



ILLOVO SUGAR LIMITED

Statement in response to the 'Bittersweet – Sustainability issues in the sugar cane supply chain' Report, December 2015

“With limited detail, SOMO has attempted to use Illovo Sugar Malawi Limited as a case study to gain publicity at the expense of accuracy. ISML is not, and has never been, involved in “land grabs”. It is therefore regrettable that our leading approach to land has not been recognised nor our internationally acclaimed land guidelines. It is also regrettable that ISML’s significant contribution to the livelihoods and economies of the Malawian communities has been ignored”.

NOTES TO EDITORS:

- Listed on the JSE Limited in South Africa and holds 76% of the issued share capital of Illovo Sugar (Malawi) Limited. Group website: www.illovosugar.com.
- Illovo Malawi submitted a full and accurate response on 6 November 2015 to SOMO’s draft report and requested that the inaccurate and misleading information in the report be remedied. It is clear that in collating information for its report, the organisation did not engage with all relevant stakeholders, least of all the management and staff of the company itself.
- As a group operating across six African countries, the Illovo group is committed to ensuring that legitimate land tenure rights are adhered to and supports and respects the protection of internationally recognised human rights, as entrenched in its Code of Conduct and Business Ethics (<http://www.illovosugar.co.za/Group-Governance/Code-of-Conduct-Business-Ethics>). Further information on the Illovo Group can be found at www.illovosugar.com.

Illovo’s Group Guidelines on Land and Land Rights (<http://www.illovosugar.co.za/Group-Governance/Group-Guidelines-on-Land-and-Land-Rights>) was launched in March 2015 and as part of these, has recently committed to its Road Map on Land Rights (<http://www.illovosugar.co.za/UserContent/documents/Announcements/Road-Map-on-Land-Rights-6Nov2015.pdf>).

- Illovo follows internationally recognised health and safety standards and the Group’s objective is to continue to create a safe working environment for its employees and surrounding communities, as encapsulated in its 2015 Human Capital Report.
- The NOSA Integrated Five-Star System covering safety, health and environmental management is implemented at Illovo Malawi’s cane growing and factory operations. All have been accredited with a minimum Four-Star rate during the 2014/15 sugar milling season. Both Merebank and Glendale in South Africa received Occupational Health and Safety Management System OHSAS 18001:1999 accreditation.
- Illovo Malawi recognises that land is an extremely contentious issue across the country, particularly in the Nchalo and Dwangwa areas, and the company has not been involved in any land grabs. The Illovo group acquired a majority shareholding in Lonrho Sugar Corporation Limited (“Lonrho”) in 1997 and since that time, Illovo has not expanded its land holdings beyond the areas that were leased to Lonrho in the 1970s.
- ISML does not own any land in Malawi – it has long-term legitimate leases for the land it uses, which were granted to Lonrho by the government in the 1970s. Accordingly, the allegations that Illovo has grabbed land in the SOMO report are false.

MORE THAN SUGAR



- Illovo Malawi is currently not involved in any new business or other developments requiring additional land.
- Recognising the complexity of land issues, Illovo has spent a great deal of time and resources attempting to resolve or broker settlements of various competing land claims which have arisen as a result of land allocations made long before Illovo even commenced conducting business in Malawi. Our efforts in this regard have received international acclaim. As part of our endeavours, we have set up a multi-disciplinary committee comprising representatives of NGOs, local community members, local authority officials, land experts and other salient stakeholders to find a long-term resolution, as we recognise the need to endeavour to resolve disputes that adversely impact the communities in which we operate, even in relation to issues in which ISML has no involvement. One of these interventions has already led to a settlement in principle of one of the land disputes in the Mlala area..
- With regard to the SOMO report's Chapter 4.2, "Workforce: Permanent, seasonal and agency workers", all company contracts with external service providers include terms requiring them to manage their employees according to statutory provisions and in accordance with our publically available Code of Conduct and Business Ethics and other policies (including our Forced and Child Labour Guidelines).
- Illovo Malawi contracts also enforce safety (including the use of protective equipment), age requirement (no child labour) and compliance with national laws and regulations, and supply chain compliance audits are conducted.
- Illovo Malawi's permanent and seasonal jobs are graded using the Paterson Grading System. The only exception between permanent and seasonal workers is that seasonal workers are engaged for the duration of the mill season only, at the end of which a gratuity is paid as provided in the Malawi Employment Amendment Act. Seasonal workers are also entitled to join the bargaining unit of the union which negotiates a uniform rate across the grades, irrespective of whether a job is agricultural or industrial, seasonal or permanent.
- Illovo Malawi's seasonal workers have access to medical services provided at the company's clinics under the same terms as the many local communities which surround our cane fields.
- Illovo Malawi does not have any "agency" workers and only employs permanent employees, seasonal workers and independent service providers / contractors. In terms of our contracts with external service providers, they are required to manage their employees according to statutory provisions, and in accordance with our publically available Code of Conduct and Business Ethics and other policies (including our Forced and Child Labour Guidelines). Illovo Malawi contracts also enforce safety (including the use of protective equipment), age requirement (no child labour) and compliance with national laws and regulations, and supply chain compliance audits are conducted.
- Illovo Malawi continues to work with both The Ministry of Labour and the Malawi Congress of Trade Unions (MCTU) and offers its union officials time away from work to attend union business.
- The company was awarded the 2014 top employer award by the Employer Consultative Association of Malawi (ECAM) which was audited independently by KPMG. The audit covered gender, employment policies, health and safety, staff development, HIV aids workplace policies and more. Employee benefits are outlined in the Illovo Group Citizenship Report which can be viewed at www.illovosugar.com.
- Illovo Malawi has successfully negotiated with unions and Government to regulate working hours. Workers are no longer permitted to work seven days a week and must have at least one day off per weekly shift cycle.
- For further information, please contact Kim Polley at kim.polley@instinctif.com.