



BIDVest

The Bidvest Group Limited

Transformation and
empowerment 2007

infinite possibilities...

...when Bidvest people take on a challenge

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The future of Bidvest is in your hands ...

You have just opened Bidvest's *Transformation and empowerment*, the booklet that defines and describes black economic empowerment and its importance to our Group. This means you quite literally hold the future of Bidvest in your hands. Black economic empowerment is not only legislative, it is absolutely fundamental to our long-term success and sustainability.

BEE is work in progress and this booklet is a working document. Its job is to promote transformation and build commitment to broad-based empowerment by every team member; especially supervisors and managers. We hope you use the information to improve your understanding of BEE and how key processes work.

Transformation has ceased to be an option. It long ago became an imperative; for Bidvest and the future prosperity of our country. We look forward to your contribution and urge you to focus and drive your business to reach the required, non negotiable, scorecard targets.



Cyril Ramaphosa
Chairman



Brian Joffe
Chief executive

Bidvest – Our Group in brief

	Description of business	Incorporating
 Corporate Services	The Group's corporate office, based in Melrose Arch, Johannesburg, provides strategic direction and services to the Group, houses investments, adding value through identifying opportunities and implementing Bidvest's decentralised and entrepreneurial business model.	› Bid Corporate Services › Bid Property Holdings › Namibian Fishing › Ontime Automotive
 Bidfreight	The leading private sector freight management group in sub-Saharan Africa, consisting of several independent businesses focusing on freight terminals, international clearing and forwarding, logistics and marine services.	› Bulk Connections › Island View Storage › Bidfreight Port Operations › Rennies Distribution Services › SACD Freight › South African Bulk Terminals › Naval › Sefcor Panalpina › Marine Services › Manica Africa
 Bidserv	Offers a full range of outsourced services including cleaning, laundry, hygiene, security, interior and exterior landscaping, aviation services, janitorial products, industrial workwear, travel, banking and foreign exchange services, office automation, supply chain integration, e-procurement and online travel.	› Prestige Cleaning Services › TMS Group Industrial Services › Laundry Services › Steiner Group › Bidserv Industrial Products › Green Services › Aviation Services › Bidrisk Solutions › Global Payment Technologies › Business Solutions and Group Procurement › Office Automation › Bidtravel › Banking Services › Foreign Exchange Services › Hotel Amenities and Accessories
 Bidvest Europe	Comprises leading foodservice product distributors in the United Kingdom, Belgium, the Netherlands and the United Arab Emirates, providing products, quality ingredients, finished products and equipment to the catering industry.	› 3663 First for Foodservice – United Kingdom › Deli XL – Belgium › Deli XL – Netherlands › Horeca Trade – United Arab Emirates
 Bidvest Asia Pacific	Comprises Bidvest Australia, Bidvest New Zealand, Angliss Singapore and Angliss Hong Kong and China. Bidvest leads the foodservice industry and offers a full end-to-end national distribution service.	› Bidvest Australia › Bidvest New Zealand › Angliss Singapore › Angliss Hong Kong and China
 Bidfood	A leading multi-range manufacturer and distributor of food products and ingredients. Bidfood operates through strategically located independent business units in southern Africa, aimed at servicing the catering, hospitality, leisure, bakery, poultry, meat and food processing industries.	› Caterplus › Bidfood Ingredients › Speciality
 Bid Industrial and Commercial Products	A leading manufacturer and distributor of electrical products, appliances and services, office stationery, office furniture, packaging closures and catering equipment in southern Africa and the United Kingdom.	› Voltex Electrical Distribution › Berzack › Eastman Staples › Catering Equipment › Stationery › Office Furniture › Packaging Closures
 Bidpaper Plus	A leading manufacturer, supplier and distributor of commercial office products, printer products, services and stationery and packaging products, through a wide network of outlets in southern Africa.	› Printing and Related › Stationery Distribution › Alternative Products › Packaging and Label Products
 Bid Auto	One of South Africa's largest motor vehicle retailing and service groups. Bid Auto offers leading motor brands through over 130 dealerships and service outlets, backed by financial and fleet services, a loyalty programme and the country's leading online retailer of new and pre-owned vehicles.	› McCarthy Motor Holdings › Import and Distribution › Rental Services › Car and Van Rental › Support Services

Bidvest statement of intent

On behalf of the board and the executive management of The Bidvest Group Limited, we, the undersigned hereby pledge our commitment to the Bidvest Charter. The charter supports the vision and objectives expressed in the strategy on broad-based black economic empowerment and the principles underpinning the implementation of broad-based empowerment initiatives.

For Bidvest BBBEE is more than a set of policies, but rather an imperative for socio-economic growth and transformation. We believe that empowerment is most effective when it is commercially driven and all parties involved have confidence and a vested interest in its success.

BBBEE forms an integral component of our businesses and as such will yield long-term benefits for our entities and all their stakeholders.



Brian Joffe
Chief executive



Lionel Jacobs
Chairman transformation committee

Introduction

Transformation is an ongoing process that requires an understanding of and commitment to the ultimate empowerment objective.

True transformation will only be achieved if there is a belief and confidence in the outcome and complete support throughout the process.

Bidvest believes that black economic empowerment is not only a moral and social imperative, but also a realistic growth imperative that aims to realise the country's full economic potential. The Bidvest approach is to create an enabling environment that facilitates transformation and economic growth, engaging black South Africans to meaningfully participate as shareholders and business partners, strategic decision makers, employees, suppliers and communities.

In an endeavour to enhance the transformation process, Bidvest has aligned the Bidvest Charter with the codes of good practice on broad-based black economic empowerment, gazetted in February 2007. The updated Bidvest Charter is a guiding principle and framework for the implementation of broad-based empowerment initiatives.

Most importantly the Bidvest scorecard provides the mechanism for measuring progress against ultimate targets as determined by the codes of good practice.

As we strive to accomplish our objectives we will continue to deliver superior service, retain our competitive edge and provide improved return on investments to our shareholders.

In implementing our BBBEE strategy, Bidvest will remain focused, competitive, delivering services and results of a high standard, playing our role as a good corporate citizen, and exercising good corporate governance.

Key aspects of broad-based black economic empowerment

1. What is broad-based black economic empowerment?

BBBEE is the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through various socio-economic strategies that include:

- › increasing the number of black people who own, manage and control businesses;
- › achieving fair representation at all levels of employment in the workplace;
- › developing and improving the skills base of employees;
- › purchasing goods and services from suppliers who are BBBEE compliant;
- › investment in enterprises that are owned or managed by black people; and
- › introducing socio-economic initiatives to develop local communities.

2. What are the key principles of broad-based black economic empowerment?

- › it is a continuous process that leads to the sustainable growth and development of the economy;
- › it is a business imperative;
- › it must result in the broad-based participation of black people;
- › it must improve the competitive advantage of any business that is BBBEE compliant; and
- › it is the responsibility of every individual in the Group.

Key aspects of broad-based black economic empowerment

3. What is the Bidvest Charter?

The Bidvest Charter describes our approach and commitment to Bidvest's BBBEE strategy. The charter is a dynamic guiding document to implement transformational activities at Bidvest and contains the transformational targets in the Bidvest scorecard.

4. What is the Bidvest scorecard?

The Bidvest scorecard is a tool used to measure a company's BBBEE performance in relation to targets. Using a system of weightings and targets, companies can express their BBBEE contribution as a score out of 100 points. Codes of good practice and accompanying statements explain how each indicator is measured. The scorecard comprises seven elements which are measured out of a total score of 100 points.

5. What are the benefits of transforming?

Depending on your company's level of contribution toward BBBEE, your business may benefit from:

- access to business opportunities with government;
- more commercial opportunities;
- clients who will procure from entities with the best BEE credentials;
- more skilled workforce;
- increased innovation across the board; and
- increased innovation in enterprises and in the industry.

6. How do I measure my contribution level towards BBBEE?

- Conduct an internal assessment, or
- Appoint an external ratings agency to conduct an independent assessment for your business.

Introduction

The Bidvest Charter, drafted in November 2003, states the approach and commitment of the Group towards transforming Bidvest within the South African economy and society. The Bidvest Charter has been aligned with the new codes of good practice on BBBEE and will be reviewed regularly to ensure continued alignment with the requirements from government as they evolve.

BBBEE at Bidvest is about sustainable transformation and genuine broad-based influence. By broadening the economic wealth base of South Africa, through job creation, skills development and the increased participation of black people in the economy of the country, a more stable economic environment and a larger market within which to do business will be created.

Bidvest believes that:

- BBBEE is a national, social, economic and business imperative;
- BBBEE should benefit black women;
- BBBEE should benefit black designated groups, which comprise black youth, black people living in rural and underdeveloped areas, the unemployed and people with disabilities;
- all stakeholders in South Africa should voluntarily adopt BBBEE processes in order to ensure social and economic transformation in South Africa; and
- consequently, greater economic growth and stability for all.

This charter is a guiding document to implement transformational activities at Bidvest. We will continue to update and review our position as dynamics on the regulatory front and the external environment dictate.

Framework

In November 2003, Bidvest, together with its BEE partner, Dinatla Investment Holdings (Dinatla), adopted the charter as the transformation strategy for the Group. The signatories to the Bidvest Charter represent the members of the Bidvest board of directors, the executives of Bidvest, and the management of Bidvest subsidiaries.

Commitment to broad-based black economic empowerment

Bidvest seeks to comply with the requirements and elements of the codes of good practice on BBBEE. The codes comprise the following elements: equity ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development.

The Bidvest Dinatla Trust

The Bidvest Dinatla trust, a shareholder in Dinatla Investment Holdings, was founded to serve the educational and social needs of Bidvest employees, their dependants and their communities.

The Bidvest Charter

Implementation, monitoring and evaluation

In order to measure the progress of BBBEE in the Group, Bidvest has established the following committees:

Transformation committee

The transformation committee is made up of both executive and non-executive directors of Bidvest. The role of the committee is to review transformation progress and to recommend transformation policies and strategies to the Bidvest board.

Working committee

The working committee, a subcommittee of the transformation committee, consists of senior divisional management. The role of the Bidvest working committee is to ensure effective communication and execution of the BBBEE policies within the Group.

In order to monitor and measure progress in terms of the Bidvest Charter, the board, the executives and management of Bidvest have committed to:

- › using the scorecard approach to monitor the performance of all Bidvest subsidiaries;
- › using the Bidvest Charter in conjunction with any sector charters relevant to Bidvest subsidiaries;
- › making BBBEE targets defined by subsidiaries an integral part of performance evaluation for all line managers;
- › devising an effective communications strategy for the benefit of both internal and external stakeholders to inform them of the Bidvest Charter and Bidvest's BBBEE policies as well as progress in the implementation of these policies.

Working committee members

Lionel Jacobs (Chairman), Gail Dlodla (Bidserv), Mojaki Finger (Bidpaper Plus), Ann Hansen (Bid Freight), Tsepiso Hlapi (Steiner Group), Bongzi Kgaka (Bid Industrial and Commercial Products), Lazola Madikizela (Bid Auto), Sabelo Mahlalela (Bid Corporate Services) and Gillian McMahon (BidTravel).

Conclusion

Bidvest, through its commitment to its charter, is already making a substantial contribution to social and economic transformation in South Africa and continues to impact positively on all the elements of the codes of good practice.

The scorecard indicators

The scorecard consists of seven elements:

- 1. Ownership**
Ownership of businesses and assets by black people.
- 2. Management and control***
Representation of black people at executive management level, for example executive directors.
- 3. Employment equity***
Equitable representation of black people in management levels.
- 4. Skills development***
Strategies to develop and improve the skills of black employees.
- 5. Preferential procurement**
Procurement from suppliers that are BBBEE compliant.
- 6. Enterprise development**
Initiatives intended to assist and accelerate the development of black-owned or managed enterprises.
- 7. Socio-economic development**
Socio-economic initiatives contributing towards education, development programmes, healthcare, community training, sports, arts and culture.

*An 'Adjusted Recognition for Gender' factor is included in the management control, employment equity and skills development categories of the scorecard. This factor aims to ensure that black women make up at least 50% of the overall set targets for black people in these categories.

The Bidvest target scorecard

Element	Category	Indicator	Weighting	Bidvest target
Ownership	Voting rights	Exercisable voting rights in the enterprise in the hands of black people	3	25% + 1 vote
		Exercisable voting rights in the enterprise in the hands of black women	2	10%
	Economic interest	Economic interest of black people in the enterprise	4	25%
		Economic interest of black women in the enterprise	2	10%
		Economic interest of the following black natural people in the enterprise:	1	2.5%
		black designated groups		
		black participants in employee ownership schemes		
		black beneficiaries of broad based ownership schemes		
		black participants in co-operatives		
	Realisation points	Ownership fulfilment	1	No restrictions
		Net value	7	25%
	Bonus points	Involvement in the ownership of the enterprise of black participants: in employee ownership schemes of broad-based ownership schemes co-operatives	1	10%
Management control	Board participation	Exercisable voting rights of black board members using the adjusted recognition for gender	3	50%
		Black executive directors using the adjusted recognition for gender	2	50%
	Top management	Black senior top management using the adjusted recognition for gender	3	40%
		Black other top management using the adjusted recognition for gender	2	40%
	Bonus point	Black independent non-executive board members	1	40%

Element	Category	Indicator	Weighting	Bidvest target
Employment equity		Black disabled employees as percentage of all employees using the adjusted recognition for gender	2	3%
		Black employees senior management as percentage of all such employees using the adjusted recognition for gender	5	60%
		Black employees middle management as percentage of all such employees using the adjusted recognition for gender	4	75%
		Black employees junior management as percentage of all such employees using the adjusted recognition for gender	4	80%
	Bonus point	Bonus point for meeting or exceeding EAP targets in each category above	3	
Skills development	Skills development spend on learning programmes	Skills development expenditure on learning programmes specified in the learning programmes matrix for black employees as a percentage leviable amount using the adjusted recognition for gender	6	3%
		Skills development expenditure on learning programmes specified in the learning programmes matrix for black employees with disabilities as a percentage leviable amount using the adjusted recognition for gender	3	0,3%
	Learnerships	Number of black employees participating in learnerships or category B, C, and D programmes as a percentage total employees using the adjusted recognition for gender	6	5%
Preferential procurement		BBBEE Procurement spend from all suppliers based on the BBBEE procurement recognition levels as a percentage of total measured procurement spend	12	70%
		BBBEE procurement spend from qualifying small enterprises or exempted micro-enterprises based on the applicable BBBEE procurement recognition levels as a percentage of total measured procurement spend	3	15%
		BBBEE procurement spend from any of the following suppliers as a percentage of total measured procurement spend: Suppliers that are 50% black owned (3 out of 5 points) Suppliers that are 30% black women owned (2 out of 5 points)	5	20%
Enterprise development		Average annual value of all enterprise development contributions and sector specific programmes made by the measured entity as a percentage of the target	15	3% of NPAT
Socio-economic development		Average annual value of socio-economic development contributions by the measured entity as a percentage of the target	5	1% of NPAT



Should you wish to review Bidvest current rating and scorecard, please refer to The Bidvest Group Limited Sustainability report 2007.

Broad-based black economic empowerment contribution levels

Using a system of weightings and targets, companies express their BEE contribution as a score out of 100 points.

A company's overall score will be used to determine its BEE status. The higher the BEE score, the higher the recognition to any person or enterprise interacting with that company. Customers will generally prefer to interact with and procure from entities with a higher BEE status since this bolsters their own BBBEE recognition.

BBBEE contribution level	Qualification	BBBEE procurement recognition level
Level one contributor	≥ 100 points on the scorecard	135%
Level two contributor	≥ 85 but < 100 on the scorecard	125%
Level three contributor	≥ 75 but < 85 on the scorecard	110%
Level four contributor	≥ 65 but < 75 on the scorecard	100%
Level five contributor	≥ 55 but < 65 on the scorecard	80%
Level six contributor	≥ 45 but < 55 on the scorecard	60%
Level seven contributor	≥ 40 but < 45 on the scorecard	50%
Level eight contributor	≥ 30 but < 40 on the scorecard	10%
Non-compliant contributor	< 30 on the scorecard	0%

For more information on BBBEE and the codes of good practice, go to

Department of Trade and Industry	www.dti.gov.za
Empowerdex	www.empowerdex.com
Bidvest	www.bidvest.co.za

The Bidvest Group Limited

Incorporated in the Republic of South Africa
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ISIN: ZAE000050449
Share code: BVT

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Other auditors

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PricewaterhouseCoopers

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Maitland & Co
Werksmans Inc

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Standard Bank London plc
Nedbank Limited
Investec Bank Limited
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