

# FOREST SECTOR CHARTER COUNCIL

## Amended Forest Sector Code

**40803**

**SANAS**

**5 September 2017**



# PRESENTATION OUTLINE

- **FOREST SECTOR CODE- 40803**
  - PRINCIPLES (Comparison to repealed FSC)
  - Comparison to Amended Generic Code



# Comparison between Amended FSC & repealed FSC



## Forest Sector Code (cont.)

- **Amended FSC key principles:**
  - Scope of Application (same)
  - Additional two Sector principles
    - Rural Development &
    - Accountability
  - Threshold adjustment,
    - Exempted Micro Enterprise (EME) < R10M,
    - Qualifying Small Enterprise (QSE) R10M-R50M &
    - Medium & Large Enterprise (MLE) >R50M
  - 5 scorecard elements instead of 7

## Forest Sector Code (cont.)

- **Amended FSC key principles:**
  - Revised scorecards

Enterprise	WP	BP	WP	BP
MLE	100	11	112	26
QSE	100	10	100	8

- Compliance of all elements by MLE & QSE (no selection by QSE)

## Forest Sector Code (cont.)

- **Amended FSC key principles:**
  - Priority elements, threshold for priority elements (40%)
    - Ownership
    - Skills Development &
    - Enterprise & Supplier Development
  - MLE complies with all priority elements
  - QSE complies 2- **O**wnership (compulsory) & either ESD or SD

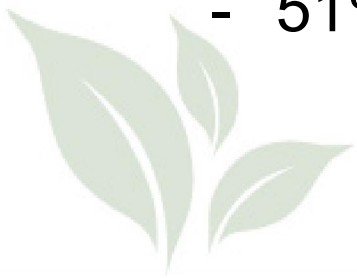
## Forest Sector Code (cont.)

- **Amended FSC key principles:**
  - **MLE & QSE CRITERIA**, (threshold 40%)

<b>Elements</b>	<b>Applicable 40%</b>
Ownership	<b>Net value points</b>
Skills Development	<b>Total points (exc. bonus points)</b>
Enterprise & Supplier Development	<b>Total points of three categories: PP SD ED</b>

## Forest Sector Code (cont.)

- **Amended FSC key principles:**
  - Discounting principles for failure to comply with **(40%)** priority elements
  - Enhancement recognition status for B-BBEE recognition
    - 100% black owned QSE/EME = **Level 1** &
    - 51% black owned QSE/EME = **Level 2**





## Forest Sector Code (cont.)

- Amended FSC key principles:
  - CIPC Certificate or Affidavit confirming;
    - Turnover
    - Black ownership, and
    - Empowering supplier status (only for QSEs)
  - SAFCOL identified as B-BBEE Facilitator



## Forest Sector Code (cont.)

- Amended FSC key principles :
  - Concept of Empowering Supplier (6 Criteria)
    - 25% labour cost must be procured locally
    - 25% beneficiation or production must be local
    - 50% employment creation for black people
    - 12 days spend on 51% black owned EMEs or QSEs
    - Certification from FSC, PEFC OR ISO
    - 85% labour cost must be South African



## Forest Sector Code (cont.)

- **Amended FSC key principles :**
  - Concept of Empowering Supplier 6 Criteria (Automatic)
    - MLEs compliant with 4
    - QSEs compliant with 2
    - EMEs (no need to comply)
  - Criteria for bonus points
    - Ownership- achieving targets
    - Preferential procurement- Achieving targets



# Comparison between Amended Generic & FSC



## Forest Sector Code (cont.)

- MLE scorecard

Scorecard Element ( MLE)	Generic (WP)	FSC ( WP) pg. 14
Ownership - <b>100</b>	25	25 (12)
Management Control - <b>200</b>	19	19
Skills Development - <b>300</b>	20	20 (5)
Enterprise & Supplier Development - <b>400</b>	40	43 (6)
Socio- Economic Development - <b>500</b>	5	5 (3)
<b>TOTAL</b>	<b>109</b>	<b>112 (26)</b>

## Forest Sector Code (cont.)

- QSE Scorecard :

Scorecard Element (QSE)	Generic (WP)	FSC ( WP) pg. 15
Ownership- <b>601</b>	25	25
Management Control- <b>602</b>	15	15
Skills Development- <b>603</b>	25	25 <b>(5)</b>
Enterprise & Supplier Development- <b>604</b>	30	30 <b>(3)</b>
Socio- Economic Development <b>605</b>	5	5
<b>TOTAL</b>	100	100 <b>(8)</b>

- Transitional period- not applicable for QSEs

## Forest Sector Code (cont.)

- Ownership Element (Pg. 20-21)

Measurement Category and Criteria	Weighting points	Generic (CT)	FS (CT)
<b>2.2.3 Economic Interest of any of the following black natural people in the Measured Entity:</b>			
2.2.3.1 Black Designated Groups	<b>3</b>	<b>3%</b>	<b>7.5%</b>
2.2.3.2 Black participants in Employee Share Ownership Programmes			
2.2.3.3 Black People in Broad based Ownership Schemes			
2.2.3.4 Black Participants in Co-operatives			

## Forest Sector Code (cont.)

- **Ownership summary (Pg. 20-21)**
  - 5% black women ownership (Accountability)
    - Enterprise development
    - Expedite restitution claims on forest land
    - Restructure state forests
    - **Entities to apply for a water use license**
  - Bonus points
    - **12** – Forestry (Communities, Black Employees, People & Women) 0 – Generic



# Forest Sector Code (cont.)

- Management Control (Pg. 45-46):

Measurement category & Criteria	Weighting points	Generic (CT)	FS (CT)
<b>2.2 Other Executive Management</b>			
2.2.1 Black <b>other</b> Executive Management as a percentage of all <b>other Executive Management</b>	2	60%	<b>60%</b>
2.2.2 Black female <b>other</b> Executive Management as a percentage of all <b>other Executive Management</b>	1	30%	<b>30%</b>
<b>2.6 Employees with disabilities</b>			
2.6.1 Black employees with disabilities as a percentage of all <b>office based</b> employees	2	2%	<b>2%</b>

# Forest Sector Code (cont.)

- Skills Development (Pg. 54)

Measurement Category and Criteria	Weighting points	Generic (CT)	FS (CT)
<b>2.1.1. Skills Development Expenditure on any Program specified in the Learning Programme Matrix for black people as a % of leviabile amount:</b>			
2.1.1.1 Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black people as a percentage of Leviabile Amount	8	6%	5%
2.1.1.2 Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black <b>employees</b> <b>people</b> with disabilities as a % of Leviabile Amount.	4	0.3%	0.3%
<b>2.1.2 Learnerships, apprenticeships and Internships:</b>			
2.1.2.1 Number of black <b>people</b> <b>Employees</b> participating in Learnerships, Apprenticeships and Internships <b>paid for by the Measured Entity</b> as a % of total employees	4	2.5%	2.5%

# Forest Sector Code (cont.)

- Skills Development (Pg. 54)

Measurement Category and Criteria	Weighting points	Generic (CT)	FS (CT)
<b>2.1.2 Learnerships, apprenticeships and Internships:</b>			
2.1.2.2 Number of black unemployed <b>people participating in training specified in the learning programme matrix Learners participating in Learnerships, Apprenticeships and Internships paid for by the Measure Entity</b> as a % of total employees	4	2.5%	2.5%
<b>Bonus Points:</b>			
2.1.3 Number of black people absorbed by the Measured <b>and Industry Entity</b> at the end of the Learnership programme	5	100%	100%

# Forest Sector Code (cont.)

- **Preferential Procurement (Pg. 66-67):**

2.1 PREFERENTIAL PROCUREMENT	Generic ( WP)	FS (WP)
2.1.2 B-BBEE Procurement Spend from all <b>Empowering Suppliers that are Qualifying Small Enterprises</b> based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	<b>3</b>	<b>2</b>
2.1.3 B-BBEE Procurement Spend from all <b>Exempted Micro Enterprises</b> based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	<b>4</b>	<b>3</b>
2.1.5 B-BBEE Procurement Spend from <b>Empowering Suppliers that are at least 30% black women owned</b> based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	<b>4 - (12%CT)</b>	<b>2- (10%CT)</b>

## Forest Sector Code (cont.)

- **Preferential Procurement (Pg. 66-67):**

2.1 PREFERENTIAL PROCUREMENT	Weighting points	Generic (WP)	FS (WP)
2.1.6 B-BBEE Procurement Spend from Suppliers that are at least 51% Black Owned and 51% owned by Black Designated Groups	2	NA	2 (NEW)
<b>Bonus Points</b> B-BBEE Procurement Spend from <b>Designated Group Suppliers</b> that are at least 51% Black owned	2	2%	NA
2.1.7 Compliance with Industry Codes of Contracting (these points can only be earned if the Measured Entity has earned 9.2 points in aggregate for indicators 2.1.1 to 2.1.6)	2	NA	2

## Forest Sector Code (cont.)

- **Supplier Development (New concept Pg. 67):**

2.2 SUPPLIER DEVELOPMENT	Generic (WP, CT)	FS (WP, CT)
2.2.1 Annual value of all <b>Qualifying</b> Supplier Development Contributions made by the Measured Entity as a percentage of the target	<b>10- (2 % of NPAT)</b>	<b>10- (2 % of NPAT)</b>

- Annual value of contributions
  - “Qualifying “ - Forestry
  - “**All contributions**” – Generic



# Forest Sector Code (cont.)

- Enterprise Development (Pg. 67-68):

2.3 ENTERPRISE DEVELOPMENT	Generic (WP)	FS (WP)
2.3.1 Annual value of <b>all Qualifying</b> Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	<b>5</b>	<b>10</b>
<b>2.4 BONUS POINTS</b>		
2.4.1 Bonus point for graduation of one or more <b>Qualifying</b> Enterprise Development beneficiaries to graduate to the Supplier Development level	<b>1</b>	<b>1</b>
2.4.2 Bonus point for creating one or more jobs directly as a result of <b>Qualifying</b> Supplier Development and Enterprise Development <b>contributions initiatives</b> by the measure entity	<b>1</b>	<b>1</b>

## Forest Sector Code (cont.)

- Enterprise Development (Pg. 67-68):

2.3 ENTERPRISE DEVELOPMENT	Weighting points	Compliance targets	FS
2.4.3 Annual value of Supplier and/or Enterprise Development sector approved contributions in partnership with Government	1	0.5% of NPAT (over and above the 3% NPAT combined ESD Target)	NEW
2.4.4 Annual Value of Supplier and/or Enterprise Development Contributions to 30% Black Women owned QSE's and EME's.	1	0.5% of NPAT (over and above the 3% NPAT combined ESD Target)	NEW



## Forest Sector Code (cont.)

- **Enterprise Development (Pg. 67-68):**
  - **Annual value of ED contributions**
    - **“Qualifying ED contributions”** – Forestry
    - **“All SD contribution”** – Generic
  - **Recognition of sale of logs (Grower/ Sawmiller)**
    - Targets in terms of QSEs & EMEs based on recognition level
    - Targets in terms of 51% BO & 30% BWO
  - **Graduation on 1/more ED beneficiaries to SD level**
    - **“Qualifying ED contributions”** – Forestry
    - **“All SD contribution”** – Generic

## Forest Sector Code (cont.)

- **Enterprise Development (Pg. 67-68):**
  - **Creation 1/more Jobs**
    - **“Qualifying ED contributions”** – Forestry
    - **“All SD & ED initiatives”** – Generic
  - **Recognition of annual value of SD/&ED contribution in partnership with government**
  - **Recognition of annual value of SD/&ED contributions to 30% BWO QSEs & EMES**

# Forest Sector Code (cont.)

- Socio- Economic Development (Pg.87)**

Socio Economic Development	Generic (WP, CT)	FS ( WP, CT)
2.4.1 Annual value of all <b>Qualifying</b> Socio Economic Development Contributions made by the Measured Entity as a percentage of the target	<b>5, 1% of NPAT</b>	<b>5, 1% of NPAT</b>
<b>BONUS POINTS</b>		
<b>2.4.2 Bonus points for Sector Specific Contributions or Qualifying Socio-Economic Contributions in excess of the 1% Target in indicator 2.4.1</b>		<b>3 0.75% of NPAT (over and above the 1% Target)</b>

