

BEE made simple

Hollard acknowledges that BEE is a complicated issue and has provided some information to help you understand BEE and its requirements.

The Department of Trade and Industry's (DTI) are the drivers of the BEE initiative.

Hollard are guided by the DTI Codes that were released and Gazetted in February 2007. It is a requirement for all companies.

GOOD NEWS:

If you (sole trader) or your company (registered entity) earn below R5m per annum you are an automatic level 4 - refer further on for details

BAD NEWS:

Companies with BEE ownership is required to be officially BEE rated and submit the documents.

How long is a BEE document valid for?

- The current BBBEE certificates are only valid until February 2010; thereafter it must be validated by a SANAS accredited verification agency.
- EME Letters and BEE certificates are valid for one financial year.

What is SANAS - The South African National Accreditation System?

- The South African National Accreditation System (SANAS) is recognised by the South African Government as the single National Accreditation Body that gives formal recognition. SANAS certificates are a formal recognition that an organisation is competent to perform specific tasks.
- Visit the SANAS website for approved BBBEE Verification Agencies



Hollard Select Suppliers get discount from Honeycomb - a SANAS accredited Verification Agency

- Hollard have secured a discounted rate for Hollard Select Suppliers, partners and brokers with Honeycomb who is a SANAS accredited verification agency.
- To access this offer through Honeycomb please contact Ridwana Jooma-Cook.
- Tel: +27 11 880-1630; Fax: 447-2456
- Email: info@honeycomb-bee.co.za



Not BEE rated yet?

- It is essential for Hollard to report on the BBBEE status of all suppliers used by the Hollard Group and their respective partners and brokers.

Is Your Annual Turnover Less Than R5 Million?

- Please confirm this by obtaining a letter from a registered accountant or auditor, noting your company's financial period.
- This document is renewable annually and must be on the accountant or auditors letterhead.

The BEE process explained

- Procurement Spend / Preferential Procurement are any goods or services that are procured (purchased) but excludes: tax, public sector procurement, salaries, wages and emoluments, investments or loan, imports and pass-through third-party procurement.
- Level 4 is the target for most companies.
- BEE ownership and specifically BEE women ownership gets additional points.

- Rating Agencies must perform the assessments strictly according to the guidelines set out by DTI. On successful completion they will issue a certificate with the Level (1-9) of BEE appropriate to your enterprise.
- A certificate will be issued which is relevant to all companies requesting it.
- The current BBEE certificates are only valid until February 2010; thereafter it must be validated by a SANAS accredited verification agency.
- Self accreditation is no longer recognised or accepted.

WHAT IS THE DIFFERENCE BETWEEN A	
Consulting Agency	Verification Agency
<i>WHAT DOES A CONSULTING AGENCY DO?</i>	<i>WHAT DOES A VERIFICATION AGENCY DO?</i>
<ul style="list-style-type: none"> • Provides assistance on what is required to participate under the various elements Guides companies on how they can improve their BEE ratings	<ul style="list-style-type: none"> • Verify the information and issue a scorecard They must be accredited by SANAS Scorecards must be renewed annually

WHAT A VERIFIED SCORECARD MEANS TO YOUR CLIENTS eg. Hollard			
Levels	Bee Score	Recognition Level	
		Benefit to the user of the BEE enterprise on any procurement spend	
1	>100	135%	R1.35 = R1 spent
2	85-100	125%	R1.25 = R1 spent
3	75-85	110%	R1.10 = R1 spent
4	65-75	100%	R1.00 = R1 spent
5	55-65	80%	80c = R1 spent
6	45-55	60%	60c = R1 spent
7	40-45	50%	50c = R1 spent
8	30-40	10%	10c = R1 spent
NON-COMPLIANT	30<	0%	No value

STEP 1 - SELECT YOUR COMPANIES ANNUAL TURNOVER			
Greater than R35m	Between R5m and R35m	Less than R5m	
STEP2 - MATCH THE TURNOVER TO THE SCORECARD			
GENERIC / LARGE Medium to Large Enterprises	QSE Qualifying Small Enterprises	EME Exempt Micro Enterprises	
STEP3 - DETERMINE THE NUMBER OF PILLARS REQUIRED FOR YOUR SCORECARD			
Generic Scorecard with all 7 of the pillars are required	QSE Scorecard with 4 of the 7 pillars are required	No scorecard is required but the annual turnover must be verified by an accredited accountant, auditor or rating agency	
STEP 4 - SELECT THE PILLARS FOR YOUR SCORECARD			
ELEMENTS	GENERIC All 7 are relevant	QSE Select any 4 of 7	EME Automatic

					Score
	Weight (points)	Target	Weight (points)	Target	Validate Annual Turnover
Ownership	20	25%+1	25	25%+1	N/A
Management Control	10	(40-50%)	25	50.1%	
Employment Equity	15	(43-80%)	25	(40-70%)	
Skills Development	15	3% of payroll	25	2% of payroll	
Preferential Procurement	20	70%	25	50%	
Enterprise Development	15	3% (NPAT)	25	2% (NPAT)	
Socio-Economic Development	5	1% (NPAT)	25	1% (NPAT)	
	100	**	##	**	

Notes

- NPAT = Nett Profit After Tax;
- Depending on your company's current status, scoring on some pillars may be easier whilst, others will require long terms commitment and processes before the efforts can be recognised;
- Bonus points can be obtained;
- EME's can achieve higher
- Preferential Procurement or Procurement Spend is any goods or services that are procured (purchased) but excludes tax, public sector procurement, salaries, wages and emoluments, investments or loan, imports and pass-through third-party procurement.