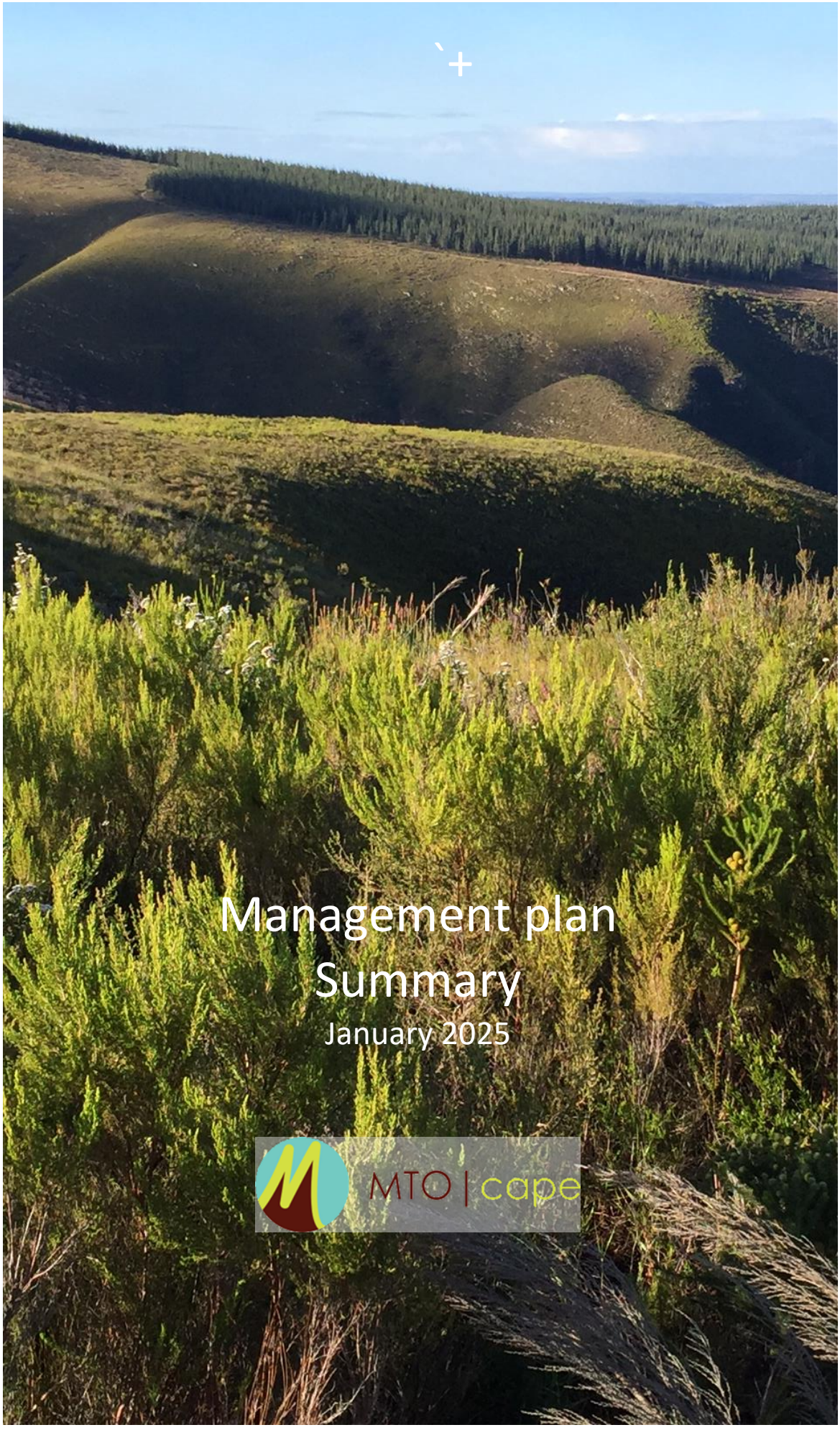


Management plan Summary

January 2025

MTO | cape

Index

INTRODUCTION

MTO Forestry Company Pty (Ltd)

For many years, State forestry operated primarily as a State-Owned Enterprise (SOE). However, in the late 1980s, a decision was made to commercialize state-owned plantations, leading to the establishment of the South African Forestry Company Limited (SAFCOL) in 1993. SAFCOL was intended to be the vehicle responsible for commercialising government-owned forestry land.

The Boland and Southern Cape plantations were offered on tender separately by SAFCOL. Due to a lack of interest, in November 1999, SAFCOL transferred all the Western, Southern, and Eastern (Tsitsikamma) Cape plantations to its entity MTO Forestry (Pty) Ltd. The MTO Forestry package extended from Longmore near Humansdorp in the Eastern Cape to Stellenbosch in the Western Cape.

The MTO package included land leases for plantations in the Western and Eastern Cape. Exit lease areas comprised Grabouw, Kluitjieskraal, La Motte, Jonkersberg, Bergplaas, Buffelsnek and Homtini. Tokai and Cecilia were ringfenced as a separate Exit area. Sustainable lease areas, for which the lease expire no earlier than 2075, include the following plantations: Jonkershoek, Garcia, Kruisfontein, Witelsbos, Lottering, Keurboomsrivier, Blueliliesbush (both now incorporated into Lottering and Witelsbos management units), and Longmore. Other assets of the package included George, Longmore, and Wemmershoek Sawmills. The George Sawmill, formerly the George State Sawmill, dates back to the late 1930s. Cape Pine Investment Holding (CPIH), together with BEE partner Wild Peach Investment Holdings (Pty) Ltd, formed Cape Timber Resources (Pty) Ltd and made a bid for the MTO Forestry package. Following lengthy negotiations, CTR eventually acquired a majority shareholding in MTO Forestry (April 2005).

The Exit Lease lapsed in 2020, and all forestry areas and infrastructure components were successfully handed back according to the lease requirements. The Tokai Cecilia lease expires early in 2025, and the final forestry areas are due to be handed back early this year.

MTO Forestry Company: Holdings and Diversification

CPIH owned 50% of Cape Timber Resources (which owned 75% of MTO Forestry) in addition to owning Cape Sawmills (Pty) Ltd and Airton Timbers. Cape Sawmills in Stellenbosch was founded in 1946 and known as Bruply Sawmills. The Stellenbosch Sawmill used to be owned by Mondi and was later bought out by local Mondi management. This Sawmill was later sold in 2014. Airton Timbers was established in 1927 and specialised in supplying timber, boards, mouldings and roof trusses. In 1942, Airton Timbers formed part of the Anglo American Group (Mondi Timber Products). It later became part of CPIH and operated as a retail outlet that concentrated on forestry, sawmill, and value-add products. Airton Timbers were dissolved in 2019, and core competencies were repurposed for other areas of the business. *From 2010, a number of changes occurred including shareholding and acquisitions of various entities. The Global Environment Fund (GEF) became a majority shareholder in CPIH in 2010. Other shareholding changes included Wild Peach Investment Holdings (Pty) Ltd swopping its 50% shareholding in CTR for a 20% shareholding in CPIH. CTR shares were officially transferred to CPIH.*

In terms of new acquisitions, GEF acquired Ramanas and Imvelo Forests in the Lowveld between 2012-2014. Pullscar (now known as MTO Poles) is a subsidiary of Imvelo Forests. MTO continued to diversify its portfolio with the acquisition of the timber/forestry component of Bedrock, which then became MTO Lowveld. Further to this, MTO started to branch out into the agriculture industry with macadamia farms in the Lowveld, and avocado trials in the North.

While ecotourism was always part of MTO's portfolio, further investment into eco adventures was aggressively pursued. Specialists were brought in to upgrade and market trails for mountain biking, hiking and trail running in the Western Cape (Jonkershoek), the Eastern Cape (Tsitsikamma) and the Lowveld. Other ecotourism activities available include fishing and birdwatching.

Training is another area that was targeted for expansion. MTO's training facilities are located in Knysna (Western Cape) and White River (Mpumalanga), in addition to offsite training capacity. MTO Training offers accredited training in the forestry, agriculture, and sawmill manufacturing fields.

Management Commitment

The management team of MTO Cape (license number FSC-C014996) is committed to the objectives of responsible forest management and to complying with the Forest Stewardship Council® (FSC®) Principles and Criteria.

The organization recognizes and acknowledges that on-going communication and consultation with its identified stakeholders is an integral component of the business to ensure viability and sustainability.

MANAGEMENT OBJECTIVES

MTO Cape's Forest management plan is underpinned by the group's purpose:

"*Reshaping the African timber landscape responsibly*."

The main objective is to ensure that MTO Cape manages the high yielding sustainable plantation forests that produce pine timber, primarily for structural and industrial purposes and other by-products such as wooden poles and biomass, responsibly.

In pursuit of this main objective MTO Cape:

- Will not compromise the health and safety of its employees and contractors.
- Will not compromise on land sustainability, environmental standards, and FSC® certification.
- Will continue to share this beautiful ecosystem with the public on a commercial basis through its eco-tourism activities.
- Will encourage employees to be innovative to develop and apply leading edge systems and technology to grow the value of MTO Cape's biological assets in line with shareholders' expectations.
- Will continue to focus on research and development to reduce risk and improve MTO Cape's profitability and sustainability.
- Will continue to employ the latest and most appropriate integrated forest and resource management systems that will assist MTO Cape in managing its resources profitably on a sustainable basis.
- Will maintain MTO Cape's Forest insurance and will vigorously employ integrated fire management, pest and disease monitoring and control techniques to protect its forest resource.

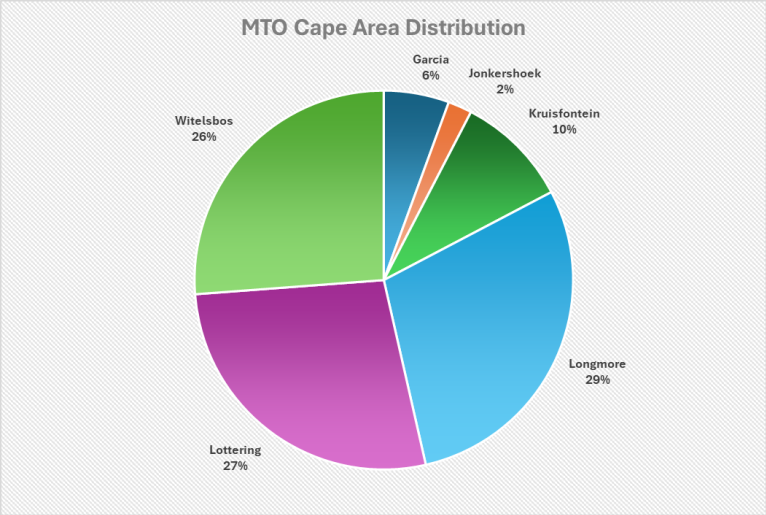
Forest Certification

MTO Forestry (Pty) Ltd (Certificate number SGSCH-FM/COC-000133 and license number FSC-C014996) maintains FSC certification for all sustainable lease plantations. The FSC® Trademark indicates that wood comes from a forest which is well managed according to strict environmental, social, and economic standards. The forest of origin has been independently inspected and evaluated according to the principles and criteria for forest management agreed and endorsed by FSC. The adoption of the FSC certification process, its principles and criteria constitute the best assurance to upholding the highest standards. Due to the exit strategy approach (non sustainable volume supply) the Exit Lease and Tokai/Cecilia lease areas were not FSC certified, while it still complied to the other principles contained in the FSC standard.

Location and Area Distribution

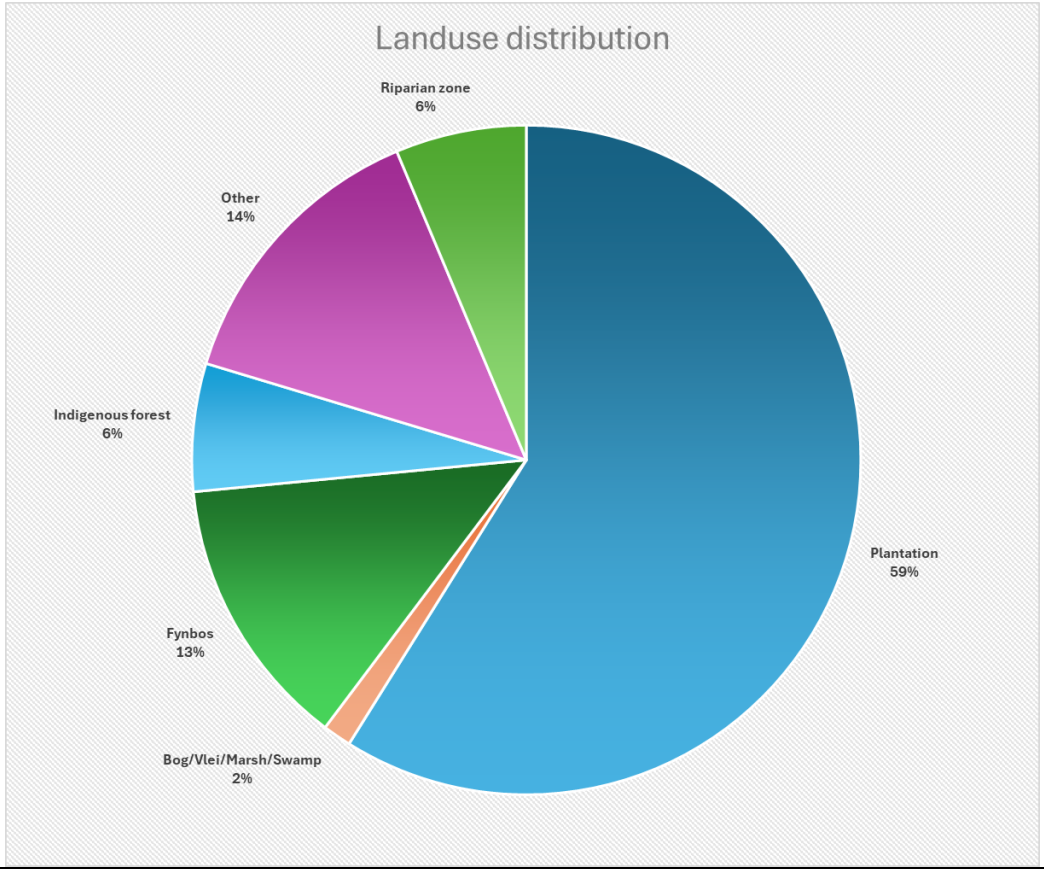
MTO Cape's forestry plantations (total area 56 615,69 ha) stretch from the Boland, near Stellenbosch in the Western Cape, to Longmore plantation near Port Elizabeth in the Eastern Cape, South Africa. The plantations consists out of Jonkershoek, Garcia, Kruisfontein, Lottering, Witelsbos, and Longmore. The area distributions by plantation are provided in the following table and figure. A set of maps which shows the location of each plantation area is available at the end of this document.

MTO Cape Area Distribution	
Plantation	**Plantable Area (ha)**
Garcia	1 884,33
Jonkershoek	690,67
Kruisfontein	3 271,47
Longmore	9 835,98
Lottering	9 243,05
Witelsbos	8 846,04
Total Plantable Area	**33 771,54**



Land Use

MTO Cape uses 59% of its leased area for sustainable timber production. The remaining area is primarily natural and conserved, used for fire protection, a road network, buildings, and related infrastructure. The conserved area consists of fynbos, indigenous forest, riparian zones, wetlands, and some bushland (see the following graph).



DESCRIPTION OF THE FOREST RESOURCES

Integrated Fire Management

MTO Forestry applies the principles of responsible Integrated Fire Management (reduction, readiness, response, and recovery) and complies with the stipulations of the National Veld and Forest Fire Act, Act No 101of 1998.

Sound fuel load management practices are followed in commercial and non-commercial areas while applying responsible management practices to conserve biodiversity in identified ecosystems.

The MTO IFM strategy was developed and evaluated to limit possible losses due to fires originating internally and externally, by developing a Fire Risk Rating model applicable to local conditions and influences.
Specialized firefighting training for own personnel and the approved replacement strategy of equipment ensures effective reaction and fire suppression.

MTO is aware that not all fires can be prevented, but we are confident that by implementing our strategies, we will be able to, under severe weather conditions, reduce the damage caused by fires. Realigning our approach to focus on smaller areas of potential loss and implementing area-specific treatment methods based on risk-specific guidelines, i.e., fire risk rating, changing weather patterns, historical ignitions etc, will limit and reduce large-scale losses.

The structured approach to replacement and maintenance of equipment, together with the availability of aerial support, will ensure a more effective reaction and containment of potentially damaging fires.

A dedicated IFM manager is responsible for the implementation and execution of plantation specific IFM strategies and ensure a higher standard of uniformity and shared learnings of the total fire risk profile across MTO Cape.

The approach sees us continuing to follow the successful practices and intervene in key areas requiring us to go back to basics and explore potential operational enhancements and new technologies and solutions. The areas and solutions implemented include: mulching, chipping, aerial firefighting support, digital detection, improved firefighting equipment, specialised training, a centralised incident command post, prescribed burning, fire risk rating, sacrifice of planted area to enhance fire breaks, Fire Web App deployment, optimisation of partner management and aggressive fuel load reduction in non-commercial areas.

Integrated Management System

An Integrated Management System (IMS) has been developed for the company and is used to guide and regulate all forestry operations. All activities that may have an impact on the environment are managed through formal procedures and internal monitoring systems. The management system provides a mechanism to ensure that the company maintains performance levels and achieves the goals set out in the company Environmental policy and Health and Safety policy. The procedures housed on Integrated Management System (IMS) also ensure that all activities take legal requirements and national forestry standards into account as a minimum requirement.

Procedures cover the following disciplines: Land Use, Diverse Forest Products, Eco-tourism, Forest Engineering: Harvesting, Infrastructure, Conservation Management, Protection, Silviculture and Forest Engineering: Roads. The IMS acts as a tool ensuring that environmental and health and safety issues are integrated into all operations within the company. The management system is a living system that will continue to evolve as changes occur within the company and all documents are regularly updated.

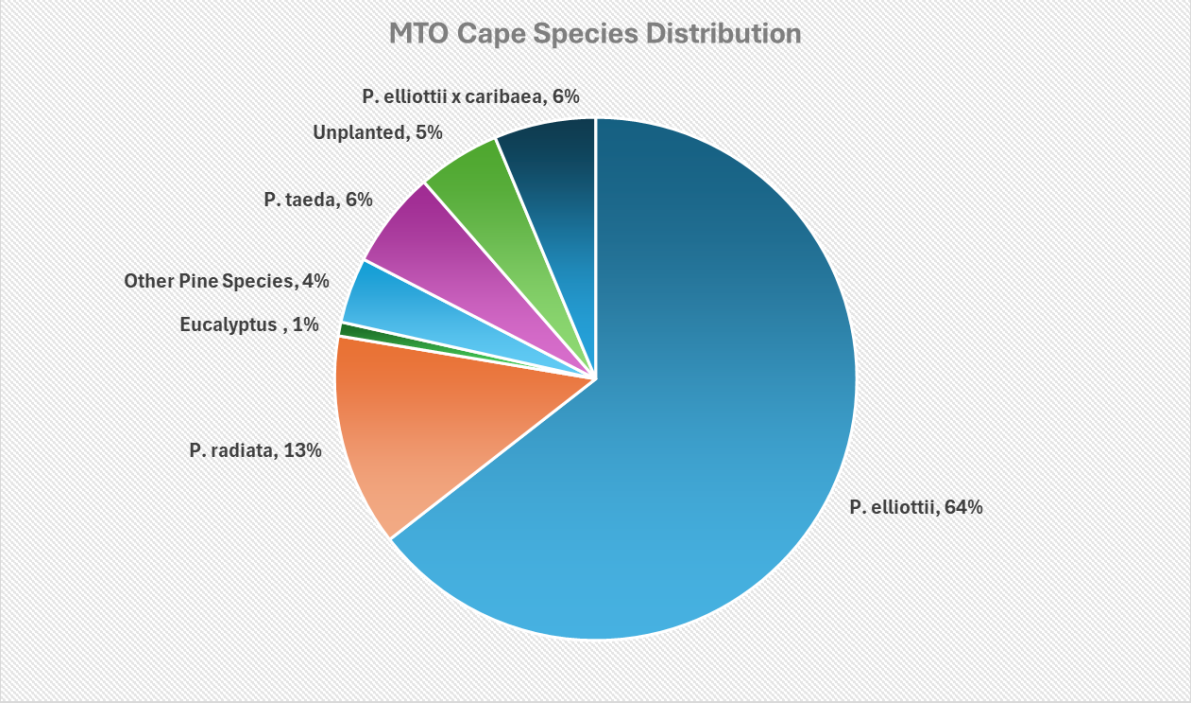
Silvicultural Management System

MTO Cape uses the Microforest plantation management system to manage all silvicultural activities. Species selection is done based on information gathered through soil surveys, climatic information, and the company's tree improvement programme. Growing standards and methods are guided by the management plan and MTO Cape's silviculture procedures in the IMS and monitored through silviculture audits and internal monitoring systems.

Matching of site, species, silviculture regime and market requirements is critical in maximising productivity, profitability, and minimisation of risk. In the past the main forest management objective was to produce knot free large logs for production of clear lumber or veneer. Demand has shifted to medium size logs without a focus on clear timber. MTO Cape employs silviculture regimes backed by financial modelling and are in line with maximising financial return and value adding.

Plantation Species

MTO Cape's growing stock is dominated by *P. elliottii* (64% of the planted area) and *P. radiata* (13% of the planted area). Pine hybrids currently account for 6% of the area. A small percentage of other Pine species are planted, and some of the commercial area is temporarily unplanted (TU). Non-Pine species are being phased out and will be re-established to suitable Pine species as determined by the site species matching procedure. The following graph provides the species distribution.



Rate of Harvest

MTO Cape is a pine-growing business mainly for the structural lumber market, and the plantations are managed sustainably on rotations of 17 to 24 years. Compartments are pruned and thinned to achieve maximum yield and quality. MTO uses a module in the Microforest software database to do yield regulations and uses the attribute information with the growth models and bucking engines to simulate and balance the felling of compartments to produce a woodflow output file. Yield regulation takes the following into account.

- A shift in the market due to the increased demand for smaller log dimensions.
- The need to achieve a normal age class distribution in the long term.

- Improved tree growth due to better genetic material and more intensive silviculture.
- The need to harmonise the dimensions based on diameter rather than age.

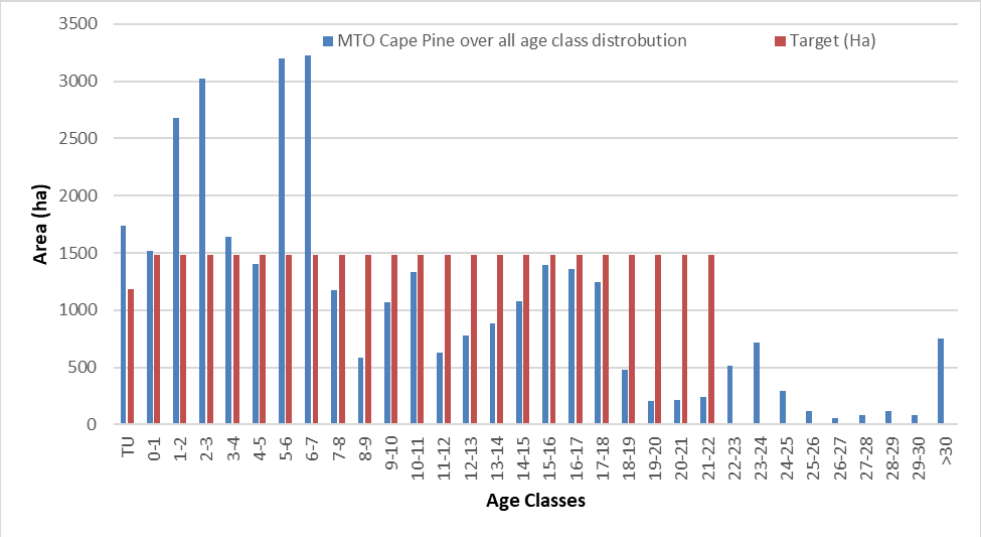
The projected volumes must be updated every year to take into account:

- MTO Cape's short- and medium-term business strategies.
- Impact of TUP reduction, fires, and anything else that can impact the total planted area.
- Progress with felling operations.
- Changing demand patterns.
- Results from plantation enumerations.
- Impact of growth increases from hybrids and improved forestry practices.

MTO Cape's area age class distribution is shown below and is abnormal for two main reasons:

- The fires at Jonkershoek (2015, 2021), Longmore, Tsitsikamma, Kruisfontein in 2005, 2017, 2018, and 2021 destroyed many planted areas.
- Problem or damaged compartments that is felled early.

Age profiles are important for pines in the Sustainable Lease plantations, which must be managed sustainably and will supply all MTO Cape's log requirements. The chart below shows the age class profile of MTO Cape plantations and the ideal simple normalised age class distribution.



Harvesting Techniques and Equipment

MTO Cape follows Forest Engineering South Africa's harvesting standards, selecting systems based on product requirements, raw material, and terrain. Mechanized harvesting is preferred for safety, yield, and supply consistency, especially in level areas with uniform stands, using feller-bunchers and grapple skidders, with mechanical processing and stacking.

Manual processing is used for complex products or challenging terrain, with felling by feller-buncher or motor-manually and extraction by skidder, skogger, or high-lead systems. Mop-up in Special Management Zones (SMZs) is allowed only with minimal site disturbance and requires Plantation Manager approval; otherwise, trees remain or are ring-barked.

Thinning and small-diameter timber harvesting use motor-manual felling, extraction by skidder or tractor, and manual or Bell loader stacking.

Monitoring Forest Growth and Dynamics

The Microforest plantation management system is used to store all stand related data, perform growth and yield modelling, compile tactical harvest plans, and generate long term timber supply schedules. Microforest is commercially available and used throughout Africa and some countries in Asia. It is a web-based system allowing customers to load, configure and maintain their own data, maps, growth models and other planning parameters.

MTO Cape employs a dedicated team responsible for maintaining the Microforest database. All foresters and operational staff have access to the system, ensuring that the database is an accurate reflection of the actual growing stock.

The growth and yield modelling are of critical importance to the whole forest planning process. The determination of harvesting volumes, product quality and long-term sustainability of the growing stock of the company. Microforest uses the most recent enumeration results from each compartment for model calibration, ensuring an accurate prediction of yield and log product quantities that are sensitive to variations in survival, site quality and treatments. The system is maintained through regular stock enumeration – each compartment being enumerated two or three times in its lifetime on a scheduled basis.

ENVIRONMENTAL MANAGEMENT

Environmental Limitations and Safeguards

Environmental limitations

Risks are an inevitable part of forestry. Within MTO Cape, fire, drought, wind damage, hail and pest and disease damage are the most significant risk factors.

These risks are being addressed through improved site species matching, species choice and a site classification system, which takes these risks into account.

Environmental safeguards

The MTO Integrated Management system (IMS) describes the minimum procedures that govern all operations of the company. This management system is applicable to all forestry operations at plantation level. These procedures have been based on an assessment of the most significant potential environmental impacts of operations and aim to minimize these impacts through proper planning and control.

The IMS is designed to promote continual improvement through a system of planning, implementation, checking and correcting and review. In implementing a management system, it is vital that the system addresses all of the significant environmental aspects that forestry could have an impact upon. All procedures include environmental safeguards based on environmental assessments of impacts, and on accepted South African forestry practice. The management system also ensures that all activities take legal requirements into account as a minimum requirement.

Environmental Assessment and Management

All significant new developments and changes in land use are subjected to Environmental Impact Assessments (EIA) according to the standard set by the Department of Environmental Affairs or verified for impacts internally through screening assessments. All plantation activities are subject to a biennial environmental audit.

Unplanted areas are managed through Conservation Management Plans (CMP), based on a vegetation mapping standard developed for the South African forestry industry, which guide and schedule conservation planning. Unplanted areas are divided into management units with specific prescriptions. The CMP provide a summary of all the important conservation areas (including high

conservation value areas, areas including rare and endangered species, and sites of historical and cultural significance) and requirements to manage these, and co-ordinates and prescribes the long-term conservation actions for the entire non-commercial area.

Conservation working plans (action plans inputted into Microforest), which form part of the CMP, prescribe effective management activities for conservation areas. Conservation working plans need to be flexible to changing priorities such as fires and floods. For this reason, the CMP is updated every five years, and the conservation working plan, annually, as part of Microforest updating. Plantation CMPs are available on request.

Environmental /Social Monitoring

A strategic monitoring programme, covering 2025 to 2029 has been developed, which outlines the priority monitoring. A copy is available on request. Other than this conservation/social monitoring, the MTO Cape management system includes the monitoring systems used to monitor the daily forestry activities on the plantation.

Long term, goal-oriented and systematic trend assessment of natural process is needed as part of a strategic monitoring program. The different levels at which this program is aimed are shown in the table below.

Level of monitoring	Description	Identified and Implemented Monitoring Programs
ENVIRONMENTAL MONITORING		
Biodiversity pattern	Monitoring the extent, intactness, and health of identified ecosystems such as forest, wetlands, and fynbos.	❑ **Priority Conservation Areas (High Conservation value)** ❑ **Priority Conservation Areas Monitoring**
Biodiversity process	Monitoring the potential of the site to function as a biological corridor that will enable the movement of plants and animals over ecological timescales (e.g., seasonal movement), evolutionary timescales (population differentiation and diversification) and in response to anticipated anthropogenic climate change.	❑ **Natural Heritage stie monitoring** ❑ **Water Quality monitoring** ❑ **Erosion Monitoring** ❑ **Weed eradication monitoring**
Species Monitoring	The monitoring of identified rare, threatened, and endangered species to determine and manage the impacts of forestry on these species over time.	❑ **General Fauna and Flora monitoring.** ❑ **Fish monitoring** ❑ **Odonata monitoring** ❑ **Red Data Species Monitoring.**
LANDSCAPE SCALE MONITORING		
Fire Impacts	The monitoring of unplanned or wildfires. Document records of past fires, which include number of fires, extent of damage and examination of causes and analysis of trends.	❑ **Fire history monitoring**
Soil trend/growth monitoring	The long-term monitoring of tree growth as a function of soil sustainability.	❑ **Long term growth trend monitoring**
Impacts of herbicide application	Monitoring the impacts of herbicides, notably glyphosate on water runoff and underground water sources.	❑ **Trends in herbicide use** ❑ **Types of herbicide use** ❑ **Diatom monitoring** ❑ **Glyphosate/Herbicide monitoring**
SOCIO-ECONOMIC MONITORING		
Areas of Special Interest Monitoring	The monitoring of identified cultural and historical sites listed on plantations, to monitor their status over time, and prescribe management actions, as necessary.	❑ **Areas of Special Interest Program.**

Employment, Training and Contractors	Monitoring the long-terms employment, training and opportunities for contractors provided by the company.	❑ **Employment, Training and Contractor monitoring**
Social and Economic development	Monitoring of provision of social economic development opportunities for communities.	❑ **Socio-economic development monitoring**
Community Engagement	Monitoring engagement with local communities.	❑ **Community engagement monitoring**

Identification and Protection of Rare, Threatened and Endangered species

Red Data species are those species that are known to be rare or threatened with extinction according to IUCN criteria. Species listed in the Red Data list are placed in categories that reflect the scarcity of the species. Species may be classified as Critically Endangered (CE), Endangered (E), Vulnerable (VU) and Near Threatened (NT). The identification of red date species should be a priority, as where located, these species will need additional management and protection to ensure their survival, if their survival could be impacted by forestry. Using known literature for South Africa (www.sanbi.org) and the IUCN Red list (www.iucnredlist.org) and previous MTO Cape studies, a list of red data species has been compiled per plantation. This list, together with monitoring information and information on protection of species is available in the publicly available Environmental/Social Monitoring report, and in plantation CMP's which can be requested.

STAKEHOLDER RELATIONS

Profile of adjoining land

Due to the fragmented nature of the MTO Cape landholdings, and the distance covered by MTO from Port Elizabeth to Cape Town, the adjacent land consists of a wide range of owners and land uses. The adjacent land can however in general be divided into conservation and mountain catchment areas, managed by local conservation departments or SANParks, commercial and smaller farms with private ownership, community owned land, limited other forestry companies and land managed for urban and rural municipal settlements. The MTO Cape Stakeholder relations department keeps a detailed record of all adjoining landowners, and the Conservation Management plan of each plantation also provides more detail in terms of the profile of adjacent land use.

Socio economic conditions

MTO falls within the Western and Eastern Cape provinces. According to the Provincial Economic Review and Outlook 2015 (www.westerncape.gov.za), the Western Cape population accounts for 11.3 per cent of the national population. Per capita gross domestic product rate (GDPR) has improved between 2001 and 2013 due to higher economic growth relative to population growth. Poverty has decreased in the province between 2006 and 2011. Life expectancy, as well as infant, child and maternal mortality continue to improve. The leading natural cause of death amongst men is tuberculosis and diabetes mellitus amongst women. The Western Cape has the highest percentage of households with access to running water, sanitation and weekly refuse removal compared with other provinces. Increasing levels of crime and substance abuse however continue to impact negatively on socio-economic conditions and the economy.

According to the Socio-economic review and outlook 2014 for the Eastern Cape (www.dedea.gov.za), the Eastern Cape accounts for 12.5 per cent of the national population (6.6 million people). The Eastern Cape has a relatively young population with 70% of the population under the age of 34 years, and 52.9% are female. This is as a result of the predominance of labour migration from the province. Per capita

GDPR has improved between 2001 and 2013. The HIV/AIDS epidemic and Tuberculosis are crucial drivers of mortality rates, health services demand and the levels of well-being and productivity within the Eastern Cape. In 2014, the HIV rate was 11% for the province, with the Eastern Cape having the second highest rate of tuberculosis infections in the country. The Eastern Cape's provincial unemployment rate is 30.5%, higher than the national average of 24.5%.

Stakeholder Relations

MTO Cape has a dedicated stakeholder relations department, managing all aspects related to social development. The company is guided by a social performance policy and framework, which provides strategic direction and focuses on key areas, including stakeholder engagement, impact assessment and management, risk assessment and management, and corporate social investment.

The company has established liaison forums in community areas around plantations and is working with health providers to provide health counselling and assistance to workers and contractors.

MAP DESCRIBING THE FOREST RESOURCES

Maps describing the forest resource are available at the end of this report on page 14. These maps show the location of plantations in the landscape. More information can be requested if required.

CONTACT DETAILS

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MTO Cape Plantations

Created by Talita van Zyl
Date : 2025/06/19

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Projection :Geographic
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