



Phatshoane Henney Group of Associated Law Firms

Transformation Report for 2015

TABLE OF CONTENTS

1.	INTRODUCTION	2
2.	THE BEE LEGISLATIVE ENVIRONMENT	4
3.	THE PHATSHOANE HENNEY GROUP	5
4.	GROUP BEE STANDARDS	6
4.1.	Overview	7
4.2.	The Challenge for Regional Firms	7
4.3.	The Group BEE Standards	7
5.	FIRM BEE RECOGNITION LEVELS	9
6.	BLACK AND FEMALE APPOINTMENTS IN THE GROUP	10
7.	GRADUATE RECRUITMENT	12
7.1.	Introduction	12
7.2.	Centralised Graduate Recruitment Campaigns	12
7.3.	Online Graduate Recruitment Portal	14
7.4.	Vacation Programmes	16
7.5.	Phatshoane Henney Honour Medal Programme	16
7.6.	Phatshoane Henney Group Bursary Programme	18
8.	CAREER PATH OF GROUP PROFESSIONALS	19
9.	SKILLS DEVELOPMENT	19
9.1.	Firm Skills Development	19
9.2.	Phatshoane Henney Training Academy	20
10.	EMPOWERING SUPPLIER STATUS	21
11.	ENTERPRISE DEVELOPMENT	21
12.	PRO BONO	22
13.	SOCIO-ECONOMIC DEVELOPMENT	22
14.	COMMUNITY SUPPORT	22
15.	BLACK LEGAL SERVICE PROVIDERS	23
16.	PROCUREMENT	23
17.	CONCLUSION	24

1. INTRODUCTION

Member firms
are positioned
as a new breed
of law firm in the
South African legal
environment

The Phatshoane Henney Group, South Africa's largest association of independent law firms, this year celebrates the ten year anniversary of the first member firm joining the association in 2006. It is therefore most propitious that this first Group Transformation Report is released a decade later to benchmark the impact of the Group on transformation in the legal sector. Over the years many things have changed and many developments have taken place within the Group, but one constant has been the core commitment to empowering member firms to lead the way for the legal fraternity in respect of transformation.

By setting clear standards for membership and handpicking firms, Phatshoane Henney members are recognised throughout South Africa as premier firms in their regions. Members are positioned as a new breed of law firm in the South African legal environment and subscribe to a set of core values which forms the DNA of each member firm. Diversity is central to these core values and is a vital aspect to member firms being perceived as new breed firms. This value also underpins firm recruitment strategies, staff development initiatives, socio-economic and community investments and the development of a culture of diversity at firms.

The past decade has seen many Group initiatives undertaken in respect of transformation and black economic empowerment. However, none attest stronger to the Group's commitment than the Group BEE Standards unanimously adopted by all members at the end of 2014. These standards pave the way for continuing transformation initiatives and best practices across the Group, supporting firms to achieve their transformation objectives. 2015 has been the first year of the application of these standards and appropriately I herein provide vital feedback on the progress of firms towards meeting these standards.

The commitment to diversity and transformation has seen Group firms spend in aggregate of over R50 million this past year on BEE and BEE compliance, transformation, black procurement and community initiatives - reflecting the earnestness of our commitment. The introduction of the Group BEE standards combined with our graduate recruitment initiatives and Group candidate attorney bursary programme has also seen the percentage of black and female candidate attorneys being appointed at Group firms escalate to 50% of all candidate attorney appointments in 2015, a percentage we hope to continue despite economic challenges which law firms face today and which affect appointment numbers. With time, the growing pool of black and female candidates will contribute to growth in black and female professionals in the Group.

Another positive reinforcement of each firm's BEE commitment is the continuing exemplary results that member firms achieve through formal BEE verification.



The commitment to diversity and transformation has seen firms spend in aggregate of over R50 million this past year on BEE compliance

2015 saw group firms achieve an average BEE recognition level of just over a level 2 across 41 firms with no less than 10 firms achieving a Level 1 BEE recognition - which could not be achieved without proper and sustainable planning as well as management commitment towards transformation.

It is a great privilege to provide this introduction to this first Group Transformation Report for the year 2015. When all of what is addressed herein is considered, I believe it provides undeniable evidence of our communal investment in transformation, and confirms that Phatshoane Henney Group members are indeed setting the standard for transformation in the legal industry.

Douglas Henney
Chair, Phatshoane Henney Group
29 April 2016

2. THE BEE LEGISLATIVE ENVIRONMENT

The Group has established internal BEE consultation support to assist firms with their annual BEE planning

The BEE environment has been in a constant state of flux over the last few years, making progressive and long-range planning for any business a highly complex task. 2015 has been no exception and with the introduction of the Amended BEE Codes of Good Practice (“Amended BEE Codes”), a further level of complexity has been introduced for entities to ensure their BEE compliance.

The Amended BEE Codes of Good Practice have set higher BEE targets under all the BEE elements for entities and have also introduced minimum thresholds under the key BEE elements of Ownership, Skills Development and Supplier and Enterprise Development which need to be met, failing which entities will face an automatic level deduction, compounding the difficulty in achieving a high BEE level (or even just being BEE compliant).

Law firms have not been spared and face extreme challenges to meet the requirements of the Amended BEE Codes, with many firms risking BEE non-compliance should they delay or fail to properly plan for this challenge. The complexity of the current BEE environment and the continuing absence of a clear Legal Sector BEE Charter aligned to the needs of the legal industry make proper planning for any law firm a daunting task which asks extensive BEE expertise and a hands-on approach to ensure that planning is appropriate and executed for vitally necessary BEE scorecard points. As most law firms do not have in-house expertise or management capability to plan and implement their BEE plan, the threat of poor results across the legal sector is greatly increased. It is our assessment that most law firm BEE levels will reduce by three to four levels across the board, with more BEE progressive firms being able to achieve at best only between a Level 4 or 5 BEE recognition and many firms at risk of being non-compliant under the Amended BEE Codes.

To counter this threat and proactively assist Group firms to not only be BEE compliant, but continue to achieve exemplary results, the Group has established a specialised internal BEE consultation support division to assist firms with their annual BEE planning and sustainable implementation thereof as well as provide support and handholding through the complex process of annual BEE verification. This support accompanied with training of firms and their administrative staff has allowed firms to develop an in-depth understanding of BEE, prioritise BEE at management level and actively plan for high BEE levels. It has also enabled firms to view BEE positively and unanimously adopt the Group BEE Standards in what is a vibrant statement of a communal commitment to transformation by member firms.

3. THE PHATSHOANE HENNEY GROUP

The Phatshoane Henney Group of Associated Law Firms ("Group") was established in 2006 by Bloemfontein law firm, Phatshoane Henney Attorneys in direct response to an identified need of many medium-sized firms to form part of a larger organisation and benefit from shared resources, expertise and economies of scale, but without sacrificing their firm identity and independence. The result was the establishment of the Phatshoane Henney Group as an association of independent law firms that practice together in association under the Phatshoane Henney Group brand, but remain independent law firms practising in their respective regions for their own account.

Phatshoane Henney Attorneys as founding member of the Group, continues to set the standard for member firms to follow, with transformation being no exception. Phatshoane Henney Attorneys is a more than 50% black owned law firm and a Level 3 (Generic) entity.

Member firms are selectively identified by Phatshoane Henney Attorneys, with most firms standing as premier firms in their region and sharing similar values to that of the Group. The result has seen a consistent growth in members to achieve a membership at date of publication of this report of 41 law firms and nearly 500 professionals spread across all nine provinces. Such a network of professional firms stands unrivalled in South Africa and provides the Group with a nationally representative footprint.

As the Group has evolved, so too has the benefit of Group membership with an increasing focus on supporting firms with strategic planning, resources and business practices to help members differentiate themselves in their regions and adopt the Group values in order to position themselves as new breed law firms in their territories.

As membership grew and the Group brand expanded it became necessary to implement standards and best practices to which members must adhere and be measured against as a common member standard required for a consistent service experience across all firms. Although a long-term initiative, the recently implemented Group Standards, including the Group BEE Standards, is a game-changing aspect which we believe will in time see member firms claim their status as new breed law firms or ultimately risk losing their membership should they fail to actively position their firms to comply. The Group Standards are annually assessed by the Group to certify the compliance of each firm with the Group Standards.

Member firms
are premier firms
in their region
and share similar
values to that of
the Group

A new breed of law firm



4. GROUP BEE STANDARDS

4.1 Overview

Our goal that member firms set the standard for transformation in the legal industry requires a deeply-rooted commitment to BEE coupled with progressive initiatives if such aspirations are to become a reality. Recognising that more is required than just commitment, Group firms unanimously adopted the Group BEE Standards to formalise this commitment across all firms and thereby set clear standards as an example of how transformation can be achieved in the legal sector.

To assist firms with implementing BEE initiatives and providing guidance and mentorship, black regional directors from Phatshoane Henney Attorneys are responsible for support, oversight and mentorship of firms in their respective regions to help firms plan for and meet the targets set by the Group BEE Standards.

4.2 The Challenge for Regional Firms

Regional member firms away from the main city centres and universities are typically smaller law firms practising in low-income rural economies. These firms are hard-pressed to attract and retain quality black candidates, particularly at a professional level given lower-income levels in these regions as well as greater distance from universities and cities which impact on the ability to identify, attract and ultimately retain quality black candidates at such firms.

Despite progressive Group efforts to assist these regional firms to develop their professional base, it remains a reality that such development is far more difficult than in the large centres. Accordingly, a differentiation is made in the Group BEE Standards between member firms that are located in the main centres and those in the regional areas in terms of their year-on-year compliance targets under the Group BEE Standards in respect of black appointments at firms.

4.3 The Group BEE Standards

Each member firm is required to meet the following minimum standards in order to demonstrate its overall BEE compliance and focus on transformation at the firm:

1. The firm must achieve at least a Level 6 BEE Certificate under the Amended BEE Codes.

Group firms
unanimously
adopted the
Group BEE
Standards to
formalise the
communal
commitment
towards BEE

Member firms
must meet the
minimum Group
BEE Standards to
demonstrate their
BEE compliance

2. The firm must be an Empowering Supplier as defined under the Amended BEE Codes, which includes requiring a firm to submit its Employment Equity Report and Workplace Skills Plan.
3. Each firm must have a current Employment Equity Plan in place which is monitored by its board and which identifies the strategies the firm will use to transform its organisational environment and sets clear targets for the advancement of previously disadvantaged individuals within the firm across all organisational levels.
4. To enlarge the pool of black candidate attorneys from which professional appointments can be made within the Group and at each firm, firms must strive to achieve the following targets in respect of black candidate attorney appointments at the firm as a percentage of overall appointments made by the firm:

Urban Firms		Regional Firms	
2015	25% of Candidate Attorney Appointments	2015	25% of Candidate Attorney Appointments
2016	32% of Candidate Attorney Appointments	2017	32% of Candidate Attorney Appointments
2017	40% of Candidate Attorney Appointments	2019	40% of Candidate Attorney Appointments

5. In order to increase the number of black professionals in the Group and at each firm and so increase the number of black director appointments at firms, firms must strive to achieve the following targets in respect of black professional appointments at the firm as a percentage of overall professional appointments made by the firm:

Urban Firms		Regional Firms	
2017	25% of Professional Appointments	2017	25% of Professional Appointments
2018	32% of Professional Appointments	2019	32% of Professional Appointments
2019	40% of Professional Appointments	2021	40% of Professional Appointments

6. 20% of all legal services outsourced by a firm to legal services providers must be outsourced to black law firms (at least 25% black owned) and/or black advocates or other legal service providers that are at least 25% black owned.
7. A firm must have a functioning *pro bono* programme that at a minimum meets the requirements of the relevant Law Society requirements for *pro bono* work.

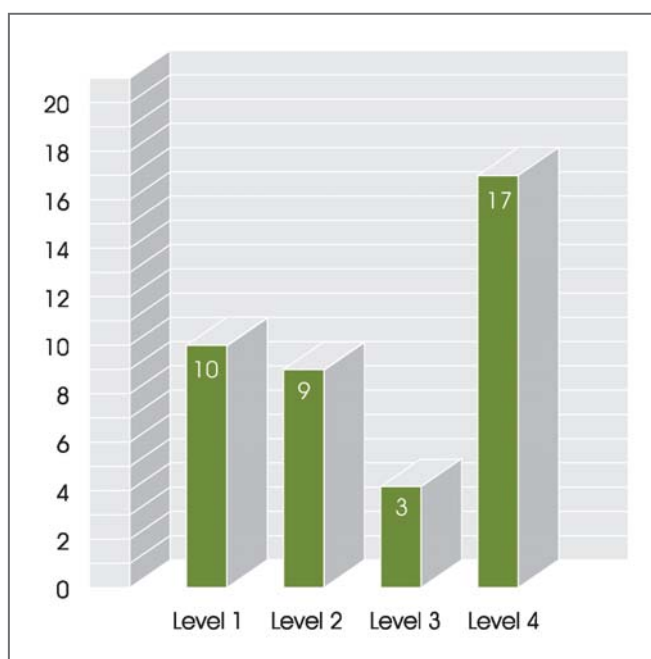
These Group BEE Standards represent the minimum required commitment of firms to ensure that they proactively engage and plan to meet BEE requirements and put sustainable structures in place to achieve compliance. The initial focus on junior and professional appointments will mature in time to include an additional standard focusing on black director appointments at firms as a consequence of an increasing pool of black professionals appointed within the Group as an outflow of these Group BEE Standards.

5. FIRM BEE RECOGNITION LEVELS

Group firms have obtained the following BEE Recognition Levels through formal verification by SANAS or ABVA accredited verification agencies during 2015, with firms achieving an average rating of just over Level 2 across 41 firms:

Barry, Botha & Breytenbach inc.	1
BDP Attorneys inc.	1
Bekker Brink & Brink inc.	4
Bezuidenhout Van Zyl & Associates inc.	2
Blake Bester De Wet Jordaan inc.	4
Bouwers inc.	5
Breytenbach Mavuso inc.	1
Cilliers & Reynders inc.	1
Cloete & Neveling inc.	4
DBM Attorneys inc.	2
DDKK Attorneys inc.	4
De Beer & Claassen Attorneys	4
Drake Flemmer & Orsmond inc.	2
Du Plessis & Van Der Westhuizen inc.	3
Erasmus De Klerk inc.	2
Greyvensteins inc.	6 (Generic)
Johan Coetzee inc.	1
Kloppers inc.	2
Kotzé Low Swanepoel	4
Lange Carr & Wessels inc.	4
Meyer Van Sittert & Kropman inc.	4
Miller Bosman Le Roux inc.	2
Millers inc.	1
Mosdell, Pama & Cox inc.	4
Muller Terblanche & Beyers inc.	4
Neil Esterhuysen & Associates inc.	2
Neumann van Rooyen inc.	1
Oosthuizen, Marais & Pretorius inc.	4
Phatshoane Henney Attorneys inc.	3 (Generic)
PSN Attorneys inc.	1
Schulz Attorneys inc.	4
Seymore du Toit & Basson inc.	4
Tatham Wilkes inc.	3
Terblanche Slabber Pieters inc.	4
Tonkin Clacey inc.	4
Van de Wall inc.	2
Van der Merwe du Toit inc.	1
Van der Spuy & Partners inc.	1
Weich & Kriel inc.	4
Wiesinger O'Dwyer inc.	4
Wright Rose-Innes inc.	2

Member firm BEE levels



6. BLACK AND FEMALE APPOINTMENTS IN THE GROUP

Firms have
a resolute
commitment
to ensuring the
growth of black
and female
professional
appointments in
the Group

At the core of the Group's contribution to the transformation of the legal profession is the year-on-year growth of black and female appointments in the Group. Despite a troubling economic climate which will affect the number of professional appointments made at firms, all firms, in support of their pledge to the Group BEE Standards, have a resolute commitment to ensuring the growth of black and female professional appointments in the Group as a percentage of total appointments made by all firms. This commitment will ultimately lead to an increasing number of black and female director appointments within the Group.

But developing quality professionals capable of playing a leading role in member firms will take time and require investment by firms in career and skills development. The Group BEE Standards embrace this by requiring firms to focus on increasing their pool of young black and female professionals and investing in that pool to develop mid-level and eventually senior professionals and directors. It is therefore highly satisfactory that in 2015, nearly 50% of all new candidate attorney appointments within the Group were black appointments and more than 50% of new candidate attorney appointments within the Group were female appointments. This shows the impact of the Group BEE Standards in encouraging firms to invest in growing their pool of junior black and female appointments.

At professional level appointments were also more than satisfactory with 25% of new associate appointments in the Group being black associates and 35% female associates. Very positive is also that 40% of new director appointments in the Group were new black directors and 70% of new director appointments in the Group were female appointments. These positive percentages indicate a dramatic prioritisation within the Group on advancing black and female appointments, which will continue to gain momentum as the pool of new young candidate attorney recruits mature within the Group and firms invest in meeting the Group BEE Standards.



Reneilwe Mogolane, appointed as director
at Tonkin Clacey inc. in 2015

7. GRADUATE RECRUITMENT

7.1 Introduction

To grow the number of black and female professionals employed at Group firms requires the identification and development of a candidate attorney recruitment pool from which appointments can be made and professionals identified for future development within firms.

To attract these young professionals and enlarge the pool of quality black and female professionals employed by firms, the Group has undertaken a number of initiatives intended to facilitate greater exposure by law students to Group firms and promote member firms as viable options for consideration when potential employment opportunities are being explored.

These initiatives have been highly relevant in attracting students to member firms as can be attested to by the year-on-year growth in applications received by the Group, and which provide a growing basis for attracting quality candidates vitally necessary to assist firms to meet their appointment obligations under the Group BEE Standards.

7.2. Centralised Graduate Recruitment Campaigns

The Group conducts national graduate recruitment campaigns by attending open days, career fairs and law days at Law Faculties of most of the major universities across South Africa. These open day attendances are earmarked by a professional stall containing graduate information, corporate gifts and other attractions to garner student interest and provide more information on the Group and explain the opportunities on offer at member firms. Stalls are attended by the Group's Graduate Recruitment Manager and Marketing Manager as well as professionals from various member firms in regions where the open days are being held, and attract extensive interest from students interested in knowing more about the Group, its structure and career opportunities on offer.

The Group also sponsors specific programmes, awards, moot court competitions and faculty prizes at various Law Faculties to further create awareness of the Group with students and build strong relationships with Law Faculties, which in turn enhances the overall awareness of the Group and member firms.

The Group has undertaken a number of initiatives to promote member firms as viable employment opportunities for law students

The Group conducts national graduate recruitment campaigns by attending open days, career fairs and law days at Law Faculties of most of the major universities across South Africa.

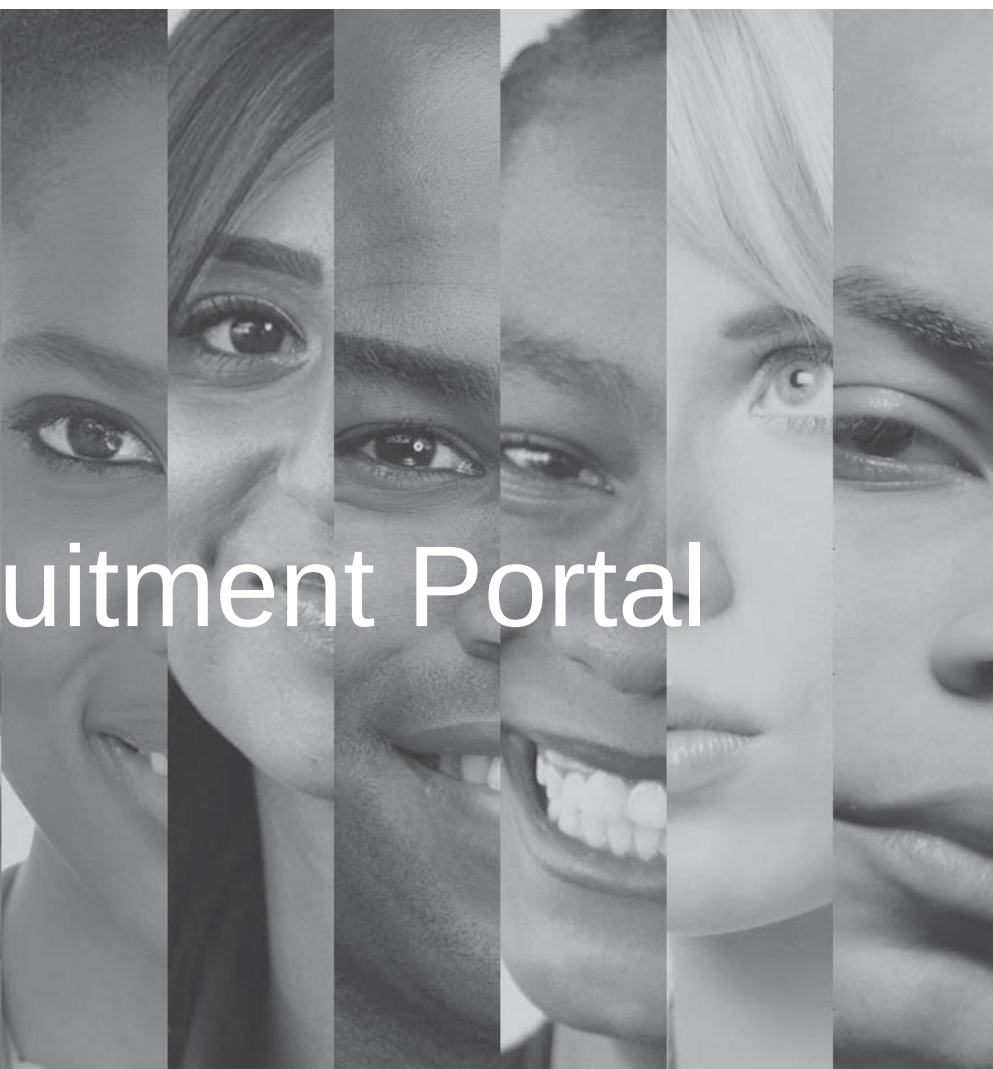


7.3. Online Graduate Recruitment Portal

To provide an enabling environment for students to apply to Group firms, the Group has established a central graduate recruitment website on which students can apply for articles and vacation programmes across any of the Group firms. By registering on the graduate recruitment portal, students can create their custom profile and easily apply to any of the Group firms countrywide, providing a unique opportunity for students to establish a



relationship with the Group. The centralised recruitment portal manages all applications which are then forwarded to member firms. The portal has been designed with the latest responsive technology to ensure that students can access information and apply online using any device that is internet enabled. Visit the graduate recruitment portal website at www.phfirms.co.za/graduates.



7.4. Vacation Programmes

To provide students with practical experience relating to the law profession as well as expose students to member firms, Group firms are increasingly hosting vacation programmes for students at their firms, with programmes ranging from shadow work, training sessions, practical sessions, moot court and debating competitions, mediation and consultation sessions and more. To assist firms in structuring their programmes the Group has developed vacation programme formats which firms can use to structure their vacation programmes. All vacation programmes are advertised via the Group's online graduate recruitment portal where students can apply to be considered for these programmes.



7.5. Phatshoane Henney Honour Medal Programme

Established in 2011 as an initiative to reward exceptional performance by law graduates across South Africa, the Phatshoane Henney honour medal programme is the highest award given to law graduates that achieve their LL.B degree *cum laude* (with honour). The programme currently runs at the

- University of Stellenbosch
- University of KwaZulu-Natal
- Rhodes University
- University of the Free State
- University of Johannesburg
- North-West University
- Nelson Mandela Metropolitan University
- University of Pretoria
- University of the Western Cape

Since the Honour Medal Programme's inception, honour medals have been awarded to more than 350 law graduates.





7.6. Phatshoane Henney Group Bursary Programme

To assist member firms to attract and retain quality black candidates to firms and in particular regional firms that struggle to attract candidates, the Group launched the Phatshoane Henney Group bursary programme for candidate attorneys in partnership with the Phatshoane Henney Foundation, the Group's non-profit charitable trust, with its aim to award bursaries to black candidate attorneys that have been selected to article at Group firms, with priority in bursary allocation going to regional firm candidates.

With over R550,000 in bursaries already awarded to candidate attorneys serving articles at Group firms since 2015, this programme also demonstrates the Group commitment to helping firms attract talent, particularly to firms located away from the main recruitment centres.



8. CAREER PATH OF GROUP PROFESSIONALS

Once black and female candidates have been recruited to a firm, it is imperative that such candidates be retained and developed into senior professionals and ultimately directors at the firm. To enhance the retention of such professionals, particularly when the demand for professionally trained black professionals in urban centres are high, remains a constant risk which can only be addressed by creating attractive career opportunities at member firms which will persuade these professionals to remain at the firm.

This has occasioned the Group to develop guidance for firms in respect of establishing appropriate career pathing structures at their firms to guide young professionals and create a plan for these professionals to progress at the firm. Such a career path structure includes implementing clear performance areas and expectations, implementing constructive mentorship programmes, individual development plans and an increasing focus on soft skills training, to assist professionals to grow and face the challenges posed by the different phases of their professional career – support which will encourage a professional to remain at a firm that constructively invests in her or his development.

Additionally, Group membership and the access to knowledge resources, shared services and other strategic and vital support provided by the Group allow firms to create an environment typically experienced at larger law firms and thereby also increase the attractiveness of remaining at a Group firm.

The Group has developed guidance for firms to establish career pathing structures at their firms for the development of their young professionals

9. SKILLS DEVELOPMENT

9.1 Firm Skills Development

Developing the skills of professionals and administrative staff is core to allowing firms to meet the service expectations of clients. In recognition hereof, the Group is actively exploring training initiatives over and above those already in place, to enhance skill levels and the soft skills and experience training of staff.

Firms annually invest substantially in skills development and invest also in the training of black and female staff members at their firms, with firms spending R2,2 million on skills training of black and female employees during 2015. Firms recognise that skills training will become a key differentiator in the future and that continuing investment by firms is needed in the training and skill levels of staff.

The Phatshoane
Henney Training
Academy has
enrolled over
100 disabled
learners for formal
learnerships since
its establishment
in 2014

9.2 Phatshoane Henney Training Academy

The Phatshoane Henney Training Academy was established in 2014 as part of the Phatshoane Henney Group's commitment to socio-economic and skills development. The Group established a partnership with accredited training provider LFP Group Holdings Pty (Ltd), specialising in presenting accredited learnerships for disabled persons. The Phatshoane Henney Training Academy obtains its funding from member firms and their clients which is used to fund accredited learnership programmes for black disabled learners, and in particular black disabled female learners, to help address dire skills shortages amongst disabled persons. The academy has been highly successful with over 100 disabled learners enrolled for formal learnerships since its establishment in 2014, with the first 34 learners having graduated in October 2015 and approximately R3,5 million already invested in learnerships via the academy.



10. EMPOWERING SUPPLIER STATUS

To assist firms to meet the Group BEE Standards as well as the requirements of the Amended BEE Codes and be recognised as Empowering Suppliers for procurement purposes, the Group has undertaken to assist all member firms with complying with their employment equity and skills development obligations. The Group works closely with specialist consultant firm, Corporate Strategy Group Pty (Ltd) to assist all firms to implement a technology tool at their firm through which they can better manage their employment equity and skills development obligations. In this way the Group assists firms to meet all applicable regulatory requirements relating to employment equity and skills development, implement the correct internal structures and submit all appropriate reports to the Department of Labour and the Safety and Security SETA (SASSETA). This aggressive approach by the Group to assist more than 40 firms demonstrates the active involvement of the Group in ensuring that all member firms are fully BEE compliant.

R1 million was
invested by the
Group into the
Cadiz Enterprise
Development
Fund (CENT)
during 2015

11. ENTERPRISE DEVELOPMENT

Enterprise Development has become an important priority for organisations to attend to in terms of their BEE scorecards. Group firms have responded accordingly and have undertaken to support enterprise development beneficiaries (black owned businesses or exempt micro enterprise businesses) in 2015, with just over R2,2 million spent by Group firms on enterprise development. Such support includes administrative support, loans, donations, financial support, sponsorship of computers and more. Of the total expenditure on enterprise development, an amount of R1 million was invested by the Group into the Cadiz Enterprise Development Fund (CENT). CENT is a specialised enterprise development fund that provides loan capital at very attractive rates to black owned businesses, helping them grow and sustain their businesses. For more information visit www.enterprisedev.co.za.



12. PRO BONO

As a legal network, the Group has a strong commitment to *pro bono* work and increasing access to justice, evidenced by more than R3,5 million in *pro bono* services and discounted legal services being rendered to black clients (individuals and businesses) during 2015. To continue advancing the importance of *pro bono* work, the Group has included the obligation on firms to establish an organised *pro bono* programme at each firm as part of the Group BEE Standards.



13. SOCIO-ECONOMIC DEVELOPMENT

Recognising the importance of spending on socio-economic upliftment and the support of previously disadvantaged individuals, Group firms have spent R1,5 million in 2015 on socio-economic projects for previously disadvantaged beneficiaries ranging from the disabled and children to churches, schools and educational bursaries.



14. COMMUNITY SUPPORT

In addition to socio-economic development projects supported by members, firms have also spent an additional R750,000 on general community and corporate social responsibility projects where the beneficiaries are not limited to previously disadvantaged individuals, and include support by firms for a variety of social, community, religious, educational and other needs and institutions.



15. BLACK LEGAL SERVICE PROVIDERS

As members of the legal fraternity, Group firms have an inherent responsibility to support the development of black legal service providers (black individuals such as advocates, sheriffs, tracing agents, black law firms etc.) and in this manner also support BEE development in the legal industry.

Members have adopted this goal as part of the Group Standards to emphasise the importance of developing these service providers in the legal industry, with Group firms having referred nearly R9,6 million in work to black legal service providers during 2015. The Group has also undertaken an investigation into establishing regional panels for preferred black legal service providers to receive support from Group firms and further advance this element of transformation in the legal sector.

Group firms have referred nearly R9,6 million in work to black legal service providers during 2015

16. PROCUREMENT

Procurement from black suppliers is a vital element of each member firm's scorecard and crucial to obtaining a good BEE recognition level. Accordingly, firms have over time invested in their procurement from black suppliers and have evidenced nearly R40 million in procurement from black suppliers through formal BEE verification, which includes the R9,6 million spent on black legal service providers. Given the importance of procurement on various categories of black and EME service providers, the Group is investigating how to develop central Group procurement strategies to better use economies of scale to support and develop black suppliers by the Group and enhance procurement benefit for Group firms.

17. CONCLUSION

The above Report provides an overview of the important position transformation holds within the Group and why the focus on diversity and transformation is held as a core value by all firms. This is evidenced through the extensive expenditure on various aspects of BEE and transformation by member firms as summarised by the table below:

BEE Expenditure Cost of Group Firms during 2015*	Total
Annual Verification Cost of Firms	R200 000.00
Annual Employment Equity and Skills Development Support	R240 000.00
Group Graduate Recruitment	R300 000.00
Phatshoane Henney Bursary Programme	R380 000.00
Skills Development Expenditure	R2 500 000.00
Phatshoane Henney Training Academy	R3 500 000.00
Enterprise Development Expenditure	R2 500 000.00
Pro Bono Support	R3 500 000.00
Socio-economic Development Expenditure	R1 500 000.00
Community Support Expenditure	R750 000.00
Black Legal Service Provider Expenditure	R9 600 000.00
BEE Procurement Expenditure	R30 400 000.00
	R55 370 000.00

*Costs have been rounded off for ease of use. Most costs drawn from formal BEE verification results of firms during 2015.

Transformation is a continuing goal of the Group which moves beyond monetary expenditure, with much of the true investment in transformation and black and women empowerment as well as community support not being quantifiable in monetary terms. The above expenditure is clear validation that firms are making the necessary investment, with the real confirmation of the commitment to change to come from the transformation of each firm and its profile to truly be seen and experienced as new breed of empowered law firm.

