

2021

**SOUTHERN AFRICA
CORPORATE CITIZENSHIP
REPORT**

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sappi

Mapping our UN SDG journey



2016 The United Nations (UN) officially launches the bold, transformative 2030 Agenda for Sustainable Development. The new Agenda calls on countries to begin efforts to achieve 17 Sustainable Development Goals (SDGs) over the next 15 years.

2017 – 2018 We map our Prosperity, People and Planet commitments to the UN SDGs. This is made easier by the fact that we signed up to the UN Global Compact (UNGC) in 2008 and since then, have been working to incorporate the UNGC's Ten Principles across all our business operations and supply chains. The Ten Principles cover environment, labour, human rights and anti-corruption.

2019 We realise that we need to integrate these commitments more closely into our everyday activities. We establish a working group drawn from colleagues across all regions to prioritise the SDGs most relevant to our business, develop related action plans and translate them into specific business targets on a global and regional level.

2020 We implement the five-year targets and action plans for each region under our Thrive25 strategy which is based on our purpose:

Sappi exists to build a thriving world by unlocking the power of renewable resources to benefit people, communities and the planet.

2021 We report on our priority goals, transparently indicating where we have met our goal and where we have fallen behind.



This icon represents case studies throughout the report.

Do the SDGs really matter?

Why does aligning with the SDGs matter? Does what we're doing make any difference? These are questions we continually ask ourselves. And the answer we arrive at again and again is:

Yes, the SDGs really do matter.

They matter because we live in an interdependent, interconnected world where we rely on other people and on ecosystems to progress – and thrive.

Millions of people, in South Africa and around the world, live in poverty and go to bed hungry every night. Many still lack opportunities for education. Clean water and access to sanitation facilities continue to be challenges.

Our ecosystems are deteriorating at an alarming rate, with over one million plant and animal species at risk of extinction. Climate change is continuing to impact lives and livelihoods everywhere.

The SDGs matter because if every individual and organisation works to help realise the ambitions embodied in the SDGs, we can achieve a more sustainable present and future – in other words, a thriving world. And that benefits all of us.

You'll find details of how we are helping to achieve this throughout the report.



Who we are, where we operate and what we do

Plantations (owned and leased)

KWA-ZULU NATAL
159,000 hectares

MPUMALANGA
235,000 hectares

Approximately 136,000 ha of land are set aside and managed by Sappi Forests to conserve the natural habitat and biodiversity.

PRODUCTION FACILITIES

5

SALES OFFICES

6

EMPLOYEES

4,752

TECHNOLOGY CENTRES

Shaw Research Centre, Howick

- Propagation techniques
- Seed technology
- Silviculture
- Tree biotechnology
- Tree breeding

SSA Technology Centre, Tshwane

- Chemical sciences
- Environmental sciences
- Fibre processing
- Paper science

Sappi Dissolving Pulp Centre of Excellence, Umkomaas

- Applications testing
- Fundamental cellulose properties

NURSERIES

Commercial nurseries

KwaZulu-Natal
(Clan, Richmond)

Mpumalanga
(Escarpment, Ngodwana)

Rooted cuttings of pine and eucalypt species

Research nurseries

KwaZulu-Natal
KwaMbonambi and Tweedie
(Shaw Research Centre)

LOMATI SAWMILL 93,000 m³ sawn timber



NGODWANA MILL 210,000 tons of unbleached chemical pulp for own consumption
110,000 tons of mechanical pulp for own consumption
240,000 tons of kraft linerboard
255,000 tons of dissolving pulp

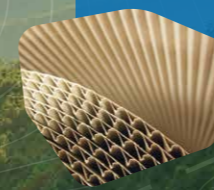


SAICCOR MILL 800,000 tons of dissolving pulp

STANGER MILL 60,000 tons of bleached bagasse pulp for own consumption
110,000 tons of office and tissue paper



TUGELA MILL 155,000 tons of neutral sulphite semi-chemical pulp for own consumption
200,000 tons of corrugating medium



SAPPI REFIBRE 89,000 tons of waste paper collection and recycling for own consumption



A - for forests
B - for climate



FTSE4Good

About our theme

Our global theme for 2021 was ‘Advance’, reflecting the fact that we moved forward from the Covid-19 pandemic during which we all had to adapt to a new way of doing business, a different way of being in the world.

This Sappi Southern Africa Corporate Citizenship Report develops the theme of ‘Advance’ further by focusing on navigation. In doing so, we demonstrate how we are mapping our way forward in a manner that aligns with our priority UN SDGs and highlights the role we are playing in shaping a thriving world.

Message from our CEO



Dear stakeholders,

Sappi’s vision is of a thriving world, one in which our sustainable business meets the evolving needs of our employees, communities, customers and partners.

To achieve this vision, we have identified priority United Nations (UN) Sustainable Development Goals (SDGs) which help us to navigate our way forward. This report sets out the markers we have passed on the way.

Given the high levels of poverty and education inequality in South Africa, we have identified SDG1: *No Poverty* and SDG4: *Quality Education* as priority goals for Sappi Southern Africa (SSA). In terms of these SDGs, we are focused not just on handing out, but on making a positive social impact by giving people a hands-up. We do so by helping to develop small and medium enterprises (SMEs), by providing opportunities and resources for income generation and community upliftment, together with training that helps people become part of our country’s mainstream economy. We also invest significantly in all aspects of the education value chain – from Early Childhood Development (ECD) to technical training at our own Skills Centres. Our employees are recognised for their problem solving, resilience and collaborative spirit and we continued to invest in their development in 2021, with each employee benefitting from an average of 67 training hours.

Any South African who has lived through droughts and water restrictions will understand the importance of SDG6: *Clean Water and Sanitation*. We are proud to have partnered with the World Wildlife Fund South Africa (WWF-SA) on a Water Stewardship agreement aimed at improving water security in the uMkhomazi catchment area in KwaZulu-Natal.

Climate change and associated shifts in weather patterns are having profound impacts on our world. In line with our commitment to SDG7: *Renewable and Clean Energy* and SDG13: *Climate Action*, we are steadily moving away from the use of fossil fuel and reducing our greenhouse gas emissions. In addition, the researchers and scientists at Sappi Forests are finding innovative, leading-edge ways to overcome the challenges of climate change.

The first principle of SDG8: *Decent Work and Economic Growth*, is safety. Accordingly, I am pleased to report that our people achieved the best-ever lost-time injury frequency rate (LTIFR). In addition, our people heeded the South African Government’s call to vaccinate against Covid-19, with a vaccination rate of 91% achieved by year-end. I was also delighted by the enthusiastic manner in which all Sappi people embraced our Project Mafube (Sesotho for ‘dawning of a new day’) aimed at driving down costs.

We aligned with the aims of the circular economy and SDG12: *Responsible Consumption and Production*, by beneficiating 70% of the solid waste we generated in FY2021. Throughout our operations, we continue to focus on enhancing efficiency.

SDG15: *Life on Land* has particular resonance for SSA, given our extensive land holdings and the fact our primary input is woodfibre. Without a sustainable supply of this valuable resource, we would not be in business. We see this SDG both as a moral responsibility and one which makes sound business sense. We are steadily increasing the amount of certified fibre supplied to our mills and working to extend certification to smallholders. We are also involved in a number of partnerships and innovative projects on our land (described in more detail on pages 64 – 69).

Sustainability drives our business model. So too, do the partnerships which underpin many of our SDG work and those detailed in this report under SDG17: *Partnerships for the Goals*. I’m sure readers of the report will agree with me that these partnerships will help us to chart our way forward to a thriving world.

Our business, our country and our world have all been through turbulent, challenging times in the past year. However, our great people have added real value. Through their efforts we have stayed on course.

I know I can count on them and our other stakeholders to ensure we continue to chart a steady course going forward.

Alex Thiel
Chief Executive Officer, Sappi Southern Africa



Our compass

A magnetic compass needle lines itself up with the Earth's magnetic field and points roughly north and south. Researchers have now discovered that birds use this magnetic field as they travel long distances over areas that do not have many landmarks, such as the ocean. Here's how: A small spot on the beak of pigeons and some other birds contains magnetite. Researchers have also found some specialised cells in birds' eyes that may help them see magnetic fields.

SDG1: *No Poverty* is the north star we are working towards. We are doing so by using the 'compass' of sensitive engagement with our stakeholders as we respond to their needs.



No Poverty



Why does this SDG matter?

Despite notable gains in reducing poverty post-apartheid, South Africa is one of the most unequal societies in the world, with more than 50% of the population living in poverty. Poverty levels have remained consistently highest among women, black South Africans, people with disabilities and those living in rural areas.¹

How is Sappi making a difference?

We're working to train people so that they are better placed to make use of job opportunities (see under SDG4: *Quality Education*). We're also sharing value by helping to develop suppliers so that they can provide both Sappi and other businesses with goods and services, thereby becoming part of the economy. Read how on the following pages.



A success story: Our alien invasive plant management programme

In South Africa, alien invasive species like bugweed, lantana, pompom weed and water hyacinth, to mention just a few, are a threat to biodiversity. Our mills are surrounded by extensive landholdings, where some of these species could previously be found.

In 2018, the Wildlife and Environment Society of South Africa (WESSA) trained and mentored youths from communities close to our operations on the management of alien and invasive plant species. This initiative is an example of true community empowerment: There are now five legal business entities (32 trained youths) providing services to our pulp and paper mills, with five-year service contracts beginning in 2019 entered into with these SMEs. Apart from rendering an important environmental management service, the programme has created and sustained a total of 47 jobs in local communities. Between 2019 and 2021, we spent a total of ZAR12.2 million with these companies, some of whom are now expanding their footprint beyond Sappi to offer services to other companies.

Win-win:

For SMEs: Entrepreneurial skills and income.

For Sappi: The protection of biodiversity and ecosystems, suppliers who understand our needs, better community engagement and reputation, as well as an enhanced BBEE score.

Developing local SMEs

In 2018, we launched a focused Enterprise and Supplier Development (ESD) strategy and established a dedicated ESD unit tasked with helping to incorporate small and medium enterprises (SMEs) into the mainstream economy. Since then we have made considerable progress: We have successfully integrated 145 SMEs into the value chain and in FY2021, spent over ZAR140 million with SMEs, exceeding our set annual target by ZAR35 million. In the process, 587 jobs were sustained by these active local SMEs.

The SMEs we supported supplied the following services:

- Alien invasive plant management
- Civil work
- Forestry-related services
- Logistics and transportation
- Mechanical work
- Maintenance
- Plumbing and electrical, and
- Wastepaper recycling through Sappi ReFibre.

Lessons learned

Many SMEs lack the technical and engineering experience and expertise, as well as the understanding of safety and legal regulations needed to thrive in a competitive business environment. Accordingly, we're now collaborating more closely with contractors and suppliers to transfer technical skills. We're also working with other institutions to achieve this. Read more about it under SDG17: *Partnerships for the Goals* (pages 72 – 75).



Supporting emerging farmers

Given the limited work opportunities for the rural youth and women in particular, we are leveraging opportunities to provide emerging farmers with access to land for produce. Our forestry managers, community services officers and ESD department specialists are working together with partners (contractors, government departments and agencies) to provide training, as well as administrative and operational support and assistance.

For us, this makes sound business sense and is a good example of shared value: Supporting agricultural projects not only empowers others, it also enables us to investigate our own expansion into supplementary agri-business opportunities, by using these pilot projects as a testing ground for the market.

One such example is the peanut farming venture started by a group of women on our land. In 2018, Ms Ntombiyenkosi Mbuyazi and four other women started planting peanuts on a newly planted Sappi compartment close to her community at Shikishela in Mtubatuba, KwaZulu-Natal. Since then, Sappi has made more land available and sponsored seeds. Currently, there are 20 participants in the Palm Ridge project area. Our ESD unit is helping participants to register the business as a co-operative. The main objective of this is to gain access to funding and market opportunities.

Win-win:

For participants: Free access to land and the potential to earn income.

For Sappi: Participants routinely weed while they plant. This saves weeding costs and time. What's more, the roots of the peanut plants help to enrich the soil, as they have nitrogen fixing properties.



“The women here are very proud of this project, and they have much to celebrate. With money made from this initiative of planting groundnuts we are able to pay our children’s school fees.”

Ms Ntombiyenkosi Mbuyazi



Partnering to supply food parcels

During the Covid-19 pandemic in 2020, many of our neighbouring communities experienced food shortages. We partnered with the Southern Lodestar Foundation, a registered not-for-profit organisation and well-known retailer, the Spar Group and Savithi Trading, one of our contractor partners, to provide relief in the form of food parcels, nutritional porridge and foodstuff.

We used our knowledge and access to rural community networks to distribute 60,000 kilograms of A+ instant porridge to vulnerable communities in KwaZulu-Natal (KZN) and Mpumalanga during 2020, using the networks provided by community health workers.

During Mandela Month in July 2021, this outreach programme was again activated, especially when food shortages occurred following the riots in KZN.

During this time, we joined forces with Savithi Trading Company, one of our contractor partners to distribute 1,500 kg of porridge. A further 3,000 kg of the porridge was distributed by our teams of foresters and community relations personnel, who worked closely with the Department of Social Development to identify and distribute the porridge to the child-headed households in our operational areas near KwaMbonambi, inland near Ixopo and Bulwer and in the vicinity of Greytown and surrounds.

In the communities of Umkomaas, Mandeni and Stanger surrounding our three mills in KZN, our employees contributed to food parcels which were distributed by local NGOs to people who had been affected by food shortages, exacerbated by the disruption of supply chains due to the unrest. Donations were also made by staff from around the country to assist communities who were left destitute by the civil unrest.

Leveraging the youth to drive social change

The communities close to our areas of operations are characterised – as in many rural areas of Southern Africa – by high levels of poverty and unemployment.

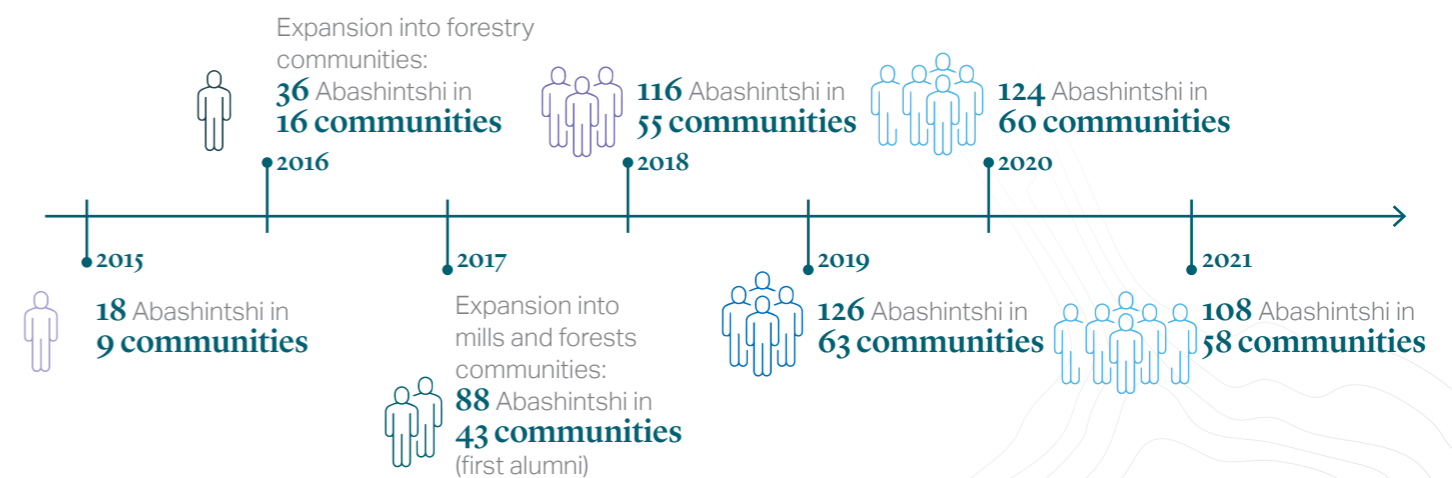
To make a meaningful difference, we first had to understand what challenges the various communities were dealing with and identify any potential opportunities. Accordingly, we commissioned a third party to conduct research in neighbouring Sappi communities. Following this, in 2015, a programme which identified social mobilisers, known as the Abashintshi ('the changers' in isiZulu) was conceived. This involved training formerly unemployed youth volunteers in the following:

- The Asset-Based Community Development (ABCD) model which 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 ('our heritage') 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.

The Abashintshi programme has now been fully adopted by Sappi in-house and we are helping to guide participants on an individual basis to ensure that their unique skills and interests are identified – whether they be entrepreneurial, social or organisational.

Through this ongoing engagement, we hope to achieve sustained access and to work closely with our communities; conduct asset mapping audits to identify gaps and determine potential investment areas. We also want to ensure that Social Impact Programmes are targeted, tailored and relevant to creating shared value, positive social impact and promoting inclusivity and sustainability.

The programme has achieved exponential growth over the past six years:



Assessing the impact of the Abashintshi

We use the Poverty Stoplight tool to assess the socio-economic impact of the Abashintshi programmes in four key regions as set out in the representative examples below. With the exception of the Saiccor Mill region, we began measurement in 2017. We have set out data from 2018 when the Saiccor region was included. We measure 50 categories, ranging from vaccination to entrepreneurial spirit and motivation. The figures for 2020 relate to 789 households.



Income earnings above the poverty line
(Household income per month is greater than ZAR5,000, including grants.)

	KZN North	KZN South	Mpumalanga	Saiccor
2018	30%	20%	45%	26%
2020	12%	32%	56%	16%



Nutrition
(The family eats enough beef/chicken/fish, milk, vegetables, fruits, rice/noodles/potato. They have at least two meals per day and none of them are suffering from obesity or malnutrition.)

	KZN North	KZN South	Mpumalanga	Saiccor
2018	52%	27%	89%	61%
2020	61%	51%	87%	47%



Access to drinking water
(The family has constant access to drinking water within the house or in the yard. The home has a tap with running water that is clean and drinkable.)

	KZN North	KZN South	Mpumalanga	Saiccor
2018	50%	33%	75%	76%
2020	80%	30%	64%	84%



Home structure
(The house is a well-built structure. It is insulated against the weather and is fire resistant. The doors are secure and family members feel safe. There may be a yard, or the plot may be fenced off.)¹

	KZN North	KZN South	Mpumalanga	Saiccor
2018	71%	65%	81%	70%
2020	87%	74%	88%	70%



¹ The results obtained in the Poverty Stoplight Socio-Economic Assessment have generally shown an improvement, although a marked decline was noted in some areas, which could be ascribed to the impacts of Covid-19.

WHEN?

First established: 1983

WHERE?

Eastern Cape, KwaZulu-Natal and Mpumalanga, Manguzi near Kosi Bay in the north to Port Edward in the south, inland as far as Ixopo and Nongoma.



WHO?

Individuals, communities, land reform beneficiaries.

WHY?

Timber farming is an attractive avenue of growth to many farmers. However, the entry costs into this form of agriculture are high (long growing cycle, costs of seedlings and fertiliser, as well as harvesting and transport).

ENTER **sappi | khulisa** 

HOW?

Individuals and communities make their land available for planting eucalyptus trees. We provide growers with sponsored seedlings, technical advice, a guaranteed future income and interest-free loans.



At harvesting time, we buy the timber from the growers and pay them a market-related price less the advance payments they have received in preceding years.



HOW MANY?

Currently, the programme involves over 3,640 growers and approximately 103 SMEs who are involved in silviculture, harvesting, loading, short- and long-haul activities.

3,640
growers

130
SMEs

Shortly after year end, Sappi Khulisa was recognised with a Silver Loerie in the 2021 Loerie Awards in the 'Shared Value' category.

WHAT ELSE?

All participants in the Sappi Khulisa value chain – including land reform beneficiaries – can make use of three Khulisa Ulwazi (meaning 'growing knowledge') training centres which cover all aspects of forestry, including core operational skills as well as safety, legal compliance and business management.



In addition, qualified extension officers assist growers, ensuring that planting is environmentally sensitive.

BENEFITS?

The total area currently managed under this programme, which encompasses individual and community tree farming, is 34,755 hectares (ha) (FY2020: 32,660 ha). In 2021, under this programme, 225,509 tons of timber (2020: 284,038 tons) worth some ZAR207 million (2020: ZAR232 million) was delivered to our operations. Since 1995, a total volume of 4,731,488 tons to the value of ZAR2.9 billion has been purchased from small growers under this programme.



Why the year-on-year drop in income and deliveries? This has to do with the rotation times. Many growers are on their second or third growing cycle. This doesn't mean Sappi Khulisa is declining – far from it. If you look at the hectares under cultivation, you'll see that they have increased by more than 2,000.

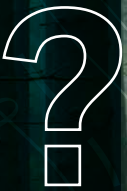
Win-win:

For Sappi: We need to supplement the woodfibre grown by Sappi Forests in order to meet the needs of our mills. Sappi Khulisa is now part of our core business.

For growers: Participation in Sappi Khulisa provides income and helps to develop entrepreneurial and agricultural skills.

"My success would not have been possible if it was not for the Sappi Khulisa team. They regularly keep in contact and physically visit me to drop off weighbridge tickets and offer me great advice on how to grow my forestry business. With forestry, once you get in, you will never want to come out – the benefits are worth working hard for!"

Bhekekile Ngema, 81, from Ngudwini, in the Zululand South District

What can I do to make a difference? 

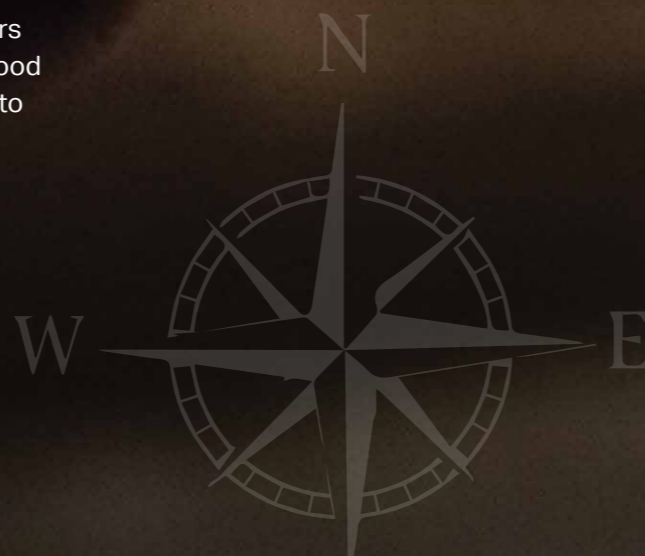
Local, as the saying goes, is 'lekker'. When you buy local goods and services, you're supporting and stimulating the local economy, helping to alleviate poverty and helping to achieve Sappi's vision of a thriving world.



Expanding horizons

For flying animals like fruit bats, the ability to navigate on their own to sources of food is an essential aspect of independence. Research has found that bat mothers carry their pups to a specific tree where it is left while the mother flies on to the food source, collecting her pup later. Gradually the pup starts flying from the 'nursery' to nearby trees, constantly expanding its circles of navigation.

Similarly, at Sappi, in striving to meet SDG4: *Quality Education*, we aim to expand horizons for our people and our communities.





Why does this SDG matter?

We live in a knowledge economy. That's why access to quality education is an avenue for social mobility and reducing inequalities. It's also essential for building the knowledge base we need to tackle critical challenges like climate change.

How is Sappi making a difference?

Recognising that our people are our most important asset, we focus on equipping them and the communities in which we operate with the life and career skills, knowledge and confidence that allow them to build on their own capabilities and further their development.



Investing in our people

We aim to grow the competencies of people in three categories; namely leadership, behavioural and technical competencies. In FY2021, we spent an average of ZAR9,960 on training per employee, with each employee benefitting from an average of 67 training hours.

Investing in our communities

Making a positive impact through Early Childhood Development (ECD)

ECD can have a significant, positive impact on educational and life outcomes. Against this backdrop, we have partnered with two organisations to help ECD practitioners to reach NQF4 level of proficiency (equivalent to a matric certificate). In KwaZulu-Natal, in 2014, we partnered with local not-for-profit organisation Training and Resources in Early Education (TREE) to train 25 ECD practitioners from communities adjacent to Sappi Forests' plantations. In 2016, Sappi expanded the programme to upskill 36 more trainees, with this group comprising 18 crèche workers and 18 workers in charge of informal playgroups, also from our neighbouring communities.

In Mpumalanga, we developed an ECD Centre of Excellence at the Sappi Elandshoek community in partnership with Penreach, a non-governmental and social impact organisation working towards educational excellence in disadvantaged rural communities. These practitioners are being taught to implement programmes at each of their sites that will promote the child's holistic development, which includes attention to their physical health by providing improved daily care, early learning and stimulation through structured playgroup programmes, improving parental support and facilitating grant funding from the government. They are also taught how to use the material and resources that they have to hand – such as paper, wood and fabric – and transform these into useful educational toys and teaching aids.

“I am now funded by the Department of Social Development (DSD). The knowledge that I gained through TREE training helped me in knowing the requirements and standards for a crèche to be registered by the DSD.”

Thandeka Madiba
from Fundokuhle Crèche

“Training assisted us a lot because I am recognised as a qualified ECD practitioner. Parents are trusting our crèche because they know that we are qualified.”

Ncwane Ziningi
from Abaholi Bakusasa



Unlocking value through Skills Centres

Based on the motto 'Sinekeza abantu amathuba okuphumelela' (Giving people opportunities to succeed), the Sappi Skills Centres at Ngodwana and Saiccor Mills are aligned with our Thrive25 commitment to unlock value for our staff and our communities.

Training focus at the Skills Centres

MILL TRAINING

 Technical and management training for employees based at Ngodwana and Saiccor Mills as well as for other mills and forestry operations.

COMMUNITY VOCATIONAL TRAINING

 Unaccredited courses and accredited short courses to improve employability with Sappi and contractors, or prepare attendees to become micro business owners.

NEW VENTURES







 New venture creation learnerships for products and services where Sappi is the primary customer and has the opportunity to save costs and create a new local ESD supplier over time.

South Africa has a critical need for technical and artisan skills. We are continuing to focus on technical development at the Skills Centres through a combination of technical online training and specialised classrooms – our partnership with the Southern African Institute of Welding for accredited welding training at Saiccor Mill is an example. Another milestone was the attainment of full apprentice and trade test accreditation at the Ngodwana Skills Centre. In FY2021, the first phase training for apprentices from Stanger and Saiccor Mills was completed at the Ngodwana Skills Centre, with further benefit gained from local Sappi-owned accommodation adjacent to the centre. The cost savings from the accommodation are being used to provide further training. By contributing to technical competency levels in South Africa, we are ensuring a pipeline of skills which meets our needs while creating positive social impact and contributing to the well-being of our communities.

“The course sparked my love for automation and being able to simulate real life scenarios. Above all, the course was informative and I am ready to start practising programming in my spare time and utilise what I have learnt in the plant setup.”

Nonwabisi Ngcobo
(Electrical Engineer in Training)

Number of people trained in FY2021

	2021	2022 target
 Basic handyman programme	69 learners completed	120 learners
 New venture creation	<ul style="list-style-type: none"> Personal protective equipment (PPE) factory: nine learners Civil maintenance: Eight learners 	<ul style="list-style-type: none"> PPE factory: Nine learners Civil maintenance: Six learners
 Accredited programmes	47 learners completed	90 learners
 Pre-apprentice programme	10 learners completed	10 learners
 Sappi apprentice programme	60 apprentices	68 apprentices
 Engineering technical training	223 Sappi engineering employees trained	





Simply the best!

Best Wood Furniture (Pty) Ltd is one of the new ventures to flow from Ngodwana Mill. The start-up recently delivered an order of 3,500 honey dippers to a Cape Town company and

with the help of our ESD department, is looking at expanding into furniture.



What can I do to make a difference?

Most of us have books lying around that we aren't reading anymore. Why not donate them to your local school or library for others to enjoy?



Amadansana Workwear is working!

When Covid-19 hit, so did the need for cloth masks. In an effort to ease the shortage of masks, we procured thousands of surgical masks for community clinics and health care centres in KwaZulu-Natal and Mpumalanga. However, there was also a need for thousands more reusable cloth masks for our own employees who were continuing to deliver essential services during the national lockdown. To meet this need, we installed sewing machines at the Saiccor and Ngodwana Skills Centres. This meant that apprentices who were not able to continue with their normal training schedule due to the restrictions, sprang into action making cloth masks.

As demand grew, we needed more hands to keep up the supply and offered a group of unemployed local youth the opportunity to be upskilled in mask making. Our team took up the challenge. We then offered the team the opportunity to develop their skills even further by researching and suggesting alternative product lines. Enter 'Amadansana' (isiZulu slang for 'overalls').

Amadansana Workwear is now supplying two-piece Conti suits to the Skills Centres and Saiccor Mill and have adapted workwear to meet the needs of Sappi Forests including longer pants with elastics to prevent dust going into shoes, velcro pockets for more secure closing so that pens and phones can't fall out when bending.

Our performance against our SDG1: *No Poverty* and SDG4: *Quality Education* targets

Thrive25 target	2019 base	2021 target	2021 performance	Self-assessment of performance
Advance broad-based black economic empowerment (BBBEE) to Level 1	Level 2	Level 1	Level 1	



N Mapping our course

To navigate rivers and seas, sailors use the stars and a compass. However, the truly skilled sailor can also navigate by the motion of water, reading it in the same way as a map of the land. Every ripple, wave and swell contains detailed information about what the wind has been doing, what it is currently doing, and which direction to take.



At Sappi Southern Africa, in aligning with SDG6: *Clean Water and Sanitation* we are extremely mindful of the health of the water resources on which we depend.

Clean Water and Sanitation



Why does this SDG matter?

We all know the saying ‘water is life’. Clean water and sanitation are essential for our health and economic progress. Climate change, urbanisation and population growth are impacting the availability of water and hindering progress.

How is Sappi making a difference?

Pulp and paper operations are highly dependent on the use and responsible management of water. Water is used in all major process stages, including raw materials preparation (wood chip washing), pulp cooking, washing and screening, and paper machines (pulp slurry dilution and fabric showers). Water is also used for process cooling, materials transport, equipment cleaning, general facilities operations, and to generate steam for use in processes and on-site power generation and various other purposes.

We focus on responsible management of water use both inside our operations – the water we use is generally circulated in the system – and in the communities close to our areas of operations. A key example of this is our collaboration with the World Wide Fund for Nature South Africa (WWF-SA).

“The partnership with Sappi is crucial, as WWF cannot work on its own to secure these important Strategic Water Source Areas. It is only through collaborative partnerships with corporates such as Sappi, who are also large landowners, that we can begin to support a social change process for improved governance and management of our water resources at a landscape and catchment level such as in the uMkhomazi. This will ensure that in the future we will have some water, for everybody, forever.”

David Lindley
WWF-SA Partnership Manager

Collaborating with WWF-SA in the uMkhomazi catchment

We have finalised a Water Stewardship agreement with the WWF-SA, aimed at improving water security in the uMkhomazi catchment area. This catchment area forms part of the Southern Drakensberg Strategic Water Source Area in KwaZulu-Natal. Given that our Saiccor Mill and 42,000 ha of our forestry land are situated in this area, it makes sense for us to focus our collaborative efforts here.

The catchment also serves commercial farmers, subsistence farmers and domestic users in dispersed settlements across the area. To meet the future needs of all users, sufficient water at an acceptable level of assurance and quality must be secured. We believe that this can only be achieved through multi-stakeholder collaboration across the landscape. To help coordinate and facilitate the approach, we have launched a two-year project with WWF-SA to engage local communities, civil organisations, leadership and regulatory authorities in dialogue and cooperation focused on water stewardship. This collaborative approach is an extension of an innovative structure, known as the Integrated Community Forum (ICF), which we pioneered and through which we engage with communities close to our areas of operation.

The multi-stakeholder engagement will provide a platform for open dialogue regarding water resources in the catchment and will concentrate on four main focus areas to improve water security in the uMkhomazi, namely:

- Improved water governance through multi-stakeholder engagement
- Water-use efficiency
- Green jobs in the form of removal of alien invasive plants and wetland rehabilitation – fully aligned with our commitment to ESD, and
- Capacity development of local communities in natural resource management.



Partnering to provide sanitation

Many rural schools in South Africa still have to use pit latrine toilets. Although we do not generally become involved in the provision of infrastructure, given the plight of certain schools as regards lack of water and sanitation and because of our focus on SDG6: *Clean Water and Sanitation*, we do sometimes step in to help. One such occasion was when

the Sappi Forests Midlands team partnered with a forestry contractor, Farmusa, in Winterton, KwaZulu-Natal, to replace the Ezinyonyana Primary School's dilapidated pit latrine toilets with decent flushing toilets. This will give learners dignity and good hygiene ablution facilities for many years to come.



What can I do to make a difference?

When you boil food like pasta, rice or vegetables, let the water cool and use it in your garden.



Our performance against our SDG6: *Clean Water and Sanitation* target

Thrive25 target	2019 base	2021 target	2021 performance	Self-assessment of performance
Reduce specific water use in water-stressed locations by 23%	44.5 m ³ /adt ¹	42.2 m ³ /adt	46.2 m ³ /adt	

1. ADT = dry solids content of 90% and moisture content of 10%.



Navigating challenges

Growing sunflowers begin the day with their heads facing the sunrise - east and swing west through the day. They face the rising sun because increased morning warmth attracts more bees and also helps the plants reproduce more efficiently.

In navigating the challenges of a carbon-constrained world, we are increasing our use of solar power and renewable energy in alignment with SDG7: *Affordable and Clean Energy.*



Affordable and Clean Energy



Why does this SDG matter?

The use of fossil-based fuels like oil, coal and gas across the world is one of the major contributors to climate change.

How is Sappi making a difference?

Currently, 43.8% of the energy we use in South Africa is renewable, mostly from own black liquor (89.9%). We are working to reduce our carbon footprint by making process changes, installing Best Available Technology (BAT), reducing purchased energy (electricity and fossil fuel) by increasing our use of renewable energy – an approach that ultimately results in a reduction in carbon dioxide (CO₂) emissions. We're doing this in the following ways:

Implementing innovative renewable energy projects

Ngodwana Energy, the 25 MW biomass project under the South African Government's Renewable Independent Power Producer Programme (REIPPP) will be commissioned in March 2022. This is the first biomass project under REIPPP. The project uses biomass from our surrounding plantations to generate energy. This will be sold to the national grid, thereby expanding the percentage of renewable energy available on the grid.

Lowering our carbon footprint with new projects

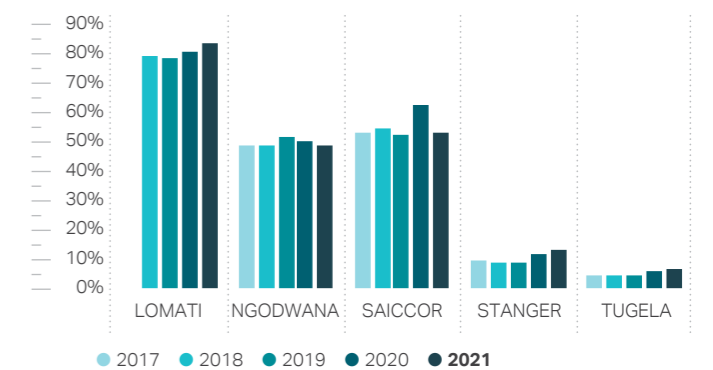
A ZAR7.7 billion environmental improvement and capacity expansion project at the Saiccor Mill in KwaZulu-Natal represents a significant step forward on Sappi Southern Africa's renewable energy and emission reduction journey. Process improvements at the mill will result in CO₂ emissions being halved, water consumption reducing by 5%, water-use efficiency increasing by 17%, energy efficiency improving by 10% and the mill's use of renewable energy increasing by 20%.

Our renewable and clean energy profile in 2021




- Own black liquor (89.90%)
- Own biomass (mostly bark) (5.27%)
- Purchased biomass (0.02%)
- Renewable energy in purchased power (4.81%)

Renewable energy by mill (%)




Why it's necessary



Heating at the nursery is required for root initiation, faster rooting and improved hedge growth during winter months. During the scoping process of the rebuild of Ngodwana Nursery, we investigated **alternative green solutions** to using fossil fuel energy to generate heat.


How it works



The heat is collected during the daylight hours by **216 solar evacuated tube systems** and stored in an insulated 300 m³ water storage tank for reticulation to the nursery's hot ring main pipe.




The solar thermal collectors comprise solar evacuated tubes that collect solar radiation from the sun, combined with a manifold on a steel frame. Water temperatures of 70°C are achieved and stored for circulation through the three rooting and two mother plant (hedge) structures.

The solution



We eventually settled on solar thermal heating which is 100% green and is designed as a standalone 'plug-in' to the nursery heating reticulation network. The system delivers an average of **4,000 kWh per day during winter months** – a total of 488,000 kWh over winter months with a solar radiation average of 4.8 kWh/m² per day.

The benefits

-  **Low operating costs**
-  **Carbon neutral (100% green energy)**
-  **Year-round heating, as and when required**



The blueprint for this system can also be rolled out to Sappi's other commercial nurseries and is already in place in our Forestry Research Centre.



What can I do to make a difference?

Replace old appliances and light bulbs with energy-efficient models and LED light bulbs – it might cost a bit in the short term, but in the long term it'll save you money and you'll be treading more lightly on the planet.

Our performance against our SDG7: *Affordable and Clean Energy* targets

Thrive25 target	2019 base	2021 target	2021 performance	Self-assessment of performance
Increase share of renewable and clean energy by 7% points	44.1%	46.1%	43.8%	
Decrease specific total energy by 9%	30.9 GJ/adt	33.1 GJ/adt	32.2 GJ/adt	

Staying on course

Ants leave the colony to find food. When travelling backwards, they use the sun's position in the sky to navigate. To ensure they stay on course, backward-walking ants also routinely drop what they are carrying and turn around. They do this to compare what they see with their visual memories of the route, and correct their direction of travel if they have wandered off course.

In striving to meet the aspirations of SDG8: *Decent Work and Economic Growth*, we check in with our employees to ensure we are staying on course.



Decent Work and Economic Growth



Why does this SDG matter?

Jobs are the cornerstone of economic and social development, giving people better standards of living and increased spending power, driving demand for products and services. But jobs need to be underpinned by 'decent work'. This means safe workplaces where people are paid fairly and receive appropriate training and development opportunities and also where diversity and inclusion are part of the culture.

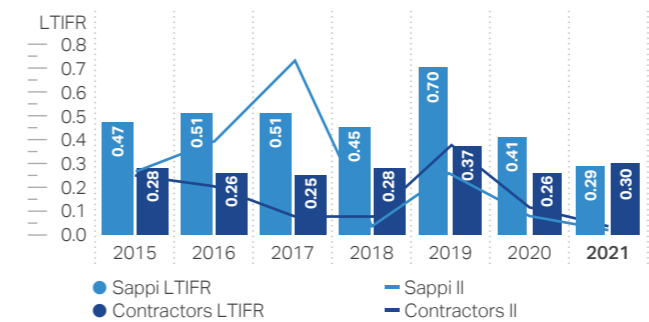
How is Sappi making a difference?

We prioritise safety and health, promote gender equality and ensure that our suppliers comply with sound social and environmental practices. We also measure our employees' levels of engagement with Sappi to ensure that together, we are building a sustainable business. Promoting economic growth through technical skills training programmes and helping to develop entrepreneurs are among our core priorities.

Making progress in terms of safety performance

SSA had a very good year with no fatalities in the region. Employees achieved an LTIFR of 0.29 which is the best ever and is a 29% improvement on the previous 'best ever' of 0.41, achieved in 2020. There were 69 lost-time injuries for the year for employees and contractors combined. The Saiccor Mill expansion project achieved five million LTI-free hours and two units achieved more than four million. The focus going forward remains on progress towards an interdependent safety culture where we can truly say that 'I value life'.

SSA – lost-time injury frequency rate



Ensuring safety during Covid-19

The health and safety of our people is always a priority for us – especially during the Covid-19 pandemic. We partnered with government to ensure that those infected were quickly and adequately cared for to reduce the risk of infection to anybody else. We also upskilled peer educators, who educated our own people and those living close to our areas of operation about how to deal with the virus. Where necessary, employees were assisted with accommodation away from their communities or family to ensure that isolation could be maintained with no additional risk to the family cluster.

Significantly, we embraced the national vision to vaccinate all eligible adults. Through our collaboration with the Department of Health, the Sappi Occupational Health team assisted government mobile units to be dispatched to provide vaccinations to all willing and available Sappi and contract employees including their contacts and family members; even in the most isolated rural areas. As at year-end, 91% of our people in South Africa had been vaccinated, thereby reducing our risk to individuals, the business as a whole and the greater South African economy.



By vaccinating you play a part in making sure that everyone stays healthy, jobs are secured and Sappi is a safer place for everyone. Some might win lucky draw prizes, but everyone wins if we are all vaccinated.

Three prize incentives - How it works:

- 01** If you are already vaccinated, or scheduled to vaccinate before 10 September: Your name is automatically entered into a lucky draw. You can win: R1,000 or a gift voucher for the same value.
- 02** If you vaccinate between 10 September and 10 November: Your name will go into a weekly lucky draw for the week you vaccinated. You can win: R350 or a gift voucher for the same value. Awarded every Friday.
- 03** If, at any stage, 366 employees are fully vaccinated (to help achieve herd immunity in the mill): A final big lucky draw will be held. Everyone fully vaccinated will be part of the draw. You can win one of five prizes: R1,000 or a gift voucher for the same value. Awarded on 11 Nov 2021.

Book and visit the Lomati Clinic to get vaccinated. Every vaccination makes our mill a safer place to work.



Everyone who has been fully vaccinated will automatically qualify for Saiccor Mill's R500 cash Weekly Vaccination Lucky Draw. A winner will be drawn every Wednesday. The winner will be announced in the PulpFile Newsletter.

To qualify for the lucky draw, please provide a copy of your vaccination card to the clinic.



Two nights in a self-catering chalet for four people sharing at Badplaas, a Forever Resort including R2,000 cash pocket money

Get vaccinated at the Sappi Ngodwana medical station with your first shot from 26 August 2021 to 09 September 2021 to enter the competition AND get vaccinated at the Sappi Ngodwana medical station with your second shot until 22 October 2021 to enter the lucky draw.

TERMS AND CONDITIONS: Only Sappi employees based at Ngodwana Mill may enter the competition. Employees who have already been vaccinated before 26 August 2021 cannot enter the competition. The prize is not transferable for cash. The prize is not transferable to another person. Prize: Two nights accommodation in a self-catering chalet for four people sharing at Badplaas, a Forever Resort. We reserve the right to change the prize and conditions at any time. Standard terms and conditions apply. The prize will not be valid during any long weekend or school holidays. Reservation to be done by Sappi Ngodwana Mill.



Ensuring healthcare in remote communities

Remote rural areas are often limited in terms of healthcare resources. Accordingly, Sappi Forests has strategically placed occupational and primary health care clinics for the use of employees and contractor employees at sites with the highest volume of employees. These clinics are manned by trained specialist staff who assist with primary acute health care issues and manage chronic illnesses.

Services are driven in collaboration with private and state institutions and include HIV and TB testing, dental, vision and mental assessments, Pap (Papanicolaou) smears, vaccinations and circumcision campaigns. These are run from the worksite, that increases the uptake of the testing. This approach also improves long-term management of conditions which require ongoing monitoring and care. The collaborative service with government institutions has reduced the cost to Sappi for the provision of HIV medication and other medical interventions. Sappi covers the cost where the state is unable to do so where possible inside pre-defined limitations. This is a valuable service ensuring the reduction of pressure on overstretched local services, saving them servicing time, administration and costs.



Engaging with our employees

Engaged people underpin our Thrive25 vision. Our employee engagement surveys, held every second year, enable everyone to air their views and our business to respond to issues and concerns.

In our 2021 survey, we achieved an excellent participation rate of 95.53%, highlighting the fact that people are keen to contribute to ongoing dialogue.

The highest performing areas were customer focus, working environment and company potential, while the lower performing areas were learning and development, senior manager relationships and benefits, as well as rewards and recognition.

We've established action plans to address these issues and developed a central action tracker which enables Human Resources to update the status of action items on a monthly basis. Comprehensive business unit-level reporting will take place quarterly and a summary of the themes and progress will be provided to the senior leadership team twice a year.

Promoting economic growth

Developing our suppliers

Community support and supplier development have been bolstered by the creation of a dedicated multi-disciplinary team comprised of the Enterprise and Supplier Development (ESD) team, the Human Resources team and the Corporate Citizenship team. This structure has been rolled out at each mill site and is known as the Community Management Committee (CMC). The purpose of the CMC is to identify shared value opportunities that help identify and support local entrepreneurs as well as to promote the sourcing of goods and services from local suppliers where possible. The CMC also reports on the employment of locals and ensures investment in communities addresses specific needs. The CMC at all times aims to collaborate with government, NGOs and the private sector for scale.

Some of the current challenges to the programme are small and medium enterprises' (SMEs') lack of capacity in the technical and engineering field. This restricts the awarding of business in medium and high-risk procurement opportunities. We are resolving this by refining our approach to address technical skills, legislative and operating requirements and safety systems implementation. All of these are key for SMEs to thrive in a competitive business environment. Many of our main contractors have committed to train and develop SMEs on portions of their unbundled scopes of work. Furthermore, institutes such as the South Africa Institute of Welding (SAIW) and South African Bureau of Standards (SABS) are also on board to provide much needed technical capacity building to SMEs.

We are also working with other companies operating in the same localities, to explore areas of collaboration with the focus being programme co-funding and market extension for mature SMEs on the Sappi database.

Due to our collaboration efforts, a variety of training interventions to the value of ZAR833,000 were facilitated by external partners. First National Bank provided financial management training; the Department of Labour provided basic conditions of employment and health and safety training; Toshiya Advisory provided some technical training and the Steel and Engineering Industries Federation of South Africa (SEIFSA) conducted training on contract price adjustments.

Collaborating for a better bottom line

A more profitable company = a more sustainable one – and that's good for all of us. Which is where Project Mafube (Sesotho for 'dawning of a new day') comes in. We asked all our people to come up with ideas for savings and the results were impressive:

- ZAR254 million in profitability initiatives
- ZAR373 million in working capital savings, and
- ZAR519 million in capex savings.

Global Business Services:
Streamlining our business processes

PROJECT PELATI
Optimisation and harmonisation of global business processes across sales, supply chain and finance.

PROJECT SIMUNYE
Development of **global roadmap** for one logistics system for all Sappi regions.

PROJECT SYNERGY
Implementation of **manufacturing efficiencies** at scale for all mills across the group.



Increasing production at Tugela Mill

Tugela Mill's Project Ihawu (isiZulu for 'shield') is focused on upgrading the neutral sulphite semi-chemical (NSSC) section at the mill, in order to increase the production of Ultraflute Plus on PM2 and reduce costs. The project, which is slated for completion in March 2022, will enhance our

ability to service our agricultural and industrial customers who need packaging suited for high-end, heavy duty market applications with the capacity to endure rigorous conditions within the supply chain.

Our performance against our SDG8: *Decent Work and Economic Growth* targets

Thrive25 target	2019 base	2021 target	2021 performance	Self-assessment of performance
Achieve zero workplace injuries (lost-time injury frequency rate)	0.70	0.37	0.29	
Drive down lost-time injury severity rate (LTISR) combined own and contractor employee to below 25%	124.1	<25	16.5	
Increase proportion of women in management roles by 3.1% points	18.9%	19.5%	22.3%	
80% share of procurement spend with declared compliance with Supplier Code of Conduct	0%	20%	41%	
Participation in employee engagement survey to be above 85%	93%	>85%	95.5%	
Percentage of staff engaged with our business >75%	NA		79%	
Return on net operating assets (RONOA) to be 2% points above WACC ¹	14.6%	3.3%	6.9%	



What can I do to make a difference?

Stop. Think. Before you Act – be safe and don't hesitate to point out unsafe behaviours to your colleagues, family and friends.



A circular journey

Vultures rely on their sharp eyesight and sense of smell to navigate their way to carrion. They play a vital ecological function, clearing away the dead and the rotting, minimising disease and recycling nutrients through the system.

In aligning with *SDG12: Responsible Consumption and Production*, at Sappi Southern Africa we have embarked on a circular journey whereby our key focus is on recycling and minimising waste.



Responsible Consumption and Production



Why does this SDG matter?

The planet's natural resources are under pressure because of the way we use and produce.

How is Sappi making a difference?

Recognising that to reduce the pressure on our natural resources, we need to move to a more circular way of thinking, we are reusing and reducing what we can. We're minimising waste through production efficiencies and adding value to byproducts. This not only helps to reduce environmental impact, but can also generate additional revenue. We're achieving this by beneficiating solid waste; of the solid waste we generated in FY2021, 70% was beneficiated. We're also using the full potential of every tree harvested, as indicated in the diagram on this page.



Using the full potential of every tree harvested

45% CELLULOSE

Dissolving and kraft pulps:

Our dissolving pulp brand, Verve, creates renewable alternatives for raw material feedstock to textiles, pharmaceuticals, foodstuffs and more.

Packaging and speciality papers:

Sustainable solutions and responsible alternative to fossil fuel-based, non-renewable packaging.

Graphic papers:

Creating impactful brands.

Valida nanocellulose:

Commercialised in wound care applications.

Sappi Symbio:

Commercialised for use in car interiors.

Tissue:

Used for hygiene purposes.

23% LIGNIN

Used in **resin applications** for the production of particleboard.

Substitute for oil-based alternatives in foams.

Sappi Pelletin animal feed.

30% HEMICELLULOSE

Furfural:

Used in resins, solvents and as a sustainable platform chemical for the production of a variety of derivatives to replace oil-based chemicals.

Xylitol:

We continue to assess market opportunities.

1% RESINS

1% INORGANICS



Minimising waste at Lomati Sawmill

While producing structural timber for the building, furniture and packaging industries, Lomati Sawmill is demonstrating circular thinking by minimising waste in the following ways:



Sawdust, a renewable fuel, is used for the boilers (no fossil fuel is used).



Shavings are sold to a third party for poultry bedding.



Approximately 20,000 tons of chips generated from the logs are sold to Ngodwana Mill for use in their boilers.



Offcuts are supplied to the nearby Barberton community as a fuel source.



Enhancing efficiency at Ngodwana Mill

At this mill, the recovery furnaces are prone to restrictions as a result of scale build-up which reduces furnace efficiency and requires the recovery furnace to be taken offline for water washing every quarter. Soot-blower availability and effectiveness are necessary to keep the gas lines of the furnace clean. Some of the South African finalists in the Technical Innovations Awards (TIA) overcame these problems by designing a bespoke soot-blowing system with smart control that improved soot-blowing in critical areas within the furnace.

The design of a new steam and condensate system allowed for more steam supply to the soot-blowers. The new design also allows multiple soot-blower operations in critical areas by increasing soot-blower operating cycles simultaneously. This strategy reduces the dead time between soot-blowing by keeping the flue lines clean and keeping optimal heat

transfer from the fire side to the furnace's water side. Additional benefits include improved steam generation efficiency and reduced flue gas exit temperature, which improves precipitator performance.

An added advantage of the newly installed system is to reduce the risk of smelt/water explosions by effectively preventing condensate from entering the furnace, while improving soot-blowing efficiency. The installation was achieved, in most part, by not interfering with the recovery boiler operation.

The furnace output has increased by 1% due to improved boiler cleaning, which translates into an additional 9.2 tons per day production of dissolving pulp, contributing ZAR14.8 million per annum. The benefit of extending the time between furnace cleaning shuts adds savings of ZAR16.5 million per annum.



Reducing liquid oxygen usage at Stanger Mill

In South Africa, demand for oxygen during the Covid-19 pandemic led to a national liquid oxygen (LOx) shortage. Before the pandemic, Stanger Mill used LOx to help aerate the effluent lagoon. However, in response to the shortage, the mill

successfully trialled additional tritons in the lagoon which are used to aide in the aeration of waste water. The mill has now successfully purchased and installed the additional equipment. The result – reduced LOx usage and odour from the lagoon.



What can I do to make a difference?

Compost your food waste – it'll save you buying compost and it's kind to the earth.



A red letter day for Typek!

Typek is all about living a life of note. And it was a noteworthy day in FY2021 when we were able to announce that our Typek ream wrapper is now manufactured from Sappi's breakthrough packaging solution called Sappi Seal.

Breakthrough because Seal's integrated barrier coating is not only heat sealable, but also offers a significant moisture barrier against water vapour. Breakthrough because our well-known red wrapper is now 100% recyclable. Breakthrough because it aligns with our commitments to SDG12: *Responsible Consumption and Production* and SDG15: *Life on Land*.

Our new wrapper highlights our focus on being Earth Kind; by offering products that are recyclable, we're helping to minimise waste to landfill, thereby helping to protect life on land.

The wrapper has been updated to visually demonstrate our commitment to sustainability.

#livealifeofnote

Our performance against our SDG12: *Responsible Production and Consumption* targets

Thrive25 target	2019 base	2021 target	2021 performance	Self-assessment of performance
Launch five products with defined sustainability benefits	0	1	0	
Reduce specific landfilled solid waste by 24%	153 kg/adt	136.2 kg/adt	112.1 kg/adt	
Promote sustainable growth in our plantations >4 (annual growth in million tons)	3.96	>4.00	4.06	

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CLIMATE
ACTION



Orienting our environmental strategies

Generally speaking, in the northern hemisphere moss grows on the north side of trees where it is damper and in the southern hemisphere on the south side. This is helpful when orientating oneself in the wild.

Trees can be impacted by climate change. At Sappi Southern Africa, we are taking *SDG13: Climate Action* by using the health of the trees from which we source woodfibre to orient our tree improvement and land management strategies.





Why does this SDG matter?

Look back on all the climate-related disasters over the last few years and you'll understand that climate change is threatening the way we live and the future of our planet.

How is Sappi making a difference?

This goal is closely linked to SDG7: *Affordable and Clean Energy*, so you'll find many of our SDG13: *Climate Action* initiatives detailed under SDG7. *Climate Action* is particularly important to us, as it affects the health of our plantations. Here are some of the actions we're taking:

Monitoring health of growing stocks

A preliminary climate change investigation conducted by Sappi Forests' scientists indicated that climate change is likely to be more significant in Southern Africa compared to the world average. Accordingly, we continually measure the health of our growing trees, assessing growth rate, age and utilisation efficiency. Annual measurement programmes using a pre-harvest measurement of 20,000 hectares per annum (8%), as well as an airborne laser scan of all the plantations, are conducted every second year. We also analyse growth trends and drivers from permanent sample plot (PSP) programmes and actual versus planned yields per compartment. This enables us to detect emerging problems and adjust the amount of trees harvested, if necessary.

Managing fire risks

Climate change has increased the potential for fire on our plantations. To manage this risk, Sappi Forests has a comprehensive risk management system that comprises risk assessments, monthly compliance checks, management procedures, standards and general back-up information. Before each fire season, fire competitions and simulated fire training are conducted at each plantation. Fuel load maps are prepared for all districts to assist in the management of fuel loads and identification of major risks. When re-planting, this often involves the prescribed burning of harvest residue, but Sappi Forests is increasingly making use of mulchers as a more expensive but lower risk alternative. As regular weeding helps reduce fuel loads, all plantations conduct integrated weed management planning.

The assessment of fuel load status, the age and genus of the crop provides the forester and Incident Commander with a tool to calculate the damage potential at a

compartment level. This facilitates an average risk rating per block or cluster of blocks which allows for strategic planning. This enables the forester to focus their resources at the right places. Part of this exercise is to produce risk rating maps at compartment level to enable foresters to plan fire protection systems and execute fire response activities. Each plantation/district has a weather monitoring station that is strategically placed to keep track of the fire danger index (FDI). The FDI data is reported automatically using a mobile phone or the camera detection data network to a central database (Vital Fire Weather) where the data of different landowners is consolidated. Vital Fire Weather then sends alerts via SMS and email. When the FDI reaches a certain level, all aerial and ground firefighting resources are placed in strategic positions, all airstrips are manned and detection centres are instructed to activate aircraft immediately should a fire be detected within or near our plantations.



What can I do to make a difference?

Plant a tree – like the indigenous Spekboom (*Portulacaria afra*).

Arbor Week 2021

sappi

Plant a tree of hope to help fight climate change



Trees support life and without them every living organism would struggle to survive. At Sappi we support life by not only planting trees but also by being responsible about maintaining biodiversity and ensuring sustainability. You can do your bit for the environment and help slow down the effects of climate change by planting a tree that is good for the earth, air, water and beings, like the climate warrior Spekboom.

The water wise Spekboom (*Portulacaria afra*) has a highly effective ability to absorb carbon dioxide from the air, making it a powerful tool in the fight against climate change, bringing hope in the midst of our climate crisis by helping fight climate change.

- Plant the Spekboom early morning, late afternoon or on a cloudy day.
- Water the plant properly the day before you plant it.
- Choose a sunny spot in your garden that has well-draining soils (sandy soil).
- Dig a hole just a bit bigger than its existing bag, and insert the Spekboom without the bag.
- Fill the hole up with soil and compact the soil around the plant.
- Water the plant well and proceed to only watering it every few days.

Take a photo of you and your climate warrior and tag us on Facebook, Twitter or Instagram **#SappiTreesOfHope**

Encouraging people to plant trees

At the start of September during Arbor Week celebrations, we promoted the planting of trees as a source of hope, in line with our focus on sustainability and our commitment to SDG13: *Climate Action* and SDG15: *Life on Land*. We also donated and supervised the planting of 2,000 Spekboom (*Portulacaria afra*).

Our performance against our SDG13: *Climate Action* targets

Thrive25 target	2019 base	2021 target	2021 performance	Self-assessment of performance
Decrease specific GHG (Scope 1 + 2) emissions by 5%	1,708.5 kg CO ₂ e/adt	1,769.9 kg CO ₂ e/adt	1,799.6 kg CO₂e/adt¹	
Decrease specific purchased fossil energy by 21%	17.3 GJ/adt	17.9 GJ/adt	18.0 GJ/adt	

1. CO₂e means CO₂ equivalent.

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LIFE
ON LAND



Steering our way

Dung beetles play an important role in the ecosystem by breaking down and recycling dung into the soil. Moving in a straight line to get their balls of dung away from competitors is crucial for them. Remarkably, they keep straight even though they can't see where they are going while rolling their balls of dung. Although the insects' eyes are too small and weak to navigate from single stars, a study revealed that nocturnal African dung beetles, *Scarabaeus satyrus*, can see the brighter, wide band of light of the Milky Way – and this is how they navigate their way forward.

At Sappi Southern Africa, we 'navigate' our approach to SDG15: *Life on Land*, by using internationally-recognised forest certification systems and robust environmental management practices.





Why does this SDG matter?

Sappi's entire business is dependent on life on land – ecosystems. As a society, we also depend on the benefits ecosystems including food, water, woodfibre, air purification, soil formation and pollination provide. But human activities are destroying biodiversity and altering the capacity of healthy ecosystems to deliver this wide range of goods and services.

How is Sappi making a difference?

Given that we own and lease 394,000 hectares of land, our Thrive25 strategy commits us to promoting the responsible management of natural resources and leading by example. We're living up to this commitment in a number of different ways:



Maintaining high levels of forest certification

Globally recognised, internationally accredited forest certification systems like the Forest Stewardship Council™ (FSC™ N003159); and Programme for the Endorsement of Forest Certification™ (PEFC/01-44-43) are important. That's because they set out guidelines for responsible forest management. What's more, they also give our local and global customers the peace of mind of knowing that the woodfibre used for the products they buy is associated with sound social and environmental practices.

As certification is so important, we have a global target in place to steadily increase the amount of certified fibre supplied to our operations (see page 69).

Over the last few years, we worked with the PEFC and other organisations to develop the South African Forestry Assurance Scheme (SAFAS). The aim of this was to make forest certification more relevant to local conditions and more accessible to the country's small landowners.

In FY2021, we achieved a South African first with PEFC-endorsed SAFAS certification for our plantations. This is in addition to the 100% FSC certification we already hold, meaning our plantations are now dual certified.

Looking forward, after year-end we will be working with our small contracted growers and certain land reform beneficiaries to help them achieve SAFAS certification.

Managing nature reserves on our land

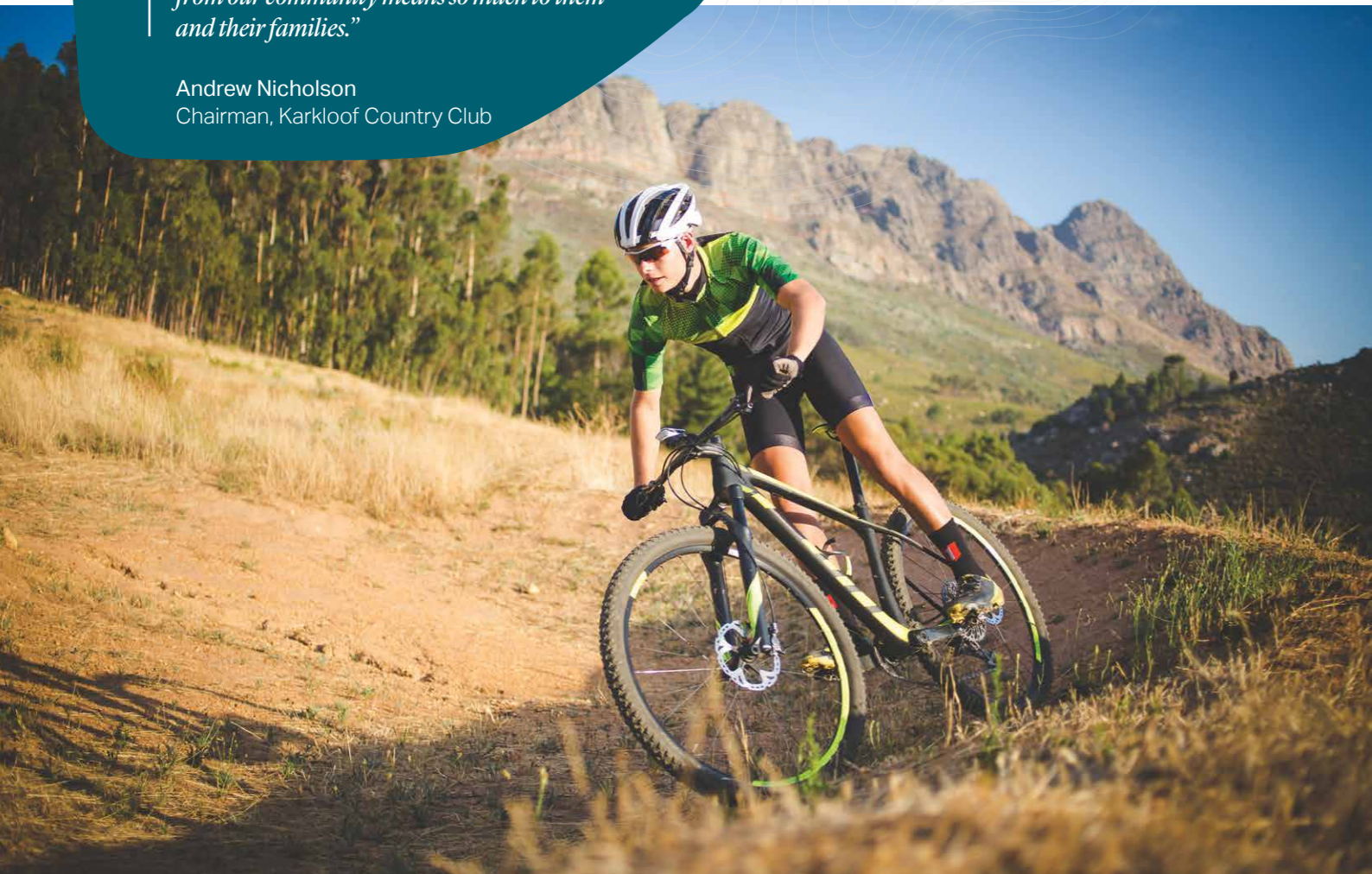
We have seven declared nature reserves on our landholdings in Mpumalanga and KwaZulu-Natal provinces in South Africa. These proclaimed nature reserves are part of South Africa's Biodiversity Stewardship Programme managed by the South African National Biodiversity Institute (SANBI) and are based on partnerships between landowners, provincial conservation authorities and NGOs, in order to secure biodiversity. The sites are declared where important biodiversity or ecosystem services have been identified.

Identifying, monitoring and managing important conservation areas

In FY2021, we completed the assessment of important conservation areas (ICAs) for all our plantations in Mpumalanga. ICAs are areas that are important at the local level and are classified using a systematic conservation planning approach. Criteria used include the presence of both plant and animal red data species, the threat status of the ecosystem, as well as the size, connectedness, condition and aesthetic and recreational value of the area. The ICA assessment is currently in progress for our plantations in KwaZulu-Natal. Approximately 160 sites on Sappi-owned land are currently classified as ICAs, adding up to about 39,500 hectares of a diverse range of habitats including grasslands, wetlands and riverine areas and natural forest patches.

“The Karkloof Country Club’s long-term partnership with Sappi has allowed the Club to develop the country’s best trail network. The Club’s trails programme now costs just over ZAR1 million per year, spent on the employment of people year-round, for the construction and maintenance of the network. The employment of these people from our community means so much to them and their families.”

Andrew Nicholson
Chairman, Karkloof Country Club



Encouraging people to use our land

Approximately one third of our landholdings (136,000 ha) is unplanted. In line with our focus on enhancing trust through positive stakeholder relationships, we encourage use of our land through the Sappi Trails programme. This enables people to appreciate the beauty of our land and understand our responsible approach to sustainable land management.

We’re also collaborating with trail custodians like the Karkloof Country Club (KCC) to create a positive social impact. In the case of the KCC, this has resulted in the support of schools such as Hawkstone Primary which now has a dedicated ECD teacher whose salary is funded by the KCC. It has also led to the development of the Karkloof Adventure Tourism Incubator (Karkloof ATI) from which Nguni Trails (Pty) Ltd was established.

The Nguni Trails team of three people is now contracted by the KCC to provide trail building and maintenance services.

The Nelson Mandela Capture Site Trails and Cathkin Trails, other partners in KwaZulu-Natal, are establishing networks that offer a blend of beginner to advanced trails through picturesque landscapes in the Lions River District of the Midlands and the Northern Drakensberg.

Mankele (near Sudwala Caves) and Tranquilitas (near Waterval Boven) are our current partners in Mpumalanga. They offer an exciting range of riding and running trails as well as accommodation and recreational facilities.

Research by Tourism KwaZulu-Natal has shown that the annual Sappi-sponsored Karkloof event creates a total economic impact of ZAR688 million, and that recreational riding has grown to provide an overall annual economic impact of ZAR231 million in the region.

Ramping up the planting of endangered pepper-bark trees

Warburgia salutaris, commonly known as the pepper-bark tree or ‘isibhaha’ in isiZulu, has long been one of the most highly-prized tree species in the Southern African traditional healthcare sector. However, with commercial gatherers increasingly crossing into protected areas such as the Kruger National Park (KNP), the trees have become increasingly scarce, and are now considered critically endangered and are now legally protected.

In 2014, we joined an initiative to propagate the trees and distribute them to communities living around the KNP in an attempt to take the pressure off the few remaining wild trees. Other project participants are SANParks, the Agricultural Research Council (ARC) and the South African National Biodiversity Institute (SANBI). We also began using our tree breeding and production expertise to propagate pepper-bark trees from cuttings for distribution to rural communities.

With Sappi’s involvement the project has expanded from the KNP to KwaZulu-Natal and the Eastern Cape with pepper-bark saplings distributed free of charge to rural communities, including Sappi Khulisa small-scale tree farmers.

A major breakthrough for the project has been the discovery that the medicinal properties so highly prized in the bark, are also abundant in the twigs and leaves. Thus, the twigs and leaves of trees planted out in the field can be harvested within four years – much earlier than would be the case for bark harvesting which can only be done on an adult tree. This ensures that the trees can be harvested sustainably, providing health benefits and economic opportunities for traditional healers and muti traders. Since inception of the project, together with our working group partners, we have propagated and provided over 40,000 seedlings to traditional healers, urban and rural communities and created seed orchards in safe and protected estates.



Zimbabwe Parks rangers tend pepper-bark seed trays at Vumba Botanical Gardens near Mutare. Sappi sponsored a project team to take pepper-bark seed to Zimbabwe to help build up the population of the tree in the country.



Digitising the Bakoni ruins

The Bakoni ruins comprise thousands of stone walls dotting the hills around the town of Machadodorp, or eNtokozweni (Place of Happiness) in Mpumalanga. Described by some as South Africa's lost city, the walls are believed to be arranged in some sort of complex pattern and are linked to the long-lost Bakoni people, believed to have occupied this area from about the 16th century.

We facilitated a process together with representatives from Tshwane University of Technology and University of Cape Town, to digitally survey the Bakoni ruins for the purpose of heritage and cultural preservation. The survey involves drone photography both from the ground and air. The aim is to create a 3D digital model of the stone structures. These specific well-preserved ruins are located on Helvetia plantation, Camelot North in Mpumalanga, although there are many of these ruins on our Mpumalanga plantations stretching from Ngodwana to Carolina.



What can I do to make a difference?

When buying products made from woodfibre, choose those with the FSC or PEFC logo.



Helping to protect Makhonjwa Mountain World Heritage Site

This area is of "... natural significance which is so exceptional as to transcend national boundaries and to be of common importance for present and future generations of all humanity. As such, the permanent protection of this heritage is of the highest importance to the international community as a whole."

[Section 49 of the UNESCO World Heritage Council Guidelines¹](#)

That's the description of South Africa's tenth and newest World Heritage Site. The new site covers an area of 113,137 hectares and is located in the south-eastern corner of Mpumalanga Province. It contains the oldest and best preserved sequence of volcanic and sedimentary rocks on the Earth, comprising a unique record of the

early formation of the planet and a host of endemic and exceptionally rich diversity of plant species, all set in spectacular scenery.

Scientific research from these rocks has provided the earliest records of how the Earth's crust was formed. It is redefining the date for the first occurrence of life on the Earth, by an astonishing one billion years earlier than previously estimated. Here evidence has been found of the first massive meteorite impacts possibly related to the formation of our moon. Tidal traces, billions of years old, are so precisely recorded they allow for calculation of changes in the distance between the Earth and the moon over time.

As owners of part of the land across which this site falls, we have agreed to participate in a forum responsible for managing the site.

Our performance against our SDG15: Life on Land targets

Thrive25 target	2019 base	2021 target	2021 performance	Self-assessment of performance
Share of certified fibre ≥ 82%	81.9%	≥ 82%	85%	👍
Enhance biodiversity in conservation areas by 10%	0	All ICA states assessed	90% KZN and 100% Mpumalanga	👎

1. <https://whc.unesco.org/en/list/1575/>



Charting through collaboration

Whales navigate by using sound to tell each other where they are and where they are headed.

Similarly, at Sappi Southern Africa we are charting our way forward by establishing SDG17: *Partnerships for the Goals* with a wide range of stakeholders who share our vision of a thriving world.



Partnerships for the Goals




Why does this SDG matter?
The old saying ‘many hands make light work’ comes to mind when considering the importance of this goal.

How is Sappi making a difference?
We recognise that by collaborating on a broad range of issues, we can achieve much more than we can working alone. Some of the partnerships we’ve established (such as our partnership with WWF-SA, described on page 31) are covered in this report, however there are many more:



Commercial opportunities

- We are in the early stages of working with the Department of Trade, Industry and Competition (the dtic) to explore localisation opportunities for some of our imported raw materials (caustic soda, sodium sulphite, etc).
- We have contributed ZAR450,000 to the National Business Initiative (NBI) for the establishment of a business hub in Mandeni aimed at developing technical skills among identified SMEs and job-creation opportunities for the local youth. The other funders are the German and Swiss governments. The NBI aims to perform the technical development in collaboration with external partners: Umfolozi TVET College and Toshia Advisory Services.
- We are funding the membership of 10 of our incumbent SMEs for the Durban Chamber of Commerce and Industry which offers training, development support, networking and market expansion opportunities to these SMEs.
- We have a memorandum of understanding (MoU) with the Small Enterprise Development Agency (SEDA) which offers non-monetary developmental support for SMEs. In FY2021, the SEDA assisted with the provision of supplier assessments, marketing training, tendering and costing training.

Community opportunities

- In addition to the CMC (see page 45) and Integrated Local Community Forums, we liaise with communities to address their needs, where possible. We invested ZAR48 million in corporate social responsibility and shared value initiatives in FY2021. In addition to the initiatives described in this report, we provided support to communities after the civil unrest in mid-2021 and employee well-being committees at each mill support local community projects as well as Mandela Day.
- We joined the Shared Value Africa Initiative. The move aligns with our corporate purpose and our new approach to social impact. The membership enables us to collaborate and partner on mutually-beneficial business relationships with likeminded organisations with values and principles that focus on creating economic value and value for society – Profit with Purpose.
- At group level we joined the Circular Bioeconomy Alliance (CBA), a voluntary organisation working to accelerate the transition to a circular bioeconomy through tangible local actions like Sappi Khulisa.

Biodiversity- and forestry-related opportunities

- We worked with the Programme for the Endorsement of Forest Certification (PEFC) and other industry members to develop the Sustainable African Forestry Assurance Scheme (SAFAS). This has the potential to make PEFC forest certification accessible to South Africa's small landowners, thereby delivering social and environmental value, as well as supporting socio-economic and development priorities. In FY2021, we obtained the first Programme for the Endorsement of Forest Certification (PEFC) endorsed Sustainable African Forest Assurance Scheme (SAFAS) certificate in forest management. Shortly after year-end, we began the pilot phase of rolling SAFAS out to other growers. Phase 1 of the pilot project will include the screening of 13 contracted commercial farms, two land reform projects and two small grower community clusters.
- In collaboration with Meat Naturally and other stakeholders (Zikhali community and the traditional authority), we are working on the uMhlathuze Grazing Project which involves the communities bordering our Mooiplaas plantation. It is proposed that an association will be formed by the community to run the project and that eco-rangers from the community will be trained to herd and manage the cattle. With the community's buy-in, the project will assist to mitigate negative impacts associated with overgrazing and indiscriminate fires which are a risk to Sappi plantations. Positive benefits include grassland restoration to be measured by veld condition assessments, improved community relations and enhanced regional economic development.

- Under the auspices of Forestry South Africa (FSA), we are participating in a Farmers Guideline Working Group. Steps have been taken to determine material and methods for developing environmental guidelines such as burning (residue management) and weeding specifically for farmers.
- Again under the auspices of FSA, we are chairing a Soil Conservation Working Group, established due to increasing concerns related to soil loss, sedimentation in streams from forestry operations and operational procedures that exacerbate this problem. This is in collaboration with various industry representatives in the Environmental Management Committee of FSA, soil and forestry specialists, both independent and based at the University of Stellenbosch.
- We have agreed to participate in the International Continental Drilling Programme (ICDP) Moodies Scientific Drilling Project. The ~3,200 million-year-old

rock beds of the Moodies Group represent the world's oldest known, well-preserved sedimentary succession with abundant deposits formed on land in fluvial and aeolian environments. The succession thus provides an ideal natural laboratory for studies to understand environmental and paleo-ecological conditions on land and intertidal areas during the early history of the world ~3,200 million years ago. The project is funded by multiple countries and is internationally recognised as critical for paleo-environmental studies. Four drill sites will be located on our Twello plantation.

- Through FSA, we participated in the Presidentially-led Private Public Growth Initiative (PPGI) in the compilation of the Forestry Sector Master Plan. This has been approved by Parliament and aims to drive sustainable forestry industry, updated regulation and improved collaboration in integrated risk management as well as R&D.



What can I do to make a difference?

Bearing in mind that 'many hands make light work', ask others to join you in actions that will contribute to a better world like a litter clean up.



Tomjachu Bush Retreat, Mbombela