

Financial Sector Charter

Scorecard

1. Ratings

1.1 Each financial institution will be given a rating each year; after the Charter Council has approved the audited scorecard of the institution.

1.2 The basis of rating financial institutions and suppliers will be:

Score %	Rating	Tendering to Govt.	Financial institutions procuring from Pvt. Sector	
		Weighting to be given by Govt.	Where the supplier is subject to a charter	Where the supplier is measured on the basis of ownership
< 40%	E	0	0	
40 – 55%	D	25%	50c in the R	Black influenced – 50c in the Rand
55 – 70%	C	50%	75c in the R	
70 – 80%	B	75%	100c in the R	Black empowered 100c in the Rand
> 80%	A	100%	125c in the R	Black owned – 125c in the Rand

2. Thresholds

2.1 Unless otherwise specifically provided, points will be scored from the level of the threshold for each target and in linear progression from that level to the level of the target.

2.2 The 2014 thresholds will be set as part of the process of the 2009 review outlined in 4.3 of the charter.

3. Interim Rating

The 2004 equivalent of the rating bands in 2008 (reflected in paragraph 1.2 above) will be established before the effective date. The rating bands for each of the intervening years will be a linear progression from the 2004 ratings to the 2008 ratings.

4. Ownership and Control Scoring

For the purposes of paragraph 10.2 of the charter, if within 3 months of a reporting date an institution ceases to comply with the provisions of paragraph 11.1 for reasons beyond its control, but re-establishes compliance by the time the report is due, it will be deemed to have complied at the reporting date.

Core component of BEE	Indicators	Target 2008	Target 2014	Financial institution annual target	Threshold	Points	Institution's annual score
Section 1 – (Paragraph 5 of the charter) Human Resource Development						20	
<i>1.1 Employment Equity</i>					Industry Mean at 31/12/2003	15	
1.1.1 Senior management	black people as a % of senior management	Min 20%-25%				4 (3 at 20% + 1 at 25%)	
	black women as a % of senior management	Min 4%	33%of black target			1	
1.1.2 Middle management	black people as a % of middle management	Min 30%				4	
	black women as a % of middle management	Min 10%	33%of black target			1	
1.1.3 Junior management	black people as a % of junior management	Min 40%-50%				4 – (2.5 @ 40%, 0.75 @ 45% 0.75 @ 50%)	
	black women as a % of junior management	Min 15%	33%of black target			1	
<i>1.2 Skills development</i>						5	
1.2.1 Skills spend	% of payroll spent p.a. on skills development of black employees	1.5%			0%	3	

Core component of BEE	Indicators	Target 2008	Target 2014	Financial institution annual target	Threshold	Points	Institution's annual score
1.2.2 Learnership program	learnerships as % of total staff	4.5%			0%	2	
Section 2 – (Paragraphs 6 & 7 of the charter) Procurement and enterprise development		50%	70%			15	
Procurement					10%		
Procurement from black influenced companies, & companies rated “D” in terms of a charter	Targeted procurement from those companies as a percentage of total procurement - Scored at 50% of Rand spend						
Procurement from companies rated “C” in terms of a charter	Targeted procurement from those companies as a percentage of total procurement - Scored at 75% of Rand spend						
Procurement from black empowered companies, & companies rated “B” in terms of a charter	Targeted procurement from those companies as a percentage of total procurement - Scored at 100% of Rand spend						
Procurement from black SMEs, black companies, black women-empowered enterprises & companies rated “A” in terms of a charter	Targeted procurement from those companies as a percentage of total procurement - Scored at 125% of Rand spend						
Enterprise Development: paragraphs 7.1.1 & 7.1.2 of charter							
Enterprise development: black influenced companies	Rand spend - Scored at 50% of Rand spend						

Core component of BEE	Indicators	Target 2008	Target 2014	Financial institution annual target	Threshold	Points	Institution's annual score
Enterprise development: black empowered companies	Rand spend - Scored at 100% of Rand spend						
Enterprise development: black SMEs, black companies & black women-empowered enterprises	Rand spend - Scored at 125% of Rand spend						
Section 3 – (Paragraph 8 of the charter)						18	
Access to Financial Services							
3.1 Transactions savings products and services	Effective access for LSM 1-5 (%)	80%			70%	4	
3.2 Bank savings products and services	Effective access for LSM 1-5 (%)	80%			70%	4	
3.3 Life assurance products and services	Effective access for LSM 1-5 (%)	tbf				12	
3.4 Collective investments products and services	Effective access for LSM 1-5 (%)	1%, plus 250,000			0	Tbd	
3.5 Short term risk insurance products	Effective access for LSM 1-5 (%)	6%			0	4	
3.6 Origination	Origination of home loans (R)	tbf			10% of target	4	
	Origination of agriculture loans (R)	tbf			10% of target	2	
	Origination of black SME loans (R)	tbf			10% of target	2	
3.7 Consumer education	% of post tax operating profits spend p.a.	Min 0.2%			0%	2	

Core component of BEE	Indicators	Target 2008	Target 2014	Financial institution annual target	Threshold	Points	Institution's annual score
Section 4 – (Paragraph 9 of the charter) Empowerment Financing	22						
<i>4.1 Targeted Investments</i>	Institution's target for Targeted Investment (R)	Tbf			0	17	
	Institution's annual investment in transformational infrastructure (R)						
	Institution's annual investment in low-income housing (R)						
	Institution's annual investment in agricultural development (R)						
	Institution's annual investment in black SMEs						
4.2 BEE transaction financing including JV's, debt financing, equity investments in BEE companies that are not black SMEs	Institution's target for BEE transaction financing (R)	Tbf			0	5	

Core component of BEE	Indicators	Target 2008	Target 2014	Financial institution annual target	Threshold	Points	Institution's annual score
Section 5 – (Paragraphs 10 & 11 of Charter) Ownership & Control						22	
<i>5.1 Ownership</i>		25% by 2010				14	
5.1.1 Direct ownership Max of 4 Bonus points scored: 0.5 when direct ownership at 13.75%, 0.5 at 17.5%, 1.5 at 21.25% and 1.5 at 25%	Listed companies: standard valuation as % of market capitalisation Non-listed companies: standard valuation	Min 10% by 2010	-		2.5%	12 + 4 bonus	
5.1.2 Direct or indirect ownership in excess of 10%	Ditto	15% by 2010	-			0.5 points at: 13.75%, 17.5%, 21.25%, & 25%	
<i>5.2 Control</i>						8	
<i>5.2.1 Board</i>						3	
	Black people as a % of board of directors	33%			20%	2	
	Black women as a % of board of directors	Min of 11%			0%	1	
<i>5.2.2 Executive</i>							
Executive management	Black people as a % of executive management	Min 25%			Industry mean at 2003	4	
	Black women as a % of executive management	Min 4%	33%		Industry mean at	1	

					2003		
Section 6 – (Paragraph 12)							
Corporate Social Investment							3
Corporate Social Investment	% of post tax operating profit directed p.a. to CSI	0.5%			0%	3	