



MATHOMO

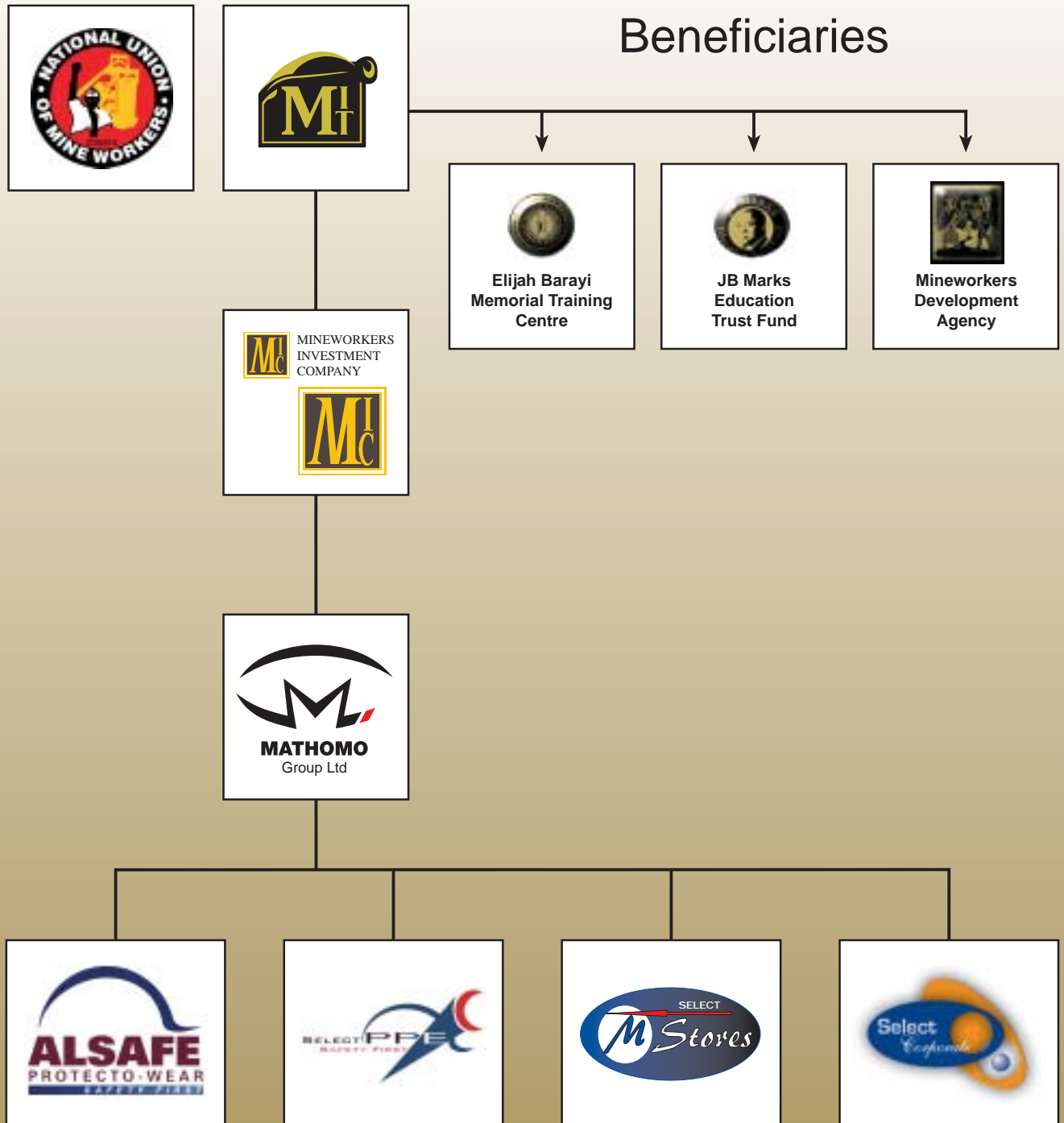
Group Ltd

Mathomo Group Ltd

BEE Ownership and Investment



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The Mineworkers Investment Trust



History

The Mineworkers Investment Trust ("MIT") was founded by the National Union of Mineworkers ("NUM"). NUM was formed in 1982 and is a founding member of the Congress of South African Trade Unions ("COSATU"), which was formed in 1985. The trustees of the MIT are 'ex-officio' appointments associated with their election as National Office Bearers of the NUM.

Despite several retrenchments facing the mining industry, the NUM still boasts a strong membership in excess of 300 000. It has also broadened its constituency over time to include energy and construction workers.

NUM's primary objective is to protect, promote and advance the interests of its members through efficient organisation and commitment to quality services.

As a caring and dedicated union, the NUM was again in the forefront of the labour movement in 1995 when through a deed of trust, it established the MIT. NUM pledged R3 million from its surplus funds, to provide the initial funding for the Trust.

Mission

The MIT aims to make a direct contribution towards achieving the objectives of a broader social plan and transform the demographics of the mining, energy and construction industries.

Objective

The MIT's objective is to generate income from investments and other sources to provide financial assistance to various projects conducted under the auspices, or in association with the NUM, which are aimed at uplifting and improving the lives of NUM members, ex-members and their dependants.

The MIT incorporated the Mineworkers Investment Company (Pty) Ltd ("MIC") in July 1995 to generate a consistent and sustainable cash flow to the trust. It also embarked on an effort to raise funding from third party donors and other sources, to bolster the income generated by the MIC.

The Trust's focus is on poverty alleviation, local economic development, enterprise development, education and job creation. It achieves its objectives by supporting projects and programmes that:

- Provide access to education, training and re-skilling of workers; counselling services for workers affected by retrenchments; local economic activity and development.
- Reduce illiteracy and innumeracy.
- Provide education bursaries.





The Mineworkers Investment Trust

Programmes and Projects

Since 1997, the MIT has disbursed approximately R46,5 million by providing financial assistance to the following projects and programmes:

The Mineworkers Development Agency ("MDA")

The MDA promotes self -employment strategies through assisting people to help themselves by providing access to essential training and skills development programmes. 20% of the MDA's funding which is dedicated to operating expenses is secured by the MIT.

As most workers are migrants from rural areas, the impact of job losses has a major effect on the rural economy of these communities hence the establishment of the MDA, to help minimise the impact of these job losses. MDA delivers support services through the Development Centres that operate as local branches. These development centres use the technical training options developed by the Rural Technology Company (Rutec) which was acquired jointly by the MDA and the Land Bank in 1998.

The MDA's role includes:

- Working with NUM and mine management to design social plan programmes to offset the impact of job losses;
- Identifying and promoting local business opportunities;
- Facilitating access to relevant and accredited training at local level;
- Business counselling and support services;
- Agri-business and indigenous products support programmes;
- Product development and market facilitation: interventions to bridge the gap between rural producers and high-value markets.

Most small enterprises need access to affordable capital to build up their businesses and a major obstacle for rural entrepreneurs is their lack of access to funding. TEBA Bank with its ownership vested in a non - profit Trust, has recently accepted the challenge of releasing productive funding to rural entrepreneurs, to support the MDA's programme of enterprise development.

The MDA's Product Development and Marketing initiatives include:

- Mhala - beer and a range of cosmetics made from the fruit of the Marula tree;
- Bizana and Nqeleni - Exploiting unique clay deposits;
- Morokweng - recycling waste to produce new products;
- Lesotho - sandstone sculptures for corporate and home markets;
- Eastern Cape and Mhala - fabric design and development for export markets; and
- Klerksdorp - mosaic artworks and wrought iron furniture

Since 1999, the MDA has:

- Trained 279 men and women who run successful artwork, cosmetics and sandstone sculpture Centres and employ +/- 250 people;
- Funded 228 men and women to help improve their existing businesses and as a result created employment for +/- 400 people;
- Facilitated technical training to 418 men and women who are now economically active; and
- Currently training about 1 930 men and women who plan to open up their own businesses.

MDA also makes sure that those who lose their jobs as a result of mines shutdown participate in the rehabilitation of the environment as a way of generating income whilst other alternative job opportunities are being investigated.

Elijah Barayi Memorial Training Centre ("EBMTC")

The EBMTC was opened in 1993 after the National Congress of the NUM decided to establish a "union college". The Congress resolved that the institution should be used to assist in the education and training of union members and leadership.

It's a section 21 (not for profit) company and the shortfall between operating costs and income generated through the use of the centre is funded by the MIT.

The Mineworkers Investment Trust



Courses offered by the centre include:

Labour Law - designed to develop an undertaking of the new labour related legislation, and its application in the workplace.

The South African Business Environment - a series of learning areas including corporate governance, stock exchange and the banking system.

Organisational Development - designed to improve the quality of branch and regional administration to enhance service levels to NUM members.

Generic coursework - political studies, economics, SA social history and workplace organisation.

The centre trains approximately 400 NUM members annually. It has developed certified courses in collaboration with established educational institutions and continues to undertake coursework development.

JB Marks Education Trust Fund

The JB Marks Education Trust Fund was founded in 1997 by the NUM. The creation of the fund was informed by NUM's long involvement in campaigning to secure education opportunities for its members and their dependents.

NUM has been a strong advocate for the establishment of Adult Basic Education & Training ("ABET") programmes in the workplace. It has assisted in the development and piloting of such programmes designed to eradicate illiteracy and innumeracy among workers.

The programme is available to all union members and their dependents, more specifically:

- A fully-subscribed union member or a former member who has retired, become retrenched or disabled.
- The immediate family i.e spouse and dependent children including the wards of guardians, of a fully-subscribed union member.
- The spouse and dependent children of a union official.

Bursary criteria:

- Secondary, from Grade 10/Standard 8 through to tertiary level but not including post - graduate studies.
- Upon completion of secondary studies, students have to re-apply for a new bursary to further their studies.

The bursary provides for registration, tuition, textbooks (quotation required), on- campus accommodation (residence only) and exams.

The allocation and administration costs of the bursary scheme are funded by the MIT. Since 1997, 2499 bursaries have been provided at a cost of R17,4 million. 75% of the bursaries have been awarded to fund coursework at technikons, 22% at universities and 3% for secondary education.

Five disciplines account for 75% of the bursaries awarded to date. These include:

- Accounting, commerce, business administration and management - 24%;
- Engineering including chemical, civil, electrical, mechanical, metallurgical and mining - 18%;
- Organisational management skills including human resource development, industrial relations, labour relations, environmental health, health and safety, industrial psychology and public relations - 17%;
- Information technology and technical studies - 11% and
- Professional degrees (legal, medical, architectural & surveying) - 5%.



The Mineworkers Investment Company (PTY) Ltd

History

The MIC was incorporated in July 1995 with a seed capital of R3 million, provided for by the MIT. It is wholly owned by the MIT and it meets government's Black Empowerment Comissions' definition of a black owned and controlled company. MIT was established by NUM to fund social development and benefits of mine, energy and construction workers and their dependents.

Notwithstanding the fact that MIC does not secure funding from NUM nor directly from the pension and provident funds of Mineworkers, the MIC has built a substantial asset base.

Since its inception, the MIC Group of Companies has repatriated in excess of R50 million, directly and indirectly to the MIT and continues to provide financial support in the order of R8 million per annum.

Mission

MIC management continuously evaluates business initiatives to secure opportunities with prospects of longer term value creation, as well as developing a strategic direction with regard to business challenges, workplace transformation and the development of previously disadvantaged individuals (PDI's).

Objective

MIC is not a passive shareholder, it sees itself as a partner to management and other stakeholders in value creation of its investments. MIC management takes up Board representation and plays an active role in the various sub committees of the board, such as the audit, strategic, remuneration and empowerment sub-committees.

Among others, other MIC objectives are:

- To identify, source and secure a portfolio of assets that will provide the Trust with a consistent and sustainable cash flow which can be used to fund social programmes;
- To engage in the broader objectives of black economic advancement and empowerment through participation in the change of ownership, decision making and management of businesses;
- To engage in the process of workplace transformation through facilitating the implementation of well considered and far reaching employment equity plans.





The Mineworkers Investment Company (PTY) Ltd

Investment Strategy

MIC initially built its asset base through listed companies. However, market volatility, the cost of capital and funding constraints led MIC to develop an alternative investment strategy. This included the formation of joint ventures as a way of securing access to intellectual capital, building new businesses from scratch to address particular needs and/or opportunities, and using other funding tools to acquire interest in existing businesses.

MIC believes the essence of business is about relationships and it seeks to forge long term partnerships to create value and build a better future. Opportunities have often been secured where MICs influence is in excess of its economic interest. This has been achieved through entering into strategic alliances and voting pool arrangements, but has also resulted in encumbered liquidity.

MIC owns 35% of Mathomo Group Ltd, which is defined as effective control by the Financial Services Board, the regulator of the JSE. In addition, it holds an option over a further 16% of the equity held by Standard Bank exercisable under certain conditions. This gives MIC the irrevocable right to acquire absolute control, being 51% of the company.

Programmes and Projects

Over and above the distribution of value to the MIT, the MIC has consistently tried to identify investment and related opportunities that could make a difference to people's lives. MIC has pursued certain opportunities which could have greater impact on society than just providing good investment returns.

These include:

- Workplace retailing;
- Provision and distribution of competitive insurance and loan products;
- Diamond polishing and beneficiation;
- Vehicle tracking and crime prevention;
- Educational and lifestyle information and
- Sponsorship of sport on the mines

MIC is one of the countries leading proponents of “**broad based black economic empowerment**”, an approach to economic empowerment which sets out to improve the lives of a large number of previously disadvantaged individuals and their families.

MIC has been an Empowerment pioneer in many respects by being a driver and party to some of the country's landmark black empowerment transactions such as:

- The initial acquisition of Vodacom;
- The listing of HCI and the winning of eTV “free to air” television broadcasting licence;
- The winning of two gaming licences with Global Resorts SA being Graceland in Secunda and Caesars Gauteng and the facilitation of over R1,5 billion in direct fixed investment, resulting in:
 - the creation of 1 200 permanent jobs
 - the creation of Trusts to fund programmes for youth and children
- Securing joint control over Primedia Ltd with recognisable assets such as:
 - Radio 702, Cape Talk and 94.7 Highveld
 - Ster-Kinekor
- Concluding the landmark transaction with, multi -national BP to secure 25% equity of BPSA for MIC and the Women's Development Banking initiative
- The acquisition of 25% of Tracker Network

MIC is recognised by many institutional, corporate and emerging black empowerment companies as being a true innovator and leading force in our national challenge of fostering and enhancing the involvement of PDI's and groupings in the economy and business. Mathomo is the company through which MIC set out 7 years ago to build a bridge into the mining and retail community.



The Mineworkers Investment Company (PTY) Ltd

MIC's executive directors are:

Paul Nkuna

Paul is the CEO of MIC. He began his career as a teacher before joining the mining industry in 1987. He served as the Treasurer General of the NUM for 10 years and as Chairman of the Executive Committee of the Brakpan Transitional Local Council.

His Board representation includes: Non-executive Chairman of Mathomo Ltd and Primedia Ltd and a non - executive Director of Dewllion Ltd, Tracker Network (Pty) Ltd and a number of Primedia's underlying companies both national & international.



Keshan Pillay

Keshan is an accountant by profession. He worked as head of finance at NUM from 1991-1999 and was then released to join MIC as a Financial Director.

His Board representation includes: Mathomo Ltd, MDA, NUMProps (Pty) Ltd, BPSA, Tracker Network (Pty) Ltd and Primovie.



The Mathomo Group



Mathomo is one of South Africa's premier black empowered work - wear, protective clothing and workplace retail companies in the country. The Mathomo name means "in the beginning.... or first."

The Mathomo group has a number of firsts to its credit, these include: -

- It was listed on the JSE in April 1996 by the Mineworkers Investment Company to raise capital to fund an expansion and growth programme. This was the first time that a trade union aligned investment company went to the JSE to raise funding for a corporate programme.
- It was the first, and remains the only substantial and genuine black empowered initiative in the protective clothing and work -wear sector.

Mathomo's focus businesses are:

Alsafe Protecto -Wear, one of Southern Africa's premier suppliers of work - wear and Personal Protective Equipment (PPE).

Select Corporate, suppliers of quality corporate and promotional items such as company branded clothing and gifts.

Select M -Stores, retailer and wholesaler of sporting clothing and equipment, branded clothing, blankets, mattresses and related products through stores located on mines, mining hostels and power stations.

Select PPE, suppliers to the mining and energy sector of work -wear and PPE with dedicated outlets on the mines at their shafts or business units.

Employment Equity:

Mathomo was created initially by acquiring owner - managed businesses, and inherited a distorted workplace environment.

Mathomo is working to achieve its employment equity objectives over a three - year time frame.

These include making targeted interventions by recruiting previously disadvantaged individuals, fast tracking the development of a small group of individuals in our "talent pool" who show signs of great potential, and generally lifting the life skills of all our staff.

Affirmative Procurement:

Mathomo has a procurement committee that continuously evaluates and analyses the group's purchases and seeks out alternative suppliers that meet empowerment criteria. Mathomo is committed to working on a preferential basis with those companies that meet local sourcing, quality, price and empowerment criteria.

