

FORESTRY SECTOR TRANSFORMATION PILLARS

OWNERSHIP

The transfer of business ownership and control to Black People, ensuring their meaningful participation in the economy. It is one of the three priority elements of the Amended Forest Sector Code. Measured entities are required to achieve at least 40% of the Net Value points to avoid the application of the Discounting Principle on their overall B-BBEE level.

Ownership can be achieved through the sale of shareholding or assets. This is measured by the percentage of equity held by Black People, including Black Women, Youth, Designated Groups and Black New Entrants.

The indicators for the Ownership element are: Voting Rights, Economic Interest and Net Value. These indicators measure the extent of participation Black People, Women and Designated Groups have in management and decision-making within the business.

Ownership rights can be held through direct participation or through recognised ownership schemes such as: Trusts, Close Corporations, Broad-Based Ownership Schemes (BBOS), Employee Share Ownership Programmes (ESOPs) and Co-operatives.

MANAGEMENT CONTROL

The intention is to empower Black Individuals and Groups to take control of their economic interests and contribute to the growth and development of the company. This is measured by evaluating the proportion of Black People, Black Women and Office-based Employees Living with Disabilities in the following positions within the company: Board Level, Executive Level, Senior Management, Middle Management and Junior Management.

Note: In instances where a company does not have any of the management categories in its structure, then the points allocated are distributed to the applicable management level and the highest compliance target is used.

The effective control and participation of Black People, Black Women and those with Living with Disabilities in the management and strategic decision-making processes of the entity.

SKILLS DEVELOPMENT

To enhance the competencies of Black Employees and Unemployed Black People, thereby improving employability, career progression, and economic inclusion. Measured entities must score a minimum of 40% of the total points (excluding bonus points) for priority elements to prevent discounting of their overall B-BBEE level.

This is measured by evaluating the company's annual spend on Skills Development initiatives for Black People, expressed as a percentage of the entity's leviable payroll. Skill Development initiatives include: accredited training (both internal and external), learnerships, internships, apprenticeships and absorption of trained unemployed learners into employment.

Note: Skills Development expenditure claimed under this scorecard element cannot be claimed under another. Mandatory training in the forest sector cannot contribute to more than 60% of the annual skills development expenditure.

Bonus points: Can only be achieved by an MLE if the training has created long-term employment for unemployed learners. In the case of an Unenhanced QSE, absorption can be by the QSE or industry.

ENTERPRISE AND SUPPLIER DEVELOPMENT

It is evaluated on three subcategories:

- 1. Preferential Procurement:** Spend on goods and services from B-BBEE-compliant suppliers, with higher recognition for Black-Owned and Black Women-Owned businesses. These entities must be designated as QSEs/EMEs.
- 2. Supplier Development:** 2% of Net Profit After Tax, in financial or non-financial contributions, directed towards existing Black-Owned Suppliers to support their growth and strengthen their capabilities.
- 3. Enterprise Development:** 1% of Net Profit After Tax contributed towards supporting Emerging Black-Owned businesses that are not yet integrated into the supply chain, to enhance their sustainability.

Note: Under the Benefit Factor Matrix, the Code outlines various ESD contributions to support the development of sustainable suppliers and enterprises.

Bonus points: Bonus points can only be achieved once the set targets are achieved on the applicable indicators.

To strengthen black-owned businesses, integrate them into corporate supply chains and promote sustainable economic growth through procurement and support. Measured entities must attain a minimum of 40% threshold in each sub-category's points (excluding bonus points) to evade discounting of their overall B-BBEE level.

SOCIO-ECONOMIC DEVELOPMENT

The intention is to promote social and economic transformation, through programmes and initiatives designed to improve the quality of life for individuals and communities and contribute to the overall development of society.

Companies are required to spend 1% of their Net Profit After Tax in these initiatives.

Note: To qualify for the full points under SED, SED spend must benefit at least 75% of Black People. The Benefit Factor Matrix defines the recognisable qualifying contributions under the Amended Forest Sector Code.

Bonus points: Under this element, bonus points can only be achieved once the set targets are achieved on the applicable indicator.