



SSK's official view of BBBEE, as well as corporate investment in social development and upliftment, is portrayed in its mission statement as follows:

Mission

To create wealth and sustainability of the organisation and its members through promoting growth and diversity whilst retaining stability.

Business philosophy and values

SSK acknowledges its responsibility towards the community and the environment in which it conducts its business.

Long-term goal

SSK strives to provide responsible, accountable and sustainable services towards the community and its surroundings.

In contrast with the traditional view that the financial profit motive was paramount, SSK recognised that today we must consider social responsibility and social responsibility programmes, as long-term investments. The rationale behind social responsibility and involvement is to create better living conditions and a better future, for the communities within which it operates.

SSK's social responsibility programmes are supported by four pillars, namely Community, Environment, Market Square and Workplace Focus, that are closely linked with the Black Economic Empowerment Policy (BEE) in South Africa. The goal is sustainability and to ensure that all four pillars in SSK's integrated social responsibility programme are addressed. We address them as follows:

Community Focus (philanthropy)

Community-based projects are the most visible aspects of SSK's CSI activities. These projects are dependent on direct interaction between SSK and the community, in order to generate social and economic vitality in the region. We are involved in five ways:

- Donations
- Sponsorships
- Advertising
- Membership of organisations
- Community involvement of staff

SSK's total expenditure for the previous financial year was R450,000 and consists of donations and sponsorships for initiatives such as housing for previously disadvantaged, drug and alcohol abuse

awareness, various local schools and day care centres, churches, institutions such as SPCA (Society for the Prevention of Cruelty to Animals), NSRI (National Sea Rescue Institute), CAP (Community Action Programme), ACVV (Afrikaanse Christen Vrouevereniging), Round Table, Lions and other charities, various sports activities and teams represented by members from the local communities, old age homes, providing computers for community training initiatives, and various community activities. Not only does SSK provide financial support to these initiatives, but also promotes community involvement by its employees.

SSK has recently sponsored five computers donated to the CAP Equip programme, which strives for the promotion of computer literacy and use in the

local community. SSK has also sponsored the cost related to the pilot programme presented by CAP, for five of its employees, identified from the previously disadvantaged groups.

SSK also plans to act as a platform for funding via AgriSETA for several job creation and empowerment initiatives channelled through CAP.

Restoration of the Drostdy Museum, Swellendam

The Friends of the Drostdy and the Drostdy Museum Board of Trustees, recently called upon the Swellendam community to become involved in the raising of funds for the restoration of several of Swellendam's old, historic buildings. The Rupert Historic Homes Foundation offered R125,000 towards the renovation of the thatched roofs of the Drostdy, Mayville House and the Old Jail, provided that the Swellendam community itself, raised a further R125,000 towards the project.

At first, this seemed like an impossible task, but donations quickly streamed in from various sources and in various ways. Thanks to SSK, who donated a generous R75,000, the local Rotary Club, a generous and anonymous donor, as well as smaller (but highly valued) contributions from other organisations and individuals, the total collected currently stands at R335,000. This amount excludes the donation which has now been secured from the Rupert Foundation.

Environmental Focus

In recent years, public concern about the environmental impact of commercial activities has increased significantly. There is a growing awareness of the need to implement sustainable development. Neighbourhood-based projects go beyond the legislative obligations, and focus on greener economic growth. The results of such projects are quantifiable and measured as part of a quest for continuous improvement. Also see the section under Enterprise Development on this page.

Energy saving initiatives have been launched, leading to a decreased carbon footprint, and material decreases in its energy consumption spending.

Market Square Focus

Market Square Focus consists of two major elements: SSK's suppliers and SSK's customers. SSK has an interest to ensure that its suppliers offer sufficient payment and working conditions to their employees, that they have effective environmental policies in place, and conduct business activities in a transparent manner that is in line with good corporate behaviour.

With regard to customers, SSK seeks to responsibly implement sales and marketing policies, and to train staff on how to utilise these policies. Market Square Focus helps SSK to nurture a corporate culture that values the needs and diversity of its customers' expectations.

Workplace Focus

Employees provide the knowledge, productivity, customer service and innovation needed for the successful execution of SSK's business activities. Therefore, the continued success of SSK depends on the dedication of staff. SSK continuously strives to promote the preservation and development of its staff, and nurture a workplace environment that attracts candidates of the highest calibre. Projects within this focus group deal with health and safety, continuous skills development, scholarships, work-life balance, staff diversity and cultural awareness.

SSK sets aside an annual budget to make funds available for the social responsibility programme. Funds are granted according to approved guidelines.

Enterprise Development

With referral to the AgriBEE sector code, SSK scored the full potential points under Enterprise Development because of their involvement in financing large empowerment transactions for their affiliates Southern Oil (BEE recognition level 5) and Riparian Investment Consortium 1 (60% black owned, of which 20% is broad-based) is concerned.

In the future they hope to benefit from the multiplier or "enhanced recognition"

for certain types of Enterprise Development, or even adding 2 bonus points for "directly increasing employment levels". Southern Oil has already established two Trusts, namely the Canola Development Trust and the SOILL Employee Trust. The objectives of these trusts are to engage in commercial activities and to pursue business opportunities in the interest of the beneficiaries, with the ultimate goal of the Canola Development Trust being that of empowering the employees of the farmers who supply canola seed to the company.

This trust has a 10% shareholding in the company, and currently has 480 beneficiaries. The beneficiaries of the SOILL Employees Trust are all permanently employed SOILL employees. The SOILL Employee Trust holds 18% shares in the company. Dividends have been paid out for the past 3 consecutive years to the beneficiaries.

Grain Empowerment Projects

Since 2006, SSK has striven to get actively involved in empowerment actions in agriculture in its own service area. This involvement stems from an urgent need expressed by the Board, notwithstanding the difficult regulatory environment and failed land reform projects in its service area as well as nationally, to try and help transformation and empowerment in agriculture.

The focus therefore fell sharply on projects and available land within its own service area, and the general feeling of the Board was that wherever SSK gets involved, attempts should be made to make such projects successful and sustainable.

SSK has knowledgeable staff in its agricultural advisory services division with several years' experience of agricultural extension on commercial level. It was clear from the outset that empowerment projects largely fail, because advice and guidance services by the Department of Agriculture largely collapsed and that the advice given in many cases were outdated. Follow-up actions were flawed and irregular. Guidance personnel stationed in regional offices were taken

from areas with totally different crops and farming systems and training were often more appropriate to the summer rainfall areas of the country.

Initially, the focus was on the Suurbraak area where black farmers have, for several decades, farmed with grain and livestock on dry land, as well as patches of irrigated garden land within the town. Support was also later given to a group of grain farmers in Slangrivier who were part of a project that was initially started ten years ago by the Department of Agriculture. A commonage project on the Swellendam village green is also supported, but due to a lack of cooperation between the members, the project petered out.

The lack of adequate funds to provide for production capital inputs, as well as the lack of continued good mentorship and control, runs like a thread through all the projects launched in the SSK area. Without SSK and its members' continued support for these projects, their sustainability would be brought into question.

Since the Board reviewed all the existing projects in 2006, together with their commitment to increase SSK's involvement, the following three projects have drawn SSK's attention:

- Suurbraak Grain Farmers
- Saambou Farmers
- Goedgeloof Boerdery

It is in these projects where SSK's largest footprint and involvement currently lie. SSK's involvement is largely the provision of agricultural advice, financing and/or credit management.

The provision of an administration platform to these producers is currently under investigation.

Suurbraak Grain Farmers

Agriculture in Suurbraak is practised on about 3,000 hectares Section 9 land. This communal community land belongs to the Department of Agriculture, and the management thereof falls under the jurisdiction of the local municipality. The municipality allocates land to individuals on a 5-year lease basis. A Land Committee approves the applicants, and land (5 to 40 hectares), is made available to the successful applicants.



Members of the Suurbraak Grain Farmers' Cooperative, Dirkie Willemse (left) and Wilmar Adams (right).

Since the mid-1960s SSK has been involved with a number of individuals who have successfully farmed with wheat on the dry land areas. Assistance from SSK ranged from agronomic advice to financing production on an ad hoc basis. One of the individuals who stood out as a leader in his field was Eddie Adams, who in 2008 was awarded the title of the Western Cape's Emerging Grain Farmer of the Year.

SSK's vice chairman, Dirk van Papendorp, also a close friend of Adams, realised that agriculture needed more farmers such as Adams, and that much larger support programmes should be launched to aid Adams and other farmers

alike in the Suurbraak region, to help them develop into full commercial grain and livestock farmers.

Adams already had sufficient machinery which he purchased with LRAD funds obtained from the Department of Agriculture. Together with Van Papendorp they decided to help another Suurbraak farmer, Dirk Willemse, to cultivate his allocated 19 hectares. Seeds, fertilisers and machinery were made available to Willemse in 2009 to enable him to establish his first wheat harvest. Van Papendorp also assisted Willemse in 2010 with his application for production credit from Casidra. A successful coriander harvest was collected



Farmers at Suurbraak seeding wheat with their newly acquired equipment.

and Willemse joined SSK as a new member with approximately R98,000 in funds in his credit account. After careful consideration Van Papendorp, Adams and Willemse decided that Suurbraak was in need of a larger project. Three emerging farmers, Alan Jeftha, Wilmar Adams and Chris Louw joined them and the five of them applied jointly for production financing at the grain CPAC of the Department of Agriculture. The application was accompanied by a professional 5-year business plan, which Van Papendorp drafted in consultation with SSK.

Initially SSK would act as implementing partner, but the Department of Agriculture decided that Agri Mega, who was already accredited with them, should perform this task. A total of 313 hectares would be cultivated and farmers had to decide on a form of ownership that would best serve their needs. SSK provided them with advice and under the direction of Van Papendorp as their mentor and Jeftha, the Suurbraak Grain Farmers Cooperative Ltd. was established.

All machinery for the project would be bought up in the Cooperative and, where possible, used collectively. The maintenance function would also be

handled by SGF and the five farmers would annually contribute 10% of their gross income as working capital in the new grain business.

Of their gross income, 20% would be paid out as entrepreneurs wage and the rest would be held at SSK as investment for the following year's production credit account. The Department of Agriculture has granted a five year escape clause and would contribute 20% less each year to the individual farmers' production credit as they become more independent. The project administered funds to the value of R2,2 million in year one (2011), in year two (2012) it was R1,8 million and in year 3 (2013) R1 million.

From the beginning SSK was directly involved in the financial management of funds realised from the project. Full production accounts were opened for each member as well as the Suurbraak Grain Farmers Cooperative Ltd. The Credit Management Division is very involved in the administration of the farmers' funds. Advice with regard to financial management for these farmers and their mentor was very important. SSK's agronomists and agricultural economist served farmers on a continuous basis with advice and valuable

lessons have been learned. These services were all provided free of charge to these farmers.

Precision farming is applied as the standard throughout the preparation and deployment of all new land within the project. Technifarm, a subsidiary of SSK, was closely involved in the preparation of maps and delivering precision caster services. Crop cultivation was inspected with regularity and advice regarding fertilisation, tillage, and spraying programmes was provided to the farmers which led to a successful harvest of R970,000 in year 1.

Managing this harvest income on behalf of the farmer members of SGF was essential and SSK performed an excellent job over the past three years in this regard, to such an extent in fact, that the farmers' own funds could be used in year 3 (2013) to plant an additional 155 hectares of land. The project was also honoured in 2012 with a Land Care award for the best conservation farming project in the country.

Adams resigned at the end of 2011 due to health reasons, and Andy Harmse joined in his place. Van Papendorp was also elected as a director of the Board of Suurbraak Grain Farmers Cooperative Ltd,

providing SSK an *ex-officio* seat on the Board of this young emerging BBEE agricultural company.

SGF has also been involved in the provision of micro-finance for agricultural production resources in the Suurbraak community, on a small scale out of its' own funds, and also supports many community activities.

SSK is currently investigating alternative financing options, together with SGF, other than CPAC funds. Suurbraak's Section 9 land, along with the 500 acres of this project, is still largely undeveloped on a commercial scale.

The five farmers will within the next 5 years each have at least 500 acres to farm effectively commercially. Should it not be possible within the communal land, the farmers should be assisted with obtaining more land with e.g. Land Bank financing. Scale benefits in commercial farming are a non-negotiable, even in a global context, and the farmers should be supported in their quest to farm greater and more effectively.

It is therefore crucial for SSK to focus on this project and to assure that the entire 3,000 acres for agricultural land is being developed and utilised optimally. Resources in our area are limited and should therefore be developed to its full potential.

The farmers of SGF already regard SSK as their partner in a structured way to obtain funds for future growth.

The BEE committee reports on a monthly basis to the Board with regard to progress on this project.

Saambou Farmers

This project is one of the latest projects in the SSK area and was only launched in 2013. The project currently serves five farmers on the Slangrivier commonage with Neels Uys, a SSK member, as their mentor.

The project was initiated after a request was received from an emerging farmer, Pieter van Wyk, asking the SSK Board to assist him with financing for the purchase of production resources for grain production on land in Slangrivier. The SSK Board instructed the BEE Committee to investigate the matter and report back with proposals on how Van Wyk can be assisted.

The Committee found a suitable mentor in Uys, and a pilot meeting was held in April 2012 in Heidelberg. Van Wyk and Tommy Schietekat, a farmworker of Uys and also a resident of Slangrivier, were present.

Koos van Zyl (SSK Credit Manager, Heidelberg), Dirk van Papendorp (SSK director) and Nico de Kock (SSK director) represented SSK.

The methodology, challenges and lessons learned from the Suurbraak Grain Farmers project were discussed and it was decided that Uys as mentor, and Van Zyl on behalf of SSK, will manage this project.

A business plan was compiled by Van Zyl and Uys and submitted to the Grain CPAC of the Department of Agriculture. The project was approved, and basically works on the same basis as the SGF project in Suurbraak.

A cooperative with the name Slangrivier Saambou Farmers Cooperative Ltd. was established with the help of Jetha (SGF member and Lawyer) with five members named Pieter van Wyk, Tommy Schietekat, Aletta Schietekat, Harold Abrahams and Neels Uys.

The project commenced in 2013 with about 95 hectares under grain crops. The total budget for the first year amounts to R926,000 and has been approved.

In the first year a lot of emphasis is put on the correction of the soil nutrient status which was broken down by years of neglect, to such a low level that successful crop farming was just not possible. Precision farming techniques such as grid sampling is used throughout to map the land involved. These detailed maps are then used to draw accurate crop budgets which served as the basis for the application for funds from the Department.

The project is still in its initial stage and the first year's crops, mainly wheat, delivered a good harvest. It must be accepted that this project is in a drier area and that conservation farming techniques will only show the desired returns after about three years. The mentor has currently conducted many of the farming tasks with his own machinery, but as the project progresses, the Cooperative aims to acquire its own tractors, sprayers and planters.

Van Zyl will be monitoring the management of the budget and became more involved in dealing with the harvest income and its division. It is crucial that the funds generated are effectively managed and utilised for agricultural purposes, to the benefit of farmers in the project. SSK is an important link as it is the only organisation in the area that has the necessary systems in place to ensure proper financial control over grain funds' utilisation. Many similar projects nationwide fail precisely because of inadequate control over funds generated and then spent incorrectly in the short-term.

The plan is to grow this project to a level where every individual within the project farm on at least 500 acres of land. The emphasis is on sustainability, keeping the potential of the environment in mind. It is important to note that in areas with lower potential, farm units should be larger, for scale benefits to be realised.

Goedgeloof Boerdery: Brian Michaels

This is the only project in the area that is currently operated as a sole proprietorship.

Van Papendorp (SSK director) became involved as a mentor to Brian Michaels during his application process for funds from the grain CPAC in 2011.

Michaels is also a full member of SSK and farms on about 300 acres in the Klein Karoo between Barrydale and Montagu. Although the farm is located in the Klein Karoo, it is in the region called "The Flats", which has a much higher rainfall of 450mm per year. The farm belongs to the Department of Agriculture and is rented by Michaels with the option to buy it later.

Because the farm was already under the Department's control and leased to neighbouring commercial farmers for many years, very low maintenance was done to infrastructure and soil fertility. Erosion remains a major problem and Michaels, with the help of his mentor, implemented conservation farming principles in an effort to improve the topsoil. This should improve water retention and combat erosion over the long-term.

SSK's agronomist and agricultural economist also visited the farm on

several occasions and provided guidance to Michaels on a regular basis. This helped him and his mentor to correctly formulate and prepare his application for funding. Funds to the value of R892,000 has already been obtained from the Sheep & Wool CPAC. Michaels, together with his mentor, have submitted a combined budget and funding application to the amount of R850,000 for the purchase of machinery. This procurement is still in process and involves the purchase of a tractor, baler and planter.

The project's approach is to improve the soil fertility status first, and then using minimum tillage, planting oats for hay to be baled. The hay will be used as feed in the dry summer months for a flock of 300 sheep and 40 cattle. Oats pastures will also be planted for the winter.

Michaels has already obtained financing from SSK, before the start of the project, to till the land and infrastructure at his own cost. Willem Burger, SSK Credit Manager, is now involved in the financial management of the project. Agronomical Advice is provided by SSK on an on-going basis to make this project successful and sustainable.

Summary

The development of new farmers in the SSK area remains a challenge, mainly due to external limiting factors where SSK has limited or no control. Where they however have leverage, they are pro-actively using it to promote sustainable solutions for this problem.

The areas requiring urgent attention and in which SSK, its staff and its board are currently involved, are the following:

1. Whole farm planning from ground level with a strong emphasis on precision farming. Precision work compliments efficiency and ensures competitiveness in a challenging agricultural industry.
2. Financial controls to prevent revenue mismanagement.
3. Applied agronomic advice to ensure optimal production of grain crops.
4. Access to sufficient land if the project is successful. It communicates hope and growth to the beneficiaries of the projects.
5. Budget Management to help train new farmers on how to effectively

plan and survive with available finances.

6. Effective financial aid packages to be flexible enough to reflect the diversity of agricultural enterprises in different areas.
7. Purposeful and pro-active mentorship that provides the farmer with the relevant guidance. The mentor, in many ways, currently provides a function that the officials of the Department of Agriculture should perform.
8. Coordination of all activities concerned with empowerment at farm level.

Probably the biggest problem with the roll-out of new empowerment projects is the myriad of departments and agencies involved. This welter of perspectives often causes willing partners and mentors to give up before they have even started. This red tape is one of the biggest reasons why empowerment and land reform in South Africa progress so slowly.

Should we be able to let the above-mentioned actions successfully integrate, Agricultural Empowerment in South Africa could be a success story. Many institutions and mentors will accordingly volunteer to assist in the upliftment, empowerment, and land reform in agriculture.

Socio-Economic Development

As far as the Agri BEE scorecard is concerned, SSK scores well under this section as large contributions are made on socio-economic development, both monetary as well as in the rendering of free professional services. Examples of these are: Human resources and labour law issues via our HR Manager, agricultural technical support via our agricultural advisors, amongst others.

SSK's Board also has made a BEE Bursary available to a black student, who is currently finishing his third academic year at the University of Stellenbosch at a cost of approximately R60,000 per year. SSK makes 10 annual school fee bursaries available to pupils at various schools in our region. SSK has also

recently funded a large conservation project (restoring and replacing the Drostdy Museum's roof), as well as saving the Krombeksriver Primary School from being closed down by the Western Cape Education Department, by donating all the materials needed for the maintenance and repairs to the building and premises.

Not only did SSK fund all the building materials, but also made its employees available to conduct the maintenance work. This has all been done to save this rural school in the Heidelberg area from closing down. The Krombeksriver Primary School accommodates 40 learners, mostly children of the local farm workers who experience difficulty paying their school fees.

SSK will in the future aim to provide further IT-related and administrative support to BEE empowerment initiatives such as the Suurbraak Grain Farmers project, and will also strive to act as a platform for prospective farmers and mentors to meet.