

Integrating Broad Based Black Economic Empowerment with Company CSR



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- BBBEE
- Mining Charter
- CSR
integration



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BBBEE

- Black Broad Based Economic Empowerment
- Started as Black Economic Empowerment (BEE)
 - Programme launched by SA government to redress inequalities of Apartheid by giving previously disadvantaged groups (black Africans, Coloureds, Indians and SA Chinese) economic opportunities previously not available to them.



Rationale

- After winning the 1994 elections, ANC government decided that direct intervention was needed to resolve the economic disparities created by Apartheid policies which favoured white business owners.
- BEE was intended to transform the economy to be representative of the countries race demographics.



BEE

“It is an integrated and coherent socio-economic process. It is located within the context of the country’s nation transformation programme, namely the RDP (Reconstruction and Development Programme). It is aimed at redressing the imbalances of the past by seeking to substantially and equitably transfer and confer ownership, management and control of South Africa’s financial and economic resources to the majority of the citizens. It seeks to ensure broader and meaningful participation in the economy by black people to achieve sustainable development and prosperity.”



History

- 1994 – first democratic government in SA
- BEE was a major thrust of government departments but no coherent strategy
- 2000 – BEE Commission chaired by Cyril Ramaphosa
- 2003 – Broad Based Black Economic Empowerment Act 53 of 2003
- 2005 – Codes of Good Practice (Ownership and Management)
- 2007 – Codes of Good Practice (Scorecards, skills development, etc)



BBBEE

- Programme to enable meaningful participation of black people in the economic mainstream

Affirmative Action

- Focussed on recruiting black people to fill positions



BBBEE: 7 pillars

Equity Ownership

Management

Employment Equity

Skills Development

Preferential
Procurement

Enterprise
Development

Corporate Social
Investment



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Definitions

- Black company – ownership <50.1% black people
- Black empowered company – ownership at least 25.1%
- Black women-owned enterprise – at least 25.1% women at equity or management level.
- Black People – Africans, Coloureds, Indians and Chinese (2008 The Chinese Association of SA took government to court to be reclassified as “black”). Non SA citizens are excluded.



Generic Scorecard

Element	Weighting (points)	Compliance Targets
Ownership	20	25%+1
Management Control	10	(40% to 50%
Employment Equity	15	(43% to 80%)
Skills Development	15	3% of payroll
Preferential Procurement	20	70%
Enterprise Development	15	3% (NPAT)
Socio-Economic Development	5	1% (NPAT)



Mining Charter

- The Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry (BBSEE)
- 2004 – Mining Charter published by government
- 2010 – Amendment published



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Mining Charter - objectives

- Equitable access to mineral resources
- Expand opportunities for HDSA's including women to enter and benefit from the mining and minerals industry
- Utilise existing skill sbase to empower HDSA's
- Expand skills base of HDSA's to serve the community
- Promote employment and advance social and economic welfare of mining communities and major labour sending areas.



Mining Charter

Ownership

- 26% HDSA ownership by 2014

Procurement & Enterprise Development

- 40% capital goods from BEE entities by 2014
- Suppliers contribute 0.5% annual income towards development of local communities
- 70% services & 50% consumer goods from BEE entities by 2014

Beneficiation

- Facilitate local beneficiation
- May offset against HDSA ownership requirements



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Mining Charter

Employment equity

- By 2014, 40% HDSA representation at:
 - Executive (Board) Level
 - Senior management (exco)
 - Core and critical skills
 - Middlemanagement
 - Junior management

Human Resource Development

- Invest % of payroll in skills development
 - 2012 4%
 - 2014 5%

Mine Community Development

- Invest in community prior to mining
- Identify community needs and projects
- Contribute in proportion to investment



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Mining Charter

Housing & living conditions

- Upgrade hostels to family units by 2014
- 1 person per room by 2014
- Facilitate home ownership options

SD & growth of mining industry

- Improve environmental management
- Improvement of health & safety performance



Mining charter

Element	Weighting
Reporting	Y/N
Ownership	Y/N
Housing & living conditions	Y/N
Procurement & enterprise development	15%
Employment equity	16%
Human resource development	25%
Mine community development	15%
Sustainable development	29%
Beneficiation	-



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Sustainable development

- Integration of
 - Ecosystem health
 - Social wellbeing
 - Economic prosperity
 - Governance



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Sustainable development

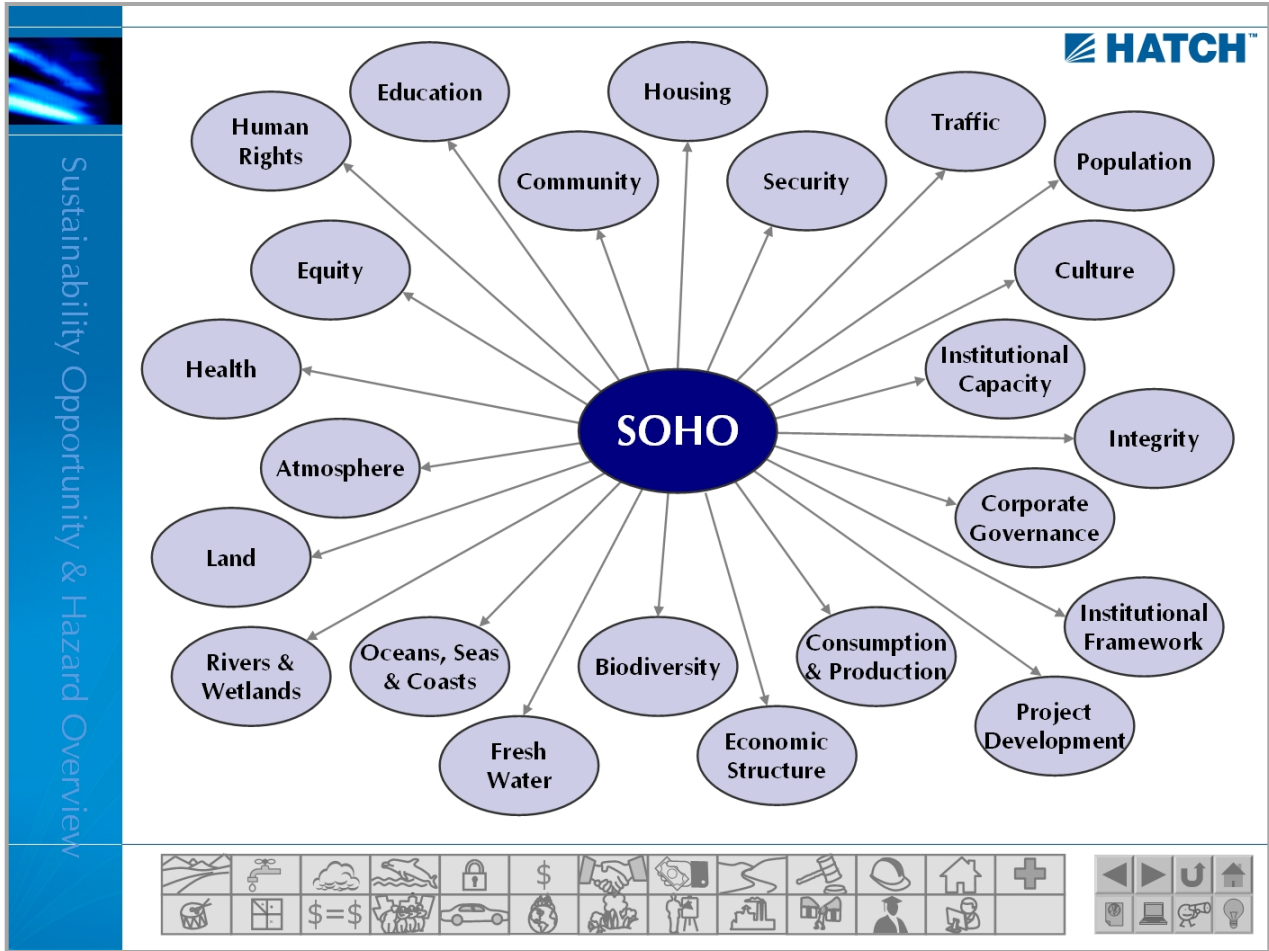
- Hatch’s environmental, social and SD specialists focus on assisting our clients to obtain a “social license to operate”
 - Comprehensive community consultation
 - Identification of community needs
 - Link community needs to the project and identify opportunities for collaboration and development.
 - Working together with community representatives.
- In rural communities, often a strong link with the areas natural resources – provides opportunities
 - Hatch researches the historical linkages between communities and ecosystems services
 - Identifies opportunities that support sustainable development



CSR opportunities

- Mine community development
 - Development of SME's
 - Service suppliers
 - Farming – food
 - Training
 - Hatch provides training to local workers to work on mine construction
 - Enterprise skills
 - Investment
 - Healthcare
 - Education





Sustainability Opportunity & Hazard Overview

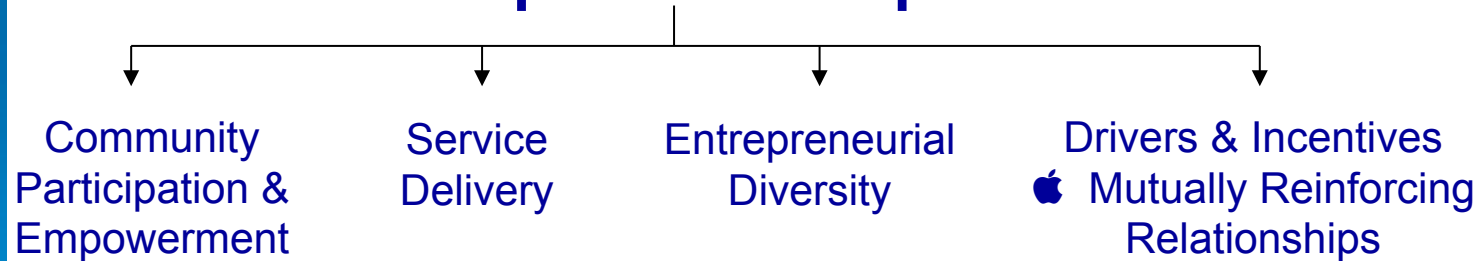


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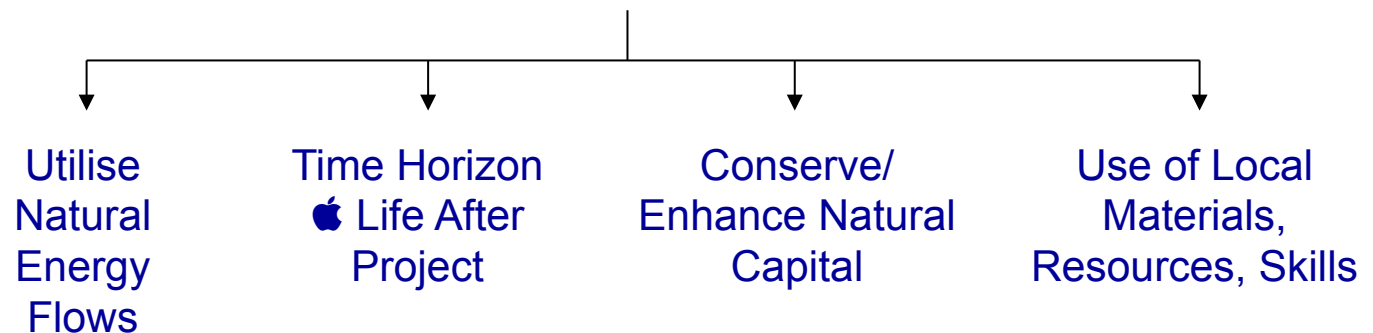


SD Design Seeds

Enterprise Development

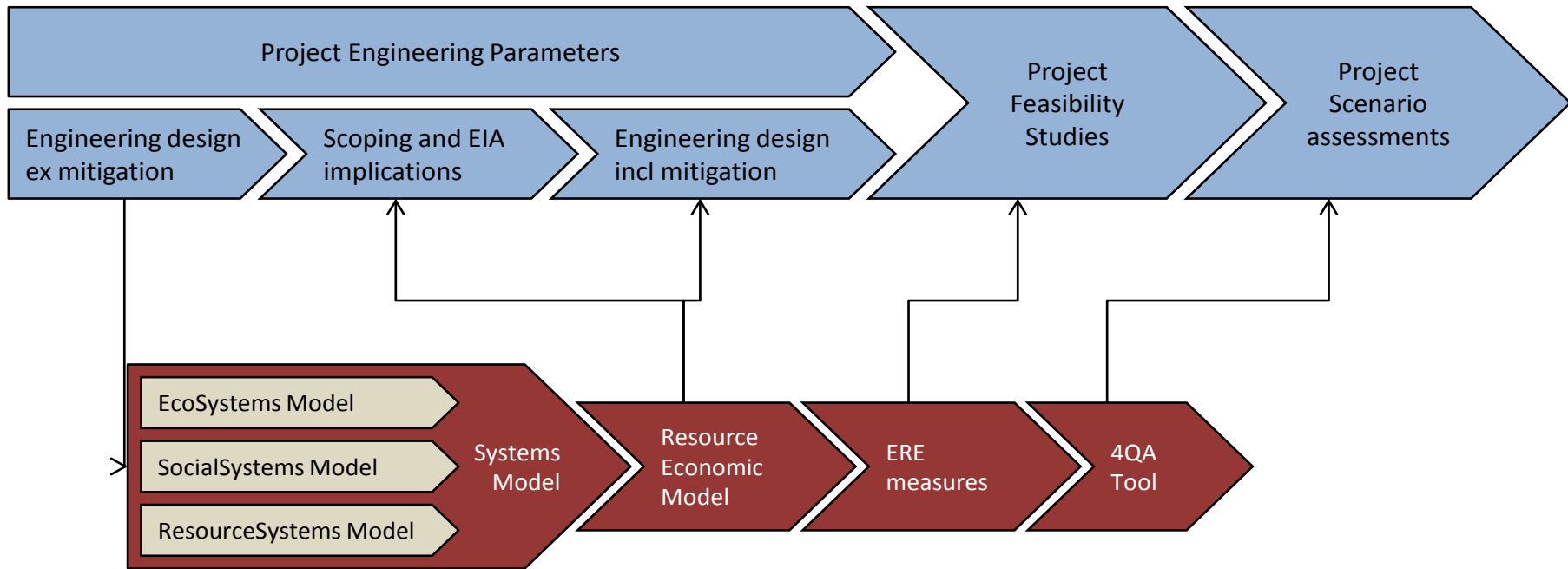


Local Solution



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Hatch tools used to identify CSR opportunities

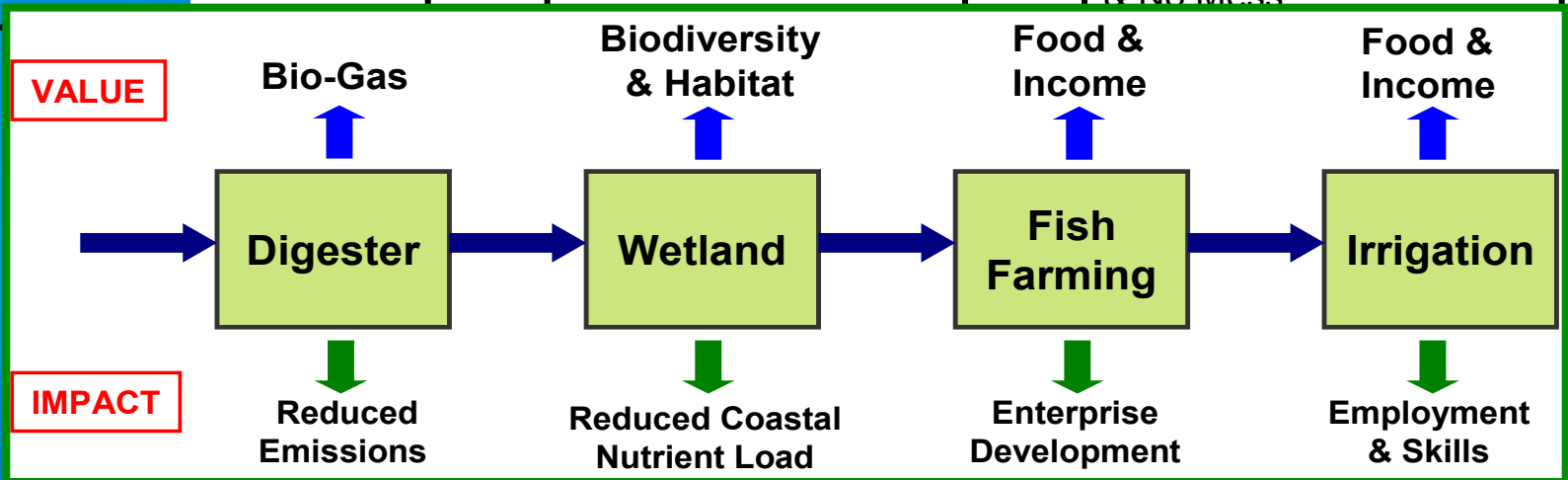


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Waste Water Treatment

Community Coupling Level

Conventional	SDD Innovation	Radical???
\$20M Company Pays	\$20M Gov Pays	\$110k
No Community Irritation No Mess	Jobs & Skills Enterprise Development No Mess	Jobs & Skills Enterprise Development Bio-Gas (heat/cook/light) Reduced Emissions Biodiversity/Habitat Reduced nutrient loads Fish & Fruits & Vegetables Income & No Mess



BBBEE & CSR

- There are opportunities that complement both BBBEE and CSR
- Integrating SD into project development through the project life cycle assists to identify opportunities to pursue through the life of the operating mine.



Questions



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