

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) POLICY

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1. PREAMBLE

Ithala Development Finance Corporation (IDFC) is committed to uphold the principles enshrined in Chapter 2 of the Constitution of the Republic of South Africa (1996), which promotes the rights of all people of South Africa and affirms the democratic values of human dignity, equality and freedom.

South Africa is still faced with high levels of inequality and Ithala as a Public Entity needs to ensure economic transformation as envisaged in the Broad Based Black Economic Empowerment Act (B-BBEE) Act of 2003 as amended. All Public Entity's are required to comply with the Act and publish their scorecards as part of their annual reports.

Public Entities are measured based on the specialised scorecard which focuses on Management Control, Skills Development, Enterprise and Supplier Development and Socio Economic Development, therefore Ithala is required to implement integrated socio-economic strategies to ensure viable economic empowerment of all black people including in particular woman, Youth, People living with disabilities, military veterans and people living in rural areas.

Strategies must include increasing black ownership, management of enterprises, human resources and skills development, promotion of employment equity, preferential procurement and investment in black owned and managed enterprises.

Therefore this envisaged empowerment process needs to be addressed in a holistic and systematic manner, driven at a senior management level.

2. DEFINITIONS

The following definitions are used in this document and should be interpreted as follows:

ITEM	DEFINTION
ARG	adjusted recognition for gender
Black people	means Africans, Chinese, Coloureds and Indians, collectively
Board participation	means all Board members (internal and external)
Broad-Based Black Economic Empowerment	<p>The economic empowerment of all black people including women, workers (persons contributing to the economy), youth, people living with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to:</p> <ul style="list-style-type: none"> v. Increasing the number of black people that manage the institution ii. Human resource and skills development iii. Achieving equitable representation in all occupational categories and levels of the workforce iv. Preferential procurement v. socio-economic development in enterprises that are owned or managed by black people
Building and construction work	New buildings, building systems and infrastructure services, improvement and maintenance, sub-divisions, as well as planned maintenance
Capital goods	Goods such as computers, furniture, air conditioners, etc
Consumable goods	Goods such as stationery, chemicals, etc.
EAP	Economically active population
Equitable representation	Demographic representation reflecting the national levels as stipulated in the Economically Active Population census data provided by Stats SA

ED	Enterprise Development
Goods and services	All external purchases and contracting done by the Ithala with funds other than the staff salaries budget.
Lease contracts	Contracts associated with the leasing of copy machines, fax machines, buildings, space for commercial purposes, vehicles, etc.
Non-executive board members	All external Board members (therefore not employees of the Organisation).
Professional services	These include, but are not limited to advertising agencies, auditing, building professionals (including architects, engineers, quantity surveyors), consultants (eg. brokerage, healthcare, head-hunting, investment, legal, management, occupational health care, SHE-related), travel agents, etc
Services	These include, but are not limited to the following, catering, cleaning, couriers, horticulture/lawn-mowing, photocopying, printing, security, signage, waste management, window-cleaning, etc.
SED	Socio-Economic Development

3. POLICY STATEMENT:

This Policy has been established to ensure Ithala strives to achieve a B-BBEE status of level one contributor by the financial year 2019/2020.

4. REGULATORY FRAMEWORK:

4.1 LEGISLATIVE FRAMEWORK:

This policy should be read in conjunction with the following:

- 4.1.1 Ithala Development Finance Corporation Act 5 of 2013
- 4.1.2 Broad-Based Black Economic Empowerment Act 53 of 2003
- 4.1.3 Employment Equity Act 55 of 1998
- 4.1.4 Skills Development Act 97 of 1998
- 4.1.5 Skills Development Levies Act 9 of 1999
- 4.1.6 Preferential Procurement Policy Framework Act 5 of 2000
- 4.1.7 Preferential Procurement Regulations of 2017

4.2 INSTITUTIONAL POLICY FRAMEWORK:

This policy should be read in conjunction with the following institutional documents, policies, programmes and frameworks aimed at addressing the various elements of transformation, as captured in the BEE scorecard:

4.2.1 Relating to Management Control:

- 4.2.1.1 IDFC Corporate Plan
- 4.2.1.2 IDFC Strategic Goals, Key Performance Indicators and Targets
- 4.2.1.3 General Conditions of Employment Policy
- 4.2.1.4 Talent Acquisition Policy
- 3.2.2.3 Performance and Succession Management Policy

3.2.3 Relating to Skill Development:

3.2.3.1 Talent Development Policy

3.2.4 Relating to Enterprise and Supplier Development

3.2.4.1 Supply Chain Management Policy

3.2.4.1 Investment Policy – Enterprise Development Fund

3.2.5 Relating to Socio-Economic Development

3.2.6.1 IDFC's Bursary Scheme

3.2.6.2 IDFC's corporate social investment profile

4 OBJECTIVES

The objectives of this policy are to:

- 4.1 Integrate all the elements of B-BBEE into relevant institutional business processes;
- 4.2 Assign clear executive responsibilities;
- 4.3 Align appropriate functioning representative committees;
- 4.4 Ensure monitoring and evaluation of implementation of the policy within IDFC;
- 4.5 To act in compliance with the frameworks mentioned in paragraph 3 above
- 4.6 Document the institution's comprehensive B-BBEE strategy to achieve the objectives set out in the B-BBEE Act, viz.
 - 4.6.1 Promote economic transformation in order to enable meaningful participation of black people in the economy;
 - 4.6.2 Achieving a substantial change in the "racial" composition of the management structures and in the skilled occupations of existing structures within IDFC;
- 4.5.1 Increasing the extent to which the institution engage with communities to increase their access to economic activities, infrastructure and skills training offered by the IDFC;

- 4.5.2 Increasing the extent to which the institution engage with existing and new, black women-owned and managed enterprises, to increase their access to economic activities, infrastructure and skills training;
- 4.5.3 Promoting IDFC -based investment programmes that lead to broad-based and meaningful participation in the economy by rural and local communities in order to achieve sustainable development and general prosperity;
- 4.5.4 Promoting preferential procurement principles to increase access to finance to achieve black economic empowerment.

4 SCOPE:

This policy is aimed at promoting the achievement of the objectives outlined in the B-BBEE Act (No. 53 of 2003), legislative frameworks, Institutional frameworks as well as applicable provincial government frameworks, not only because it is democratic and just, but because it is consistent with the vision of the IDFC. This policy applies to all staff of the IDFC.

5 RESPONSIBILITES

The IDFC Board gives full support to the IDFC B-BBEE Policy. All management levels are responsible for the correct application of this policy. The promotion of this Policy is a key function of all managers in the Organisation and the successful implementation thereof will be included in the criteria on which performance is assessed.

6.1 THE ROLE OF EXCO:

All Exco members are responsible for:

- 6.1.1 Continually promoting the IDFC's commitment to the democratic values of human dignity, equality, inclusivity, mutual respect and empowerment of internal and external stakeholders to the IDFC.
- 6.1.2 Ensuring that the objectives of the B-BBEE policy (and B-BBEE Act) are integrated into strategic and divisional operational plans of the IDFC.
- 6.1.3 Integration of the implementation of B-BBEE strategies as a key performance area of their performance contracts, and that of their line managers. Where EXCO members are specifically responsible for B-BBEE elements, they should ensure that these are included in their performance contracts.
- 6.1.4 Ensuring the implementation of the B-BBEE policy and strategy in all respects.
- 6.1.5 Ensuring that the budget allocation for the promotion of B-BBEE strategies is sufficient to meet the stated targets.

6.2 THE ROLE OF MANAGERS:

All IDFC managers are responsible for:

- 6.2.1 Continually promoting the IDFC's commitment to the democratic values of human dignity, equality, inclusivity, mutual respect and empowerment of internal and external stakeholders to the IDFC.
- 6.2.2 Initiating and implementing strategies changes relating to B-BBEE in terms of the objectives set out in the B-BBEE policy (and B-BBEE act).
- 6.2.3 Ensuring the implementation of the B-BBEE policy.
- 6.2.4 Providing quarterly reports, via the respective Executive, to the relevant to EXCO on progress made in terms of the division's B-BBEE objectives and motivate deviations, if any.
- 6.2.5 Making recommendations for changes that would facilitate the achievement of the B-BBEE objectives

7 IMPLEMENTATION:

It is the responsibility of all EXCO members and their respective managers to achieve the objectives of this policy in the various areas which the scorecard elements address. Giving effect to this policy is grounded in the implementation of the IDFC's corporate plan and is linked to IDFC's balanced scorecard.

The B-BBEE Implementation guide contains an excerpt of the B-BBEE Act providing an overview of the elements and weighting associated with the specialised scorecard, as well as the relevant targets.

8 REPORTING:

Reports will be prepared quarterly by Group Risk with the purpose of submitting to EXCO and relevant governance structures, a consolidated report will be compiled at the end of the financial year

9 MONITORING AND EVALAUTION:

A quarterly B-BBEE report will be submitted to EXCO. Annual verification will be conducted by an authorised external verification agency, to ensure that the IDFC maintains a valid B-BBEE certificate.

10 NON-COMPLIANCE:

Any non-compliance with this policy will be dealt with in terms of IDFC's Human Resource Policies and performance management system

11 POLICY REVIEW:

The policy shall be reviewed every three (03) years to ensure alignment with IDFC's policy framework, legislation, regulations and best practices relating to B-BBEE.