

TRANSFORMATION AND TREND ANALYSIS

National Status

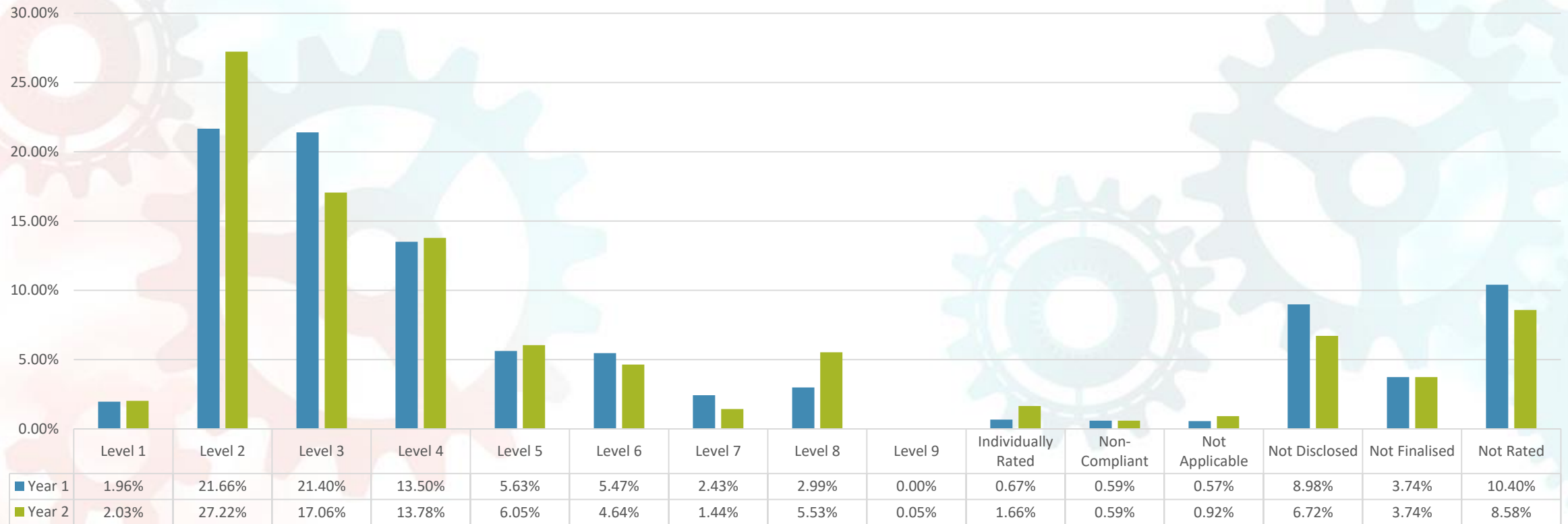
(based on Who Owns Whom's current universe of companies per sector and JSE Listed Company Directors)

Period: 1 April 2014 to 31 March 2016

Prepared for B-BBEE Commission

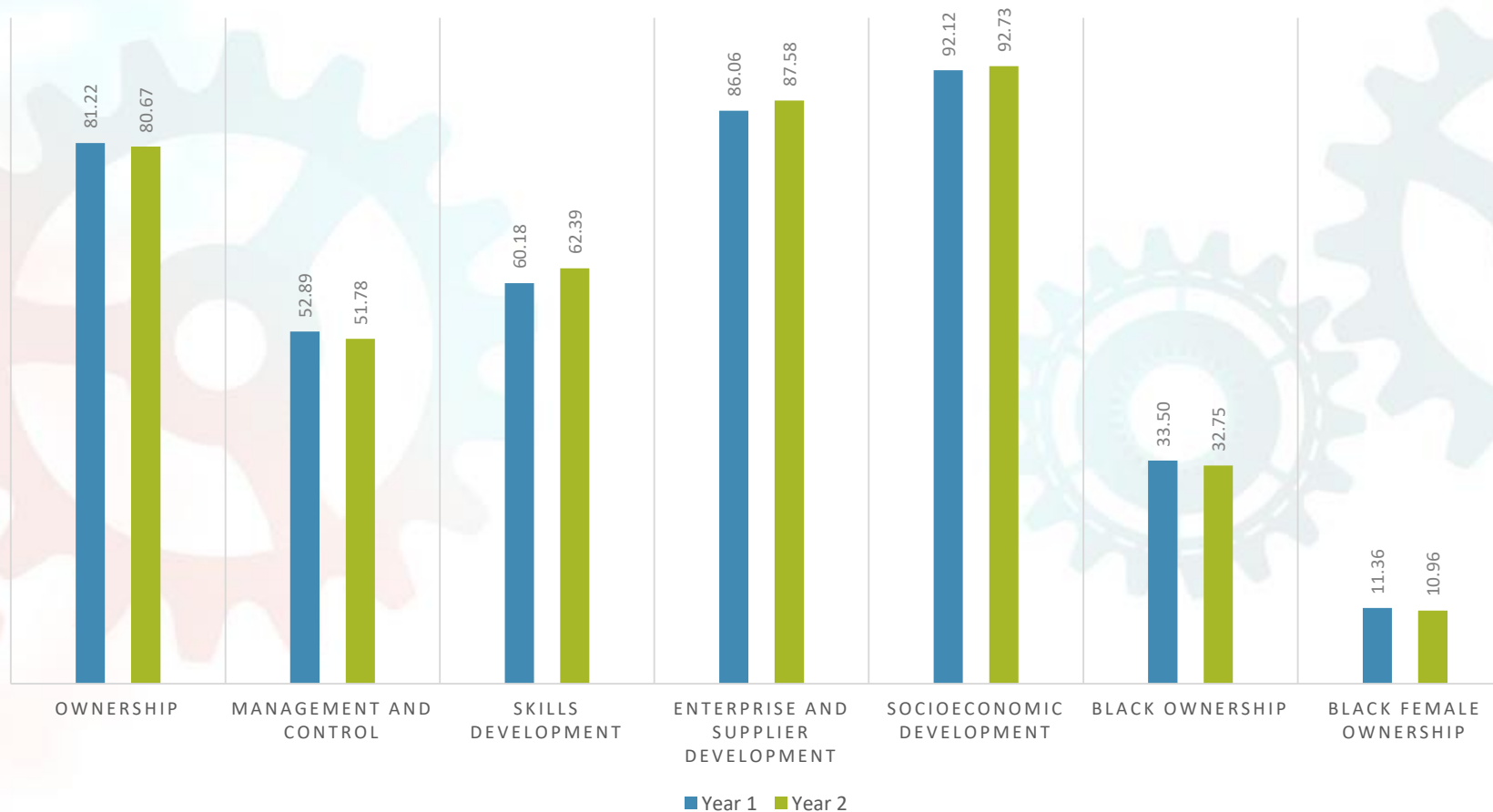
BEE Status of Companies

- Year 1 = 1st April 2014 to 31st March 2015: 3874 Companies
- Year 2 = 1st April 2015 to 31st March 2016: 4034 Companies



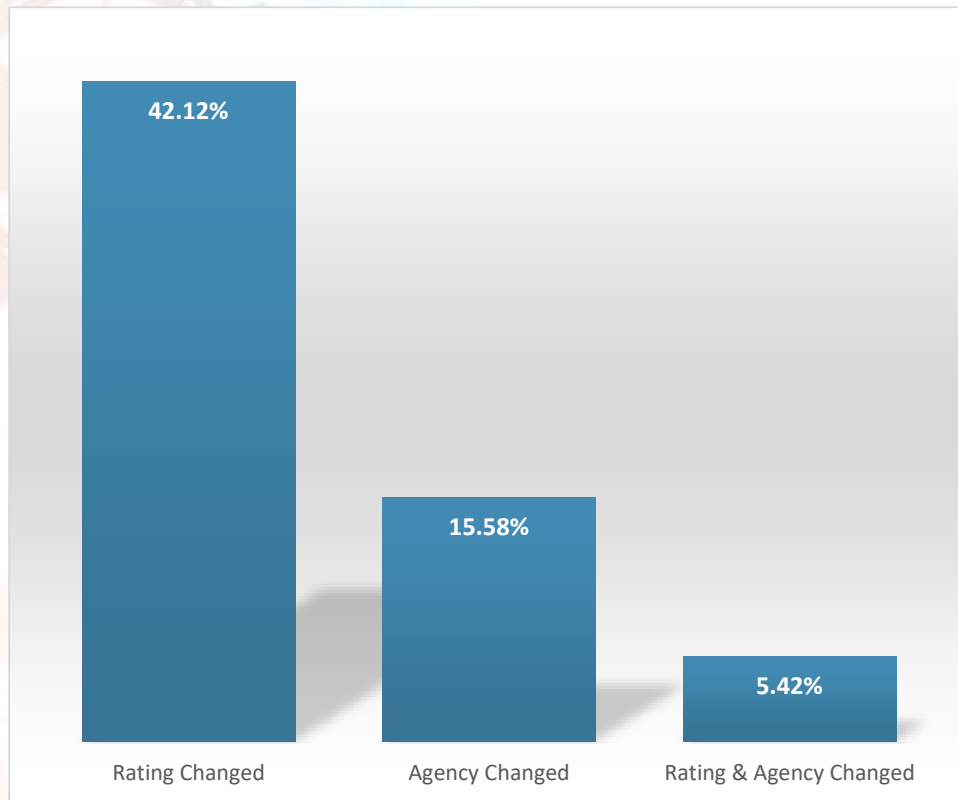
Targets achieved against BEE Components

- Year 1 = 1st April 2014 to 31st March 2015: 2890 Companies
- Year 2 = 1st April 2015 to 31st March 2016: 3113 Companies

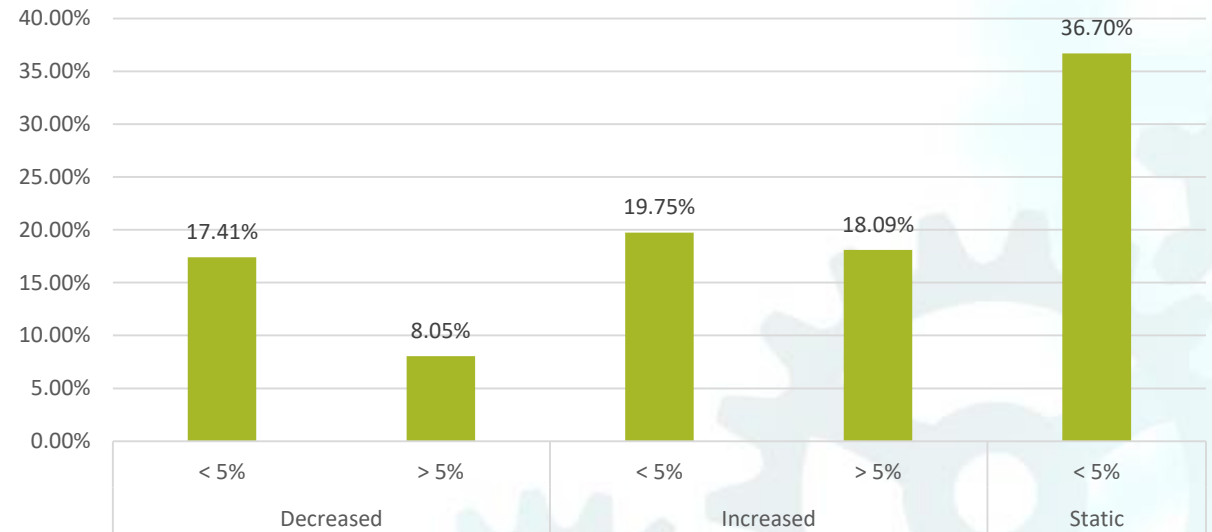


Changes between Year 1 & Year 2

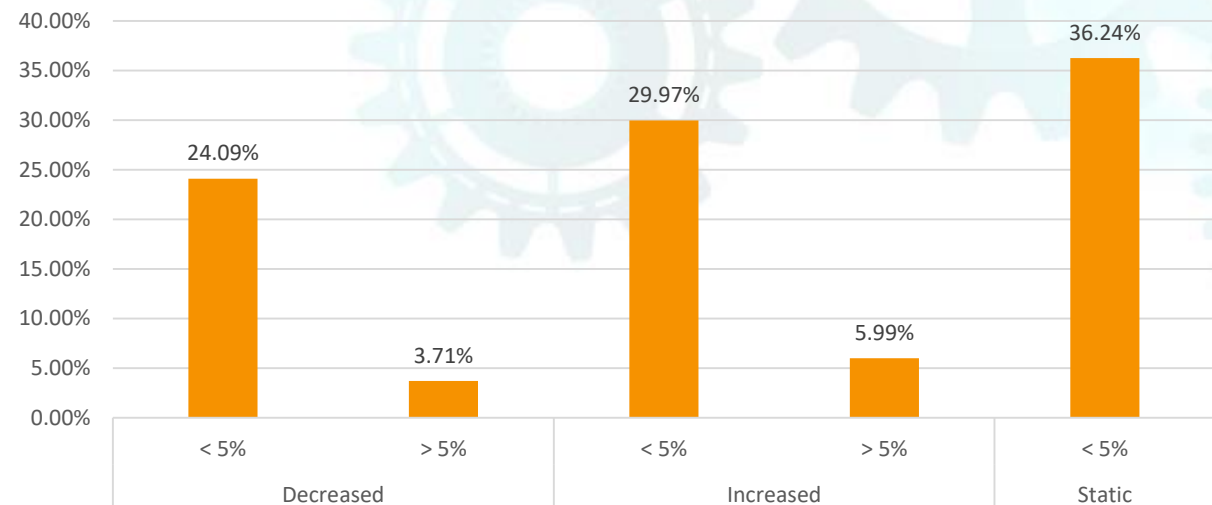
- 1752 Companies Analysed



Black Ownership



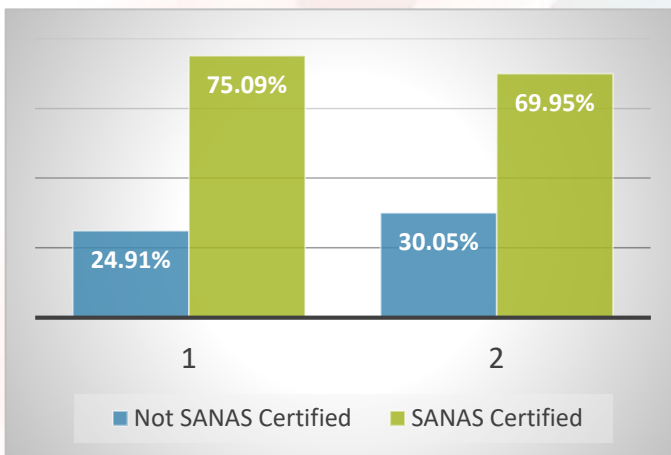
Black Female Ownership Changes



Rating Agencies

	Year 1	Year 2
Empowerdex (Pty) Ltd	31.02%	27.32%
AQRate (Pty) Ltd	10.24%	10.09%
EmpowerLogic (Pty) Ltd	11.76%	8.74%
National Empowerment Rating Agency t/a NERA	4.34%	4.69%
Premier Verification (Pty) Ltd	2.95%	3.95%
Other (192 Agencies)	39.69%	45.19%

	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Non-Compliant
Empowerdex (Pty) Ltd	1.49%	41.74%	34.40%	9.17%	5.22%	1.72%	2.29%	3.84%	0.00%	0.11%
Year 1	1.68%	27.96%	47.99%	9.28%	5.26%	2.35%	3.91%	1.45%	0.00%	0.11%
Year 2	1.29%	56.24%	20.12%	9.06%	5.18%	1.06%	0.59%	6.35%	0.00%	0.12%
EmpowerLogic (Pty) Ltd	0.82%	62.19%	12.77%	9.82%	2.95%	4.26%	2.29%	3.93%	0.00%	0.98%
Year 1	0.88%	66.67%	11.21%	10.91%	3.24%	4.42%	1.18%	0.88%	0.00%	0.59%
Year 2	0.74%	56.62%	14.71%	8.46%	2.57%	4.04%	3.68%	7.72%	0.00%	1.47%
AQRate (Pty) Ltd	0.33%	31.20%	26.93%	25.78%	1.48%	2.30%	0.49%	11.49%	0.00%	0.00%
Year 1	0.68%	31.19%	25.76%	26.10%	2.03%	2.71%	1.02%	10.51%	0.00%	0.00%
Year 2	0.00%	31.21%	28.03%	25.48%	0.96%	1.91%	0.00%	12.42%	0.00%	0.00%
National Empowerment Rating Agency t/a NERA	0.37%	33.21%	37.27%	21.77%	3.69%	2.58%	0.74%	0.37%	0.00%	0.00%
Year 1	0.80%	21.60%	42.40%	24.80%	5.60%	3.20%	0.80%	0.80%	0.00%	0.00%
Year 2	0.00%	43.15%	32.88%	19.18%	2.05%	2.05%	0.68%	0.00%	0.00%	0.00%
Premier Verification (Pty) Ltd	1.44%	8.17%	6.73%	26.92%	30.29%	19.23%	4.81%	2.40%	0.00%	0.00%
Year 1	2.35%	8.24%	8.24%	34.12%	17.65%	16.47%	9.41%	3.53%	0.00%	0.00%
Year 2	0.81%	8.13%	5.69%	21.95%	39.02%	21.14%	1.63%	1.63%	0.00%	0.00%



What stands out?

- Lack of clarity as to whether industry charter or generic scorecard will prevail
- Companies secure a rating under both charter and generic scorecard rules and use best score
- A number of charters are currently being reviewed delaying ratings due to a 'wait and see approach'
- Lack of clarity as to a holding company rating applying to underlying subsidiaries and investments
- Subsidiaries submit Scorecards of Holding Company with being mentioned on the Certificate
- EME's are not being rated due to cost but unaware of the affidavit option under the new codes
- Apparent varying of views of the application of new codes by rating's industry creating uncertainty with rated companies
- SANAS verification must be renewed annually and the date of each certificate issued by an agency needs to be corroborated against the date of their SANAS verification
- Companies relate experiences that a new analyst at the same agency can materially change a rating year on year when the rating criteria submitted is largely the same

What stands out? (cont)

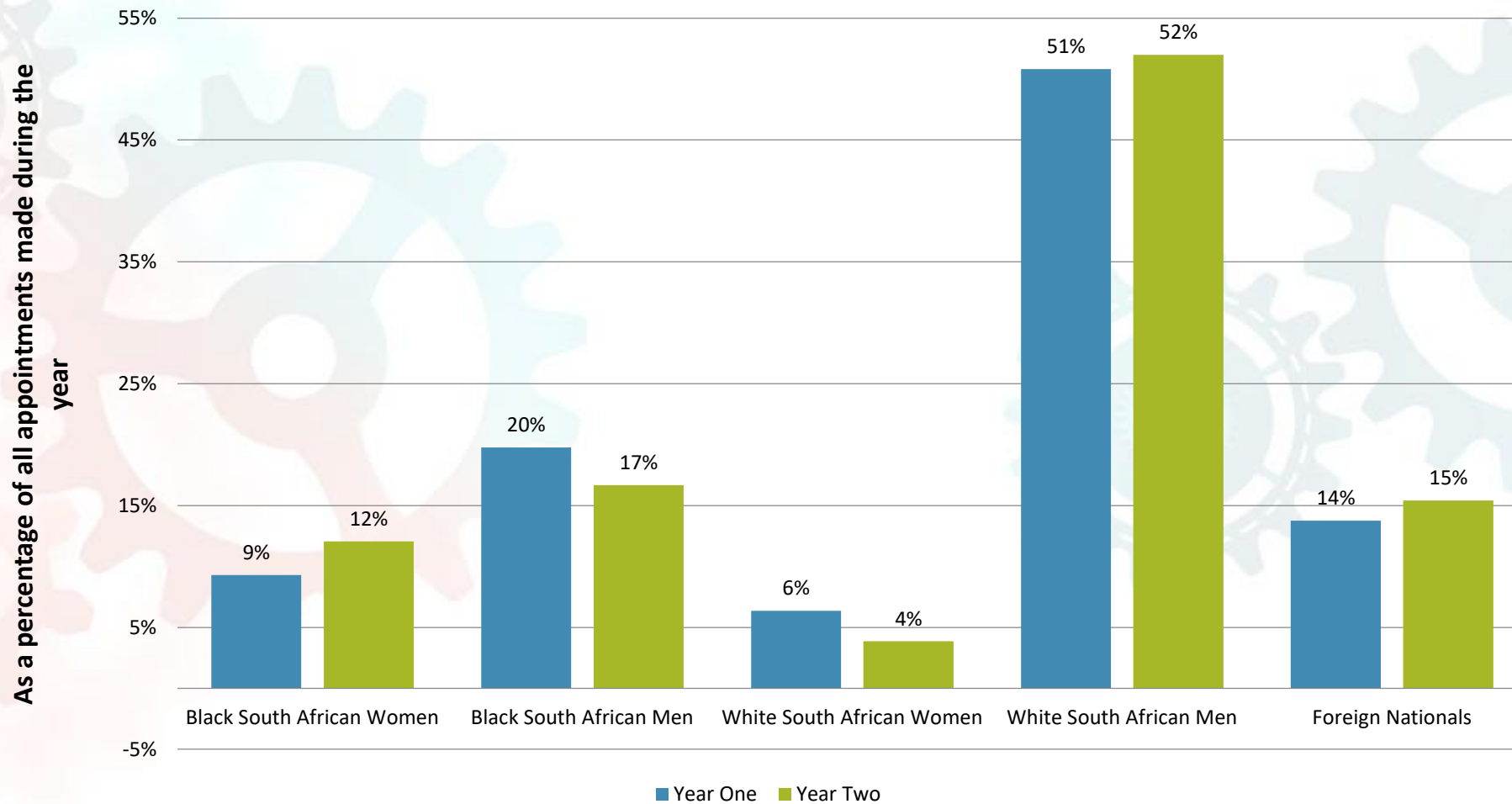
- Duplication of certificate numbers by agencies
- Lack of Consistency of how BEE Components are presented.
- Lack of Consistency of Scoring. A company with 100% black ownership will score the equivalent of a company with 0% black ownership.
- Certificate numbers being repeated year on year for the same company
- Examples of companies being rated by two different agencies in the same period with significant difference in scores
- Composite numbers show a trend of high scores for enterprise and social development (> 80%), good scores for ownership (>60%) and largely low scores for skills development and management control (<60%)
- It should be noted with enterprise development above that the adjustment of the codes to combine ED and Procurement has yet to take effect
- Another trend of the composite result is that BEE recognition levels in all industries exceed 90% while black ownership is largely below 40% and black women ownership below 20%

Directorships

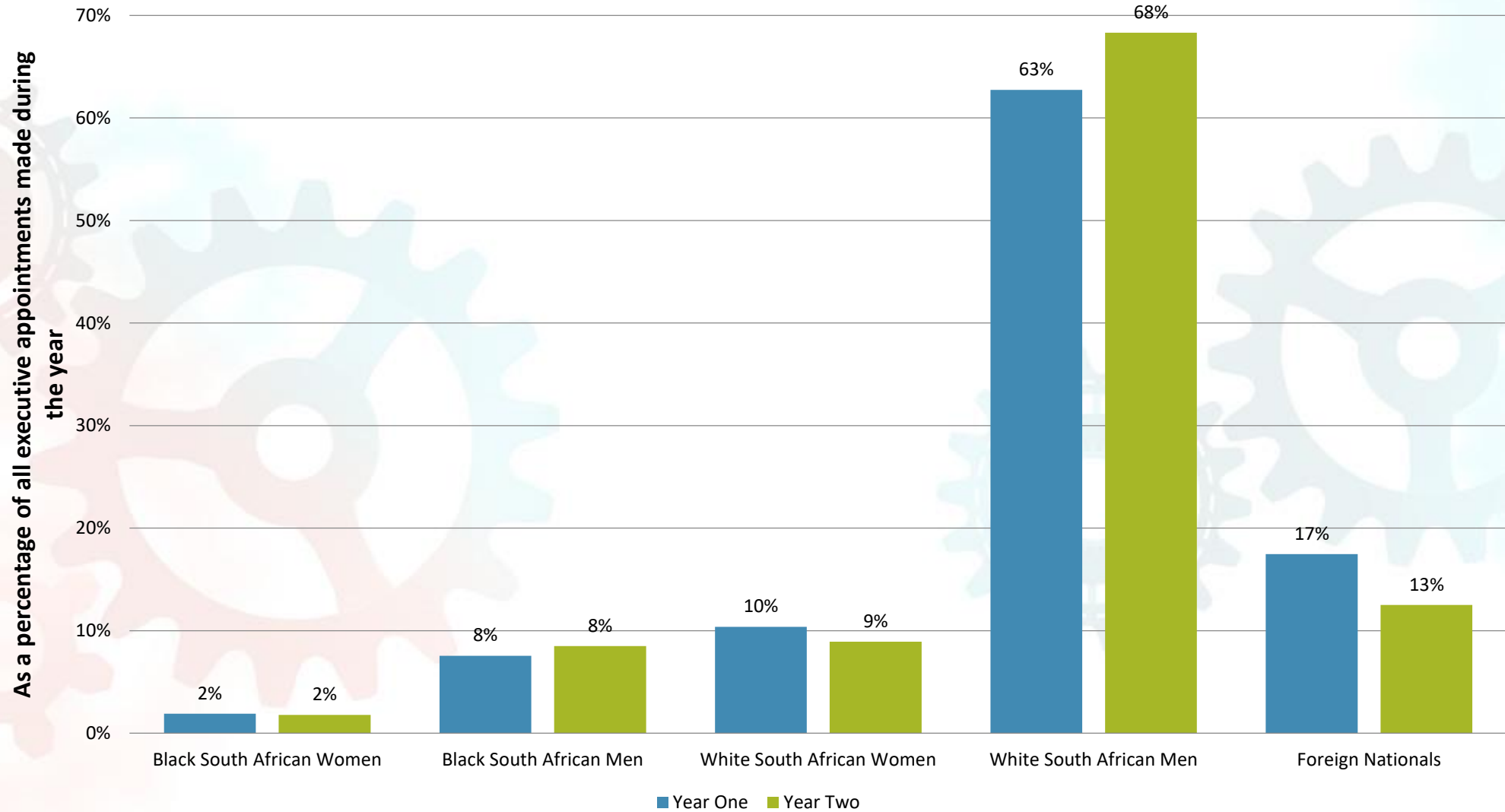
- Target population
 - All JSE-listed, active companies' directorships
 - Complete set (as at 11 October 2016)
- Data collection
 - CIPC records
 - Disclosed company reports
 - Company websites and other public sources
 - Known racial classifications

New Appointments: Year-on-year Comparison

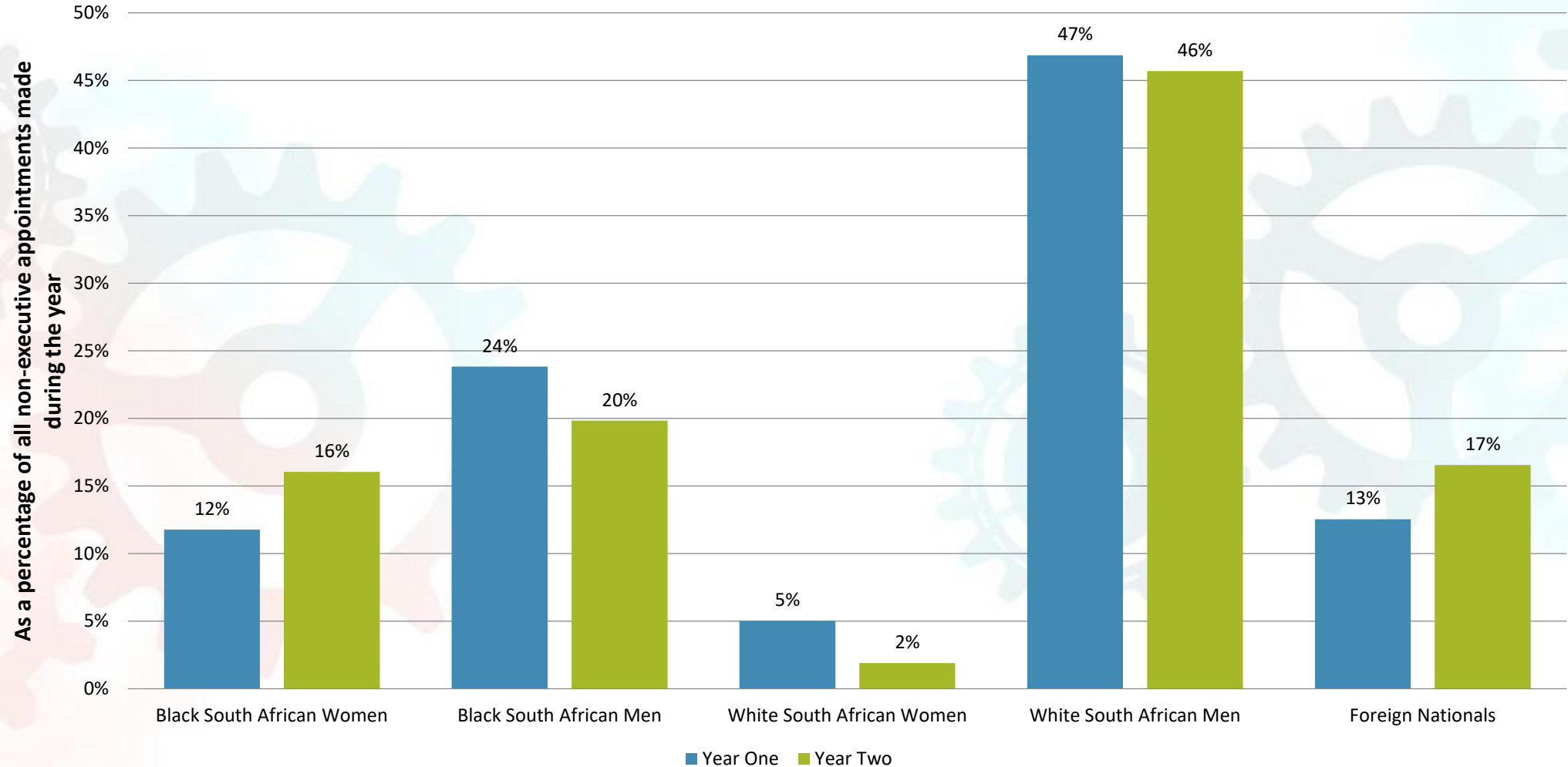
Year One: 1 April 2014 – 31 March 2015
Year Two: 1 April 2015 – 31 March 2016



New Executive Appointments

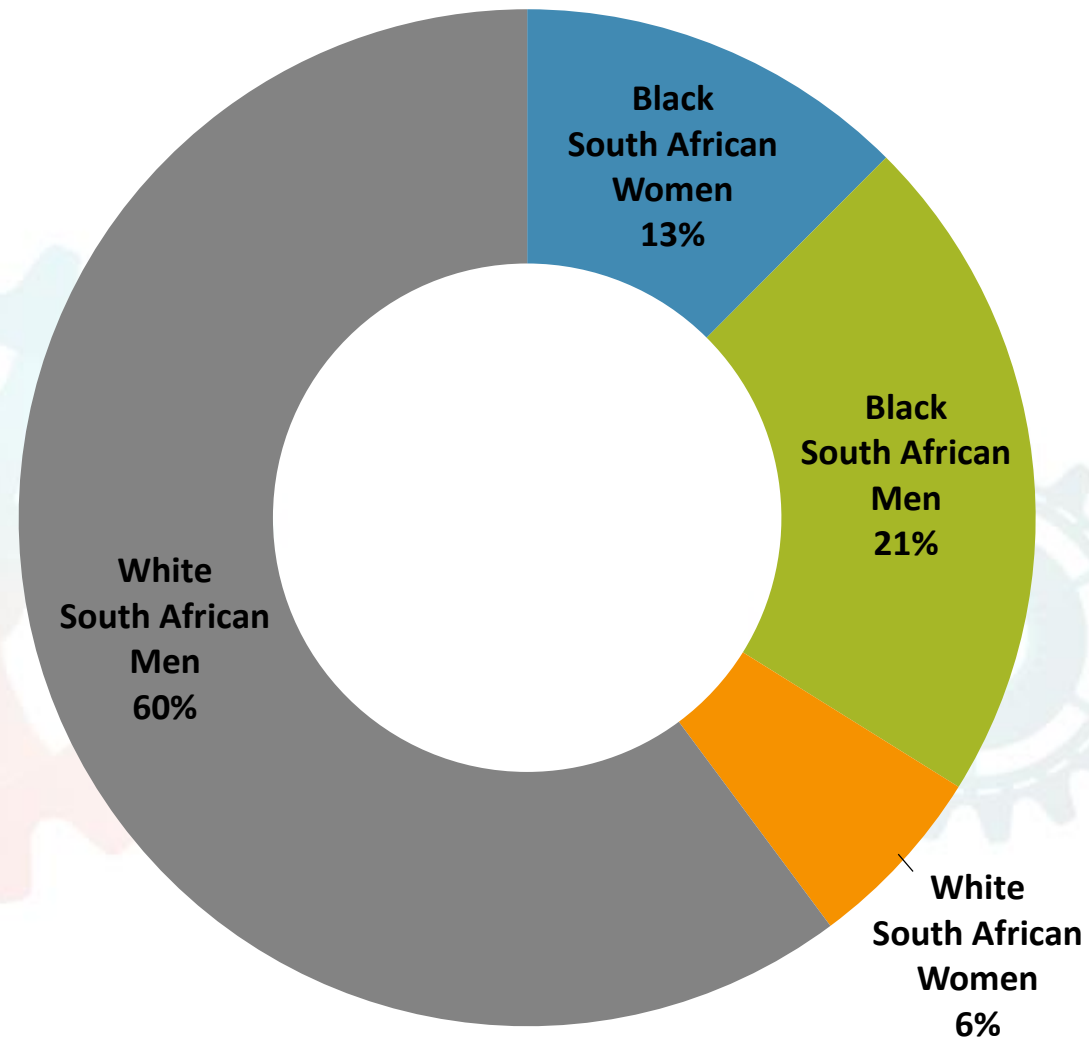


New Non-Executive Appointments

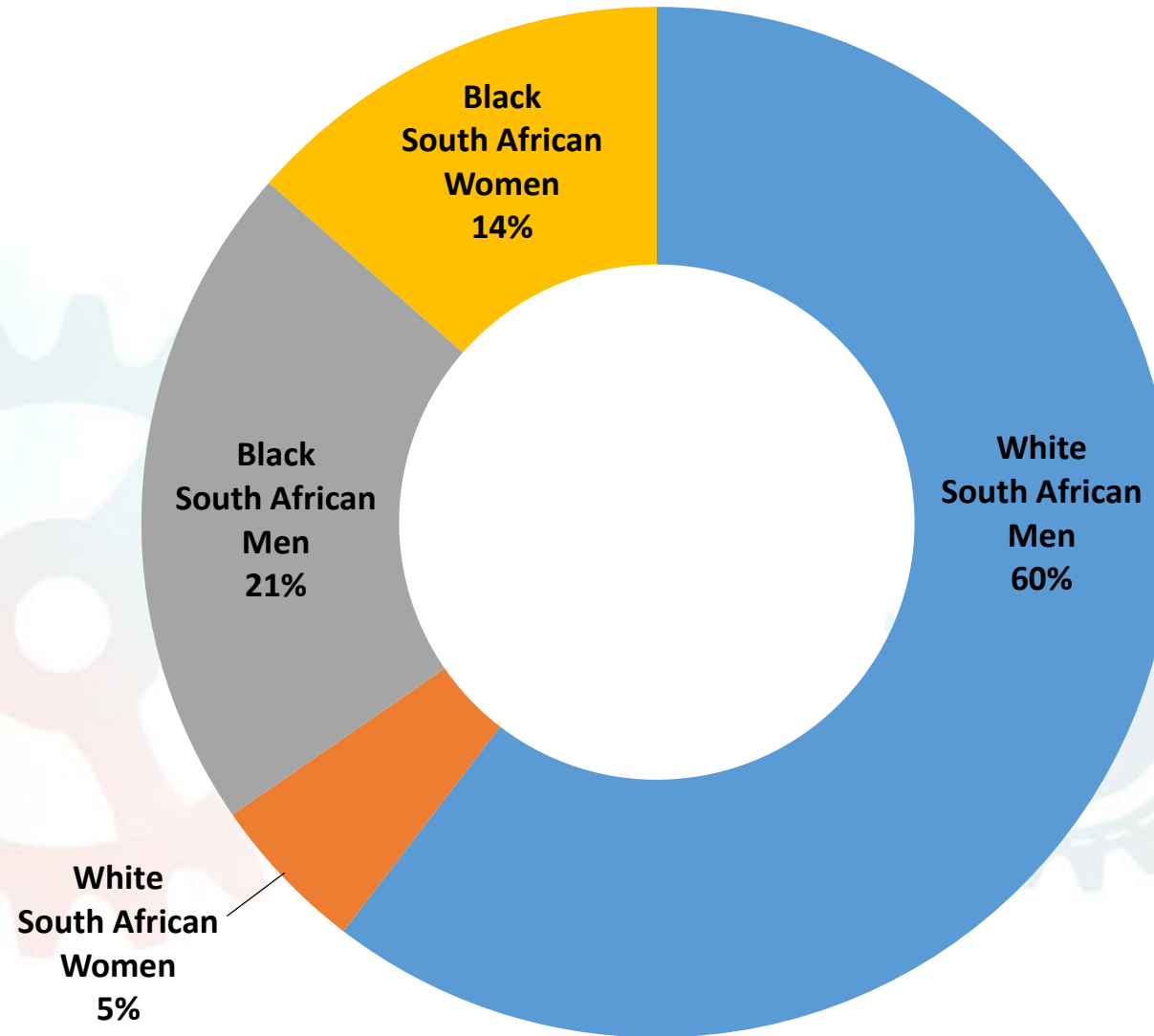


New Appointments: 1 April 2014 – 31 March 2016

By Race & Gender (excluding Foreign Nationals)



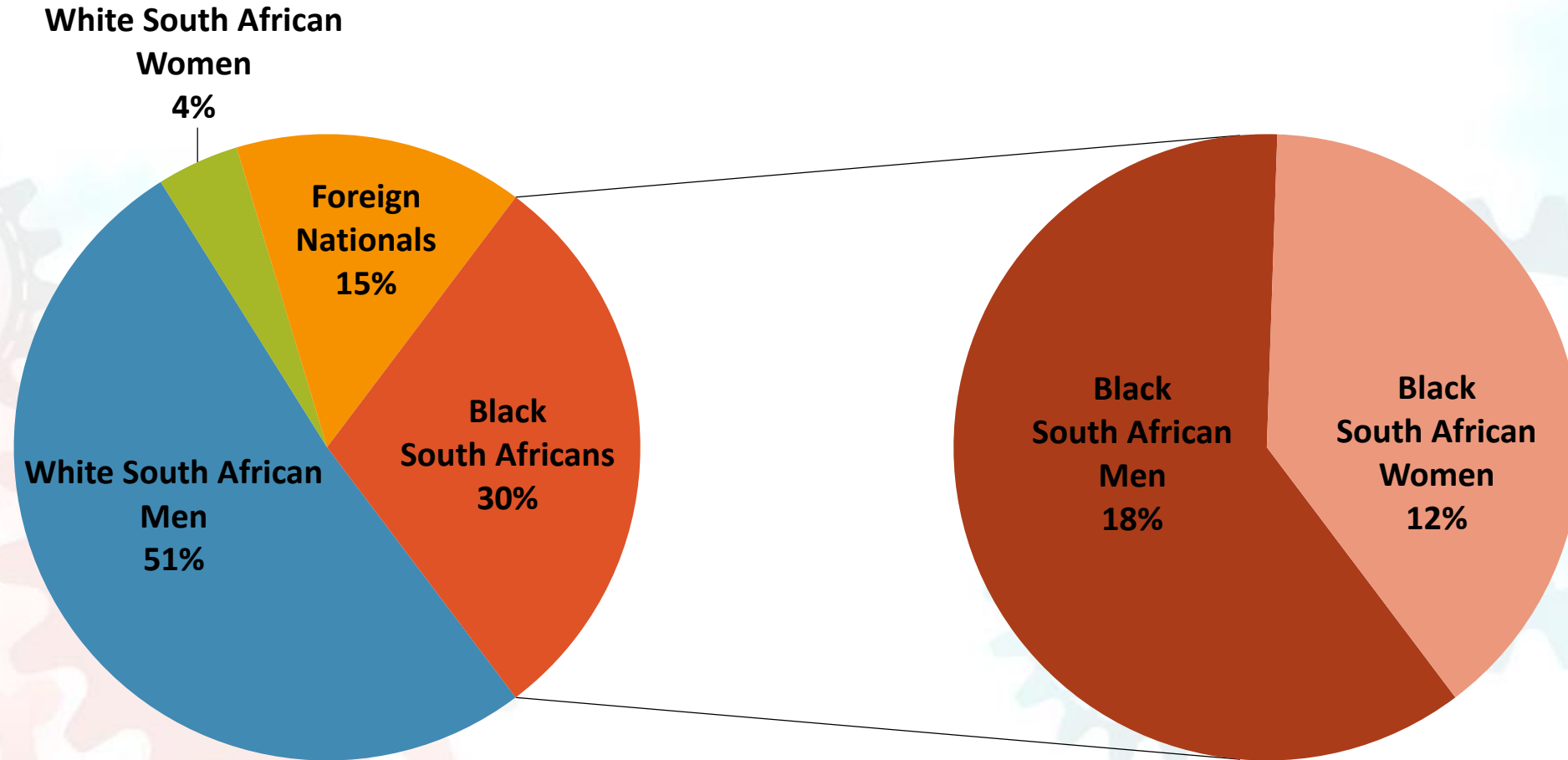
Directorship Analysis: By Race & Gender (excluding Foreign Nationals)



Current directorships: Analysis by Director's Age (as a % of all directorships in that age bracket)

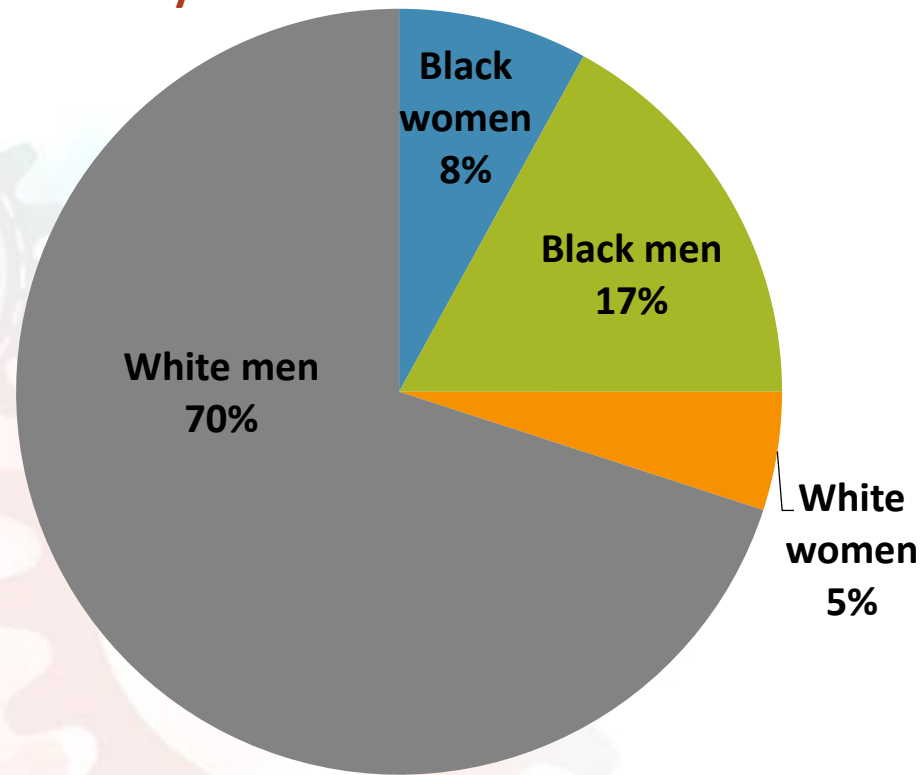
	Black South African Men	Black South African Women
Younger than 40	15.12%	22.44%
41 - 50	20.60%	18.83%
51 - 60	22.38%	14.23%
Older than 60	14.81%	4.26%

Current directorships: By Race, Gender, & Nationality

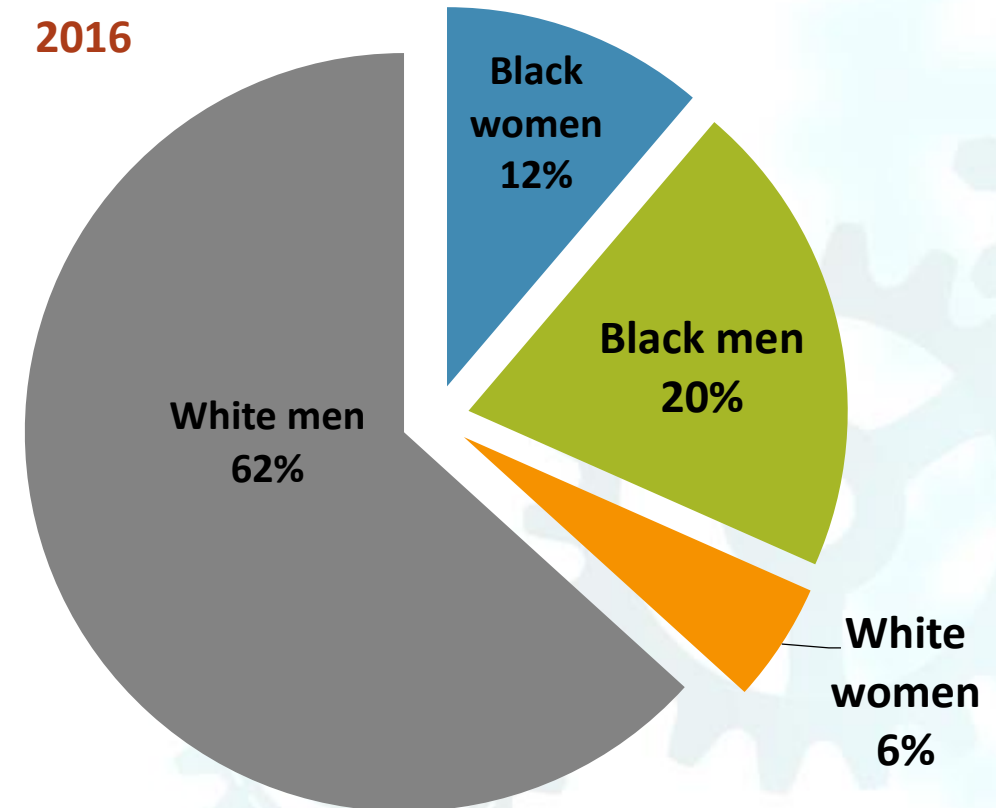


Short-Term Trend Analysis

2014 SAICA Study



2016



Interpretation:

If one accepts the results found by SAICA to be accurate, then this comparison reveals the trend in racial and gender transformation. Firstly, the gender gap is closing, particularly amongst black directors: today, 1 in every 3 black-held directorships are held by women. Furthermore, considering that white directors now make up 68% of all directors, there appears to have been a significant decrease here of 7 percentage points in the space of just two years.

Longer-Term Trend Analysis

	2006*	2011*	2016	% Change over 5 Years	
				2006-2011	2011-2016
Black directorships	485	1035	1035	+113.4%	---
Black women	114	321	390	+181.6%	+21.5%
Black men	371	714	645	+90.9%	-9.7%