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# IMPACT OF REVISED BEE CODES ON BUSINESS

Gap Analysis  
Generic & QSE Scorecard

Presented by

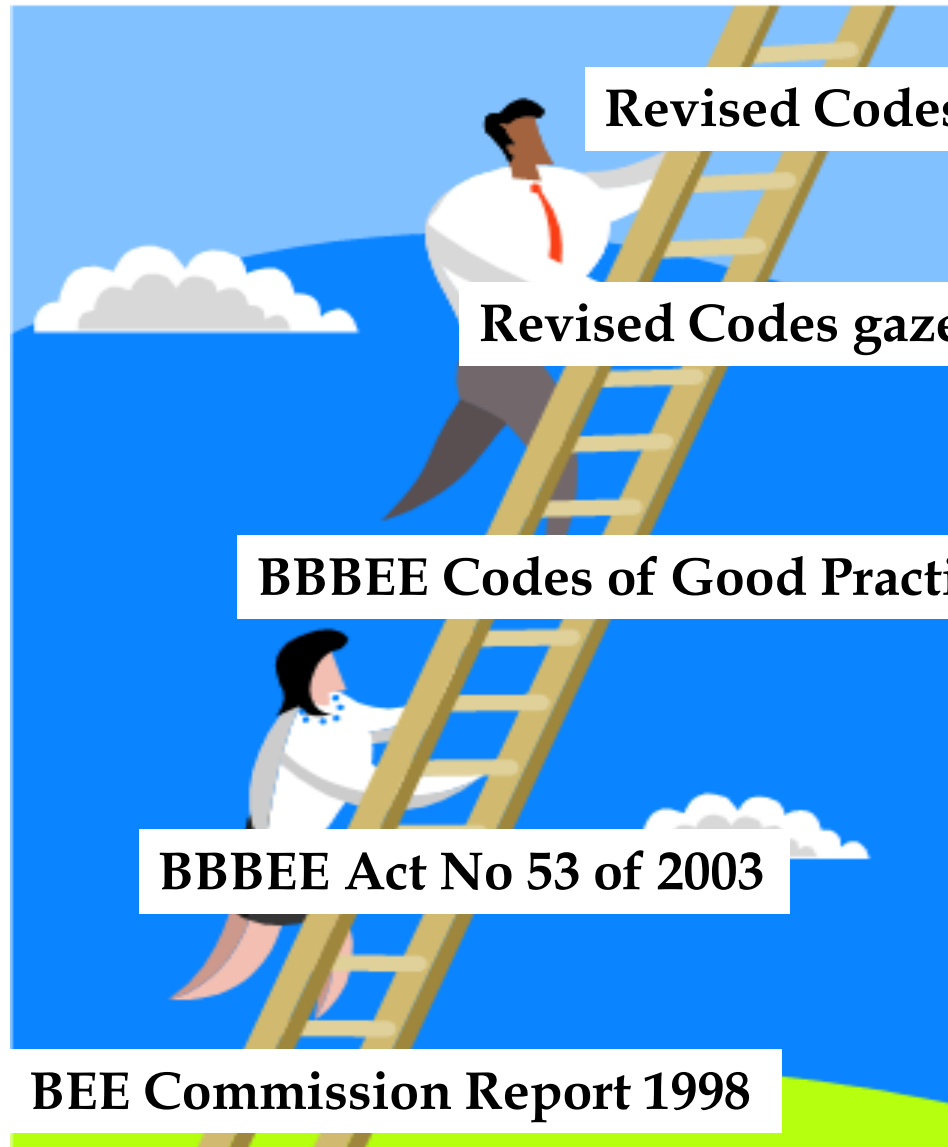
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# AGENDA

- Introduction on Revised Generic & QSE Codes
- Differences between current and revised codes
- Gap Analysis – QSE & Generic
- Unpacking each element
- Way forward
- Questions

# History of BBBEE



**Revised Codes effective 2015**

**Revised Codes gazetted 2013**

**BBBEE Codes of Good Practice 2007**

**BBBEE Act No 53 of 2003**

**BEE Commission Report 1998**

# Revised Codes

- Generic Revised codes came into effect October 2013
- Aligned to objectives of NDP & IPAP
- 18 month transitional period
- 2007 codes effective until 30 April 2015
- 2013 codes come into effect on 1 May 2015
- QSE Scorecard issued for comment October 14
- All 10 Sector codes to be aligned with revised codes by 30 April 2015

# SECTOR CODES

- Tourism (22/05/2009)
- Construction (05/06/2009)
- Forestry (12/06/2009)
- Integrated Transport (21/08/2009)
- Chartered Accountancy (10/05/2011)
- Property (01/06/2012)
- Information & Communication Technology (06/06/2012)
- Financial Services (29/11/12)
- AGRI BEE (28/12/2012)

# Key Objectives of Revised Codes

- Drive growth of SMME black owned enterprises
- Encourage job creation
- Drive local manufacture and processing
- Accelerate representation of Black women, rural and youth in economic activities
- Encourage to be pro-active not re-active

# The New (B-BBEE) Act Gazette 37271

## Fronting practice

- means a transaction, arrangement or other act or conduct that directly or indirectly undermines or frustrates the achievement of the objectives of this Act or the implementation of any of the provisions of this Act
- **(VA) - ‘knowing’, ‘knowingly’ or ‘knows’, when used with respect to a person, and in relation to a particular matter, means that the person either:**
  - had actual knowledge of that matter; or
  - was in a position in which the person reasonably ought to have—
    - (a) had actual knowledge;
    - (b) investigated the matter to an extent that would have provided the person with actual knowledge;
    - (c) taken other measures which, if taken, would reasonably be expected to have provided the person with actual knowledge of the matter.



# Offences and Penalties

An offence is committed if a person knowingly—

- ❖ provides false information or misrepresents information to a B-BBEE Verification Professional in order to secure a particular (B-BBEE) status or any benefit associated with the compliance with this Act;
- ❖ provides false information or misrepresents information relevant to assessing the (B-BBEE) status of an enterprise to any organ of state or public entity engages in a fronting practice.
- ❖ misrepresents or attempts to misrepresent the broad-based black economic empowerment status of an enterprise;

Penalties for the above offences:

- ❖ Up to **10 years** in prison for the Directors of the entity and a fine not exceeding **10%** of revenue for that entity.
- ❖ Procurement Officer, Verifications Professionals, Organs of State or Public entity can face upto **1 year** imprisonment for failing to report an offence.

# **Recognition of the Codes by government, public entities and organs of state**

- All structures of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their audited annual financial statements and annual reports.
- All public companies listed on the Johannesburg Stock Exchange must provide a report to the Commission

# Continued.....

Every organ of state and public entity must apply any relevant code of good practice issued in terms of this act in:

1. determining qualification criteria for the **issuing of licenses, concessions** or other authorisations in respect of economic activity in terms of any law;
2. **developing and implementing a preferential procurement policy;**
3. determining qualification criteria for the sale of state-owned enterprises;
4. developing criteria for entering into partnerships with the private sector; and
5. determining criteria for the awarding of **incentives, grants** and **investment schemes** in support of broad-based black economic empowerment.

# KEY Changes for Generic & QSE's

- **Increase** in Turnover thresholds
- QSE & Generic entities both have to be measured against 5 elements of the revised codes
- **Management Control & Skills Development** – Demographic race profiling applies for Generics but does **not** apply to QSE's
- New element called **Supplier Development**
- Procurement is now measured based on expenditure with **'empowering suppliers'**
- **No bonus points** on the QSE scorecard
- Process for Black QSEs simplified with no costs
- Value Adding Status removed
- The **'Discounting Principle'** applies

# Turnover Thresholds

	CURRENT	REVISED
EME's	R0 - R5m	R0 - R10m
QSE's	R5m - R35m	R10m - R50m
GENERIC'S	> R35m	> R50m

# REVISED ELEMENTS

CURRENT		REVISED
Ownership	}	Ownership
Management Control		Management Control
Employment Equity		
Skills Development	}	Skills Development
Procurement		Enterprise & Supplier Development
Enterprise Development		
Socio-Economic Development		
	Socio-Economic Development	

# Revised Codes

- Discounting principle
  - Ownership 40% of Net Value points (3.2/8)
  - Skills Dev sub min points (10/25) and
  - ESD each 3 sub categories (PP 8/20, SD 2/5, ED 2/5)
- Priority Elements (QSE 2)
  - Ownership (Compulsory)
  - Skills Development OR
  - Enterprise & Supplier Development

# GENERIC - POINT STRUCTURE

<b>CURRENT</b>	<b>Points</b>	<b>Bonus</b>	<b>REVISED</b>	<b>Points</b>	<b>Bonus</b>
Ownership	20	3	Ownership	25	
Management Control	10	1	Management Control	19	
Employment Equity	15	3	Skills Development	20	5
Skills Development	15		Supplier & Enterprise Development	40	4
Procurement	20		Socio Economic Development	5	
Enterprise Development	15				
Socio Economic Development	5				
	<b>100</b>	<b>7</b>		<b>109</b>	<b>9</b>



# QSE - POINT STRUCTURE

<b>CURRENT</b>	<b>Points</b>	<b>Bonus</b>	<b>REVISED</b>	<b>Points</b>
Ownership	25	3	Ownership	25
Management Control	25	1	Management Control	15
Employment Equity	25	3	Skills Development	25
Skills Development	25		Supplier & Enterprise Development	30
Procurement	25		Socio Economic Development	5
Enterprise Development	25			
Socio Economic Development	25			
	<b>100</b>	<b>7</b>		<b>100</b>

(NB: No bonus points)

# Revised Recognition Levels

	CURRENT	REVISED	LEVEL
Level One	≥100 points	≥100 points	135%
Level Two	≥85 but <100	≥95 but <100	125%
Level Three	≥75 but <85	≥90 but <95	110%
Level Four	≥65 but <75	≥80 but <90	100%
Level Five	≥55 but <65	≥75 but <80	80%
Level Six	≥45 but <55	≥70 but <75	60%
Level Seven	≥40 but <45	≥55 but <70	50%
Level Eight	≥30 but <40	≥40 but <55	10%
Non-Compliant	<30	<40	0%

# Black Owned EME and QSE's

(R0 to R50m)

- 100% Black owned = Level 1
- > 50,1% to 99% Black owned = Level 2

EME's ONLY (R0 to R10m):

- $\leq 50\%$  Black owned = Level 4
- White owned = Level 4

# Black Owned EME & QSE Requirements

- Sworn affidavit confirming:
  - Annual total revenue
  - Level of black ownership
- The above must be done on an annual basis
- 05/12/2014 (on the CIPC website) stated that the CIPC was accredited as a BEE Verification Agency by **the Dti** in only a limited context .
- CIPC will be issuing affidavits for new registrations **ONLY** – unsure as to whether or not annual renewals will be accommodated by 1<sup>st</sup> May 2015

# Gap Analysis

# Generic - Company X

- 20% Black ownership
- Turnover R400 million
- No of Managers: 50
  - White (2 Male , 1 Female ) = 3
  - Black ( 16 Male , 31 Female ) = 47(94%)
- Salary bill = R20 million
- NPAT: R4,5 million

# QSE - Company Y

- 20% Black ownership
- Turnover R40 million
- No of Managers: 17
  - White ( 5 Male , 1 Female ) = 6
  - Black ( 8 Male , 3 Female ) = 11(64%)
- Salary bill = R2 million
- NPAT: R2,5 million

# OWNERSHIP

- Priority element for both Generics & QSE's
- Points remain at 25 and Generics increased from 20 to 25
- Sub minimum requirements:
  - Minimum of 40% of Net Value targets, based on time graduation factor
- Non-compliance with Threshold targets:
  - Result in the achieved B-BBEE status level being discounted by one level



# Generic - Ownership (25 points)

Indicator	Description	Weighting Points	Targets
Voting	In hands of Black People	4	25,1%
Rights	In hands of Black Women	2	10%
	Economic interest of Black people	4	25%
	Economic interest of Black Women	2	10%
Economic Interest	Any of the following:	3	3%
	Black designated groups		
	Black Employee Share Schemes		
	Broad based ownership schemes		
	Co-operatives		
	New Black Entrants	2	2%
Realisation Points	<b>Net Value</b> <b>(year 1=10%), (year 2 = 20%), (year 3-4 = 40%) etc</b>	8	Time based graduation factor

# Ownership (25 points)

Indicator	Description	Weighting Points	Targets
Voting	In hands of Black People	5	25,1%
Rights	In hands of Black Women	2	10%
	Economic interest of Black people	5	25%
	Economic interest of Black Women	2	10%
Economic	Any of the following:	3	2%
Interest	Black designated groups		
	New Black Entrants		
Realisation Points	Net Value	8	Time based graduation factor

# Generic - Ownership Comparison

**Current**

**Revised**

Element	Indicator	Points	Score	Points	Score
Voting Rights	Voting Rights in the hands of black people	3	2.40	4	3.20
	Voting Rights in the hands of black Women	2	2.00	2	2.00
Economic Interest	Economic Interest of black people	4	3.20	4	3.20
	Economic Interest of black Women	2	2.00	2	2.00
	Economic Interest of the following black natural people: - Youth, Unemployed, Rural Living, Disabled - Employee Ownership Schemes; - Broad-based Ownership Schemes	1	1.00	3	3.00
Realization Points	Net Equity Value	7	5.60	8	6.40
	Ownership fulfillment	1	0.00		
Bonus Points	Involvement in the ownership of black new entrants	2	1.60	2	1.60
	Involvement in Employee, Broad based, Co-ops, New entrants	1	0.08	N/A	
		<b>20</b>	<b>18.60</b>	<b>25</b>	<b>21.40</b>

# QSE - Ownership Comparison

Element	Indicator	Current		Revised	
		Points	Score	Points	Score
Voting Rights	Voting Rights in the hands of black people	3	2.40	5	3.98
	Voting Rights in the hands of black Women	2	0	2	0.00
Economic Interest	Economic Interest of black people	4	3.20	5	4.00
	Economic Interest of black Women	2	0	2	0.00
	Economic Interest of the following black natural people: - Youth, Unemployed, Rural Living, Disabled - Employee Ownership Schemes; - Broad-based Ownership Schemes	1	1.00	N/A	N/A
Realization Points	Net Equity Value	7	5.60	8	6.40
	Ownership fulfillment	1	0.00	N/A	N/A
Bonus Points	Involvement in the ownership of black new entrants	2	1.60	3	3.00
	Involvement in Employee, Broad based, Co-ops, New entrants	1	0.80	N/A	N/A
		<b>20</b>	<b>14.60</b>	<b>25</b>	<b>17.40</b>

# MANAGEMENT CONTROL

- ❑ Management Control and Employment Equity combined
  - (Generic) Combined 25 points decreased to 19 points
  - (Generic) Targets broken down into different sub race groups based on Provincial or National EAP targets
  
  - (QSE) Combined 50 points decreased to 15 points
  - (QSE) Staff excluded for QSE's
  - (QSE) Two categories: **Executive & Non Executive Mgt**
  - (QSE) Sub race groups not applicable
    - ❖ **Adjusted Recognition for Gender(ARG) - No longer applies for either scorecards**

# EAP TARGETS: National

MALE		FEMALE	
African	40.7	African	34.2
Coloured	5.8	Coloured	5.0
Indian	1.9	Indian	1.1
White	6.4	White	4.9
	<b>54.8</b>		<b>45.2</b>

# EAP TARGETS: Provincial

Province	Male				Female				Total
	A	C	I	W	A	C	I	W	
Western Cape	17.8%	27.1%	0.2%	7.8%	16.1%	23.9%	0.1%	7.0%	100.0%
Eastern Cape	39.9%	7.7%	0.4%	5.7%	35.5%	5.5%	0.4%	4.8%	100.0%
Northern Cape	28.0%	20.7%	0.1%	4.9%	24.2%	19.0%	0.0%	3.0%	100.0%
Free State	47.1%	1.7%	0.2%	5.3%	40.4%	1.2%	0.1%	4.1%	100.0%
KwaZulu-Natal	42.3%	1.3%	7.3%	3.3%	38.3%	0.8%	4.4%	2.3%	100.0%
North West	52.2%	0.8%	0.2%	5.7%	37.7%	0.4%	0.0%	3.1%	100.0%
Gauteng	42.5%	1.9%	1.5%	9.8%	34.2%	1.9%	0.9%	7.2%	100.0%
Mpumalanga	47.8%	0.3%	0.5%	4.7%	42.9%	0.1%	0.1%	3.6%	100.0%
Limpopo	54.5%	0.2%	0.5%	1.8%	41.3%	0.1%	0.2%	1.5%	100.0%

# Generic - Management Control (19 points)

Indicator	Description	Weighting Points	Targets
Board	Voting rights of Black board members	2	50%
Participation	Voting rights of Black female board members	1	25%
	Black Executive Directors	2	50%
	Black Female Executive Directors	1	25%
Other	Black Exec Mgt as a % of all Directors	2	60%
Exec Mgt	Black Female Exec Mgt as a % of all Directors	1	30%
Senior Mgt	Black employees in Senior Mgt	2	60%
	Black female employees in Senior Mgt	1	30%

# Management Control Continued

Indicator	Description	Weighting Points	Targets
Middle Mgt	Black employees in Middle Mgt	2	75%
	Black female employees in Middle Mgt	1	38%
Junior Mgt	Black employees in Junior Mgt	1	88%
	Black female employees in Junior Mgt	1	44%
Disabled Employees	Black employees with disabilities as a % of all employees	2	2%



# Generic - Management Control Comparison

Sub-Element	Indicator	Current		Revised	
		Points	Score	Points	Score
Board Participation	Voting rights black Board members	3	3	2	2.00
	Voting rights black female Board Members			1	1.00
	Black persons who are Executive Directors	2	2	2	2.00
	Black women who are Executive Directors			1	1.00
Other Executive Management	Black Exec Mgt as % Exec Mgt	5	6	2	2.00
	Black female as % Exec Mgt			1	1.00
Bonus	Black Independent Non Exec board Member	1		N/A	
Senior Management	Black Senior Mgt as % all Senior Mgt	5	5	2	0.93
	Black female Senior Mgt as % of all Senior Mgt			1	0.88
Middle Management	Black Middle Mgt as a % Middle Mgt	4	4	2	1.69
	Black female Middle Mgt as a % Middle Mgt			1	0.85
Junior Management	Black Junior Mgt as % of all Junior Mgt	4	4	1	0.39
	Black female Junior Mgt as % of all Junior Mgt			1	0.85
Disabled	Black Employees with disabilities as % all employees	2	2	2	2.00
Bonus	Exceeding EAP targets	3	2	N/A	
		<b>25</b>	<b>28</b>	<b>19</b>	<b>16.57</b>

# Management Control (15 points)

Indicator	Description	Weighting Points	Targets
Executive Management	Black representation at Executive Management	5	50%
	Black female representation at Executive Management	2	25%
Non Executive Management	Black representation at Non-Executive Management	6	60%
	Black Female representation at Non-Executive Management	2	30%
		15	

# QSE - Management Control Comparison

Sub-Element	Indicator	Current		Revised	
		Points	Score	Points	Score
Executive Management	Black representation at Executive Management (Top Management)	8	6	5	5.00
	Black female representation at Executive Management (Top Management)	2	2	2	2.00
Non Executive Management	Black representation at Non Executive Management	15	7.58	6	2.67
	Black Female representation at Non Executive Management	N/A	N/A	2	0.44
		<b>25</b>	<b>15.58</b>	<b>15</b>	<b>10.11</b>

# SKILLS DEVELOPMENT

- (GS) Points increased from 15 to 20 points (plus 5 bonus points)
- (GS) Spend has increased from 3% to 6% of leviabale amount
- (GS) Targets based on overall demographic representation of black people as defined by EAP reports (African, Coloured, Indian)
- (GS & QSE) Require Workplace Skills Plan, Annual Training Report, SETA approved Pivotal report, Implementation of priority skills programme for black employees
  - External training for **unemployed** black people included
  - Mandatory Sectoral Training does not qualify as skills development contributions
  - Trainee tracking tool developed for bonus points

# Skills Development continued.....

- (QSE) Points remain at 25
- (QSE) Elective Priority element
- (QSE) Required spend increased from 2% to 3% of Leviaible amount
- Only consider spend, not number of learners
- No learnership requirements
- External training for unemployed black people included
- Sub minimum of 40% of targets to be achieved to avoid

discounting principle

# Generic - Skills Development (20 points)

Indicator	Description	Weighting Points	Targets
Expenditure	Spend on Learning programmes for Black employees as % of leviable amount	8	6%
	Spend on black disabled employees	4	0.3%
Learnerships, Apprenticeships	No of Black employees participating as % of total employees	4	2.5%
Internships	No of unemployed black people on programmes	4	2.5%
Bonus Points	No of Black people employed by entity at end of programme	5	100%

# QSE - Skills Development (25 points)

Indicator	Description	Weighting Points	Targets
Expenditure	Skills Development expenditure on Learning programmes specified in the Learning Program Matrix for Black people as % of leviabale amount	20	3%
	Skills Development expenditure on Learning programmes specified in the Learning Program Matrix for Black Female people as % of leviabale amount	5	1%
		25	

# Generic - Skills Development Comparison

Sub-Element	Indicator	Current		Revised	
		Points	Score	Points	Score
Skills Development Expenditure	SD Expenditure on Learning Programmes for black employees as % Leivable Amount	6	6	8	3.08
	SD Expenditure on Learning Programmes for black disabled as % Leivable Amount	3	3	4	1.54
Learnerships	No of black people in Learnerships, Apprenticeships and internships as % of total employees	6	6	4	0.00
	No of black unemployed people in training specified in Learning Programme Matrix as % of total employees	N/A		4	1.54
Bonus Points	No of black people absorbed by the Measured and Industry Entity at end of Learnerships	N/A		5	5.00
		<b>15</b>	<b>15</b>	<b>25</b>	<b>11.17</b>



# QSE - Skills Development Comparison

Sub-Element	Indicator	Current		Revised	
		Points	Score	Points	Score
Skills Development Expenditure	Skills Development expenditure on Learning programmes specified in the Learning Program	6	3.44	20	10.42
	SD Expenditure on Learning Programmes for black disabled as % Leivable Amount	3	0	N/A	N/A
	SD Expenditure on Learning Programmes for black females as % Leivable Amount	5	N/A	5	4.69
Learnerships	No of Black learners	6	5.58	N/A	N/A
		<b>15</b>	<b>9.02</b>	<b>25</b>	<b>15.10</b>

# Generic - ENTERPRISE & SUPPLIER DEVELOPMENT

- Points increased from 35 to 40
- 4 Bonus points
- Priority element - Discounting principle applies
- Combine Procurement & Enterprise Development
  - **Procurement (25 points)**
  - **Supplier Development (10 points)**
  - **Enterprise Development (5 points)**
  - **Bonus points (4 points)**
- Value adding suppliers replaced with **Empowering Supplier**
- Enhanced recognition for procurement from new enterprises, that the ME has a min 3yr contract with.

# QSE - ENTERPRISE & SUPPLIER DEVELOPMENT

- Points decreased from combined 50 to 30
- No Bonus points
- Elective Priority element - Discounting principle applies
- Combine Procurement & Enterprise Development
  - **Procurement (20 points)**
  - **Supplier Development (5 points)**
  - **Enterprise Development (5 points)**
- Value adding suppliers replaced with **Empowering Supplier**

# Permissible exclusions - **IMPORTS**

- ❑ **6.5.1 Imported capital goods/components for value-added production in South Africa provided that:**
  - No existing local production of such capital goods or components; and
  - The importation thereof facilitates further value-added production within South Africa
  
- ❑ **6.5.2 Imported goods or services other than as contemplated above if there is no local production of such goods or services including imported goods or services that:**
  - Carry a brand different to locally produced goods or services;
  - Have different technical specifications to locally produced goods or services. **ONLY IF**

# Continued.....

- ❑ **6.5.2 Only if ME Developed and Implemented an ESD Plan for imported goods and services with:**
  - Clear objectives
  - Priority Interventions
  - Key Performance Indicators
  - Concise implementation plan with clearly articulated milestones

# Empowering Suppliers

**Meet at least 3 criteria if Generic and 1 if QSE:**

- 25% of Cost of Sales (excl Labour & depreciation) procured locally
- 50% jobs created are for Black people in the last measured period
- 25% transformation of raw materials
- 12 days pa assisting Black EME & QSE's to increase operational and financial capacity

# Empowering Suppliers

- EME's and Start-Ups are automatically recognised as Empowering Suppliers
- Cannot claim points from a Supplier on both Enterprise Development & Supplier Development
- Beneficiaries of SD & ED are EME's or QSE's which are >51% Black owned

# Generic - Enterprise & Supplier Development (40 points + 4 Bonus)

Criteria	Description	Weighting Points	Targets
Procurement	Spend with Empowering suppliers as a % of Total measured spend	5	80%
	Spend with QSE's	3	15%
	Spend with EME's	4	15%
	Spend with >51% black owned suppliers	9	40%
	Spend with >30% black women suppliers	4	12%
Bonus Points	Spend with designated group suppliers that are > 51% black owned	2	2%



# QSE - Enterprise & Supplier Development (30 points)

Criteria	Description	Weighting Points	Targets
Supplier Development	Annual value of Supplier Development contributions as a percentage of the target	5	1% NPAT
Enterprise Development	Annual value of Enterprise Development contributions and Sector Specific Programmes as a percentage of the target	5	1% NPAT
Preferential Procurement	BEE Procurement spend from all Empowering suppliers as a percentage of Total Measured Procurement Spend	15	60%
	BEE Procurement spend from all Empowering suppliers that are at least 51% Black owned, as a percentage of Total Measured Procurement Spend	5	15%
		30	

# Generic - Ent & Supplier Dev Comparison

Sub-Element	Indicator	Current		Revised	
		Points	Score	Points	Score
Supplier Development	Annual value of Supplier Development Contributions made as % of target	N/A		10	10.00
Enterprise Development	Annual value of E D Contributions and Sector Specific Programmes made as % of target	15	15	5	5.00
Preferential Procurement	Spend on all Empowering Suppliers as % of Total Procurement Spend	12	12	5	4.52
	Spend from all QSE Empowering Suppliers	3	3	3	3.00
	Spend from EME's as % of Total Spend			4	0.00
	BEE Spend from Empowering Suppliers that are at least 51% black owned	3	3	9	9.00
	Spend from all Empowering Suppliers that are at least 30% Black Women Owned	2	2	4	4.00
Bonus Points	Bonus point for graduation of one or more ED beneficiaries to the Supplier Development level	N/A		1	1.00
	Bonus point for creating one or more jobs as a result of SD and ED initiatives	N/A		1	1.00
	Spend from Designated Group Suppliers that are at least 51% Black owned	N/A		2	2.00
		<b>35</b>	<b>35</b>	<b>40</b>	<b>39.50</b>

# QSE - Ent & Supplier Dev Comparison

## Current

## Revised

Sub-Element	Indicator	Points	Score
Supplier Development	Annual value of Supplier Development contributions as a percentage of the target	N/A	N/A
Enterprise Development	Annual value of Enterprise Development contributions and Sector Specific Programmes as a percentage of the target	15	1.25
Preferential Procurement	BEE Procurement spend from all Empowering suppliers as a percentage of Total Measured Procurement Spend	15	5.57
	BEE Procurement spend from all Empowering suppliers that are at least 51% Black owned, as a percentage of Total Measured Procurement Spend	5	5.00
		<b>35</b>	<b>11.82</b>

Points	Score
5	1.25
5	1.25
15	3.66
5	3.98
<b>30</b>	<b>10.15</b>

# SOCIO-ECONOMIC DEVELOPMENT

(5 points)

- **(QSE)** Points dropped from 25 to 5
- **(GS)** points remain the same
- Remains as 1% of NPAT
- Approved Socio-Economic Development contributions / Beneficiaries
- **75%** of the Socio-Economic Development contributions must benefit Black persons directly
- Grants, Discounts, Overhead Costs = 100% benefit
- Services rendered, Employee time = 80% benefit

# Socio Enterprise Development (5 points)

Criteria	Description	Weighting Points	Targets
Socio Enterprise Development	Value of SED contributions as % of target	5	1% NPAT

# Generic - Socio Development Comparison

## Current

Sub-Element	Indicator	Points	Score
SED Contributions	Annual value of SED Contributions as % of the target	5	1.24
			<b>1.24</b>

## Revised

Points	Score
5	1.24
	<b>1.24</b>

# QSE - Socio Development Comparison

## Current

Sub-Element	Indicator	Points	Score
SED Contributions	Annual value of SED Contributions as % of the target	5	5.00
			<b>5.00</b>

## Revised

Points	Score
5	5.00
	<b>5.00</b>

# Generic - BEE Certificates

## Current Codes

ELEMENT	TARGET	SCORE
Ownership Equity	20	18.6
Management Control	10	11
Employment Equity	15	17
Skills Development	15	15
Preferential Procurement	20	20
Enterprise Development	15	15
Socio-Economic Development	5	5
<b>Total Score</b>	<b>100</b>	<b>101.6</b>

CONTRIBUTION LEVEL

LEVEL 1

VALUE ADDING SUPPLIER	YES
ENTERPRISE DEVELOPMENT BENEFICIARY	NO
PROCUREMENT LEVEL	135%
ENHANCED PROCUREMENT LEVEL	168.75%

## Revised Codes

ELEMENT	TARGET	SCORE
Ownership Equity	25	21.4
Management Control	19	16.57
Skills Development	25	11.17
Enterprise & Supplier Development	40	39.5
Socio-Economic Development	5	5
<b>Total Score</b>	<b>109</b>	<b>93.89</b>

CONTRIBUTION LEVEL

LEVEL 3

EMPOWERING SUPPLIER	YES
ENTERPRISE DEVELOPMENT BENEFICIARY	NO
PROCUREMENT LEVEL	110%
ENHANCED PROCUREMENT LEVEL	137.50%



# QSE - BEE Certificates

## Current Codes

ELEMENT	TARGET	SCORE
Ownership Equity	20	14.60
Management Control	10	8.00
Employment Equity	15	7.58
Skills Development	15	9.02
Preferential Procurement	20	10.57
Enterprise Development	15	1.25
Socio-Economic Development	5	1.24
<b>Total Score</b>	<b>100</b>	<b>52.26</b>

CONTRIBUTION LEVEL

**LEVEL 6**

VALUE ADDING SUPPLIER	YES
ENTERPRISE DEVELOPMENT BENEFICIARY	NO
PROCUREMENT LEVEL	60%
ENHANCED PROCUREMENT LEVEL	72%

## Revised Codes

ELEMENT	TARGET	SCORE
Ownership Equity	25	17.40
Management Control	15	10.11
Skills Development	25	15.10
Enterprise & Supplier Development	30	10.15
Socio-Economic Development	5	1.24
<b>Total Score</b>	<b>100</b>	<b>54.00</b>

CONTRIBUTION LEVEL

**LEVEL 8**

EMPOWERING SUPPLIER	YES
ENTERPRISE DEVELOPMENT BENEFICIARY	NO
PROCUREMENT LEVEL	10%
ENHANCED PROCUREMENT LEVEL	10%

# Points to Note!

- White QSEs will have to do Ownership and Skills Development or ESD to achieve a decent score;
- With no Black Ownership and no Black Top Management, the most points possible is 68. This is a Level 7, but you drop a level, due to discounting principle, so Level 8
- A company that got a level 1 for full points on EE, PP, ED and SED only will get 42 points max (Level 8) and drop a level to non-compliant.

# THE WAY FORWARD

- Is B-BBEE important to your business?( *tendering, supplier databases, licenses, grants/incentives etc*)
- Start preparing your BEE strategy now –systems in place to capture evidence, allocate a low level resource to do the ground work.
- Consider whether you need to be re-verified before 30 April 2015 to better prepare
- Consider engaging a reputable B-BBEE Consultant, if required;
- Consider doing a Gap Analysis to understand your areas of weakness
- Don't make BEE a last minute action point

# QUESTIONS ?

# SAB&T

**BEE SERVICES**

*IRBA APPROVED REGISTERED AUDITORS*

**BEE CERTIFICATES  
SCENARIO PLANS  
BEE TRAINING  
GAP ANALYSIS  
CONSULTING**

**0860 233 669**

**[www.sabtbee.co.za](http://www.sabtbee.co.za)**