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Illovo Sugar Malawi's Positive Economic Impact Reported at K 117 billion

...creates jobs for 14 000 Malawians and supports the livelihoods of 42 000 people ...

27 February 2018: Illovo Sugar (Malawi) plc, the country's primary sugar producer, today announced that during the past 2016/17 financial year, the company's total economic impact on the local economy amounted to K 117 billion, comprising K 36 billion in direct impacts and the balance resulting from the multiplier effects of its business operations within the supply chain and wider economy. This is revealed in a report undertaken by Corporate Citizenship, an independent, global management consultancy based in the UK specialising in social impact assessment, sustainability and corporate responsibility.

Mark Bainbridge, Managing Director of Illovo Malawi says: *"As a business, we endeavour at all times to deliver on our shared value mandate, while actively supporting the government's social and economic development agenda. We are committed to the transformation of our business in Malawi, but recognise that to keep ourselves focused and on track, we need an independent benchmark against which to measure our real contribution. The last report was completed in 2012/13 and we have assessed our progress against this to ensure we identify gaps – or areas of improvement – early, as well as take the time to reflect and continue to build on our significant achievements in Malawi."*

For example, direct spending on local suppliers increased commensurately to K 107 billion, payments to employees in the form of salaries, benefits and wages increased by 69% to K 22 billion and during the period, the company continued to reinvest in the business spending K 17.4 billion on capital investments.

Total direct tax paid by the company in 2016/17 amounted to K 408 million, while indirect taxes totalling K 9.087 billion were collected on behalf of the government.

Some of the reported highlights from the 2016/17 period include:

Job creation

- Directly employs 9 427 people, but is estimated to support at least a further 14 100 jobs in Malawi through outgrower communities and wider multiplier effects.
- Supports the livelihoods of 42 422 people once families and dependants are taken into account





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Health

- Malaria incidences has dropped to an average of 9% in communities surrounding the Illovo Malawi estates, this is down from 20% only five years ago
- Illovo Malawi clinics attend to 25 000 patients each month
- Illovo Malawi spent K 1.1 billion on fortification of sugar with vitamin A to help eliminate micronutrient deficiency, particularly in children, reaching an estimated 2 million people

Land rights

- Illovo Malawi is one of the first companies in Africa to pilot the due diligence framework on land rights which was developed by Illovo Sugar Africa in partnership with Landesa (a global land right's champion).

Supply/value chain development

- Supply chain includes 746 outgrower sugarcane farmers supporting 2 400 jobs

Community investment

- Illovo Malawi's community investments totalled K 220 million in 2016/17 mainly in the high impact areas of health and education
- Continued to develop education facilities that overall supported outreach to 13 000 students, provided potable water and sanitation facilities as well as community policing services.

Environmental stewardship

- 91% of Illovo Malawi's energy consumption is provided from renewable sources, primarily bagasse, and 69% of all water utilised in the sugar manufacturing process is cleaned after use and returned to source.

"We identified critical areas such as job creation, access to healthcare and education, land rights, supply/value chain development and environmental stewardship as key to our own success - and that of the local and national economy. We were very pleased to note that we have made solid progress in meeting our commitments and feel confident that our ongoing transformation strategy and shared value agenda will continue to deliver results," concludes Bainbridge.

[Click here](#) for highlights infographic

[Click here](#) for access to the full Malawi report

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Notes to Editors

Methodology

Country reports were compiled through desk-based research and the analysis of financial and management information provided by each Illovo country team. This was followed by site visits to South Africa, Malawi and Zambia as well as interviews with senior management and key stakeholders. The stakeholders interviewed varied by country but included sugarcane farmers, small-holder association representatives, employees, trade union representatives, local suppliers, doctors, teachers and other beneficiaries of Illovo's social investment spend. A detailed methodological note is available as an appendix to the full report.

Additional reports are also available for download:

- [Illovo Sugar Africa \(consolidated Group Report\)](#)
- [Mozambique](#)
- [South Africa](#)
- [Swaziland](#)
- [Tanzania](#)
- [Zambia](#)

About Illovo Sugar Malawi

The group is listed on the Malawi Stock Exchange (MSE) and Illovo Sugar Africa Proprietary Limited (Illovo), through Sucoma Holdings Limited, holds 76% of the issued share capital with the balance of the shares being held by the public and other institutional investors. Illovo Sugar Africa is the continent's largest sugar producer with extensive agricultural and manufacturing operations in six African countries – Malawi, Mozambique, South Africa, Swaziland, Tanzania and Zambia.

