



ASSOCIATED BRITISH FOODS PLC / ILLOVO SUGAR LIMITED

RESPONSE TO OXFAM “SUGAR RUSH” REPORT DATED 2 OCTOBER 2013

ABF, through its African subsidiary Illovo, is and always has been hugely sensitive to issues of land ownership.

In South Africa, Illovo has distributed more company-owned cane land to black farmers than any other sugar company in that country and did so voluntarily, earlier than required by legislation. It has a fine record of working with those farmers to ensure the continued commercial viability of that land and it runs important and innovative programs with government and with farmers in KwaZulu-Natal to ensure the long-term sustainability of farms now under black ownership. Illovo is a strategic partner with the South African government in the transformation of land reform / ownership in South Africa.

Throughout its operations in Africa, Illovo has been scrupulous in its approach to land ownership. In Mali, land earmarked by the government to be developed to irrigated sugar cane agriculture would have been held by a state-owned company for the continued benefit of the local community and farmers. That project, sadly, was terminated following the coup d'état in 2012. Had this public-private partnership project gone ahead, it would have had the potential to transform the lives of that community.

In Mozambique, Illovo's strategy in relation to expansion of its operations is based on creating partnerships with local communities. Any expansion follows negotiation with communities who are then supported as sugar cane farmers supplying cane to the Illovo sugar mill. The existing sugar business in Mozambique was rebuilt by Illovo in 1996, following the civil war in that country. The remuneration, including the payment of wages (in excess of \$1 million per month), as well as health and other benefits, has brought about significant socio-economic development to this rural community, utterly changing the wealth and life prospects of the people in that area.

These are not the actions of a company which plays fast and loose with other peoples' land. They are however consistent with the values of a company that provides extensive health and wellness benefits to its employees and local communities, is a leading participant in combating the spread of malaria, tuberculosis and HIV in Sub-Saharan Africa, provides high standard education to thousands of children at 27 Illovo supported schools, makes available clean water, sewerage facilities and electricity to the surrounding communities and provides direct employment to some 30 000 people. Its operations ensure the supply of an important carbohydrate in regions which have often gone short of food.

Oxfam criticises ABF and Illovo for refusing to sign a pledge on land ownership. Pledges are cheap and plentiful. The history of Africa is full of them. The true test of any organisation is what it actually does. ABF and Illovo prefer to act on their beliefs and standards rather than pontificate about them. Illovo is a magnificent example of a company that works to the highest ethical standards to benefit the communities in which it operates.

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