

Doing Empowerment the Right Way (The Benefits of Getting it Right)

The Fundamental Principle for
Measuring B-BBEE Compliance is
that Substance Takes Precedence
over Legal Form

B-BBEE is Good

- The essence of BEE is:
 - creating opportunities for the whole population
 - skills development (including management)
 - job creation
 - development of entrepreneurship

Solving the legacy of inherited problems to grow the economy.

Extract from the Act

WHEREAS under apartheid race was used to control access to South Africa's productive resources and access to skills;

WHEREAS South Africa's economy still excludes the vast majority of its people from ownership of productive assets and the possession of advanced skills;

WHEREAS South Africa's economy performs below its potential because of the low level of income earned and generated by the majority of its people;

BEE Makes Business Sense

High levels of compliancy results in

- More and happier customers
 - (I do not use a Kreepy Krauly in my pool because they are not compliant!)
- Happier staff and less industrial action
- More profits = growth for the economy
- Growth = more customers, more jobs, more international competitiveness

Fronting: What Not to Do

(We know every loophole and WILL catch you out)

Your Trust, ESOP and BBOS is most likely wrong.

EVERY verification agency is guilty of approving this.

Don't pretend to be a Startup, EME or QSE.

SED is SED, not ESD

3rd Party Procurement

Don't forge your certificate

Don't rollover ED loans to earn more points

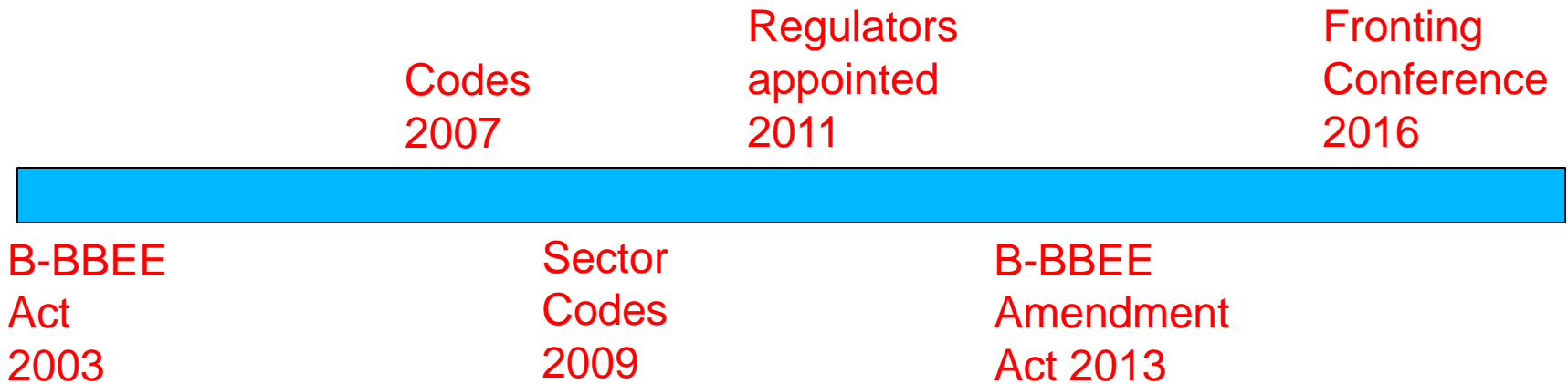
If you think you have found a loophole in the codes, read key principles which cancels them.

Always use the right code or sector code as per the Act.

Why Has it Gone Wrong?

- Companies don't want to implement BEE, so take shortcuts
- Lack of interpretations
- No policing

Timeline - 13 Years of Fronting Activities



Whose Responsibility?

- All of us
- BEE Professionals
- Auditors and Verification Agencies
- Regulators (SANAS and IRBA)
- DTI and BEE Commissioner