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Sappi Southern Africa  
**2017 Sustainability Report**

**sappi**

Creating shared value  
as we tread lightly.



Blue Pansy  
*Junonia orithya*



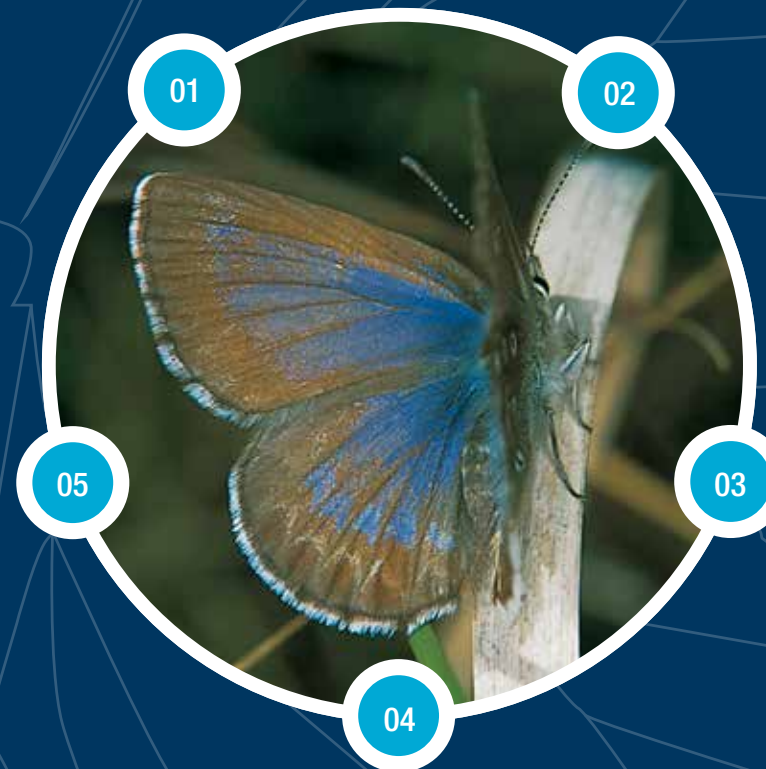
# The 'butterfly effect'

suggests that the flap of a butterfly's wings can cause a tornado halfway across the world. While this theory hasn't been conclusively proved – it highlights the interdependence of the natural world around us.

At Sappi, we are acutely aware of this, as our business depends on natural resources. Which is why, like the butterfly, we aim to tread lightly while making products that meet society's needs and enable us to share value with our stakeholders.

We have chosen the vulnerable Karkloof Blue (*Orachrysops ariadne*) butterfly as the symbol for this year's report because it symbolises the concept of shared value. It also illustrates our belief that as a company, we are interdependent on society and on the environment, just as the Karkloof Blue is dependent on the Natal Sugar Ant (*Camponotus natalensis*).

The Karkloof Blue only occurs in Moist Midlands Mistbelt grassland areas in KwaZulu-Natal. Sappi is the custodian of one of the few sites in South Africa where the Karkloof Blue is found.



## 01

The adults fly from mid-March to late April. The males emerge two weeks before the females.

## 02

The females lay their eggs on Wood's indigo plant *Indigofera woodii*.

## 03

The eggs take between 10 and 30 days to hatch.

## 04

The young caterpillars crawl down to the ground and begin an association with the host ant, the Natal Sugar Ant *Camponotus natalensis*.

## 05

The caterpillars pupate underground in the ant's nest.

# Contents

06	08	12	15	18	44	46	48	50	52
OVERVIEW	OVERVIEW	OVERVIEW	OVERVIEW	OVERVIEW	PEOPLE	PEOPLE	PEOPLE	PEOPLE	PEOPLE
Creating shared value is fundamental to our business	The circular economy promotes shared value	About Sappi Southern Africa	Our operations	Sappi Southern Africa EXCO	A place to establish connections and find new directions	Engaging our employees	Investing in our people	Investing in Early Childhood Development	Giving learners the skills to succeed
22	24	26	28	30	54	56	58	60	62
PROSPERITY	PROSPERITY	PROSPERITY	PROSPERITY	PROSPERITY	PEOPLE	PEOPLE	PEOPLE	PEOPLE	PEOPLE
Our own Prosperity enhances shared value	Promoting Prosperity outside our own operations	Adding value to byproducts – the circular economy in action	A sweet solution	The Abashinths	Developing skills	Protecting and imparting skills	Living the legacy	Colouring dreams	Playing an active role in transformation
	32	34			66	68	70	72	
	PROSPERITY	PROSPERITY			PLANET	PLANET	PLANET	PLANET	
	Understanding the 'leaky bucket'	Win-win			Understanding certification	Sharing our plantation trails and boosting local economies	Acting as custodians	Promoting environmental awareness through art	
			38	40	42	74	76	78	
			PEOPLE	PEOPLE	PEOPLE	PLANET	PLANET	PLANET	
			We want our people to have a 24/7 safety mindset	Telling stories to improve safety	Wellness has many facets	Promoting environmental awareness through water monitoring	Achieving and exceeding our energy and water targets	Pepper Bark Tree seedling project	

Glasswing  
Greta oto

## Creating shared value is fundamental to our business



### Unlocking socio-economic development through a strategy of shared value leads to mutual benefits:

Society needs healthy, competitive companies to create jobs, buy local goods and pay taxes.

Companies need vibrant communities to ensure their licence to operate and thrive.

Linking companies' success with societal improvement and environmental responsibility opens up new ways to gain efficiency, create differentiation and expand markets.

At Sappi, we believe that sharing value with our stakeholders and being environmentally responsible make sound business sense.

A MORE  
**SUSTAINABLE**  
SOCIETY  
=  
MORE  
**SUSTAINABLE**  
BUSINESS.





## The circular economy promotes shared value



Growing plantations absorb carbon dioxide and **release oxygen**.

Plantations are **replanted** and the process begins all over again.

**95%** of the water we extract is returned to the environment.\*

**41.3%** renewable energy, 94.5% of which is from our own black liquor.

With **83%** of fibre supplied to mills certified and the rest procured from known and controlled sources, the plantations from which we source woodfibre help mitigate global warming.

Our products are **recyclable and biodegradable**.

Our enterprise development programme, **Sappi Khulisa**, enhances security of fibre supply and uplifts rural communities.

**sappi khulisa**



Our activities create employment and **drive economic growth** in remote rural areas, thereby expanding markets for our own products.

**5,217** people formally employed.

Employment provided for over **10,300** contractor employees.

ZAR6,500 per person **invested in training**, promoting higher levels of productivity and engagement.

Investment in external training enhances the **pool of skills** available to us.

Our focus on **diversity** gives us a competitive edge in global markets.



Our products drive our own prosperity and **enhance the lives of people** every day.

**Adjacent markets** help to unlock the value of trees.

Our by-products like boiler ash serve as raw materials for other products and in that way **create business opportunities**.

At Stanger Mill, we use depithed bagasse to make paper and give the pith to farmers as a **soil enhancer**.

\* We are starting to conduct life cycle analysis of our water usage.



## Shared value

**Shared value** is about driving mutual benefits for business and society. We aim to add value to our communities by collaborating and partnering with our stakeholders; because it is this symbiotic relationship that will let us achieve the exciting and sustainable future which the woodfibre value chain offers to us and our neighbouring communities.

At the same time, we focus on reducing our impact on the natural resources on which we depend.

Sappi Southern Africa's profitable, environmentally responsible strategies deliver tangible social benefits while creating economic value and addressing societal issues; it's about 'Doing good while doing good business'.

The following pages will give you an indication of how we are achieving this.

Alex Thiel

Chief Executive Officer of Sappi Southern Africa

Doing good  
while doing  
good business.

Rainforest Brown  
*Cassionympha cassius*



## About Sappi Southern Africa

“Tangible economic activities, including light industrial activity, agriculture and forestry need to be vigorously explored and spearheaded to transform the rural space of our country. The forestry industry can be a catalyst in this regard.”

Extract from speech by the National Skills Fund Executive Officer Forestry, Industrialisation Conference hosted by Safcol, October 2017

Sappi Southern Africa (SSA), which employs 4,701 people, is an integrated forest products company that meets the needs of local and international customers through a wide range of products from three divisions:

- Dissolving wood pulp, produced by Sappi Specialised Cellulose, is sold to downstream players who convert it into products such as textiles, clothing, cellophane wrap, pharmaceutical, beauty and household products. We are the world's largest manufacturer of dissolving wood pulp.
- Sappi Paper and Paper Packaging provides products including, graphic papers, newsprint, office and business papers, tissue wadding, containerboard (used to manufacture cardboard boxes) and packaging papers (for the agricultural, industrial and FMCG industries). We also produce structural timber from sawmilling.
- Sappi Forests supplies over 82% of the woodfibre needs of Sappi Southern Africa from both our own and managed commercial plantations. All our own-grown wood is independently certified as well managed and ISO 9000 quality assured. Approximately 30% of our land is managed for biodiversity conservation, including wetlands, riparian zones and indigenous forests. We support mountain biking, trail running, birding and hiking in our plantations.

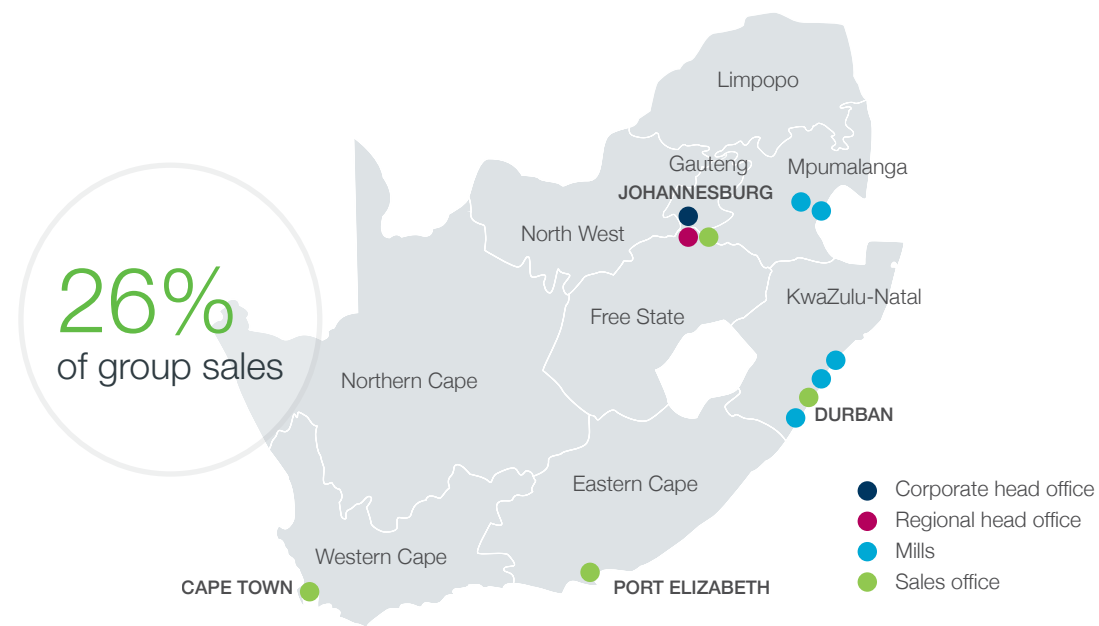
Sappi Southern Africa is a division of Sappi Limited (JSE: SAP); a global company headquartered in Johannesburg (South Africa), with approximately 12,000 employees worldwide, and manufacturing operations on three continents in seven countries and customers in over 150 countries. Learn more about Sappi at [www.sappi.com](http://www.sappi.com).



**Twin Dotted Border**  
*Mylothris rueppellii haemus*



## Our operations

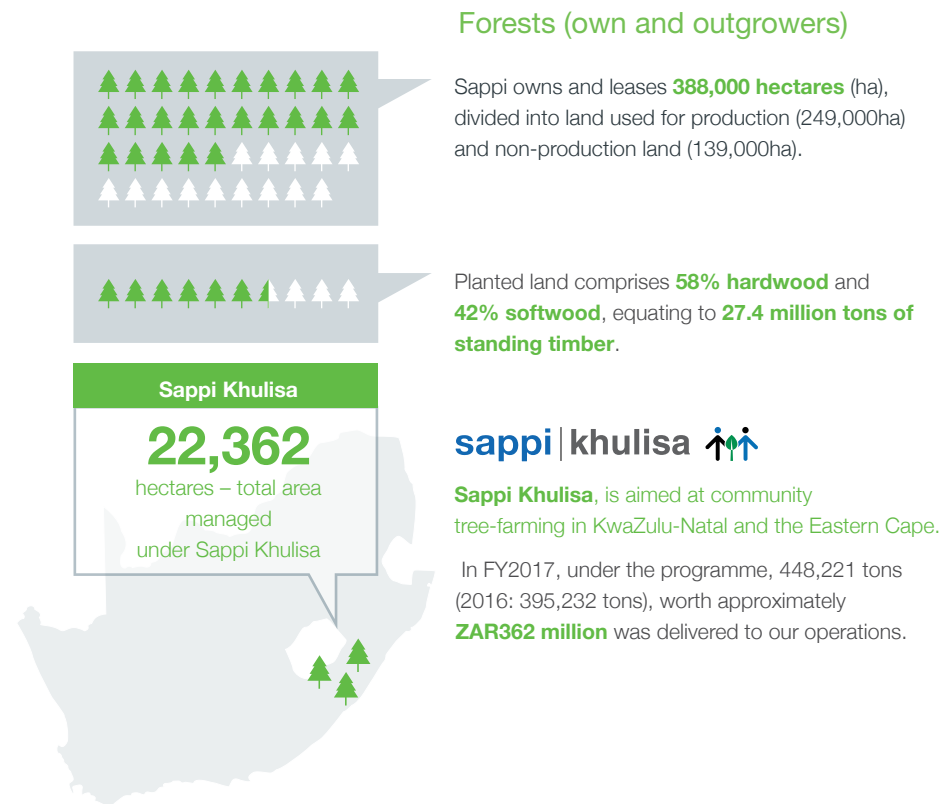
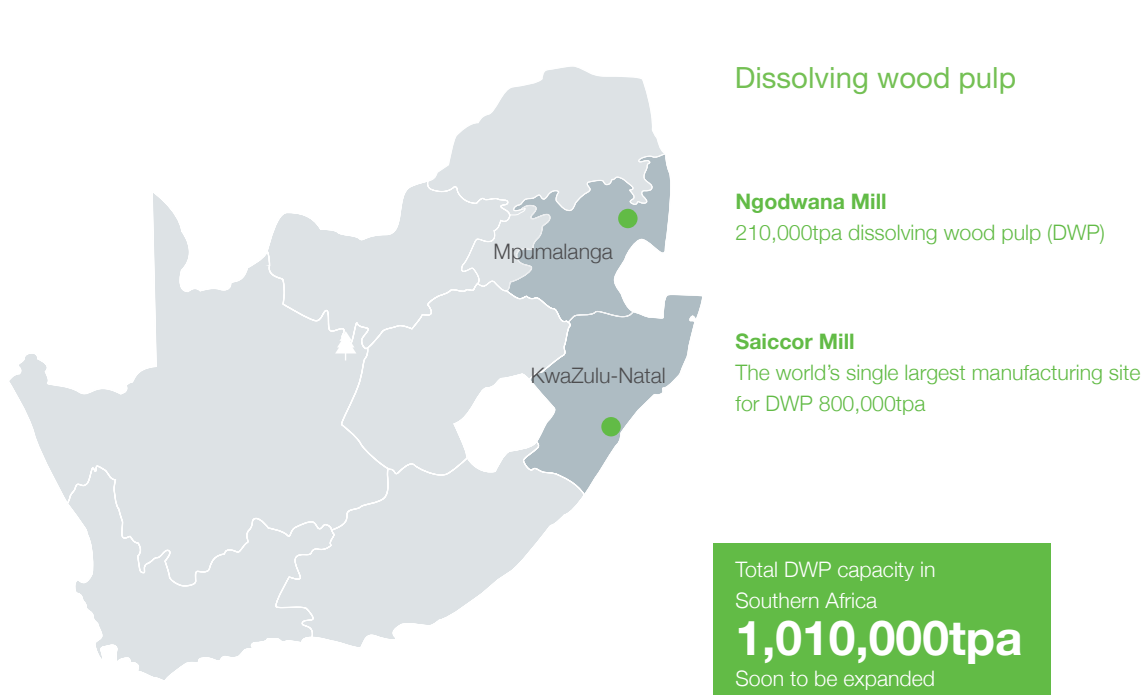
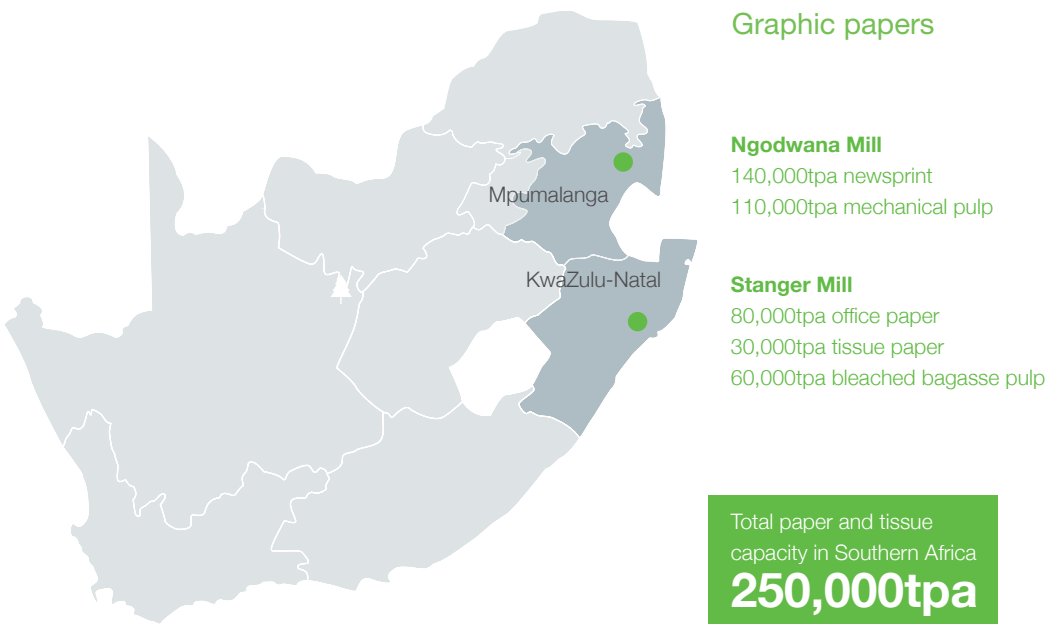
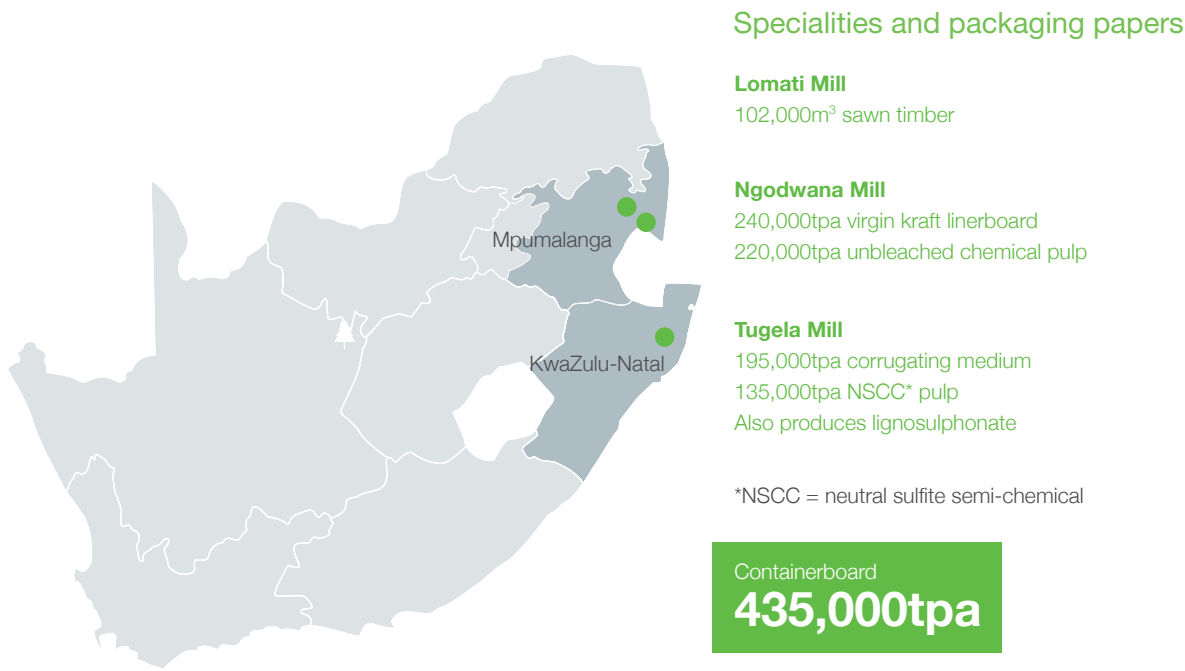


### Forests (own and outgrowers)

- Sappi owns and leases 387,291 hectares (ha) of plantations which are 100% Forest Stewardship Council (FSC®)-certified. Approximately one-third of our land is managed for biodiversity conservation.
- There are approximately 27.4 million tons of standing timber on our land, 58% hardwood and 42% softwood.
- Contracted supply covers almost 92,000ha – approximately 91% hardwood, 9% softwood.
- Sappi Khulisa, our enterprise and supplier development scheme, incorporates community tree-farming in KwaZulu-Natal and the Eastern Cape. Since 1995, a total volume of 3,313,581 tons, to the value of ZAR1.6 billion, has been purchased from small growers under this programme.

**387,291**  
hectares of  
owned and leased  
plantations  
**100%  
FSC®-  
certified**

Please note that the figures given below are capacity figures.





# Sappi Southern Africa EXCO



**ALEX THIEL**  
 Chief Executive Officer  
 Sappi Southern Africa

**PRAMY MOODLEY**  
 Chief Financial Officer  
 Sappi Southern Africa

**MPHO LETHOKO**  
 General Manager  
 Communications  
 Sappi Southern Africa



**FERGUS MARUPEN**  
 Group Head  
 Human Resources  
 Sappi Limited

**DEON VAN AARDE**  
 Chief Information Officer  
 Sappi Southern Africa



**PAT MCGRADY**  
 Vice President  
 Manufacturing,  
 R&D and Engineering  
 Sappi Southern Africa

**NAT MAELANE**  
 Chief Procurement  
 Officer  
 Sappi Southern Africa

**TYRONE HAWKES**  
 Vice President Business  
 Development and  
 Sustainability  
 Sappi Southern Africa



**GARY BOWLES**  
 Group Head  
 Technology  
 Sappi Limited

**DR TERRY STANGER**  
 Vice President Forestry  
 Sappi Southern Africa

Our sustainability governance structure can be found on page 8 of the 2017 Sappi Group Sustainability Report, available on [www.sappi.com](http://www.sappi.com).

Our performance against our regional targets is detailed throughout this report, but for a consolidated view, please refer to pages 11 – 13 of the 2017 Sappi Group Sustainability Report.



## Prosperity

The Monarch butterfly does not have lungs; breathing takes place through tiny vents in the thorax or abdomen called spiracles, and an organised arrangement of tubes called trachea, distribute the oxygen through the Monarch's body system.

**Monarch**  
*Danaus chrysippus orientis*







## Our own Prosperity enhances shared value

Our 2020 goals help us to track progress

*‘Sustainable cut’ indicates the quantity of wood which grows in one year on land we own or lease. It equates to the quantity of wood which is available to harvest each year without reducing the overall quantity of wood standing on the land.*



### Our 2020 Prosperity goals



We are **behind track** on our target of achieving sustainable cut above four million wet white tons (wwt) per year, due mainly to baboon damage and drought conditions in 2016. We achieved 3.7 million wwt.



We **exceeded** our 2020 Prosperity goal to realise an EBITDA margin (earnings before interest, taxation, depreciation and amortisation) to be equal to or greater than 20%, achieving 25.1%.



We make a significant contribution to South Africa's balance of payments.

In the 2017 KZN Exporter of the Year awards hosted by the Durban Chamber of Commerce and Industry, we were recognised as **Large Exporter of the Year** and as **Manufacturer of the Year**.





## Promoting Prosperity outside our own operations

sappi | khulisa 

### Land

Communities in KwaZulu-Natal and the Eastern Cape make their land available for tree farming.



### The seeds of growth

Sappi provides sponsored seedlings.

### Training

Sappi's qualified extension officers provide technical advice.



### Positive cash flow

Sappi gives growers access to interest-free loans to cover farming input costs and annual maintenance, and provides advances for work carried out.



### A guaranteed market

When the trees are ready to be harvested, Sappi provides growers with a guaranteed market at prevailing market prices.

Since 1983, almost **10,000 farmers** have benefited from Sappi Khulisa.

Over **272 small- and medium businesses** have been established by community members, generating more than 1,100 jobs throughout the eight to ten-year growing cycle.

**22,362ha** – the total area under this programme.

In FY2017, under the programme, **448,221 tons** worth approximately **ZAR362 million** was delivered to our operations.

Since 1995, a total volume of **3,313,581 tons**, to the value of **ZAR1.6 billion**, has been purchased from small growers in terms of this programme.





## Adding value to byproducts – the circular economy in action



In our strategic focus on adjacent markets, waste streams offer revenue opportunities.

In addition, by reducing the amount of waste sent to landfill, we are helping to mitigate global warming, as landfills generate methane, a greenhouse gas with 25 times the global warming potential of carbon dioxide.



*We are looking at using offcuts from Lomati Sawmill to make furniture.*



### 2020 Planet target

Our 2020 target is to achieve a 10% reduction in specific solid waste landfilled by 2020 using 2014 as a base year.



We did not achieve this, with specific solid waste landfilled increasing by 20%. However, we do have plans to remediate this and will report on these plans going forward.



At Saiccor Mill, instead of sending boiler ash to landfill, we're giving it away to 18 blockmaker operations, who use it to make construction blocks.

We have also given the blockmakers environmental training and have built concrete slabs for some to enable their legal environmental compliance. Ash is delivered free of charge if the operation is situated within 10 kilometres of the mill.



# A sweet solution

Because of economic constraints, Sappi Khulisa farmers are often forced to harvest their timber at four years. Which is where the Sappi-sponsored African Honey Bee (AHB) Project comes in. The AHB project trains people, offers mentoring and support and provides a market for the pure honey. All imported honey is irradiated by law, making it far less healthy than locally produced pure honey.



Improving cash flow = improved income from small-scale eucalyptus

By not harvesting at four years, and waiting till seven years to harvest, the small-scale grower can **increase his/her profit by 40%**.



**FOUR YEARS**  
**ZAR25,000**  
PER YEAR  
ZAR6,000 per year



**SEVEN YEARS**  
**ZAR70,000**  
PER YEAR  
ZAR10,000 per year



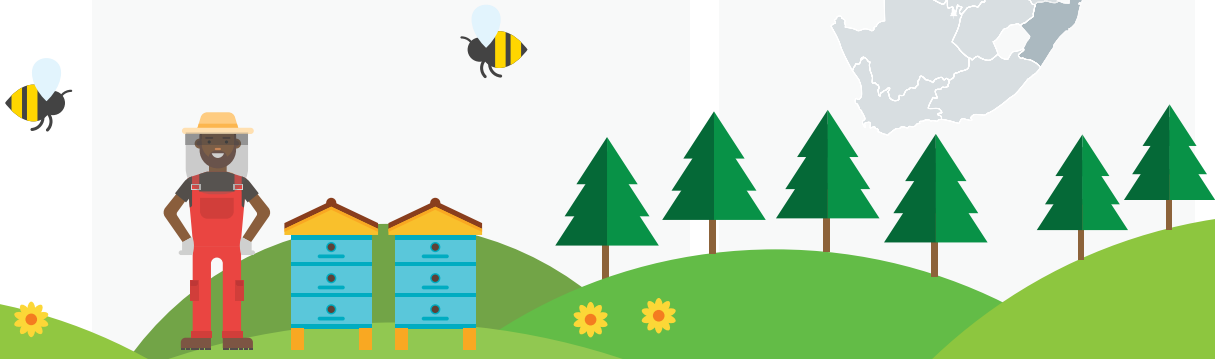
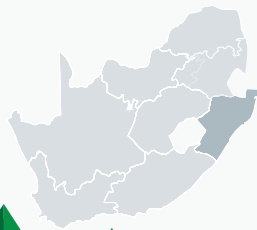
## Value created for farmers and for Sappi

- Reduction in honey hunter fires – honey hunters are now honey farmers.
- Increased timber yields.
- Additional income for Sappi Khulisa farmers – poverty reduction.
- Self-sustaining.

**906**  
families registered  
FROM MARCH 2016 - JULY 2017

Increasing a small-scale grower's income by **ZAR10,000 per year**.  
Alleviating cash flow, so trees can be left to grow till seven years before they are harvested.

**PROJECT AREA:**  
Richards Bay to Mozambique along the coast in KwaZulu-Natal.



Harvesting figure of seven years applies to KwaZulu-Natal coastal region.





# The Abashintshi

Empowering communities to create their own wealth



**Fires** on Sappi's plantations are a **major challenge** – fire damaged woodfibre is not accepted by mills.



2015

Together with DevCom, a development communications specialist company, we launched the **Abashintshi** ('Changers' in isiZulu) programme.

## Three aims:

To **decrease intentional fires**,

Establish **closer engagement with communities**,

and

**Achieve social change.**

## Implemented by:

**Young people** from rural communities living in and around our operations.

## Four key elements

**Asset-based community development** (ABCD) model aims to empower community members to use what they have, instead of focusing on what they need or don't have.

## Youth life skills training



**Ifa Lethu** which documents the legacy of the elderly in the community in order to continue with successful practices and learn from mistakes.

**Holiday programmes with children.**



"You must be the change you want to see in the world."

Mahatma Gandhi

## Value created



2017

**88 Abashintshi** in 43 communities

**234 small businesses** have either started up or have been rejuvenated. These range from

**BRICKMAKING** projects to



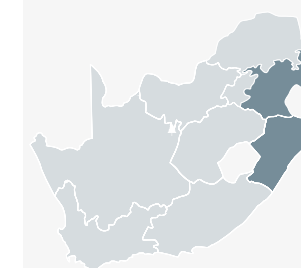
**POULTRY and PIG FARMS**



and from **CRÈCHES**



to **HOME INDUSTRIES**



Programme began in KwaZulu-Natal, now expanded to Mpumalanga.



Fires have **DECLINED** by **89%** since 2015.

## Perceptions of Sappi have shifted:

More than **50% of the community participants** in the follow-up audit indicated that they were **very satisfied with their relationship with Sappi**.

**Communities have a better self-help attitude:** only **9% expect sponsorship** and assistance from Sappi compared to 51% in 2014.



DevCom won a **GOLDEN LOERIE AWARD** in the Shared Value Category for the innovative work they have done by partnering with Sappi Southern Africa on the Abashintshi programme.



## Understanding the 'leaky bucket'

One of the activities in which the Abashintshi are involved – and which they take back to their communities – is teaching them to draw literal maps of their areas, charting the community's resources: from small veggie gardens, to schools, to community halls to trading areas in the area.

The 'leaky bucket' concept deals with self-sufficiency, encouraging members of the community to 'plug the bucket' and to buy local produce and to make sure the money does not leak away.



*"I never thought I could start my own business and that it could be successful, but this programme has opened my mind and changed my way of thinking."*

Mthobisi Shezi

Mthobisi has taken the ABCD concept and run with it by starting his own tuck shop, launching a second-hand clothing business and also helping and inspiring his fellow community members to start their own businesses. He recently expanded his tuck shop business by making fried chips and selling them to pupils at a nearby school.



*"The ABCD programme has taught me how to think like an entrepreneur and also how to think ahead for ways to improve a business."*

Fakazi Mbele

Through the ABCD programme, Fakazi has started his own chicken business and has also helped his brother start a vegetable garden.



## Win-win



That's our approach to sharing value and it's embodied in our **alien invasive clearing programme at three of our mills in KwaZulu-Natal**. We operate the programme in collaboration with the non-governmental organisation WESSA (Wildlife and Environmental Society of South Africa).

**The aim is two-fold:** to train people from communities surrounding our mills to clear alien invasive vegetation on our mill sites and to develop small-, medium- and micro enterprises (SMMEs) within the surrounding communities.



Before: The start of clearing at Saiccor Mill in the river area.  
(05 January 2017)



The same area five days later.



*"We would like to thank WESSA and Sappi again and Alex our team manager because some of us have families depending on us. With this money we can bring food to the table and some are still studying as they say education is the key to success and you are never too old for education. We even encourage each other every day to study or have a small business at home."*

Sindisiwe Mthembu



# People



The southern subspecies (*Presis octavia sesamus*) has a summer form (*natalensis*) which is red with black markings, and a winter form (*sesamus*) which is blue with a line of red markings on the wings. The winter form is slightly larger than the summer form.

**Gaudy Commodore**  
*Presis octavia sesamus*





## We want our people to have a 24/7 safety mindset



### 2020 People target

Our **safety target** is for our combined Lost Time Injury Frequency Rate (LTIFR) for own employees and contractors to be better than best ever achieved on a continuous 12-month basis (0.27) and Lost Time Injury Severity Rate (LTISR) to be below 25.



We did not achieve this target: Our combined LTIFR was 0.32 and our LTISR was 85.6.

We deeply regret two employee fatalities and one contractor fatality in FY2017.



### TWICE AS SAFE



To help achieve our goal of being **'TWICE AS SAFE'** by **2020**, **DuPont Sustainable Solutions** has performed an assessment of the SSA safety systems. This has resulted in:

- Actions to improve the current state and design of the SSA safety system,
- Assistance with the creation of an envisioned future state, and
- Assistance with the planned transition.







## Telling stories to improve safety



Sappi Forests' Stop and Think before you Act (STA) safety campaign has proved to be extremely successful. Research showed that the audience loved stories and we adopted a story telling approach to safety communication using graphics and symbols.

We introduced an aspirational hero and all the safe behaviours of the STA process were attributed to him. He is male as most of the stakeholders are males. Female audiences did not have a problem with this. The audiences named the hero figure Clever Mina (Clever Me).



The impressive results:

All Injury  
Frequency Rate  
**(AIFR) down**  
from 4.90 to  
**<4.72**

**LTIFR down**  
from 0.25 to  
**<0.23**

**LTISR down**  
from 135.77 to  
**<47.94**

**Injury Index**  
down from 33.47  
**<10.88**

Shortly after year-end, Sappi Forests' Stop and Think Before you Act (STA) safety campaign was **recognised for excellence in safety communication with a Silver Quill Merit Award** as part of the International Association of Business Communicators (IABC) Africa Silver Quill Awards programme.





## Wellness has many facets



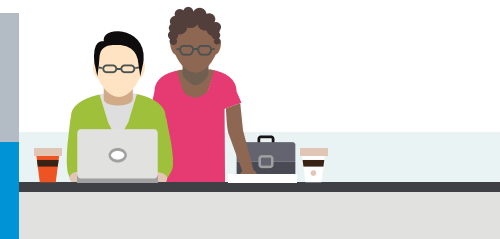
We want our people to adopt a holistic approach to wellness and to focus on prevention, rather than cure. Pilates classes are offered at many operating units and we also offer programmes like support against obesity; substance abuse (alcohol and drugs); basic counselling for referrals to external providers; trauma counselling; work stress issues and other health issues and relationship issues.



In terms of **financial wellness**, we offer financial advice and financial skills training. We have contracted a third-party service provider to ensure that only valid Emolument Attachment Orders (EAOs) are deducted from employees who have had garnishee orders issued against them.

From 2009, this has saved employees

**ZAR800,586.**





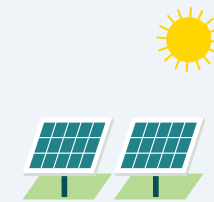
## A place to establish connections and find new directions

That's the ethos of our new office space in Rosebank, Johannesburg, which highlights our commitment to People and Planet.

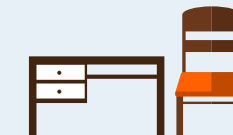
We talked to people to find out what they wanted in a working environment. Collaboration was identified as key. So, we've incorporated private focus rooms, breakaway areas where teams can collaborate, and meeting rooms of various sizes where employees can also digitally interact with offsite colleagues. We also consulted a disability expert to ensure the building would accommodate people with disabilities – all the light switches, for example, are positioned low enough for someone in a wheelchair to reach them. In 2018, we will be applying for a Green Building rating.



We are **harvesting rainwater** to irrigate the indigenous gardens.



**Solar panels** on the roof are meeting a significant portion of our energy requirements.



All our furnishings have been sourced from **local manufacturers**.



We have installed **energy-efficient** lighting and appliances.



# Engaging our employees

## Why is engagement important?

Our success as a business depends on a committed and engaged workforce which takes ownership of our vision, mission and strategy.

Focus areas identified in 2015	Our response
Leadership	Global leadership framework launched in 2016.
	Online learning portal with five online learning programmes aimed specifically at leadership.
	Manager in Training programme for emerging leaders launched.
	Sappi Academy revitalised.
Safety and wellbeing	'Twice as Safe' safety programme (see page 39).
Reward and recognition	CEO's Award for outstanding performance.
Diversity and inclusion	Transformation strategy developed in 2015.
	Diversity workshops created engagement platform.



## 2020 People target

Improvement of 2% every other year of engaged employees in terms of participation, commitment and issues closed out.



89% – the percentage of our people who participated in the 2017 Employee Engagement Survey.

Participation up 9% from 2015.



68% – the number of employees who are sustainably engaged. Our baseline in 2015 was 67%, which means we have not achieved our target.

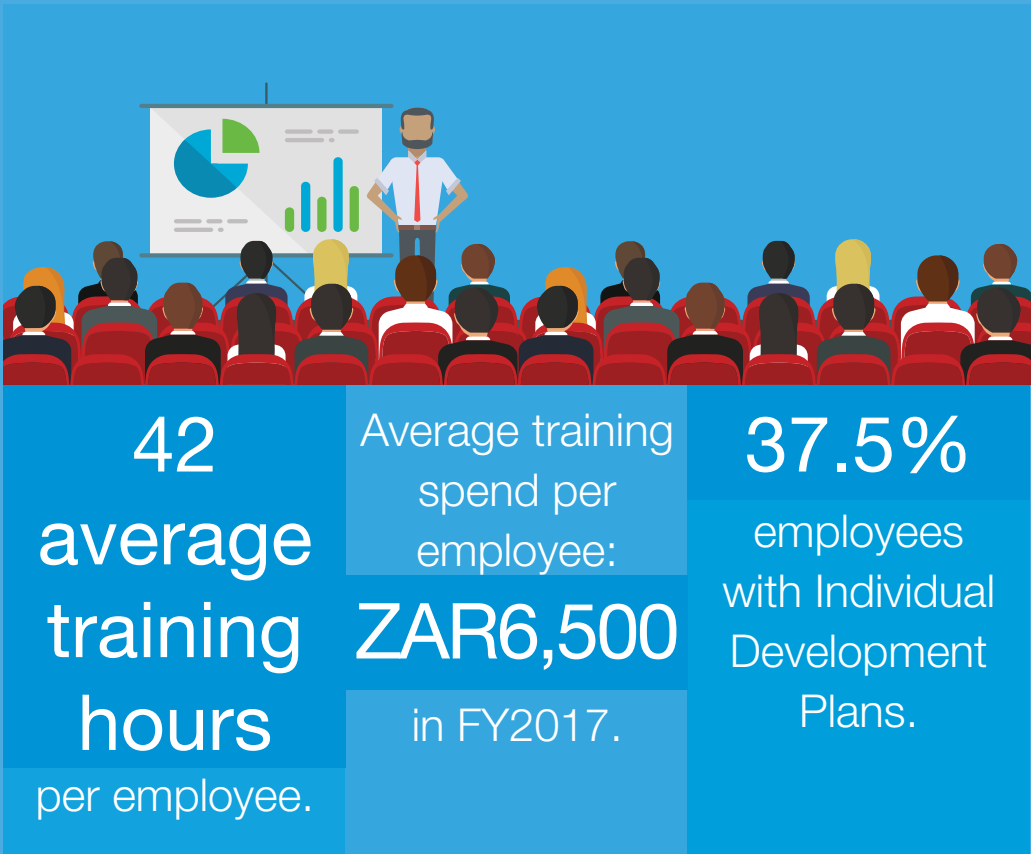




# Investing in our people

We continue to invest in training our people so that we are able to create and seize the opportunities encapsulated in our 2020Vision.

- **108** people currently participating in a 21 module, 10-month **Sappi Manager in Training** programme.
- Our **Young Talent programmes** is addressing technical skills shortages:
  - **80 graduates** in training (management, manufacturing and sales)
  - **24 engineers** in training
  - **103 apprentices**
  - **120** mill and forestry technical trainees
  - **59 work integrated learners**
  - **15 learnerships** for people with **disabilities**, and
  - **53 university bursars**.
- **Study assistance** being provided to 306 employees.





# Investing in Early Childhood Development



An ECD enabling environment



## FAQs

### Why is it important to support Early Childhood Development (ECD)?

There is a direct link between Early Childhood Development and success and wellbeing later in life.

### What exactly are ECD services?

ECD services promote or support the development of young children. These range from infrastructural provision such as water and sanitation, social security, birth registration and health services to safe and affordable day-care, opportunities for children to learn together in structured programmes, and preparation for formal schooling.

Our involvement with ECD began in 2014 in KwaZulu-Natal and Mpumalanga provinces.

Our ECD project in KwaZulu-Natal has been implemented under the auspices of the Training and Resources in Early Education (TREE) organisation. The first 25 caregivers have graduated and the programme has been extended to include a further 18 caregivers.

In Mpumalanga, we have developed an ECD Centre of Excellence at the Sappi Elandshoek community through Penreach, the **largest teacher development programme in Africa.**

In 2016, we extended the ECD programme to Gauteng, with 50 practitioners in 50 ECD centres per year undergoing training through Jabulani Training and Development. **By the end of 2017, 100 caregivers had graduated.**



## Giving learners the skills to succeed



Sappi has been supporting the [KwaDukuza Resource Centre](#) since June 2000. The centre aims to provide schools with access to computer facilities, educational literature, teaching aids and IT literacy training facilities for the community at large.

In 2017, we commissioned corporate responsibility consultancy, Trialogue, to determine the impact of our CSR spend by assessing the design, implementation, and outcomes of the KwaDukuza Resource Centre and PROTEC. We are currently reviewing the results.



We have been [supporting the PROTEC programme since 1995](#); providing science, mathematics, technology, world-of-work and English theoretical and practical education to grades 10 to 12 learners from disadvantaged communities.

The programmes run in parallel to formal schooling and are delivered at Saturday and vacation school classes by qualified and experienced PROTEC tutors.

We support five PROTEC branches in Sappi communities at Stanger, Mandeni, Umkomaas, Nelspruit and Pietermaritzburg.

## 2017

In KwaZulu-Natal the Sappi-sponsored PROTEC branches achieved an **average Bachelor pass rate of 91%** compared to Department of Education's 28.7%.

In Mpumalanga, the Sappi-sponsored PROTEC Nelspruit branch achieved an **average Bachelor pass rate of 92%** compared to the Department of Education's 23.4%.





## Developing skills

Our new Skills Centres at Saiccor and Ngodwana Mills opened their doors in October. The centres are training Sappi employees and unemployed youth and were fully operational by January 2018.

We aim to empower our employees to improve their performance at work, and our community trainees to create sustainable businesses or seek meaningful employment.

Ideally, community trainees will start their own micro enterprise businesses. Those who do are invited to monthly information sharing sessions with other small business owners.



*"I now maintain my saw better and operate more safely."*

Those are the words of an independent chainsaw operator who works in the Sappi Khulisa harvesting operations in the Izingolweni area. The operator was recently trained at the Khulisa Ulwazi ('Growing Knowledge') training centre at Richmond, KwaZulu-Natal.

Chainsaw costs are a major expense for small contractors and these costs are often very high because the chainsaws are not maintained and used properly. The operator quoted here said that he was trained by someone in the community who was most probably self-taught and he could see now that the person who trained him did not know much. He was very happy with the 10-day chainsaw operator

course which covered both theory and practical application.

The training centre provides training to small growers, land reform beneficiaries and small-scale contractors in the technical and business aspects of forestry and small business management. It also provides training to the Abashintshi. (See page 30 for further details.)





## Protecting and imparting skills



Invasive alien plants pose an accelerating threat to South Africa's biodiversity, which is where the [SiyaVikela programme](#) at Ngodwana Mill comes in:

- [Eight women](#) from the nearby community undergoing accredited training.
- Trained by a [biodiversity superintendent](#).
- Training covers:
  - Plant identification
  - Chainsaw management
  - Brushcutting
  - Herbicide application
  - Snake handling
  - Erosion protection
  - Fire fighting, and
  - First aid.
- [Clearing 6,000 hectares](#) of land belonging to Ngodwana Mill.
- Training began in August 2017 and will finish in June 2018.



Citrus Swallowtail  
*Papilio demodocus*





## Living the legacy

Our employee wellbeing committees at our mills and forestry operations support local communities based on requests from the communities and identified needs. These are coordinated through the Mandela Day (67 minutes) initiative and give our employees a chance to live Madiba's legacy.



Several employees, including the Sappi Limited CEO, visited the All is Restored children's outreach programme in Ennerdale, where they prepared and served meals to the children, while the Sappi Typek man entertained them.

A Sappi volunteer with children from the All is Restored outreach programme.



Some Sappi staff members knitted an 'Ubuntu' bear, while others donated towards the purchase of materials for the knitting of the bears which were handed out on Mandela Day.



Krelyne Andrews (SSC Business Support Manager) painting faces at Dlambula Primary School with the Admin Team.

Gary Bowles (Group Head Technology), Mr M Mathe (Principal), and Krish Naidu (General Manager Saiccor Mill) at Dlambula Primary School, after planting three trees during the Admin Mandela Day Project.





## Colouring dreams

We partnered with the Nashua Children's Charity Foundation (NCCF) in the 'Help Colour My Dreams' initiative. This initiative aimed to raise funds to supply 1,000 children with stationery for the 2017 school year. The handover took place at the Nashua head office in Woodmead.



For every ream of Nashua-wrapped A4 paper produced by Sappi and sold through Nashua franchises, 32 cents was donated to the initiative.

Eight of the NCCF's assisted charities received stationery, backpacks and goodie bags.



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THE NASHUA CHILDREN'S  
CHARITY FOUNDATION

13 December 2016

Dear Helen

**Subject: Acknowledgement and Appreciation**

We would hereby like to express our gratitude to The Nashua Children's Charity Foundation for selecting our children and home to be the beneficiaries of stationery to the value of R10357.50.

We also give gratitude to SAPPI for sponsoring this generous donation.

Our children's education is important and having adequate stationery is an integral part of being a learner. This donations demonstrates the value that you put on the future of our children and is deeply appreciated.

The partnership we enjoy with the Nashua Children's Charity Foundation has strengthened our organisation immensely.

Yours faithfully

Management, Staff & Children





## Playing an active role in transformation



2020 People target

Achieve Level 4 compliance in BBBEE  
(in respect of the new forestry codes).



We exceeded this target, achieving Level 3.

We believe that sound transformation practices  
pay dividends in the form of practical opportunities  
and benefits.



In 2009 we launched the **Sefate** (meaning ‘to grow’) **share scheme** to benefit black managers and employees within Sappi.

In 2017, the beneficiaries of our Sefate empowerment transaction once again received dividend payments as members of either the management or employee share trusts.







# Planet



Medium-sized butterfly (wingspan 40mm) with distinctive eye-spots, indigenous to the eastern part of South Africa. The number of spots varies, exhibits a hopping flight and prefers coastal bush, woodland kloofs and forests.

**Rainforest Brown**  
*Cassionympha cassius*



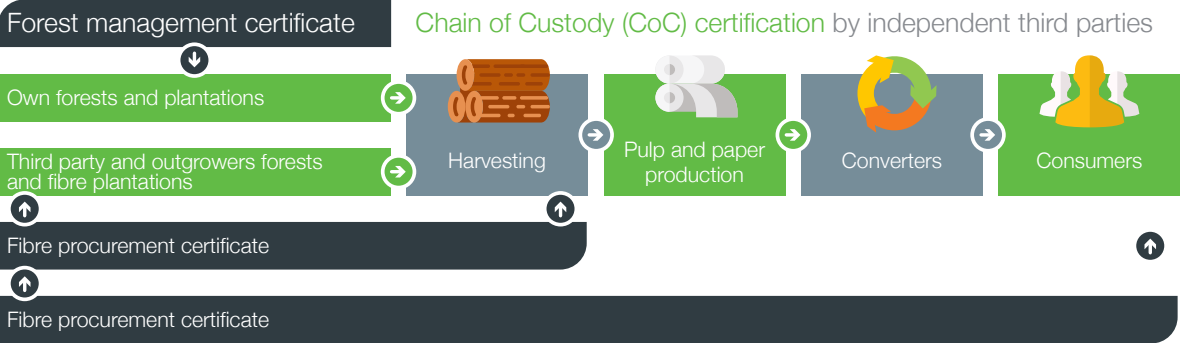


# Understanding certification

Forest certification gives our customers the assurance that the trees used in our pulp and papermaking processes originate from plantations that are managed according to the standards and requirements of **sustainable forest management**.

**Forest management (FM)** certification assures customers that forests and plantations producing wood products meet a set of criteria aimed at responsible management.

**Chain of Custody (CoC)** certification tracks the origin of a raw material at each stage of the production process, from beginning to end.



Our **2020 target** is to achieve 100% FM certification of own timber and 70% CoC certification for our manufacturing plants.

We achieved this in FY2017, with **100% certification of own timber** and **83.1% for our manufacturing plants**.





## Sharing our plantation trails and boosting local economies

We have established **safe and enjoyable trail networks across our plantations**. These serve not just mountain bikers, but also trail runners, hikers and other non-motorised trail users. It's a win-win situation all round: these users enjoy the beauty and tranquillity of our lands and in turn, they help us in reducing risks like fires and illegal activities like poaching. By promoting public enjoyment of our land, we also help **boost local economies**.

For example, sponsoring a high-profile event like the **Sappi Karkloof Classic Trail Festival** does not just allow us to get our brand out in people's hearts and minds, it also creates a direct economic injection into the region's economy, while also showcasing our well-run plantations. Economists and tourism experts have placed the value of recreational outdoor tourism to the Karkloof local economy at ZAR234 million per year. We are pleased to have been instrumental in putting this beautiful valley on the map through the Sappi mountain biking project.



Economists and tourism experts have placed the value of recreational outdoor tourism to the Karkloof local economy at **ZAR234 million per year**.







## Acting as custodians

We participate in the national stewardship programme through which we have **six declared nature reserves**. Recently proclaimed reserves on our land include:

The **Oosterbeek Nature Reserve** and **Angle Ridge Nature Reserve** (2,997ha) are both located on the Highlands Management Unit of Sappi's Twello plantation. These reserves lie within the headwaters of the Lomati and Mtsoli Rivers within the Komati Water Management Area, which is of strategic importance in supplying water to the region, including Mozambique. The value of these areas lies in the fact that they are areas of outstanding natural beauty and part of the Barberton Centre of Endemism and Barberton Mountainlands, vulnerable ecosystem.



The **Mount Morgan Nature Reserve** is a grassland portion (998ha) of the Sappi Glen thorpe and Twello plantations is an area of outstanding natural beauty containing vulnerable and threatened ecosystems and endemic floral species.

The **Ngodwana River Valley Nature Reserve** is a grassland and woodland area (985ha) of the Sappi Nooitgedacht plantation in Mpumalanga. The area conserves the following important species: Hottentot Golden Mole (*Amblysomus hottentotus meesteri*), Natal Long Fingered Bat (*Miniopterus natalensis*), Lebombo Flat Lizard (*Platysaurus wilhelmi*), the critically endangered Inkomati Suckermouth Fish (*Chiloglanis bifurcus*) and the Blue Squill (*Merwillia plumbea*), an important medicinal plant.



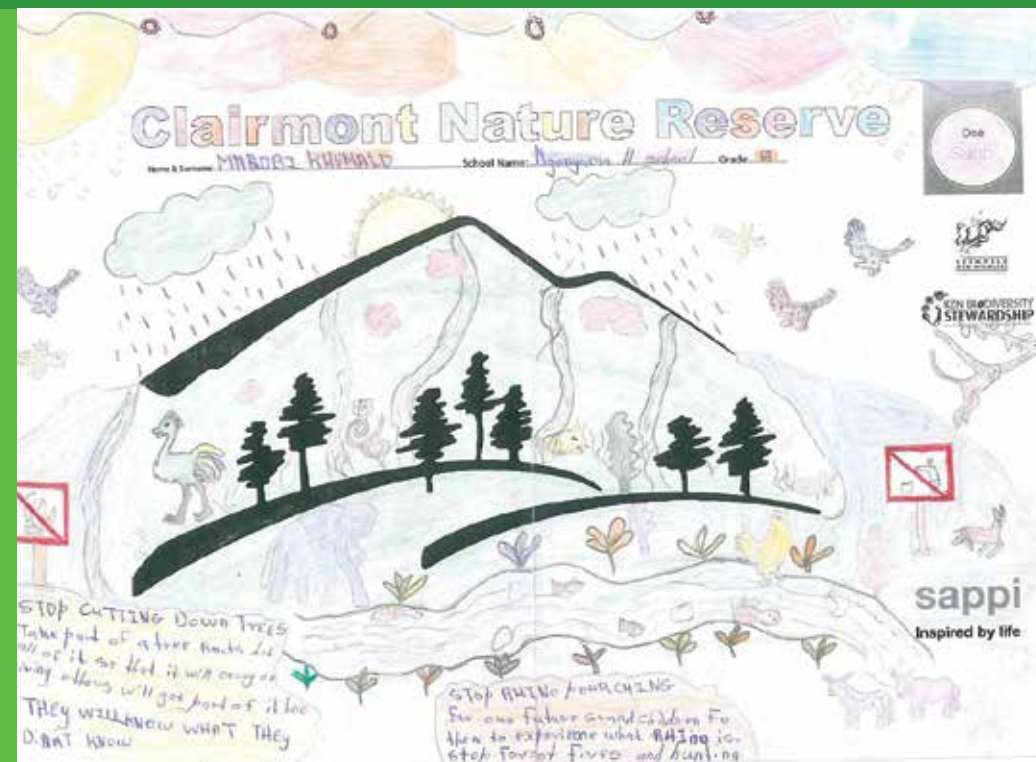




## Promoting environmental awareness through art

At Sappi, we see ourselves as custodians of our land. Accordingly, we believe it's important to help create love for and awareness of nature.

The Clairmont Nature Reserve Art Competition we held in 2017 is just one of the ways we're achieving this.



The art competition involved eight schools surrounding the Clairmont Nature Reserve in Bulwer, KwaZulu-Natal and showcased Sappi's input in nature conservation. Sappi staff visited the schools and issues like biodiversity, poaching, forest fires, cattle grazing and harvesting of 'muthi' plants were touched on during the lively discussions that took place.

Learners were asked to interpret the conservation message they received from Sappi personnel into a beautiful piece of art about Clairmont Nature Reserve.





## Promoting environmental awareness through water monitoring

**MiniSASS** is a simple tool which can be used by anyone to monitor the health of a river. It involves collecting a sample of macroinvertebrates (small animals) from the water. The results are a good indication of the general river health and water quality in that river.

We involved **four primary schools** neighbouring Mooiplaas, Winterton, Riverdale and Sutton plantations in a MiniSASS project. This involves taking learners to their local rivers to collect and analyse MiniSASS samples.

Ultimately the project aims to foster the **'adopt a river'** concept with these schools, enabling them to conduct continual river monitoring and expanding our own monitoring footprint.



Winterton plantation: Muzochithwayo Primary School learners with Fanele Msibi, a Sappi management forester.

Sutton plantation: Ncakubani Primary School learners conducting MiniSASS monitoring.





## Achieving and exceeding our energy and water targets

### Achieving our energy target

Because purchased energy is one of our highest input costs, it makes sense to aggressively manage its usage. Reducing purchased fossil energy usage also has a positive impact on greenhouse gas emissions.



Our target is to achieve **10% reduction** in specific purchased fossil energy by 2020 with 2014 as the base year.



We reduced specific purchased fossil energy by 8.2% in FY2017 and are on track to meet our 2020 goal.

### Exceeding our water target

Estimates are that by 2030, South Africa's water deficit could be as high as 38 billion cubic metres per year – representing a shortfall of 17% annually. South Africans consume 237 litres per capita per day, as opposed to the global average of 173 litres per capita per day.



Mindful that we need to use water responsibly, our target is to achieve a **10% reduction in total specific process water usage** by 2020 with 2014 as a base year.



In FY2017, we were pleased to have exceeded this target, achieving a 21% decrease in specific process water usage.

Sappi Southern Africa has achieved ISO 50001 certification for energy efficiency.







## Pepper Bark Tree seedling project



IUCN classification

*Warburgia salutaris*, the **Pepper Bark Tree**, was once widespread in Southern Africa and has long been one of the most sought-after commodities in the Southern African traditional healthcare sector. However, the tree is now categorised as ‘**endangered**’ on both the International Conservation Union (IUCN) and South African National Biodiversity Institute (SANBI) red species list. In South Africa, in the Kruger National Park (KNP) area, the trees have been unsustainably harvested, mainly by illegal harvesters.

The switch from sustainable collection to commercial gathering has meant that this tree in its natural habitat is now on the brink of extinction. However, thanks to Sappi, **seedlings are now being grown on a large scale**, with 15,000 trees distributed to communities in Mpumalanga and Swaziland.



27 million people in South Africa rely on traditional medicine



We have set ourselves a target to **distribute 15,000 trees each year**. To re-introduce the tree in KwaZulu-Natal, the Sappi Forests research facility established mini-hedges of *Warburgia salutaris*, from which we produce cuttings. These will be distributed to our Sappi Khulisa communities.



Thank you to David Everard, Divisional Environmental Manager – Sappi Forests for the use of his butterfly images.





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