opportunities and career advancement.

Outcome 2. Training of the local community improve livelihoods through introducing better practices and access to markets.

Farming

Obtala works with the local community to improve the crop production through introducing better practices. We also assist in providing access to equipment such as tractors to prepare the land and improve the local infrastructure.

Obtala would value or measure this outcome by increasing the number of local farms we engage to supply product in terms of an out-grower programme. We will employ a Community Development Officer who will oversee the community projects, communicate with villagers and local leaders, and encourage the development of community activities.

An indicator for this outcome will be the number of local farmers that are engaged to supply product to our operations, typically these are small plots under one hectare in size that tend to be labour intensive.

Forestry

Community consultation is the first step in any new project in which we participate and dialogue with the local communities is continued as an ongoing process. As part of this process training and knowledge of better forest management practices is transferred to the local communities. Improved timber harvesting practices and environmental awareness can open market access for the local community.

Outcome 3. Community based projects

Obtala has always engaged in community based projects which we believe have a positive social impact. This has ranged from rehabilitating schools and medical dispensaries, upgrading roads and infrastructure to provide market access. An indicator for this outcome is the number of projects entered into and completed. Each completed community based project can be considered as a unit of positive impact, irrespective of the financial cost to Obtala. The cost of rehabilitating a school may be far high than providing access to equipment or infrastructure upgrades but all are equally important to the local community.

Our Local Staff

Outcome 4. Workplace Training

Our operations employ over 440 people to whom we provide the necessary training and education to improve their work skills. This directly allows the individual to better themselves and provides an opportunity to seek new employment with the skillsets which are developed. Indicators to measure this outcome are governed in some instances by international accreditation organisations who monitor our operation annually to ensure compliance with their guidelines. Obtala can measure this outcome by the number of employees engaged, those that remain in employment with the Company, and also be the number of people leaving employment to seek other work opportunities. An indicator to the benefit of training is the ability for an individual to progress within the company to positions of greater seniority and with responsibility.

All our workers operate in safe and healthy working conditions and we provide them with personnel protective equipment (PPE) and training. We provide additional benefits such as providing one free meal a day per worker and potable water which decreases the incidences of fatigue and increases the general health. We are an equal opportunity employer, not differentiating between gender nor tribal background.

Farming

All senior management are 'trained to train'. There is a very limited skills base in Tanzania, and skills transfer has become a large part of the company training program. Employment of graduates from the local university and internships are both part of the HR program. Environmental and social impacts value are measured through our compliance and annual audit by GLOBALG.A.P

Forestry

On the Mozambican forest concessions we intend to establish small scale processing to capture the secondary processing and manufacturing linkages in the supply chain. This will facilitate additional stable employment in a region where there are currently few work opportunities and bring new skills into a rural setting. Training local workers in operating wood working machinery, operating saw mill equipment, teaching to drive tractors, trucks and other vehicles is on-going.

Retail

We train the staff on all areas of the business. This is done in-house, working with the suppliers and external training bodies.

Nation States

The on-going development of the Obtala projects contributes to alleviating poverty and improving food security.

Outcome 5. Food Security

The agriculture project in Tanzania is bringing new skillsets to the local farmers in Tanzania and is rehabilitating an area that has not seen commercial farming activities for many decades. Through our training programmes and working closely with out-growers and local farmers we will be able to make a positive contribution through introducing new crop varieties and improved harvest yields. Obtala will also allow better market access and assist the local farmers in entering the supply chain for their products. An indicator as to how Obtala achieves this outcome will be the number of addition entities, for example a small scale farmer, whom can engage to help supply food products directly to the market or through a supply chain that we are creating. Small scale farmers typically predominate in the rural areas of Africa, working small plots of less than a hectare in area.

Outcome 6. Alleviating Poverty

We will continue to grow and develop the business platform that we have already created. The impact will be more work opportunities directly or indirectly associated with our projects. The contribution to help alleviate poverty can be measured in Obtala's case by the number of partnerships or business contracts, based either on commercial or investment, entered into which leads to third party business expansion with the resulting add-on effect of improved housing, consumption and expansion of education. The agricultural sector and its resulting supply chain in Tanzania, for example, is not well developed; but it is growing. Many businesses are small scale and form the target for our development plans to build the supply chain.

5. Stakeholders

Stakeholders are those individuals, groups of individuals or organisations that affect and/or could be affected by an organisation's activities, products or services and associated performance.

Engagement with our various stakeholder groups is critical for our project development and in identifying early market opportunities for our products. Stakeholder engagement has enabled Obtala to optimise its product range.

Below is a list of the main stakeholders involved in our projects and the nature of our relationship;

- **National government;** National Revenue Authority - payment of taxes, duties and excise, timber cutting and transportation taxes and land rentals.
- **Local government;** Payment of CESS tax (a development levy paid to District Councils in Tanzania) on fresh produce, hosting local Government agencies on "Best Practice" farming and evidence of foreign investment working within their District. Financial contributions to local fundraising requirements of the local Government.
- **Communities on or surrounding the projects;** Assistance with road maintenance, organisation of football competitions and equipment. 95% of employment from the local communities. Assistance through the local committee towards fund raising initiatives.
- **Local politicians;** Hosting local and national politicians to view the project as an example of a successful foreign investment and significant employer
- **Non-Governmental Organisations;** Support of NGOs such as HELP by selling our dried and processed products in their shop. They gain by the lease and 20% commission on sales
- **Standards Agencies,** such as GOLBALG.A.P.; The company is accredited by GLOBAL GAP, TBS (Tanzania Bureau of Standards) is a member TAHA (Tanzania Horticultural Association) Applications to TFDA (Tanzania Food and drugs Agency) and BRC (British Retail Consortium) are on going
- **Ministry of Lands, Agriculture, Environment, Water;** Close liaison with all Ministries affecting the operation of the company are fostered. All data relevant to these Ministries are shared for the common good. Frequent visits to the project by the Ministries of Agriculture, Land, Water and the Environment are made for collaborative purposes
- **Suppliers;** Suppliers to the company play a major part in the successful operation of the company. The company endeavours to promote local suppliers to increase their capacity to excel.
- **Customers;** Without customers, the company could not exist, so much energy is put into ensuring the quick, efficient and quality of our service delivery and products
- **Research bodies;** such as Sokoine University of Agriculture (SUA) in Tanzania; The company takes prides in its partnership with the local Agricultural University (SUA) - Linkages have been developed in research, internship and employment of graduates.
- **Staff members;** Employees are the main driving force in the success of the company. Signification attention is given to their welfare through the supply of uniforms, meals and a sports facility. Training of company employees and skills transfer is also key to the success and sustainability of the company's future.

- **Shareholders;** Obtala is listed on the London Stock Exchange AIM and communication with our shareholders is given high priority. There is regular dialogue with shareholders through announcements of the year-end results, six monthly results and operational updates. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. As further progress against our objectives is made, we are committed to increasing the level of disclosure surrounding our environmental and social impact.

6. Evidence of Social Value

Obtala creates social value through its core activities. It has also been involved in a number of community engagement projects.

A. Evidence

	Outcome	Indicator	Performance (2014)	Target (2015)
The Local Community	1. Access to employment	Number of employees engaged.	400	440
		Number of people leaving employment to seek other work opportunities for career advancement.	1	3
	2. Training	Number of local farms we engage to supply product in terms of an out-grower programme.	3	15
	3. Community based projects	Completed community based project can be considered as a unit of positive impact, irrespective of the financial cost to Obtala.	1	2
Our Local Staff	4. Workplace Training	Number of individuals who advance or gain promotion within the company to positions of greater seniority and responsibility.	3	6
Nation States	5. Food Security	Number of additional entities we can engage to help supply food products directly to the market or through a supply chain that we are creating.	Nil	2
	6. Alleviating Poverty	Number of partnerships, based either on commercial or investment	1	3

B. Current management

The majority of the disclosures in this Impact Report are based on Obtala's experience over several years successfully building enterprises which have a positive social impact. Additional information on past projects which provides further evidence to the social impact we have already made as a company operating in Africa is presented in Section 7, under Corporate Social Responsibility.

Obtala will be reporting on progress against these disclosures on an annual basis, and has management systems that collect data from stakeholders throughout the year. Since our understanding of outcomes is based on discussions with stakeholders, we will continue to enhance and update our understanding in on-going discussions. This may result in amendments and extensions to existing data collection.

C. Future Plans

Obtala is committed to reporting regularly on the social and environmental impact of its activities and products. As project development continues and operations become more established, we expect that much more data will become available, enabling a greater understanding and more thorough reporting of Obtala's impacts. With this in mind Obtala will continue to monitor the indicators used to measure the stated outcomes and we will modify, enhance and introduce additional indicators where appropriate over time.

Additional indicators will be introduced as the projects develop which will provide for measures of the scale and the impact of the forest concessions from an environmental perspective. Measures of the scale of the retail business and its consequences for local people will also be introduced. This will be recorded as the footfall or numbers of consumers entering the stores and we will also introduce the health counselling for staff. We will record the number of counsellors used and the number of consultations in a year.

In the future we will look at ways in which we can report on:

- Impacts on the local community
- Impacts on our staff
- The environmental impacts of our operations.

7. Other Issues

Corporate governance

The Obtala Directors recognise the importance of sound corporate governance and intend to ensure compliance with the main provisions of the QCA Guidelines insofar as they are appropriate.

The Obtala Board is responsible for formulating, reviewing and approving Obtala's strategy, budgets and corporate actions. The Directors hold regular board meetings at least every three months and at other times as and when required. The Company has established audit and remuneration committees with formally delegated duties and responsibilities.

The audit committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of Obtala is properly measured and reported on. The remuneration committee reviews the performance of the executive directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation.

The UK Takeover Code (the "Code") applied to the Company as of 30th September 2013 when the Code was revised to include all companies traded on AIM incorporated in the UK, the Channel Islands or the Isle of Man.

Obtala is committed to honesty and integrity in how it does business in all the countries and territories in which it operates. No employee, officer or associated person (including agents, consultants, suppliers or representatives) of Obtala may engage in any dishonest practice or any form of bribery or other corruption anywhere in the world.

We have an Anti-Bribery Policy for Obtala's group of companies and all its subsidiary companies worldwide. It explains the measures and behaviours to be adhered to by all Obtala officers, employees, and associated persons (including consultants, agents, suppliers and representatives of Obtala).

As a publically listed company Obtala produces independently audited financial accounts. The financial year end is 31st December and ensures that all taxes, whether corporate or personnel have been paid to the relevant authority and all mandatory social and pension contributions are up to date.

Corporate Social Responsibility

Obtala's approach to the continued development of its business units directly and indirectly generate a wide range of benefits to the host community and host country as a whole. In addition to the community participation benefits, development of the project areas provides a number of core benefits such as employment generation, training, infrastructure improvement, support for localised industries and food security. Obtala is also committed, where possible, to employment generation and utilising the human resources of the host community.

The information presented below outlines some of the work we have done and continue to pursue as part of our Corporate Social Responsibility;

Agriculture

- Employment – we employ 190 people, 90% of whom are women who now control the “purse”– hence the school attendance has increased dramatically. The head of the School indicated attendances had improved by more than 30%
- All permanent and casual employees get a midday meal and a tea break at 10:30. Potable water is provided at convenient positions decreasing the incidences of fatigue and increasing the general health and productivity. Sickness days have reduced by 45%
- The employment revenue stream directly affects 5 downstream entities including vendors of food, clothing and bicycles. Housing and hardware availability has also increased due to demand
- 3km of local roads have been improved; this has also assisted local farmers and businesses to access their markets using modern transport and increasing the time to market or town by 75%
- The company has installed 3.5km of power lines, from the mainline grid to the farm which has assisted 6 households and 3 small business who live along these lines with electrification of their houses and powers electrical equipment for their businesses
- Assistance in rehabilitating 2 class rooms in a local school to improve the learning environment
- Assistance in rehabilitating the local dispensary has helped both the local community and company personnel in obtaining quick attention to health services
- The wholesale of our products/produce through the local markets, has increased the revenue potential of local business by 80% particularly in the seasons of low rainfall
- Subsidised use of company’s earth moving equipment and operators has allowed two local farmers to harvest water into dams to increase their stocking rate and a further group of farmers has benefitted by the construction of a canal to allow them to grow rice
- Embracing the local villages into the company supply chain by sourcing farm inputs and other company operating requirements from them
- All senior management are ‘trained to train’. There is a very limited skills base in Tanzania, skills transfer has become a large part of the company training program. Employment of graduates from the local university and internships are both part of the HR program

The following environmental and social impact value are measured through our compliance and annual audit by GLOBALG.A.P and BRC/HACCP

- The company is certified as ‘GAP’ (Good Agricultural Practice) compliant and operates as a ‘Center of Excellence’ to set the standards for the local farmers in operating their farms.
- An independent audit firm accredited to GAP of Germany audits the project annually. This audit measures all the parameters of the operation, and the data collected is measured against the initial baseline information and recommendations from the previous audit.
- The environmental management falls under the ‘Standards and Operating Procedures’, which controls the following operations under the direction of the ‘QMS’ or Quality Management Systems.

- Soil – tested quarterly for pH, nutrients and pathogens – The baseline results of the soil was initially low in nutrients and PH and has been stabilised by systematic and controlled composting and application of approved fertilizers and micronutrients. All data relating to the application of inputs and man-hours, is captured daily, and documented by field, crop and date.
- Water is tested quarterly for microbial, pH and nutrients and all data recorded for audit purposes. The company also has its own waste water system of ponds and reservoir for the purification of any waste water, this water was initially tested weekly but is now tested monthly after several months of clear results.
- Chemicals – the company has a policy of minimum use of chemicals and is gradually moving to “IPM” (Integrated Pest Management) – the biological method of pest control. All chemicals used by the company are compliant with EU standards and training on their use is conducted by the suppliers on a regular basis. All used chemical containers and expired chemicals are disposed of in conformity with EU standards.
- All personnel applying chemicals are fitted with PPE protective clothing and are tested regularly for inhalants.

Retail

In Lesotho the retail chain, locally known as LCS, has in the past has undertaken the following Sponsorships since 2009:

- On-going school bursary awarded to five high school students per annum. An average of M3,500 payable to each of these students. This has been on-going from 2009. This continues but applications have been down as the sales have reduced over the last year due to the economic down turn.
- 2011 to 2013, school bursary competition: Buy a pair of school shoes and stand a chance to win a bursary worth M750. Five bursaries per branch were given away each month for the period of the competition. A total of M150,000 in bursaries was given away
- Winter 2010 and 2011. LCS Keep Lesotho Warm Campaign was launched. We matched a blanket to every blanket bought by a customer for M500. 600 Blankets were donated to various orphanages
- 2013 – Paint a Beautiful Dream. LCS painted an orphanage belonging to the Beautiful Dream Society
- In 2012, LCS sponsored M5,000 towards the Lesotho Sky Cycling Event

This is a new business project for Obtala and it is our intention to revive some of these sponsorship programmes and look to introduce new benefits

- A scheme that we want to put into place is a Loyalty Card in partnership with Sentebale, the children’s charity. The card will enable customers to secure a small discount in purchases with a small amount per sale being donated to the charity

Forestry

- We are starting to plan for a new school on the Jardin concession
- We have built 6 new roads enabling the community to access their farming areas on our concessions also linking up with 8 large villages

- Employing 150 people locally
- Trained and training locals in operating wood working machinery, operating saw mill equipment, teaching to drive tractors, trucks and other vehicles
- Built a community office and a admin office for local chiefs in Uape
- Supplied large quantities of cement, timber and other material to repair four schools in the Cayne district (Maderias concession)
- Built a small stadium/ platform for 200 people in Gile
- Created numerous fire breaks throughout the concessions which help protect local communities
- Have supplied the Hospital in Uape with medical supplies office and a admin office for local chiefs in Uape
- Supplied large quantities of cement, timber and other material to repair four schools in the Cayne district (Maderias concession)
- Built a small stadium/ platform for 200 people in Gile
- Created numerous fire breaks throughout the concessions which help protect local communities
- Have supplied the Hospital in Uape with medical supplies