



An EMPOWERDEX Forest Sector Code Scorecard Report

SAPPI SOUTHERN AFRICA LTD

Registration Number: 1951/003180/06

Incorporating divisions and subsidiaries as per Annexure 1 of the certificate

AAA

| LEVEL TWO CONTRIBUTOR | | | | | |
|--|------------------|--------------|---------------|---|------------------|
| ELEMENT | EMPOWERDEX SCORE | | TARGET SCORE | B-BBEE ANALYSIS | RESULTS |
| Ownership | A | 27.00 | 25.00 | ≥ 51% Black Ownership | No |
| Management & Control | C | 10.60 | 19.00 | Black Ownership Percentage | 48.13% |
| Skills Development | C | 12.63 | 20.00 | ≥ 30% Black Women Ownership | No |
| Enterprise & Supplier Development | B | 36.81 | 43.00 | Black Women Ownership Percentage | 21.66% |
| Socio-Economic development | A | 8.00 | 5.00 | Modified Flow-Through Principle Applied | Yes |
| Overall Score | AA | 95.04 | 112.00 | 51% Black Owned Designated Group Supplier | No |
| Empowering Supplier | Yes | | VAT Number | | 4750105456 |
| Recognised Procurement Recognition Level | 125.00% | | Issue Date | | 14 December 2018 |
| Discounting Principle Applicable | No | | Expiry Date | | 13 December 2019 |
| Recorded Procurement Recognition Level | 125.00% | | Re-Issue Date | | N/A |

This verification report is an independent opinion in terms of the Department of Trade and Industry's Forest Sector Code (gazetted 21 April 2017). The information herein is based on an analysis performed by Empowerdex using the information presented by the management of the measured entity.

For EMPOWERDEX Northern Regions (Pty) Ltd

Date

14/12/2018



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EXECUTIVE SUMMARY PER ELEMENT:

| DETAILED INDICATORS | TARGET LEVEL | TARGET SCORE | VERIFIED LEVEL | VERIFIED SCORE |
|--|----------------------|--------------|----------------|----------------------------|
| OWNERSHIP | | | | |
| Verification Date | | | | 3 December 2018 |
| Voting rights of black people: | 25.00% + 1 vote | 4.00 | 85.33% | 4.00 |
| Voting rights of black women: | 10.00% | 2.00 | 32.15% | 2.00 |
| Economic interest of black people: | 25.00% | 4.00 | 48.13% | 4.00 |
| Economic interest of black women: | 10.00% | 2.00 | 21.66% | 2.00 |
| Economic interest of designated groups: | 7.50% | 3.00 | 8.15% | 3.00 |
| Black participants in employee ownership schemes: | | | | |
| Black beneficiaries of broad based ownership schemes: | | | | |
| Black participants in co-operatives: | | | | |
| Black new entrant: | 2.00% | 2.00 | 7.24% | 2.00 |
| Net Value: | 25.00% | 8.00 | 48.13% | 8.00 |
| Bonus Points: Economic Interest held by communities in areas of operation of the Measured Entity : | 2.50% | 5.00 | 0.00% | 0.00 |
| Bonus Points: Economic interest held by Black Employees of the Measured Entity: | 2.50% | 5.00 | 0.00% | 0.00 |
| Bonus Points: Economic Interest in the hands of Black People in excess of 25% target | 5.00% | 1.00 | 23.13% | 1.00 |
| Bonus Points: Economic Interest in hands of Black women in excess of 10% | 5.00% | 1.00 | 11.66% | 1.00 |
| TOTAL SCORE: OWNERSHIP | 25.00 + 12.00 | | 27.00 | |
| Sub minimum achieved | 3.20 | | YES | |
| MANAGEMENT AND CONTROL | | | | |
| Verification Date | | | | 3 December 2019 |
| Black representation at board: | 50.00% | 2.00 | 25.00% | 1.00 |
| Black Female representation at board: | 25.00% | 1.00 | 25.00% | 1.00 |
| Black representation of the executive directors: | 50.00% | 2.00 | 50.00% | 2.00 |
| Black female representation of the executive directors: | 25.00% | 1.00 | 50.00% | 1.00 |
| Black Executive Management: | 60.00% | 2.00 | 33.33% | 1.11 |
| Black Female Executive Management: | 30.00% | 1.00 | 11.11% | 0.37 |
| Black Senior Management as % of all Senior Management | 60.00% | 2.00 | 12.79% | 0.43 |
| Black Female Senior Management as % of all Senior | 30.00% | 1.00 | 3.86% | 0.13 |
| Black Middle Management as & of all Middle Management | 75.00% | 2.00 | 18.71% | 0.50 |
| Black Female Middle Management as & of all Middle | 38.00% | 1.00 | 5.85% | 0.15 |
| Black Junior Management as % of all Junior Management | 88.00% | 1.00 | 55.14% | 0.63 |
| Black Female Junior Management as % of all Junior | 44.00% | 1.00 | 12.93% | 0.29 |
| Black Employees with Disabilities as % of all Employees | 2.00% | 2.00 | 3.57% | 2.00 |
| TOTAL SCORE: MANAGEMENT & CONTROL | 19.00 | | 10.60 | |
| SKILLS DEVELOPMENT | | | | |
| Latest Skills Development Plan submitted to: | | | | FP&M SETA |
| Skills development review period: | | | | 01 OCT 2017 – 30 SEPT 2018 |
| Skills spend on black people as a percentage of leviable amount: | 5.00% | 8.00 | 1.58% | 2.54 |
| Skills spend on black disabled staff as a percentage of leviable amount: | 0.30% | 4.00 | 0.03% | 0.44 |
| Learnerships and category B,C and D programmes for black employees as a percentage of total employees: | 2.50% | 4.00 | 2.30% | 3.68 |
| Learnerships and category B,C and D programmes for black unemployed people as a percentage of total employees: | 2.50% | 4.00 | 2.30% | 3.68 |

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|---|--------------------------------------|-------|--------------|-------|
| Bonus Points: Number of black people absorbed by entity or industry at the end of the learnership: | 100.00% | 5.00 | 45.93% | 2.30 |
| TOTAL SCORE: SKILLS DEVELOPMENT | 20.00+5.00 | | 12.63 | |
| Sub minimum achieved | 8.00 | | | |
| ENTERPRISE AND SUPPLIER DEVELOPMENT | | | | |
| Preferential Procurement | | | | |
| Financial period verified: | 01 October 2017 to 30 September 2018 | | | |
| Total BEE procurement with Empowering Suppliers as a percentage of total measured procurement spend: | 80.00% | 5.00 | 65.00% | 4.06 |
| Total BEE procurement from QSE's as a percentage of total measured procurement spend: | 15.00% | 2.00 | 9.22% | 1.23 |
| Total BEE procurement from EME's as a percentage of total measured procurement spend: | 15.00% | 3.00 | 10.53% | 2.11 |
| Total BEE procurement from 51% black owned suppliers as a percentage of total measured procurement spend: | 40.00% | 9.00 | 23.46% | 5.28 |
| Total BEE procurement from 30% black women owned suppliers as a percentage of total measured procurement spend: | 10.00% | 2.00 | 6.89% | 1.38 |
| Procurement spend with designated groups whom are at least 51% Black Owned | 2.00% | 2.00 | 0.00% | 0.00 |
| Bonus Points: Compliance with Industry Codes of Contracting: | 2.00 | | YES | 2.00 |
| TOTAL SCORE: Preferential Procurement | 23.00+2.00 | | 16.05 | |
| Sub minimum achieved | 9.20 | | YES | |
| Supplier Development: | | | | |
| Financial period verified: | 01 October 2017 to 30 September 2018 | | | |
| Supplier development contributions as a percentage of NPAT: | 2.00% | 10.00 | 1.95% | 9.76 |
| TOTAL SCORE: Supplier Development | 10.00 | | 9.76 | |
| Sub minimum achieved | 4.00 | | YES | |
| Enterprise Development: | | | | |
| Financial period verified: | 01 October 2017 to 30 September 2018 | | | |
| Enterprise development contributions as a percentage of NPAT: | 1.00% | 10.00 | 1.40% | 10.00 |
| Bonus Points : Graduation of one or more Enterprise Development beneficiaries to Supplier Development status: | Yes | 1.00 | NO | 0.00 |
| Bonus Points: For one or more jobs created as a direct result of Enterprise or Supplier Development: | Yes | 1.00 | YES | 1.00 |
| Bonus Points: Annual value of Supplier and/ or Enterprise Development sector approved contributions in partnership with Government: | 1.00% | 0.50 | 0.00% | 0.00 |
| Bonus Points: Annual Value of Supplier and / or Enterprise Development Contributions to 30% Black Women Owned QSE's and EME's: | 1.00% | 0.50 | 0.00% | 0.00 |
| TOTAL SCORE: Enterprise Development | 10.00 | | 11.00 | |
| Sub minimum achieved | 4.00 | | YES | |
| TOTAL SCORE: ENTERPRISE & SUPPLIER DEVELOPMENT | 43.00 + 6.00 | | 36.81 | |
| SOCIO-ECONOMIC DEVELOPMENT | | | | |
| Financial period verified: | 01 October 2017 to 30 September 2018 | | | |
| Socio-economic development contributions as a percentage of NPAT: | 1.00% | 5.00 | 2.51% | 5.00 |
| Bonus Points: Contributions or Qualifying Socio-Economic Contributions in excess of 1% Target | 0.75% | 3.00 | 1.51% | 3.00 |
| TOTAL SCORE: SOCIO ECONOMIC DEVELOPMENT | 5.00+3.00 | | 8.00 | |
| TOTAL SCORE: | 112.00+23.00 | | 95.04 | |

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JOHANNESBURG
Tel: 011 883 8548 • Fax: 011 326 7803
E-mail: info@empowerdex.com

CAPE TOWN
Tel: 021 419 5130 • Fax: 021 419 5131
E-mail: info@empowerdex.com

DURBAN
Tel: 031 566 1938 • Fax: 031 566 4621
E-mail: info@empowerdex.com

PRETORIA
Tel: 012 665 2078 • Fax: 012 665 0647
E-mail: info@empowerdex.com



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ANALYST:

Sugnet Bailey

| EMPOWERDEX | CONTRIBUTION LEVEL | QUALIFICATION | PROCUREMENT RECOGNITION LEVEL |
|------------|---------------------------|--|-------------------------------|
| AAA+ | Level One Contributor | ≥ 100 points on the Scorecard | 135.00% |
| AAA | Level Two Contributor | ≥ 95 But < 100 points on the Scorecard | 125.00% |
| AA | Level Three Contributor | ≥ 90 But < 95 points on the Scorecard | 110.00% |
| A | Level Four Contributor | ≥ 80 But < 90 points on the Scorecard | 100.00% |
| BBB | Level Five Contributor | ≥ 75 But < 80 points on the Scorecard | 80.00% |
| BB | Level Six Contributor | ≥ 70 But < 75 points on the Scorecard | 60.00% |
| B | Level Seven Contributor | ≥ 55 But < 70 points on the Scorecard | 50.00% |
| C | Level Eight Contributor | ≥ 40 But < 55 points on the Scorecard | 10.00% |
| D | Non-Compliant Contributor | < 40 points on the Scorecard | 0.00% |

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Final Letter to Client

Dear Valued Client

Thank you for having engaged Empowerdex to conduct your Broad-Based Black Economic Empowerment verification. We are pleased to present your final verification documents.

Included in this package are the following:

- An official authorised Empowerdex verification certificate (Size: A4, Description: Orange, Blue and Black)
- An Empowerdex rating (Size: A3, Description: Blue and Black)
- A final verification report containing a detailed BBBEE scorecard

Guidelines as to the correct usage of the above noted documents:

- The A4 certificate is designed for tendering purposes & communicating your BBBEE status.
- The A3 rating is designed for display purposes only and cannot be utilised for the above purposes. Clients who do not achieve a minimum status of a Level Eight Contributor to B-BBEE will not receive an A3 certificate.
- The verification report is designed for internal management purposes only, and is intended to assist management to maintain and improve the company's BBBEE score.

Your certificate expires on 13 December 2019.

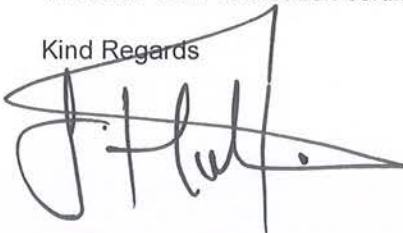
Regarding the use of the Empowerdex logo, please note the following terms & conditions:

"The Verified Entity agrees that it does not possess the right to use Empowerdex's trademark & logo, including without limitation, use of same in any reference, proposal, project, document, study, compilation, article, publication, communication, assignment or otherwise, without Empowerdex's written consent."

"Any reference to Empowerdex's name in relation to the rating status of the Verified Entity shall be accompanied by the final rating score received, not in isolation. This is meant to avoid ambiguity regarding the rating status of the Verified Entity Use of Logo"

We welcome your feedback on the process, and should you require any assistance during the year, please do not hesitate to contact us. We would also suggest that you make contact with us at least two months before the expiry of your rating, so that we can begin the process. We would not want you to be without a valid verification certificate at any point.

Kind Regards

A handwritten signature in black ink, appearing to be 'J. H. H.', written over a large, stylized, abstract graphic element that resembles a signature or a logo.