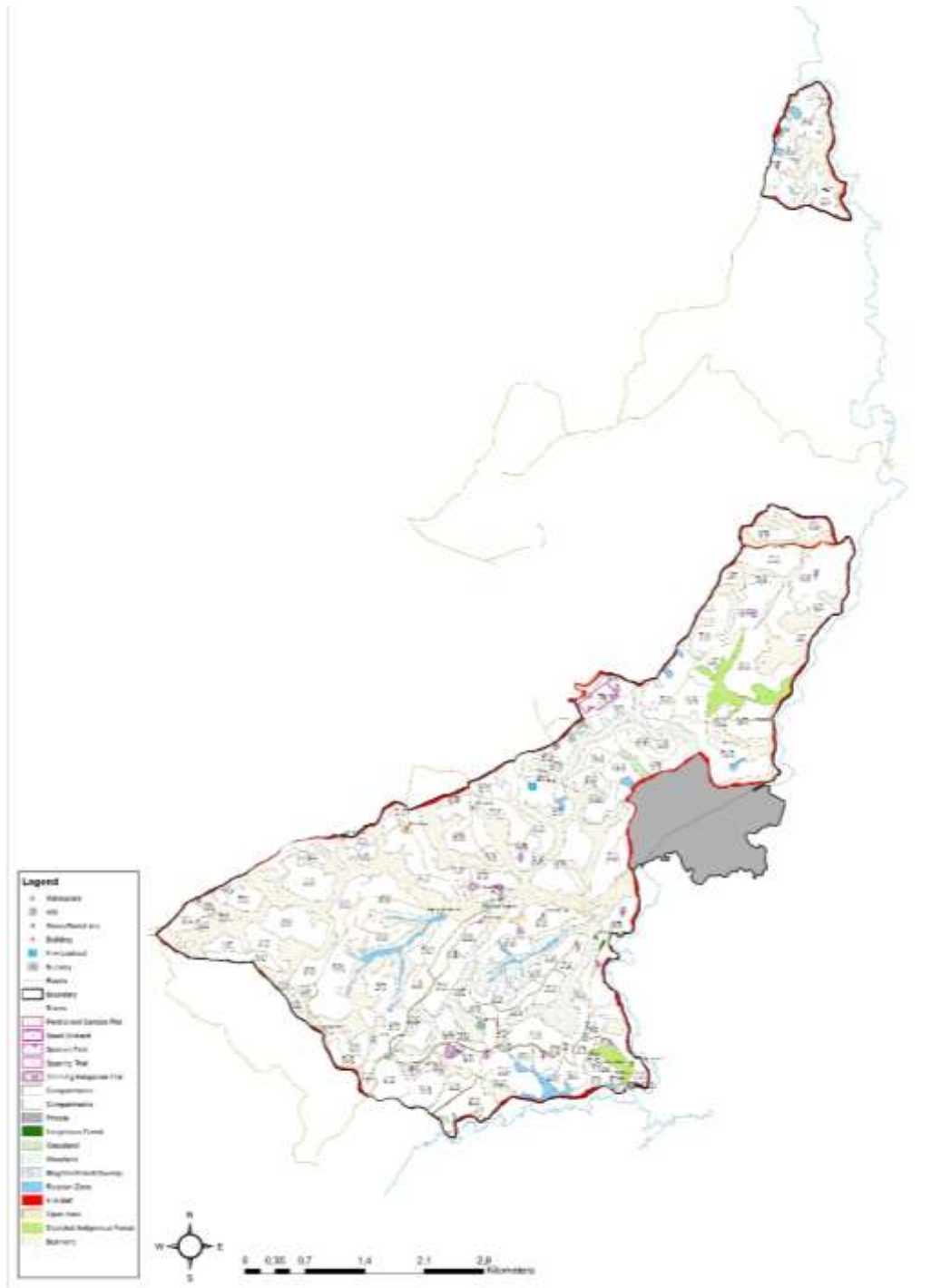


Lukosi Monitoring Public Summary FY20

1. Introduction

This document summarises the monitoring of activities at The New Forests Company's (NFC) Lukosi Plantation, located in Kilolo District of Iringa Region in the United Republic of Tanzania. This monitoring has been conducted in line with the management objectives, and the requirements of international standards. Familiarity with the management plan summary for Lukosi Plantation is helpful in understanding the management objectives that relate directly to these monitoring results.

The period under review is FY20, from July 2019 to June 2020.



Map 1: Lukosi Plantation

2. Employment

Our people are the source of our strength. Lukosi employed on average 99 people over the period under review. Of these, 45 were own labour and management, and 54 were contracted. About 27% of all workers were women, an improvement from the previous year where around 18% were women. The progress in this regard is pleasing to report. Approximately 96% of all workers are sourced within 30km of the boundaries

of Lukosi Plantation, an increase from 92% the previous year. This is usually affected by the seasonality of the work being undertaken from time to time.

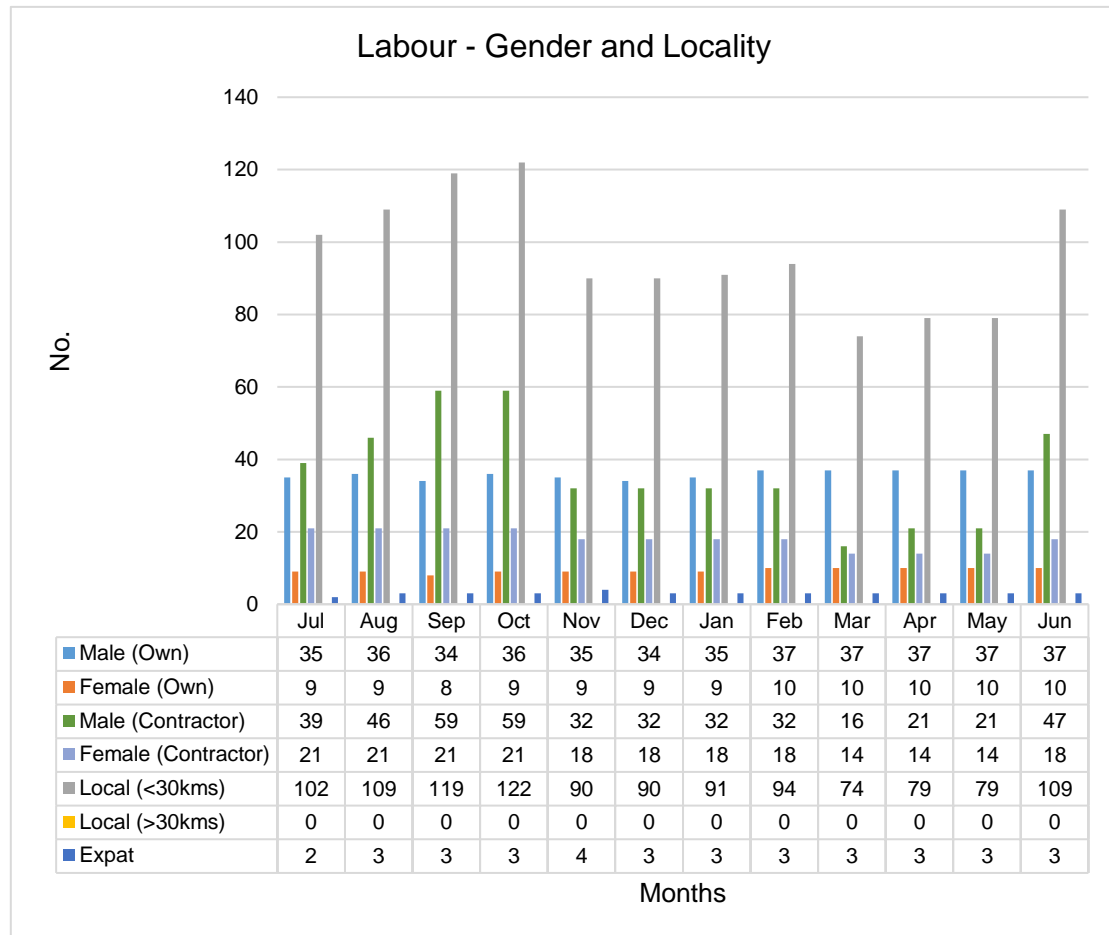


Chart 1: Labour statistics, gender and locality

3. Environmental Impacts

As a triple bottom line business, our positive impact on the environment is an important part of our ethos.

3.1. The results of regeneration activities (Criterion 10.1)

The temporary unplanted area (TUP) of Lukosi is less than 1%. There were no establishment activities during this period, as was the case for the previous year.

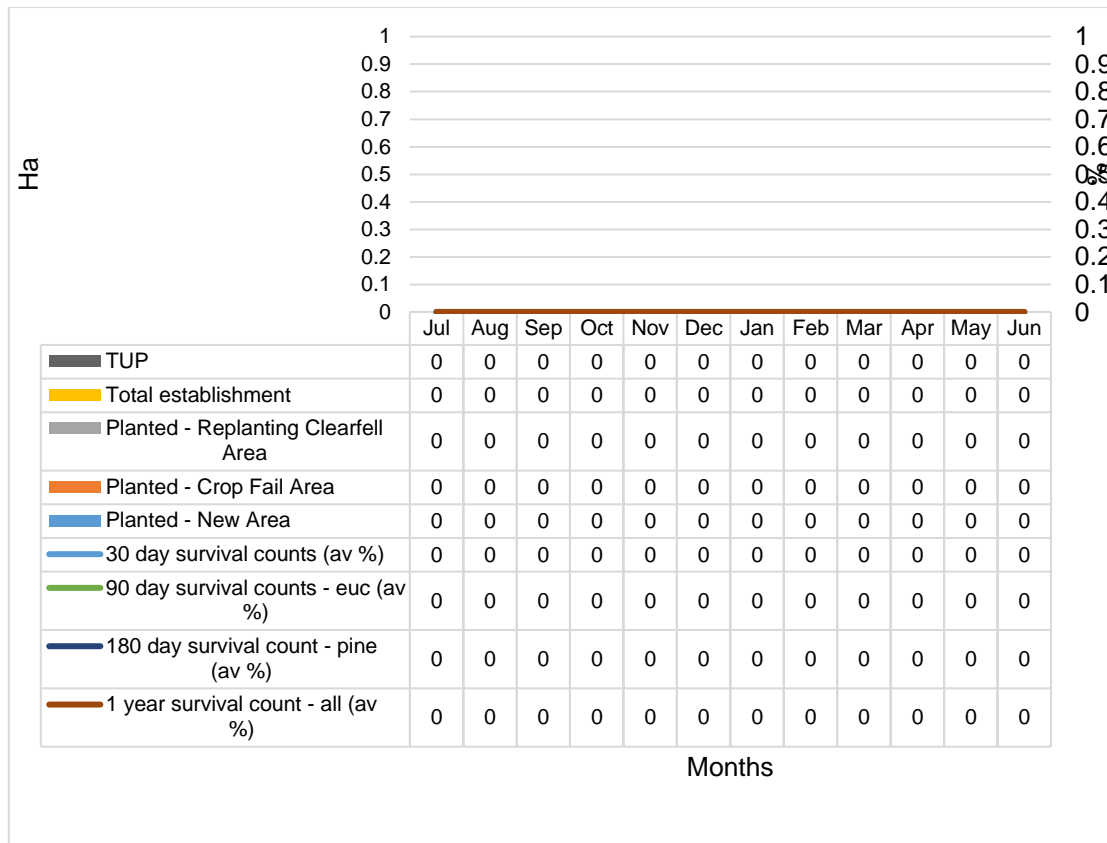


Chart 2: Establishment activities

3.2. The use of ecologically well adapted species for regeneration (Criterion 10.2)

In line with The New Forests Company's requirements, only Eucalyptus and Pinus species are planted. There is an established history of the ecological suitability of these species in the Southern Highlands of Tanzania, as these species have been planted on government and private plantations for decades after research showed them to be suitable.

3.3. Invasiveness or other adverse impacts associated with any alien species within and outside the Management Unit (Criterion 10.3)

There are currently no significant recorded invasive or other adverse impacts associated with the species planted on NFC plantations. Pinus patula has had some invasive impacts and is managed through removal where these impacts are observed.

3.4. The results of silvicultural activities (Criterion 10.5)

As there was no establishment, there was no year one weeding, as was the case in the previous year. Other weedings to bring the plantation into a maintenance phase were scheduled and completed.

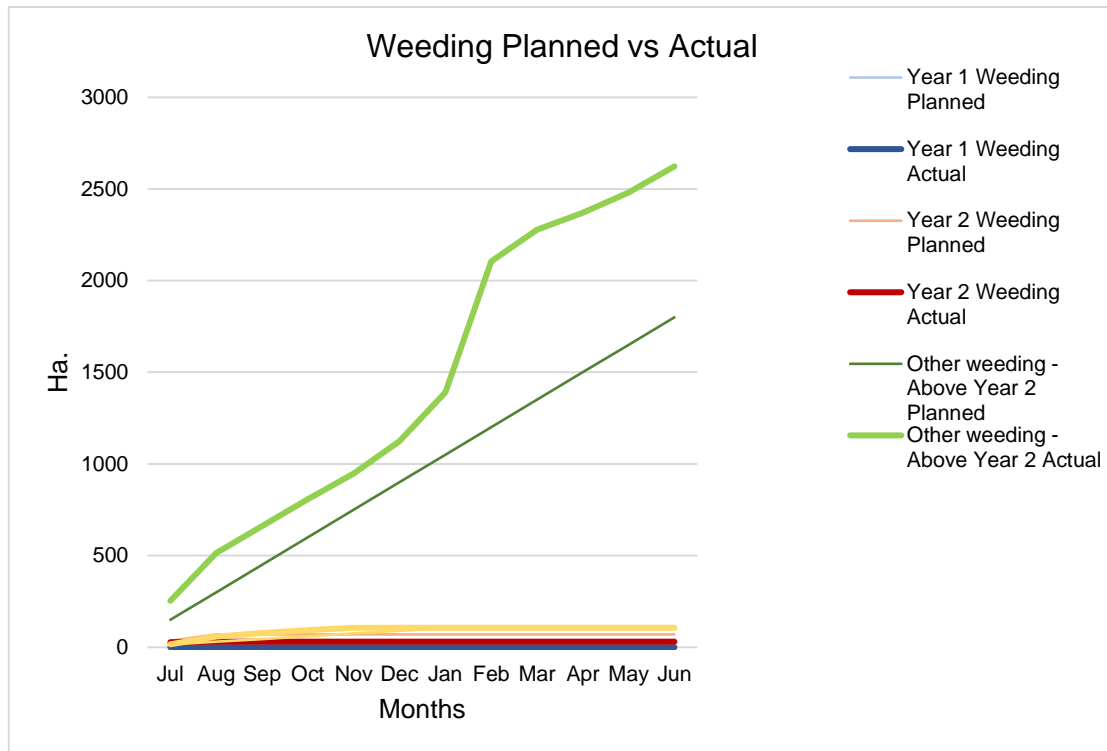


Chart 3: Weeding Planned vs Actual

3.5. Adverse impacts to environmental values from fertilizers (Criterion 10.6)

Fertilisers are not in use for the period under review, as was the case for the previous year.

3.6. Adverse impacts from the use of pesticides (Criterion 10.7)

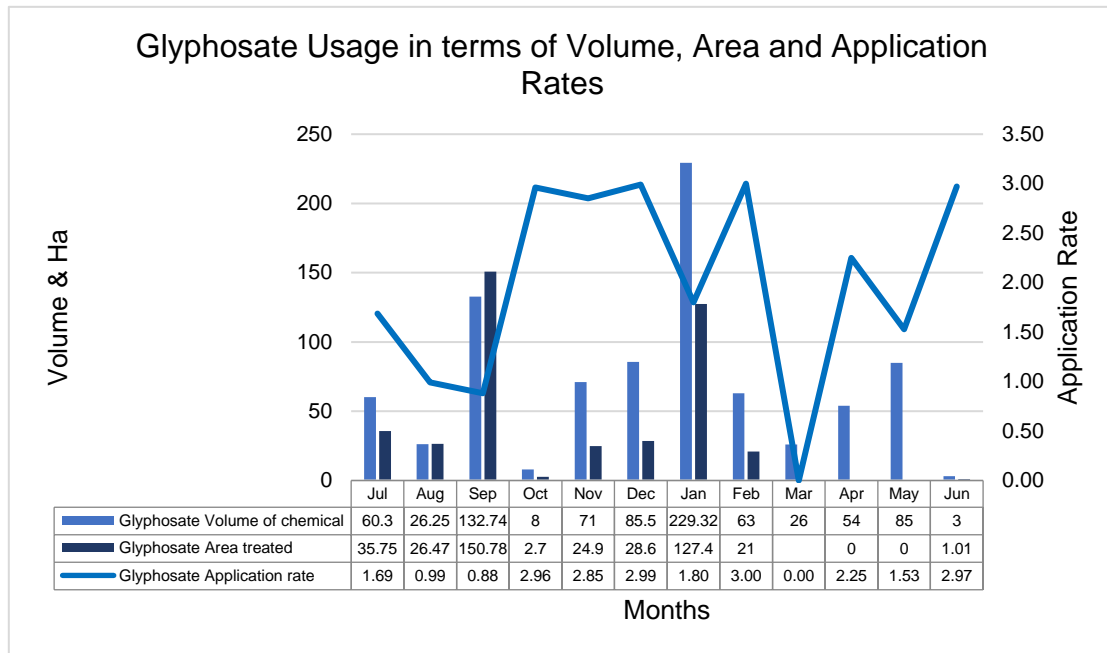


Chart 4: Glyphosate usage and application rates

Glyphosate, a herbicide, was applied on plantation in line with company policies and procedures, which meet certification requirements. This year we used 66% of the volume used last year. Progress towards meeting the revised FSC™ Pesticide Policy is being made, with the technical chemical portion of the environmental and social risk assessment complete, and work in progress on the social part. Negative impacts are yet to be recorded.

3.7. Adverse impacts from the use of biological control agents (Criterion 10.8)

Biological control agents were not used in the period under review, as was the case for the previous year.

3.8. The impacts from natural hazards (Criterion 10.9)

There were no natural hazards observed or reported at Lukosi in the period under review. The most prevalent natural hazard in the Southern Highlands of Tanzania are landslides, the likelihood and impacts of these are reduced by our core activity of tree planting.

3.9. The impacts of infrastructural development, transport activities and silviculture to rare and threatened species, habitats, ecosystems, landscape values water and soils (Criterion 10.10)

The company did not observe impacts in this regard, neither were there any reports or complaints from stakeholders of this nature. Conservation areas have been set aside that have habitats for rare, threatened and endangered species, such as *Dioscorea arborescens*. Monitoring of these sites are scheduled for 2024.

3.10. The impacts of harvesting and extraction of timber on non-timber forest products, environmental values, merchantable wood waste and other products and services (Criterion 10.11)

Harvesting is scheduled to commence on Lukosi in FY21, with the company's pole plant at Iringa as the sole customer for now. As was the case last year, thinning has also been carried out, this being thinning to waste. There are a few customers that have taken some of the thinned material where it met their needs, though this was not much and was all hand extraction. Negative impacts were not reported.

There have been no impacts on non-timber forest products and environmental values from the thinning.

3.11. Environmentally appropriate disposal of waste materials (Criterion 10.12)

As was the case in the previous year, all waste has been disposed of in line with legal requirements, and as specified in the company's policies and procedures. Negative impacts related to this were not observed, and there have been no reports or complaints from stakeholders in this regard.

4. Social Impacts

4.1. Evidence of illegal or unauthorized activities (Criterion 1.4)

Monitoring for illegal activities is carried out on an ongoing basis on the plantation. One illegal activity of timber theft was reported.

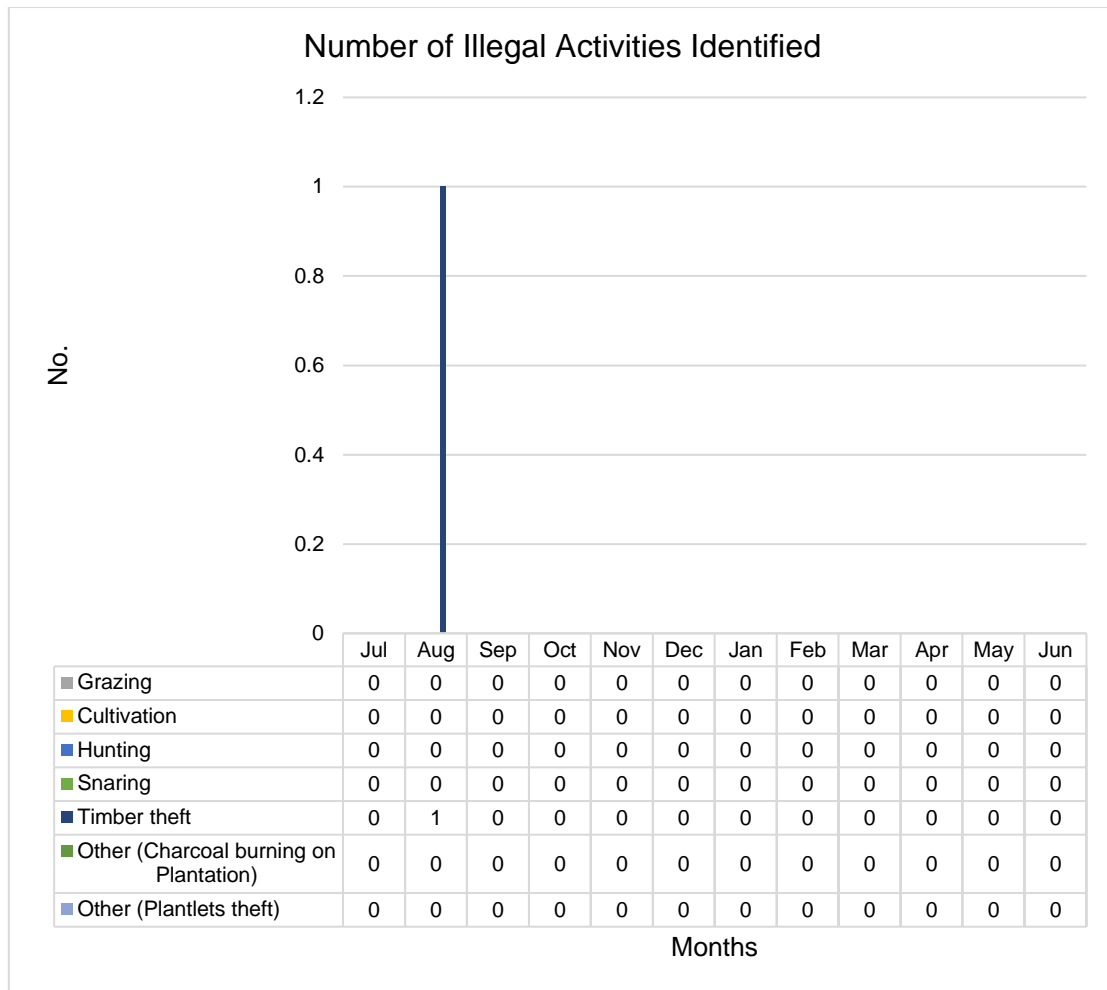


Chart 5: Illegal Activities

4.2. Compliance with applicable laws, local laws, ratified international conventions and obligatory codes of practice (Criterion 1.5)

There were no cases of non-compliance with national or local laws reported.

There were no instances of non-compliance with obligatory codes of practice or ratified international conventions, recorded.

4.3. Resolution of disputes and grievances (Criterion 1.6, Criterion 2.6, Criterion 4.6)

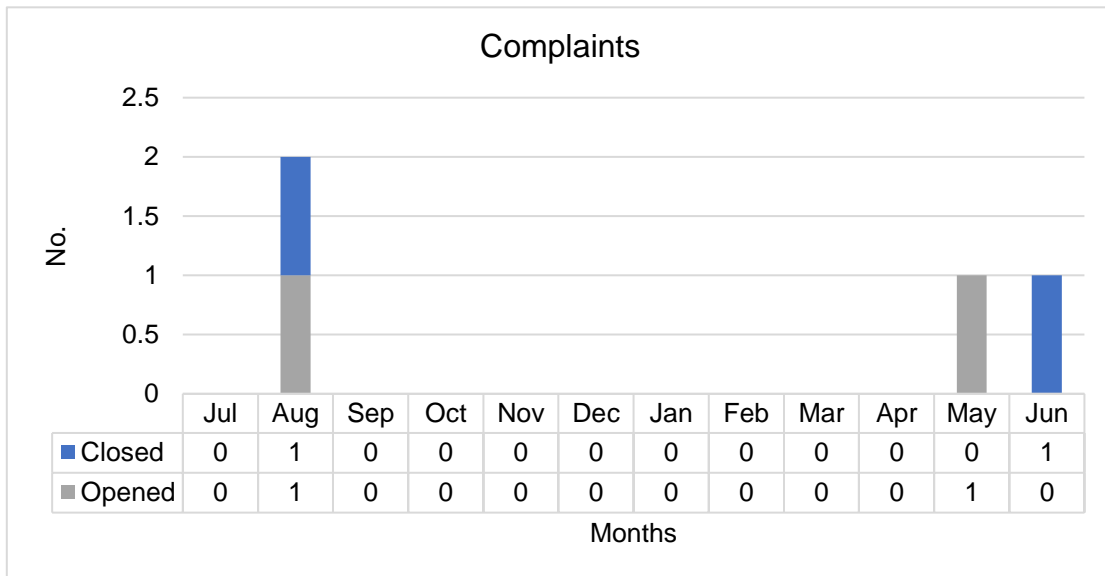


Chart 6: Complaints

Two complaints from stakeholders were raised, closed in the period under review.

As was the case last year, there were no grievances from employees recorded.

4.4. Programs and activities regarding workers' rights (Criterion 2.1)

All workers rights with regards to the employment and labour relations act are implemented in line with the current human resources best practice. All of the ILO Core Conventions are complied with.

4.5. Gender equality, Sexual harassment and gender discrimination (Criterion 2.2)

Where we have had cases, these have been dealt with expeditiously and in accordance with our procedures and systems. We also encourage the enforcement of gender equality throughout our operations. We have also embraced diversity and inclusion of both genders in recruitment and management forums.

4.6. Programs and activities regarding occupational health and safety (Criterion 2.3)

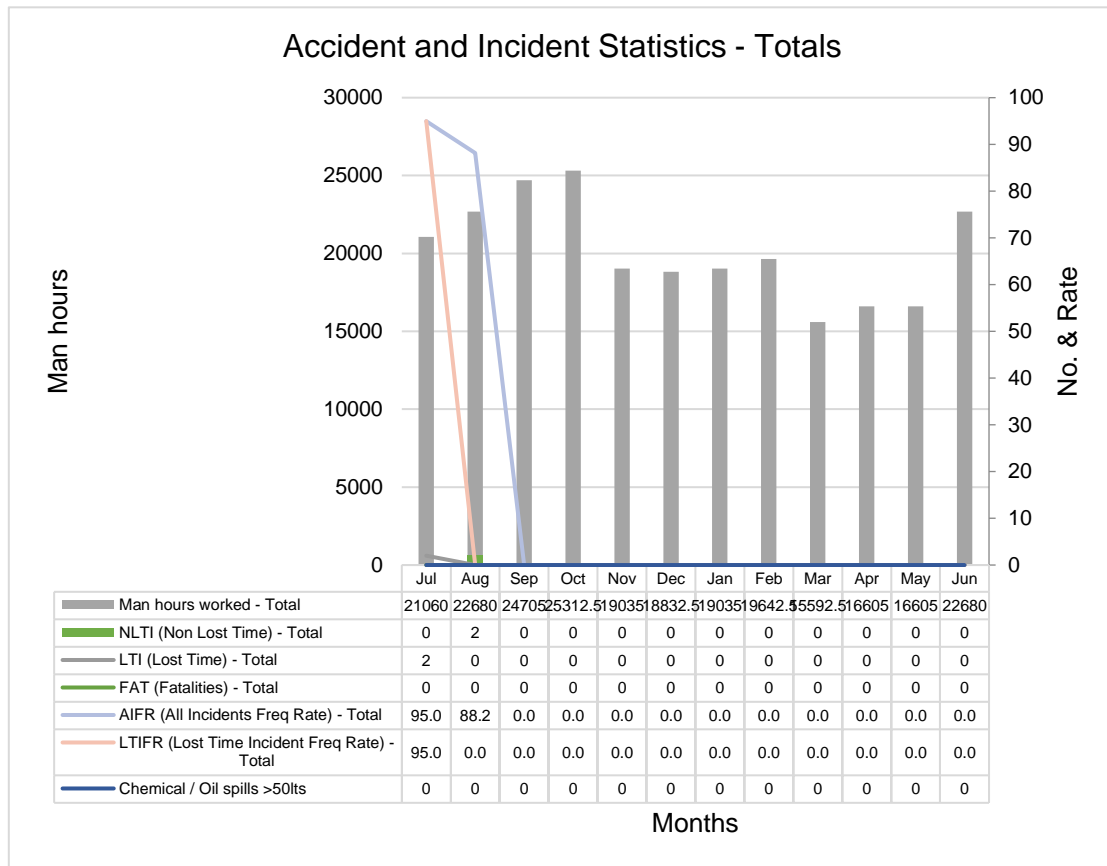


Chart 7: Safety statistics

Company policies, systems and procedures meet International Labour Organisation (ILO) requirements. No fatalities were reported. 2 lost time injuries were recorded, resulting in a loss of a total of 5 working days. 2 non-lost time injuries were reported, the workers concerned were treated at first aid kits and returned to work immediately. 13 near misses were reported.

4.7. Payment of wages (Criterion 2.4)

All wages and salaries are paid in full and on time.

4.8. Worker Training (Criterion 2.5)

Training needs were identified, and a training plan drawn up. There has been reasonable implementation of the plan, with a plan to carry out any remaining training from the previous year.

4.10. Where pesticides are used, the health of workers exposed to pesticides (Criterion 2.5 and Criterion 10.7)

Glyphosate is the only pesticide used currently. Instances of adverse effects on workers health are yet to be recorded, as was the case last year.

4.11. The identification of Indigenous Peoples and local communities and their legal and customary rights (Criterion 3.1 and Criterion 4.1)

There has been no change in the identification of local communities and the identification of their legal and customary rights as there are no new communities, and there has been no change in the existing communities.

4.12. Full implementation of the terms in binding agreements (Criterion 3.2 and Criterion 4.2)

All of the terms in binding agreements were fully implemented.

4.13. Indigenous Peoples and community relations (Criterion 3.2, Criterion 3.3 and Criterion 4.2)

Where appropriate, local communities are consulted on management activities that affect their rights, though none were recorded in the period under review. Local communities are aware of the existing mechanisms for commenting on and requesting changes to management activities to the extent necessary to protect their rights.

4.14. Protection of sites of special cultural, ecological, economic, religious or spiritual significance to Indigenous Peoples and local communities (Criterion 3.5 and Criterion 4.7)

There are 9 graves on Lukosi. The families that they belong to have been consulted and their wishes in terms of their management are respected.

4.15. The use of traditional knowledge and intellectual property (Criterion 3.6 and Criterion 4.8)

The company does not use traditional knowledge in operations.

4.16. Local economic and social development (Criterion 4.2, Criterion 4.3, Criterion 4.4, Criterion 4.5)

The company has embarked on a program called Forests for Prosperity, where the company pays community associations for risk mitigation activities. There are established agreements for this with different communities, with performance assessed periodically. This puts the community association firmly in control of how they utilise the funds they earn.

A Village Savings and Loan Association was formed with the assistance of the company and benefits its' members. A Tree Growers Association was formed and trained and engage in different activities such as composting. Apiculture is another activity that has been supported by the company.

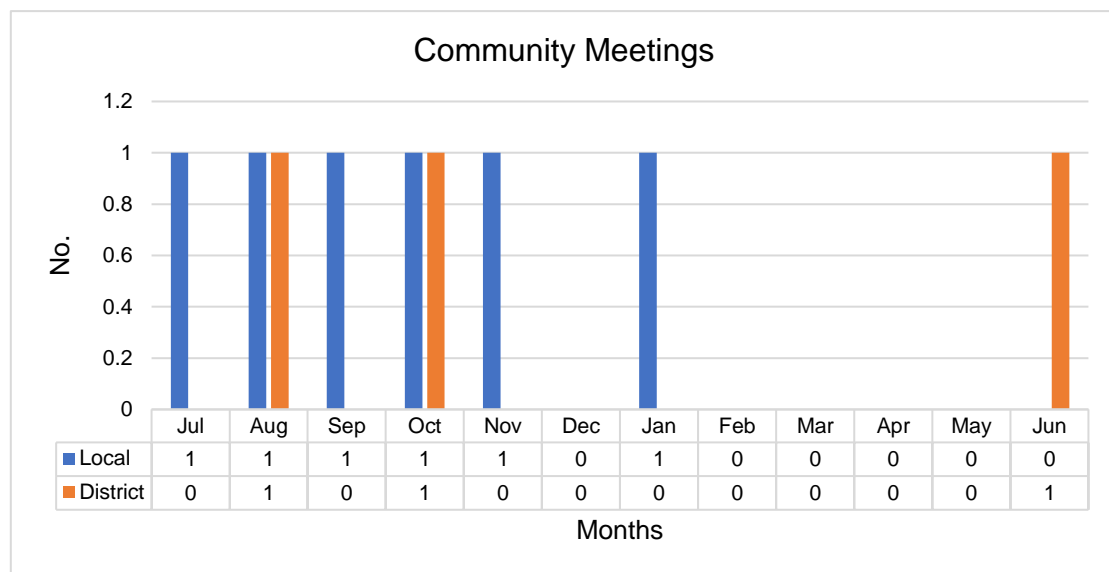


Chart 8: Community meetings

4.17. The production of diversified benefits and / or products (Criterion 5.1)

The plantation is yet to achieve maturity for the first harvest; thus this is still under development. The only thinning to date has been first thinning to waste. Where customers have been interested in buying this material, it has been made available to them, though uptake has been slow.

4.18. The maintenance and/or enhancement of ecosystem services (Criterion 5.1)

Ecosystem services are not effectively implemented in the country for the time being.

4.19. Activities to maintain or enhance ecosystem services (Criterion 5.1)

Ecosystem services are not effectively implemented in the country for the time being.

4.20. Actual compared to projected annual harvests of timber and non-timber forest products (Criterion 5.2)

Harvesting of timber is yet to commence, with some limited collection of thinning to waste material. Harvesting is scheduled to start in FY21.

4.21. The use of local processing, local services and local value-added manufacturing (Criterion 5.4)

Harvesting is yet to commence. Where possible, local service providers are used for the company's needs.

4.22. Long term economic viability (Criterion 5.5)

The company has long term plans that cover the next 25 years. In terms of the harvesting plan, the objective is to increase harvesting towards a maximum harvesting volume based on the sustainable total allowable cut. The volume forecasts over the next 25 years are aligned with the financial model.

Harvesting of Eucalyptus compartments is set to begin in 2021 and Pine harvesting in 2027-2028, with only thinning volumes being harvested in the meantime. The realised sustainable cut approaches 300 000m³ in the long term and a clearfell area of about 800ha. Harvesting will scale up rapidly in the next 10 years to meet the growing availability of timber.

4.23. High Conservation Values 5 and 6 identified in Criterion 9.1

There are currently no high conservation values on the forest management unit.

5. Changes in Environmental Conditions

- 5.1. The maintenance and/or enhancement of ecosystem services (Criterion 5.2) (when The Organization makes FSC™ promotional claims regarding the provision of ecosystem services, or receives payment for the provision of ecosystem services)

Ecosystem services are not effectively implemented in the country for the time being.

- 5.2. Environmental values and ecosystem functions including carbon sequestration and storage (Criterion 6.1); including the effectiveness of actions identified and implemented to prevent, mitigate and repair negative impacts to environmental values (Criterion 6.3)

For environmental values, a review of the biological diversity study carried out in 2014 is scheduled for 2024.

- 5.3. Rare and threatened species, and the effectiveness of actions implemented to protect them and their habitats (Criterion 6.4)

The conservation areas that were set aside still have the observed threatened species, *Dissotis arborescens*. A full review will be carried out in 2024.

- 5.4. Representative sample areas and the effectiveness of actions implemented to conserve and/or restore them (Criterion 6.5)

The regeneration of representative areas has been encouraging, some areas have required burning, at a suitably low intensity that achieves the desired objective without inflicting undesired damage, to maintain the vegetation.

- 5.5. Naturally occurring native species and biological diversity and the effectiveness of actions implemented to conserve and/or restore them (Criterion 6.6)

A full review will be conducted on this in 2024.

5.6. Water courses, water bodies, water quantity and water quality and the effectiveness of actions implemented to conserve and/or restore them (Criterion 6.7)

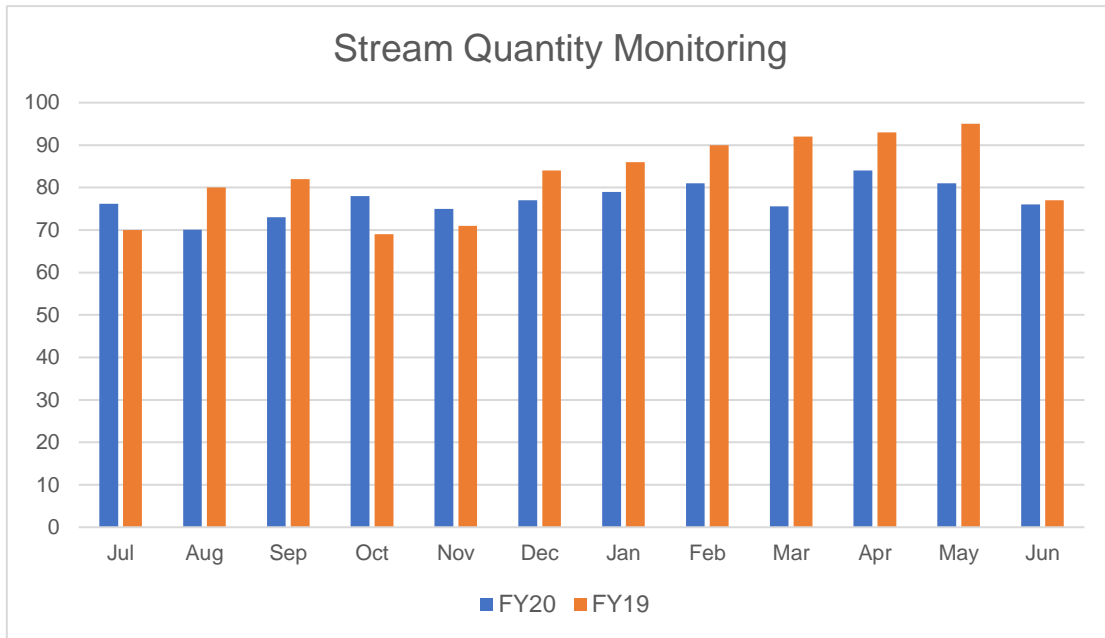


Chart 9: Lukosi River quantity monitoring

The above chart shows the first two years of data. Over time, this will be compared with data from several years to draw more meaningful conclusions. Currently, it is clear that there is a correlation between the rainy season that runs from December through to about April-May, though this is not consistent.

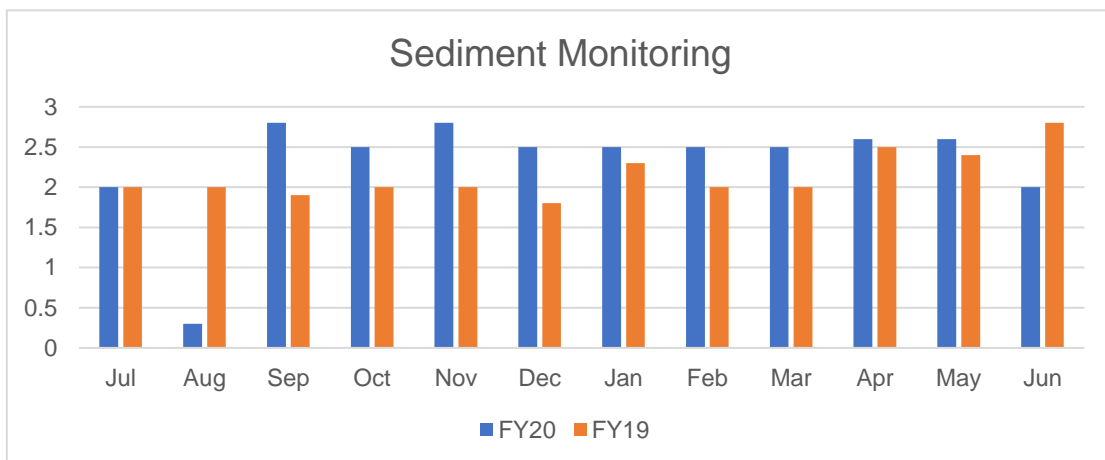


Chart 10: Lukosi River sediment monitoring

This chart is also the first two years of monitoring, data over years will be used to draw conclusions.

The planned monitoring for impacts from our use of glyphosate with respect to stream water was negatively affected by circumstances outside our control. This plan is still in place and will be proceeded with once it is feasible to do so.

In line with national legislation, buffers around water bodies are maintained to reduce negative impacts on environmental values.

5.7. Landscape values and the effectiveness of actions implemented to maintain and/or restore them (Criterion 6.8)

Lukosi Plantation is close to the Udzungwa range, that has importance for biological diversity at a national scale. Thus corridors have been left unplanted to maintain connectivity with the surrounding landscape, as well as riverine areas that are representative of local ecosystems.

5.8. Conversion of natural forest to plantations or conversion to non-forest (Criterion 6.9);

There has been no conversion carried out in the period under review.

5.9. The status of plantations established after 1994 (Criterion 6.10)

This forest management unit was established after 1994 and was assessed for conversion at the initial certification in 2014. There was no evidence of conversion found at that time.

5.10. High Conservation Values 1 to 4 identified in Criterion 9.1 and the effectiveness of actions implemented to maintain and/or enhance them.

There are currently no high conservation values on the forest management unit.

END OF SUMMARY