

BEE MADE SIMPLE

DEPARTMENT OF TRADE AND INDUSTRY (DTI)

- BEE is requirement for all businesses;
- The Department of Trade and Industry's (DTI) are the drivers of the BEE initiative;
- Hollard and the industry is guided by the DTI Codes effective year on year.

NOT BEE RATED YET?

- Hollard strongly supports BEE and it is a key selection criteria for Hollard;
- It is good business practice and essential for companies to report on the BBBEE status of all the suppliers paid.

WHAT TYPE OF DOCUMENTS ARE VALID BEE DOCUMENTS

- A BEE certificate issued by a Sanas approved agency; or
- A letter from a registered accountant.

WHAT IS NOT VALID BEE DOCUMENTS

- Progress letters or letters of intent;
- Expired accounting letter or certificates
- Self accreditation is not recognised or accepted.

HOW LONG IS A BEE DOCUMENT VALID FOR?

- All BEE certificates and EME letters are valid for one year from date of issue.

WHAT IS SANAS - THE SOUTH AFRICAN NATIONAL ACCREDITATION SYSTEM?



- Visit the SANAS website for approved BBBEE Verification Agencies;
- From February 2010 all BBBEE certificates must be **validated by a SANAS accredited verification agency**;
- 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.

IS YOUR ANNUAL TURNOVER IS LESS THAN R5 MILLION?

- You can automatically be a level 4 on the condition that you are in possession of:
 - A letter from a registered accountant or auditor on their official letterhead;
 - Noting your company's financial period, company name(s), vat nr, etc.;
- This document must be renewed annually.

IS YOUR ANNUAL TURNOVER MORE THAN R5 MILLION?

- Your company will have to follow the formal BEE rating process and obtain a BEE certificate showing the various pillars and your participation under each one.

COMPANIES SHARING A BEE CERTIFICATE THROUGH SHAREHOLDING

- The certificate must clearly show the shareholding and companies incorporated under the single BEE certificate;
- Provide additional information about the incorporated companies to enable Hollard to find and apply the rating to the correct company's records.

THE BEE PROCESS EXPLAINED

WHAT IS THE DIFFERENCE BETWEEN A					
Consulting Agency			Verification Agency		
WHAT DOES A CONSULTING AGENCY DO? <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 			WHAT DOES A VERIFICATION AGENCY DO? <ul style="list-style-type: none"> • Verify the information and issue a scorecard <ul style="list-style-type: none"> • 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 a letter from 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 Validate Annual Turnover
	Weight (points)	Target	Weight (points)	Target	
1. Ownership	20	25%+1	25	25%+1	N/A
2. Management Control	10	(40-50%)	25	50.1%	
3. Employment Equity	15	(43-80%)	25	(40-70%)	
4. Skills Development	15	3% of payroll	25	2% of payroll	
5. Preferential Procurement	20	70%	25	50%	
6. Enterprise Development	15	3% (NPAT)	25	2% (NPAT)	
7. 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
- Procurement Spend / Preferential Procurement are any goods or services that are procured (purchased);
- Excluded are 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;