

CASE STUDY



FarmCo

HIGHLIGHTS

119 000 hectares supply cane to South African sugar mills:

- **8 400 hectares owned and farmed by Tongaat Hulett**
- **61 500 hectares owned and farmed by white commercial farmers**
- **49 300 hectares owned and farmed by previously disadvantaged individuals (PDIs).**

OBJECTIVE

Shift the PDI supply mix towards a 50% share

Tongaat Hulett's turnaround strategy identified the opportunity to consolidate our direct sugarcane farming activities in South Africa. FarmCo, a transformation initiative to ensure that land which has been targeted for future property development remains productive under sugarcane, was established. Numerous farms transitioned through creating opportunities for third-party growers to farm company-owned land thereby mitigating potential job losses at the farm level.

- Tongaat Hulett facilitated the creation of Uzinzo Sugar Farming, which means stability in isiZulu. Uzinzo enabled shareholders to lease three prime agricultural estates at below market-related rental. The leased area is approximately 3 900 hectares with an estimated annual production of 160 000 tons of sugarcane, making Uzinzo Sugar Farming one of Tongaat Hulett's five largest supplying growers. Farming activities also include food crops.

Uzinzo's annual revenue is expected to be around R79 million, which together with its scale of production, makes it the first broad-based agricultural company to feature amongst the largest 10 sugarcane farmers in KZN.

Three dynamic individuals, Nonhlanhla Gumede (33), Khetha Ncalane (45) and Khumbulani Mthethwa (44) are at the helm of Uzinzo Sugar Farming with a 65% shareholding. There is also a 15% shareholding for the employees through an Employee Trust and Tongaat Hulett retained a 20% interest.

- Peaceful Ndlovu leased a 340-hectare farm which has the potential to produce 12 000 tons. This partnership enabled Ndlovu to grow his operation threefold. In 2014, at the tender age of 22, Ndlovu set a precedent for South Africa's youth when he became Tongaat Hulett's youngest land reform grower. He took the reins of his family's 95.8 hectare farm four years after the death of his father. His father had acquired the farm in 1998 through the Land Redistribution for Agricultural Development (LRAD) program which was a government initiative aimed at helping black South African citizens to access land specifically for agricultural purposes.