

REVISED BBBEE CODES OF GOOD PRACTICE

Presented by

SAB&T
BEE SERVICES

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Turnover Thresholds

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

REVISED ELEMENTS

CURRENT
Ownership
Management Control
Employment Equity
Skills Development
Procurement
Enterprise Development
Socio-Economic Development



REVISED
Ownership
Management Control
Skills Development
Supplier & Enterprise Development
Socio-Economic Development

POINT STRUCTURE

CURRENT	Points	Bonus	REVISED	Points	Bonus
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				
	100	7		109	9

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%

Exempt Micro Enterprises

- 100% Black owned = Level 1
- > 50,1% to 99% Black owned = Level 2
- ≤ 50% Black owned = Level 4
- White owned = Level 4

EME Requirements

- Sworn affidavit confirming:
 - Annual total revenue is less than R10 million
 - Level of black ownership
- The above must be done on an annual basis

QUALIFYING SMALL ENTERPRISES

- Turnover between R10m to R 50 million pa
- Measure all 5 elements
- Comply with at least 2 priority elements:
 - Ownership (compulsory) and
 - Ent & Supplier Dev or Skills Development
- Entities who do not meet priority element thresholds the overall score will with be discounted by **1 level**
- Sub minimum's
- Enhanced recognition for black owned QSE's:
 - 100% Black owned = Level 1
 - Greater than 51% black owned = Level 2

Black Owned QSE Requirements

- Sworn affidavit confirming:
 - Annual total revenue is less than R50 million
 - Level of black ownership

The above must be done on an annual basis

Generics

- ❑ Turnover > R50 m per annum
- ❑ Measure all 5 elements
- ❑ Comply with all 3 priority elements
 - Ownership, Ent & Supplier Dev, Skills Dev
- ❑ Entities who do not meet priority element sub minimum targets the overall score will be discounted by **1 level**

OWNERSHIP

- Priority element for both Generic and QSE's
- 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

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%
	Black people entitlement	4	25%
	Black Women Entitlement	2	10%
Economic	Any of the following:	3	3%
Interest	Black designated groups		
	Black Employee Share Schemes		
	Broad based ownership schemes		
	Co-operatives		
	New Black Entrants	2	2%
Realisation Points	Net Value	8	Time based graduation factor

MANAGEMENT CONTROL (19 points)

- Junior Managers now included
- Staff excluded for QSE's
- Targets broken down into different race sub groups
 - African Male
 - Indian male
 - Coloured Male
 - African Female
 - Indian Female
 - Coloured Female

EAP TARGETS

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
	54.8		45.2

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%

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%

SKILLS DEVELOPMENT (20 pts)

- ❑ Targets based on overall demographic representation of black people as defined (African, Coloured, Indian)
- ❑ 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
- ❑ Trainee tracking tool developed for bonus points
- ❑ **Sub minimum of 40% of targets to be achieved to avoid discounting principle**

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%

ENTERPRISE & SUPPLIER DEVELOPMENT

(40 Points)

- ❑ Value adding suppliers replaced with **Empowering Supplier**
- ❑ Combine Procurement & Enterprise Development
 - ❑ Procurement (25 points)
 - ❑ Supplier Development (10 points)
 - ❑ Enterprise Development (5 points)
 - ❑ Bonus points (4 points)

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%

Enterprise & Supplier Development (40 points + 4 Bonus)

Criteria	Description	Weighting Points	Targets
Supplier Development	Value of supplier development contributions as % of target	10	2% NPAT
Enterprise Development	Value of ED contributions & Sector specific programmes	5	1% NPAT
Bonus Points	Graduate 1 or more ED beneficiaries to Supplier Development	1	2%
	Creating 1 or more jobs as result of SD or ED initiatives	1	

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
- ❑ Need clarity on whether Black owned QSE are 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

SOCIO-ECONOMIC DEVELOPMENT

(5 points)

- 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

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)