



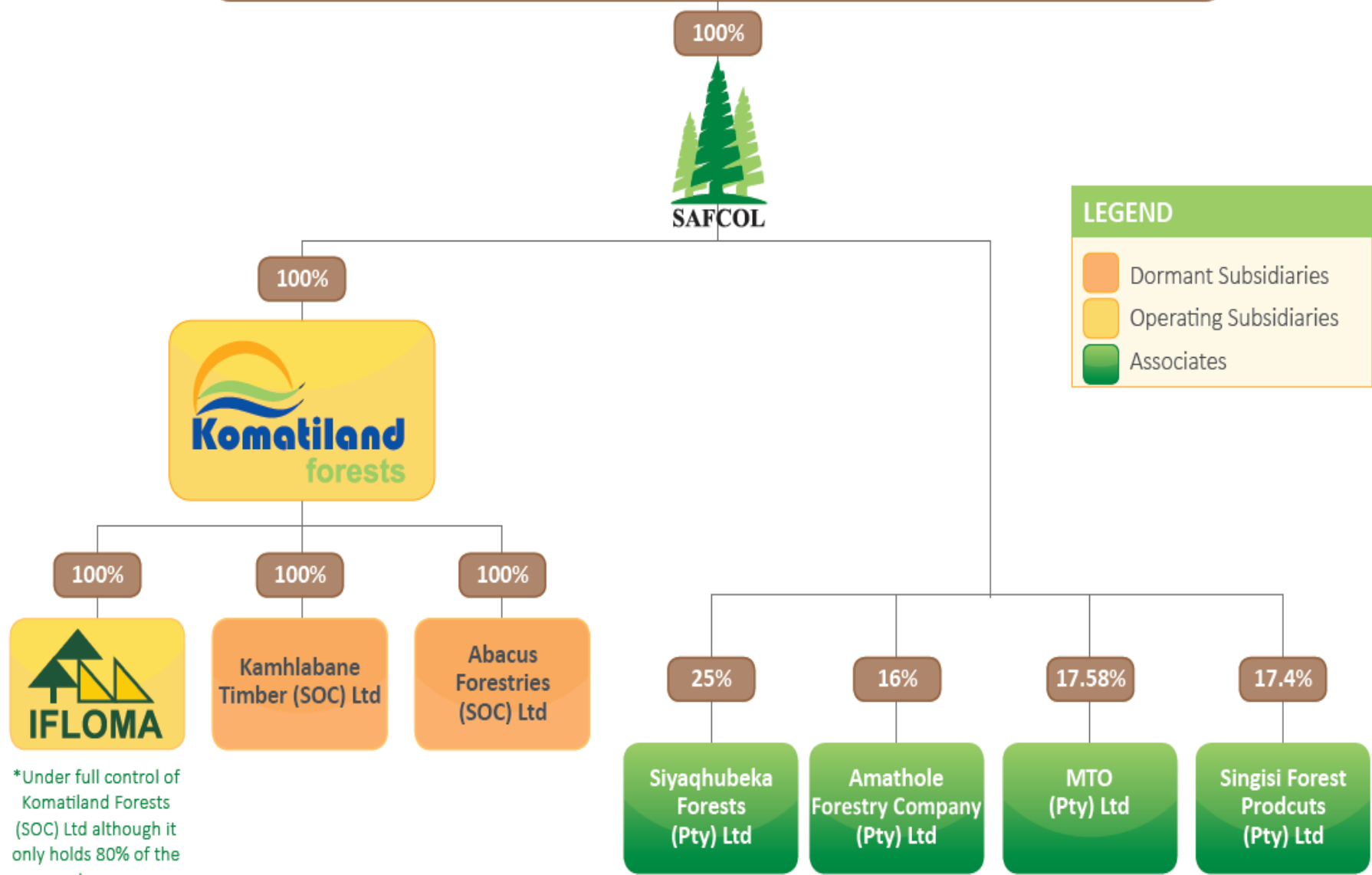
SOUTH AFRICAN FORESTRY COMPANY SOC LIMITED

PORTFOLIO COMMITTEE INTEGRATED REPORT 2014/15

18 November 2015



Republic of South Africa through the Minister of Public Enterprises



*Under full control of Komatiland Forests (SOC) Ltd although it only holds 80% of the shares



SAFCOL Incoming Board of Directors

NAME	DESIGNATION
Mr Rudolph Lungile Mabece	Board Chairperson
Mr Maroale Jacob Rachidi	FINCO Chairperson and Social and Ethics Committee member
Ms Sakekile Baduza	ARMC Chairperson and FINCO member
Mr Stanley Mandla Mnguni	REMCO Chairperson and Social and Ethics Committee member
Ms Caroline Phumzile Mavasana Ngwenya	Social and Ethics Committee Chairperson and ARMC member
Mr Gabriel Christiaan Theron	FINCO and ARMC member
Dr Mbiji Mahlangu	Social and Ethics Committee member
Ms Nazia Carrim	REMCO member
Dr Pulane Elsie Molokwane	REMCO member
Ms Nomkhita Mona	Chief Executive Officer
Ms Zoliswa Mashinini	Chief Financial Officer

SAFCOL GROUP EXCO



Nomkhita Mona
Group Chief
Executive Officer



Francois de Villiers
Group Chief
Operations Officer



Zoliswa Mashinini
Group Chief
Financial Officer



Julia Mphafudi
Senior Executive
Human Capital
Management & Transformation

SAFCOL AT A GLANCE

- Employees (+- 000 including IFLOMA) – Including Contractors (Supporting 20 000 Individuals in the rural areas)
- Unencumbered Balance Sheet
- Competitive advantage - High value asset
- Long term business: 30 year rotation
- FSC certified
- 1ST female Plantation Manager / 2 currently employed
- 57% Black senior managers
- 28% Black female senior managers
- Rental of R46.1m p.a. paid for 2013 and R47.9m for 2014
- Rental R47.9m (under review)



FOOTPRINT IN AFRICA

South Africa

- Spread over 187 320 ha – with 121 000 ha planted
- 18 plantations managed as 15 business units



Mozambique

- In partnership with Mozambican government =20% ownership
- Initial IFLOMA plantations cover 31 754 ha
- 4 plantations
- Licensed for expansion by an additional 69 360 ha closer to the Beira port.



Land claims threaten the viability of current operations, with 61% of plantation area under land claim

Context	Mitigation steps
<ul style="list-style-type: none">▪ More than 50 claimant groups for SAFCOL land▪ Land claims are in all three provinces SAFCOL operates in (Mpumalanga, Limpopo and KZN)▪ Land claimants are not trained in the management of the forestry they will inherit▪ Land claim processes have proven cumbersome and slow to resolve▪ In the interim, illegal occupants of SAFCOL land and threats from local communities may affect productivity	<ul style="list-style-type: none">▪ Land claimants must be trained to ensure the successful usage of the land (provide bursaries for school leavers to study forestry)▪ SAFCOL has undertaken to cooperate fully with the Regional Land Claims Commissions (RLCC's) in order to speed up the land claim process▪ SAFCOL will focus on cementing a mutually beneficial relationship between itself and the communities

Post-settlement plan

- SAFCOL plans to become the partner of choice post-settlement of the land claim
- SAFCOL will provide training and development for land claimants to ensure sustainability of its forests
- SAFCOL believes that the land claimants should partner in the full value chain

Land Claims

- Approximately 61% of the state forest land managed by SAFCOL/KLF is under claim i.e. Limpopo, MP and KZN
- SAFCOL is on record, through its annual reports, highlighting the risk faced by its operation due to unresolved land claims
- SAFCOL operates its forest business on land parcels described as state forest land in terms of the National Forest Act
- SAFCOL leases the state forest land on the basis of letters of delegation and interim agreements with Department of Agriculture, Forestry and Fisheries (DAFF)
- Therefore, it is the Department of Rural Development and Land Reform (DRD&LR) that plays a pivotal and leading role in the management and resolution of land claims
- It is SAFCOL/KLF's vision and stated intent to be the preferred partner to successful land claimants

Land Claims Statistical Information

	Limpopo	Mpumalanga	KwaZulu Natal	Total
Total no. of claims	14	17	1	32
Research	1	13	0	14
Gazetted/ negotiations	13	4	1	18
Settled*	3	0	0	3
Transferred	0	0	0	0

***these are pilot projects that are awaiting sign off of the final settlement model**

Proposed Settlement Model

- SAFCOL has developed a proposed settlement model (lease back), which is deemed suitable for settling land claims that affect the state forest land on which it operates
- SAFCOL, together with DRD&LR, are currently holding workshops with all relevant stakeholders, including claimants on the proposed settlement model through which the land will be transferred in title to its rightful owners
- Workshops held with the following communities claiming Entabeni plantation: Ravele, Ratombo, Tshakuma, Maguada, Shanzha, Vhutshavhelo and Songozwi
- It is proposed that the lease arrangement in terms of the lease option should be stretched out into two phases, where phase 1 will be a straight lease; and the second phase will be the Joint Venture arrangement.
- It is SAFCOL/KLF's vision and stated intent to be the preferred partner to successful land claimants

Proposed Settlement Models

Option 1: Lease Back

- Government to transfer the title and rights to the land to successful claimant communities for ownership
- Community owns the land; and leases it back to SAFCOL/KLF for a maximum of two rotations
- KLF retains ownership of the trees, and pays a market rental for the use of the land.
- Incentives by SAFCOL/KLF to claimants so as to help guarantee supply of raw material
- At the end of the second rotation, parties may re-negotiate new terms that could result in the increased ownership of business by claimants

Option 2: Strategic Partnership

- Government to transfer the rights to the land or land in title to claimant's communities
- Government to acquire a share in the trees (to be informed by a Plantation Management / Business Plan for the Plantation)
- Claimants and SAFCOL/KLF to form a partnership in the ownership and management of the trees (the land is not to be included in the partnership)
- Partnership to rent the land for two rotations

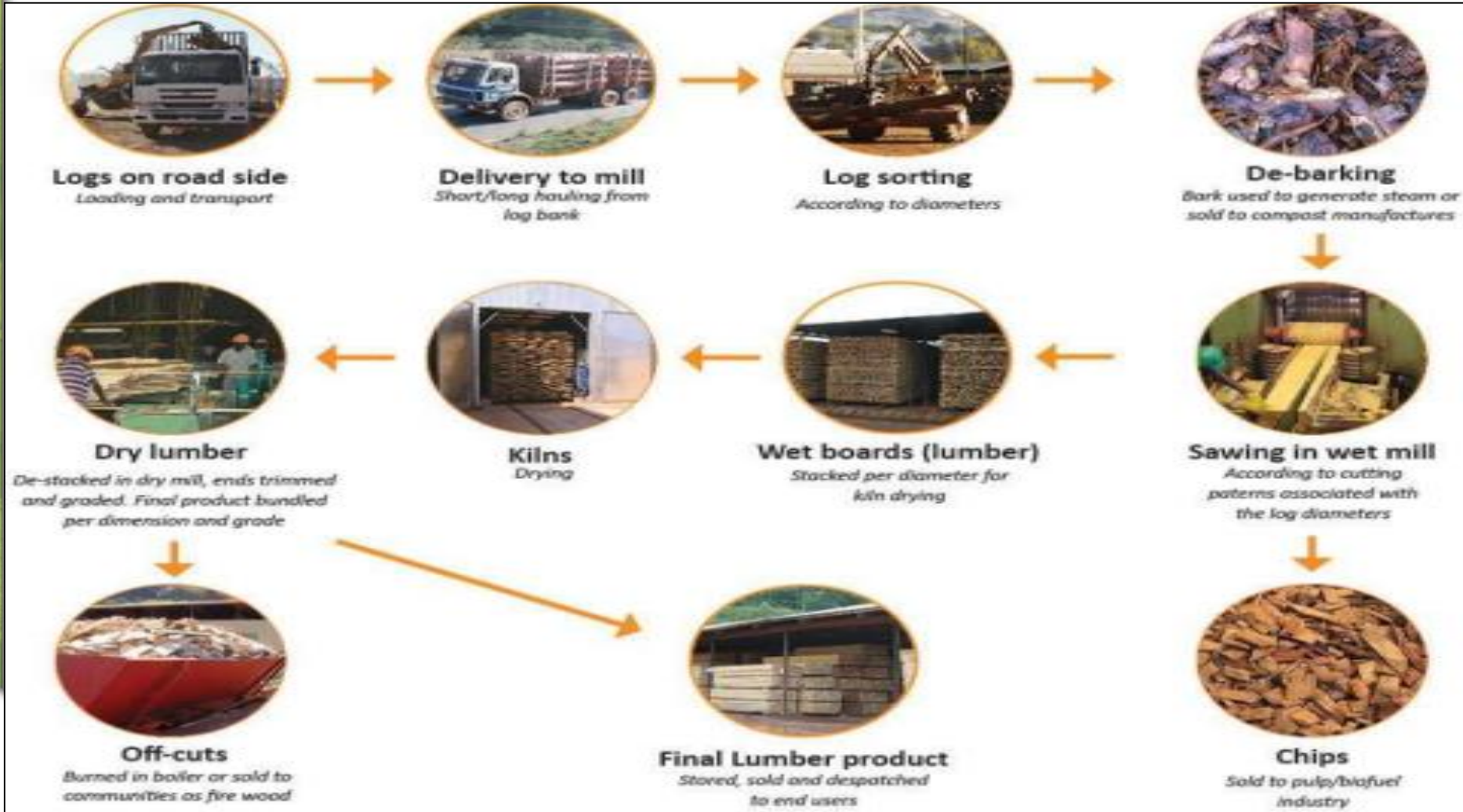
CORE OPERATIONS

Forestry



CORE OPERATIONS

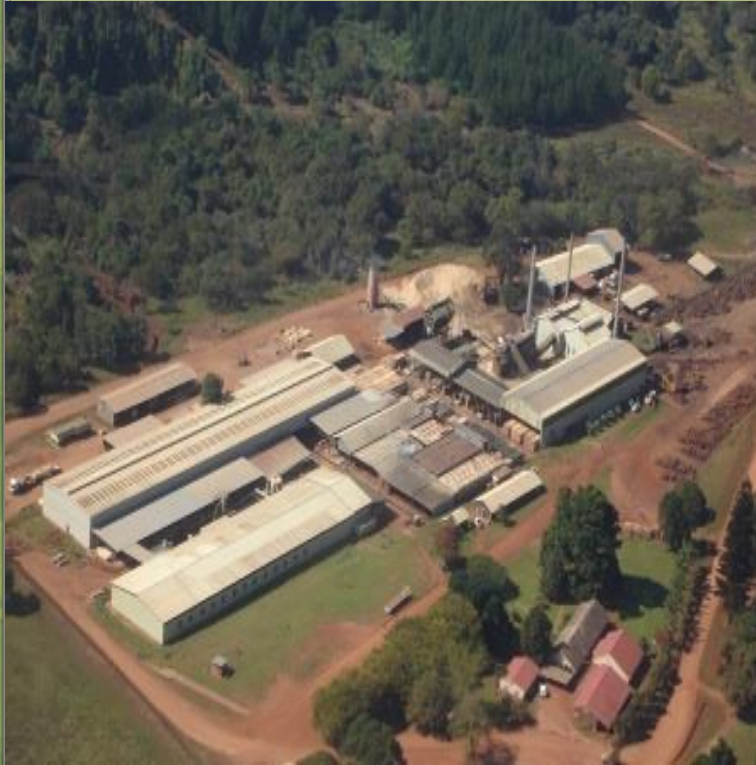
Processing



PROCESSING-SAWMILLS

SA- Timbadola

- Owns 1 and contracted to 2 sawmills
- Own mill currently operating at an intake volume of 130 000 m³ per annum
- Upgrading the mill to increase capacity to 160 000 m³ per annum
- Public Finance Management Act (PFMA) application will be submitted to the DPE



Mozambique – IFLOMA

- Messica sawmill
- Refurbished & restarted September 2012
- Currently mothballed
- Turn around plan with potential equity partner considered.



SAFCOL STRATEGIC PILLARS

Horizontal Integration

Growth or Expansion
(Government owned plantations in South Africa and elsewhere in Africa)

Vertical Integration

Building new sawmills and upgrading existing ones

Manufacturing plants built as part of beneficiation

Strategic partnerships for full utilisation of products

Rural Development

Agro forestry

SAFCOL Community Partnerships

Establishment of processing and manufacturing centres to stimulate rural economy while assisting with beneficiation

Green Energy

Co-generation

Biomass and Biofuel

Strategic initiatives that have been adopted as part of the organisation's strategic plan which cover opportunities for horizontal and vertical integration

	Strategic		
	Financial/ commercial sustainability	Sustainable forestry management	Enhanced development contribution
Timbadola upgrade and expansion	✓	✓	✓
Export logs	✓	✓	✓
IFLOMA expansion	✓	✓	✓
Plywood mill and co-generation facility	✓	✓	✓
Green Energy	✓	✓	✓

All of these initiatives meet SAFCOL's strategic targets and all have positive NPVs

IFLOMA

- IFLOMA - under care and maintenance in the previous financial year while a decision on turnaround is being finalised
- Care & maintenance encompasses the following:
 - Slashing
 - Weeding (incl. chemical weeding, post pruning weeding)
 - Pruning
 - Thinning
 - Under canopy burn/ fuel load reduction (fire risk mitigation)
- Current Board has requested Management to operationalise IFLOMA (move away from care & maintenance)
- Review of various options on turnaround
- Expand products/services to grow revenue

PERFORMANCE 2014/15



BIOLOGICAL ASSET REVIEW (2014)

- **Reason:** Auditor General did not agree with all aspects of SAFCOL's evaluation method
- **Proposed:** a change in input parameters to include future changes in real terms prices as opposed to flat structure.
- **Effect:** significant on evaluation resulting in the following adjustments;

Fair Value Adjustments: 2015 Description	APPROVED METHOD		Adjustment	2015	Adjustment
	2013	2014			
KLF	2,912,182,986	3,632,488,360	24.73%	3,779,718,831	4.05%
IFLOMA	67,697,547	45,902,635	-32.19%	41,772,283	-9.00%
Palm Ridge	1,274,454	1,521,484	19.38%	1,837,769	20.79%
TOTAL	2,981,154,987	3,679,912,478	23.44%	3,823,328,884	3.90%

83% of the Key Performance Indicators (KPIs) met – an increase from 73% achieved in the previous financial year

● Achieved
● Not Achieved

Key performance area	Selected key performance indicators		Actual	Target
			SAFCOL	
Financial and commercial	▪ EBITA/Revenue	●	7%	3%
	▪ ROE	●	1.5%	2%
	▪ Gearing	●	8%	≤50%
	▪ Cash interest cover	●	1	1
	▪ Current ratio	●	3	≤4
	▪ Cash ratio	●	1	1.0
Sustainable forest management	Total gross stocked (planted) area		Actual	Target
	▪ SA total planted area	●	121 716ha	120 000ha
	▪ IFLOMA ¹ total planted area	●	16 233ha	16 412ha
	▪ SA temporarily unplanted area	●	1.6%	3%
	▪ IFLOMA ¹ temporarily unplanted area	●	9.6%	13%
	▪ Total intake volume (Timbadola)	●	124 131m ³	130 000m ³
	▪ Custom cut operations	●	124 608m ³	150 000m ³
	▪ Recovery rate (Custom cut)	●	51%	44%



¹ IFLOMA operations under care and maintenance

83% of the KPIs met – an increase from 73% achieved in the previous financial year

● Achieved
● Not achieved

Key performance area	Selected key performance indicators		Actual	Target
			SAFCOL	
Socio-economic transformation	▪ Skills development (Internships, Graduate trainees)	●	35	15
	▪ Skills development (Artisan trainees)	●	20	6
	▪ Skills Development (Engineering trainees)	●	20	3
	▪ Skills Development (Forestry, Processing learnerships)	●	126	75
	▪ Training spend: % total training spend against employees costs inclusive of 1% skills levy	●	3.7%	3%
	▪ Employment creation	●	5	5
	▪ BBBEE contributor level	●	2	2
	▪ Total procurement spend	●	R 640m	R 608 m
	▪ Local content	●	90.26%	Review database
	▪ % black owned enterprises	●	36.15%	20%
	▪ % black women owned	●	7.9%	6.5%
	▪ % youth owned	●	1.77%	8%
	▪ PWD owned	●	0%	1%
	▪ % QSE/EME	●	47%	45%
▪ Enterprise development spend	●	1%	3% NPAT	
▪ Socio economic development spend	●	3%	1% NPAT	



COMMITMENTS IN PREVIOUS CORPORATE PLAN	OUTCOME
Finalise settlement model and agreement for land claims	Approved and submitted to shareholder
Cost structure redesign	Identified cost elements that require redesign
Phased in Timbadola upgrade	Update of feasibility in progress as well as drafting Shareholder section 54 application
Initiate the funding strategy and model	Funding strategy and model being finalised
Improve productivity: Group level	Partnered with Productivity SA for the Workplace Challenge Programme currently underway
Continue with IFLOMA turnaround	Further engagement with other stakeholders on the turn around strategy underway.
Timber framed structures and Furniture manufacturing	Feasibility studies and implementation plans developed and submitted to shareholder
Pre-feasibility and feasibility studies for vertical integration	Prefeasibility study completed. Feasibility studies part of the 2015/16 to 2016/17 deliverables in terms of the Shareholder's compact

FINANCIAL AND COMMERCIAL SUSTAINABILITY - KPIs

Key Performance Area	Description	2015	Target	2014
Financial Returns	EBITDA/Revenue	7%	3%	2%
	ROE (excl. FV movements & translation gains/(losses))	1%	2%	-1%
Credit Worthiness	Gearing Ratio	8%	<50%	1%
	Cash Interest Cover*	1	1	1
Working Capital Management	Current Ratio(Excluding NCAHFS)	3	≤4	3
	Cash Ratio	1	1	1
*Net Interest is positive and therefore the ratio is not applicable.				

Statement of financial performance

Amounts in Rand Thousands	2015	2014	Variance	Variance %
Revenue	898 140	894 374	3 766	0.4%
Cost of Sales	(674 130)	(699 491)	25 361	(4%)
Other Income	7 074	10 377	(3 303)	(32%)
Operating Expenses	(228 304)	(243 882)	15 578	(6%)
Operating Profit	2 780	(38 622)	41 402	(107%)
Net Investment Revenue	52 906	11 286	41 620	369%
Fair value adjustments	144 544	731 445	(586 901)	(80%)
Profit before taxation	200 230	704 109	(503 879)	(72%)
Taxation	(30 212)	(196 174)	165 962	(85%)
Net Profit	170 018	507 935	(337 917)	(67%)

- **Revenue:** influenced by the positive result from Log revenue and other revenue (Lumber sales declined against prior year).
- **Fair value adjustment:** was positively influenced by KLF plantation valuation. The increase is due to the impact of increased prices, discount rate and volume growth on the fair value model.
- **Other income:** Negative variance in the current year is mainly as a result of the profit on sale of assets included in the prior year.
- **Operating expenses and cost of sales:** The net decrease was influenced by YoY decreases in the following areas; material management ; forestry contractors; asset management; risk management; selling and admin costs.
- **Net Investment Revenue:** Higher as a result of R41.8 million dividends received and higher interest earned due to higher cash balances.

Statement of Financial Position

Amounts in Rand Thousands	2015	2014	Variance	Variance %
ASSETS	5 098 671	4 854 611	244 060	5%
Non-current assets	3 898 305	3 757 245	141 060	4%
Current Assets (including portion of biological assets)	827 921	724 611	103 310	14%
Non Current Assets held for sale	372 445	372 755	(310)	0%
EQUITY AND LIABILITIES	5 098 671	4 854 611	244 060	5%
Equity	3 740 161	3 595 759	144 402	4%
LIABILITIES	1 358 510	1 258 852	99 658	8%
Non-current liabilities	1 096 636	1 080 239	16 397	2%
Current liabilities	261 874	178 613	83 261	47%

- **YoY increase in assets influenced by:**

- Increase in Biological assets and Cash and cash equivalents.

- **YoY increase in equity and liabilities influenced by:**

- Increase in Retained income; and Current Liabilities (land lease rental).

Statement of Cash flows

Amounts in Rand Thousands	2015	2014	Variance	Variance%
Cash Flow from Operating Activities	123 295	106 031	17 264	16.3%
Cash Flow from Investing Activities	(65 166)	(46 938)	(18 288)	(39)%
Cash Flow from Financing Activities	13 003	10 339	2 664	26%
Total cash movement for the year	71 132	69 432	1 700	2%
Cash and cash equivalents at the beginning of the year	222 162	152 730	69 432	45%
Cash and cash equivalents at the end of the year	293 294	222 162	71 132	32%

- **The Group generated positive cash from operations, R17.3 million more than the prior year.**

Audit Report

- **Unqualified Audit Opinion Achieved**

- **Summary of Significant Findings :**

- **Asset Management**

An updated detailed asset register was not uploaded and maintained in the current Enterprise Resource Planning (ERP) System.

- **Procurement and Contract Management**

Goods, works or services were not always procured through a procurement process which is fair, equitable, transparent and competitive as required by the PFMA section 51(1)(a)(iii)

The accounting authority did not take effective steps to detect and prevent irregular expenditure and fruitless and wasteful expenditure, as required by section 51(1)(b)(ii) of the PFMA.

Audit Report (continued)

- **Audit Of Pre-determined Objectives (AOPO)**

The entity must ensure the following:

- Strategic objectives are aligned to the operational budget of the entity.
- Set quarterly targets to be able to effectively monitor achievement of annual targets.

- **Fruitless and wasteful expenditure:**

- R366 000 incurred and condoned during current financial year .

(2014: R16.3 million condoned)

- An improvement of R16 million from prior year

- **Irregular Expenditure**

- Emphasis of matter relating to irregular expenditure.
- Detailed Irregular expenditure breakdown attached .

Irregular Expenditure Breakdown (Amounts in Rand Thousands)**2015****2014**

Opening balance	17 867	1 476
	72 183	16 391
Incurring during the year	29 708	16 391
Incurring during the year - prior year	42 475	-
Condoned during the year	-90 050	-
Closing balance	-	17 867

Details of irregular expenditure**Incurring during the year**

22 843 16 391

Three quotations not obtained

1 451 7 248

No contracts in place with the relevant supplier before purchases were made.

44 364

Authorisation to procure was not obtained

5 411 319

Tenders not advertised for 21 days

- 2 052

Tax clearance certificate not obtained

15 937 6 408

ERP Related Investigation paid in the current year (2012 contract)

6 865 -

Incurring during the year (including 2012 contract)

29 708 16 391

Incurring during the year - prior year

42 475 -

Total**72 183 16 391**

Audit Report (continued)

- **Irregular Expenditure**

- Of the R72 million reflected in the current year, R22.8 million relates to the current year while R49.4 million dated back to 2006
- The R49.4 million relates to transactions that commenced in 2006 for Enterprise Resource Planning (ERP)/ Information and Communications Technology (ICT) and Processing related activities
- The R22.8 million relates mainly to transactions with suppliers where no tax clearance certificates were submitted. Currently this situation is being remedied
- Included in R22.8 million irregular expenditure was an anomaly where Fire Protection Association did not have tax clearance certificate (R9 million) - outside of Safcol's control
- In essence, irregular expenditure of R13.8 million is an improvement from previous year

Review of Procurement

PROGRESS MADE THIS CURRENT YEAR

- A monthly report is run to check suppliers whose tax clearance certificates have expired or are close to expiring
- Tenders are reviewed prior to finalisation and award
- Safcol has also embarked on a process of reviewing its entire procurement process, structures and policies
- This process is going to be completed within the next 3 months
- Irregular expenditure reduced from R22.8 million to R68,340. The amount of R68,340 relates to the emergency procurement of diesel

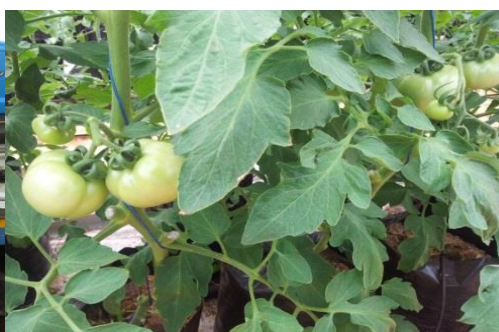
HUMAN CAPITAL AND TRANSFORMATION



Socio-economic and rural development projects

More than 130 community projects completed. More than R40 million spent in the last 4 years

- 11 Timber framed structures
- 39 Classrooms and a full school (sometimes additions to existing schools)
- 4 other facilities at schools: dining hall; admin blocks; science laboratory and sports facility
- 6 Victim Centres, homes for People living with disabilities and Hospices
- Supported 7 Maths and Science centres (not infrastructure)
- 3 ICT centres and Providing 26 schools with computers
- 15 Early Childhood Development Centres
- 5 Information centres (Libraries)
- 6 Multipurpose centres and Arts and Crafts market for communities
- Other infrastructure completed: cattle dips; car wash facilities; erection of fences in schools; community halls and drilling of boreholes



13 Social Compacts signed with Communities

1. **Redhill Cluster** - Albert Luthuli District - Jessievale plantation
2. **Blairmore Cluster** - Albert Luthuli District - Blairmore plantation
3. **Roburnia Cluster** - Mkhondo District - Roburnia plantation
4. **Mphephu Entabeni Cluster** - Makhado and Thulamela Districts – Entabeni
5. **Tshivhase Cluster** - Thulamela District - ThatheVondo
6. **Mantjolo Cluster** - Albert Luthuli District - Nelshoogte plantation
7. **Ngome Cluster** - Ngome plantation
8. **Palm Ridge Cluster** - covering two communities adjacent to the seed orchard
9. **Berlin Cluster** - Berlin plantation
10. **Hebron Cluster** - Wilgeboom and Bergvliet plantations
11. **Mapulana Cluster** - Tweefontein, Blyde and Morgenzon plantations
12. **Greater Tzaneen Cluster** - Woodbush plantation
13. **Emakhazeni Cluster** - Belfast plantation

Benefits of Social Compacts with Communities

13 Social Impact signed with communities

Benefits to communities

- Education opportunities and Early childhood development
- Access to Science and Technology (ICT) skills
- Business training opportunities
- Cultural and heritage facilities
- Sports and recreation facilities

Benefits to SAFCOL

- Good relations with communities
- Protection of trees
- Fire fighting support
- Partner of choice

ENTERPRISE DEVELOPMENT

SAFCOL implemented a number of community Enterprise Development programmes
The aim is to provide business opportunities to rural communities

Projects	No. of Beneficiaries	Province
Charcoal manufacturing	30	Mpumalanga
Essential Oils manufacturing	20	Mpumalanga
Desk / Furniture Manufacturing	20	Limpopo, KwaZulu Natal
Agroforestry	45	Limpopo, Mpumalanga, KwaZulu Natal
Silviculture and Harvesting contracts	2000	Limpopo, Mpumalanga, KwaZulu Natal
Timber frame construction	50	Limpopo, Mpumalanga, KwaZulu Natal
Transport & Logistics	50	Limpopo, Mpumalanga, KwaZulu Natal

FURNITURE MANUFACTURING

- Drive rural development through the creation of sustainable jobs
- Desk manufacturing project - basis of a larger furniture manufacturing initiative
- 40 Unemployed youth trained in Limpopo and KZN
- SAFCOL has entered into an SLA with Furntech
 - Seda's furniture manufacturing incubator provides on-the-job training and mentoring
- SAFCOL has invested more than R2 million on the project
- Permanent manufacturing site at Timbadola
 - 1018 desks dispatched to schools
 - Fixed term employment for 20 young people in Limpopo
- 1018 desks manufactured according to Department of Basic Education (DBE) requirements and South African Bureau of Standards (SABS) specifications
- Feasibility study to increase scope to full furniture manufacturing underway

SKILLS DEVELOPMENT OPPORTUNITIES FOR YOUTH

SAFCOL provides education and business opportunities to communities and youth

- Adult education and Training
- Career Expos
- Apprenticeship
- Bursaries
- Internships
- Graduate Trainee Programme
- Furniture Manufacturing
- Timber Frame Structure / Building skills
- Techno Girl Schools Programme

Total spend on skills development including grants:

R20 000 000 during 2014\15

BURSARIES

120 bursaries provided to youth studying at various universities in the last 3 years. 60% of the bursaries are awarded to communities members.

The bursars study mainly towards Engineering and Forestry related qualifications:

- ✓ Mechanical Engineering
- ✓ Civil engineering
- ✓ Industrial engineering
- ✓ Architecture
- ✓ BSc Applied Maths
- ✓ BSc Wood Sciences and National Diploma Wood Technology
- ✓ BSc Forestry/ Growth & Yield Modelling, Micro Biology/Plant science/ Forest Engineering
- ✓ MSc Forestry/ Bio-Mass/ Fire Research

SAFCOL bursary is comprehensive covering the following study expenses:

- Registration
- Tuition Fees
- Study material/ Text Books
- Meals and accommodation
- Travel Allowance
- Student allowance
- Offers Workplace Integrated Learning/ Experiential Vacation Work

Bursary Impact

All bursary Students are absorbed as employees of SAFCOL on completion of their studies

Total Bursary cost for the 2013-2015 is: **R5 849 396**

Total of **R3 000 000** was spend on external bursaries (community members)



ARTISAN/ APPRENTICESHIP

A total of 37 artisan development trainees were enrolled for the following trades:

- Diesel Mechanics
- Electrical Engineering
- Millwrights
- Fitters
- Boiler Makers

Total cost of training apprentices since 2012 to 2015 **R3 389 000**

INTERNSHIP PROGRAMME

- A total of 54 students and graduates have accessed the SAFCOL workplace in 2014 and 2015. The duration of Internship placements is 12 months
- Placed in Forestry and Wood Processing core operations. They are in various Engineering fields, Forestry, Processing, Finance, Research, Marketing, etc.
- The students coming for experiential learning, are assigned mentors to assist them carry out their university experiential structured workplans so that they qualify and graduate
- The total cost over the 3 years was **R 5 490 000**

LEARNERSHIP PROGRAMME

Total of 310 youths enrolled and successfully completed NQF-aligned Learnership Programmes over the last three years:

- Processing
- General Forestry
- Harvesting and Silviculture
- Furniture Manufacturing
- Timber Frame Structures / Buildings
- Apprenticeship

The Total Cost for the Learnerships was R 1,780,000 in 2014\15

TRANSFORMATION

Current B-BBEE Codes

SAFCOL has retained level 2 B-BBEE status following 1.44% increase to 95.15 points against previous B-BBEE rating. Significant increase year on year on Employment Equity, Social Economic Development, Enterprise Development and Procurement spend

The company is dominantly Black female at Executive Management level. The required target is achieved in the Management Control element

Revised B-BBEE Codes

Planning forward, the emphasis is placed on improving and maintaining the current B-BBEE Level under the Revised B-BBEE codes of Good Practice.

- Based on the company strategic plan, progress is to be made on the Enterprise and Supplier Development and Skills Development initiatives

HUMAN CAPITAL MANAGEMENT

Leadership and Management Development

Interventions concluded and which are still in the pipeline are as follows:

- Psychometric Assessments
- 360 Degree Assessments
- Coaching for Senior Managers and Executives
- Management and Leadership Development Programmes

Community Development

The skills programmes include Adult Education Training, Learnerships, Internship/Work Integrated Learning Programmes

Talent strategies incorporating talent focused activities to execute short, medium and long term business objectives

- Talent Management policy was approved in April 2014
- Workforce Segmentation completed to identify critical and core positions
- Establishment of talent pools for purposes of succession planning, employee engagement, accelerated development and retention

HUMAN CAPITAL MANAGEMENT

Performance Management

Developed and implemented a Performance Management System (PMS) to drive the achievement of the Company's strategic objectives

Employee Wellness

- Partnership with Occupational Care South Africa (OCSA) and Agri AIDS
- A full complement of wellness services
- Two fully functional and state of the art clinics, in the Timbadola Sawmill and on the Spitskop plantation. The clinics have recorded 90% usage rate since their opening

Employment Equity and Transformation

The Company has recently developed its Employment Equity plan for the next five years (2015 to 2020) with specific measurable affirmative and transformation movements for each financial year

HUMAN CAPITAL MANAGEMENT

Productivity Improvement

- The incentive scheme is implemented for the Mechanised Harvesting, the Sawmill and Forests operations to improve productivity

Policies and Procedures

- Human Capital Management (HCM) has developed and/or reviewed a total of eighteen (18) policies during the past three financial years
- Eight (8) Human Capital policies were introduced at the IFLOMA operations

Relationship with the Union

- The Company continues to provide platforms to strengthen the relationship with the Union
- Successfully concluded wage negotiations in South Africa and Mozambique operations

Thank you



Good standing-FSC Certified

Sustainable and looking at new growth opportunities

