



Kilombero Valley

TEAK COMPANY



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

2020- 2024

Updated February 2025 by:

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1. Introduction.

This is the Kilombero Valley Teak Company ('KVTC')'s tenth Environmental, Social and Governance ('ESG') Monitoring Report which aims to inform all key stakeholders on the actions KVTC takes to create a safe, environmentally responsible and transparent working environment for all its stake holders.

The company established a long-term monitoring strategy that gives management baseline information and detects changes over time to enable management to implement the correct mitigating interventions when required.

This report covers the company's five-year monitoring programme from 2020 to 2024.

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 and contractors 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 is available to the public to allow interested persons to be informed on the achievements and the impact of activities on people and the environment at KVTC.

2. Company Mission

KVTC's mission is to produce high quality Teak timber products by adding value to resources from plantations which the Company establishes, maintains, and harvests on a sustainable basis by applying internationally accepted forestry, environmental, health, safety, and social best operating practices.

3. Company Vision

Our vision is to maintain and grow our teak plantations in a socially, environmentally, and financially sustainable and responsible manner. These plantations are the basis for long term growth and value creation and are guided by international best practices. The company's products will serve both domestic as well as export markets.

KVTC works closely with surrounding communities and (local) governments for mutual economic, social, and environmental benefit.

4. 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 at 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 P O Box 12452, Dar es Salaam, Tanzania.

The company primarily engages in the production of sawlogs for sale and own processing of sawn timber and value-added products that are sold in both export and domestic markets.

The company operates a sawmill at Mavimba Village and has plantations in the Ulanga, Malinyi and Mlimba (formerly part of Kilombero) Districts of the Morogoro Region, Tanzania.

5. Organisational Changes

Edwin Rukovo (Zimbabwean) who was the Processing Manager left the company voluntarily and was replaced by Ombeni Fanuel. Prior to this, Ombeni Fanuel had been the Sawmill Foreman.

Fambo Etamagwe was promoted to Purchasing Manager after the retirement of Hanta Rwegoshora.

Charles Kihaka who had been working as a driver was promoted to takeover from Fambo as the Stores Supervisor.

Sarah Mtelele joined KVTC on the 1st of July 2024 as the Human Resources & Corporate Relations Manager.

Hieromina Mushi was promoted to the position of Sales Administrator. Before the promotion, Hieromina was working in the forest department as an Administrator for Out-grower Support program.

6. External Charters, Principles, and Initiatives

KVTC is committed to complying with national legislation, international and national conventions, guidelines, and best operating practises related to its businesses. Below is 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.
- Occupational Health and Safety Authority compliance act.
- ISO 14001:2015 and ISO 45001:2018.

7. Membership Associations & Collaborations

KVTC is a member of following organisations and associations.

- Tanzania National Business Council
- EU Business Group
- Association for Tanzanian Employers
- CEO Roundtable
- Teaknet
- African Forestry
- Commonwealth Forestry Association.

KVTC collaborates with the following institutions.

- **Empower Limited-** KVTC sponsors the Generation Empower program which aims to improve the employability and /or entrepreneurial skills of thousands of unemployed young Tanzanian graduates. The program has a reach of more than 6,000 youths and is run in collaboration with University of Dar es Salaam, University of Dodoma and St Augustine University. KVTC spent TZS 10 million on this program in 2024.
- **Sokoine University of Agriculture (SUA)-** KVTC and SUA signed a memorandum of understanding that fosters increased interaction between the two institutions.
- **Technological Foundation of Costa Rica (FUNDATEC)-**FUNDATEC is providing KVTC with technical support in its teak clonal nursery development program.

8. Monitoring

Monitoring and evaluation of forest and environmental conditions is continuously adapting to the approach of managing the company’s operations. KVTC implemented a range of monitoring activities aimed at collecting different types of information. These methods are based on the FSC, ISO 45001 and ISO 14001 principles and guidelines.

The framework adopted by the company is depicted in tabular form below:

| Level of monitoring | Details | Monitoring programs |
|---|--|--|
| Safety Monitoring | | |
| Safety monitoring | Monitoring of employee safety at work to detect trends and implement corrective action. | <ul style="list-style-type: none"> • Accident statistics monitoring • Legal compliance monitoring |
| Employee health monitoring | | |
| Health monitoring | Monitoring of employee health to support prescription of appropriate interventions | <ul style="list-style-type: none"> • HIV and malaria monitoring • Pandemic diseases monitoring |
| Environmental Monitoring | | |
| Land use & practices monitoring | Monitoring changes in land use, practices and land cover to enable management to design and implement mitigating interventions when necessary | <ul style="list-style-type: none"> • Plantation monitoring • Herbicide use monitoring. • Land cover monitoring. |
| Water quality monitoring | Monitoring the health of water bodies to ensure that the quality of the water and the life that it supports is not negatively impacted by forestry activities. | <ul style="list-style-type: none"> • River health monitoring • Potable water quality monitoring. • Effluent water quality testing |
| Biodiversity monitoring | Identification and monitoring of the variety, extent & health of various ecosystems on KVTC property and mitigate the adverse impact of forestry activities on them. | <ul style="list-style-type: none"> • Areas of special interest monitoring • RTE species monitoring • High Conservation Value Area Monitoring. |
| Environmental Incidents | Report and investigate environmental incidents to address impacts and avoid repeats. | <ul style="list-style-type: none"> • Uncontrolled fires monitoring • Illegal logging monitoring |
| Socio-economic impact monitoring | | |
| Development impact | Monitor the impact of KVTC on local | <ul style="list-style-type: none"> • Socio-economic impact |

| | | |
|--|---|--|
| | communities and development to enable the company to take corrective action when negative trends develop. | monitoring. • Gender balance monitoring |
|--|---|--|

8.1. Safety monitoring

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

KVTC recognises that its activities, can have an impact on the Health and Safety of its employees, contractors and visitors. The company will manage its operations in such a way as to minimise Health and Safety risks.

The company will achieve and uphold this policy by continuous measurement of accident and incident rates and by identifying risks and opportunities. Continual improvement will be instituted in relation to these risks.

KVTC will meet all laws and regulations covering Health and Safety of employees and contractors. KVTC also subscribes to OHS ISO 45001:2018 standards, IFC Industry Guidelines and FSC Health and Safety related principles.

All accidents, near misses or any other incidents are recorded at KVTC. There is a formal investigation of every accident with recommendations and corrective actions which are reviewed and approved by senior management.

KVTC has a full-time clinic officer, nurse 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 monthly to the board of directors and Criterion Africa Partners (CAP) group companies.

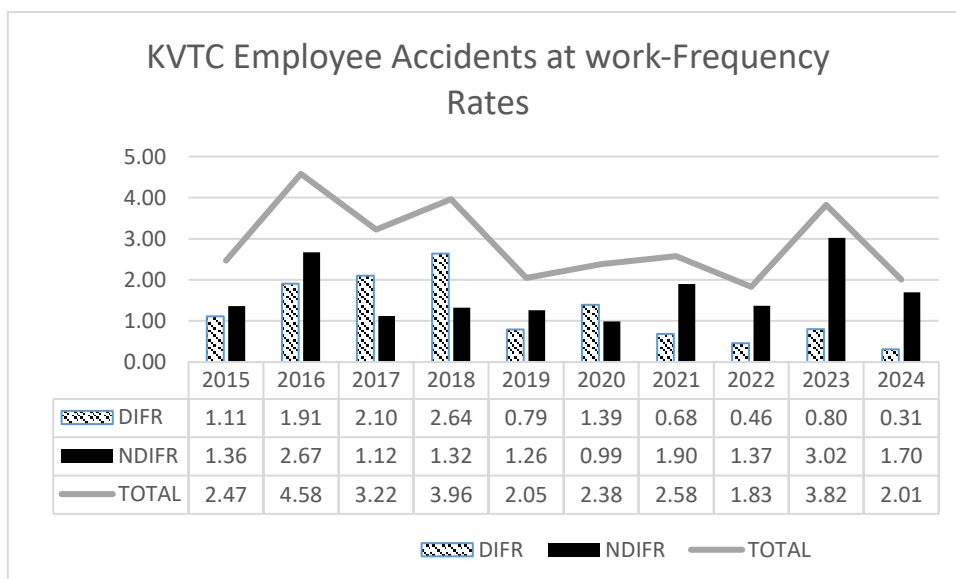


Chart 1: Graphs showing the trend of accidents frequency rate from 2015 to 2024.

There was a welcome drop in accidents at work in 2024.

Legal & safety standards compliance monitoring

KVTC adheres to various international and national standards and undergoes assessments every year. From 2020 to 2024, KVTC completed several external audits whose results are summarised in Table 1 below:

Table 1 KVTC external audit results

| Date | Standard | Type | Results |
|---------|-----------------------|------------------|---|
| Aug-20 | FSC Forest Management | 3rd part audit | Successful but conversion principle excludes KVTC from full certification |
| Sep-20 | ISO 14001 / ISO 45001 | Re-certification | Successful |
| Aug-21 | FSC Forest Management | 3rd part audit | Successful but conversion principle excludes KVTC from full certification |
| Sep-21 | ISO 14001 / ISO 45001 | Re-certification | Successful |
| Aug-22 | FSC Forest Management | 3rd part audit | Successful but conversion principle excludes KVTC from full certification |
| Sep-22 | ISO 14001 / ISO 45001 | Re-certification | Successful |
| Aug-23 | FSC Forest Management | 3rd part audit | Successful but conversion principle excludes KVTC from full certification |
| Sep-23 | ISO 14001 / ISO 45001 | Re-certification | Successful |
| July-24 | FSC Forest Management | 3rd part audit | Successful but conversion principle excludes KVTC from full certification |
| Sep-24 | ISO 14001 / ISO 45001 | Re-certification | Successful |

Table 2 below shows a historic overview of KVTC’s performance during various audits.

Table 2 KVTC external audit results-CARs

| Scheme | CAR | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------|--------------|----------|----------|----------|----------|----------|
| ISO14001 | Minor | 0 | 1 | 0 | 1 | 0 |
| | Major | 0 | 0 | 0 | 0 | 0 |
| ISO 45001 | Minor | 3 | 0 | 1 | 0 | 0 |
| | Major | 0 | 0 | 0 | 0 | 0 |
| FSC FM | Minor | 1 | 2 | 2 | 1 | 2 |
| | Major | 0 | 0 | 0 | 0 | 0 |
| Total | Minor | 4 | 3 | 3 | 2 | 2 |
| | Major | 0 | 0 | 0 | 0 | 0 |

Recommendations from monitoring results.

- Improve management of safety system to eliminate CARS from FSC/FM audits.

8.2. Employee health monitoring

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

- Employees undergo annual medical examinations.
- A dispensary is available at the processing site for employees to receive first aid and initial diagnosis of injuries or illnesses.
- KVTC provides medical support to employees and their immediate families.

- KVTC holds workplace seminars where employees are educated on the prevention and risks of infection with HIV/AIDS and other communicable and non-communicable diseases.
- KVTC provides free condoms at the workplace.
- KVTC brings awareness to its employees and contractors on occupational diseases and workplace hazards.
- KVTC provides First Aid Training to employees as well as contractors.
- KVTC now provides free sanitary pads to all its female employees.
- KVTC Cooperates with Good Samaritan Cancer Hospital for HIV, Cancer and lifestyle diseases testing and awareness.

HIV & Malaria Monitoring.

Table 3: HIV Test Records 2020-2024

| | HIV | | | | |
|-----------------|------|------|------|------|------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Positive | 0 | 0 | 4 | 0 | 4 |
| Negative | 94 | 107 | 170 | 34 | 194 |
| Total | 94 | 107 | 174 | 34 | 198 |

Table 4: Malaria Test Records 2020-2024

| | Malaria Tests | | | | |
|----------------------|---------------|------|------|------|------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Positive | 78 | 74 | 70 | 35 | 38 |
| Negative | 177 | 265 | 279 | 235 | 165 |
| Total | 255 | 339 | 349 | 270 | 203 |
| Positive in % | 31% | 22% | 20% | 13% | 19% |

Recommendations from monitoring results.

Voluntary testing for malaria and HIV will continue.

8.3. Environmental monitoring

KVTC recognises that its developments and activities in the Kilombero valley will have environmental impacts in the areas managed by the company. The company will manage its operations in such a way as to minimise the negative effects of these impacts. The company will adhere to all applicable legislation. The company will take account of relevant international / regional conventions, treaties, and environmental agreements of the country. The company will adhere to Criterion Africa Partners and Finnfund environmental policies, the ISO 14001:2015 management

system as well as the FSC Principles and Criteria governing Environmental Management. The company will achieve this aim by identifying negative environmental impacts and institute a programme of continuous improvement in relation to these impacts. To achieve this, the company will operate according to the following principles and monitor its performance in respect of them.

KVTC will promote the conservation of biodiversity within its landholding. A significant portion of the land will be managed with the primary objective of maintaining Miombo woodland related biodiversity. Rare, endangered, and protected species or areas that have high biodiversity will be identified and protected from damage. A representative network of habitat types will be preserved. Obstacles to the free movement of animals and plants will be minimised.

Land use and practices monitoring.

Plantation extent monitoring

The principal objective for the establishment of teak plantations, was to plant 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.

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 provide for wildlife corridors and buffer zones.



Figure 1: View of plantation and buffer zones.



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

Table 5: Break Down of KVTC Land Holding :2020-2024

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| Area Under Management | | | | | |
| Planted | 7,393 | 7,323 | 7,493 | 7,531 | 7527 |
| Temporarily Unplanted | 570 | 640 | 469.9 | 405 | 410 |
| Sub-total | 7,963 | 7,963 | 7,963 | 7,936 | 7,937 |
| Infrastructure | 261 | 261 | 261 | 266 | 266 |
| Protected area | 19,908 | 19,908 | 19,908 | 19,930 | 19,929 |
| Total area | 28,132 | 28,132 | 28,132 | 28,132 | 28,132 |

Currently KVTC plantations cover 28% of the total land holding. Conservation areas cover 71% and 1% is under infra-structure. Sites on which teak growth is extremely poor are not being re-planted after felling. Miombo is allowed to naturally regenerate in these areas so that they increase the area being managed for conservation purposes.

The area under infrastructure increased slightly in 2020 and 2023 due to new power lines erected by TANESCO that pass through KVTC property.

Herbicide usage monitoring.

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 must 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.

Table 6 below shows herbicide usage from 2020 to 2024.

Table 6: KVTC herbicide usage

| KVTC HERBICIDE USED 2020 - 2024 | | | | | | |
|--|-------------|--------------|---------------|--------------|--------------|--------------|
| HERBICIDE | UNIT | 2020 | 2021 | 2022 | 2023 | 2024 |
| GLYPHOSATE | LTRS | 4,000 | 11,640 | 5,449 | 6,037 | 7,600 |
| TRICLON | LTRS | 290 | 650 | 1,000 | 0 | 0 |
| PERFOMER | LTRS | 400 | 380 | 100 | 0 | 0 |
| TOTAL | LTRS | 4,690 | 12,670 | 6,549 | 6,037 | 7,600 |

Volume of herbicide in 2021 was very high as very little work was done in 2020 to conserve cash when business slowed down due to Covid -19. The company stopped using Triclon and Performer which contains ammonium sulphate. The company aims to minimize the amount of herbicide in its operations.

Land cover monitoring.

KVTC works closely with local government and communities adjacent to its property to conserve flora and fauna within and outside its boundary. Drone and satellite imagery are used to track changes in land cover within KVTC’s boundary and neighbouring areas. The photo below highlights the extent of deforestation outside KVTC’s boundary.



Figure 3. Boundary between KVTC (left) and neighbouring community (right) land.

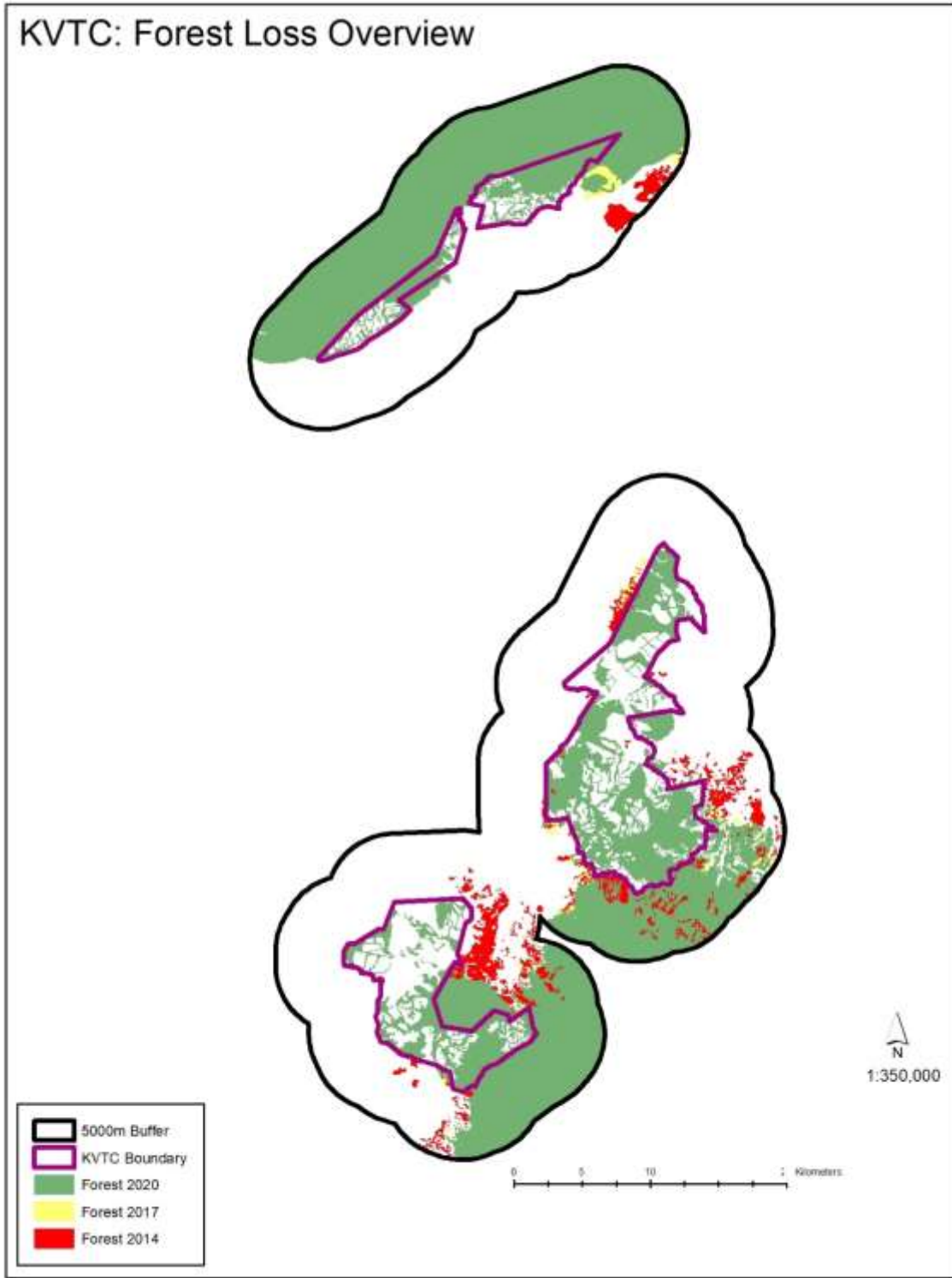


Figure 4. Forest loss map

The map shows that forest cover is disappearing outside KVTC’s boundary whilst there has been no change within KVTC’s boundary over the last 9 years.

Water quality monitoring

River water quality monitoring is being conducted in compliance with 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 5: Identification of macro-invertebrates according to the Mini-SASS at Mafinji river Upper (Nov 2024)

Mini SASS (South African Scoring System) is used to measure the health of aquatic communities and the overall 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 system. Monitoring is done annually, and the results of the rivers monitored in 2024 are shown in Chart 2. Monitoring done in 2024, shows that all the rivers within KVTC land holding were either in a good or natural state except Mafinji low which is in fair condition due to external factors from neighbouring villagers (See Table 7).

Table 7: Summary of timing of KVTC's river health sampling over last 16 years in terms of month and rainfall

| Year | Month | Season |
|------|--------------|-------------|
| 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 |
| 2016 | December | Dry (end) |
| 2017 | September | Dry |
| 2018 | October 2018 | Dry |

| | | |
|------|---------------|-----|
| 2019 | November 2019 | Dry |
| 2020 | November 2020 | Dry |
| 2021 | November 2021 | Dry |
| 2022 | November 2022 | Dry |
| 2023 | November 2023 | Dry |
| 2024 | November 2024 | Dry |

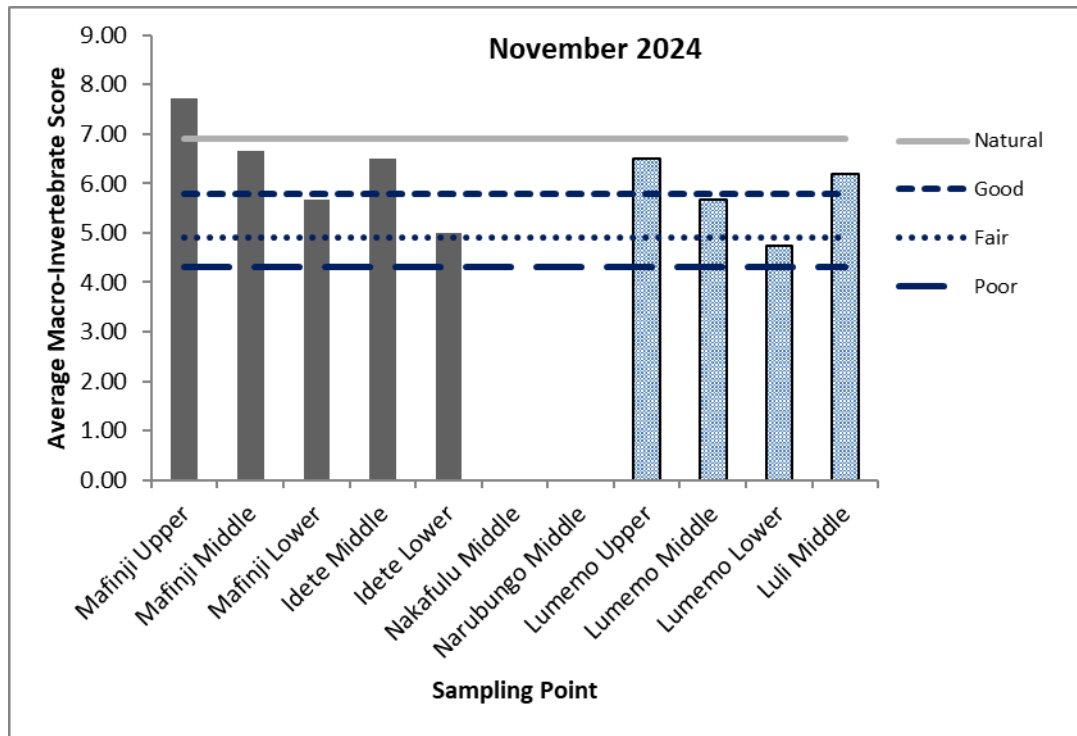


Chart 2: Mini-SASS biodiversity average scores for November 2024 River health monitoring. Note: Chequered bars are those rivers falling outside KVTC Plantation.

Idete Lower, Lumemo and Luli Rivers are not influenced by KVTC activities. They are just shown in Table 8 below for benchmark purposes.

Table 8: Historic Overview of monitoring results from May 2012 to November 2024 for all rivers within and outside KVTC land

| Date/Year | Monitoring Points | | | | | | | | | | |
|-----------|-------------------|----------------|---------------|--------------|---------------|--------------|--------------|-------------|-----------------|------------------|-----------|
| | Mafinji Upper | Mafinji Middle | Mafinji Lower | Lumemo Upper | Lumemo Middle | Lumemo Lower | Idete Middle | Idete Lower | Nakafulu Middle | Narubungo Middle | Luli |
| May-12 | Good | Good | Natural | Natural | Natural | Natural | Good | Good | Poor | Poor | N/A |
| Nov-12 | Natural | Natural | Fair | N/A | N/A | N/A | Natural | Natural | Poor | N/A | N/A |
| Jun-13 | Natural | Natural | Natural | Good | Natural | Natural | Good | Natural | Good | Good | Good |
| Dec-13 | Natural | Natural | Good | Good | Natural | Fair | Good | Good | N/A | N/A | Good |
| Sep-14 | Natural | Natural | Natural | Good | Fair | Fair | Good | Fair | Fair | N/A | Fair |
| Nov-15 | Natural | Good | Good | Fair | Good | Poor | Natural | Good | N/A | N/A | Poor |
| Aug-16 | Natural | Natural | Natural | Fair | Fair | Fair | Natural | Good | Good | Good | Natural |
| Dec-16 | Natural | Natural | Fair | Fair | Natural | Poor | Natural | Fair | Poor | N/A | Fair |
| Sep-17 | Natural | Good | Natural | Fair | Poor | Fair | Natural | Fair | Fair | Fair | Fair |
| Oct-18 | Natural | Good | Good | Fair | Fair | Fair | Natural | Fair | Poor | N/A | Poor |
| Nov-19 | Natural | Good | Natural | Good | Fair | Poor | Natural | Good | Poor | N/A | Good |
| Nov-20 | Natural | Natural | Natural | Good | Good | Fair | Natural | Natural | Poor | N/A | Good |
| Nov-21 | Natural | Natural | Natural | Fair | Fair | Good | Natural | Good | N/A | N/A | Good |
| Nov-22 | Natural | Good | Good | Natural | Good | Good | Good | Poor | N/A | N/A | Very poor |
| Nov-23 | Natural | Good | Good | Good | Good | Natural | Natural | Good | Good | N/A | Good |
| Nov-24 | Natural | Good | Fair | Good | Fair | Poor | Good | Fair | N/A | N/A | Good |



Figure 6: Mini-SASS River sampling being conducted at Mafinji Middle (Mafinji river) (November 2024)

Biodiversity monitoring

Areas of Special Interest – ASI

KVTC Areas of Special Interest (ASI) database is an archive of locations within the land holding 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 conducted in order to assess the status of each site, and to review the effectiveness of the prescribed management. Some areas of Areas of Special Interests were identified during village game scout (VGS) patrol in 2024 and increased the number of ASI to 35 which are currently under monitoring.

ASI monitoring is done yearly and the main factors influencing the presence of ASI are external factors like pastoralism, illegal logging, firewood collection, charcoal making, poaching and land encroachment.

KVTC continues to implement its various conservation measures including collaboration with the government authorities, surrounding villages and other stakeholders to protect and recover the ASI sites as they form an important record of the change over time, and they are symptoms of the larger changes taking place in the Kilombero Valley.



Figure 7: An active archeological site, remaining iron smelting furnaces at Nakafulu.

Red data species monitoring

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 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 most species present have 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; these particular trees are listed in the ASI (Area of Special Interest) register and were identified by village game scout during patrol at D87.

High Conservation Value Areas Monitoring.

The company manages 28,132ha of land. About 28% of this is planted under teak and 70% is set aside for conservation purposes.

KVTC's conservation land (about 20,000ha) plays a significant role in the area and can act as a wildlife corridor between Udzungwa Mountains, Kilombero Game Reserve and Nyerere National Park. It also provides refuge to a lot of animals and is also of high bio-diversity value.

The company identifies negative environmental impacts and implements management practices that ensure continuous improvement in relation to mitigation of any negative impacts.

In January 2023, KVTC conserved natural forest was assessed to identify the status of high conservation value areas (HCVAs) categories. The study was carried out by a team of experts from Environmental Forest Certification Limited (EFC), and it involved consultation of

various stakeholders, participatory mapping and field assessment of the HCVAs and geo referencing them through GIS system.

According to the study it was confirmed that KVTC land has all six categories of (HCVAs). The study advised on various strategies and monitoring programs to protect the six HCVAs which will enhance the existence of rare, threatened, and endangered species of flora and fauna, as well as provide refugia from unprotected land.

In February 2024 KVTC Management organized training on High Conservation Values. The training was conducted at Ifakara Health Institute in Ifakara town. It was facilitated by Environmental Forests Certification Company Limited (EFC) with the same team of experts who did the assessment study. A total of 63 participants attended the training. This comprised of KVTC forest contractor representatives, Village Game Scouts. Plantation Managers, Supervisors, Forest Managers, CSR and HSE Manager.

KVTC will continue promoting various conservation efforts to protect the existing high conservation values within its landholding to safeguard the high biodiversity for sustainable benefits of forest business.



Figure 9: HCVa training at Ifakara Health Institute facilitated by EFC consultant in February 2024.

Environmental incidents monitoring.

KVTC manages close to 20,000ha of conservation land consisting of Miombo woodlands (12,000ha) and grass- and wetlands (8,000ha). KVTC has succeeded in conserving and maintaining the natural woodland through its various conservation measures. However, it is challenged by increasing level of land encroachment, overgrazing, illegal logging in both teak and natural forest. This is due to increased population which creates pressure through the demand for various resources like, building materials (timber), charcoal, firewood, and extensive farming.

KVTC secures its area by regular patrols being done by using village game scouts (VGS) through agreements between KVTC and eleven neighbouring villages. Each village under the

agreement provides two VGSs to patrol in KVTC areas daily and report any illegal incidents. If the incident is beyond the VGSs' capacity to deal with, the company seeks the support of the relevant district authorities. Ulanga district police in collaboration with village Game Scouts, village government leaders have conducted several patrols and apprehended many offenders. Through this, the community awareness and respect of KVTC property have increased.

During HCVA training, the VGS were provided with new smart phones installed with KVTC maps and trained how to capture both positive and negative incidents and report them to the management on time. The use of smart phones has been a very valuable tool for monitoring HCVA's by capturing various information which are useful for the protection of environment. The information is also shared in a WhatsApp group that includes all the key stakeholders with the company.

The number of environmental incidents is recorded and analysed to assist management to design and implement corrective action when necessary.

Table 9 below summarises the most pernicious environmental incidents recorded from 2020 to 2024.

Table 9: Environmental incidents at KVTC 2020-2024

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------|----------------------------|------------|------------|------------|------------|
| | Number of Incidents | | | | |
| Charcoal making | 82 | 85 | 80 | 96 | 105 |
| Grazing | 48 | 47 | 46 | 86 | 92 |
| Encroachment | 35 | 24 | 11 | 14 | 25 |
| Teak pole/seedling theft | 5 | 5 | 7 | 2 | 8 |
| Timber theft | 59 | 55 | 80 | 61 | 51 |
| Fire | 35 | 7 | 8 | 22 | 7 |
| Wildlife poaching | 24 | 18 | 25 | 24 | 8 |
| Gravel making | 1 | 2 | 1 | 1 | 0 |
| Fishing | 14 | 4 | 8 | 6 | 12 |
| Total | 303 | 247 | 266 | 312 | 308 |

Recommendations from environmental monitoring results

KVTC management should continue to collaborate closely with community leaders, local government, and other agencies with an environmental management agenda to bring down illegal harvesting of endangered flora and fauna, timber theft and illegal grazing.

KVTC built a manned security gate at Mafinji (Mgombalenga) which is operating 24hrs every day. Other Security gates will be constructed and manned on remaining key entry points into KVTC property.

The company will continue using its drone to capture various information which is useful for managing the environment.

8.4. Socio-economic impact monitoring

The company will ensure that local stakeholders will be treated fairly and with respect. The company will adopt policies that promote the realisation of significant benefits in the Kilombero valley. The company will endeavour to ensure that local communities do not suffer losses because of the company's activities. The company will adhere to the FSC Principles and Criteria related to Community Relations.

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

Communicating with the company's neighbours and operating as part of the community is important to KVTC. To maintain a 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
- Provide forums for discussions about the Company's activities.



Figure 10: KVTC Management and representatives from KVTC own employees and contractors who attended first aid training that took place in May 2024 at KVTC canteen.

Development impact monitoring

KVTC's shareholders expect the company to be profitable, socially and environmentally responsible and make a measurable development impact in Tanzania and locally. What follows is a description of some of the initiatives the company has embarked on to have this measurable development impact.

Mitiki Workers' SACCOS

KVTC's workers' Saving, and Credit Cooperative Society (SACCOS) was established in May 2001 to provide its 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 purchase of farming implements.

Membership to Mitiki SACCOS is on a voluntary basis. In 2024 active members were 98. The members include KVTC employees, contractors, retired employees, house maids based at KVTC and SACCOS employees. At the end of 2024, SACCOS shares and reserves stood at 87 million and 172.2 million Tanzanian Shillings, respectively.

Mitiki Workers SACCOS is registered with registration no MGR 313 and operates under Tanzania Co-operative Act No 6 of 2013. It manages its affairs based on the relevant law and its regulation. The Society has a board responsible for policy implementation.

To increase capital Mitiki SACCOS looks for other opportunities to invest in the best interest of its members. Its projects include teak woodlots, transport services and water well drilling machine which enabled members to drill and access water at their homesteads and farms.

Every member has a say through electing Board members and passing resolutions through an annual General Assembly. On 30th November 2024 Mitiki workers SACCOS conducted an election. New board Members were elected. Mr Rogers Abisai was elected as the new Chairman taking over from Mr Teogenus Ngalekela. The Chairman appreciated the outgoing leadership for achieving various SACCOS goals including members' access to affordable loans.



Figure 11: KVTC Mitiki Workers SACCOS members Photo taken during the general assembly meeting at Ifakara on 30 November 2024.

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 available a sum of money towards a selected community project in each of the 17 associated villages. Funds made available through the social fund are deposited in a joint account and will only be released against an approved project.

In 2024, the government introduced a new system (Facility Financial Reporting System) whereby all villages in the country are required to operate one village account which should be controlled and monitored by the local government and central government. KVTC has been disbursing its social fund through a joint social fund bank account between KVTC and villages. Eleven villages in Ulanga District started implementing the new system. The transition to the new system affected the implementation of community projects supported by KVTC. The company discussed with Ulanga District authorities and agreed that KVTC will manage the social fund.

There was about TZS 200 million in the social fund joint accounts at the end of 2024. All the money will be transferred into a new KVTC Social Fund bank account. The company will pay suppliers and contractors of approved projects directly.

KVTC and its communities implemented projects worth TZS 84 million in 2024, of which KVTC's Social Fund contributed 26%. This includes maternity labour Ward building at Idete B village, one double classroom with office at Magereza primary school in Idete village, 50 desks at Luvili primary school, and 100 desks at Itete mission in Alabama village.



Figure 12: Magereza Primary School double classrooms built and office with funding from the Community, Government, and KVTC Social Fund.

Mavimba village offcut collection.

KVTC has continued to implement the MoU that it signed with Mavimba village government by paying social fund and giving them access to Mavimba sawmill off cuts. Offcut collection protocol that was developed in 2020 is being implemented.

The majority of communities from Mavimba and other neighbouring villages have benefited from collecting offcuts that KVTC used to burn. Many people use offcuts for construction, fencing and making furniture. This helps to improve the livelihood of the people. KVTC will continue offering this opportunity to promote livelihood improvement to the surrounding communities.



Figure 13: Furniture products made from KVTC offcuts displayed at Mavimba village market for sale.

Village Contracts

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

KVTC engages its associated villages through a system of Village Contracts. Under these contracts trained VGSs from surrounding villages carry out patrols to avoid illegal logging or poaching and ensure that no land encroachment takes place. The VGS also play an important role in monitoring and recording movements of wildlife.

The villages also clean the KVTC boundary annually and are paid for it.

The villages make available people that work together with KVTC staff in fighting or preventing fires in areas adjacent to their villages.

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

KVTC paid out TZS 21.65 million in 2024 through the village bonus scheme.

The annual village bonuses are paid through the village account for each village. The village performances are discussed during field visits or during the village consultative meetings.

Out Grower Support Program ('OSP')

KVTC realizes that 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 teak plantations were established in associated villages. This was replaced by the Out-Grower Support Program (OSP) in 2012. KVTC finances the establishment and maintenance of new teak plantations by individuals and groups within a radius of 100km from the sawmill. The company guarantees a market for the logs which will be harvested at a minimum age of 15 years. The out-grower is the owner of the plantation and KVTC holds a right of first refusal to buy the logs at harvesting.

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.

In 2021 no new OSP plots were established. KVTC's OSP management focused on extension service and re-mapping of the previous years planted plots. This aimed at identifying and maintaining viable and active plots. After re-mapping a total of 1,001ha were identified as viable.

New planting resumed in 2022 and continued in 2023 and 2024 under a new OSP model focused on provision of free seedlings and extension service only. Under this model, OSP participants own 100% of their plantations and will be free to sell all their logs to the highest bidder. 92ha were planted in 2024 making the cumulative area planted through OSP, 1,267ha. The beneficiaries are 651 males, 87females and 26 institutions.

Table 10: Development of Village and OSP Programs at KVTC

| Year | Program | Active Area (Ha) | | |
|------|---------|------------------|-------------|--|
| | | Annual | Cummulative | |
| 2008 | Village | 3 | 3 | |
| 2009 | Village | 23 | 25 | |
| 2010 | Village | 21 | 46 | |
| 2011 | Village | 16 | 61 | |
| 2012 | Village | 14 | 75 | |
| 2013 | OSP | 30 | 105 | |
| 2014 | OSP | 27 | 132 | |
| 2015 | OSP | 162 | 294 | Finnish Government support (MFA:50% of costs) |
| 2016 | OSP | 164 | 458 | |
| 2017 | OSP | 233 | 691 | |
| 2018 | OSP | 118 | 809 | |
| 2019 | OSP | 74 | 883 | |
| 2020 | OSP | 116 | 999 | MFA Support |
| 2021 | OSP | 0 | 999 | |
| 2022 | OSP | 79 | 1078 | |
| 2023 | OSP | 97 | 1175 | |
| 2024 | OSP | 92 | 1267 | |

Community Radio Program

The Company always looks for novel ways of communicating its messages to its stakeholders in the Ulunga, Malinyi and Mlimba Districts. KVTC sponsors radio programs through an FM radio station with coverage in the Ulunga, Malinyi and Mlimba Districts. The parties have a joint undertaking to use the radio station 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 to 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.

Mitiki Yetu radio show was on Pambazuko FM radio in 2024. KVTC had airtime every Friday 1930 – 2000 hours and repeats every Saturday 0730 – 0800 hours. The station also broadcasted short six radio messages every day on behalf of KVTC.

KVTC Socio-Economic Impact Study

In February 2023 Finnfund (KVTC shareholders) appointed NIRAS a multi-disciplinary firm based in Finland to conduct a social impact study of KVTC’ investment and operations. The field studies were conducted from 7th March to 15th March 2023.

The main objective of this study was to assess whether the livelihoods and wellbeing have improved in KVTC areas and especially among KVTC's direct stakeholders, particularly employees, and out-growers, but also contractors' workers, villages, and local government. A specific emphasis was put on assessing KVTC's possible impact on women's livelihoods. The study was expected to identify the main contributing factors to the improvement (or lack of improvement) and was expected to provide evidence to attribute some improvement (or lack of it) to KVTC.

In 2024 KVTC developed an action plan to implement the recommendations identified during the study.

[General conclusion and recommendations from the Socio-Economic Impact Study](#)

The livelihood of KVTC employees, KVTC contractors' workers, out growers' households, and the wider community have been impacted positively by KVTC. It has contributed to the increase of livelihood assets. KVTC is influencing some cultural practices in communities where they work with positive results such as providing employment to women in positions that were initially assumed that only men can do, increase in school enrolment and improvement of learning outcomes.

[Nanenane Exhibition and Golden Jubilee in forestry training at SUA Tanzania.](#)

On 2nd to 8th August 2024 KVTC participated in the product Exhibition in Morogoro during the Nanenane exhibition. This is an annual event held in Tanzania to honour farmers and celebrate achievements in the agriculture, livestock and fishery sectors. KVTC was exposed to new customers and people who were unaware of teak products.

On 30th September to 4th October 2024 KVTC attended the Golden Jubilee in forest training in Tanzania held at Sokoine University of Agriculture (SUA) The event celebrated 50 years of forestry training and aimed to tackle challenges in forest management and conservation while promoting sustainable practices. The event was associated with exhibition of various forest products from different forest institutions. KVTC displayed value added teak products and many people learnt the contribution of teak to sustainable social, economic and environmental development.



Figure 14: KVTC representatives displaying teak value-added products during Golden Jubilee exhibition at Sokoine University of Agriculture.

KVTC newsletter

In order to improve communication with the communities, out growers, local government and other stakeholders, KVTC has established a bi-annual newsletter which is being distributed to all surrounding communities, district authorities and other stakeholders. Previous versions of the company newsletter can be found on the KVTC website under the download section: <http://www.kvtc.co.tz/downloads>

Canteen Service

The company has continued providing breakfast and lunch to its employees who work at its Mavimba industrial complex. It is now six years since the service started. Access to nutritious food at workplace is very essential. It contributes towards increased employee health, morale, and productivity. Employees remain energetic and alert and this also leads to reduced accidents at work, absenteeism, and employee health costs. A catering contractor (Mavimba Enterprises company Limited) owned by a female contractor is managing the canteen.

Field food allowance

The company provides food allowances to all employees who work in the forest. This includes harvesting, haulage, silviculture, enumeration, and road maintenance teams. Field food allowance is provided to compensate for the difficulty of providing cooked food for the forestry from the central canteen. The food allowance is reviewed every year during the Collective Bargaining Agreement. In 2024 the amount was reviewed to TZS 58,364 per employee per month. For comparison purposes, a plate of a hot meal from a street food vendor in Tanzania costs on average, about TZS 2,000.

KVTC Singeli Song Contest

Since 2017 KVTC management has been organizing an arts contest among all secondary schools in KVTC's neighbouring villages. The aim of the contest is to tie together

knowledge, creativity and understanding to youth on promoting sustainable, environmental, and social economic development that encourages students to participate actively in extracurricular activities.

In 2024, KVTC organised Singeli Song competition. Singeli is a contemporary informal Tanzanian urban narrative. It involves the beats produced by a DJ and person singing to the beats while others dance. The words sung by the singer are prompt words that are expressed at specific moments. *Singeli* dancing involves energetic high speed leg movements and clapping hands.

In this contest KVTC wanted to know how the youth are perceiving the benefits of taking care of the environment.

Theme of the Singeli Song Contest:

- *“In this drama contest we want to know how the youth are perceiving the benefits of environmental conservation.”*
- *“Take care of environment, it will take care of you. (Tunza mazingira yakutunze)”*

On 21st October 2024, Lupiro secondary school hosted the KVTC Secondary School Singeli Song Festival Contest where nine secondary schools participated. Each school nominated one teacher to the panel of judges. The panel also included six KVTC management employees.

The show was both entertaining and educative. Lupiro secondary school emerged in first place, then Igota secondary school in second with third place going to Namawala secondary school. The event was also attended by Ulanga District Commissioner and District security committee. They were very happy with the competition.

KVTC offered the following prizes.

- The winner received 500,000 TZS.
- Second place received 250,000 TZS.
- Third place received 150,000 TZS.
- The school with the winning team received 500,000 TZS.
- Each school that participated received 200,000 TZS.

The prizes and certificates were handed over in November 2024 before the schools went on year-end break.



Figure 15: One of Secondary school Students during Singeli Song contest show at Lupiro Secondary School.

National Freedom Torch.

National Freedom Torch race is a national annual event where the freedom torch is taken around the entire country. Each year the district authorities in collaboration with the regional authorities pick relevant projects for the freedom torch to commission. In 2024, KVTC nursery was selected as a stopover because of its contribution to environment and out grower support program. The Freedom torch race was successfully held on 24th May 2024. During the event, KVTC presented a gift to the national freedom team leader.



Figure 16: Some of the KVTC female employees waiting for guest of honor to inaugurate the new greenhouse tunnel at KVTC nursery during freedom torch at KVTC nursery.

Contractors' tendering policy for outsourced forestry work.

At the end of 2021 KVTC management developed a new policy which requires all forest activities to be outsourced through tender.

All contractors were informed of the new policy. The implementation of the new system started on 1st of January 2022. A tender committee was established and is responsible for awarding work to forestry contractors.

The aim of introducing a tender system is to ensure that all contractors interested in outsourced work are equally and fairly treated, encourage improvement in work performance and competition among the contractors, and avoid conflict of interest between the contractors and KVTC employees.

Since the start of the tender system, all contractors are evaluated in terms of their performance, compliance with OHS and environmental requirements, all relevant legal requirements and KVTC operational procedures. All contractors welcomed the new system.

On 23rd August 2024 KVTC Management organised a meeting with all contractors that work with KVTC. The main objective of the meeting was to share various information between KVTC and contractors which aims at improving operation performance, comply with government laws, company OHS policies and procedures, Environmental and FSC principles.

A total of thirty-five contractors attended the meeting, the meeting was very productive and one of improvement was extension of forest operation contracts from six months to one year with effect from January 2025.



Figure 17: KVTC Management and contractors meeting on 23rd August 2024.

KVTC's Women Engagement

The presence of women in the business world is not only beneficial but also necessary for several reasons. Women bring unique skills, perspectives, and experiences to the workplace, which can help businesses succeed in today's competitive and rapidly changing environment.

KVTC is encouraging and promoting equal opportunities for women. The number of female employees has increased to 29% in 2024. KVTC female employees participate in all aspects of the business.

See Chart 3 below.

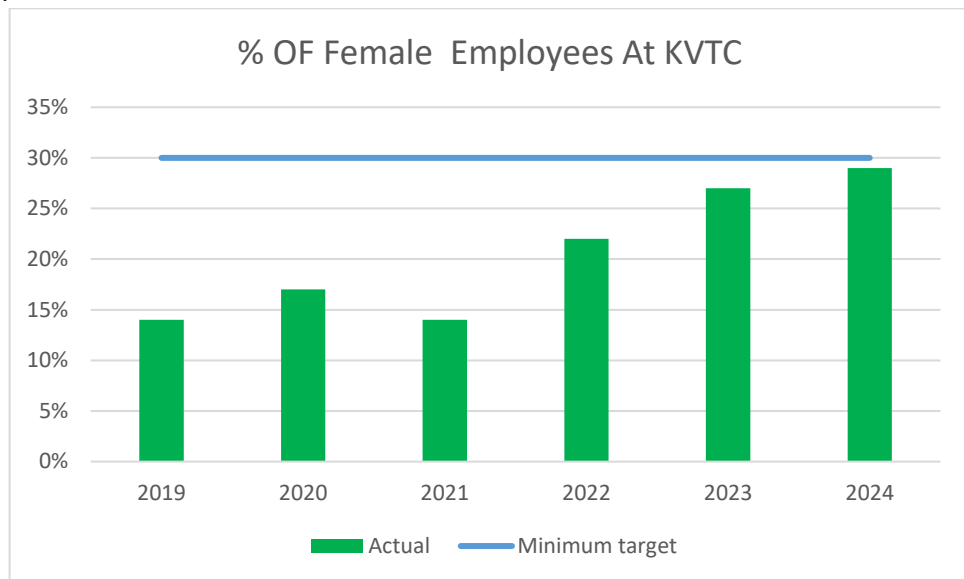


Chart 3. Percentage of female employees at KVTC

On 8th March 2024 KVTC female employees celebrated International Women’s Day. The company supported the event. The celebration was held at KVTC Mavimba. Four women representatives visited the orphanage center at UKWAMA village in Mahenge and they donated groceries as part of celebration.

The company will continue to promote gender diversity and create an inclusive workplace culture to enhance equitable and sustainable gender balance.

All female employees also received training on their rights and health in the workplace.



Figure 18: Some of the KVTC/contractors female employees who received training on their rights in the workplace.

Collective Bargaining Agreement (CBA)

KVTC has a mechanism through which a collective agreement is reached with the Tanzania Plantation and Agricultural Workers Union ('TPAWU') each year. This agreement governs the interaction with as well as provides rules and obligations for the company and employees. Union members as well as all other employees are kept up to date about the company's performance and plans.

The CBA agreement covering the period 1st July 2024 to 30th June 2025 was signed amicably between management and union representatives.

All salaries, wages and employee allowances were increased by more than the average annual inflation published in June 2024 by the National Bureau of Statistics.

Bee Keeping Project.

Bee keeping plays a significant role in sustainable agriculture, maintaining biodiversity, food security and promoting economic development.

Bees are important pollinators, and many ecosystems depend on the pollination of bees for their existence and for increasing their genetic diversity. Beekeeping can contribute greatly to both the physical and economic wellbeing of KVTC employees and neighboring communities.

The company is promoting bee keeping projects in the surrounding communities. Individuals and community groups are encouraged to engage in bee keeping activities on KVTC property for both their improved livelihoods and sustainable forest conservation.

In Idete village a bee keeping group known as KIWAVIKAE has thirty-six beehives in KVTC land at Ichima block. At the end of 2024 KIWAVIKAE group harvested 60lts of honey.

On 28th November 2023 KVTC handed over twenty beehives to a community group known as WANJUCHI GROUP from Alabama village. The handover was done by the KVTC board members during their annual visit. The beehives were mounted in KVTC land at Mafinji block, and 17 beehives have already been colonized by bees. KVTC will continue encouraging and promoting beekeeping projects to its surroundings communities.



Figure 19: KVTC board member, Ilkka Norjamäki handing over beehives to WANJUCHI group. Group members show just before hanging the beehives on KVTC land at Mafinji block

Cancer awareness and Cancer screening.

On 11th June 2024 health practitioners from Good Samaritan Cancer Hospital (GSCH) conducted cancer awareness and screening at KVTC as part of their rural outreach program. KVTC invited GSCH to conduct cancer awareness and screening. The exercise involved HIV screening and voluntary blood donation. A total of 117 employees (44 Male and 73 Female) attended and were tested for cervical, breast and prostate cancer. All were tested negative. 27 employees volunteered for blood donation, and they were registered as blood donors to save the life of other people. Villagers from Mavimba villager were invited and some female villagers attended.

All employees and villagers who attended the exercise were grateful and appreciated the awareness and screening exercise since they gained more knowledge about the causes and prevention of cancer disease. Good Samaritan Cancer Hospital will continue cooperating with KVTC on health awareness and promoting the wellbeing of employees.



Figure 20: KVTC Staffs with Good Samaritan Cancer Hospital Staffs during cancer screening at KVTC Mavimba on 11th June 2024.

Training.

Human capital is one of the most important assets of any company. KVTC has a policy to develop and maintain a solid and well-balanced workforce capable of performing the duties of the company properly. 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 employees to courses within as well as outside the country.

During 2024 a total of 359 employees were trained in various disciplines at a cost of TZS 83.4 million. The Chart 4 below summarises the type of training done.

KVTC Training Courses

| | | Workers Trained | | | | | | | | | |
|---------------------------------|----------------------------|-----------------|------------|------------|------------|------------|-----------|------------|------------|------------|------------|
| Course | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| SAFETY | First Aid Courses | 39 | 28 | 37 | 71 | 52 | 2 | 21 | 59 | 24 | 25 |
| | Safety Training | - | - | - | - | - | - | - | 6 | 5 | 18 |
| CLIMATE RESILIENCE | Fire Fighting Courses | 61 | 35 | 78 | - | 2 | 40 | 40 | 47 | 40 | 35 |
| | Environmental management | - | - | - | - | - | 0 | 0 | - | - | 17 |
| TECHNICAL SKILLS | Chainsaw Training Courses | 42 | 38 | - | 40 | - | 0 | 5 | - | - | 5 |
| | Operator Training | | | | | | | | 10 | 1 | - |
| | Sawdoctor Training | | | | | | | | 6 | - | - |
| | GIS & Microforest | | | | | | | | 3 | 1 | - |
| | Other Technical skills | | | | | | | | | 17 | 9 |
| HEALTH | Mental health | - | - | - | - | - | - | 0 | - | 28 | - |
| | HIV/Cancer awareness | | | | | | | | | | 156 |
| SOFT SKILLS | Management Systems | 5 | 12 | 7 | 9 | 25 | 0 | 49 | 4 | 21 | 26 |
| | Ethics | - | - | - | - | - | - | 170 | 47 | 36 | 7 |
| | Women's training courses | - | - | - | - | - | - | 0 | - | - | 51 |
| | Other Soft skills Training | 1 | 39 | 7 | 9 | 34 | 4 | 58 | 23 | 46 | 10 |
| Total number | | 148 | 152 | 129 | 129 | 113 | 46 | 343 | 205 | 219 | 359 |
| Investment (TZS million) | | 25 | 27 | 25 | 29 | 75 | 5 | 30 | 102 | 40 | 83 |

Chart 4. KVTC training program conducted 2015- 2024.

In June 2024, Emanuel Manuma, the Enumeration Forester attended training on Drone piloting in Dar Es Salaam for 28days. The training was conducted by Civil Aviation Training Centre which is under the Tanzania Civil Aviation Authority. KVTC purchased a drone which is a useful tool for monitoring forest conservation activities including mapping and tracking of illegal incidents.

Development impact monitoring

The impact on development of the initiatives discussed above is monitored on an ongoing basis. The results are shared with investors, board members and other stakeholders.

Socio-economic impact monitoring

Chart 5 and Table 11 below show key development impact indicators for KVTC for the period 2017-2024.

Chart 5: Development impact indicators 2017-2024

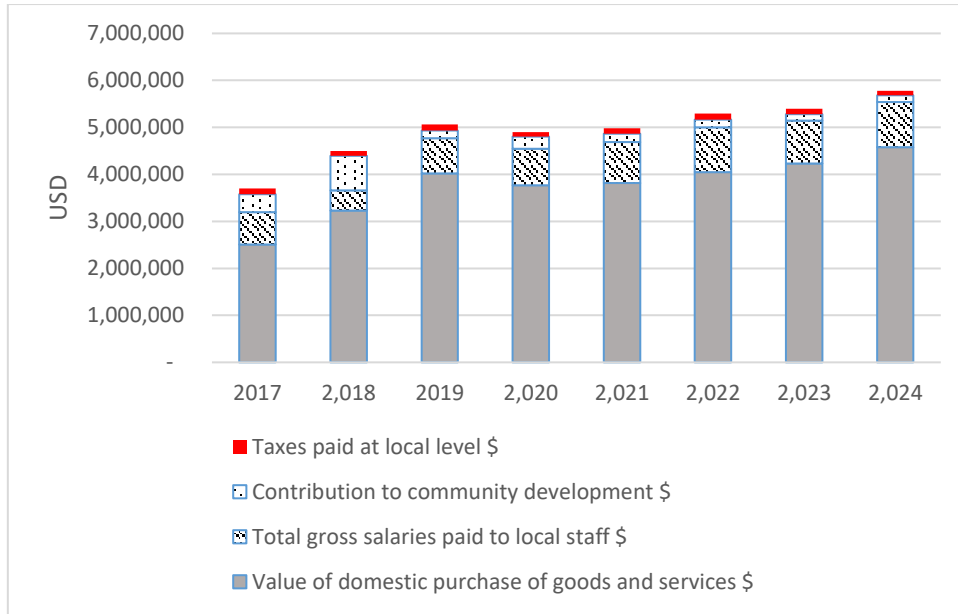


Table 11: Number of Employees

Indicator-Employment

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------|------------|------------|------------|------------|------------|
| Direct employees | 307 | 331 | 281 | 302 | 286 |
| Indirect employees | 236 | 262 | 321 | 311 | 323 |
| Total | 543 | 593 | 602 | 613 | 609 |

Recommendations from socio-economic impact monitoring results

Continue to increase the number of female employees in the company at all levels. More investment in technical training is also critical.

9. Governance

9.1. Ethics and anti-bribery & corruption (ABC) training.

The company continues to implement its Ethics policy which was developed by management and approved by the board. The policy was translated into Swahili language and distributed to all employees, contractors and other stakeholders.

This policy is linked to employee guidelines prescribed in KVTC staff administration instruction handbook whereby.

- KVTC employees will not offer or accept anything of value with the purpose of inducing or entering into any business relationship with anyone.
- KVTC employees will not pay or accept any bribes.
- KVTC’s resources, assets or services will not be used directly or indirectly for any personal or improper purpose.
- KVTC employees will avoid any situation which involves or may involve a conflict between personal interests and the interests of the company.

- KVTC employees will not make any false or fraudulent statements to any parties in connection with preparation of company documents / reports or during audits and inspections.
- KVTC employees will treat everyone fairly and with respect without regard to race, tribe, religion, gender, marital or family status, disability, age, political affiliation, or any other trait.
- KVTC employees will keep the local communities informed about issues which may affect them.
- KVTC employees will not take advantage of their position in the company to gain sexual favors from anyone who wants to enter into any business or employment relationship with KVTC.
- KVTC employees will not divulge or use any confidential company information or any other information which might be contrary to the interests of KVTC without prior authorization from the CEO.

In November 2021, the company invited Tanzania Prevention and Combating of Corruption Bureau (PCCB) from Ulanga district and conducted training awareness on ethics, prevention and combating of corruption among its employees and contractors.

The training aimed at ensuring that all employees and contractors are informed of what kind of behaviours are acceptable and not acceptable within the normal course of the business.

All sawmill employees and contractors attended the training in November 2021. All forest employees were trained in January 2022.

Toolbox talks conducted by senior management in 2023 also highlighted how to identify and report cases of sexual harassment.

All suppliers received a copy of the policy in 2024 and were required to return a signed copy.

In 2024 The company developed a sexual harassment policy, The policy aims to promote a safe, respectful and harassment-free environment for all employees in line with Tanzania’s laws. It ensures that all forms of sexual harassment are addressed swiftly and effectively. The policy was communicated to all employees and contractors.

9.2 Legal compliance Evaluation.

The table below shows KVTC ‘s compliance status with legal requirements.

Table 12: KVTC Legal compliance status for 2024.

| No. | License | Issued By | Reference no. | Expiry Date |
|-----|--|--|--|-------------|
| 1 | Taxpayer Identification Number | Tanzania Revenue Authority (TRA) | Cert No 0119553 Tin No 101-462-439 | N/A |
| 2 | Social Security Scheme/Cover | Pension Funds (NSSF, PPF, etc.) | N/A | Individual |
| 3 | Environmental Impact Assessment for projects carried out by KVTC | National Environmental Management Council of Tanzania (NEMC) | Certificate Number: EC/EIS/70 Certificate Number: EAC/EAR/1721/93 | N/A |

| | | | | |
|----|--|---|--|--|
| 4 | EIA Certificate for Sawmill | NEMC | EC/EIS/70 | N/A |
| 5 | Water License | Rufiji Basin Development Authority | RBWB 0495-Kidugalo RBWB 2514 Nursery RBWB 2513 Nursery RBWB 2515 Sawmill. RBWB 2516 Sawmill. | N/A 2028 2028 2028 2028 |
| 6 | Fire Rescue Certificate | Ministry of Home Affairs | Control No: 994790372889 Control No: 994790372890 Control No: 994790372891 | October 2025 October 2025 October 2025 |
| 7 | Certificate of Registration of Workplace | Occupational Safety and Health Authority (OSHA) | IFA/00076 (sawmill) IFA/000091 (Forestry) | N/A N/A |
| | Workplace Registration | Occupational Safety and Health Authority (OSHA) | Cert No: 401 110 001 Cert No: 403 110 001 | N/A N/A |
| 8 | Compliance License Workplace | Occupational Safety and Health Authority (OSHA) | Cert No:403110001 Cert No:401110001 | 28 May 2025 |
| 9 | Forest Harvesting License | Tanzania Forest Service | S/No: 00060792 | 30 th June 2025 |
| 10 | Timber Yard Registration | Tanzania Forest Service | S/No: 00061149 | 30 th June 2025 |
| 11 | Sawmill Registration & Carpentry | Tanzania Forest Service | S/No: 00060711 | 30 th June 2025 |
| 12 | Certificate of Registration of Remotely Piloted Aircraft | Tanzania Civil Aviation Authority | Cert Number: 24112 | N/A |
| 13 | Radio License | Tanzania Communication Radio Authority (TCRA) | TCRA/VURDPF/0007/2022 | 16 th September 2025 |
| 14 | Business License | BRELA | B.L.No: 20000070982 | 12 th July 2025 |
| 15 | Chemical Registration Certificate | Government Chemist Laboratory Agency | B005-C00167 | 2 nd October 2027 |
| 16 | Workers' compensation Fund registration | WCF Tanzania | Registration Number 012752 | N/A |

9.3 Board of Directors

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

The Chief Executive Officer circulates a detailed monthly 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.

The Board of Directors of KVTC is ultimately 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 approves the strategy and organization of the company and appoints the CEO 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:

- Ambassador. Ami Mpungwe Tanzanian (Chairman)
- Mr Jim Heyes American
- Mr Ilkka Norjamakki Finnish
- Mr Ole Sand Norwegian (Mr. Sand is an alternate to Mr Heyes)

The Chief Executive Officer of the company is Mr Irvine Kanyemba, a Zimbabwean National.

9.4 Company Addresses and Contacts

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