Business Evolved Verification (Pty) Ltd
BEE SCORECARD IN TERMS OF THE CODES OF GOOD PRACTISE REVISED CODES 11 OCTOBER 2013 AND CODES 2007. FOCUSING ON SKILLS DEVELOPMENT
WHAT IS THE IMPACT?

1. EXEMPTED MICRO ENTERPRISES (EME’s) moved to a turnover of less than R10 million previously R 5 million.

2. QUALIFYING SMALL ENTERPRISES (QSE’s) moved to a turnover of less than R50 million.

3. GENERIC companies have a turnover of more than R50 million previously R35 million.

4. There is a transitional period until 30 April 2015. This gives businesses the choice to be verified by either the 2007 Codes of Good Practise or the Revised Codes. Use this transitional period and make sure you are verified in terms of the old codes as close as possible to 30 April 2015.

5. No QSE scorecard has been published yet. We expect it soon!
HOW HAS THE CODES CHANGED?

1. THERE WILL BE ONLY 5 ELEMENTS INSTEAD OF 7
2. OWNERSHIP - 25 POINTS PREVIOUSLY 20
3. MANAGEMENT CONTROL AND EMPLOYMENT EQUITY MERGE - 19 POINTS PREVIOUSLY MC 10 POINTS AND EE 15 POINTS
4. SKILLS DEVELOPMENT - 25 POINTS PREVIOUSLY 15
5. PREFERENTIAL PROCUREMENT AND ENTERPRISE AND SUPPLIER DEVELOPMENT MERGE 40 POINTS, PREVIOUSLY PP 20 AND ED 15 POINTS
6. SOCIO-ECONOMIC DEVELOPMENT 5 POINTS, STAYED THE SAME.
1. Three priority elements have been identified with minimum requirements
2. Should a Generic or QSE Business not comply with the sub minimum’s set for their priority elements, their total score will be reduced by one Level.
3. Priority Elements are: Ownership, Skills Development and Enterprise, Supplier Development and Preferential Procurement.
4. QSE businesses can choose two of the three priority elements of which Ownership must be one.
5. Subminimum for Ownership in the Generic Company category is 40% of the net value calculation (40% of 8 points, 3.2 points - to be explained later).
6. **Subminimum for Skills Development Category is 40% of the weighting points which is 8 points.**
7. Enterprise, Supplier Development and Preferential Procurement; 40% of the points must be scored in each of the three categories’ calculation.
8. Procurement 25 (10 points subminimum) points, Enterprise 10 points (4 points sub minimum) and Suppliers Development 5 points (2 points sub minimum)
# RECOGNITION LEVELS

## OLD AND NEW

<table>
<thead>
<tr>
<th>POINTS</th>
<th>RECOGNITION</th>
<th>Old Codes Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEVEL 1</strong></td>
<td>MORE THAN 100</td>
<td>135%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>More than 100 points</td>
</tr>
<tr>
<td><strong>LEVEL 2</strong></td>
<td>BETWEEN 95 – 100</td>
<td>120%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>85-100</td>
</tr>
<tr>
<td><strong>LEVEL 3</strong></td>
<td>BETWEEN 90-95</td>
<td>110%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>75-85</td>
</tr>
<tr>
<td><strong>LEVEL 4</strong></td>
<td>BETWEEN 80-90</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65-75</td>
</tr>
<tr>
<td><strong>LEVEL 5</strong></td>
<td>BETWEEN 75-80</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>55-65</td>
</tr>
<tr>
<td><strong>LEVEL 6</strong></td>
<td>BETWEEN 70-75</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>45-55</td>
</tr>
<tr>
<td><strong>LEVEL 7</strong></td>
<td>BETWEEN 55-70</td>
<td>50%</td>
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<tr>
<td></td>
<td></td>
<td>40- 45</td>
</tr>
<tr>
<td><strong>LEVEL 8</strong></td>
<td>BETWEEN 40-55</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30-40</td>
</tr>
<tr>
<td><strong>NON COMPLIANT</strong></td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LESS THAN 30</td>
</tr>
</tbody>
</table>
## Skills Development

<table>
<thead>
<tr>
<th>Skills Development Indicator</th>
<th>Weighting Points</th>
<th>Compliance Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3</strong> Skills Development expenditure on any program specified in the Learning Programmes Matrix as a percentage of the leviable amount (LPM)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3.1.1</strong> Skills Development expenditure on learning programmes specified in the LPM for black people as a percentage of leviable amount</td>
<td>8</td>
<td>6% (from 3%)</td>
</tr>
<tr>
<td><strong>3.1.2</strong> Skills Development expenditure on learning programmes specified in the LPM for black employees with disabilities as a percentage of leviable amount</td>
<td>4</td>
<td>0,3%</td>
</tr>
<tr>
<td><strong>3.2</strong> Learnerships, Apprenticeships an Internships:</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3.2.1</strong> Number of black employees participating in learnerships, apprenticeships and Internships as percentage of total employees</td>
<td>4</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>3.2.2</strong> Number of unemployed black employees participating in learnerships, apprenticeships an Internships as percentage of total employees</td>
<td>4</td>
<td>2.5%</td>
</tr>
<tr>
<td>TOTAL:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Skills Development Bonus Points

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Weighting Points</th>
<th>Compliance Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3</td>
<td><strong>BONUS POINTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3.1</td>
<td>Number of black people absorbed by the industry at the end of the learnership programme</td>
<td>5</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL SCORE WITH BONUS POINTS</strong></td>
<td>25</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL SCORE WITHOUT BONUS POINTS</strong></td>
<td>20</td>
<td></td>
</tr>
</tbody>
</table>
What are the changes?

• 1. Targets for overall training has been increased from 3% to 6%

• 2. Training can be claimed for black people not employed by the business. Disabled training has to be employed individuals

• 3. You can claim points for training in Skills Development, Supplier Development or Enterprise Development. You can score in 2 of above 3 elements for one contribution.
What are the limitations?

• Maximum of 15% claims in RC value for internal/ un-certified training, as part of total training claimed;

• Maximum of 15% of claims in RC value for expense claims, example; accommodation, travelling costs, catering, venue hire, stationary ext. As part of total training claimed.
INTERNATIONAL TRAINING, UN-CERTIFIED TRAINING AND CATEGORY B, C, AND D

• International training is accepted as long as it complies with SA’s qualification authority

• Uncertified or internal training refers to:
  – Conferences, meetings, institutions, workplace training

CATEGORY B, C, AND D TRAINING:
  Registered learnerships, Internships and apprenticeships.

NB! Full costs for expenses towards SDF’s can be claimed. Salaries or invoices.
What is a learnership, apprenticeship and internship?

- **Learnership** is a 3-way agreement between an employer, employee, and the Training Institution or SETA. There will be theoretical training as well as workplace training.
- Training programme must qualify as a learnership.
- Please ask your training facilitator regarding the status of the courses you want to enrol individuals.
- **Internship** is a student or a recent graduate undergoing supervised practical training. Examples are: Attorney clerks and auditor clerks.
- **Apprenticeship** in which trainees learn a craft or trade by hands-on experience while working with a skilled worker, usually under a written or implied internship agreement. Example: boiler makers, carpenters ext.

- Full Salaries and wages form part of your claim for individuals falling within abovementioned categories, during the measurement period.
- These programmes are very important to boost your Skills development points. You will score in 2 categories:
  - Overall training (8 points) and in the Element for Category B, C and D training (5 points)
  - Element for category B, C and D training are calculated according to overall head count and the category B, C and learners.
SETA GRANTS AND SARS REBATES

• 1. Employers will be eligible for Grants from their various SETA’s.

• 2. A lot of problems have however been experienced with the claim process.

• 3. SARS does grant rebates
   – A rebate is granted when a learner enters into a learnership agreement with a SETA and;
   – After completion
   – The proof of submission of the Learnership agreement are needed to be submitted to SARS for these rebates.
   – You also need to submit proof to SARS that the learnership has been completed.
EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT CALCULATIONS

- 6 calculations are used instead of 1
- Coloureds, Indian and African people as well as the male and female ratios are calculated = **Definition of Black**
- National demographic targets are used as per Statistics SA. Might change to geographical area statistics.
- Skills development Calculations will be verified on the same principles
- Presently the percentages are as follows:

<table>
<thead>
<tr>
<th></th>
<th>MALE</th>
<th>FEMALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFRICAN</td>
<td>40.7%</td>
<td>34.2%</td>
</tr>
<tr>
<td>COLOURED</td>
<td>5.8%</td>
<td>5%</td>
</tr>
<tr>
<td>INDIAN</td>
<td>1.9%</td>
<td>1.11%</td>
</tr>
<tr>
<td>WHITE</td>
<td>6.4%</td>
<td>4.9%</td>
</tr>
</tbody>
</table>
The Calculation

- \[ A = \left\{ \frac{AM}{C} + \frac{AF}{C} + \frac{CM}{C} + \frac{CF}{C} + \frac{IM}{C} + \frac{IF}{C} \right\} \]

\[ \frac{6}{6} \]

- \( A = \text{PERCENTAGE SPENT ON BLACK INDIVIDUALS} \)
- AM, AF, CM, CF, IM, IF \( \text{PERCENTAGE SPENT ON BLACK INDIVIDUALS} \)
- (AFRICAN MALE = AM; AFRICAN FEMALE = AF; COLOURED MALE = CM; COLOURED FEMALE = CF; INDIAN MALE = IM; INDIAN FEMALE = IF)
- \( C = \text{IS THE TARGET PERCENTAGE AS PER THE REGULATIONS OF THE EMPLOYMENT EQUITY ACT} \)

SAME CALCULATION WILL APPLY TO OTHER SEGMENTS OF THE SCORECARD
Example of Calculation

A = \{ (30.5\% \div 40.7\%) + (25\% \div 34.2\%) + (5\% \div 5.8\%) + (3\% \div 5\%) + (1\% \div 1.9\%) + (0.5\% \div 1.11\%) \}\n
\frac{6}{6}

= 0.75\% + 0.73\% + 0.86\% + 0.6\% + 0.53\% + 0.45\%

= 3.92\%

= 3.92\% \div 6\%

= 65\%

= 8 \times 65\%

= 5.23
Example continues...

- All initial percentages derive from the amounts spent and divided by the Leviable Amount. (SHOW CALCULATION)
- Leviable amount is calculated by adding up the financial year’s submitted EMP 201’s SDL contributions and multiply it by 100.
- This amount is used in all calculations
- The target will therefore be 6% of the Leviable amount
Which documentation are needed to claim your points

• 1. Accredited training:
  – Documentation substantiating the course and explain the course contents
  – Proof of payment of a course
  – Indicating the individuals that attended the training. Interviews will be performed by your verification agency to confirm your claim (ONLY SAMPLES)
  – Proper proof of registration of your learnership, apprenticeship and internship or applicable contracts. Interviews will be performed as well.
Documentation continues...

• Proof of registration of your SDF. Whether an employee or a contractor for your particular sector.
• Proof of salaries or invoices.
• Copies of ID’s of individuals, to proof that they are South African Black, as per the definition.
• Definition of South African Black
  – By birth or decent
  – Became citizens before 27 April 1994
  – On or after 27 April 1994 but would have been able to acquire citizenship by naturalization
• UNCERTIFIED OR INTERNAL TRAINING:
  – Properly completed registers that displays the following information:
Documentation continues...

• Training Subject
• Date
• Time spent on training on that day
• Name of Trainers
• Name of Trainees
• Hourly/Daily rate of Trainers and trainees
• Signature of Trainers and Trainees, which will confirm training received
• Race and Genders of trainees
Documentation continues...

• Proof of purchases for books, stationary, accommodation paid, venue hire, and all related expenses.
• The verification agency will request samples of individuals’ ID documents as well as interviews. Both are to confirm citizenship and that training has been received.
• FOR YOUR CLAIM ON ANY TRAINING YOU HAVE TO SUBMIT PROOF TO YOUR VERIFICATION AGENCY OF YOUR REGISTRATION THE SETA, PROOF OF SUBMISSION OF YOUR WORKPLACE SKILLS PLAN AND REPORT.
• YOU HAVE TO SUBMIT YOUR EMP 201’S FOR THE MEASUREMENT PERIOD TO ENABLE THE VERIFICATION AGENCY TO CALCULATE THE TARGETS.
WHAT IS AN EMPOWERED SUPPLIER VS VALUE ADDED SUPPLIER

• The Verification Agency has to determine whether your business is an empowered supplier. Should your business fail your certificate can not be used for BEE and will be worthless.

• Generic businesses has to comply with 3 and QSE businesses 1 of the following:
  – 25% of the cost of sales, excluding labour costs and depreciation, be procured within South Africa. Services industry labour costs capped at 15%.
  – 50% of new jobs must be for black people
  – 25% of transformation of raw material, local manufacturing/production and/or assembly and/or packaging in RSA
  – 12 days to be spent by the business per year of production deployed in assisting black EME and QSE businesses to increase their operation or financial capacity
QUESTIONS?
OUR CONTACT DETAILS

• PLEASE CONTACT US FOR ANY FURTHER QUESTIONS OR TO ASSIST YOU IN FINDING SOLUTIONS

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