

KHUTHELE FORESTRY SERVICES (PTY) LTD

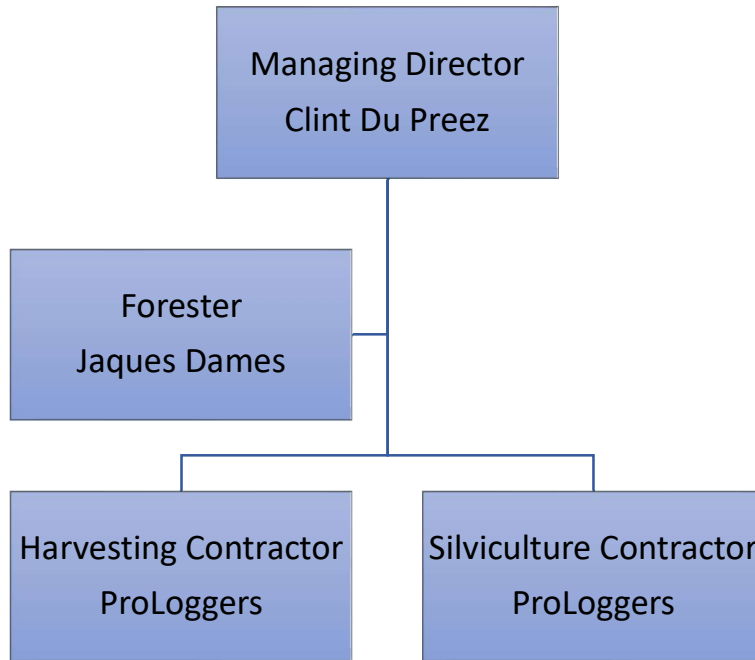
SUMMARY OF MANAGEMENT PLAN AND FORESTRY OVERVIEW OF HOLDENE FARM

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1. PREAMBLE

Khuthule Forestry Services (Pty) Limited purchased a portion of Mt Desire Farm from World Hardwood (Pty) Limited in 2019. The official transfer date was in March 2019. Khuthule Forestry Services is a company owned by Frits Kamhooft and Clinton Du Preez and was established in 2014. The function of the business is a service provider of forestry equipment and expertise to forestry companies which are mainly involved in contracting to the large timber growing companies in KZN.

KHUTHELE FORESTRY SERVICES ORGANOGRAM



1.1. History of use

Khuthule Forestry Services has been involved in forestry since 2014. The purchase of Holdene Farm was in March 2019 therefore our history is limited on the farm.

2. ACCESS TO PUBLIC INFORMATIONS ACT

All policies and relevant documents pertaining to Khuthule Forestry Services operations are available in terms of and according to the Access to Public Information Act. Certain policies as well as a summary of this management plan are available on our website at www.khuthuleleforestryservices.co.za.

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3. MANAGEMENT OBJECTIVES AND REVIEW

Management Plans will be updated when major process changes occur and formally on an annual basis by the Directors

The management objectives for Holdene Farm are holistic (and are listed throughout this report), with its core business being the supply of timber fibre to pole plants and various other timber mills throughout KwaZulu Natal. Although our core business is the supply of timber fibre, we insist all contractor staff and employees involved in these operations operate within stringent Health, Safety and Environmental requirements/standards. These standards also assist the Company with a constantly changing environmental, social and economic environment.

The Company manages its resources by adopting best operating practices within the Forestry Industry.

The Company strives to adopt a pro-active approach to meet the constantly changing environmental, social and economic environments at the same time as keeping track with new scientific and technical developments. This is made possible through membership with various recognized institutes as well as a dynamic management team.

Management plans are communicated through structured meetings and interactions. Due to the dynamics of the forestry industry, management plans are never static. Because of this, plans are monitored closely and any deviations are investigated and corrected immediately.

We insist our contractors follow a policy for training, qualifications, and recruitment that includes skill and experience the basis for recruitment, placement, training and advancement of staff at all levels. We also encourage our contractors to draw their labour from the local communities and we encourage them to offer equal employment opportunities for women.

4. DESCRIPTION OF FOREST RESOURCES

Holdene Farm falls within the KwaZulu Natal region. There are currently 3 sub sections namely, Portion 13 Harmony 1472 FT – 32.37ha, Portion 1 Lovo Dale 1271 FT – 529.63ha, Portion 172 Harmony 1472 FT – 544.51ha.

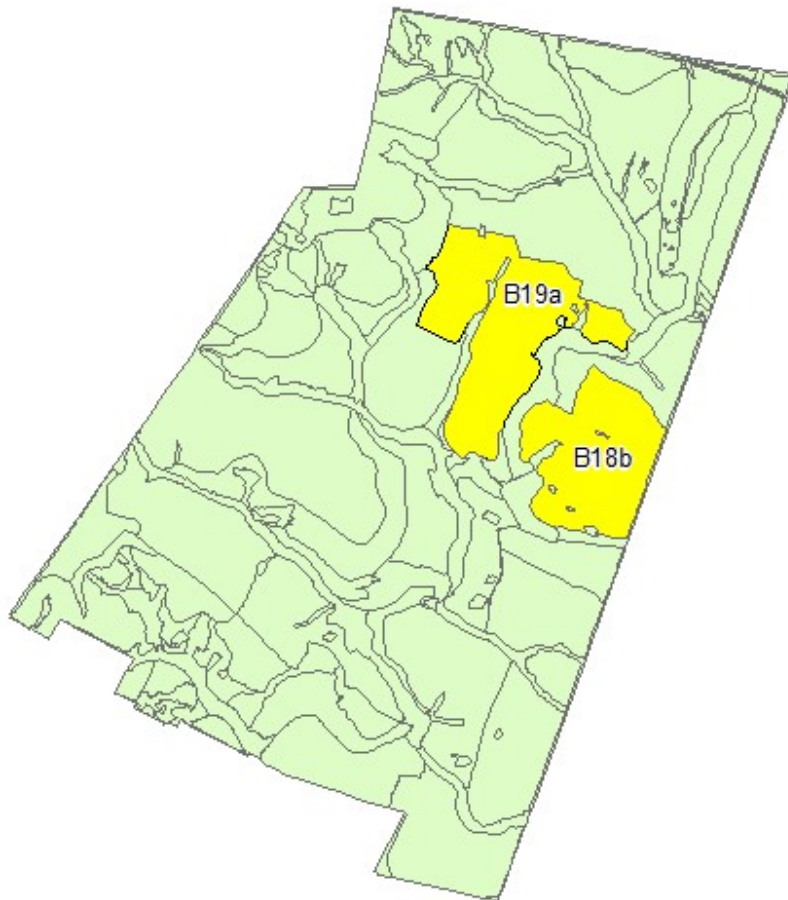
The core business of the farm is to grow timber fibre on a sustainable basis. 100% of the annual forest production is Eucalyptus pulpwood and poles.

Approximately 23.3% of the farm is not planted to commercial timber compartments, and is managed as natural or open area habitats.

Holdene Farm Neighbours

A Stakeholder Register is in place which contains all the details of the stakeholders such as contact people and contact numbers. A map showing the neighbours is in place and available on the boardroom wall on the verandah. There are no communities that border on Holdene Farm. The closest Community is the Hopewell Community which is 12 Kms away as the crow flies.

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A breakdown of farm currently is as follows:

Commercial Timber Compartments: 907ha
Valleys / catchment areas / open land: 200ha

5. LAND RESOURCES

5.1 Holdene Farm Geology and Catchments

The farm is situated to the east and southeast of Richmond in KZN midlands. Holdene drains into the southeast flowing Lovu river.

Mean annual precipitation is between 800 and 1000 mm, with the mean annual evaporation estimated at less than 1200 mm (WRC Report 298/6.2/94).

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Holdene's geology is made up mainly of tillite in the central parts, intercalated arenaceous and agrillaceous strata to the east, with principally agrillaceous strata to the west. Soils are also moderately to deep clayey loam with an erodibility index of 10 to 12 (medium), and the quaternary sub-catchment sediment yield is estimated at between 54 000 and 59 000 t/a. Low and Rebelo (1996) puts the plantations into the following vegetation types: Holdene is also covered by type (24) Coast Hinterland Bushveld. In the more sheltered valleys or slopes one would expect well-developed forests (Acocks, 1988).

6. SOCIO-ECONOMIC CONDITIONS

There are no tribal areas or rural settlements near Holdene, as the area is solely under agriculture or commercial conservation and is surrounded by farming communities. According to the Hermes Country Report for South Africa the key economic risk factors are unemployment, rural poverty, inequality, disease, with a track record of labour militancy and weak educational standards. As a result of this when any new employment opportunities arise at Holdene Farm, then the Ward 4 Councilor for the Hopewell Community, which is situated 12 kms away from the FMU, is approached to find potential employees.

Khuthele Forestry insists on a sound primary Occupational Health Care Programme for its contractors' employees. This function is contracted out to qualified Occupation Health Sisters.

In addition, access to non-timber resources such as thatch grass, firewood collection, cattle grazing and honey collection is also allowed on a permit basis. Certain projects such as bee-keeping are conducted in conjunction with members of the Hopewell Community.

7. RATE OF ANNUAL HARVEST

7.1 Harvest and regeneration

The Khuthele Forester together with the Managing Director is responsible for drawing up and updating the Annual Plan of Operations (APO).

The rationale for the rate of harvest is based on the available resource base, pole and pulp market requirements. Each compartment is enumerated by an outsourced Enumeration Team (who are contracted to Khuthele Forestry Services) once or twice during its life. Stem counts are done after planting. Compartments eight years and older receive a full enumeration. During a full enumeration stems per ha, stumps per ha, heights and diameters are recorded. The enumeration team will also report on weed infestation, occurrence of disease and any other deviations from the current compartment information and compartment map. Stem counts only exclude diameter and height measurements. Compilation of working plans involve a detailed analysis of the enumerated data, calculation of standing volumes, age class and yield analysis and the drawing up of growth models to simulate growth to required felling age. Working plans form the core of regulating area and yield for sustainable annual harvesting and assist in drawing up strategic long-term plans and tactical medium-term plans. The Khuthele Forester reconciles actual cut with planned cut.

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8. MONITORING OF FOREST GROWTH AND DYNAMICS

The following monitoring currently takes place:

8.1 Silviculture Management Systems

In terms of the silvicultural systems, the South African Forestry Handbook is used as a guide to silvicultural management systems. In general, gum is planted at an espacement of 3 x 2m. The pits are kept weed-free by manual hoeing, slashing and chemical spraying until canopy closure. All harvested compartment are manually replanted with seedlings.

The compartments are handed over from harvesting to the Khuthele Forester by the contractor through means of a post-harvest audit and signatures. The post-harvest audit signature indicates acceptance of best operating practices. A planting plan is then drawn up. A post-planting audit is also carried out. This includes blanking requirements. The forester checks the quality of work.

8.2 Harvesting Management Systems

In terms of harvesting systems, the Forestry Solutions Best Operating Practices are used as a guide. In general, Operational Harvest Planning includes an operational checklist in the form of a pre and post harvest audits which are completed for each harvest operation. The Forester checks quality, tasks, standards and monitors activities

8.3 Forest Enumeration

A private consultant has been appointed to conduct regular forest enumeration. All compartments are enumerated at least once before harvesting. Enumeration data is kept with the company records at the main office.

8.4 Illegal Activities

Camera Detection Systems (with Firehawk) keep a vigilant eye on the farm, as do contractor employees. The neighboring farmers also report untoward activities. The services of the South African Police Force are also used from time to time. Magma Security is contracted by Khuthele Forestry Services to patrol Holdene Farm and to apprehend any perpetrators caught doing illegal activities. The Eston Mid -Illovo Farm Watch is also very active in the area and have formed a Whatsapp Group (WA) to inform members of suspicious activities noted as well as to respond to emergencies.

8.5 Fire and Safety

Khuthele Forestry Services will perform 2nd Party audits in house. Safety checklists are completed by all operators. Weekly fire checklists are completed to test equipment, vehicles, communications and the like. Annual insurance evaluations are carried out by Patula Risk. Khuthele Forestry Services is also a member of the Kwa-Zulu Natal Fire Protection Association and the Richmond Fire Protection Association.

Fire risk assessments and management controls are also continuously updated by the forester.

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9. CONTRACTOR MANAGEMENT

9.1 Legal Compliance

Legal compliance e.g. contracts with employees, UIF, VAT, Workmen's compensation is written into the contract and the contractors have to provide registration numbers to the company. There is a checklist, which the contractors have to complete, titled "Contractor Compliance with Labour Legislation". Health and safety risk assessments are carried out by both harvesting and silvicultural contractors prior to any operations taking place.

10. HEALTH AND SAFETY

Domestic drinking water is also monitored annually. Any deviations are actioned immediately with the help of the Talbot Laboratories.

Khuthele conducts certain occupational surveys through a qualified and approved inspection authority, however the service providers is/are expected to conduct their own necessary Occupation Health Surveys. The contractor will appoint an Approved Inspection Authority to conduct these surveys every 2 years and include:

1. Noise surveys
2. Hazardous Chemical Substance Surveys
3. Ventilation Surveys
4. Illumination Surveys
- 5.

11. ENVIRONMENTAL MONITORING

11.1 Soil

Firebreaks, compartments, timber depots, quarry pits and plantation roads are monitored for erosion. Erosion management objectives have been set out as follows:

Area where erosion is occurring	Action to be taken	Target Date for completion	Frequency of assessment
Compartment B27	Slight grading of area and open side drains, put rocks at the bottom of B27 to retain walls and prevent further damage.	May 2023 - Completed	Bi -Annually
Firebreak next to Compartment B17	Put rocks to reduce water flow and allow buildup of soil for vegetation growth and construct side drains to drain off fast flowing water.	May 2023 – Completed	Bi -Annually

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11.2 Fauna and Flora

Annual game count surveys are carried out in conjunction with BFEA and numbers monitored.

Threatened or Protected Species (TOPS) will be monitored on the farm as they occur and adequate security measures will be employed for the protection of these resources. Dr Richard Lechmere-Oertel (PhD) has conducted two assessments – one in 2010 (Biodiversity Prioritisation in the unplanted lands of a plantation forestry estate) and in 2018 - Biodiversity Prioritisation of Natural Lands in the R&B Group Timber Estate (World Hardwood). These assessments assessed the likely presence of rare, threatened and endangered species and their habitats -See Section Labelled Mount Desire in Table below.

Table 3 A summary of the types of biodiversity features associated with the farms with a 1 km buffer (from the EKZNW C-Plan minset 2010)

Farm	Feature type	Plant	Veg type	Butterfly	Grasshopper	Millipede	Mollusc	Amphibian	Bird	Mammal	Sens. Spp	Farm Total
Barton Heights		70	59		177	319	72		4			701
Cliffvale		4	31		8	25	37		11		1	117
Linlathen-Witney		7	39		91	81	45		19			282
Mount Desire		82	87		112	339	134			53		807
Rockvale		86	125		266	206	93	22	36		1	835
Roselands		90	113	6	122	307	107		60		1	806
Solitude		168	189		152	319	110				1	939
Strathaven		103	84		81	44	25				1	338
Uplands-Summerfield		3	66	3	81	99	86	19	7			364
Feature Total		613	793	9	1090	1739	709	41	137	53	5	5189

11.3 Grassland Bio-Monitoring

Most of the grasslands form part of the fire protection management plans and as a result, are burnt annually. Grasslands are monitored for erosion and cattle grazing is controlled using cattle grazing permits in accordance with bio-resource carrying capacities. Where possible, grasslands are burnt biannually.

11.4 High Conservation Value Areas

There are no High Conservation Value Areas that have been identified at Holdene Farm. Dr Richard Lechmere-Oertel (PhD) has conducted two assessments – one in 2010 (Biodiversity Prioritisation in the unplanted lands of a plantation forestry estate) and in 2018 - Biodiversity Prioritisation of Natural Lands in the R&B Group Timber Estate (World Hardwood).

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11.5 Water Bio-Monitoring

Water from a borehole is supplied to the forester's house at Holdene Farm. Potable water testing is done by making use of Talbot Laboratories.

There are only small non perennial streams at Holdene Farm which only run fully during times of heavy rainfall. During the winter months these streams tend to dry up. Thus, no stream monitoring is undertaken on site.

11.6 Water Quantity Monitoring

Water quantity monitoring is viewed as an integrated management process combining both National Water Strategies and plantation management.

The Department of Water and Sanitation (DWS) have strategically placed water monitoring sites/weirs that have been identified as being of National significance. Data such as water run-off from catchment management areas is collected and analysed. This information is available per quaternary catchment area that is of significance to the strategic planning of water management areas occurring on Holdene Farm property.

11.7 Long Term Management Objectives and Targets for Conservation Management

Table 6 -see below briefly lists the targets and objectives for the management of conservation areas occurring within Holdene.

TABLE 6

CONSERVATION MANAGEMENT OBJECTIVES

CONSERVATION TYPE	OBJECTIVE	TARGET DATE
Catchment Alien Weed Clearing and Reclamation	Cleared of alien weeds to maintenance phase (0-10% weed infestation).	2030
	Corridor reclamation	2026
Stream Delineation	Have all streams re-delineated according to soil hydromorphic conditions.	2027

12. SOCIO ECONOMIC INPUT INTO LOCAL COMMUNITIES

12.1 Employment, training, and other services for local communities

The forester liaises with the Ward Councilor for the Hopewell Community who in turn liaises with the local communities are identified. Hopewell local community receive preferential opportunities for employment when they occur. When Khuthele Forestry Services have ad hoc work to be undertaken at Holdene Farm then they contact the Ward Councilor for the Hopewell Community to source this employment.

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Local communities are also given controlled access to firewood, thatching grass and cattle grazing under permitted conditions.

12.2 Social impact evaluations and consultation

The company has a good social awareness record and is committed to the responsible management of social issues. The impacts from Holdene Farm on the Hopewell Community is a positive impact through the provision of employment and access to forest services such as firewood, thatching grass and grazing. There is a stakeholder register available for Holdene Farm. Regular meetings are held with the Ward 4 Councillor of the Hopewell Community in order to evaluate the needs of the community and how to respond positively to these needs.

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