

BROAD-BASED BLACK ECONOMIC EMPOWERMENT COMMISSION

EXPLANATORY NOTICE 01 OF 2018

GUIDELINES FOR COMPLETING INFORMATION IN RELATION TO A B-BBEE

COMPLIANCE REPORT IN TERMS OF SECTION 13G (1) OF THE B-BBEE ACT

A. Introduction

1. The Broad Based Black Economic Empowerment Commission (“B-BBEE Commission”) is an entity established by the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by Act 46 of 2013 (“the B-BBEE Act”), to oversee the implementation of the Act, which includes provision of explanatory notices outlining the procedures of the B-BBEE Commission to guide the public.
2. Section 13F(1)(g) of the Act requires the B-BBEE Commission to receive and analyse reports prescribed in section 13G, concerning broad-based black economic empowerment compliance by organs of state, public entities and private sector enterprises. Regulation 12 in Part 2 of the Regulations regulating the administration and implementation of the Broad-Based Black Economic Empowerment Act and the functions of the B-BBEE Commission of 2016 (“B-BBEE Regulations”) outlines the process for submitting B-BBEE compliance reports.
3. This Explanatory Notice is issued in terms of section 13F(3)(b) to guide the completion of B-BBEE information on the audited annual financial statements and annual reports to comply with the requirements of the B-BBEE Act.

B. What is a B-BBEE Compliance Report?

4. A B-BBEE Compliance Report is a comprehensive outlook on how a measured entity implements the broad-based black economic empowerment as guided by requirements of the codes of good practice (the Codes). The main purpose of these reports is for the B-BBEE Commission to monitor broad-based black economic empowerment compliance both in the public and private sector, including the levels of transformation and extent to which benefits of economic transformation accrue to the black persons benefiting from various broad-based black economic empowerment initiatives in compliance to the objectives of the B-BBEE Act.

C. Who must submit a compliance report?

5. In terms of Section 13G, read with regulation 12 of the B-BBEE Regulations, all spheres 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. Further, within thirty (30) days of approval of the annual report and financial statements, such reports with the B-BBEE compliance report must be submitted to the B-BBEE Commission in a prescribed B-BBEE form 1. A B-BBEE form 1 as illustrated on Annexure A can be downloaded from our website through the following URL <https://bbbeecommission.co.za/b-bbee-forms>

D. How are spheres of government, organs of state and public entities measured

6. All spheres of government, public entities and organs of state must determine their B-BBEE measurement in accordance with Statement 004 or specialised scorecard as per the generic Codes of Good Practice (https://bbbeecommission.co.za/wp-content/uploads/2017/12/Phase-2-38766_6-5_TradeInd.pdf) or relevant Sector Code, (<https://bbbeecommission.co.za/b-bbee-codes-of-good-practice>, which can be accessed from our website www.bbbeecommission.co.za

E. How to complete B-BBEE compliance information?

7. The sphere of government, organ of state or public entity submitting a broad-based black economic empowerment compliance report to the B-BBEE Commission must provide the information outlined below on their audited annual financial statements and annual reports.
8. The B-BBEE Act requires B-BBEE information to be included in both the audited annual financial statement and the annual report. However, to avoid the duplication of information, the annual financial statements only need to include a note titled “**B-BBEE Performance**” and under this note, the following wording must be inserted “**Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information**”
9. Further, the following information on compliance with the B-BBEE Act must be disclosed in the annual report under the heading “**B-BBEE Compliance Performance Information**”.

Management Control Element

- 9.1 Number of directors/managers for each category. The information must further be broken down into race classification, gender, and disability indication.
- 9.2 The information provided for management control, must be the same information submitted to the Department of Labour for employment equity reporting.

Skills Development Element

- 9.3 Value of the 6% or 3% of leviable amount identified for skills development of black people. This amount excludes the skills levy contributed to the Sectoral Education Training Authority through the South African Revenue Services.
- 9.4 Number of black persons trained per race classification, gender, disability, disability and value thereof against each person trained.

Enterprise and Supplier Development Element

- 9.5 Total procurement spend/budget for all suppliers, indicating whether the supplier is an exempted micro-enterprise (EME), qualifying small enterprise (QSE) or large enterprise as per the Codes, as well as value spend per supplier, and the level of black ownership and black women ownership of each supplier entity.
- 9.6 Value of the 2% of Net Profit After Tax (NPAT) or 0.2% of allocated budget for supplier development, as well as 1% NPAT or 0.1% of allocated budget for enterprise development.
- 9.7 Number of all black owned or black women owned EMEs or QSEs the sphere of government, organ of state or public entity supported under enterprise and supplier development and value thereof against each entity. The information must further be broken down in terms of geographical location, sector, and level of black ownership.

Socio Economic Development Element

- 9.8 Value of the 1% NPAT or 0.1% of allocated budget the sphere of government, organ of state or public entity spend on socio-economic development.
- 9.9 Number of black participants supported in terms of race classification, gender, geographical location and value thereof.

10. The information completed under the B-BBEE section of the audited financial statements and annual report must be the same information that will be submitted during B-BBEE verification. Refer to Annexure B for ease of reference on how to capture the information.
11. Where any of the information required is not applicable the sphere of government, organ of state or public entity must indicate so under the relevant subject matter and provide reasons thereof.
12. Any misrepresentation of information submitted in the report required in terms of section 13G by a sphere of government, public entity, or organ or state, shall be dealt with in terms of the B-BBEE Act.

E. Conclusion

13. The B-BBEE Commission is committed to ensuring that the B-BBEE Act is implemented in a manner that is consistent to achieve the objectives of broad-based black economic empowerment which should bring about an inclusive economy for all.
14. An organ of state or public entity may request a B-BBEE workshop for further understanding of the B-BBEE legislative framework. The request must be sent to the address indicate below.
15. The B-BBEE Commission will ensure that it communicates any changes to the procedure outlined in this Explanatory Notice for complying with Section 13G (1) of the B-BBEE Act. For any queries of clarification, the B-BBEE Commission must be contacted immediately.

Issued by the B-BBEE Commission

1 October 2018

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Broad-Based Black Economic Empowerment Commission

**Compliance Report by Sphere of Government / Public
Entities / Organs of State**

(in terms of Section 13G (1) of the Act)

Case Number

FORM: BBEE 1

SECTION A: DETAILS OF ENTITY

Name of Entity / Organisation	<input type="text"/>
Registration Number	<input type="text"/>
Physical Address	<input type="text"/>
Telephone Number	<input type="text"/>
Email Address	<input type="text"/>
Indicate Type of Entity / Organisation	<input type="text"/>
Industry / Sector	<input type="text"/>
Relevant Code of Good Practice	<input type="text"/>
Name of Verification Agency	<input type="text"/>
Name of Technical Signatory	<input type="text"/>

SECTION B: INFORMATION AS VERIFIED BY THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT VERIFICATION PROFESSIONAL AS PER SCORECARDS

B-BBEE Elements	Target Score Including	Bonus Points	Actual Score Achieved
Ownership	e.g. 25 points		
Management Control	e.g. 19 points		
Skills Development	e.g. 20 points		
Enterprise and Supplier Development	e.g. 40 points		
Socio-Economic Development	e.g. 5 points		
Total Score	e.g. 109 points		
Priority Elements Achieved	YES / NO and specify them		
Empowering Supplier Status	YES / NO and specify them		
Final B-BBEE Status Level			

*indicate how each element contributes to the outcome of the scorecard

Compliance Report (FORM: B-BBEE 1)

(in terms of Section 13G (1) of the Act)

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SECTION C: FINANCIAL REPORT

1. BASIC ACCOUNTING DETAILS:

a. Accounting Officer's Name:

b. Address:

c. Accounting Policy: *(Your accounts are done?)*

Weekly	Monthly	Other (specify)
<input type="text"/>	<input type="text"/>	<input type="text"/>

d. Has the attached Financial Statements and Annual Report been approved by the entity?

2. PLEASE ATTACH THE FOLLOWING:

a. Copy of Annual Financial Statement including Balance Sheet and Income and Expenditure Report.

i) Annual Report

b. Entity Annual Turnover:

c. Sign-off and Date

<hr style="width: 50%; margin: 0 auto;"/> <p>Signature</p>	<hr style="width: 50%; margin: 0 auto;"/> <p>Date</p>
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SCORECARD ELEMENTS

1. MANAGEMENT CONTROL

Please indicate number of directors/managers by providing relevant information below:

Categories	% Number for each category	Race classification (indicate number in terms of A, C & I)	Gender (indicate number in terms of F & M)	Age (provide nr in chronological order)	Location (indicate number in each Province)	Disability (indicate number in terms of F & M)
Board						
Exec Directors						
Non-Exec Directors						
Senior Management						

Middle Management						
Junior Management						
Dividends declared						

(NB: A-Africans, C-Coloureds, and I-Indians)

2. SKILLS DEVELOPMENT

Total leviable amount and number of black persons trained by providing relevant information as follows:

Total Levialbe Amount:							
Categories	Number for each category	Race classification (indicate number in terms of A, C & I)	Gender (indicate number in terms of F & M)	Age (provide number in chronologic al order)	Location (indicate number in each Province)	Disability (indicate number in terms of F & M)	Total Amount Spend
Black employees							
Black non-employees							

Black People on internships, apprenticeship, learnership							
Unemployed black people on any programme under the learning programme matrix							
Black people absorbed at end of learnership, internship and apprenticeship							

3. ENTERPRISE AND SUPPLIER DEVELOPMENT

Total procurement spend/budget and number of enterprise and supplier development beneficiaries and value thereof by providing relevant information below:

Total Procurement Spend:					
Total Number of Suppliers	Total Value Spend				
Total Number of EME Supplier	Total Value Spend	% Black Ownership	% Black women ownership		
Total Number of QSE Supplier	Total Value Spend	% Black Ownership	% Black women ownership		
Total Number of Large Suppliers	Total Value Spend	% Black Ownership	% Black women ownership		
Total Value of 2% NPAT or 0.2% of allocated Budget:					
Total Number of EMEs	Total Value Spend	% Black Ownership	% Black Women Ownership	Location	Sector

Total Number of QSEs	Total Value Spend	% Black Ownership	% Black Women Ownership	Location	Sector
Total Value of 1% NPAT or 0.1% of allocated Budget:					
Total Number of EMEs	Total Value Spend	% Black Ownership	% Black Women Ownership	Location	Sector
Total Number of QSEs	Total Value Spend	% Black Ownership	% Black Women Ownership	Location	Sector

4. SOCIO-ECONOMIC DEVELOPMENT

Total spend and number of black participants, race classification, gender, geographical indication and value thereof by providing relevant information below:

Total Value of 1% NPAT or 0.1% of allocated Budget:			
Number of participants	Race classification (indicate nr in terms of A, C & I)	Gender (indicate nr in terms of F & M)	Geographical indication (indicate nr in each Province)

			GP	
			MP	
			FS	
			LP	
			WC	
			EC	
			NC	
			KZN	
			NW	
Total Value Spend:				

(NB: A-Africans, C-Coloureds, and I-Indians)