

Scientific Roets BEE Scorecard - 2007

Summary:

Scientific Roets (PTY) Ltd has achieved a score of 98.25 points (out of 100), making us a Level Two Contributor. Clients can multiply their spend on our services by 125% when calculating their own BEE Scores.

Introduction:

The BBBEE Codes of Good Practice, gazetted in February 2007, has provided national targets for an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities. These targets provide a measure against which companies are encouraged to assess and improve their levels of transformation within seven inter-related elements. These include: Ownership, Management, Employment Equity, Skills Development, Preferential Procurement, Enterprise Development and Socio-Economic Development.

Scientific Roets (PTY) Ltd believes that transformation is not an ad-hoc business activity, but should be an integral part of all business processes. To this effect Scientific Roets (PTY) Ltd is committed to its core values of:

Quality: We are committed to providing quality service all the time to all clients.

Integrity: We are committed to the highest standards of integrity, reliability and honesty and undertake to deal in a fair, transparent and sensible manner within our team and with other stakeholders.

Individual worth: We recognize that every individual is valuable and has a contribution to make. We are, therefore, socially conscious, approachable and committed to the improvement of people.

Professionalism: We are committed to upholding the highest professional standards in our team and are competent, logical, hard working, responsible and results-oriented.

Progressive: We are a progressive and learning company. We value and encourage continuous learning and innovation.

Diversity: We are proudly African and cherish diversity of opinion, race and gender and believe in team work.

Fun: We believe that work is an enjoyable experience. We, therefore, nurture a conducive and friendly working environment.

These values have been part of the company's dynamics since its inception and many of them are integral elements of the BEE Scorecard.

Approach to Score:

Scientific Roets (PTY) Ltd is classified as a Qualifying Small Enterprise (i.e. an enterprise with a turnover below R 35 million) and is thus eligible to choose four of the seven elements to calculate the score.

Using the elements of Ownership, Employment Equity, Skills Development and Enterprise Development, Scientific Roets (PTY) Ltd has achieved a score of 98.25 (out of 100), making us a Level Two Contributor. Clients can multiply their spend on our services by 125% when calculating their own BEE Scores.

Calculation of Score:

Let us consider each element of the BBBEE Scorecard within the dynamics of Scientific Roets (PTY) Ltd:

Contributing Element 1: Ownership: Scientific Roets (PTY) Ltd was created as a Closed Corporation by Dr Merida Roets in September 2002. At this stage the company was owned 100% by her. In 2003, Mr Adriaan Roets joined the CC and acquired 50% of the company's shares. In 2004 the CC was converted to a Private Company (PTY) Ltd (specifically to allow it to consider various shareholding options) with 50% shareholding by Dr Merida Roets and Mr Adriaan Roets, respectively. In 2005 ownership of Scientific Roets (PTY) Ltd was transferred to The Adriaan and Merida Roets Trust holding 100% of the company's shares. The beneficiaries of the trust are Mr Adriaan Roets and Dr Merida Roets in equal part.

In 2007, the Scientific Roets Employees Trust was registered and 30% of the shares of Scientific Roets (PTY) Ltd was purchased by this Trust from the Adriaan and Merida Roets Trust. The ownership of Scientific Roets (PTY) Ltd is thus: 70% owned by the Adriaan and Merida Roets Trust (with Adriaan Roets and Merida Roets as equal beneficiaries) and 30% owned by the Scientific Roets Employees Trust.

Scientific Roets (PTY) Ltd was evaluated in 2007, and the financial equity required to purchase a 30% stake in Scientific Roets (PTY) Ltd calculated. The funds to purchase the shares from the Adriaan and Merida Roets Trust were loaned to the Scientific Roets Employees Trust by Scientific Roets (PTY) Ltd. This loan will be repaid over the next four years utilising a maximum of 50% of the annual profit dividend earned by the Employees Trust (final amount to be paid in 2011). Profit projections based on past performance of the company and future targets show that 30% of the company can be bought and paid for by the Employees Trust in this manner, whilst ensuring that individual employee beneficiaries of the Employees Trust will earn a healthy dividend as from March 2008.

Individual dividends are based on employees earning points based on the number of years service to the company as well as their qualifications. This ensures that employees are encouraged to increase their experience and qualifications within the company on a constant basis. Any employee who has 1.5 or more years service in the company is eligible to become a beneficiary of the Employees Trust.

The interests of the Employee Beneficiaries will be looked after by an equitable group of Trustees: one Director of Scientific Roets (Mr Adriaan Roets – 33% Trustee), and two colleagues external to the company, Ms Xoliswa Nodada (a Social Facilitator – 33% Trustee) and Mr Njabulo Maseko (a lawyer – 33% Trustee). It will be the task of these Trustees to ensure that each individual employee beneficiary obtains their rightful dividend annually, to ensure the responsible management of the funds of the Trust, and applies the funds of the Trust in a manner advantageous to the beneficiaries. These Trustees serve as independent, non-executive Directors of Scientific Roets (PTY) Ltd and have 30% voting rights on the Board of Directors of Scientific Roets (PTY) Ltd (15% of these voting rights are held by a black woman – Mrs Xoliswa Nodada).

Future plans regarding ownership: The Trust will be managed to ensure that the loan is paid off within the planned four year period so that beneficiaries can receive the benefit of full dividends as soon as possible.

Current score: 21.25 (out of 25)

Indicator	Target	Actual	Score achieved
Black Voting Rights	25% + 1	30%	6
Black Economic interest	25%	30%	9
Ownership fulfilment	Complete	Complete	1
Net equity interest	Increasing	Increasing	2.25
Bonus: Involvement in the ownership of the enterprise of black new entrants or of broad-based black participants	10%	30%	1
Involvement in the ownership of the enterprise of black women	10%	10%	2
Total score			21.25

Verification documentation available:

- Scientific Roets Employees Trust document
- Share certificates
- Beneficiary roster with points per beneficiary
- ID documents of beneficiaries
- Company registration documents
- Financial Statements of Scientific Roets (PTY) Ltd
- Loan agreement
- Share sale agreement
- Financial Statements of Scientific Roets Employees Trust

Contributing Element 2: Employment Equity: Scientific Roets (PTY) Ltd has very little hierarchy within the company structure, with management positions in the process of being created as the company grows. The staff comprises 5 black females (26%), 1 white female (5%), 3 white males (16%) and 10 black males (53%). Due to the nature of our work most of our staff are professionally qualified, experienced specialists or skilled technical and academically qualified workers. Using the EEA9 Semantic Scale of the Department of Labour, two Scientific Roets employees are categorised as “Professionally qualified, experienced specialists and mid-management”, thirteen employees are categorised as “Skilled technical and academically qualified workers, junior management, supervisors, foremen, superintendents”, two employees are “Semi-skilled and discretionary decision-makers” and one employee is “unskilled with defined decision-making”.

Future plans regarding Employment Equity: Scientific Roets (PTY) Ltd is planning to expand its staff complement whilst maintaining its high level of diversity. The company will actively seek to employ more female candidates at all levels of the company.

Current score: 27 (out of 25)

Indicator	Target	Actual	Score achieved
Black employees who are management as a percentage of all management adjusted using the adjusted recognition for gender	40%	84%	15
Black employees as a percentage of all employees adjusted using the adjusted recognition for gender	60%	100%	10
Bonus: Meeting or exceeding the EAP targets in each category above			2
Total score			27

Verification documentation available:

- Staff salary roll
- Individual employees employment contracts
- Individual employees ID documents
- Staff job profiles and job status (level) within company
- Individual staff CV's

Contributing Element 3: Skills Development: Scientific Roets (PTY) Ltd is a technical and specialist service company. To achieve the highest standards of quality in all our work it is crucial that our staff are highly qualified. We encourage and support the principle of life-long-learning. To this end we encourage our staff to continue to improve their qualifications and provide full bursaries for them to pursue any further

training that is of importance to their career development. Since the inception of the company the staff have attained the following qualifications: A Ph.D. in Agricultural Economics from the University of Pretoria, a B.Tech in Animal Production from the Tshwane University of Technology, a B.Tech in Engineering from the KwaZulu-Natal University of Technology, 6 ABET facilitator accreditations from Media Works, 4 Assessor Accreditations from BST (facilitated by Agri-SETA), a Certificate in Business Writing, a course in Tendering, several certificates in AUTOCAD such as Surfmate, Watermate, and Roadmate, a Diploma in Horticulture from the Israel College of Agriculture and an Advanced Project Management Certificate from UNISA.

Currently, employees are enrolled for a B.Tech in Horticulture and Agricultural Management at the Tshwane University of Technology, an Associate in Management Certificate at the UCT Graduate School of Business, and a Speech course at the Voice Clinic in Durban.

An external Skills Development Facilitator was identified and sent for training and has developed a comprehensive Workplace Skills Plan for the company which will be submitted as from 2008.

The annual spend on employee training is calculated at approximately 12% of the salary roll.

Future plans regarding Skills Development: The Workplace Skills Plan, Training Audit and Skills Development Plan will be submitted in 2008, and annually thereafter. Continuous education of all staff members will continue to be encouraged.

Current score: 25 (out of 25)

Indicator	Target	Actual	Score achieved
Adjusted Skills Development spend on learning programmes for black employees as a percentage of leviable amount	2%	12%	25
Total score			25

Verification documentation available:

- Workplace Skills Plan
- List of courses/qualifications attended by permanent staff
- Total salary roll per year
- Cost of courses/qualifications attended by permanent staff (including accommodation, travel etc. associated therewith)
- List of Learner Employees
- ID documents of Learner Employees

- Learner Employee Employment contracts
- Three-way Learner, SETA, Service Provider and Employer contracts per learner
- Stipends paid per learner employee

Contributing Element 4: Enterprise Development: All work of Scientific Roets (PTY) Ltd is rural and enterprise development oriented. We provide institutional, infrastructural and skills development services to develop viable, feasible and sustainable agricultural and rural businesses.

We have provided services (infrastructural, institutional or skills development services) on the following initiatives which serve to stimulate entrepreneurial development and socio-economic upliftment of black, rural beneficiaries:

- a. Bophirima Red Meat industry
- b. KwaXolo Chicken Project
- c. Nkangala Goat Project
- d. Ubuntu Craft Market
- e. Umzimbubu Goats Training
- f. Emalahleni Goats Training
- g. ABET Training Greater Kokstad Municipality
- h. ABET Training Farm workers - AgriSETA
- i. Makana Goat Project
- j. FET College
- k. Pietermaritzburg Hatchery
- l. Kokstad Point-of-Lay Pullet Production
- m. Goose Down Project

Furthermore, we served as the SEDA-EIC (Small Enterprise Development Agency – Enterprise Information Centre) in 2006-2007 and are currently seeking funding to extend this activity. We continuously, actively seek funding to provide quality training and development opportunities for beneficiaries within rural areas.

Scientific Roets is assisting the farming community around Kokstad with ABET training. For this service a nominal fee is charged which does not cover the costs of the service. Approximately R 120 000 is invested in this training per year. The target of 2% Net Profit after tax is equal to R 20 000. Thus, Scientific Roets (PTY) Ltd meets and exceeds this target by 600% (with this one initiative alone).

Future plans regarding Enterprise Development: Scientific Roets will continue to operate in the Enterprise and Rural Development sector. This remains our core business. Furthermore, our services can be utilised by companies wishing to reach their Enterprise Development targets by providing services to establish viable up- or down-stream businesses or independent community businesses. A service will also be available to provide ABET training to members of the public sponsored by companies using their socio-economic target funds for which they receive a certificate to utilise as verification documentation in their own BEE scorecard.

Current score: 25 (out of 25)

Indicator	Target	Actual	Score achieved
Investment or spend of 2% Net Profit After Tax	2%	600% (One project alone)	25
Total score			25

Verification documentation available:

- SMME's assisted (Names of SMME's, names of individuals within SMME's assisted, ID documents of individuals within SMME's assisted, project reports, project Business Plans)
- Billable hours spent on SMME development support (Company registration, preparation of business plans, banking advice, guidance regarding accounting, guidance regarding business growth etc.)
- Agri-SETA learner reports
- Farmer invoices
- Travel rosters on Agri-SETA ABET project
- Time sheets on Agri-SETA ABET project