



<p>Sappi Khulisa started out as a tree-farming scheme aimed at subsistence farmers. It is now a successful job creation and entrepreneurship development model creating sustainable livelihoods in rural areas.</p>	<p>The total area currently managed under this programme amounts to 34,139 ha.</p>	<p>sappi khulisa </p>
--	---	--------------------------------



More than 35 years of creating sustainable livelihoods and growing wealth

What is Sappi Khulisa?

Started in 1983, Sappi Khulisa is a tree-farming scheme, that initially focused on supporting subsistence farmers in South Africa who had access to 1–20 hectares of land on which to grow trees.

In the years leading up to celebrating its 30th anniversary in 2013, Sappi Khulisa expanded to include community forestry projects and forestry projects handed to land-reform beneficiaries.

In keeping with the South African Government’s strategy of promoting forestry as a means of creating sustainable livelihoods in rural areas, Sappi Khulisa forms the foundation of our own corporate social responsibility, enterprise development focus.

Where does the tree-farming take place?

Sappi Khulisa was started in KwaZulu-Natal, South Africa, covering the area from Mangusi near Kosi Bay in the north, to Port Edward in the south, and inland as far as Ixopo and Nongoma.

We have now introduced Sappi Khulisa into the Eastern Cape near the towns of Bizana and Lusikisiki.

How does Sappi Khulisa work?

Growers make their land available for planting eucalyptus trees. We provide growers with:

- Sponsored seedlings;
- An interest-free loan;
- Technical advice; and
- A guaranteed future market.

We arrange an interest-free loan that is sufficient to cover all farming input costs, including annual maintenance of the plantations until they are harvested.

Advances are paid to growers for work carried out throughout the generally 8-10 year growing cycle. In addition, a small portion of the anticipated after-harvest profit is paid annually to overcome cash flow constraints associated with the long growing cycle.

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.

Sappi Khulisa helps small farmers overcome the entry barriers associated with tree farming which include:

- The significant expense of purchasing seedlings and fertiliser, and harvesting and transport; and
- The long growing cycle before trees are ready for harvesting.

<p>Since 1995, a total volume of 4,221,941 tons, to the value of ZAR4.2 billion, has been purchased from small growers in terms of this programme.</p>	<p>An extension services team supports growers.</p>	<p>During an 8-10 year growing cycle, structured financial support avoids cash flow constraints and we guarantee growers a market at harvesting time.</p>	<p>Approximately 137 SMMEs have been established to support growers, creating more than 1,100 indirect rural jobs.</p>
---	--	---	---

Sappi Khulisa continued**Where do the seedlings come from?**

All seedlings supplied are grown by our own nurseries to ensure that the growers plant only the best available quality genetic material. They are not expected to pay us for the seedlings.

Who are the farmers and growers?

In some cases, growers are individuals (representing the community), but the whole community is part of the project and becomes involved in forestry. In other areas, only some individuals plant trees, but then contract individuals within the community to work the planted lots for them.

There are some areas where the community does forestry on an individual basis but rotates working on each plot in turn and the individual retains the profits. Some schools and churches have joined the scheme; in these instances the profits go to the institution and all the members benefit.

How much woodfibre is supplied to Sappi under the Sappi Khulisa scheme?

In 2019, under the programme 425,001 tons (2018: 483,359 tons) worth approximately ZAR382 million (2018: ZAR 387 million), was delivered to our operations. Since 1995, a total volume of 4,221,941 tons, to the value of ZAR4.2 billion, has been purchased from small growers in terms of this programme.

What assistance does Sappi provide to growers?

We employ qualified extension officers and managers who assist the growers in selecting the most appropriate areas for planting trees.

The extension officers also offer advice and assist in preparing, fertilising and planting. They visit the growers frequently after the trees have been established to provide assistance with weed control and the preparation of fire breaks. If requested, we participate in growers' negotiations with contractors (especially harvesting and long-haul transport contractors) to ensure they are treated fairly.

Our extension officers work with growers to ensure that their plantings do not affect environmentally sensitive areas and that planted areas are economically sustainable.

How is land suitable for afforestation identified?

A site selection check-sheet needs to be completed for each site before planting can take place.

Is Khulisa Umnotho timber certified to independent forest certification management standards?

While our owned and leased plantations are 100% Forest Stewardship Council™ (FSC™)-certified, we recognised that we needed to obtain certification over and above the FSC™ Group Scheme certification, based on the difficulty of getting small growers certified and on customers' requests for PEFC™¹-labelled products. PEFC™ endorses national certification schemes which meant South Africa had to develop a new certification scheme including a forest management standard. We participated in the development of the new scheme, now known as the South African Forest Assurance Scheme (SAFAS). This has been finalised, assessed and endorsed by the PEFC™.

How do growers and communities benefit?

Sappi Khulisa contributes to the South African Government's rural development programme and its developmental focus on long-term job creation and training.

Sappi Khulisa makes a meaningful difference in rural subsistence farmers' and their communities' lives, by delivering, amongst others, the following benefits:

- Participation in an industry from which growers would otherwise be excluded because of high cost-of-entry barriers.
- Guaranteed market at prevailing market prices.
- Positive cash flow in the form of ongoing payments for work done on the land, annual advances on the timber crop.
- Multiplier employment opportunities as growers employ people within their communities to assist in managing their plantation.
- Empowerment of women in rural areas. Women represent 80% of the workforce. It gives them the opportunity to work from home and perform maternal duties, whilst supplementing household incomes.
- In addition to supplying Sappi with woodfibre, growers are able to meet their own fencing, building material and firewood needs.
- Skills transfer and developing entrepreneurial thinking.
- Provides an integrated development service to rural communities, with emphasis on appropriate systems and training, to empower individuals and community-based institutions to manage their own development initiatives and maximise their potential.
- More than 1,700 indirect rural jobs — 80% women — and more than 100 small, medium and micro enterprises (SMMEs) have been established through Khulisa Umnotho.

Is training offered to growers?

Recognising that Sappi Khulisa labour is characterised by poor efficiencies and a large turnover, we have developed Khulisa Ulwazi ('Growing Knowledge') training centres and developed training material in conjunction with the Institute of Natural Resources. Training is offered to all value chain participants, including land reform beneficiaries and covers all aspects of forestry, including core operational skills, as well as safety, legal compliance and business management. Over 550 people were trained in FY2019.

The objective of training is to develop growers' and contractors' skills so that they can conduct silviculture operations economically and to a good standard.

Training material has been developed in conjunction with the Institute of Natural Resources and covers areas like entrepreneurship, fire management, harvesting planning, leadership and management development, as well as safety.

Are there plans to help growers diversify their incomes?

The Sappi team is partnering with other institutions such as Cedara Agricultural College, to provide the growers with the tools to expand their farming activities so that they can have additional sources of income. This is crucial for timber farmers who must wait seven or eight years between timber harvests for a return on their investment.

¹ Our mills and forestry certification details, including FSC™, SFI® and PEFC™, are available online (<https://www.sappi.com/certifications>) and summarised in the Sustainability FAQs — Our certifications.