

An EMPOWERDEX Generic Forestry Sector Scorecard

SAPPI LIMITED

Registration Number: 1936/008963/06

AAA

LEVEL TWO CONTRIBUTOR					
ELEMENT	EMPOWERDEX SCORE	TARGET SCORE	B-BBEE ANALYSIS		RESULTS
Ownership	A	23.03	25.00	Black Ownership Percentage	56.97%
Management & Control	A	7.85	19.00	Black Women Ownership Percentage	27.64%
Skills Development	B	14.51	20.00	51% Black Owned Designated Group Supplier	No
Enterprise & Supplier Development	A	42.33	43.00	Black Disabled Percentage	0.00%
Socio-Economic development	A	8.00	5.00	Black Youth Percentage	0.00%
Overall Score	AAA	95.72	112.00	Black Unemployed Percentage	0.00%
Empowering Supplier		Yes		Black People Living in Rural Areas	0.00%
Recognised Procurement Recognition Level		125.00%		Black Military Veterans	0.00%
Discounting Principle Applicable		No		Modified Flow-Through Principle Applied	No
Recorded Procurement Recognition Level		125.00%		Exclusion Principal Used Yes/No	Yes
Participated in Y.E.S Initiative		No		Financial Year	30/09/2020
Achieved Y.E.S Target & 2.5% Absorption		N/A		VAT Number	4440120816
Achieved 1.5 x Y.E.S Target & 5% Absorption		N/A		Effective Date	10 December 2020
Achieved 2 x Y.E.S Target & 5% Absorption		N/A		Expiry Date	09 December 2021
				Re-Issue Date	N/A

This verification report is an independent opinion in terms of the Forestry Sector Codes (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.

Technical Signatory – R Gijben

2020-12-10
Date



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EXECUTIVE SUMMARY PER ELEMENT:

DETAILED INDICATORS	TARGET LEVEL	TARGET SCORE	VERIFIED LEVEL	VERIFIED SCORE
OWNERSHIP				
Verification Date	26 November 2020			
Voting rights of black people:	25.10% + 1 vote	4.00	99.72%	4.00
Voting rights of black women:	10.00%	2.00	49.26%	2.00
Economic interest of black people:	25.00%	4.00	56.97%	4.00
Economic interest of black women:	10.00%	2.00	27.64%	2.00
Economic interest of designated groups:	7.50%	3.00	0.74%	0.29
Black participants in employee ownership schemes:			0.00%	0.00
Black beneficiaries of broad-based ownership schemes:			0.00%	0.00
Black participants in co-operatives:			0.00%	0.00
Black new entrant:	2.00%	2.00	0.74%	0.74
Net Value:	25.10%	8.00	56.97%	8.00
Bonus: Economic Interest held by Communities in area	2.5% over 7.5% above	5.00	0.00%	0.00
Bonus: Economic Interest held by black employees of ME	2.5% over 7.5% above	5.00	0.74%	0.00
Bonus: Economic Interest in the hands of black people >25%	5% over 25% above	1.00	31.97%	1.00
Bonus: Economic Interest in the hands of black woman >25%	5% over 10% above	1.00	17.64%	1.00
TOTAL SCORE: OWNERSHIP	25.00 + 12.00			23.03
Sub minimum achieved	3.20			YES
MANAGEMENT AND CONTROL				
Verification Date	26 November 2020			
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	50.00%	1.67
Black Female Executive Management:	30.00%	1.00	12.50%	0.42
Black Senior Management as % of all Senior Management	60.00%	2.00	16.19%	0.54
Black Female Senior Management as % of all Senior	30.00%	1.00	5.09%	0.17
Black Middle Management as % of all Middle Management	75.00%	2.00	27.75%	0.74
Black Female Middle Management as % of all Middle	38.00%	1.00	8.38%	0.22
Black Junior Management as % of all Junior Management	88.00%	1.00	62.17%	0.71
Black Female Junior Management as % of all Junior	44.00%	1.00	16.29%	0.37
Black Employees with Disabilities as % of all Employees	2.00%	2.00	1.70%	1.70
TOTAL SCORE: MANAGEMENT & CONTROL	19.00		11.53	
SKILLS DEVELOPMENT				
Latest Skills Development Plan submitted to:				
Skills development review period:	01 OCTOBER 2019 TO 30 SEPTEMBER 2020			
Skills spend on black people as a percentage of leviable amount:	5.00%	8.00	3.55%	5.68
Skills spend on black disabled staff as a percentage of leviable amount:	0.30%	4.00	0.04%	0.57
Learnerships and category B, C and D programmes for black employees as a percentage of total employees:	2.50%	4.00	2.09%	3.34
Learnerships and category B, C and D programmes for black unemployed people as a percentage of total employees:	2.50%	4.00	2.50%	4.00
Bonus Points: Number of black people absorbed by entity or industry at the end of the learnership:	100.00%	5.00	18.36%	0.92
TOTAL SCORE: SKILLS DEVELOPMENT	20.00+5.00		14.51	

October 2020

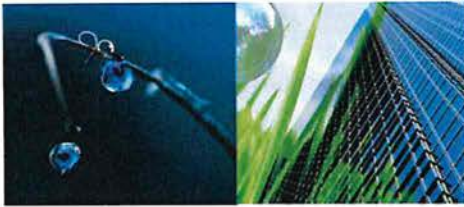
COR-04/E/R25

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Sub minimum achieved	8.00		YES	
ENTERPRISE AND SUPPLIER DEVELOPMENT				
Preferential Procurement				
Financial period verified:			01 OCTOBER 2019 TO 30 SEPTEMBER 2020	
Total BEE procurement with Empowering Suppliers as a percentage of total measured procurement spend:	80.00%	5.00	66.30%	4.14
Total BEE procurement from QSE's as a percentage of total measured procurement spend:	15.00%	2.00	10.66%	1.42
Total BEE procurement from EME's as a percentage of total measured procurement spend:	15.00%	3.00	8.45%	1.69
Total BEE procurement from 51% black owned suppliers as a percentage of total measured procurement spend:	40.00%	9.00	31.43%	7.07
Total BEE procurement from 30% black women owned suppliers as a percentage of total measured procurement spend:	10.00%	2.00	21.96%	2.00
Procurement spend with designated groups whom are at least 51% Black Owned	2.00%	2.00	3.49%	2.00
Bonus: Compliance with industry codes of good standing	Yes	2.00	YES	2.00
TOTAL SCORE: Preferential Procurement	23.00+2.00		20.33	
Sub minimum achieved	9.20		YES	
Supplier Development:				
Financial period verified:			01 OCTOBER 2019 TO 30 SEPTEMBER 2020	
Supplier development contributions as a percentage of NPAT:	2.00%	10.00	3.68%	10.00
TOTAL SCORE: Supplier Development	10.00		10.00	
Sub minimum achieved	4.00		YES	
Enterprise Development:				
Financial period verified:			01 OCTOBER 2019 TO 30 SEPTEMBER 2020	
Enterprise development contributions as a percentage of NPAT:	1.00%	10.00	5.65%	10.00
Bonus: Graduation of one or more Enterprise Development beneficiaries to Supplier Development status:	Yes	1.00	YES	1.00
Bonus: For one or more jobs created as a direct result of Enterprise or Supplier Development	Yes	1.00	YES	1.00
Bonus: Annual value of ED/SD in partnership with government	0.5% in excess of 3% ED/SD targets above	1.00	0.00%	0.00
Bonus: Annual value of contributions to 30% black woman owned QSE's or EME's	0.5% in excess of 3% ED/SD targets above	1.00	0.00%	0.00
TOTAL SCORE: Enterprise Development	10.00 + 4.00		12.00	
Sub minimum achieved	4.00		YES	
TOTAL SCORE: ENTERPRISE & SUPPLIER DEVELOPMENT	43.00 + 4.00		42.39	
SOCIO-ECONOMIC DEVELOPMENT				
Financial period verified:			01 OCTOBER 2019 TO 30 SEPTEMBER 2020	
Socio-economic development contributions as a percentage of NPAT:	1.00%	5.00	5.99%	5.00
Bonus: Socio-economic development contributions in excess of 1% target:	0.75%	3.00	4.99%	3.00
TOTAL SCORE: SOCIO ECONOMIC DEVELOPMENT	5.00 + 3.00		8.00	
TOTAL SCORE:	112.00 + 23.00		95.72	



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ANALYST:

Bonga Hoboyi

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) for display purposes only
- A final verification report containing a detailed BBBEE scorecard

Guidelines as to the correct usage of the above noted documents and other important information:

- 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 new certificate should now be used as your only valid proof of BEE status. Any existing previous certificate that may still be valid at the time of issue of your new certificate should now be considered withdrawn and should no longer be distributed.

Your certificate expires on **09 December 2021**.

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.

Kind Regards