



## **Limited assurance report of the independent B-BBEE approved registered auditor**

### **To the Directors of Steel Studio International (Pty) Ltd:**

We have completed our limited assurance engagement on the B-BBEE Status as at 31 October 2016, as set out on page 1 of the Broad-Based Black Economic Empowerment ("B-BBEE") Verification Certificate GEN/B-BBEE/2016/10/062 of Steel Studio International (Pty) Ltd, and the Scorecard as set out on pages 2 to 4 of the Certificate. We clarify that our engagement is on the basis of information provided by management.

### **Directors' responsibility:**

The Directors are responsible for the preparation of the Scorecard and determining the B-BBEE status in accordance with the Codes of Good Practice on Black Economic Empowerment gazetted on 9 February 2007 in terms of the Broad-Based Black Economic Empowerment Act of South Africa ("the B-BBEE Act"). The Directors are also responsible for such internal control as management determines is necessary to enable the preparation of information and the B-BBEE Scorecard that is free from material misstatement, whether due to fraud or error.

### **B-BBEE Approved registered auditor's responsibility:**

Our responsibility is to express a limited assurance conclusion on the B-BBEE Status reflected in the Certificate based on the procedures we have performed. We conducted our limited assurance engagement in accordance with the *South African Standard on Assurance Engagements (SASAE) 3502: Assurance Engagements on Broad Based Black Economic Empowerment (B-BBEE) Verification Certificates*. This standard requires us to comply with ethical requirements and to plan and perform this engagement to obtain limited assurance about whether the Certificate is free from material misstatement.

A limited assurance engagement with respect to a B-BBEE Verification Certificate involves performing procedures regarding the Scorecard and B-BBEE Status of the measured entity based on the criteria and requirements contained in the Codes of Good Practice. The procedures performed depend on the assurance provider's judgement, the nature of those procedures is different from and the extent is substantially less than in a reasonable assurance engagement, and consequently they do not enable us to obtain the assurance necessary to become aware of all significant matters that might be identified in a reasonable assurance engagement.

We believe that the evidence we have obtained in our limited assurance engagement is sufficient and appropriate to provide a basis for our conclusion.

### **Summary of work performed:**

Our work performed included:


- Obtaining an understanding of the entity and its environment and the underlying records sufficient to identify areas in the Scorecard where material misstatements are likely to arise, and to be able to design procedures to address those areas;
- Inquiring of management and employees responsible for the preparation of the B-BBEE compliance information;
- Performing such additional procedures as we considered necessary;
- Re-performing calculations to determine whether the scores reflected in the Scorecard have been classified and determined in all material respects in accordance with the Codes of Good Practice.

### **Limited assurance conclusion:**

Based on our procedures performed, nothing has come to our attention that causes us to believe that the B-BBEE Status reflected in the Certificate has not been determined, in all material respects, in accordance with the Codes of Goods Practice gazetted on 9 February 2007 in terms of the B-BBEE Act.

### **Restriction on liability**

Our engagement has been undertaken so that we are able to report to Steel Studio International (Pty) Ltd in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than Steel Studio International (Pty) Ltd, for our work, for this report, or for the conclusion we have reached.

  
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DJA Goosen CA(SA)  
Director – SP 3 Ratings (Pty) Ltd  
B-BBEE approved registered auditor  
IRBA Registration No: ME445762B

Date signed: 31 October 2016

# Steel Studio International (Pty) Ltd

Certificate Number: GEN/B-BBEE/2016/10/062

Expiry Date: 30 October 2017



## B-BBEE Approved Registered Auditor:

DJA Goosen CA(SA)

B-BBEE Approved Registered Auditor Registration No: ME445762B

| <b>CODE SERIES 100: MEASUREMENT OF THE OWNERSHIP ELEMENT OF B-BBEE</b> |                               |   |                  |                   |             |
|--|-------------------------------|---|------------------|-------------------|-------------|
| Weighting points   | Category                      | Ownership   | Weighting points | Compliance Target | Score       |
| 20   | <b>2.1 Voting Rights</b>      | 2.1.1 Exercisable voting rights in the enterprise in the hands of black people  | 3                | 25% + 1 Vote      | 0.00        |
|  |                               | 2.1.2 Exercisable voting rights in the enterprise in the hands of black women   | 2                | 10%               | 0.00        |
|  | <b>2.2 Economic Interest</b>  | 2.2.1 Economic interest of black people in the Enterprise   | 4                | 25%               | 0.00        |
|  |                               | 2.2.2 Economic interest of black women in the Enterprise  | 2                | 10%               | 0.00        |
|  |                               | 2.2.3 Economic Interest of the following black natural people in the Enterprise<br>2.2.3.1 Black designated groups;<br>2.2.3.2 black Participants in Employee Ownership Schemes;<br>2.2.3.3 black beneficiaries of Broad based Ownership Schemes; or<br>2.2.3.4 black participants in Co-operatives | 1                | 2.5%              | 0.00        |
|  | <b>2.3 Realisation points</b> | 2.3.1 Ownership fulfillment   | 1                |                   | 0.00        |
|  |                               | 2.3.2 Net Value   | 7                |                   | 0.00        |
| 3  | <b>Bonus Points</b>           | 2.4.1 Involvement in the ownership of the Enterprise of black new entrants  | 2                | 10%               | 0.00        |
|  |                               | 2.4.2 Involvement in the ownership of the Enterprise of black participants:<br>2.4.2.1 In Employee Ownership Schemes;<br>2.4.2.2 black beneficiaries of Broad-Based Ownership Schemes; or<br>2.4.2.3 black participants in Co-operatives  | 1                | 10%               | 0.00        |
|  |                               | <b>Total</b>  | <b>23</b>        |                   | <b>0.00</b> |

| <b>CODE SERIES 200: MEASUREMENT OF THE MANAGEMENT CONTROL ELEMENT FOR B-BBEE</b> |                         |  |                  |                   |             |
|--|-------------------------|--|------------------|-------------------|-------------|
| Weighting points   | Category                | Management Control   | Weighting points | Compliance Target | Score       |
| 10   | 2.1 Board participation | 2.1.1 Exercisable Voting Rights of black Board Directors using the Adjusted Recognition for Gender | 3                | 50%               | 0.00        |
|  |                         | 2.1.2 Black Executive Directors using the Adjusted Recognition for Gender                          | 2                | 50%               | 0.00        |
|  | 2.2 Top Management      | 2.2.1 Black Senior Top Management using the Adjusted Recognition for Gender                        | 3                | 40%               | 0.00        |
|  |                         | 2.2.2 Black Top Management using the adjusted recognition for gender                               | 2                | 40%               | 0.00        |
| 1  | 2.3 Bonus Points        | 2.3.1 Black Independent Non-Executive Board Directors  | 1                | 40%               | 0.00        |
|  |                         | <b>Total</b>   | <b>11</b>        |                   | <b>0.00</b> |

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## B-BBEE Approved Registered Auditor:

DJA Goosen CA(SA)

B-BBEE Approved Registered Auditor Registration No: ME445762B

| <b>CODE SERIES 300: MEASUREMENT OF THE EMPLOYMENT EQUITY ELEMENT OF B-BBEE</b> |  |                  |                   |            |             |
|--|--|------------------|-------------------|------------|-------------|
| Weighting points   | Employment Equity  | Weighting points | Compliance Target |            | Score       |
|  |  |                  | Years 0-5         | Years 6-10 |             |
| 15   | 2.1.1 Black employees of the Measured Entity who are Disabled Employees as a percentage of all employees using the adjusted recognition for gender | 2                | 2%                | 3%         | 0.00        |
|  | 2.1.2 Black employees in Senior Management as a percentage of all such employees using the adjusted recognition for gender                         | 5                | 43%               | 60%        | 0.00        |
|  | 2.1.3 Black Employees in Middle management as a percentage of all such employees using the adjusted recognition for gender                         | 4                | 63%               | 75%        | 0.00        |
|  | 2.1.4 Black Employees in Junior management as a percentage of all such employees using the adjusted recognition for gender                         | 4                | 68%               | 80%        | 0.00        |
| 3  | <b>Bonus Point:</b> For Meeting or exceeding the EAP targets in each category under 2.1.1 to 2.1.4   | 3                |                   |            | 0.00        |
|  | <b>Total</b>   | <b>18</b>        |                   |            | <b>0.00</b> |

| <b>CODE SERIES 400: MEASUREMENT OF THE SKILLS DEVELOPMENT ELEMENT OF B-BBEE</b> |   |                  |                   |             |  |
|---|---|------------------|-------------------|-------------|--|
| Weighting points  | Skills Development  | Weighting points | Compliance Target | Score       |  |
| 15  | 2.1.1 Skills Development Expenditure on any program specified in the Learning Programmes Matrix:  |                  |                   |             |  |
|   | 2.1.1.1 Skills Development Expenditure on Learning Programmes specified in the learning Programmes matrix, for black employees as a percentage of Leivable Amount using the adjusted recognition for gender                   | 6                | 3%                | 3.20        |  |
|   | 2.1.1.2 Skills Development Expenditure on Learning Programmes specified in the learning Programmes matrix, for black employees with disabilities as a percentage of Leivable Amount using the Adjusted Recognition for Gender | 3                | 0.3%              | 0.00        |  |
|   | 2.1.2 Learner ships   |                  |                   |             |  |
|   | 2.1.2.1 Number of black employees participating in Learner ships or Category B, C and D Programmes as a percentage of total employees using the Adjusted Recognition for Gender   | 6                | 5%                | 0.23        |  |
|   | <b>Total</b>  | <b>15</b>        |                   | <b>3.43</b> |  |

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| <b>CODE SERIES 500: MEASUREMENT OF THE PREFERENTIAL PROCUREMENT ELEMENT OF B-BBEE</b> |                          |   |                  |                   |     |              |
|---|--------------------------|---|------------------|-------------------|-----|--------------|
| Weighting points  | Category                 | Preferential Procurement  | Weighting points | Compliance Target |     | Score        |
| 20  | Preferential Procurement | 2.1.1 BEE Procurement Spend from all suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend   | 12               | 50%               | 70% | 9.81         |
|   |                          | 2.1.2 BEE Procurement Spend from Qualifying Small Enterprises or Exempted Micro-Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured procurement Spend   | 3                | 10%               | 15% | 0.93         |
|   |                          | 2.1.3 B-BBEE Procurement Spend from any of the following Supplier as a percentage of Total Measured Procurement Spend:<br><br>2.1.3.1 Supplier that are more than 50% black owned (3 out of 5 points); or<br><br>2.1.3.2 Suppliers that are more than 30% black women owned (2 out of 5 points) | 3                | 9%                | 12% | 1.42         |
|   |                          |   | 2                | 6%                | 8%  | 0.00         |
| <b>Total</b>  |                          |   | <b>20</b>        |                   |     | <b>12.16</b> |

| <b>CODE SERIES 600: MEASUREMENT OF THE ENTERPRISE DEVELOPMENT ELEMENT OF B-BBEE</b> |   |                  |                   |              |
|---|---|------------------|-------------------|--------------|
| Weighting points  | Enterprise Development  | Weighting points | Compliance Target | Score        |
| 15  | 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        | 15.00        |
| <b>Total</b>  |   | <b>15</b>        |                   | <b>15.00</b> |

| <b>CODE SERIES 700: MEASUREMENT OF THE SOCIAL ECONOMIC DEVELOPMENT ELEMENT OF B-BBEE</b> |   |                  |                   |             |
|--|---|------------------|-------------------|-------------|
| Weighting points   | Social Economic Development   | Weighting points | Compliance Target | Score       |
| 5  | Average annual value of all Socio-Economic Development Contributions by the Measured Entity as a percentage of the target | 5                | 1% of NPAT        | 5.00        |
| <b>Total</b>   |   | <b>5</b>         |                   | <b>5.00</b> |

|              |            |  |              |
|--------------|------------|--|--------------|
| <b>TOTAL</b> | <b>107</b> |  | <b>35.59</b> |
|--------------|------------|--|--------------|

## B-BBEE Status and Procurement Recognition Levels

| B-BBEE Contributor Status | Scorecard – Overall Score | Procurement Recognition Level: Claim value as % of Rand Spend: |
|---------------------------|---------------------------|--|
| Level 1                   | = 100 Points              | 135%   |
| Level 2                   | =85 - <100 Points         | 125%   |
| Level 3                   | =75 - <85 Points          | 110%   |
| Level 4                   | =65 - <75 Points          | 100%   |
| Level 5                   | =55 - <65 Points          | 80%  |
| Level 6                   | =45 - <55 Points          | 60%  |
| Level 7                   | =40 - <45 Points          | 50%  |
| Level 8                   | =30 - <40 Points          | 10%  |
| Level 9/Non-compliant     | <30 Points                | 0%   |