

Industry, in turn, undertakes to:

- (c) Actively participate in provincial Freight Task Groups and Corridor Freight Committees to ensure that the transport needs of the forest industry receive the required attention from stakeholders and decision-makers in the transport sector.
- (d) Work through the Department of Trade and Industry supported Regional Industry Strategies and Wood Clusters initiative in developing road infrastructure and the development of business plans for key forest areas in the country.

This measure will be in place in the Eastern Cape, KwaZulu-Natal and Limpopo within two years of the effective date of the Charter and in other key forestry areas within three years thereafter.

15.2.5 Anti-dumping measures

The paper industry worldwide has surplus production capacity in many grades of paper, and many producers resort to selling their surplus production in foreign markets at prices significantly lower than in their domestic markets. This can and has caused local producers to go out of business. South Africa has anti-dumping procedures in line with international agreements, but the application of these procedures has proven to be cumbersome and slow. This is a constraint to black enterprise development in the fibre sub-sector.

Therefore, Government undertakes to request the ITAC to commit to do more, within its legal constraints, to provide greater protection for South African producers from foreign dumpers.

15.2.6 Strategy and programme for Forest Sector R&D in South Africa

Greater attention needs to be given to Forest Sector innovation, research and development to ensure that the sector has access to information, appropriate technology and innovation to support B-BBEE and enterprise development.

To this end Government, through DWAF, undertakes to drive the process to develop a Forest Sector research and development strategy with clearly outlined responsibilities, funding mechanisms and timelines.

This measure will be operational within six months of the effective date of the Charter.

15.2.7 Expediting restitution claims on forest land

The completion of the restitution process will facilitate the transfer of a substantial portion of state and private forestry land to previously disadvantaged communities and will bring greater stability to the forest industry. In the interest of the economy steps need to be taken to ensure the continued and sustainable use of such plantation areas for timber production.

To this end:

Government, through DWAF, and other sector stakeholders undertake to:

- (a) Work together with the Commission on Restitution of Land Rights (CRLR) in developing a national framework for the settlement of land claims to ensure the continued and sustainable use of existing plantation areas for timber production, and to provide for post-settlement support to the new owners of such land.

CRLR undertakes to:

- (b) Expedite the settlement of land claims on forest land, with 90% of all land claims settled within 5 years of the signing of the Charter.

15.2.8 Industry structures

Well functioning structures that represent and work on behalf of the various interest groups within the forest industry are required for sustainable transformation and growth in the sector.

To this end:

All sub-sectors of the forest industry undertake to:

- (a) Strengthen sub-sector organisations where they exist to increase representivity, effectively lobby on behalf of members, facilitate access to support services particularly for small and emerging enterprises.
- (b) Establish sub-sector organisations where there are none.
- (c) Enhance co-operation between the sub-sector organisations.
- (d) Respect and promote the right of all workers to join organisations of their choice and to create an enabling environment for the establishment and growth of worker organisations.

Trade Unions undertake to:

- (e) Improve levels of organisation and representation of workers throughout the sector. In particular, they undertake to find appropriate and effective ways to organise forestry workers in the context of widespread casualisation and outsourcing.

These measures will be operational within two years of the signing of the Charter.

15.2.9 Review of levying of property rates in forest areas

The levying of property rates by municipalities on forestry areas where the imposition of such rates is not clearly justified (for example, where no viable alternative land use exists or where the services rendered to the forestry operation do not justify the rates) severely compromises the economics of growing timber.

DWAF undertakes to engage with SALGA and municipalities in an attempt to provide relief from property rates where this negatively impacts on the sustainability of timber growing.

This measure will be operational within two years of the signing of the Charter.

16 Institutional Arrangements

16.1 Charter Council

The Forest Sector Charter Council ("the Council") was established to oversee and facilitate the implementation of the Charter. The functions, composition, constitution and funding arrangements for the Council are specified in the Companion to the Charter (refer to Annexure A).

16.2 Progress Reports and Review

- (a) Each measured enterprise will submit a verified compliance report, subject to the requirements outlined in the Codes of Good Practice, annually to the Council. The report, which will be publicly accessible, and must contain the enterprise's scorecard and an account of progress in achieving the undertakings outlined for enterprises in this Charter.
- (b) The Council shall report annually to the Minister of Trade and Industry, the BEE Advisory Council and the Minister of Water Affairs and Forestry on progress made by the Forest Sector in implementing the Charter.
- (c) After three years of implementation, the Council shall undertake a comprehensive review of the Charter to identify any shortcomings in the strategy, scorecard and instruments in meeting the objectives outlined for the Charter, and to assess if there is a material change in circumstances that requires adjustments to the Charter.
- (d) The Council shall conduct further reviews at intervals to be determined by the Council after consultation with the BEE Advisory Council and key stakeholders in the sector.
- (e) The Council will undertake a final review at the end of tenth year of implementation to determine the impact that the Charter has had on transformation and growth in the Forest Sector and to propose what steps might be required beyond the lifespan of the scorecard targets.

17 Signatories to the Charter

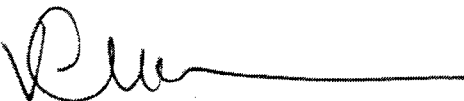
We the undersigned:

- Representative organisations of major stakeholders and stakeholder groups in the Forest sub-sectors;
- Major non-affiliated enterprises in the various Forest Sub-Sectors, and
- Persons having been mandated to sign the Charter on behalf of non-affiliated stakeholder groups at regional meetings,

And having participated in the process of developing this Charter, hereby adopt the Charter and commit ourselves to the implementation of the Charter within the timeframes jointly agreed upon and set out in this Charter.

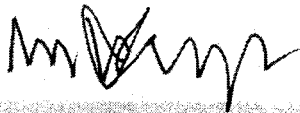
GROWERS SUB-SECTOR

FSA

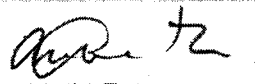


FORESTRY CONTRACTORS

SAFCA

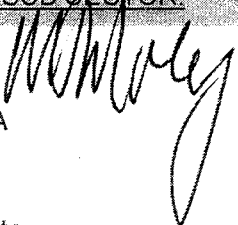


Amahlathi Entrepreneurs Forum



FIBRE SUB SECTOR

PAMSA



PG Bison



Masonite

Sonae Nova Board

Chipboard Industries

NCT



NTE Ltd



Union Co-op

TWK


Magna Board

SAWMILLING SUB-SECTOR

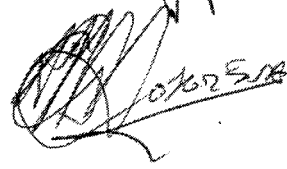

Sawmilling South Africa


Global Forest Products


Hans Merensky

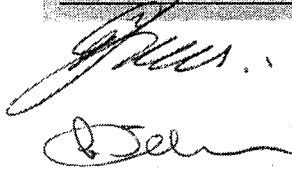
Lion Match 


SAFCOL

Yorkcor 


Cape Timber Resources

POLE PRODUCTION SUB-SECTOR





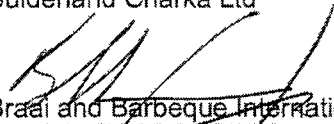
SAWPA 

SAUPA (South African Utility Pole Associations)

CHARCOAL PRODUCTION SUB-SECTOR


Suiderland Charka Ltd

E&C Charcoal


Braai and Barbeque International

GOVERNMENT


Department of Water Affairs and Forestry


Department of Land Affairs

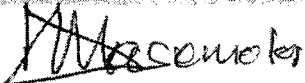
Department of Labour


Department of Agriculture

Department of Public Enterprises

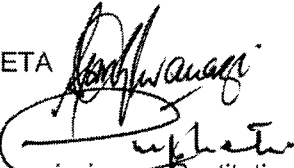

Department of Environmental Affairs and Tourism


LABOUR


FAWU

CEPPWAWU 

STATUTORY BODIES

FIETA 

Commission on Restitution of Land Rights

National Skills Authority

National Forests Advisory Council

SANPARKS

TABLE 1: SCORECARD FOR MEDIUM AND LARGE FOREST ENTERPRISES

INDICATORS	WEIGHTINGS (W) & TARGETS (T)			
	Forest Sector		Sub-sector specific deviations	
	W	T	W	T
1. Ownership²	20			
1.1 Exercisable voting rights in the Enterprise in the hands of black people	3	25% +1		
1.2 Exercisable voting rights in the Enterprise in the hands of black women	2	10%		
1.3 Economic interest of black people in the Enterprise	3	25%		
1.4 Economic interest of black women in the Enterprise	2	10%		
1.5 Economic interest of the following natural people in the Enterprise: <ul style="list-style-type: none"> ○ Black designated groups; ○ Black Participants in Employee Ownership Schemes; ○ Black beneficiaries of Broad-based Ownership Schemes; or ○ Black Participants in Cooperatives 	2	7.5%		
1.6 Realisation points for ownership fulfilment (refer to par. 10.1 of Code 100 Statement 100)	1	Yes		
1.7 Realisation points for net equity interest (refer to Annexe C par. 4 of Code 100 Statement 100)	7	Yes ³		
1.8 <i>Bonus points for involvement in the ownership of the enterprise by black participants:</i> <ul style="list-style-type: none"> ○ <i>In Employee Ownership Schemes;</i> ○ <i>Of Broad-based Ownership Schemes; or</i> ○ <i>Of Cooperatives</i> 	1	10%		
1.9 <i>Bonus points for involvement in the ownership of the enterprise by black new entrants</i>	2	10%		
1.10 <i>Bonus point for achieving a higher target for indicator 1.3</i>	1	30%		
1.11 <i>Bonus point for achieving a higher target for indicator 1.4</i>	1	15%		

² Including the recognition of Ownership Contributions arising from Qualifying Ownership Transactions and recognition of Equity Equivalents for Multinationals

³ Compliance target for growers is based on full payment in equal tranches over the crop rotation cycle, and not a ten-year repayment period that applies to the rest of the sector.

INDICATORS	WEIGHTINGS (W) & TARGETS (T)			
	Forest Sector		Sub-sector specific deviations	
	W	T	W	T
2. Management Control	10			
2.1 Exercisable Voting Rights held by black Board members using the Adjusted Recognition for Gender	3	50%		
2.2 Black Executive Directors using the Adjusted Recognition for Gender	2	50%		
2.3 Black Senior Top Management using the Adjusted Recognition for Gender	3	40%		
2.4 Black Other Top Management using the Adjusted Recognition for Gender	2	40%		
2.5 Bonus point for black Independent Non-Executive Board Members	-	-		
3. Employment Equity	15	Years 0-5* Years 6-10**		
3.1 Black employees with disabilities as a percentage of all employees using the Adjusted Recognition for Gender	2	2%* 3%**		
3.2 Black employees in <u>Senior Management</u> as a percentage of all employees using the Adjusted Recognition for Gender	5	43%* 60%**		
3.3 Black employees in <u>Middle Management</u> as a percentage of all employees using the Adjusted Recognition for Gender	4	63%* 75%**		
3.4 Black employees in <u>Junior Management</u> as a percentage of all employees using the Adjusted Recognition for Gender	4	68%* 80%**		
3.5 Bonus points for meeting or exceeding the EAP targets in each category under 3.1 to 3.4	3 ⁴	Yes		
4. Skills Development	15			
4.1 Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for black employees as a percentage of Leivable Amount using the Adjusted Recognition for Gender	6	3%		
4.2 Skills Development expenditure on Learning Programmes specified in the Learning Programmes Matrix for black employees with disabilities as a percentage of Leivable Amount using the Adjusted Recognition for Gender	3	0.3%		
4.3 Number of black employees participating in Learnerships or	6	5%		

⁴ Subject to clarification of the definition in the Codes of Good Practice

INDICATORS	WEIGHTINGS (W) & TARGETS (T)			
	Forest Sector		Sub-sector specific deviations	
	W	T	W	T
Category B, C and D Programmes as a percentage of total employees using the Adjusted Recognition for Gender				
5. Preferential Procurement	20	Years 0-5* Years 6-10**	All enterprises engaged in contracting schemes	
5.1 B-BBEE Procurement Spend from all Supplies based on their B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	12	50%* 70%**	10	
5.2 B-BBEE Procurement Spend from Qualifying Small Enterprises or Exempted Micro-Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	3	10%* 15%**		
5.3 B-BBEE procurement spend from any of the following Suppliers as a percentage of Total Measured Procurement Spend: 5.3.1 Suppliers that are 50% black owned (3 out of 5 points); and 5.3.2 Suppliers that are 30% black women owned (2 out of 5 points).	5	15%* 20%**	4	
5.4 Compliance with Industry Codes of Conduct on contracting in the Forest Sector			3	Yes
6. Enterprise Development	15		Growers & Sawmillers	
6.1 Average annual value of all Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	15	3% of NPAT	12	
6.2 Annual sales of logs and sawtimber (as a percentage of total sales in terms of tonnage) to enterprises based on their B-BBEE Procurement Recognition Levels	-	-	2	20%
6.3 Annual sale of logs and sawtimber (as a percentage of total sales in terms of tonnage) to enterprises (regardless of their B-BBEE Procurement Recognition Level) that are: o 50% black owned; or o 30% black women owned	-	-	1	5%
7. Socio-economic Development	5			
7.1 Average annual value of all Socio-Economic Development Contributions made by the Measured Entity as a percentage of the	5	1% of NPAT		

INDICATORS	WEIGHTINGS (W) & TARGETS (T)			
	Forest Sector		Sub-sector specific deviations	
	W	T	W	T
target				
<i>7.2 Bonus point for additional Contributions made by the Measured Entity to Sector Specific Initiatives on Enterprise Development (indicator 6.1) or Socio-economic Development (indicator 7.1) (1 bonus for every 0.25% of NPAT)</i>	3	0.75% of NPAT		

TABLE 2: SCORECARD FOR QUALIFYING SMALL FOREST ENTERPRISES

The following was agreed for by the industry:

Government and the Industry through the Forestry Charter Council undertake to commission research to determine the appropriate threshold for qualifying small enterprises (QSEs). A decision to include the threshold will be determined a review process which is expected in two to three years after gazetting of this Charter.

INDICATORS	WEIGHTINGS (W) & TARGETS (T)			
	Forest Sector		Sub-sector specific deviations	
	W	T	W	T
1. Ownership⁵	25			
1.1 Exercisable Voting Rights in the Enterprise in the hands of black people	6	25% +1		
1.2 Economic Interest of black people in the Enterprise	9	25%		
1.3 Realisation points for ownership fulfilment (par. 2.3 of Code 800 Statement 801)	1	Yes		
1.4 Realisation points for net equity interest (par. 2.3 of Code 800 Statement 801)	9	Yes ⁶		
<i>1.5 Bonus points for involvement in the ownership of the enterprise by black women</i>	2	10%		

⁵ Including the recognition of Ownership Contributions arising from Qualifying Ownership Transactions

⁶ Compliance target for growers is based on full payment in equal tranches over the crop rotation cycle, and not a ten-year repayment period that applies to the rest of the sector.

INDICATORS	WEIGHTINGS (W) & TARGETS (T)			
	Forest Sector		Sub-sector specific deviations	
	W	T	W	T
1.6 Bonus points for involvement in the ownership of the enterprise by black participants in: <ul style="list-style-type: none"> o Employee Ownership Schemes; o Broad-based Ownership Schemes; or o Cooperatives 	1	10%		
2. Management Control	25			
2.1 Black representation at Top Management level	25	50.1 %		
2.2 Bonus points for black women representation at Top Management level	2	25%		
3. Employment Equity	25	Years 0-5* Years 6-10**		
3.1 Black employees of the Measured Entity who are Management as a percentage of all Management using the Adjusted Recognition for Gender	13	40%* 60%**		
3.2 Black employees of the Measured Entity as percentage of all employees using the Adjusted Recognition for Gender	7	60%* 70%**		
3.3 Compliance with Industry Codes of Conduct on employment in the Forest Sector	5	Yes		
3.4 Bonus points for meeting or exceeding the EAP targets in each category under 3.1 and 3.2	2 ⁷	Yes		
4. Skills Development	25			
4.1 Skills Development spend on Learning Programmes for black employees as percentage of Leivable Amount using the Adjusted Recognition for Gender	25	2%		
5. Preferential Procurement	25	Years 0-5* Years 6-10**	All enterprises engaged in contracting schemes	
5.1 B-BBEE Procurement Spend from all Supplies based on their B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	25	40%* 50%**	20	
5.2 Compliance with Industry Codes of Conduct on contracting in the			5	Yes

⁷ Subject to clarification of the definition in the Codes of Good Practice

INDICATORS	WEIGHTINGS (W) & TARGETS (T)			
	Forest Sector		Sub-sector specific deviations	
	W	T	W	T
Forest Sector				
6. Enterprise Development	25		Growers & sawmillers	
6.1 Average annual value of all Enterprise Development Contributions made by the Measured Entity as a percentage of the target	25	2% of NPAT	20	
6.2 Annual sales of logs and sawtimber (as a percentage of total sales in terms of tonnage) to enterprises based on their B-BBEE Procurement Recognition Levels	-	-	3	20%
6.3 Annual sale of logs and sawtimber (as a percentage of total sales in terms of tonnage) to enterprises (regardless of their B-BBEE Procurement Recognition Level) that are: <ul style="list-style-type: none"> o 50% black owned; or o 30% black women owned 	-	-	2	5%
7. Socio-economic Development	25			
7.1 Average annual value of all Socio-Economic Development Contributions made by the Measured Entity as a percentage of the target	25	1% of NPAT		
7.2 Bonus point for additional Qualifying Contributions made by the Measured Entity to Sector Specific Initiatives on Enterprise Development (indicator 6.1) or Socio-economic Development (indicator 7.1) (1 bonus for every 0.25% of NPAT)	3	0.75% of NPAT		

ANNEXURE A: EXTRACT FROM THE COMPANION TO THE CHARTER LISTING DETAILED UNDERTAKINGS IN THE CHARTER

Streamline and expedite afforestation licensing procedures

Par. 13.2.3 (a) of the Charter contains the undertaking to streamline and expedite afforestation licensing procedures to facilitate the establishment of a minimum of 100 000ha net increase in planted area over ten years, based on a target average of 10 000ha per annum, while at the same time ensuring that forestry's water use is considered and weighted fully against competing proponents for water allocation in licensing decisions. This will comprise the following measures:

- (a) Create an enabling regulatory environment that renders the costs of the water use licence application process affordable to emerging growers.
- (b) Support and advise emerging growers in the water licensing application process, in compliance with environmental and other afforestation authorisation requirements.
- (c) Take steps to ensure that legislative and regulatory requirements do not result in forestry and the planting of trees for commercial and subsistence use being disadvantaged in relation to other forms of land use.
- (d) Ensure that all applications for afforestation are processed expeditiously by developing a Memorandum of Understanding (MoU) with and ratified by other pertinent authorising regulatory authorities. The MoU should ensure strict enforcement of the Stream Flow Reduction Activity (SFRA) application procedures and adherence by all participating parties to the laid down time frames prescribed for relevant interventions, such as inspecting sites, receiving and attending to comments, and processing applications.
- (e) Implement a proactive approach to forestry development in areas that have substantial opportunities for afforestation, namely a co-operative government initiative to authorise swift afforestation licensing in areas that have been identified and demarcated as being suitable for afforestation in the Eastern Cape and KwaZulu-Natal. This will be provided for in the Memorandum of Understanding referred to in par (d) above.
- (f) Develop a protocol to be included in the Memorandum of Understanding referred to in par. (d) above to facilitate lawful conversion of tree genus or species, specified as a permit or licence condition, where this change should be informed by forestry practice or economics. The key principle governing such change will be the water use condition of the applicable authorisation.
- (g) Make provision for water use by subsistence and homestead woodlots by providing for the consideration of a Schedule 1 provision and/or General Authorisation for such small-scale woodlots.
- (h) Facilitate the transfer or trade of a water use allocation or existing lawful use of water, and the issuing of licences in the event of conversion of a land use from irrigated cropping (including sugarcane) to timber plantations.

- (i) Allow water use by dryland sugarcane to be allocated to timber plantations, based on an equitable water use exchange ratio for these crops, provided that such dryland sugarcane has been an existing land use practice for at least five years, and that this does not compromise the availability of water to the Reserve and other lawful water users.
- (j) Allow the water use attributed to wattle, pine and eucalyptus jungles that are rehabilitated or converted and correctly managed as commercial timber plantations, to be allocated through an SFRA water use licence to such timber plantations. General Authorisations will be considered in catchments where there is sufficient available water to allow such conversion.
- (k) Develop an efficient and effective framework to authorise the re-allocation of water, where timber as an existing lawful water use in a riparian zone is excised, to alternative plantation areas within the same quaternary catchments or elsewhere within the wider catchment.
- (l) Ensure that emerging timber growers who have lawfully licensed timber plantations are included in DWAF's definition of "resource poor farmers" and subject to the same benefits as others so classified.

Sawlog growing strategy and programme for South Africa

Par. 15.2.2 of the Charter contains the undertaking to develop a sawlog growing strategy and programme. This strategy and programme will include the following measures:

- (a) Ensure that emerging timber growers who have lawfully licensed timber plantations are included in DWAF's definition of "resource poor farmers" and subject to the same benefits as others so classified.
- (b) Review the State Forest Exit Strategy in Southern and Western Cape.
- (c) Create incentives for emerging black growers to invest in long rotation sawtimber crops.
- (d) Develop government conditions on lease of state forestland to ensure the continued production of sawlogs.
- (e) Promote greater investment by the sawmilling industry in raw material supply.
- (f) Create land dedication schemes for long rotation crops linked to, inter alia, tax incentives.
- (g) Develop sector programmes involving government and the industry to combat softwood plantation losses.
- (h) Develop appropriate species selection, growing and harvesting strategies that meet the structured market requirements for a diversity of saw-timber products in the country.

Forest protection services

Par. 15.2.3 of the Charter contains the undertaking to develop a forest protection strategy to reduce the currently escalating losses being experienced through fires, pest and disease. This strategy and programme will include the following measures:

(a) Pests and diseases

- a. Government, through DWAF, and the Industry undertake to:
- b. Profile pest and disease issues as a Government priority.
- c. Compile a risk analysis of the current and potential threats facing timber plantations and to make recommendations as to the best way to mitigate these.
- d. Develop and agree upon an integrated strategy to implement the recommendations, including providing for increased levels of support through infrastructure, human resource capacity and funding.
- e. Prioritise pest and disease research aspects in the Forest Sector R&D strategy.
- f. Negotiate with the national Department of Agriculture to expedite the procedures for importation of Biological Control Agents to assist in the control of pest and disease outbreaks.
- g. Enhance phytosanitary monitoring and control at ports of entry into South Africa.
- h. Enhance public awareness about the threats posed by forest pest and diseases.

(b) Forest fires

Government, through DWAF, undertakes to:

- a. Ensure that policies and strategies are in place to ensure compliance by land owners with the provisions of the National Veld and Forest Fire Act, 1998 (Act No. 101 of 1998) as amended.
- b. Ensure that capacity exists to enforce the provisions of the NVFFA.
- c. Ensure that measures are in place to encourage enrolment and participation in Fire Protection Associations.
- d. Encourage the provision of resources to Fire Protection Associations, particularly those servicing communal areas, to enable them to provide improved levels of service.
- e. Assist Industry through the provision of 'seed funding' to implement emerging grower fire insurance cover as outlined in par. 13.2.5 of the Charter.
- f. Implement, on an ongoing basis, National Fire Awareness campaigns with particular emphasis on high fire risk areas.
- g. Support resource-poor Fire Protection Associations.
- h. Enhance capacity of Working on Fire programme to fight veld and forest fires.

Industry, in turn, undertakes to:

- i. Increase enrolment and participation in Fire Protection Associations.

- j. Increase collective support of equipment, personnel and training for Fire Protection Associations.
- k. Enhance cooperation and support to the Working on Fire programme.
- l. Provide access to fire fighting training for emerging growers.
- m. Implement an emerging grower fire insurance scheme as outlined in par. 13.2.5 of the Charter.
- n. Implement fire awareness programmes in forest areas.

Charter Council

Par. 16.1 of the Charter contains the undertaking to establish a Forest Sector Charter Council that will oversee and facilitate the implementation of the Charter. The functions, composition, constitution and funding arrangements for the Council are outlined hereunder:

(a) Functions

- a. Monitor the implementation of the Charter and review the Charter as outlined in par. 16.2 of the Charter.
- b. Provide interpretation and guidance with respect to the Charter.
- c. Facilitate the communication and popularisation of the Charter.
- d. Facilitate cross-industry and government negotiations to promote the application and implementation of the Charter.
- e. Provide guidance on sector-specific matters affecting B-BBEE in entities within the Sector.
- f. Share information with the national monitoring mechanism and approved accreditation agencies that are relevant to the Sector.
- g. Issue guidelines for sector-specific enterprise development and socio-economic development contributions under the Scorecard.

(b) Composition

- a. The Council shall consist of 19 members, with the following composition:
 - o A Chairperson, who shall be an independent person, appointed by the Minister of Water Affairs and Forestry in consultation with stakeholder constituencies.
 - o A Chief Executive Officer, who shall be responsible for the daily administration and operations of the Council and serve on the Council in an ex-officio capacity.
 - o Nine (9) members representing industry, appointed from the various sub-sectors in the Forest Sector.
 - o Two (2) members representing organised labour.

- Three (3) members representing broader stakeholders assigned by the Minister of Water Affairs and Forestry in consultation with the stakeholder constituencies.
- Three (3) members representing government, one each from the Departments of Water Affairs and Forestry, Trade and Industry, and Land Affairs.
- b. The composition of the Council shall fairly reflect the stakeholders in the Sector and be racially and gender representative.
- c. The terms of office for members of the Council shall be 3 years, and members shall be eligible for re-appointment.
- d. The Chief Executive Officer shall be appointed jointly by the parties that fund the Charter Council as outlined in par. (d) below.
- e. The Chief Executive Officers shall make other staff appointments.

(c) Constitution

- a. The Council shall be guided by the following five basic principles:
 - Transparency
 - Fairness
 - Corporate Governance
 - Consultation and inclusivity
 - Socio-economic transformation
- b. Decisions of the Council shall be taken on a consensus basis. If on any issue the Council is unable to achieve consensus, there will be a dispute breaking mechanism as specified in the Constitution referred to in par. e. below.
- c. The Council may create sub-committees to deal with specific matters as and when required.
- d. The Council may co-opt experts to serve on or advise sub-committees as contemplated above.
- e. A Constitution of the Council shall be tabled for adoption at the first meeting of the Council and must be adopted by a two-third majority within 60 working days after the gazetting of this Charter.
- f. The Council may amend the Constitution of the Council from time to time.
- g. The Council shall, in consultation with the BEE Advisory Council and by resolution, formulate rules to further regulate its proceedings.

(d) Funding

- a. The Forest Industry and Government shall fund the Council jointly, with Government contributing 60% and Industry 40% of the budget requirements.
- b. The funding arrangement as outlined in par. a. above is subject to agreement between these parties on the initial budget requirements for the Council and an

annual escalation of the budget based on the South African Consumer Price Index, unless otherwise agreed to by the parties.

- c. The Council shall prepare an annual business plan that will include a budget for the work of the Council.