

CODE SERIES 000: FRAMEWORK FOR MEASURING BROAD-BASED BLACK
ECONOMIC EMPOWERMENT

STATEMENT 004: SCORECARDS FOR SPECIALISED ENTERPRISES

Issued under section 9 of the Broad-Based Black Economic Empowerment Amendment
Act of 2013

Arrangement of this statement

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1. OBJECTIVE OF THIS STATEMENT

The objectives of this statement are to:

1.1 Provide guidance about the treatment of Ownership for Specialised Enterprises for Broad Based Black Economic Empowerment (B-BBEE) purposes, of:

1.1.1 Companies limited by guarantee;

1.1.2 Higher Education Institutions;

1.1.3 Non-Profit Companies;

1.1.4 Public entities and other Enterprises exclusively owned by organs of State; and

1.1.5 Public Benefit Schemes or Public Benefit Organisations,

1.2 Specify scorecards applicable to Measured Entities subject to this statement.

2 GENERAL PRINCIPLES

2.1 Every organ of State and public entity must apply any relevant Codes of Good Practice issued in terms of the B-BBEE Act as amended when:

2.1.1 Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law;

2.1.2 Developing and implementing a preferential procurement policy;

2.1.3 Determining qualification criteria for the sale of state-owned enterprises;

2.1.4 Developing criteria for entering into partnerships with the private sector; and

2.1.5 Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE.

2.2 Public entities and other enterprises exclusively owned by organs of State are not capable of evaluation of black ownership under Code series 100.

2.3 Higher Education Institutions are not public entities under the Public Finance Management Act of 1999. They are incapable of evaluation of black ownership under Code series 100.

2.4 Companies limited by guarantee and Non-Profit Companies have no shareholding.

They are not capable of evaluation of black ownership under Code series 100. This does not imply that companies limited by guarantee and Non-Profit Companies sharing in the ownership of other enterprises cannot contribute towards black ownership to such enterprises as provided for in Statement 100.

- 2.5 Non-Profit Companies and Public Benefit Organisations generally do not have any beneficial ownership and are incapable of evaluation of black ownership under Code series 100. This does not imply that Non-Profit Companies and Public Benefit Organisations sharing in the ownership of other enterprises as broad-based ownership schemes cannot contribute towards black ownership to such enterprises as provided for in Statement 100.
- 2.6 Wherever any of the entities listed in paragraphs one and two require evidence of their own B-BBEE compliance, they will use the Specialised Generic Scorecard. If those entities are also Qualifying Small Enterprises, they will use the Specialised Qualifying Small Enterprises Scorecard.
- 2.7 Entities that are Exempted Micro Enterprises (EME) under this statement are deemed to have a B-BBEE status of "level four", having a B-BBEE recognition level of 100%.
- 2.8 Enhanced B-BBEE recognition level for an EME:
- 2.8.1 Despite paragraph 2.7, an EME that has at least 75% black beneficiaries qualifies for elevation to "Level One Contributor", having a B-BBEE recognition level of 135%;
and
- 2.8.2 Despite paragraph 2.7 and 2.8.1, an EME that has at least 51% black beneficiaries qualifies for elevation to "Level Two Contributor", having a B-BBEE recognition level of 125%.
- 2.9 An EME is only required to obtain a sworn affidavit annually confirming the following:
- 2.9.1 Annual Total Revenue/Allocated Budget/Gross Receipts of R10 million or less; and
- 2.9.2 Level of percentage of black beneficiaries.

2.10 Any misrepresentation in terms of paragraph 2.9 above constitutes a criminal offence as set out in the B-BBEE Act as amended.

2.11 Entities that are Qualifying Small Enterprises (QSE) will use the Specialised Qualifying Small Enterprises Scorecard.

2.12 Despite paragraph 2.11, a QSE that has at least 75% black beneficiaries qualifies for elevation to "Level One Contributor", having a B-BBEE recognition level of 135%.

2.13 Despite paragraphs 2.11 and 2.12, a QSE that has at least 51% black beneficiaries qualifies for elevation to "Level Two Contributor", having a B-BBEE recognition level of 125%.

2.14 A QSE that has at least 51% black beneficiaries is only required to obtain a sworn affidavit annually confirming the following:

2.14.1 Annual Total Revenue/Allocated Budget/Gross Receipts of R50 million or less; and

2.14.2 Level of percentage of black beneficiaries.

2.15 Any misrepresentation in terms of paragraph 2.14 above constitutes a criminal offence as set out in the B-BBEE Act as amended.

3 THE SPECIALISED GENERIC SCORECARD

3.1 The following table represents the Specialised Generic Scorecard and contains the:

3.1.1 Elements of the scorecard;

3.1.2 Weightings; and

3.1.3 The Code series reference that specify the mechanisms for measurement and calculation of each of the Elements of the scorecard (Code series 100 - 500).

- 3.2 All other terms of statement 000-500 apply to Measured Entities subject to this statement, mutatis mutandis.

Element	Weighting	Code series reference
Management control	20 points	200
Skills development	25 points	300
Enterprise and Supplier Development	50 points	400
Socio-Economic Development	5 points	500

4. MANAGEMENT CONTROL SPECIALISED SCORECARD

The following table represents the criteria used to derive a score for Management Control under this statement:

Measurement Category and Criteria	Weighting points	Compliance targets
4.1 Board participation:		
4.1.1 Exercisable voting rights of black board members as a percentage of all board members	2	50%
4.1.2 Exercisable voting rights of black female board members as a percentage of all board members	1	25%
4.1.3 Black executive directors as a percentage of all executive directors	2	50%
4.1.4 Black female executive directors as a percentage of all executive directors	1	25%
4.2 Other Executive Management:		
4.2.1 Black executive management as a percentage of all executive management	2	60%
4.2.2 Black female executive management as a percentage of all executive management	1	30%

4.3 Senior Management

4.3.1 Black employees in senior management as a percentage of all senior management	2	60%
4.3.2 Black female employees in senior management as a percentage of all senior management	1	30%

4.4 Middle Management

4.4.1 Black employees in middle management as a percentage of all middle management	2	75%
4.4.2 Black female employees in middle management as a percentage of all middle management	1	38%

4.5 Junior Management

4.5.1 Black employees in junior management as a percentage of all junior management	2	88%
4.5.2 Black female employees in junior management as a percentage of all junior management	1	44%

4.6 Employees with disabilities

4.6.1 Black employees with disabilities as a percentage of all employees	2	2%
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4.7 The compliance targets for 4.3, 4.4, and 4.5 of the Management Control scorecard are based on the overall demographic representation of black people as defined in the Regulations of Employment Equity Act and Commission on Employment Equity Report, as amended from time to time.

4.8 In determining a Measured Entity's score, the targets should be broken down into specific criteria according to the different race sub-groups, within the definition of black and in accordance with the Employment Equity Act, and weighted accordingly.

5. THE SKILLS DEVELOPMENT ELEMENT SPECIALISED SCORECARD

The following table represents the criteria used to derive a score for Skills Development under this statement:

Category	Skills Development Element	Weighting points	Compliance Target
5.1.	Skills Development Expenditure on any programme specified in the Learning Programme Matrix for black people as a percentage of the Leviale Amount		
5.1.1	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black people as a percentage of Leviale Amount.	9	6%
5.1.2	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black employees with disabilities as a percentage of Leviale Amount.	4	0.3%
5.2	Learnerships, apprenticeships and internships		
5.2.1	Number of black people participating in learnerships, apprenticeships and internships as a percentage of total employees	6	2,5%
5.2.2	Number of black unemployed people participating in training specified in the learning programme matrix as a percentage of number of employees	6	2,5%
Bonus points:			
5.3	Number of black people absorbed by the Measured Entity and Industry at the end of the learnership/ apprenticeship or internship programme	5	100%
5.4	The compliance targets for 5.1.1, 5.2.1, 5.2.2 of the Management Control scorecard are based on the overall demographic representation of black people as defined in the Regulations of Employment Equity Act and Commission on Employment Equity Report, as amended from time to time.		

6. ENTERPRISE AND SUPPLIER DEVELOPMENT SPECIALISED SCORECARD

The following table represents the criteria to derive a score for Enterprise and Supplier Development under this statement.

	Criteria	Weighting points	Compliance targets
6.1	PREFERENTIAL PROCUREMENT		
6.1.1	B-BBEE Procurement Spend from all Empowering Suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	5	80%
6.1.2	B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	4	15%
6.1.3	B-BBEE Procurement Spend from all Exempted Micro-Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	5	15%
6.1.4	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	11	40%
6.1.5	B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	5	12%
6.1.6	Bonus points		
6.1.6.1	B-BBEE Procurement Spend from Designated Group suppliers that are at least 51% black owned	2	2%

6.2	SUPPLIER DEVELOPMENT		
6.2.1	Annual value of all Supplier Development Contributions made by the Measured Entity as a percentage of the target	15	2% of Net Profit After Tax (NPAT) or 0,2% Annual Revenue/ Allocated budget/ Gross receipts/ Discretionary spend
6.3	ENTERPRISE DEVELOPMENT		
6.3.1	Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target.	5	1% of NPAT or 0,1% Annual revenue/ Allocated budget/ Gross receipts/ Discretionary spend
6.4	Bonus Points		
6.4.1	Bonus point for graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level.	1	
6.4.2	Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured Entity	1	

7. SOCIO-ECONOMIC DEVELOPMENT SPECIALISED SCORECARD

The following table represents the criteria to derive a score for Socio-Economic Development under this statement.

Criteria	Weighting Points	Compliance Target
7.1 Annual value of all Socio-Economic Development contributions by the Measured Entity as a percentage of the target.	5	1% of NPAT or 0,1% Annual Revenue/ Allocated budget/ Gross receipts/ Discretionary spend

8. THE SPECIALISED QUALIFYING SMALL ENTERPRISES SCORECARD

8.1 The following table represents the Specialised Generic Scorecard and contains the:

8.1.1 Elements of the scorecard;

8.1.2 Weightings; and

8.1.3 The Code series reference that specify the mechanisms for measurement and calculation of each of the elements of the scorecard (Code series 602 - 605).

8.2. All other terms of statement 000 -600 apply to Measured Entities subject to this statement, mutatis mutandis.

Element	Weighting	Code series reference
Management control	25 points	602
Skills development	30 points	603

Enterprise and Supplier Development	30 points	604
Socio-Economic Development	15 points	605

8.3. A QSE is required to comply with all the applicable elements for purposes of measurement under the Specialised Qualifying Small Enterprise Scorecard.

9. THE MANAGEMENT CONTROL QUALIFYING SMALL ENTERPRISES SPECIALISED SCORECARD

The following table represents the indicators and method for calculating a score for management control under this statement:

Criteria	Weighting points	Compliance Target
9.1 Executive Management		
9.1.1 Black representation at Executive Management	8	50%
9.1.2 Black female representation at Executive Management.	3	25%
9.2 Senior, Middle and Junior Management		
9.2.1 Black representation at Senior, Middle and Junior management	11	60%
9.2.2 Black female representation at Senior, Middle and Junior management	3	30%

10. SKILLS DEVELOPMENT QUALIFYING SMALL ENTERPRISES SPECIALISED SCORECARD

The following table represents the indicators and methods for calculating a score under this statement:

10.1 Skills Development Element	Weighting points	Compliance Target
10.1.1 Skills development expenditure on learning programmes specified in the learning programme	24	3%

matrix for black people as a percentage of leviable amount

10.1.2 Skills development expenditure on learning programmes specified in the learning programme	6	1%
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matrix for black female as a percentage of leviable amount

11. ENTERPRISE AND SUPPLIER DEVELOPMENT QUALIFYING SMALL ENTERPRISES SPECIALISED SCORECARD

The following table represents the criteria to devise a score for Enterprise and Supplier Development under this statement.

Criteria	Weighting points	Compliance targets
11.1 PROCUREMENT		
11.1.1 B-BBEE Procurement Spend from all Empowering Suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	25	60%
11.1.2 B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	5	10%

12. SOCIO-ECONOMIC DEVELOPMENT QUALIFYING SMALL ENTERPRISES SPECIALISED SCORECARD

The following table represents the criteria and method used for deriving a score for socio-economic development under this statement.

Criteria	Weighting Points	Compliance Target
12.1 Annual value of all Socio-Economic Development Contributions and Qualifying Socio-Economic	15	1% of NPAT or 0,1% Annual

Development Contributions made by the Measured
Entity as a percentage of the target.

Revenue/
Allocated budget/
Gross receipts/
Discretionary spend

13. IMPORTANT CLARIFICATION

The status of Socio-Economic Development Contributions made to any of the types of entities in paragraphs one and two under Code series 500 or 605 is not dependent on such entity's scorecard result, but rather on the nature of the contribution itself and the identity of that contribution's beneficiaries.