



SAFCOL's performance

For the year ending 31 March 2012

Parliament Portfolio Committee of Public Enterprises



Presentation outline

- 1. Introductions**
- 2. Governance**
 - Vision, mission and core values
 - Legal structure
 - Mandate
 - Key strategic objectives
- 3. SAFCOL's performance against targets**
 - Performance against Shareholders Compact KPI's
 - Financial and commercial sustainability
 - Sustainable forest management
 - Enhanced developmental contribution
- 4. Feedback on Portfolio Committee recommendations**
 - Actions taken and current status
- 5. Activities post financial year-end**
- 6. Outlook for the 2013 financial year**
- 7. Key risks and challenges**



SAFCOL Representatives



Nomfanelo Magwentshu
Board Chairperson



Nomkhita Mona
Chief Executive Officer



Caroline Munsami
Acting Chief Financial Officer



Rodney Shirinda
Company Secretariat



Leslie Mudimeli
Senior Manager, Communication and Liaison



VISION

Our vision is being a world-class, global business engaged in multi-functional forestry, revolutionising the integration of forests and communities.

CORE VALUES

- Passionate about our forests, communities, customers and people;
- Have a social and environmental conscience;
- Trust founded on integrity and loyalty;
- Equality, fairness and empowerment;
- Respect for diversity; and
- Focus on innovation and excellence.

MISSION

Our mission is driven by an unwavering commitment to facilitate the sustainable economic empowerment of communities and the alleviation of poverty through:

- Implementing needs-driven interventions; and
- Becoming a partner of choice for land claimants.

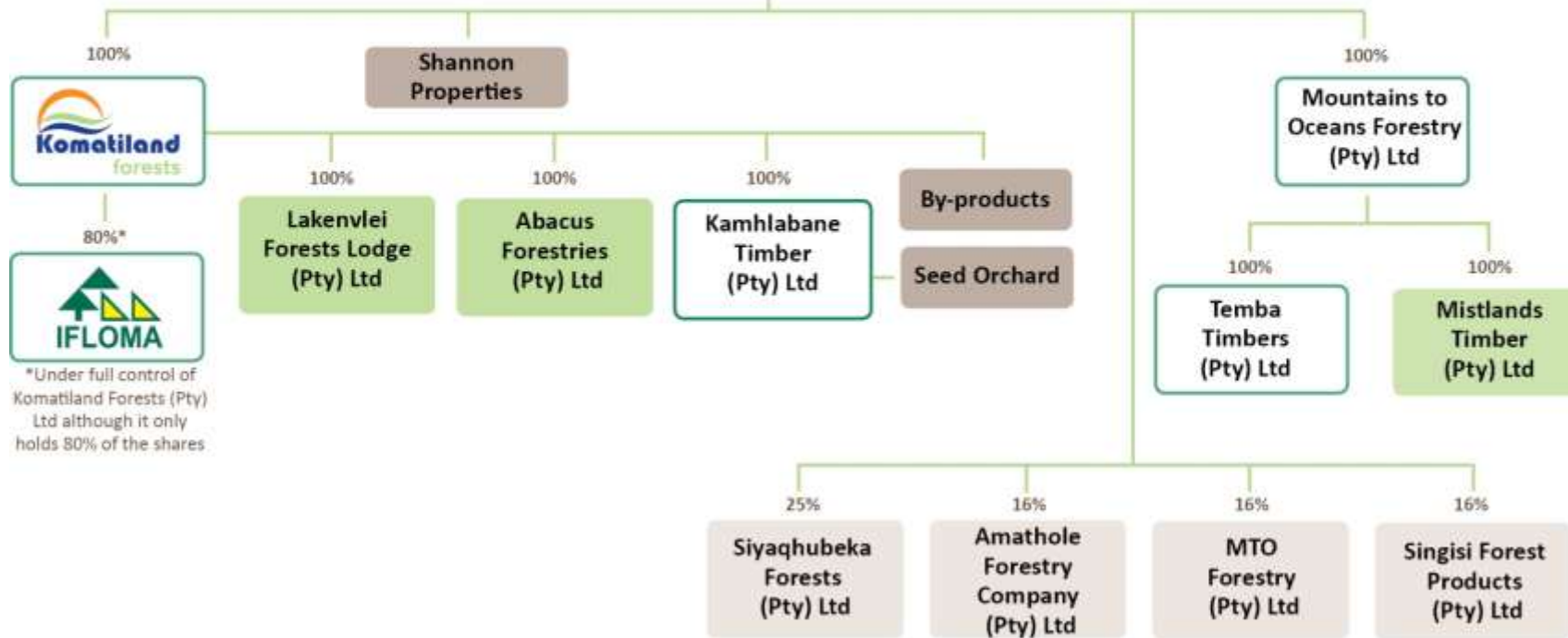
We are dedicated to growing our business in the forestry value chain and maximising stakeholder value, through:

- Ensuring technical and business excellence by attracting and retaining the best people;
- Enhancing the asset value by continuously pursuing innovative solutions;
- Embracing and leading the all-inclusive equitable transformation of the South African forestry sector;
- Commitment to meaningful partnerships with stakeholders;
- Practising transparent and fair marketing;
- Developing the downstream value chain; and
- Being environmentally responsible.

By achieving these, we will be providing a green heritage, growth and socio-economic justice.



Minister of Public Enterprises



Operating Subsidiaries

Dormant Subsidiaries

Special Projects

Investments held-for-sale

Mandate

To ensure sustainable management of forests and other assets within the SAFCOL Group and to enhance the value of the Group and play a catalytic role in the realisation of the state's afforestation, rural development and economic transformation goals.

Strategic Objectives



Performance against Shareholders Compact

| Key Performance Area | KPI | 2012 Targets | Actual Achieved |
|---|--|--------------|-----------------|
| Financial returns | EBITDA/Revenue | 9% | 8.7% |
| | Return on equity excluding fair value movements and translation gains (losses) | 5% | 8.7% |
| Creditworthiness | Gearing ratio | <50% | 3.2% |
| | Cash interest cover | 2 | 7.2 |
| Working capital management | Current ratio | ≤3 | 3.9 |
| | Cash ratio | 2 | 1.2 |
| Area of forest under management | Total gross stocked area in hectares (SA) | 122 385 ha | 121 698 ha |
| | Total gross stocked area in hectares in IFLOMA | 16 618 ha | 16 515 ha |
| | Temporarily unplanted area (SA) | 3% | 1.8% |
| | Temporary unplanted area (KLF and IFLOMA) | | 4.1% |
| Area of forest under management which is fully certified to FSC or PEFC standard | Percentage of total forest area under management in South Africa including all subsidiaries in which SAFCOL has a controlling equity stake, but excluding associated companies | 100% | 100% |
| | Percentage of total forest area under management in Mozambique | 0% | 0% |

Performance against Shareholders Compact (*continues*)

| Key Performance Area | KPI | 2012 Targets | Actual Achieved |
|---|---|--------------|-----------------|
| Achievement of charter transformation objectives | B-BBEE contributor level as defined in the Forestry Sector Charter (SAFCOL and KLF) | 2 | 2 |
| Social compact implementation | Number of community groupings (i.e. communities, local and traditional authorities and land claimants) with signed social compacts <i>The baseline number of communities as identified in September 2009 is 18</i> | 11 | 11 |
| Human capital | Training spend (Training spend as per the Forestry Sector Charter, percentage of the total personnel annual budget) | 3% | 2.8% |
| Skills development | Increased learners trained in scarce and critical skills Total Learners New learners | 196 62 | 218 72 |



Financial and Commercial Sustainability



Financial and commercial sustainability - KPIs

| Key performance area | Performance indicators | 2012 Financial year | | 2011 Financial year |
|----------------------------|------------------------|---------------------|--------|---------------------|
| | | Actual | Target | |
| Financial returns | EBITDA/Revenue | 8.7% | 9% | -4% |
| | ROE | 8.7% | 5% | -5% |
| Credit Worthiness | Gearing ratio | 3.2% | <50% | 1% |
| | Cash Interest cover | 7.2 | 2 | -1 |
| Working capital management | Current ratio | 3.9 | ≤3 | 4 |
| | Cash ratio | 1.2 | 2 | 1 |

- **Significant year-on-year improvements** shown on: EBITDA; ROE and cash interest cover;
- **SAFCOL reported an Operating Profit** of R177 million;
- **ROE exceeded target.** SAFCOL Group reported R210 million net profit after tax;
- **Gearing ratio:** company continued to use asset based funding and preserving cash as far as possible.

Statement of financial performance

| Amounts in Rand Thousands | Financial year | | Variance | Variance % |
|---------------------------|----------------|----------|----------|------------|
| | 2 012 | 2 011 | | |
| Revenue | 862 263 | 705 602 | 156 661 | 22% |
| Cost of Sales | 634 999 | 644 237 | -9 238 | -1% |
| Fair value adjustment | 155 066 | -34 413 | 189 479 | 551% |
| Operating Expenses | 205 163 | 141 625 | 63 538 | 45% |
| Operating profit (loss) | 177 182 | -114 439 | 291 621 | 255% |
| Investment Revenue | 23 185 | 10 264 | 12 921 | 126% |
| Profit before taxation | 199 610 | -103 036 | 302 646 | 294% |

- **Revenue influenced by positive results from all 3 sources of revenue** (Timber sales; Lumber sales and Other revenue);
- **Fair value adjustment:** was positively influenced by KLF plantation valuation. Year-on-year increase due to the impact of the discount rate and the prices;
- **Operating expenses:** The increase was influenced by year-on-year increase in the following areas; directors emoluments; material management; forestry contractors; administration costs and socio-economic development.

Statement of Financial Position

| <i>(Figures in rand million)</i> | Financial years | | Variance (%) |
|----------------------------------|-----------------|----------------|--------------|
| | 2012 | 2011 | |
| ASSETS | R 3 939 | R 3 729 | 5.6% |
| Non-current assets | R 3 215 | R 3 093 | 3.9% |
| Current assets | R 384 | R 341 | 12.7% |
| Non-current assets held for sale | R 340 | R 295 | 15.2% |
| EQUITY AND LIABILITIES | R 3 939 | R 3 729 | 5.6% |
| Equity | R 3 024 | R 2 818 | 7.3% |
| Liabilities | R 916 | R 911 | -0.5% |
| Non-current liabilities | R 817 | R 827 | 1.2% |
| Current liabilities | R 99 | R 84 | -14.5% |

Year-on-year increase in assets influenced by:

- Year-on-year increase in Biological assets; Intangible assets; Trade and other receivables; Cash and cash equivalents; non-current assets held-for-sale;
- Reclassification of Investment property;
- Year-on-year decline in Inventories.

Year-on-year increase in equity and liabilities influenced by:

- Year-on-year increase in retained income; trade and other payables; borrowings;
- Year-on-year decrease in other financial liabilities and deferred tax.

Statement of Cash flows

| <i>(Figures in rand million)</i> | Financial years | |
|---|-----------------|--------------|
| | 2012 | 2011 |
| Cash flow from operating activities | R 73 | R -25 |
| Cash flow from Investing activities | R -54 | R 20 |
| Cash flows from financing activities | R -2 | R 19 |
| Total cash movement for the year | R 18 | R -26 |
| Cash and cash equivalents at the end of the year | R 119 | R 101 |

- **The company started generating cash from its operations** R45 million vs. R40 million absorbed during 2011 financial year;
- **Increased investing activities:** PPE; Intangibles and rights issues;
- **Net cash outflow from financing activities:** decrease in other financial liabilities exceeded new borrowings;
- **Positive contribution which resulted in increased cash and cash equivalents.**



Sustainable forest management



Forestry operations

- **Replanting [burnt areas and TUP (temporary unplanted areas)]** received dedicated attention;
- **FSC (Forestry Stewardship Council) Certification retained;**
- **R11 million spent on repairing roads and bridges** (flood damage);
- 69% increase on number of schools visited (**Mlilo fire-awareness campaign**);
- **558 fires reported** resulting in **1 207** hectares lost;
- **Baboon damage** to pine plantations continued – **90% of 18 156 hectares** was damaged by baboons;
- Participates in **“Baboon Damage Working Group”**;
- **The DFIR (Disabling Injury Frequency Rate)** improved to 1.8 (2012) from 2.0 reported during 2011.



Mlilo Fire Awareness Campaign



Mlilo Fire Awareness Campaign



Flood damage



Baboon damage

Processing Operations

- **11% improvement on “annual intake volume”** 310 129m³;
- **17% increase in sales volume** to 157 462m³;
- **Higher Average Selling Price realised;**
- **Processing business unit bottom line improved by 32%;**
- **eMpuluzi custom-cut agreement terminated as at 31 March 2012;**
- **Halco Optimisation software implemented** - > increase in production; high value and market-required products and improved the bottom-line;
- **Number of customer served increased slightly:** from 109 to 120.





Enhanced Developmental contribution



Charter transformation objectives

- **SAFCOL maintained a LEVEL 2 BBEE rating;**
- **Year-on-year improvement: 85.77 points (2011) to 89.2 (2012).**

| Element | Weighting | 2012 | 2011 |
|----------------------------|------------|--------------|--------------|
| Management control | 15 | 14.63 | 15.00 |
| Employment equity | 15 | 10.27 | 7.93 |
| Skills development | 20 | 15.50 | 15.71 |
| Preferential procurement | 20 | 15.99 | 20.00 |
| Enterprise development | 15 | 14.82 | 9.13 |
| Socio-economic development | 15 | 18.00 | 18.00 |
| Total Score | 100 | 89.21 | 85.77 |

Komatiland presents projects to rural communities

The name Komatiland Forests has become synonymous with development in many rural communities.

Last year, the company handed over many projects to the Tshibohane cluster. Early this year, they handed a timber dormitory block to disadvantaged children at Hope of Nations centre in Mafikeng.

Last week, the company crossed the Nabelele River and handed over 16 projects at Mafikeng village, an area under Thobele Mphahlele Ramabulana.

In handing over the projects, Paras Chetty, the company's CEO, said they were working with communities within which they were operating. "We have 11 contracts (agreements with communities) in Langebaan, Mparazanga and Kwazulu Natal, and we are excited to work with Thobele Mphahlele, who always thinks of his constituency. He always seeks for something that will empower his people," he said.

He said they signed the social pact in 2009 and, since then, they had used an amount of nearly R3 million towards development in that area. "Over the years, we have achieved many things, but there are some projects which have not been completed, like the water

project. We have been able to do more in the field of technology as we feel that our students should not see computers for the first time when they reach tertiary level,"

he said. Vho Khosimane abulana represented Thobele abulana and said he was in Komatiland as a developer.



An ecstatic Mr Mashudu Tshibohane of Mafikeng Primary School (third from left) in respect of the information centre project they received from Komatiland are, from left, Vho Khosimane Mphahlele Ramabulana, Makhado Maya Kamatiland's Paras Chetty and Joint Community Forum chairperson Dr I



Women clad in traditional attire (dikhadzi) welcome Makhado Maya Khosimane Vho David (right) Mphahlele Ramabulana and other at the Mafikeng Early Childhood Development Centre.



Deputy minister for public enterprise, Mr Dikobe Martins and the regional director of education, Ms Nkukulule Mthethwa during the handing over of the classrooms.

Lowveld 11 Oct 2011

Happiness is new rooms

Paul Mntsi

Learners of Bekoselani Combined School at Staffed farm, near Amsterdam, are now able to receive tutoring in their own classes according to their respective grades, instead of being crammed into a single classroom.

Komatiland supplied the school with three new classrooms, constructed from wood, through its social economic development programme.

Learners could not contain their excitement as they sang and danced in jubilation.

The official handover was conducted on September 22 in the presence of the deputy minister for public enterprise, Mr Dikobe Martins. He was very impressed with the manner in which teachers and learners welcomed the initiative. "I am glad to announce that this will not end here. We are going to see many new schools in our communities being constructed from timber. These wooden structures are very durable," said Martins.

"This building is one of its own kind. It is beautiful, warm and integral. We are very happy with the assistance we received and the learners will now be able to divide into their respective grades. We'd like to thank Komatiland and all the other stakeholders making this project a success; their efforts much appreciated," said the principal of the school, Mr Njoto Vebha.

Jeffrey Ngwenya and Spheamanda Sang both learners in grade six at the school, were excited about their new classrooms and they wished the old blocks could be built. "We love this one. Our area is always in these newly built classes are quite warm accommodating. We wish more could be built that we can vacate the old ones," they

Komatiland reaches out to children This centre will in due course help to change lives, especially in education



The senior executive (manager of Mafikeng) Vho David Mntsi.

Senior executive of Komatiland Forests, Mr Paras Chetty, said he was delighted to extend the programme to Bekoselani. "I am pleased with the way the school principal, Mr Njoto Vebha, has managed to get the school to a standard to improve the learning environment for the learners and to ensure that the school is able to help the learners to succeed in their studies. We are happy to be a part of this and we will continue to support the school's educational development programme in the area where most of our companies are based. We believe and have seen that

will be true to its claim. "Participating in the journey of change" is the motto of Komatiland. It pleased with the way the school principal, Mr Njoto Vebha, has managed to get the school to a standard to improve the learning environment for the learners and to ensure that the school is able to help the learners to succeed in their studies. We are happy to be a part of this and we will continue to support the school's educational development programme in the area where most of our companies are based. We believe and have seen that

SAFOL

Eyes on rural development

The SA Forestry Company Ltd (SAFOL) is a mainstay of some of the most important yet underdeveloped resources — the country's plantation forests, which produce world-class timber products. The company is faced with the challenge of significantly improving its development contribution under tough economic circumstances. However, acting CEO Mawene Mawene-Matsheni believes the company can meet this challenge.

SAFOL is probably best placed to contribute directly to the wood and non-wood economic development of communities adjacent to its operations. This is because its forest plantations are located within the rural communities, with 61% of the land it operates on subject to land claims. SAFOL only felt the effects of the 2008/2009 recession in the 2010 financial year when one of its key markets, residential housing, took a knock and orders for wood products fell drastically. This led to the company experiencing its first-ever financial loss, R400m, in the year to March 2010.

Mawene-Matsheni says one of the state-owned company's key objectives is to build vibrant forestry communities. "In the past financial year about R2m was invested in socio-economic development projects," she acknowledges the challenges. "The major challenge during the year has been the group business needs, which was not flexible enough to adapt to the changing economic/financial circumstances."

Other focus areas include the potential loss of productive land and natural resources. SAFOL manages its plantations in SA.

The bulk of these are in Mpumalanga (26%), Limpopo (17%) and KwaZulu Natal (15%).



Mawene Mawene-Matsheni

SAFOL has signed social contracts with 13 community clusters and aims to conclude contracts aimed at 15 of its community clusters by 2012. The social contracts are agreements through which it partners the community for development and their sustainability — to ensure it will be a partner of choice once the land claims are resolved.

The company also aims to create jobs and develop business owners to create light manufacturing of furniture and shoes, as well as general carpentry. Its status as a level 2 BEE contributor is commensurate with benefits for the communities. Since the 2008/2009 financial year, 27 infrastructure projects have been completed and handed over to communities — 10 of these were in the 2010/2011 financial year. Mawene-Matsheni says during the 2011 financial year, 200 jobs were created through its initiatives.

Over the next five years, she would like to see the company build, attract and retain skills while addressing employment needs and skills development. She would also like to see the company creating value for its stakeholders, build trust, transparency and good governance. SAFOL is currently implementing a business process review plan, which involves aligning its processes within the company to enable it to be more efficient and to improve productivity. **Thabo Mafane**

SA'S 5 TOP-PERFORMING COMPANIES

| Company | % female directors | % female executive managers |
|----------------------|--------------------|-----------------------------|
| SA Forestry Company | 66,7 | 40 |
| SABC | 46,7 | 40 |
| Nutritional Holdings | 44,4 | 33,3 |
| SA Express | 42,9 | 41,7 |
| Merake Resources | 41,7 | 66,7 |

Source: Women in Leadership Census 2012



Forestry plantation manager

Chester Makana spoke to pioneering forestry plantation manager Thembi Nkwana

Thembi Nkwana is the first female plantation manager in her company and feels the need to prove herself. But she loves her job and is happy for the great opportunity afforded to her.

What does a forestry plantation manager do?

A forestry plantation manager is responsible for the overall management of all operations on the plantation, such as planning; growing stock and resources; harvesting timber deliveries; asset protection (fire control, safety and loss control), environmental management and using the various contractors.

What is a typical day on the job like?

I start by planning what operations must be undertaken with the foresters, mainly silviculture (forest control), harvesting, terrain and administration. When you work entails managing people, you spend a lot of time dealing with their issues. I don't have a set routine as I attend many meetings. I take each day as it comes.

What did you study?

I studied for a national diploma in forestry at the Nelson Mandela Metropolitan University.

Why did you decide to work in this industry?

Even though I come from Sabie in Mpumalanga, which is a forestry town, I never intended to work in this field. After matric, I went to university and studied for a degree in social science, but had to drop out due to financial constraints. My mother, who was in the industry, persuaded me to study forestry because it offered a lot of bursaries and job opportunities. That was the best decision I have ever made.

What type of personality do you need to be a good plantation manager?

One definitely needs a lot of patience. I manage people with different personalities. You need to be driven for productivity and have the ability to handle the pressure of tight deadlines. You need to have a sense of urgency, to make sound decisions and take calculated risks.

What do you enjoy the most about your job?

A lot of people only see the final product: paper, furniture or matches. I love the fact that it begins with us. We plant the trees and nurture them until they are mature enough to make these products. We then harvest and sell them to the manufacturers that produce the end products. Even though I have a lot of paperwork to do, I also go out in the field and add value to the operations while exploring the beauty of nature.

What are some of the challenges you face in your job?

Fire-fighting. I work in the Highveld, which is very dry and windy in winter, so I am on standby most of the time. I am the very first female plantation manager in the company, so there is a lot of pressure to set a good record.

How do you balance your work and personal life?

It is challenging as I work long hours and sometimes have to go out at night and at weekends to fight a fire.

FORESTRY

Paving a way for our future foresters

The SAFCOL Group is "driven by an unwavering commitment to facilitate sustainable economic empowerment of communities and alleviation of poverty through implementation of needs driven interventions."

Education and skills development has been identified as one of the core needs by communities. Over 10 years ago the company took a resolution to address the issues of education, scarce and critical skills within the forestry sector.

Each year opportunities are made available by our company for approximately 15 – 20 aspiring young forestry learners, on a 12 month contract, to do a Forestry Bridging Programme (FBP). During this period they would have completed a number of forestry



Since the Forestry Bridging Programme initiated



FORESTRY

Safcol Forestry Chair launched at the University of Pretoria

The launch of the Safcol Chair in Forestry at the University of Pretoria extends postgraduate forestry education network.

The Vice-Chancellor and Principal of the University of Pretoria (UP), Professor Cheryl de la Rey officially opened the new complex which houses a number of departments and institutes active in the plant science field.

The opening also coincided with the launch of the Safcol Forestry Chair, which, together with the burgeoning activities of the Forestry and Agricultural Biotechnology Institute (Fabi), constitutes the hub of the forestry research programme housed at the new facility.

Professor Paxie Chirwa, a noted agroforestry specialist, will take responsibility for the activities spearheaded by the chair, a key objective being the implementation and coordination of post-graduate forestry programmes.

The emphasis of the new R100 million facility is to bring together departments and faculties that formerly had no interaction. Inter and cross-disciplinary research approaches are increasingly seen as key ingredients to successful scientific inquiry.

The new complex includes, amongst others, research

while the roof area will be used to cultivate plants for experimental purposes in a specially designed glass-covered "greenhouse".

The wing housing the forestry research programme also includes a suite of laboratories utilised by Fabi to execute its brief which has doubled exponentially since its establishment in 1997.

Speaking during the event, Professor de la Rey said that the new complex is a vital part of the university's commitment towards increasing its output of world-class research. This can only be achieved with appropriate physical infrastructure.

Mirroring these thoughts, the Dean of the Faculty of Natural and Agricultural Sciences, Professor Anton Ströh, confirmed that research by the Department of Plant Science has increased sharply in the recent past.

"The university is currently ranked 54th in the world in terms of research output, the contribution from Plant Sciences forming a key part of the university's success in this regard," Professor Ströh said.

Socio-economic and Enterprise Development

- **R8.1 million spent on SED projects** (31% year-on-year increase);
- **73% of the R8.1 million** was spent on infrastructural projects;
- **Timber-frame structures launched by SAFCOL** (school classrooms and accommodation dormitories);
- **11 projects completed during the 2012** financial year (41 infrastructural projects since 2006);
- **Enhanced partnerships/cultivated relationships** (DBSA; MMI foundation; Penreach; I-Consult engineers; FIETA etc.);
- ED initiatives resulted in **325 jobs created**;
- Full feasibility study into the use of forestry waste (**biomass**) completed. Collaborating with ESKOM on this project and significant progress has been in this regard.



Human Capital Management

- **Staff complement (permanent and fixed – term)- SAFCOL and KLF:** declined by 10% year-on-year to 1 787;

| Occupation level (permanent employees) | 2012 | 2011 | % |
|--|-------------|-------------|------------|
| Top Management | 7 | 12 | -42% |
| Senior management | 20 | 24 | -17% |
| Middle management | 61 | 63 | -3% |
| Technical and Admin | 141 | 152 | -7% |
| Semi-skilled | 690 | 746 | -8% |
| Unskilled | 833 | 936 | -11% |
| Total | 1752 | 1933 | -9% |

- **Staff complement – IFLOMA:** declined by 11% year-on-year to 624;
- **22 new internal bursaries** were awarded;
- **SAFCOL forestry chair was launched @** University of Pretoria;
 - 18 students enrolled (4 from SAFCOL Group) for masters programme in forestry
- **1 325 learners** were trained @ Platorand;
- **759 learners** attended external training;
- **240 employees** enrolled for ABET.

Business Restructuring

The SAFCOL Group has not been profitable since the 2010 financial year. The misalignment within the internal environment contributed to the business not achieving its Financial and Commercial sustainability strategic goals. The prevailing structures and mechanisms appeared to reference a high degree of centralisation, silos and organisational misalignment.

To deliver on the three strategic goals as per the shareholders compact, the business needed to be aligned to the strategies and the business processes reviewed. The focus was therefore on new business operations and processes which will add value to the SAFCOL Group and optimal staff complement that will enable a successful implementation of the strategy “growth through business transformation”.

Restructuring progress:

- ❖ Business case completed;
- ❖ Settlement agreement reached between the employer and employees;
- ❖ Implementation completed by 31 May 2012;
- ❖ New structures are in place except for:
 - ❖ A few vacant positions : i.e. COO and two executives who recently resigned (Forestry and Strategy). Recruitment process is underway.

Business Restructuring

Key success drivers:

- ❖ Putting SAFCOL first;
- ❖ Leadership buy-in and ownership;
- ❖ Compliance to corporate governance;
- ❖ On-going and transparent communication;
- ❖ Consolidation of tasks and elimination of duplication;
- ❖ Introduction of shared services.

Outcome:

- ❖ Production workers were not affected;
- ❖ 144 employees / roles were affected;
- ❖ 94% job offers were made;
- ❖ 1% grievances received;
- ❖ 3% queries received;
- ❖ 3% separation.



Feedback on Portfolio Committee visit



Feedback on Portfolio Committee visit to operations

In the last appearance of SAFCOL to the Committee, the committee requested SAFCOL to provides updates with regards to the following items that remains unresolved since the committee's oversight visit.

Committee Recommendation : SAFCOL should provide sanitary facilities for women working in the plantation.

ACTIONS TAKEN AND PROGRESS TODATE: After careful consideration and visiting of exhibition centres etc., a decision was taken to source two new mobile double Agri toilets units for piloting in Jessievale and Tweefontein plantations. The units are being built and the delivery of the units is scheduled to take place in mid-November 2012. It is our intention to utilise our own timber product in rolling out the project to other plantations. The feedback received from the rollout and availability of funds will guide management decision on the roll-out going forward.



See pictures of the Agri toilets units referred to above

Progress report

Provision of sanitary facilities for people working in the plantation



Progress report

Provision of sanitary facilities for people working in the plantation

ACTIONS TAKEN AND PROGRESS TODATE: Workers who are doing cuttings have been provided with benches to sit on and are encouraged to stand up regularly when harvesting cuttings to reduce excessive bending. A weekly rotational programme have been implemented so that workers will not constantly harvest cutting all the time. Periodical medical examination to all the nursery employees will also include back strain checks. Safety toolbox talks on excessive bending will be discussed. See pictures in the next slide!!



See pictures of the benches provided to workers

Progress report

Upgrading of facilities for women working in the nursery to ensure their physiological health is not affected due to the nature of their work.

Before



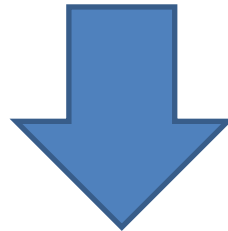
After



Feedback on Portfolio Committee visit to operations

Committee Recommendation SAFCOL should renovate the houses of workers and ensure that the sanitary facilities were in working order.

ACTIONS TAKEN AND PROGRESS TODATE: Vlakfontein village in Jessievale plantation has been renovated and all plumbing works in the ablution facilities and showers have been fixed. Regular maintenance will be done on an on going basis.



See pictures of the renovated building in the next slides

Progress report on the implementation of Sanitary facilities within operations

Renovation of Vlakplaas workers accommodation and ensuring that the sanitary facilities are in working order at the Jessievale plantations.

Before



After



Feedback on Portfolio Committee visit to operations

Renovation of Vlakplaas workers accommodation continues

Progress



Progress



Feedback on Portfolio Committee visit to operations

Committee Recommendation SAFCOL should construct recreation facilities for the children who stays in SAFCOL villages.

New play structure was implemented for children, there is also a soccer field and in some villages even tennis courts exist. Following a request by the committee in August this year for SAFCOL to further develop facilities that will cater for teenagers and youth, our transformation division is currently looking at children development activities that will cater for teenagers and youth staying at the SAFCOL villages such as Library etc. Progress to be provided in the new financial year.

Before : Dilapidated Jungle gym



AFTER : New play structure



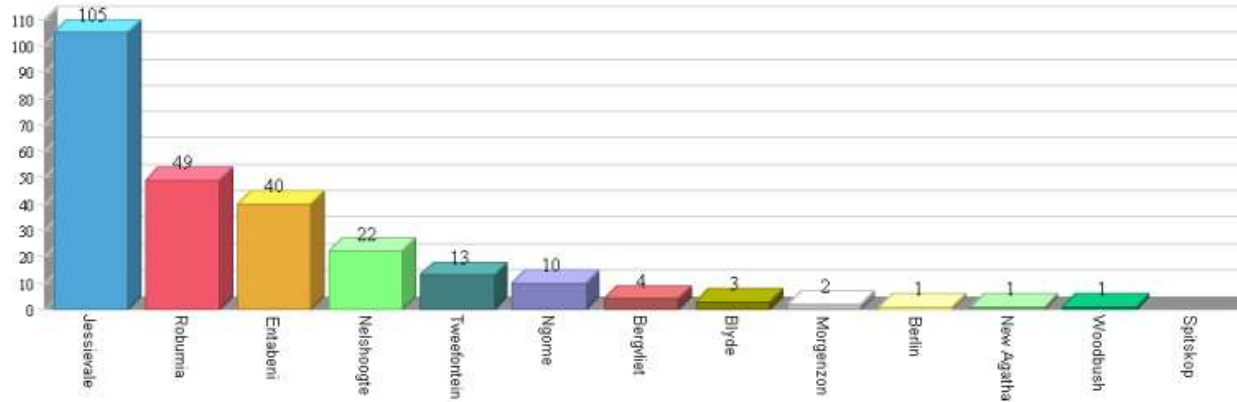
Post Financial Year-end

Labour Relations:

- FAWU members initiated industrial action: 2 July – 23 July;
- In the settlement agreement parties agreed to an 8.5% wage increase;
- In July 251 fires were reported and 1 069ha burned.

Number of Fires per Plantation Total: 251

Date From: 2012-07-01 To: 2012-07-31



Shannon Properties

- Property sold in support of land claim settlement, land transferred to Kalanyandza community trust by the Department of Rural Development and Land Reform.

Outlook

Post restructuring initiatives:

- Balanced scorecards project – finalisation;
- High performance culture;
- Skills audit;
- Individual development plan;
- Build a leadership cohesion;
- Employee climate;
- Leadership and Management executive programme – executives up to middle management.

Outlook

Initiatives for enhancing shareholder value:

- ❖ **Promoting use of wood** vs. other materials;
- ❖ Promoting **timber-framed structures**;
- ❖ **Carbon and green energy markets**;
- ❖ **Agro-forestry initiatives** -> multiple land use model;
- ❖ **Timbadola sawmill upgrade**;
- ❖ **IFLOMA (current)** – continue with rehabilitation programme; Messica sawmill; improve governance @ all levels; capacitate management team;
- ❖ **IFLOMA Phase II project** (awaiting shareholder approval) – critical for biomass expansion;
- ❖ **Vertical Integration project**

Risks and Challenges

Key strategic risks to be addressed:

Priority 1:

- a. Agility and flexibility to react to the changes in the external environment;
- b. Unresolved land claims;
- c. Inability to attract and retain experienced and knowledgeable skills;
- d. Labour unrest.

Priority 2:

- e. Not being the preferred partner of choice for successful land claimants;
- f. Failure to expand the existing land area;
- g. Plantation fires.

