



Department of Agriculture, Forests & Fisheries
28 November 2017
Cape Town

Contents



- | | | | |
|---|--|----|---|
| 1 | Who is Mondi? | 8 | Land Restitution Programme |
| 2 | Social Investment Framework | 9 | Mkhondo Development Programme |
| 3 | Broad Based Black Economic Empowerment (BBBEE) | 10 | Buhle Farmers Academy |
| 4 | Procurement | 11 | CSI <ul style="list-style-type: none">• Mobiles• Bursaries• ECD• OVC |
| 5 | Siyaqhubeka Forests | | |
| 6 | Woodlot Grower scheme | | |
| 7 | Mondi Zimele | | |

IN TOUCH EVERY DAY

Our products touch
millions of lives,
every day.



International
packaging and paper
group, employing
around 25,000
people.



Over 100
operations
across more than
30 countries.



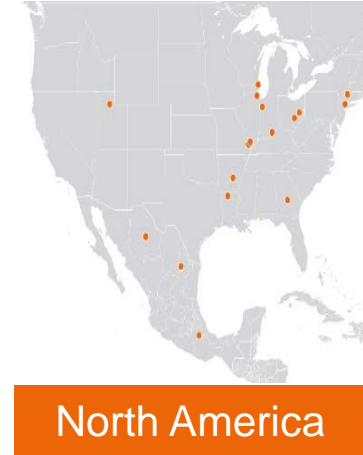
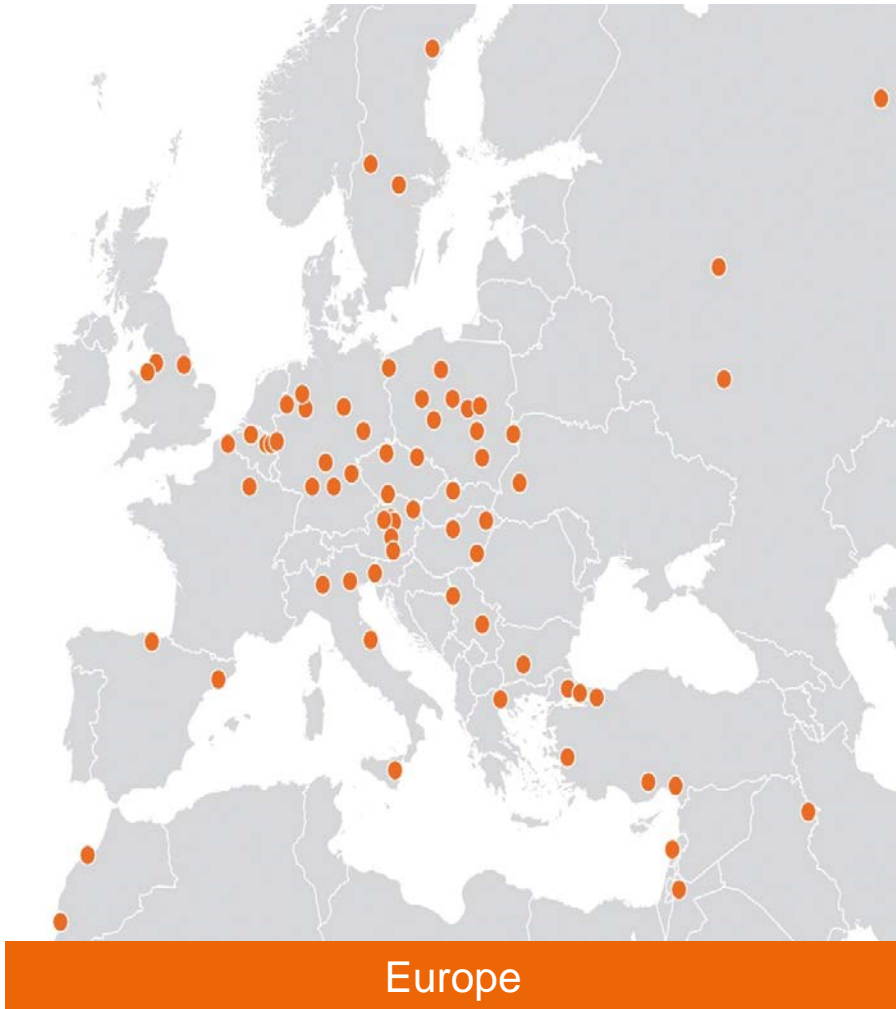
Primary listing on
the JSE Limited for
Mondi Limited.



Premium listing on the
London Stock
Exchange for Mondi
plc.



Mondi Group – Network



Mondi operates locally with more than **100 operations** across more than **30 countries.**

Mondi South Africa

4

Forestry
areas



2

Mills

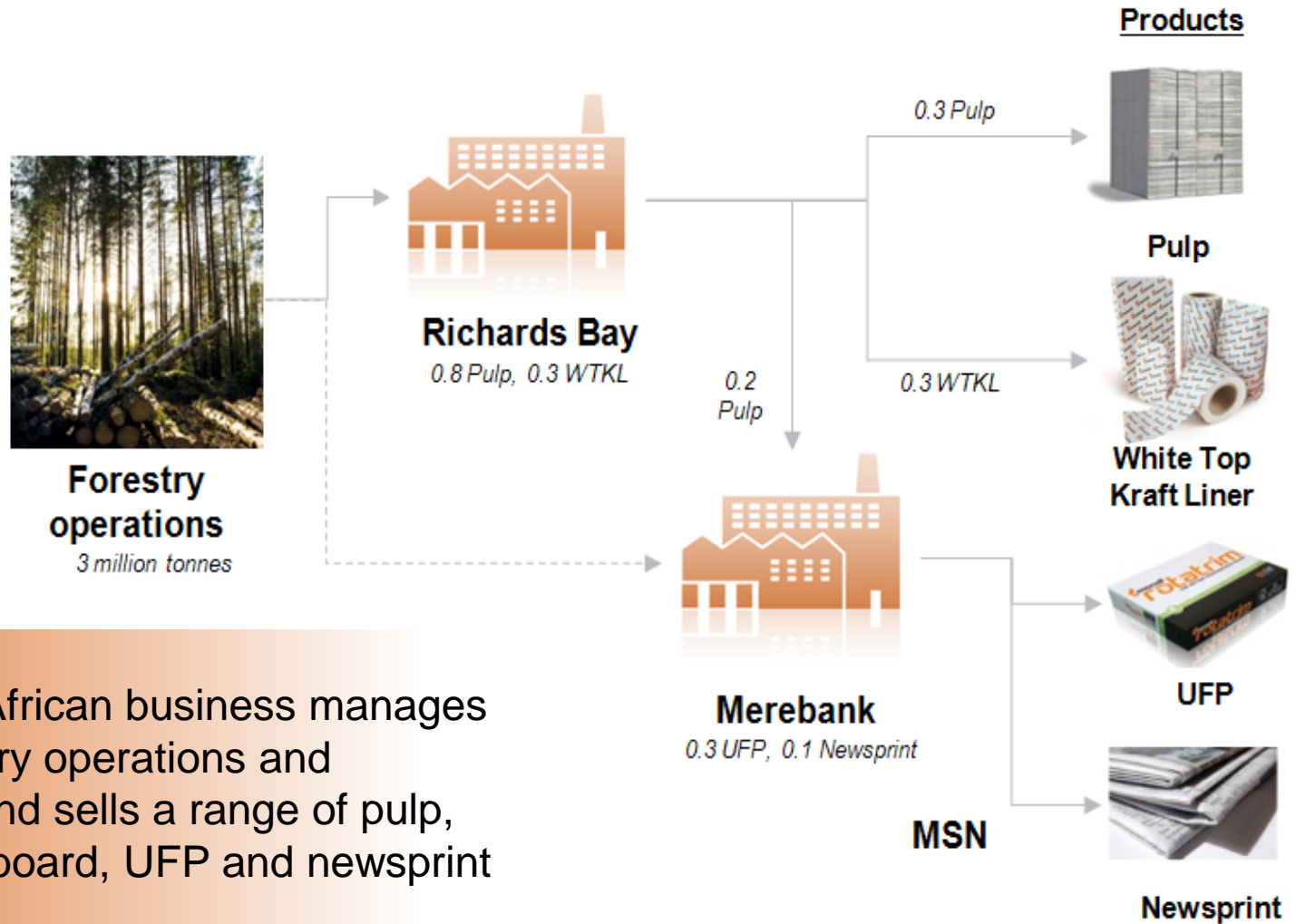


1 475

employees



Detailed value chain



Mondi's South African business manages upstream forestry operations and manufactures and sells a range of pulp, virgin containerboard, UFP and newsprint products.

(1) Pulp and paper capacities in million tonnes.



Location	Forestry
Owned and leased land	250,000ha
Genera	Eucalyptus, Pinus, Acacia
Employees	300 (4000 contractor employees)
Environmental Management System (ISO Certification)	14001:2004
FSC® Certification	Mondi (FSC-C010545) SGS-FM/COC-000084 & (FSC-C104268) SGS-COC-008398 SQF (FSC-C021319) SGS-FM/COC-000870
Safety Certification	NOSA Integrated 5-Star System

Social Investment Framework



Aligned programs that:

- Deliver business value
- Partnership-based
- Professionally delivered
- Quantified impacts





Mondi Forests views BBBEE as a vital component of economic and broader transformation and are fully committed to the objectives enshrined in the Forest Sector Transformation Charter.

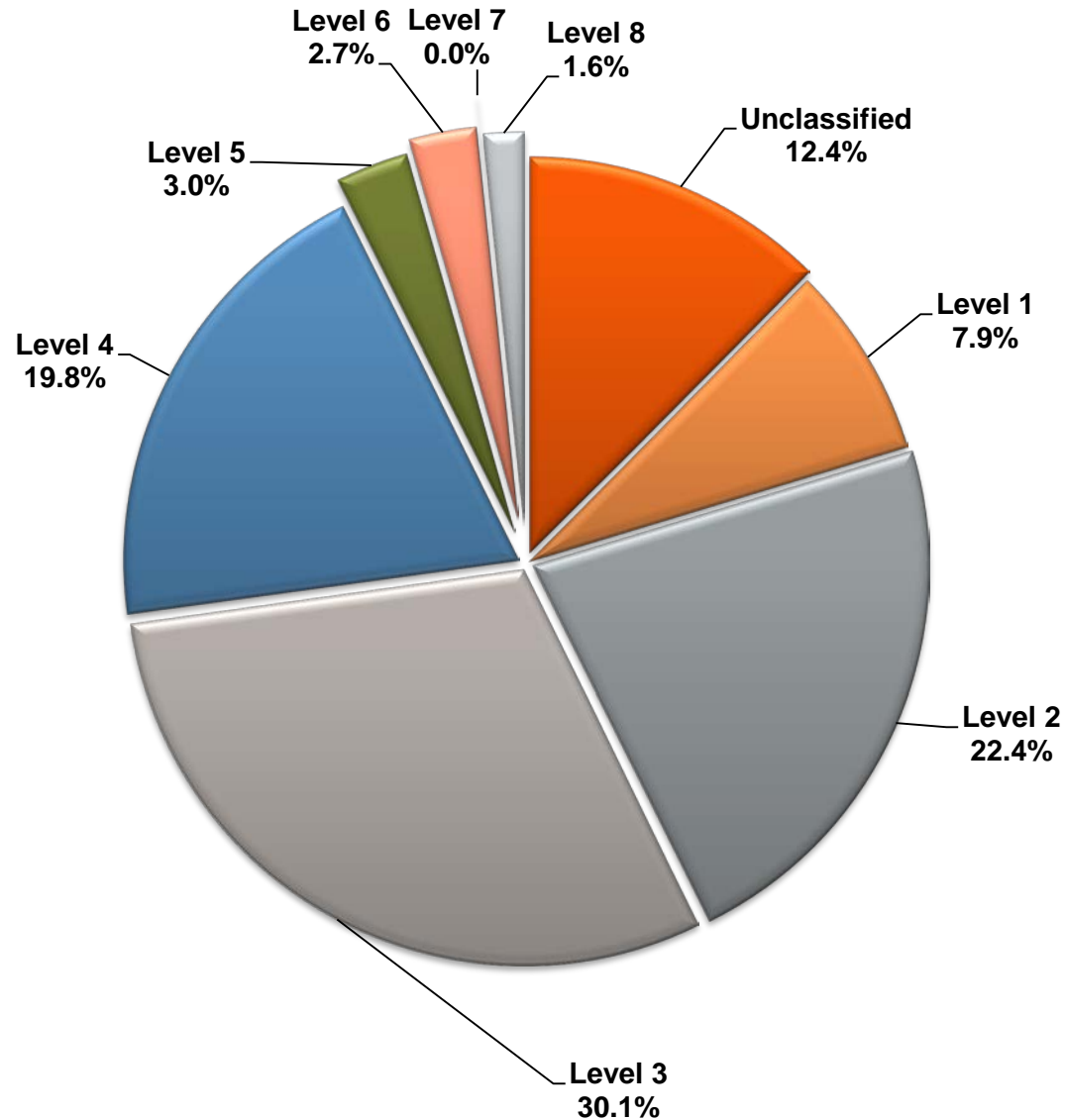


We continuously strive to ensure that we provide an environment in which diversity is embraced. In so doing, Mondi aims to ensure that our business strategy and procurement processes are developed to achieve measurable progress towards genuine, black and local economic empowerment.

Level 3

- Currently Level 3 BBBEE
- Amended Forest Sector Charter promulgated 30 April 2017
- Mondi is in the process of aligning BBBEE Strategy and targets to the Amended Forest Sector Charter code

Procurement



LEVEL	% Split
Levels 1 – 4	80.2%
Level 5 – 8	7.4%
Unclassified	12.4%

Siyaqubheka Forests



SQF - History and Establishment



- SIYAQHUBEKA FORESTS is a partnership between Mondi, black empowerment group Imbokodvo Lemabalabala Holdings, government and local communities. The plantations are designed to grow timber efficiently and sustainably, providing benefits for stakeholders, while minimising environmental impacts and supporting conservation.



- Govt privatised a portion of SAFCOL in four different packages by selling 75% to industry players



- Mondi's 75% interest was diluted as follows:
 - Disposed of 5.4% of shares to local communities
 - Disposed of 5.4% of shares to Khulanathi Growers
 - Disposed of 13.2% of shares to Imbokodvo Lemabalabala (IL)
 - These disposal were funded through loans (mainly IDC)
 - Through application of dividends paid by SQF, the above shareholders have repaid these loans in full



- The SAFCOL shares was supposed to be transferred to the NEF or to duly constituted community organisation(s) representative of rural communities who reside in vicinity of the leased land. This is an important next step/opportunity!

SQF - Board & Dividends



- All shareholders are represented on the SQF Board with full access to information and outside directors (non-Mondi and SAFCOL) are remunerated for their services



- All board members can have alternates and this assists with continuity and an improved understanding of the business



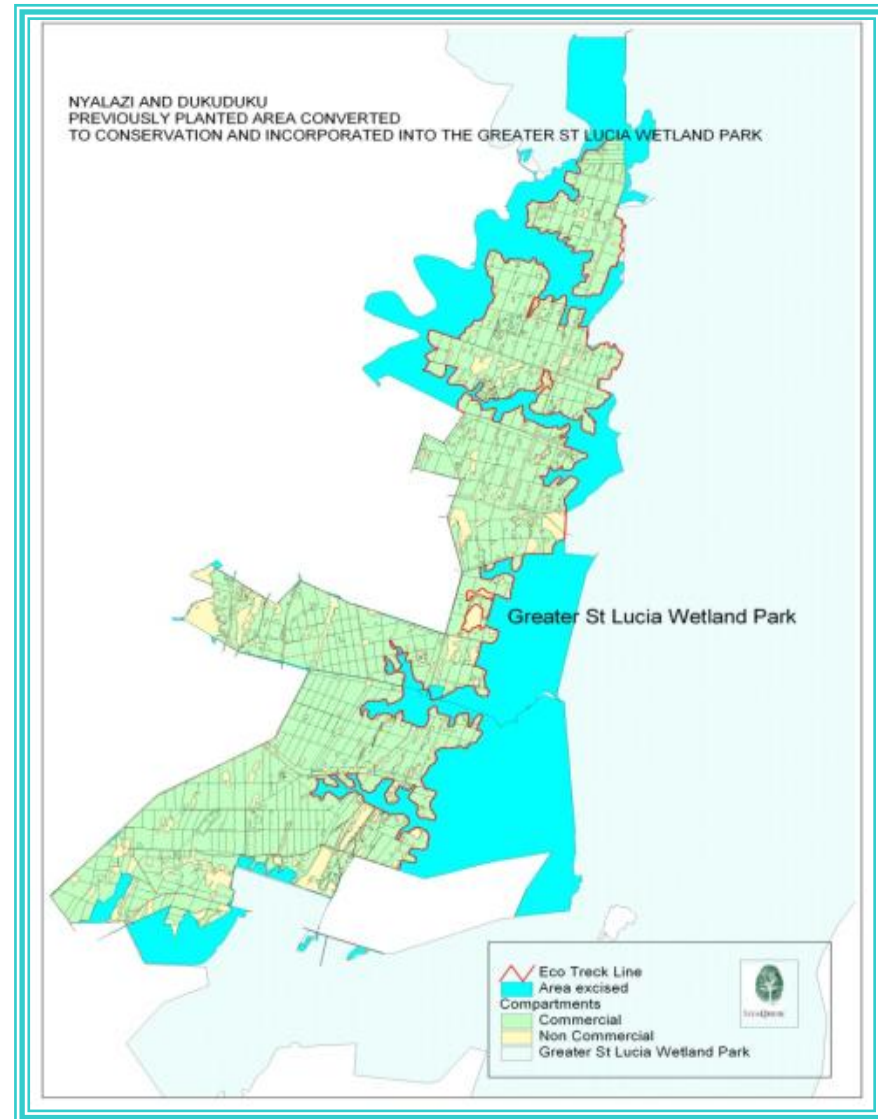
- Dividends paid to date: R320 million

Beneficiaries other than Mondi:	R million
Communities and BEE partner	76.8
SAFCOL	80.0
Total	156.8

SQF & iSimangaliso Wetland Park: A commitment to the environment



- Natural World Heritage Site – iSimangaliso
- Unique situation – first model where a plantation forms part of a protected area.
- Eco-tourism opportunities in the Park through the transferring of land:
- Transferred \pm 4000 ha to iSimangaliso
- Ecological Buffer of about 15 000 ha
- 158km eco-track boundary
- Variety of wildlife – Elephant, Hippo, Black and White Rhino, Crocodile, Leopard, Buffalo, Giraffe, Kudu and numerous other species.



Woodlot Grower Scheme



Woodlot Grower Scheme



- To legitimise, support and develop the estimated 40,000 ha of community woodlot growers in Zululand



- Lack of re-establishment funding & support for small growers



- Challenging environment
 - Limited skills and expertise
 - Disease, fire and drought
 - Lack of Institutional Structures, Poverty



- Certification pilot ongoing
- Focus on establishment support



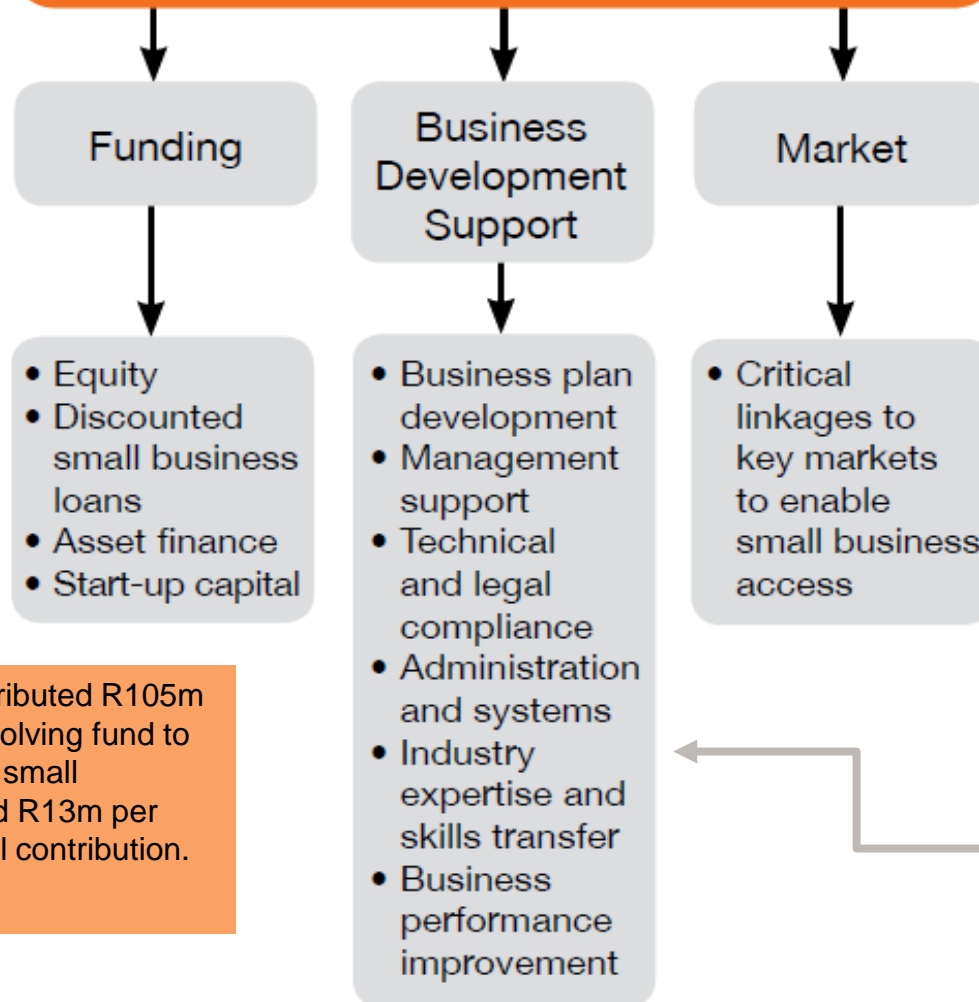
- > 2.5m seedlings donated in last five years
- Survival rates and yields encouraging
- Field days and grower education continuing



- Significant socio-economic contributor
 - Very employment intensive
 - Procurement of 100 000 tons per annum - R 82 million



The Mondi Zimele Model



These rural small businesses make a critical contribution to local economic development and employment.

Mondi Zimele has invested over R175 million in support of 158 small enterprises in forestry communities.

Mondi has contributed R105m interest free revolving fund to enable loans to small businesses; and R13m per year operational contribution.

Independence through enterprise for forestry stakeholders

Mondi Zimele Impact



Create Jobs

- Over **200** community **SMEs** through the Mondi Zimele Jobs Fund program
- Additional employment for over **2800 local people**
- Turnover > R480m p.a
- **R100m** approved loans
- Irrecoverables **<5%**
- Focus on **agriculture**



Develop Suppliers

- **24 forestry contractors** currently in Zimele support program
- 4 **land claimant** owned, 9 100% black owned
- **R60m approved loans**
- Turnover > R250m pa
- No overdues
- Intensive **business control** and **productivity** support



Emerging Growers

- **Community Small Growers 100 000t pa**
- **2170 participants** in growing, harvesting and transport
- Assisted to re-establish **>1500 Ha** in **Zululand**
- **FSC™** Pilot to certify small growers established
- **Technical visits, field days** ongoing



Land Restitution Programme



Settlement model: Sale & Leaseback



- Lease elements:

- Lease (minimum 20 years or two rotations with a 5 year notice period). In year 11 claimants decide to either extend lease, plant compartment by compartment or JV with Mondi
- Rental (7% of afforrestable and 2% non afforrestable land value paid upfront annually)
- Stumpage: (production related amount per ton paid quarterly into the claimants account -R10.00)
- Bursary scheme: (Inclusion of students from the claimant community into the bursary scheme).
- Contracting business opportunities: all contracts reserved for claimant companies starting with silviculture
- Targeted CSI budget: 1% of profit A/T (As per Charter)

- Additional offerings

- Administrative Assistance
- Business Planning & Advice
- SMME Development & Funding

Settlement Experience



- The number of settled claims from commencement of the Land Claim process to date totals - **21** representing just under **38 000 ha**
- Land Lease Rentals and stumpage paid to date - R52.2m
- Contracting Companies developed - 4 stable, profitable Silviculture Companies
- Jobs created - 324 people
- Annual turnover - R25.2m
- Bursaries - 45 students (R3.4m)
- They are part of Mondi Zimele/DTI contractor development program, which includes
 - Mentorship
 - Training
 - Specialist Intervention
 - Contractor Benchmarking Tour to Brazil
- Our approach is to continue working closely with Government's Land Department

Restitution Challenges



Mkhondo Development Programme



Old Village

School

Farm Dam for crop irrigation

ECD and
Youth Centre

Mini MPC

Business and
agri -industry site

New sites

Mkhondo Development Programme (MDP)



Project Objectives

In partnership with a government to assist 2 720 low income households resident in 61 villages on Mondi owned land in the Mkhondo Municipality - Mpumalanga to :

1. Access **secure land tenure rights** .
2. Enhance **access to utility and social services**;
3. **Build social networks** and institutions.
4. Identify and capture **economic opportunities**



Offer **3 choices** to the 2 720 Households on Mondi land

- 💧 **Agrivillages** - to create rural settlement and ownership opportunities for rurally bound Mkhondo populace
- 💧 **Urban option** – Urban townships at Piet Retief and Iswepe for those resident households who want to urbanise
- 💧 **No Change** - Allow for households that do not want change-“**Remainees**”





- Rural households who have already accessed serviced rural residential sites with (forthcoming) individual ownership - **677 hh**



- Rural households who have/are currently accessing serviced urban residential sites with (forthcoming) individual ownership – **230 hh**



- Rural households in process of acquiring collective ownership of the land on which they reside and cultivate - **235 hh**



- Number of settlements currently in process of tenure rights upgrading/provision - **15 settlements**



- Area of land falling within these 15 settlements - **1 550ha**



Buhle Farmers Academy



- Partnership established with Buhle Farmers Academy to assist small scale land owners with agricultural enterprises
 - Funding received from the Treasury Jobs Fund
 - Satellite academy established in Mkhondo (part time operation)
 - Accredited programs in vegetable, crop, poultry and livestock modules
 - Over 130 local students trained
- Mondi Zimele has subsequently funded 9 local agri-businesses (R1.2m) on graduation from the Academy
 - Vegetable Production
 - Broiler Chickens
 - Seedling Nurseries
- Aligned to Mkhondo Development Programme agri-villages

Mobile Clinics



Mobile Clinics



- Partnership with NGO and Provincial Department of Health (MPU & KZN)
- 7 Mobile Clinics (R7 million)
- Delivering Primary Health Care services to:
 - contractor employees and communities within the Mondi footprint
 - throughout the “hard to reach” rural areas in KZN and Mpumalanga.
- Visit every month 241 visiting points in 6 Districts and in 11 rural municipal areas
- Recorded recorded 74,744 community visits & 5,965 contractor employees visits (2016)
- Independently assessed by Sarraounia Public Health Trust
 - “..results in fewer absentee days, reducing costs (both time and money) facing workers and their families”
 - Services “hard to reach communities across vast distances”
 - “The partnerships that Mondi have are unique and provide a basis for successful engagement and delivery”



Bursaries



Bursaries



194 learners received bursaries for tertiary studies since 2012

- Land claimant bursaries: 45
- Forestry: 38
- Municipal Mayoral programmes: 4
- Rural Education Access Programme: 62 (funded); 45 (recruited)



Recruit from
pool of 98
High Schools



Fields of study range from
medicine to forestry to arts
and culture and social
sciences.

Early Childhood Education



Early Childhood Education (ECD)



- Centre Based ECD

- Reaching 60 ECD Centre's
- 2196 children under 5
- Through either training, infrastructure, equipment or other donations



- Non Centre Based ECD

- In partnership with NGO's and DSD reaching
- 1275 children under 5 in 75 different groups
- Through providing a meal a day or piloting the toy library model



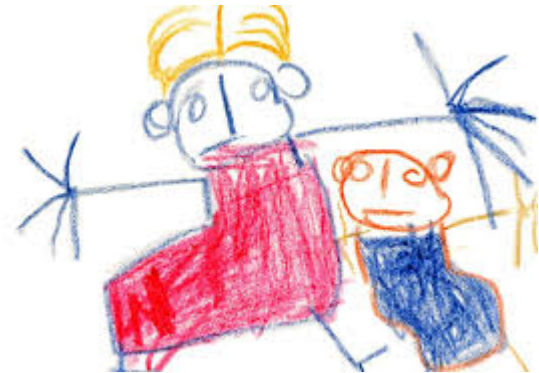
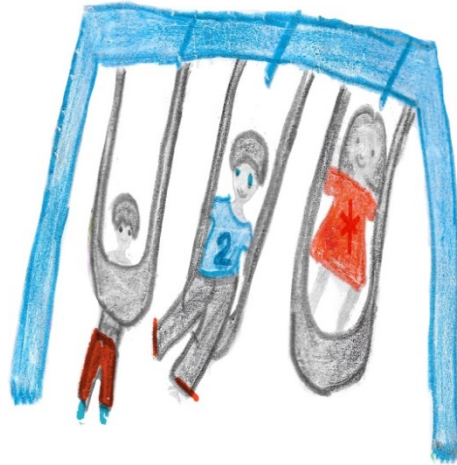
Orphans and Vulnerable Children



Orphans and Vulnerable Children



- Reaching 1200 Orphans & Vulnerable Children daily through Isibindi model
- 30 Child and Youth Care Workers from local communities were trained and graduated in Child and Youth care
- Annual contribution of 1500 Christmas hampers donated by Mondi employees and contractors to OVC's



Youth Development



Youth Development program



- To pilot a youth development model that empowers young people in selected communities, thereby reducing risky behaviour and encouraging positive social change
- Outcomes
 - 46 youth leaders from 20 communities in MSA footprint trained
 - Each youth influenced between 500 and 2000 people in the community
 - Participating youth report an increase in self-confidence and skills levels, and are less prone to participate in risky behaviour
 - Active socio-economic projects and programs designed and implemented by youth



Summary



- Mondi sees itself as a partner in rural development
- Key partners:
 - Communities
 - NGO's
 - Health department
 - GIZ
 - DRDLA
 - Local government and traditional structures
- Potential to benefit communities further with the Forestry branch of DAFF actively supporting woodlot growers

THANK YOU