

Umbonowethu

November 2019



1 April 2019, 10 years later, USM continues their success story by satisfying customers with quality products and service, growers with fair and transparent interactions, employees with a safe and high-spirited environment, the local community through job creation and poverty alleviation initiatives and shareholders with sustainable profits.

The First Word



The 2019 season has been a roller coaster ride in many respects. The full impact of the Health Promotion Levy (sugar tax) became apparent as well as the realisation that eSwatini sugar was displacing large quantities of South African sugar into the low priced export market. This was soon to be followed by the news that Tongaat Hulett Sugar shares were suspended on the JSE (the subsequent investigation is still pending). RCL Foods followed with a decision to write down more than R760 million of its sugar unit value. At that point, it was suspected that none of the sugar milling companies, would make a profit in the 2019/20 season. News of possible mill closures and significant job losses found its way into government circles and the Department of Trade and Industry (DTI) initiated a Master Plan process for the sugar industry with the aim of reviving the industry as follows:

- To promote crop diversification out of cane into other crops. The DTI has committed to look into exemptions under Section 10 of the Competition Law to allow the milling companies and their growers to proactively manage this process.
- To promote product diversification such as cogeneration, bioethanol, bioplastics and others. Unfortunately, if these were simple markets to supply they would already have been supplied. The DTI is investigating how best to provide an enabling legislative environment.
- To promote sugar trade harmonisation between South Africa and eSwatini. This might again require competition exemption.
- To engage with the Department of Health and National Treasury in relation to the Health promotion levy and to curb its potential roll out.
- To facilitate encourage end users of sugar to buy ‘proudly South African’ sugar, which is likely to be tempered by the industry committing to responsible sugar price increases going forward.

The DTI Minister is expected to sign off on this master plan by the 2nd December 2019. In parallel, everyone at USM knows that we have adopted the strategy of being the “**LAST MILL CRUSHING**”. To achieve this objective the entire USM team has done a remarkable job during 2019 to break almost every USM production record and to have made a concerted effort in curtailing costs (although more needs to be done in this area). Despite having forecasted a significant loss at the beginning of the season, USM is now expecting to breakeven; a commendable achievement in difficult circumstances but still short of being sustainable.

This edition of the Umbonowethu is packed with many examples of our “**NEVER GIVE UP**” attitude, emphasising that the contributions of every single USM team player counts. Our most recent SMART meeting highlighted that these value contributions are compounded in an environment of “**TRUST**”; something we ALL need to work on in 2020. We all want USM to be a success long into the future, not only for ourselves, our families and our peers but also for the entire community that relies on USM for their well-being. We will triumph, because we have we have “**SMART**” people, we have a “**PLAN**” and we have the commitment and tenacity to “**MAKE IT HAPPEN**”!

Much has been achieved in 2019 and I am sure we are all looking forward to a well-deserved Christmas break. For those of you who are Christians I wish you a merry Christmas and to each and every one of you and your families, I wish you a prosperous 2020.

As always, work smarter, work together, have fun and be safe!

Adey

Standard Bank offers USM employees exclusive deals:

SMS ‘NEXT’ to 45786 or email them on usmstaff@standardbank.co.za to access your benefits now! In an exclusive arrangement with Standard Bank, USM employees have access to the following benefits;

- Access to Provident Backed lending
- Preferential rates on Revolving personal Loans*
- Access to Debt Care centre
- 3000 Ucount rewards*
- 3 Months free Banking*
- 1 Gig Free data when signing up for Standard Bank Mobile
- Many more exclusive offerings



Long Service Awards



Thank you for your service to USM!





Celebrating 10 years and beyond!

Well-established and recognised producer of high-quality brown sugar, USM celebrated its tenth anniversary on 1 April 2019. A long and rich history dating back to when sugar cane was first grown at Umfolozi in 1913, and the first mill site established in 1916 precedes this celebration. Giving shape to the current tenacious business dates to when the mill had to overcome tough challenges. USM recognises that at the core of their success story lies the human element and the need for every employee to reach their potential and as their 10-year celebratory slogan reads; the last mill crushing, it is undoubtedly ready to tackle new heights and conquer new milestones in the next ten years!

Good quality cane equals more sugar

Senzo Mahliza (Inbound Logistics Manager)

USM wouldn't have had the excellent year we had if it wasn't for a number of reasons, and this includes getting good quality sugar cane from our suppliers. This allows for easy extraction and a high cane-to-sugar ratio which of course means more sugar. The mill is very efficient because of good quality sugar cane.

The accomplishments of the mill wouldn't be possible without the support of all the staff, their input and hard work is very much valued, as it channels through the whole chain. Everybody's contribution is very much appreciated and we wouldn't be able to crush 7 000 tons daily if this wasn't the case.

The highlight of the year was definitely having a new approach in procuring our cane. In terms of crushing, we managed to hit targets we haven't done before.

Of course there were some challenges too. There were, and will in future also be, times when relationships are difficult to deal with. You then just have to make sure things continue to progress despite these difficult conditions. A thick skin definitely helps to soak up all the pressure.

It's been a really tough year but we've achieved fantastic records. The staff here is very committed and proud to wear the USM uniform. Everyone should now go and recharge the batteries because next year we'll have more challenges and do more than what we did this year.



USM growers want to understand how the mill operates, and during a recent site visit, growers from Mposa were shown how the mill operates and what their impact is on the mill's extraction i.e. if there are complaints on high ash etc. which results in diffuser flooding. "USM growers are very significant to the mill and the strong relationship we have with each grower via each and every USM employee they interact with a treasure," says Thembeka Maseko (Grower Relations Manager). The visiting group comprised of commercial growers and one land reform farm.



Growers join hands with USM

Thembeka Maseko (Grower Relations Manager)

The key to our success here at USM is the good relationship we have with our growers and this helped us strike those records this year.

Should certain issues arise, we have to liaise with the growers and the reception you get becomes easier because of the relationships you've already built. Good quality sugar cane not only benefits the mill, but also the grower as it breaks potential barriers that may arise.

I most certainly want to give our growers a high 5, especially after the great year we've had! We managed to reach the targets we did through having these relationships and then being able to sit down in a room and resolve issues as and when they arose.

It was great though to have a bit of fun at the same time too, as we were able to absorb the pressure that comes with the job. And now I'd like to convey a festive season message of rest and relaxation to our staff and to all our growers. We really need a bit of a break after a challenging, but nonetheless rewarding 2019.

Tough year and ‘that tie’

As management accountant and with the added responsibility for the IT department, Bongani Xaba can attest to the tough year that Umfolozi Sugar Mill experienced.

He says there were indeed tough times during 2019 but that the whole staff compliment should now look forward to 2020.

“Each individual at USM carried a lot of pressure but we still managed to achieve things we didn’t think we would. I’m proud of the staff and the hard working team we have. We can indeed pat ourselves on the back for a job well done.

“Everyone should go and have a good rest. We can expect a lot of improvements in 2020 as we will be trying to do things smarter than before.”

According to Bongani one way of achieving this goal, is by investing in personal development through further studies.

“Personal development is imperative, any brain that does not learn something new dies. At USM we want to train each and every employee, whether it is in a formal or informal manner. The more you learn, the more efficient you become. Trends are changing, developments are happening and one simply can not afford not to learn something new everyday.”

In regards to making sure USM is ready for the Fourth Industrial Revolution, Bongani says everything is on track where finance and administration are concerned.

“There are a couple of projects we are working on so that our infrastructure and the environment we operate in is ready. We need to be flexible to achieve all these things. In as much as we are in a remote location, we are not operating on an island.

And this includes cost saving measures. Each individual knows when he or she is wasting and when he or she is saving. The message is clear – we are under serious pressure.”

At the time of his interview with Umbonowethu Bongani was sporting a very smart-looking tie? We just had to ask the questions, so what is it about ‘that tie’?

“It is a special tie related to achievements and given by Institute of Chartered Secretaries and Administrators. It’s a sign that you’ve been trusted by the Institute that your ethics are going to be good. It also gives you the right to act as a commissioner of oaths. So it is a very prestigious tie.”



USM senior management team taking on the Bokke 2019 Rugby World Cup slogan, ‘together we are stronger’ during their annual strategy session.

Compliance is King

What is compliance, why is it important in the industry and what does it mean for Umfolozi Sugar Mill? **Gwen Wareham, Compliance Manager** explains the details and specifics.

Compliance is not industry specific, it is a broad-brush stroke across “Obeying the Rules” in order to prevent harm. In the USM context this means no harm to people, the environment, consumers and our assets.

It is probably best explained by way of a question-and-answer scenario:

Q: Where do rules come from?

A: Statutory Laws & Mandatory Standards

Q: What laws are applicable?

A: Occupational Health & Safety Act, National Environmental Management Act , Consumer Protection Act, Foodstuffs, Cosmetics and Disinfectants Act

Q: Where do standards come from?

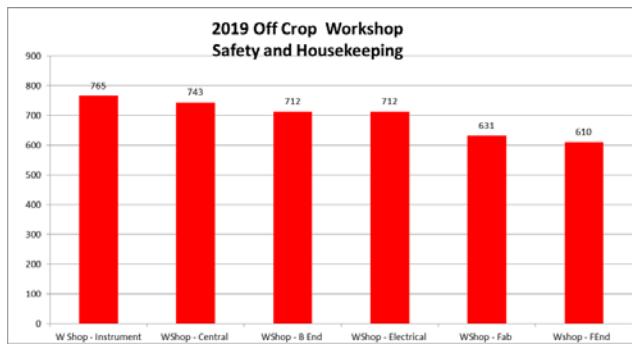
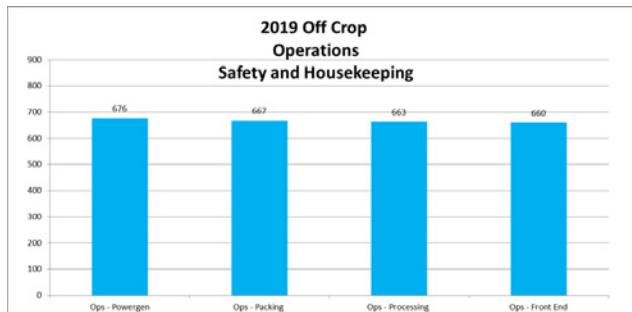
A: Customers, senior management and other subscribed standards e; FSSC 22000, NOSA.

Q: How do we get control of all these rules?

A: One integrated approach called management systems. To achieve this, we follow a management system that is quick (easily accessible); simple (easy to follow) and effective (allows for management by system and process and not just presence).

The biggest advantage of this approach is a **well devised system** that ensures sustainability that is not people dependant, with clear accountabilities and responsibilities in the following areas:

- **Documents:** How, what, when, who?
 - **Records:** Evidence that all the systems are effective and working
 - **Conditions:** State of the physical space, the working environment, company culture
 - **Behaviour:** Actions and approach by individual people
- We sustain our compliance system with continuous auditing and inspection at different levels.



Smart Staff Meetings

Sugar industries around the world are struggling and the USM team is determined to survive by doing things differently. One way of doing this is quarterly SMART meetings during which USM staff come together to share great ideas. The SMART sessions are intended to bring the thoughts and innovations of our SMART employees together. Those that attend also get a free cold drink!



Crushing sugar cane like nobody's business!

Deena Govender, Engineering Manager is responsible for all engineering aspects at USM and makes sure the wheels keep on turning. Umbonowethu asked him about the phenomenal streak of records achieved this year;

'This year we tried to do things a little differently, pushing the factory to its limits to see where the bottlenecks are and what we can subsequently achieve. Surprisingly we achieved a great deal with a number of records in all areas. If you look at USM's daily crush figures, we've been crushing over 7000 tons a day on 28 occasions this year. This leads us to a weekly crush of over 40 000 tons during 15 separate weeks. We stood at just over 983 000 tons this time last year and I can proudly say that where we are now, USM has crushed 1 131 435 tons already for 2019 (at the time of publishing).

The year hasn't been without any hiccups though. There were some long-standing issues that we had on certain parts of the plan but those issues were mitigated by the factory's performance. On top of this, we have been able to export 12 056 megawatts of power into the grid, compared to 8 109 at the same time last year. It is a huge achievement that we pride ourselves on and a major improvement all-round.

We must remember also that we don't deal with just machines, there are people involved in all these processes as well. And it is not always easy, not everybody is the same. You need to understand people, their different strengths and weaknesses. You need to guide the weak and back off from the strong as this will lead to the right support at the right time.

For next year, I think we have identified all the problem areas and can only improve going forward, covering all the loopholes.

My message for the staff over the festive season is well done THANK YOU for your brilliance this year, for being with me and taking the team along on the journey. Go and relax now, forget about the factory for once and come back safe and well-rested for all that 2020 has to offer.'



'Sugar Veteran' on USM's outstanding year

With more than 40 years' experience in the industry, Vis Pillay, Production Manager says he has 50% blood and 50% sugar in his body!



'Here at USM I'm involved from the time the juice is extracted from the sugar cane, through the milling process and into sugar production and where the final sugar is packed and dispatched to the warehouse for commercial sale. In 'technical talk' it is the mixture scales, the evaporator, juice heaters, clarification station, pan boiling station, the sugar drive and of course the heart of the process which is the packing station.'

According to Vis, what is at the heart of USM's achievements this past year is the company's vision, and 'being a 10-year celebratory year, we said we can do it.' 'We did, the more than 1,3 million tons of cane we crushed is evidence. The confidence ran from the production director down to the teams on the ground. Week in and week out we continuously reviewed our performance and looked ahead at setting new goals. At the same time, we also made sure that we use our assets effectively, and that was typically our people, giving them the appropriate training when needed.'

Over and above making sure that our equipment was sound in wind and limb, Vis believes that USM's coaching and training of their employees gives them the right ammunition to perform at the highest level and thus entrench the USM values. I think every single individual working in the process department prided themselves when seeing the weekly figures on a Monday morning.

I should also mention the positive impact of our CEO, Adrian Wynne, and his weekly emails. Even though we don't see him in the plant that much, these messages go down to the shop floor and inspire the employees of USM.'

And now all our staff deserve a well-earned rest during the festive season, after what was a hard but rewarding year. They need to go and rest and come back fully energized. Most of them live away from Umfolozi and I think being with the family, bonding over the festive period, will prepare them for the new season that is 2020.

I'd like to continue to share my knowledge that I've gained over 40 years in the sugar industry; it is one of my passions. Umfolozi has huge potential to grow its people further, while at the same time creating a culture of understanding and learning.

I've always believed in one philosophy – ask the question, even if you think it is a stupid one. It is better to be a fool for a day than a fool for the rest of your life.'

Keeping Our Customers Happy

Only the best will do for USM customers and although the old John Deere tractor did its job and it was time for an upgrade to ensure efficiency and waste reduction, in alignment of Lean Manufacturing. A Dezzi tractor with 4-wheel drive and an air-conditioned cabin was purchased to also make sure that drivers are comfortable and productive.

Further improvement in the company's 5S drive is stacking and storage of pallets and to this end a pallet storage area was erected. This facility is reducing wastage of pallets, whilst ensuring customers received USM sugar in a pristine condition. The storage area was supervised by Terry Bazley and the project was managed by Ben Nel.



Mandela Day

Mandela Day is a time when happy volunteers get ready to give back 67 minutes of their time to the community. The USM team celebrated their Mandela Day 2019 at the Ntokozweni crèche, Kwamsane, painting the newly donated ceiling and the floor.



Heritage Day



Heritage Day on 24 September saw USM employees recognise and celebrate the cultural wealth of their diverse teams by planting four different trees; False Olive, Wild Peach, White Stinkwood and Porkbush. The team, all dressed up in their heritage clothes was further enchanted by poem reading and a 'fashion' parade.



Training Achievements

The success of the greater team and doing whatever it takes for the team to succeed is of utmost importance for Umfolozi Sugar Mill. **Zanele Nzuza**, HR Officer gives feedback on the status of the various training initiatives.

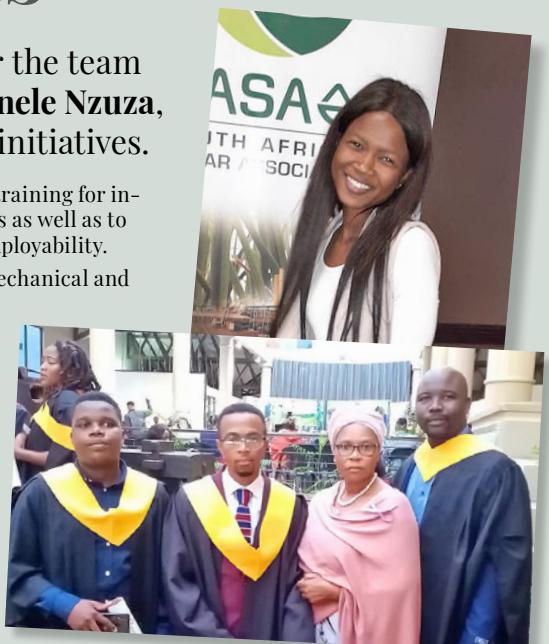
The reason for Umfolozi Sugar Mill providing experiential training for graduates and practical training for in-service trainees is twofold – to give us a pool of highly skilled people from where to fill vacancies as well as to assist students and trainees to acquire practical knowledge and experience to increase their employability.

USM has recruited 11 students since the beginning of May 2019 in different fields. Three more mechanical and process students are to join which will bring the total for 2019/2020 up to 14. These learners are fully funded by SASA and AgriSETA respectively.

There are also four apprentices at USM who will write their trade tests towards the end of 2019 while a fifth one is busy with phase two. Assessments show that most of the learners are doing quite well and have the potential to pass their respective trade tests and then come back to be of service at USM. We should start looking at recruiting apprentices again in April 2020.

The operations trainee currently at USM is a panel operator and due to finish at the end of September. A trainee pan boiler will be appointed at the beginning of October.

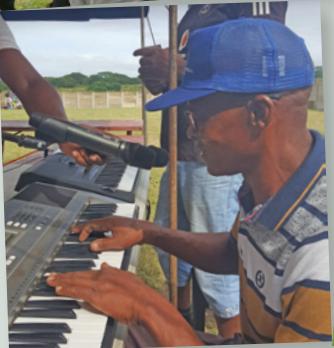
USM will continue with the development of the scarce skills, particularly artisans, technicians, pan boilers and boiler panel operators. In the past USM have been able to absorb learners into permanent positions. This also improves the company's BBBEE level and score.



The USM team in action...



Admired and Spirited Sugar Cane Processor



Umfolozi Sugar Mill has a vision to be the most admired sugar cane processor in South Africa on account of its team spirit that is characterised by a passion for continuous improvement. There are various ways of harnessing that team spirit and here at USM our Sports Day play a big role in doing just that.

This annual event is to acknowledge contributions made by various team members during the previous crushing season as well as the off crop maintenance work that is undertaken. On top of this, team spirit gets a big boost and puts everyone in that ready-steady-go! mode for the upcoming crushing season.

The USM soccer field is set ablaze with the boisterous activity of the teams comprised of permanent employees and contractors within the mill. And don't think it's just the men that get to show off their skills with a soccer ball, the ladies also take to the field, albeit with a little more finesse.

This year the USM Sports Day committee, who is responsible for the planning, organising and coordinating of the event, decided to handout medals and umbrellas as prizes. According to Ernest Xulu, employee relations officer, everyone contributed to the success of this fun day.

"The overall success of the event lies with all USM employees, sponsors and everyone else that attended the event. A special thanks however must go to the committee for the hard work and dedication towards making the Sports Day such a joyous occasion. At the end of the day, everyone had a great time, and that was the most important objective."

USM support group

USM encourages their employees to keep a healthy mind and body and each year the company's wellness week sees and increased focus on primary health care testing and counselling. The USM support group (below) provides private and confidential advice to employees who may have any health issues.



Mtubatuba Sugar Tournament

More than 11 schools from around Zululand took part in this year's 29th Mtubatuba Sugar Tournament, held at the Mtubatuba primary school. This year the grounds were filled with 900 excited 9 to 13-year old boys and girls playing HOCKEY, RUGBY and NETBALL games to their heart's content.

