



The DTI's B-BBEE scorecard

BEE implementation rules

1. Business sense must take priority over BEE sense. If a business decision has a positive BEE spin this is a bonus.
2. The company must not be exposed to any risk when implementing BEE. Avoid knee-jerk BEE initiatives.
3. BBBEE CSI and Enterprise Development initiatives have marketing potential, these should be investigated at all times. Where possible they should be used to your organisation's benefit.
4. Points are only awarded when there is adequate proof to substantiate them.
5. Substance takes proof over legal form at all times. In other words do not front or misrepresent any aspect of the scorecard.
6. There are points everywhere within the organization; systems must be created to identify them. Examples might be Skills Development, Enterprise Development and CSI.
7. If your organisation is struggling to meet the targets consider (i) BEE is a ten year journey, (ii) companies in a similar position will also be struggling to achieve the same points, thereby keeping the points at a similar level.
8. Three rules of CSI and ED:
 - a. Marketing potential
 - b. Development of markets
 - c. Involvement of government (national, regional or local)

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Determining whether a company is a QSE (2005 codes)

| Sector or subsectors in accordance with the Standard Industrial Classification | Size or class | Total full-time equivalent of equivalent of paid employees | Total annual turnover |
|--|---------------|--|-----------------------|
| | | Less than * | Less than * |
| Agriculture | Small | 50 | R 2.00 m |
| | Very small | 10 | R 0.40 m |
| Mining and Quarrying | Small | 50 | R 7.50 m |
| | Very small | 20 | R 3.00 m |
| Manufacturing | Small | 50 | R 10.00 m |
| | Very small | 20 | R 4.00 m |
| Electricity, Gas and Water | Small | 50 | R 10.00 m |
| | Very small | 20 | R 4.00 m |
| Construction | Small | 50 | R 5.00 m |
| | Very small | 20 | R 2.00 m |
| Retail and Motor Trade and Repair Services | Small | 50 | R 15.00 m |
| | Very small | 10 | R 3.00 m |
| Wholesale Trade, Commercial Agents and Allied Services | Very small | 10 | R 5.00 m |
| Catering, Accommodation and other Trade | Medium | 100 | R10.00 m |
| | Small | 50 | R 5.00 m |
| | Very small | 20 | R 2.00 m |
| Transport, Storage and Communications | Small | 50 | R10.00 m |
| | Very small | 10 | R 2.00 m |
| Finance and Business Services | Small | 50 | R10.00 m |
| | Very small | 10 | R 2.00 m |
| Community, Social and Personal Services | Medium | 100 | R10.00 m |
| | Small | 50 | R 5.00 m |
| | Very small | 10 | R 1.00 m |

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Determining whether a company is a QSE (2006 codes)

The 2006 codes have tentatively defined Exempt Micro Enterprises as falling below an annual turnover of R5million.

QSEs fall between R5 million and 35million

Equity element – 2005 QSE Scorecard

| Direct Empowerment - Ownership (Code 1100). Total points - 23 (including bonus points) | | |
|---|------------------|----------------------|
| Description | Weighting points | Compliance Target |
| Voting rights | | |
| Exercisable voting rights in the enterprise in the hands of black people. | 5 | 25% + 1 Vote |
| Economic interest | | |
| Economic interest in the enterprise to which black people are entitled | 7 | 25% |
| Realisation points | | |
| Ownership fulfillment | 1 | Yes |
| Net equity value | 7 | 25% |
| Bonus points | | |
| Bonus Points Ownerships in the enterprise in the hands of: | 3 | 1 point/5% of equity |
| <ul style="list-style-type: none"> o Black women and/or o Broad based ownership schemes | | |

Equity element – 2006 QSE Scorecard

| Ownership. Total points - 25 (including bonus points) | | | |
|---|------------------|--------------------------------|----------------------------|
| Description | Weighting points | Compliance Target (Years 6-10) | Interim Target (Years 0-5) |
| Voting rights | | | |
| Exercisable voting rights in the enterprise in the hands of black people. | 6 | 25% + 1 Vote | |
| Economic interest | | | |
| Economic interest in the enterprise to which black people are entitled | 9 | 25% | |
| Realisation points | | | |
| Ownership fulfilment | 1 | Yes | |
| Net equity value | 9 | 25% | |
| Bonus points | | | |
| Involvement in the ownership of the Enterprise of black new entrants | 2 | 10% | |
| Involvement of <ul style="list-style-type: none"> o black participants in Employee Ownership Schemes o Black beneficiaries of Public or General Benefit Schemes o black Participants in Co-operatives in the ownership of the enterprise | 1 | 105 | |

Management element – 2005 QSE Scorecard

| Direct Empowerment - Management Control (Code 1200). Total points – 22 (including bonus points) | | |
|--|------------------|-------------------|
| Description | Weighting points | Compliance Target |
| Black representation at owner/manager level | 20 | 25% |
| Bonus points | | |
| Bonus points: Black women representation at owner/manager level | 2 | 10% |

Management element – 2006 QSE Scorecard

| Management Control. Total points – 27 (including bonus points) | | | |
|---|------------------|-----------------------------------|-------------------------------|
| Description | Weighting points | Compliance Target (Years 6-10) | Interim Target (Years 0-5) |
| Black representation at top management level | 25 | 50.1% | |
| Bonus points | | | |
| Bonus points: Black women representation at owner/manager level | 2 | 25% | |

Employment Equity – 2005 QSE Scorecard

| Human Resource Development - Employment Equity (Code 1300). Total points – 20 | | |
|--|------------------|-------------------|
| Description | Weighting points | Compliance Target |
| Black representation at manager/controller level | 6 | 40% |
| Black women representation at manager/controller level | 6 | 20% |
| Black employees as a percentage of total employees | 4 | 70% |
| Black women as a percentage of total employees | 4 | 35% |

Employment Equity – 2006 QSE Scorecard

| Employment Equity. Total points – 25 | | | |
|---|------------------|-----------------------------------|-------------------------------|
| Description | Weighting points | Compliance Target (Years 6-10) | Interim Target (Years 0-5) |
| Black employees who are Management as a percentage of all Management adjusted using the Adjusted Recognition for Gender | 15 | 60% | 40% |
| Black employees as a percentage of all employees adjusted using the Adjusted Recognition for Gender | 10 | 70% | 60% |

Skills Development – 2005 QSE Scorecard

| Human Resource Development - Skills Development (Code 1400). Total points – 20 | | |
|--|------------------|-------------------|
| Description | Weighting points | Compliance Target |
| Application submitted to the National Skills Fund | 5 | Yes |
| Quantifiable skills development spend on black employees in addition to Skills Development Levy as a percentage of the Leviaible Amount (including amount spent on learnerships) | 15 | 2% |

Skills Development – 2006 QSE Scorecard

| Skills Development. Total points – 25 | | | |
|--|------------------|--------------------------------|----------------------------|
| Description | Weighting points | Compliance Target (Years 6-10) | Interim Target (Years 0-5) |
| Adjusted skills development spend on learning programmes for black employees as a percentage of leviaible amount | 25 | 3% | |

Preferential Procurement – 2005 QSE Scorecard

| Indirect Empowerment - Preferential Procurement (Code 1500) . Total points – 20 | | |
|--|------------------|-------------------|
| Description | Weighting points | Compliance Target |
| BEE Procurement spend from suppliers based on the BEE Procurement Recognition Levels or Deemed Micro Enterprise Recognition Levels as a percentage of Total Measured Procurement Spend | 20 | 50% |

Preferential Procurement – 2006 QSE Scorecard

| Preferential Procurement. Total points – 25 | | | |
|--|------------------|--------------------------------|----------------------------|
| Description | Weighting points | Compliance Target (Years 6-10) | Interim Target (Years 0-5) |
| BEE procurement spend from all suppliers based on the BEE procurement recognition levels as a percentage of total measured procurement spend | 25 | 50% | 40% |

Enterprise Development – QSE Scorecard

| Indirect Empowerment - Enterprise Development (Code 1600). Total points – 20 | | |
|--|------------------|-------------------|
| Description | Weighting points | Compliance Target |
| Enterprise development contributions made by the Qualifying Small Enterprise as a percentage of EBITDA | 20 | 2% |

Corporate Social Investment – 2005 QSE Scorecard

| Residual Element - Corporate Social Investment (Code 1700). Total points – 20 | | |
|--|------------------|-------------------|
| Description | Weighting points | Compliance Target |
| Qualifying Residual Contributions made by the Enterprise measured as a percentage of net profit after tax (NPAT) | 20 | 2% |

Socio-Economic and Enterprise Development – 2006 QSE Scorecard

| Socio-Economic and Enterprise Development. Total points – 25 | | | |
|--|------------------|---|-------------------------------|
| Description | Weighting points | Compliance Target (Years 6-10) | Interim Target (Years 0-5) |
| Average annual value of all qualifying contributions measured from the commencement of this statement or the inception date to the date of measurement as a percentage of the target | 25 | The higher of the following amounts: 3 % of Net Profit After Tax (preceding financial year) OR 0.35 of Total Revenue (preceding financial year) | |

The ultimate score is measured as a contributor

| Contribution Level | Qualification |
|---------------------------|------------------------------|
| Level One Contributor | ≥ 100 points |
| Level Two Contributor | ≥ 85 points but < 100 points |
| Level Three Contributor | ≥ 75 points but < 85 points |
| Level Four Contributor | ≥ 65 points but < 75 points |
| Level Five Contributor | ≥ 55 points but < 65 points |
| Level Six Contributor | ≥ 45 points but < 55 points |
| Level Seven Contributor | ≥ 40 points but < 45 points |
| Level Eight Contributor | ≥ 30 points but < 40 points |
| Non-Compliant Contributor | < 30 points |