

Broad-Based Black Economic Empowerment



ERM Southern Africa will continue to foster transformation. We strive to maintain our momentum in terms of implementing our Transformation Strategy and Plans.

ERM Southern Africa (Pty) Ltd forms the South African branch of ERM Limited, one of the world's leading providers of environmental consulting services with 140 offices in 40 countries. Although currently a foreign owned company, ERM Southern Africa is committed to the objectives of Broad-Based Black Economic Empowerment (BBBEE) as outlined in the Broad-Based Black Economic Empowerment Act (53/2003): Codes of Good Practice on Black Economic Empowerment.

An independent audit of ERM Southern Africa's BBBEE status has just been completed and the Company was awarded a Level Four BBBEE status (100% procurement recognition).

In line with our BBBEE Policy, ERM Southern Africa is committed to:

- transforming the equity structure of our South African operation in order to achieve substantial black ownership;
- promoting equal opportunity and fair treatment in employment, through the elimination of unfair discrimination;
- implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups;
- ensuring equitable representation in all occupational categories and levels in the workforce;
- increasing its procurement from enterprises that have made significant progress in the area of BBBEE and are rated as good contributors to BBBEE; and
- working with ERM's Foundation to support environmental projects with the specific aim of uplifting our local communities.

We have continued to make a significant contribution towards the achievement of the objectives of our government's BBBEE policies. One of our strategic goals is to become one of South Africa's leading empowered companies that is specifically focused on providing environmental, health and safety, risk and social consulting services. Our BBBEE Strategy and Implementation Plans, which are the enablers to achieve transformation, have been approved and are supported by the ERM Southern Africa Board.

ERM Southern Africa's measurement according to the seven pillars used for evaluating Broad-Based Black Economic Empowerment, namely: Equity Ownership; Management Control; Employment Equity; Skills Development; Preferential Procurement; Enterprise Development; and Socio-Economic Development are detailed below:

Equity Ownership

While ERM Group typically has wholly owned subsidiaries, ERM Southern Africa has recently established a local South African Broad-Based Black Economic Empowerment Trust for the benefit of its key black employees and other black charitable purposes (eg. bursaries and scholarships); this ownership equates to a total of 15% black ownership in the Company.

The main objectives for creating this Trust are:

- to optimise the Company's black economic empowerment (BEE) credentials; and
- to attract and retain key black employees by means of sharing in the ownership of the Company.

Management Control

In our industry we are challenged to recruit from a limited pool of talented senior experienced black environmental consultants, both male and female; we have therefore focused on an active internal Leadership Development Programme to facilitate and fast track senior level black consultants and administrators within our organisation. We have identified high potentials in this regard and are fast tracking their development accordingly.

In addition, ERM Southern Africa is actively sourcing senior level black staff on an ongoing basis.

Employment Equity and Skills Development

Employees enjoy an integrated performance programme of capacity building with the vision of long-term employment within the company.

As part of this programme, we submit Employment Equity Plans to the Department of Labour annually and these have been approved by the Department each year.

With respect to skills development, we invest in the range of 1 to 3% of our payroll costs in staff skills development. In addition, we annually submit our Skills Development Plan to the Construction Education and Training Authority (CETA) in South Africa. CETA has approved our implementation plan each year.

Preferential Procurement

ERM Southern Africa has set affirmative procurement targets. We also aim to increase our procurement from enterprises that are rated as good or satisfactory contributors to BBBEE; while still focusing on reducing the cost of goods and services we purchase. We have a system in place to monitor and report on our procurement performance.

ERM Southern Africa's total BBBEE Procurement based on BBBEE Procurement Recognition Levels is over 50% enabling us to obtain maximum recognition.

This year our focus is not only on retaining the current procurement methods but also to concentrate on broadening our BBBEE supplier ratio with a specific focus on enterprises that have more than 50% black ownership and suppliers that are more than 30% black women owned. The objective is to obtain the additional points that would be available for procurement and to maximise our score in this area.

Enterprise Development

ERM Southern Africa has in the past worked with a non-profit business incubator as a vehicle to invest in emerging entrepreneurs. As indicated on our BBBEE Scorecard we have obtained the maximum score and we intend to maintain this performance each year.

ERM Southern Africa supports an enterprise development project, the Makuleke community through its Community Property Association (CPA) regarding their lands claim in the northern portion of the internationally renowned Kruger National Park.

The purpose of this initiative is to build management capacity within the CPA and help improve overall environmental planning and management in the Makuleke Area.

In so doing, the Makuleke CPA will be in a position to manage their natural resources base more effectively in order to realise long-term economic returns from tourism and associated activities whilst ensuring the integrity and sustainability of this important conservation area.

Socio-Economic Development

ERM Southern Africa operates a Foundation which involves our employees in focused voluntary activities within the community. The Foundation works closely with local communities, NGOs and related organisations around environmental, educational and community development projects. The ERM Southern Africa's Foundation is an arm of ERM's Global Foundation.



In addition, ERM Southern Africa annually provides bursaries to post-graduate students in environmental and related fields. This programme has been exceptionally successful with all of our bursary candidates over the past three years having become employees of the ERM Southern Africa business. In addition, we have an internship programme that every year provides opportunities for students to gain short-term work experience in the environmental industry.

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