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GENERAL NOTICE

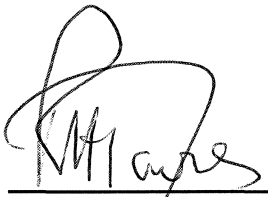
NOTICE 1019 OF 2013

DEPARTMENT OF TRADE AND INDUSTRY

I, **Dr Rob Davies**, Minister of Trade and Industry, hereby:

(a) Issue the following Codes of Good Practice (the codes) under section 9 (1) of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and

(b) Determine that these Codes will come into operation within twelve (12) months from date of this publication.



Dr ROB DAVIES, MP
MINISTER OF TRADE AND INDUSTRY
DATE: 2 /10/**2013**

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

STATEMENT 000: GENERAL PRINCIPLES AND THE GENERIC SCORECARD

Issued under section 9 of the Broad-Based Black Economic Empowerment Act of 2003

Arrangement of this statement:

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1 OBJECTIVES OF THIS STATEMENT

1.1 Specify the interpretative principles of Broad–Based Black Economic Empowerment(B-BBEE);

1.2 Specify the application of the Codes and the basis for measurement under the Codes;

1.3 Indicate the qualifying thresholds for Measured Entity to qualify as Exempted Micro-Enterprises (EME) or Qualifying Small Enterprises (QSE);

1.4 Specify the method of measuring Start-Up Enterprises;

1.5 Specify the elements of B-BBEE measurable under the Generic Scorecard and Qualifying Small Enterprises;

1.6 Specify the basis for determining compliance by Entities with the Codes; and

1.7 Provide for the Transitional Period before the compulsory use of the Generic and Qualifying Small Enterprise Scorecard starts.

2. KEY PRINCIPLES

2.1 The fundamental principle for measuring B-BBEE compliance is that substance takes precedence over legal form.

2.2 In interpreting the provisions of the Codes any reasonable interpretation consistent with the objectives of the B-BBEE Act as amended and the B-BBEE Strategy must take precedence.

2.3 The basis for measuring B-BBEE initiatives under the Codes is the B-BBEE compliance of the Measured Entity at the Date of Measurement.

2.4 Any misrepresentation or attempt to misrepresent a Measured Entity's true B-BBEE Status will be dealt with in accordance with the provisions as set out in the B-BBEE Act as amended, and may lead to the disqualification of the entire scorecard of the entities concerned.

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2.5 Initiatives which split, separate or divide a Measured Entity as a means of ensuring eligibility as an Exempted Micro-Enterprise, a Qualifying Small Enterprise or a Start-Up Enterprise may constitute an offence and will be dealt with in accordance with the provisions as set out in the B-BBEE Act as amended.

2.6 Any representation made by an Entity about its B-BBEE compliance must be supported by suitable evidence or documentation. A Measured Entity that does not provide evidence or documentation supporting any initiative must not receive any recognition for that initiative.

2.7 Wherever a Standard Valuation Method applies to measuring an indicator, the same standard should apply, as far as reasonably possible, consistently in all other applicable calculations in this statement.

3. APPLICATION OF THE CODES

3.1 The following Entities are measurable under the Codes:

3.1.1 all Organs of State and Public Entities;

3.1.2 all Measured Entities that undertake any economic activity with all Organs of State and Public Entities;

3.1.3 any other Measured Entity that undertakes any economic activity, whether direct or indirect, with any other Measured Entity that is subject to measurement under paragraph 3.1.1 to 3.1.2 and which is seeking to establish its own B-BBEE compliance.

3.2 The basis for measuring the B-BBEE compliance of an Entity in terms of paragraph 3.1 is:

3.2.1 Paragraph 4, in the case of an Exempted Micro-Enterprise;

3.2.2 The Generic Scorecard and QSE Scorecard, in the case of other Measured Entities.

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3.2.3 A Measured Entity in a sector in respect of which a sector code has been issued in terms of Section 9 of the BBBEE Act as amended, may only be measured for compliance in accordance with that code.

3.3 **PRIORITY ELEMENTS, SUBMINIMUM AND DISCOUNTING PRINCIPLE**

3.3.1 The Priority Elements are as follows:

3.3.1.1 **Ownership:**

3.3.1.1.1 The sub-minimum requirement for Ownership is 40% of Net Value(40% of the 8 points) based on the Time Based Graduation Factor as provided in Annexe 100 (E).

3.3.1.2 **Skills Development:**

3.3.1.2.1 The sub-minimum requirement for Skills Development is 40% of the total weighting points for Skills Development.

3.3.1.3 **Enterprise and Supplier Development:**

3.3.1.3.1 The sub-minimum requirement for Enterprise and Supplier Development is 40% for each of the three categories, within the Enterprise and Supplier Development element, namely preferential procurement; Supplier development and Enterprise development.

3.3.2 **COMPLIANCE TO PRIORITY ELEMENTS**

3.3.2.1 A Large Enterprise is required to comply with all the Priority Elements;

3.3.2.2 A Qualifying Small Enterprise is required to comply with Ownership as a compulsory element, and either Skills Development or Enterprise and Supplier Development.

3.3.3 **DISCOUNTING PRINCIPLE EFFECT**

3.3.3.1 Non-compliance with the 40% sub-minimum requirements of any of the priority elements, as per paragraph 3.4.2 above, will result in the following outcomes for both Large Enterprises and Qualifying Small Enterprises:

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3.4.3.1.1.1. The actual points scored by the Measured Entity and the consequent level that the Measured Entity would have achieved were it not for non-compliance with the 40% sub-minimum requirements will be recognised by the Verification Agency ("the Recognition Level");

3.4.3.1.1.2. Notwithstanding the recognition in 3.4.3.1.1 above, the Measured Entity's B-BBEE status level will be discounted by one level down until the next applicable verification period in which the Measured Entity can demonstrate compliance with the 40% sub-minimum requirements, at which point the Recorded Level will become the applicable ratings level for that Measured Entity in that verification period.

3.4 The requirement to submit data to the Department of Labour under the Employment Equity Act 55 of 1998 is only applicable to 'designated employers' who employ 50 or more employees. However, for the purpose of measurement for both Generic and Qualifying Small Entities that employ less than 50 employees are required to submit sufficient evidence for verification purposes.

4. ELIGIBILITY AS AN EXEMPTED MICRO ENTERPRISE (EME)

4.1 Any enterprise with an annual Total Revenue of R10 Million or less qualifies as an Exempted Micro-Enterprise.

4.2 An Exempted Micro-Enterprise is deemed to have a B-BBEE Status of "Level Four Contributor" having a B-BBEE recognition level of 100% under paragraph 8.2.

4.3 Enhanced B-BBEE recognition level for an Exempted Micro-Enterprise:

4.3.1 Despite paragraphs 4.2 an EME which is 100% Black owned qualifies for elevation to "Level One Contributor" having a B-BBEE recognition level of 135%.

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4.3.2 Despite paragraph 4.2 and 4.3.1, an EME which is at least 51%Black owned qualifies for elevation to "Level Two Contributor" having a B-BBEE recognition level of 125%.

4.4 Despite paragraphs 4.2 and 4.3, an EME is allowed to be measured in terms of the QSE scorecard should they wish to maximise their points and move to a higher B-BBEE recognition level.

4.5 An EME is only required to obtain an sworn affidavit on an annual basis, confirming the following:

4.5.1 Annual Total Revenue of R10 million or less; and

4.5.2 Level of Black ownership.

4.6 Any misrepresentation in terms of Para 4.5 above constitutes a criminal offence as set out in the B-BBEE Act as amended.

5. ELIGIBILITY AS A QUALIFIFYING SMALL ENTERPRISES (QSE)

5.1 A Measured Entity with an annual Total Revenue of between R10 million and R50 million qualifies as a Qualifying Small Enterprise.

5.2 A QSE must comply with all of the elements of B-BBEE for the purposes of measurement.

5.3 Enhanced B-BBEE recognition level for QSE:

5.3.1 A Qualifying Small Enterprise which is 100% Black owned qualifies for a Level One B-BBEE recognition.

5.3.2 A QSE which is at least 51% Black owned qualifies for Level Two B-BBEE recognition level.

5.3.3 A QSE is only required to obtain an sworn affidavit on an annual basis, confirming the following:

5.3.3.1 Annual Total Revenue of R50 million or less; and

5.3.3.2 Level of Black ownership.

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5.4 Any misrepresentation in terms of Para 5.3 above constitutes a criminal offence as set out in the B-BBEE Act as amended.

6. START–UP ENTERPRISES

6.1 Start-up Enterprise must be measured as an Exempted Micro-Enterprise under this statement for the first year following their formation or incorporation. This provision applies regardless of the expected total revenue of the Start-up Enterprise.

6.2 Start-up Enterprise is deemed to have the qualifying B-BBEE Status in accordance with the principles of paragraph 4 of this Statement.

6.3 In order to qualify as a Start-up Enterprise, the enterprise must provide an independent confirmation of its status in accordance with paragraph 4.5.

6.4 Despite paragraph 6.1 and 6.2, a Start-up Enterprise must submit a QSE scorecard when tendering for any contract, or seeking any other economic activity covered by Section 10 of the Act, with a value higher than R10 million but less than R50 million. For contracts of R50 million or more they should submit the Generic scorecard. The preparation of such scorecards must use annualised data.

7. The GENERIC SCORECARD

7.1 The Ownership Element, as set out in Code series 100, measures effective ownership of entities by Black people.

7.2 The Management Control element, as set out in Code series 200, measures the effective control of entities by Black people.

7.3 The Skills Development element, as set out in Code series 300, measures the extent to which employers carry out initiatives designed to develop the competencies of Black employees and Black people internally and externally.

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7.4 The Enterprise and Supplier Development element, as set out in Code Series 400, measures the extent to which entities buy goods and services from Empowering Suppliers with strong B-BBEE recognition levels. This element also measures the extent to which enterprises carry out supplier development and enterprise development initiatives intended to assist and accelerate the growth and sustainability of black enterprises.

7.5 The Socio-Economic Development and Sector Specific Contributions element, as set out in Code series 500, measures the extent to which entities carry out initiatives that contribute towards Socio-Economic Development or Sector Specific initiatives that promote access to the economy for Black people.

8. The B-BBEE GENERIC SCORECARD

8.1 The following table represents the B-BBEE Generic Scorecard

Element	Weighting	Code series reference
Ownership	25 points	100
Management Control	15 points	200
Skills Development	20 points	300
Enterprise and Supplier Development	40 points	400
Socio-Economic Development	5 points	500

8.2 B-BBEE RECOGNITION LEVELS

8.2.1 Based on the overall performance of a Measured Entity using the Generic Scorecard and Qualifying Scorecard Enterprise Scorecard, the Measured Entity will receive one of the following B-BBEE Status uses with the corresponding B-BBEE recognition level:

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B-BBEE Status	Qualification	B-BBEE recognition level
Level One Contributor	≥100 points on the Generic Scorecard	135%
Level Two Contributor	≥ 95 but <100 points on the Generic Scorecard	125%
Level Three Contributor	≥90 but <95 points on the Generic Scorecard	110%
Level Four Contributor	≥80 but <90 points on the Generic Scorecard	100%
Level Five Contributor	≥75 but <80 points on the Generic Scorecard	80%
Level Six Contributor	≥70 but <75 points on the Generic Scorecard	60%
Level Seven Contributor	≥55 but <70 points on the Generic Scorecard	50%
Level Eight Contributor	≥40 but <55 points on the Generic Scorecard	10%
Non-Compliant Contributor	<40 points on the Generic Scorecard	0%

9. ENHANCED RECOGNITION FOR CERTAIN CATEGORIES OF BLACK PEOPLE

9.1 Throughout the Codes, various criteria appear which advance the interests of certain categories of Black people. These include:

9.1.1 Black women, should form between 40% and 50% of the beneficiaries of the relevant Elements of the Scorecard;

9.1.2 Black people with disabilities, Black youth, Black people living in rural areas and Black unemployed people form part of the beneficiaries of the relevant Elements of the Scorecard.

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10. TRANSITIONAL PERIOD

10.1 For the first year after the gazette of this Statement, a Measured Entity may elect to use:

10.2 The Amended Codes of Good Practice; or

10.3 The Generic Scorecard in Code series 000, Statement 000 issued on 9 February 2007, notwithstanding the repeal of that Statement.

10.4 Thereafter the first year, as per paragraph 10.1, all B-BBEE compliance measurement will be in accordance with this Statement.

11. ADJUSTMENT OF THRESHOLDS

The Minister may, by notice in the Gazette, adjust the thresholds in paragraphs 4 to 6. Any such changes apply to compliance reports prepared for a Measured Entity after a 12 month period following the gazetting of the adjustment.

12. DURATION OF THE B-BBEE CODES

12.1 A Code remains in effect until amended, substituted or repealed under Section 9 of the Act.

12.2 The Minister may review the Codes at any stage, and regular reviews will take place to monitor the implementation of B-BBEE throughout the economy.

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AMENDED CODE SERIES 100: MEASUREMENT OF THE OWNERSHIP ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT

STATEMENT 100: THE GENERAL PRINCIPLES FOR MEASURING OWNERSHIP

Issued under section 9 of the Broad-Based Black Economic Empowerment Act of 2003

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1 OBJECTIVES OF THIS STATEMENT

1.1 specify the scorecard for measuring the Ownership Element of Broad-Based Black Economic Empowerment (B-BBEE);

1.2 define the key measurement principles;

1.3 specify the specific measurement principles applicable to various types of Entities;

1.4 specify the specific measurement principles applicable to various types of Equity Instruments;

1.5 specify the formula for measuring Voting Rights, Economic Interest, and Realisation points.

2 THE OWNERSHIP SCORECARD

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

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B-BBEE Element	Indicator	Description	Weighting Points	Compliance Target
Ownership	2.1 Voting Rights	2.1.1 Exercisable Voting Rights in the Entity in the hands of Black people	4	25%+ 1 Vote
		2.1.2 Exercisable Voting Rights in the Entity in the hands of Black women	2	10%
	2.2 Economic Interest	2.2.1 Economic Interest in the Entity to which Black people are entitled	4	25%
		2.2.2 Economic Interest in the Entity to which Black women are entitled	2	10%
		2.2.3 Economic Interest of any of the following Black natural people in the Measured Entity		
		2.2.3.1 Black designated groups; 2.2.3.2 Black participants in Employee Share Ownership Programmes; 2.2.3.3 Black people in Broad-based Ownership Schemes; 2.2.3.4 Black participants in Co-operatives	3	3%
		2.2.4 New Entrants	2	2%
	2.3 Realisation Points	2.3.1 Net Value	8	Refer to Annexe C

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3 KEY MEASUREMENT PRINCIPLES

3.1 General principles:

3.1.1 An Entity receives points for participation by Black people in its rights of Ownership, using the Ownership scorecard in paragraph 2. Black people may hold their rights of Ownership in a Measured Entity as direct Participants or as Participants through some form of Entity such as:

3.1.1.1 a Company as defined in the Companies Act of 2008 (as amended);

3.1.1.2 a Close corporation;

3.1.1.3 a Co-operative;

3.1.1.4 a Trust;

3.1.1.5 a Broad-Based Ownership Scheme;

3.1.1.6 an Employee Share Ownership Programme;

3.1.1.7 a partnership or other association of natural persons; and

3.1.1.8 any form of juristic person recognised under South African law.

3.2 SUB-MINIMUM REQUIREMENTS

3.2.1 A Measured Entity is required to achieve a minimum of 40% on Net Value points (i.e. 8 points) based on Annexe 100 (E) paragraph 4 of this statement.

3.2.2 Non-compliance with this sub-minimum target, as per paragraph 3.2.1, will result in the achieved B-BBEE status level being discounted in accordance with paragraph 3.4 in statement 000.

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3.3 FLOW-THROUGH PRINCIPLE

3.3.1 As a general principle, when measuring the rights of Ownership of any category of Black people in a Measured Entity, only rights held by natural persons are relevant. If the rights of Ownership of Black people pass through a juristic person, then the rights of Ownership of Black people in that juristic person are measurable. This principle applies across every tier of Ownership in a multi-tiered chain of Ownership until that chain ends with a Black person holding rights of Ownership.

3.3.2 The method of applying the Flow-Through Principle across one or more intervening juristic persons is as follows:

3.3.2.1 Multiply the percentage of the Participant's rights of Ownership in the juristic persons through which those rights pass by the percentage rights of Ownership of each of those juristic persons successively to the Measured Entity; and

3.3.2.2 The result of this calculation represents the percentage of rights of Ownership held by the Participant.

3.4 MODIFIED FLOW-THROUGH PRINCIPLE

3.4.1 A Measured Entity applying this Modified Flow-Through Principle cannot benefit from the Exclusion Principle.

3.4.2 The Modified Flow-Through Principle applies to B-BBEE owned or controlled company in the Ownership of the Measured Entity.

3.4.3 In calculating Exercisable Voting Rights under paragraph 2.1.1, and Economic Interest under paragraph 2.2.1 of the Ownership scorecard the following applies:

3.4.3.1 Where in the chain of Ownership, Black people have a flow-through level of participation of at least 51%, and then only once in the entire

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ownership structure of the Measured Entity, such Black participation may be treated as if it were 100% Black.

3.4.4 The Modified Flow-Through Principle may only be applied in the calculation of the indicators in paragraphs 2.1.1 and 2.2.1 of the Ownership scorecard. In all other instances, the Flow-Through Principle applies.

3.5 EXCLUSION OF SPECIFIED ENTITIES WHEN DETERMINING OWNERSHIP

3.5.1 When determining Ownership in a Measured Entity, Ownership held by Organs of State or Public Entities must be excluded.

3.5.2 Exclusion of Ownership held by the Organs of State or Public Entities is to be effected before any other Ownership discounting methods are to be applied.

3.5.3 In calculating their Ownership score, Measured Entities must apply the Exclusion Principle to any portion of their Ownership held by Organs of State or Public Entities.

3.6 B-BBEE FACILITATOR STATUS

3.6.1 Despite paragraphs 3.5.1 and 3.5.3 above, the Minister may by notice in the gazette, designate certain Organs of State or Public Entities as B-BBEE Facilitators. In calculating their Ownership score, Measured Entities must treat B-BBEE Facilitators as having rights of Ownership held:

3.6.1.1 100% by Black people;

3.6.1.2 40% by Black women;

3.6.1.3 20% by Black designated groups;

3.6.1.4 Without any acquisition debts; and

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3.6.1.5 Without any third-party rights.

3.7 MANDATED INVESTMENTS

3.7.1 When determining Ownership in a Measured Entity, rights of Ownership of Mandated Investments may be excluded.

3.7.2 The maximum percentage of the Ownership of any Measured Entity that may be so excluded is 40%.

3.7.3 A Measured Entity electing not to exclude Mandated Investments when it is entitled to do so, may either treat all of that Ownership as non-Black or obtain a competent person's report estimating the extent of Black rights of Ownership measurable in the Measured Entity and originating from that Mandated Investments.

3.7.4 A Measured Entity cannot selectively include or exclude Mandated Investments and therefore an election to exclude one Mandated Investment is an election to exclude all Mandated Investments and *visa versa*.

3.7.5 A Measured Entity applying the Exclusion Principle to Mandated Investments cannot benefit from the Modified Flow-Through Principle.

3.8 RECOGNITION OF OWNERSHIP AFTER THE SALE OR LOSS OF SHARES BY BLACK PARTICIPANTS

3.8.1 A Measured Entity is allowed to recognise a portion of Black Ownership after a Black participant has exited through the sale or loss of shares subject to the following criteria:

3.8.1.1 the Black participant has held shares for a minimum period of 3 years;

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3.8.1.2 net value based on the Time Based Graduation Factor as per annexe 100 'E' must have been created in the hands of Black people; and

3.8.1.3 transformation has taken place within the Measured Entity using the B-BBEE Recognition Level from the period of entry of black participants to the exiting period.

3.8.2 Black participation arising from continued recognition of Black Ownership cannot contribute more than 40% of the score on the Ownership scorecard.

3.8.3 **In the case of a sale or loss of shares by the Black participant, the following additional rules apply**:

3.8.3.1 a written tripartite agreement between the Measured Entity, the Black participant and a lender must record the loan or security arrangement, unless the Measured Entity is the lender; and

3.8.3.2 the period over which the continued recognition points are allocated or recognised after sale or loss of shares will not exceed the period over which the shares were held.

3.8.4 **The Ownership points under this paragraph that are attributable to the Measured Entity will be calculated by multiplying the following elements**:

3.8.4.1 the value created in the hands of Black participants as a percentage of the total value of the Black participants' shareholding in the Measured Entity at the date of sale or loss of shares;

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3.8.4.2 the B-BBEE status of the Measured Entity based on the balanced scorecard at the Date of Measurement; and

3.8.4.3 the Ownership points that were attributable to the Measured Entity on the date of sale or loss shares.

3.9 BROAD-BASED OWNERSHIP SCHEMES AND EMPLOYEE SHARE OWNERSHIP PROGRAMME

3.9.1 Black participants in Broad-Based Ownership Schemes and Employee Share Ownership Programmes holding rights of Ownership in a Measured Entity may contribute:

3.9.1.1 a maximum of 40% of the total points on the Ownership scorecard of the Measured Entity if they meet the qualification criteria set out in Annexe 100(B) and Annexe 100 (C).

3.9.1.2 100% of the total points on the Ownership scorecard of the Measured Entity if they meet the additional qualification criteria set out in Annexe 100(B) and Annexe 100 (C).

3.10 PRIVATE EQUITY FUNDS

3.10.1 A Measured Entity may treat any of its Ownership arising from a Private Equity Fund as if that Ownership were held by Black people, where the Private Equity Fund meets the following criteria:

3.10.1.1 At least 51% of any of the Private Equity Managers' Exercisable Voting Rights associated with the Equity Instruments through which the Private Equity Fund holds rights of Ownership, must be held by Black people;

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3.10.1.2 At least 51% of the Private Equity Fund's Executive Management and Senior Management must be Black people;

3.10.1.3 At least 51% of the profits made by the Private Equity Fund Manager after realising any investment made by it, must by written agreement, accrue to Black people;

3.10.2 The term profit in this instance is deemed as profit from the operations of the Private Equity Fund Manager and the carried interest that the Private Equity Fund Manager (and/or its associated entities, provided that at least 51% of the profits of the associated entities accrue to the Private Equity Fund Manager) receives after realising any investment made by it;

3.10.3 The Private Equity Fund Manager must be a B-BBEE owned company as defined;

3.10.4 The Private Equity Fund Manager must seek to invest at least 51% of the value of funds under management in companies that have at least a 25% direct Black shareholding using the Flow Through Principle;

3.10.5 the Private Equity Fund Manager can facilitate direct Black shareholding at the time of entering into the transaction should the target company not meet the requirement of at least 25% Black shareholding at the time that the transaction is concluded;

3.10.6 This determination will be made at each measurement date and the status given to the Private Equity Fund Manager will be applicable for a period of 12 months;

3.10.7 In recognition of the fact that it is currently a challenge for Private Equity Fund Managers to find companies to invest in that already have a significant Black shareholding, in practice it should be allowed to achieve the 51% target over a period of time based on the formulation

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detailed below. (It must be noted that this formulation is in line with that of the Net Value calculation above). This rule will apply to all investments made after 11 October 2014. The commencement date is the later of 11 October 2014 and the date of establishment of a new fund;

3.10.8 Within one year from the commencement date, more than 5% of the value of funds invested by the Private Equity Fund must at all times be invested in enterprises that have at least 25% direct Black shareholding;

3.10.9 Within two years from the commencement date, more than 10% of the value of funds invested by the Private Equity Fund must at all times be invested in enterprises that have at least 25% direct Black shareholding;

3.10.10 From the first day of the third year and the last day of the fourth year from the commencement date, more than 20% of the value of funds invested by the Private Equity Fund must at all times be invested in enterprises that have at least 25% direct Black shareholding;

3.10.11 From the first day of the fifth year and the last day of the sixth year from the commencement date, more than 30% of the value of the funds invested by the Private Equity Fund must at all times be invested in enterprises that have at least 25% direct Black shareholding;

3.10.12 From the first of the seventh year and the last day of the eight year from the commencement date, more than 40% of the value of the funds invested by the Private Equity Fund must at all times be invested in the enterprises that have at least 25% direct Black shareholding;

3.10.13 From the first day of the ninth year and beyond from the commencement date, at least 51% of the value of the funds invested

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by the Private equity Fund must at all times be invested in enterprises that have at least 25% direct Black shareholding;

3.10.14 It should be noted that the measurement of at least 51% of the value of funds invested by any Private Equity Fund that must be invested in enterprises with at least 25% direct Black shareholding is to be measured with reference to the cost of the investment made by the Private Equity Fund;

3.10.15 In the case of Private Equity Funds that were fully invested prior to 11 October 2014, investments by the fund managers will be considered as being made by Black people if the Private Equity Fund Management entities meet the following criteria:

3.10.15.1 At least 51% of any of the Private Equity Fund Manager's Exercisable Voting Rights associated with the Equity Instruments through which the Private Equity Fund holds rights of ownership in a Measured Entity, must be held by Black people;

3.10.15.2 At least 51% of the profits accruing to the Private Equity Fund Manager after realizing any investment made by it, must by written agreement, accrue to Black people; and

3.10.15.3 Private Equity Fund Manager must be a B-BBEE owned company.

3.11 SECTION 21 COMPANIES AND COMPANIES LIMITED BY GUARANTEE

3.11.1 A Measured Entity may elect to include or exclude Section 21 companies or companies limited by guarantee for the purposes of measuring Ownership in terms of this statement;

3.11.2 A Section 21 company or company limited by guarantee that houses a Broad-Based Ownership Scheme or an Employee Ownership Scheme

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is subject to the provisions governing those types of schemes and not to this paragraph;

3.11.3 When a Measured Entity elects to exclude such companies, it can do so by excluding up to 40% of the level of their Ownership completely from the determination of its compliance with the Ownership target;

3.11.4 A Measured Entity electing not to exclude Section 21 companies or companies limited by guarantee when it is entitled to do so, may either treat all of that Ownership as non-Black or obtain a competent person's report estimating the extent of Black rights of Ownership measurable in the Measured Entity and originating from those Section 21 companies or companies limited by guarantee; and

3.11.5 Black participants in a Section 21 Company or a company limited by guarantee holding rights of Ownership in a Measured Entity may contribute:

3.11.6 a maximum of 40% of the total points on the Ownership scorecard of the Measured Entity if they meet the qualification criteria for Broad-Based Ownership Schemes and Employee Share Ownership Programmes set out in Annexe 100(B) and Annexe 100 (C) respectively.

3.11.7 100% of the total points on the Ownership scorecard of the Measured Entity if they meet the additional qualification criteria set out for Broad-Based Ownership Schemes and Employee Share Ownership Programmes in Annexe 100(B) and Annexe 100 (C) respectively.

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3.12 TRUSTS

3.12.1 Black participants in a Trust holding rights of Ownership in a Measured Entity may contribute:

3.12.1.1 A maximum of 40% of the total points on the Ownership scorecard of the Measured Entity if the Trust meets the qualification criteria for Trusts set out in Annexe 100(D).

3.12.1.2 100% of the total points on the Ownership scorecard of the Measured Entity if the Trust meets the additional qualification criteria set out for Trusts in Annexe 100(D).

3.13 OPTIONS AND SHARE WARRANTS

3.13.1 Exercisable Voting Rights and Economic Interest will be recognised where a Participant holds an instrument granting the holder the right to acquire an Equity Instrument or part thereof at a future date, if the following requirements are met:

3.13.2 The Exercisable Voting Rights attached to that instrument are irrevocably transferred to the holder for the option period and are exercisable by the holder before acquiring the Equity Instrument;

3.13.3 The Value of any Economic Interest is irrevocably transferred to the holder for the option period and paid to the holder of that instrument before the exercise of that right; and

3.13.4 The Value of the instrument must be determined by using a Standard Valuation Method for calculating the Net Value.

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3.14 EQUITY INSTRUMENTS CARRYING PREFERENCE RIGHTS

3.14.1 An Equity Instrument carrying Preferential Rights is measurable in the same manner as an ordinary Equity Instrument.

3.14.2 An Equity Instrument carrying Preferential Rights that have the characteristics of a debt, regardless of whether the debt is that of an Entity or of a Participant, must be treated as an ordinary loan. If the debt is that of a Black Participant, it may be subject to measurement under Net Value.

3.14.3 In evaluating an instrument that has a hybrid nature including the characteristics of a debt, only that portion that represents a debt, will be measured under current equity interest. The remainder is measurable as an ordinary equity instrument.

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4. ANNEXE 100 (A)

EXAMPLES OF MANDATED INVESTMENTS

Description of Investment	Portion Subject to Exclusion Principle
Investments made by or for a South African collective investment scheme as defined in the Collective Investments Scheme Control Act of 2002 of South Africa	full value
Investments made by or for a South African pension fund as defined in the Pension Fund Act of 1956 of South Africa	full value
Investments made by or for a South African medical scheme as defined in the Medical Schemes Act of 1998 of South Africa out of member's funds	portion recorded as made out of member's funds
Investments made by or for South African long-term insurers as defined in the Long-Term Insurance Act of 1998 of South Africa out of policyholder funds	portion recorded as made out of policyholder funds
Investments made by or for a friendly society as defined in the Friendly Societies Act of 1956 of South Africa	full value
Investments made by or for a South African bank as defined in the Banks Act of 1990 of South Africa out of depositor funds as opposed to own reserves	depositor portion determined by apportioning investment in the ratio that depositor funds to own reserves
Investments made by or for a South African mutual bank as defined in the Mutual Banks Act of 1993 of South Africa out of depositor funds as opposed to own reserves	depositor portion determined by apportioning investment in the ratio that depositor funds to own reserves

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ANNEXE 100 (B)

1. Rules for Broad-Based Ownership Schemes

1.1 The following rules apply to Broad-Based Ownership Schemes:

1.1.1 the management fees of the scheme must not exceed 15%;

1.1.2 the constitution of the scheme must record the rules governing any portion of Economic Interest received and reserved for future distribution or application;

1.1.3 the constitution of the scheme must define the Participants and the proportion of their claim to receive distributions;

1.1.4 a written record of the name of the Participants or the use of a defined class of natural person satisfies the requirement for identification;

1.1.5 a written record of fixed percentages of claim or the use of a formula for calculating claims satisfies the need for defining proportion of benefit; and

1.1.6 the fiduciaries of the scheme must have no discretion on the above mentioned terms;

1.1.7 at least 85% of the value of benefits allocated by the scheme must accrue to Black people;

1.1.8 at least 50% of the fiduciaries of the scheme must be independent persons having no employment with or direct or indirect beneficial interest in the scheme;

1.1.9 at least 50% of the fiduciaries of the scheme must be Black people and at least 25% must be Black women;

1.1.10 the chairperson of the scheme must be independent;

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1.1.11 the constitution, or other relevant statutory documents, of the scheme must be available, on request, to any Participant in an official language in which that person is familiar;

1.1.12 the scheme fiduciaries must present the financial reports of the scheme to Participants yearly at an annual general meeting of the scheme; and

1.1.13 on winding-up or termination of the scheme, all accumulated Economic Interest must be transferred to the beneficiaries or an entity with similar objectives.

2. ADDITIONAL CRITERIA APPLICABLE TO BROAD-BASED OWNERSHIP SCHEMES

2.1 for a Measured Entity to obtain the maximum points on its Ownership scorecard, the following additional requirements must be met by a Broad-Based Ownership Scheme:

2.1.1 a track-record of operating as a Broad-Based Ownership Scheme , or in the absence of such a track-record demonstrable evidence of full operational capacity to operate as a Broad-Based Ownership Scheme; and

2.2 operational capacity must be evidenced by suitably qualified and experienced staff in sufficient number, experienced professional advisors, operating premises, and all other necessary requirements for operating a business.

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4. ANNEXE 100 (C)

2.3 **RULES FOR EMPLOYEE SHARE OWNERSHIP PROGRAMMES**

2.4 The following rules apply to Employee Share Ownership Programmes;

2.4.1 the constitution of the scheme must define the Participants and the proportion of their claim to receive distributions;

2.4.2 a written record of the name of the Participants or the use of a defined class of natural person satisfies the requirement for identification;

2.4.3 a written record of fixed percentages of claim or the use of a formula for calculating claims satisfies the need for defining proportion of benefit; and

2.4.4 the fiduciaries of the scheme must have no discretion on the above mentioned terms; and

2.5 The Participants must take part in:

2.5.1 appointing at least 50% of the fiduciaries of the scheme;

2.5.2 managing the scheme at a level similar to the management role of shareholders in a company having shareholding;

2.5.3 the constitution, or other relevant statutory documents, of the scheme must be available, on request, to any Participant in an official language in which that person is familiar;

2.5.4 the scheme fiduciaries must present the financial reports of the scheme to Participants yearly at an annual general meeting of the scheme; and

2.5.5 all accumulated Economic Interest of the scheme is payable to the

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Participants at the earlier of a date or event specified in the scheme constitution or on the termination or winding-up of the scheme.

3. ADDITIONAL CRITERIA APPLICABLE TO EMPLOYEE SHARE OWNERSHIP PROGRAMMES

3.1.1 for a Measured Entity to obtain the maximum points on its Ownership scorecard, the following additional requirements must be met by an Employee Share Ownership Programme:

3.1.2 a track-record of operating as a Broad-Based Ownership Scheme or Employee Share Ownership Scheme, or in the absence of such a track-record demonstrable evidence of full operational capacity to operate as an Employee Share Ownership Programme;

3.2 operational capacity must be evidenced by suitably qualified and experienced staff in sufficient number, experienced professional advisors, operating premises and all other necessary requirements for operating a business.

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ANNEXE 100 (D)

4. RULES FOR TRUSTS

4.1 The qualification criteria for the recognition of Trusts are as follows:

4.1.1 the trust deed must define the beneficiaries and the proportion of their entitlement to receive distributions;

4.1.2 a written record of the names of the beneficiaries or the use of a defined class of natural person satisfies the requirement for identification;

4.1.3 a written record of fixed percentages of entitlement or the use of a formula for calculating entitlement satisfies the need for defining proportion of benefit;

4.1.4 the trustees must have no discretion on the above mentioned terms; and

4.1.5 on winding-up or termination of the trust, all accumulated Economic Interest must be transferred to the beneficiaries or to an entity representing the interest of the participants or class of beneficiaries.

5. RULES FOR FAMILY TRUSTS

5.1 The qualification criteria for the recognition of Family Trusts are as follows:

5.1.1 the trust deed must define the beneficiaries and the proportion of their entitlement to receive distributions;

5.1.2 a written record of the names of the beneficiaries or the use of a defined class of natural persons satisfies the requirement of defining beneficiaries;

5.1.3 a use of a formula for calculating entitlement satisfies the need for

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defining proportion of benefit;

5.1.4 only the trustees must have discretion on the above mentioned terms; and

5.1.5 on winding-up or termination of the trust, all accumulated Economic Interest must be transferred to the beneficiaries or to an entity representing the interest of the participants or class of beneficiaries.

6. ADDITIONAL CRITERIA APPLICABLE TO TRUSTS

6.1 for a Measured Entity to obtain the maximum points on its Ownership scorecard from shareholding by a Trust, the Measured Entity must be in possession of a certificate issued by a competent person to the effect:

6.1.1 that the Trust was created for a legitimate commercial reason which must be fully disclosed; and

6.1.2 that the terms of the Trust do not directly or indirectly seek to circumvent the provisions of the Codes and the Act.

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4. ANNEXE 100 (E)

1. MEASUREMENT OF VOTING RIGHTS

1.1 The calculation of the Ownership indicators provided for in paragraphs 2.1.1 and 2.1.2 of the Ownership scorecard is as follows:

$$A = \frac{B}{C} \times D$$

Where

A is the score achieved for the Entity for the measured Ownership indicator

B is the percentage that Exercisable Voting Rights in the hands of the category of Participants who are Black people in that Entity holds to all Voting Rights held by all Participants of that Entity

C is the percentage compliance Target for Exercisable Voting Rights for the applicable measured Ownership indicator in paragraph 2.1 of the Ownership scorecard.

D is the Weighting points allocated to the applicable measured Ownership indicator in paragraph 2.1 of the Ownership scorecard.

1.2 If an Entity gains a score in the Formula above that is more than the Weighting points in paragraph in 2.1, that Entity will only receive the Weighting points.

2. MEASUREMENT OF ECONOMIC INTEREST

2.1 The calculation of the Ownership indicators provided for in paragraphs 2.2.1, 2.2.2, 2.2.3, and 2.2.4 of the Ownership scorecard is as follows:

$$A = \frac{B}{C} \times D$$

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Where

A is the recognisable percentage of Black Participant claim to Economic Interest in the Entity

B is the percentage that Economic Interest to which Participants who fall within the category of Black people in that Entity holds to all Economic Interest to which all Participants of that Entity

C is the percentage compliance Target for Economic Interest for the applicable measured Ownership indicator in paragraph 2.2 of the Ownership scorecard.

D is the Weighting points allocated to the applicable measured Ownership indicator in paragraph 2.2 of the Ownership scorecard.

2.2 If an Entity gains a score in the Formula above that is more than the Weighting points in paragraph 2.2, that Entity will only receive the Weighting points.

3. CALCULATION OF DEEMED VALUE

3.1 In calculating the "Deemed Value" referred to in Formula 4 below, the following formula applies:

$$A = \frac{B - C}{D}$$

Where

A is the Deemed Value

B for the purposes of Formula 4 below is the value of the Equity Instruments relevant to the calculation, determined on the date of measurement

B for the purposes of Formula 5 below is the value of the Equity Instruments relevant to the calculation, determined on the date of sale or loss

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C for the purposes of Formula 4 below is the carrying value of any acquisition debts of the relevant Black participants on the date of measurement

C for the purposes of Formula 5 is the carrying value of any acquisition debts of the relevant Black participants on the date of sale or loss

D for the purposes of Formula 4 below is the value of the Measured Entity on the date of measurement

D for the purposes of Formula 5 below the value of the Black participants in the Measured Entity on the date of sale or loss

D for the purposes of the exclusion principle is the value of the measurable portion of the Measured Entity on the date of measurement

4. NET VALUE

4.1 The "Net Value" points in paragraph 2.3.1 is the lower result of Formula A and Formula B below:

Formula **A**

$$A = B \times \left(\frac{1}{25\% \times C} \right) \times 8$$

Where

A is the score under paragraph 2.3.1 of the Ownership scorecard

B is the Deemed Value for all Black Participants in the Measured Entity determined using Formula 3 above

C is the Time-Based Graduation Factor of the Economic Interest compliance target outlined below:

- **10%** for the first year after the current equity interest date.
- **20%** for the second year after the current equity interest date.
- **40%** from the first day of the third year after the current equity

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interest date to the last day of the fourth year after the current equity interest date. • **60%** from the first day of the fifth year after the current equity interest date to the last day of the sixth year after the current equity interest date. • **80%** from the first day of the seventh year after the current equity interest date to the last day of the eighth year after the current equity interest date. • **100%** from the first day of the ninth year after the current equity interest date to the last day of the tenth year after the current equity interest date.
Formula **B** $A = \frac{B}{C} \times 8$
Where **A** is the score under paragraph 2.3.1 of the Ownership scorecard. **B** is the percentage Economic Interest in the Measured Entity of Black Participants **C** is the target for the Ownership indicator in paragraph 2.3.1 of the Ownership scorecard.

4.2 If an Entity gains a score in the Formula above that is more than the Weighting points in paragraph 2.3.1, that Entity will only receive the Weighting points.

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5. CALCULATION OF THE RECOGNITION OF OWNERSHIP AFTER THE SALE OR LOSS OF SHARES BY BLACK PARTICIPANTS:

The calculations in paragraphs 3.8.1 and 3.8.4 use the following formula:

$A = B \times C \times D$
Where **A** is the percentage of rights of Ownership that survive the sale or loss of an Equity Instrument by a Black Participant in paragraph 3.8 of the statement **B** is the percentage of rights of Ownership for each of indicators in the Ownership scorecard that were attributable to the Black Participant immediately before his or her sale or loss of shares ***C*** is the Net Value percentage provided for in paragraph 3 above undertaken for the Equity Instruments sold or lost by the Black Participant on the date of the sale or loss. The value of the Entity is measurable as at the date of sale or loss of shares ***D*** is the most recently determined B-BBEE Recognition Level of the Measured Entity (which must be less than 1-year old) based on its applicable Scorecard result for all Elements other than Ownership determined using statement 000

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AMENDED CODE SERIES 200: MEASUREMENT OF THE MANAGEMENT CONTROL ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT

STATEMENT 200: THE GENERAL PRINCIPLES FOR MEASURING MANAGEMENT CONTROL

Issued under section 9 of the Broad-Based Black Economic Empowerment Act of 2003

Arrangement of this statement

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1 OBJECTIVES OF THIS STATEMENT

1.1 Specify the scorecard for measuring Management Control contributions to B-BBEE;

1.2 Define the key measurement principles for measuring the Management Control contributions to B-BBEE; and

1.3 Define the formula for calculating the score for Management Control.

2 MANAGEMENT CONTROL SCORECARD

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

Measurement Category & Criteria	Weighting points	Compliance targets
2.1 Board participation:		
2.1.1 Exercisable voting rights of black board members as a percentage of all board members	2	50%
2.1.2 Exercisable voting rights of black female board members as a percentage of all board members	1	25%
2.1.3 Black Executive directors as a percentage of all executive directors	2	50%
2.1.4 Black female Executive directors as a percentage of all executive directors	1	25%
2.2 Other Executive Management:		
2.2.1 Black Executive Management as a percentage of all executive directors	2	60%
2.2.2 Black female Executive Management	1	30%

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as a percentage of all executive directors		
2.3 Senior Management		
2.3.1 Black employees in Senior Management as a percentage of all senior management	2	60%
2.3.2 Black female employees in Senior Management as a percentage of all senior management	1	30%
2.4 Middle Management		
2.4.1 Black employees in Middle Management as a percentage of all middle management	2	75%
2.4.2 Black female employees in Middle Management as a percentage of all middle management	1	38%
2.5 Junior Management		
2.5.1 Black employees in Junior Management as a percentage of all junior management	1	88%
2.5.2 Black female employees in Junior Management as a percentage of all junior management	1	44%
2.6 Employees with disabilities		
2.6.1 Black employees with disabilities as a percentage of all employees	2	2%

2.1 The compliance targets for 2.3, 2.4 and 2.5 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.

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

3 KEY MEASUREMENT PRINCIPLES

3.1 A Measured Entity receives points by meeting the targets for participation of black people and black women at Board, Executive Management, Senior Management, Middle Management, Junior Management Level, and black employees with disabilities.

3.2 A Measured Entity must use the current payroll data in calculating its score under the Management Control scorecard.

3.3 If a Measured Entity does not distinguish between Other Executive Management and Senior Management, then Executive Management is measurable as a single indicator with a Weighting of 6 points under paragraphs 2.2.1 and 2.2.2 split as 4 and 2 points respectively.

3.4 GENERAL PRINCIPLES

3.4.1 Executive Management positions include the following: Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other Executive Managers that serve on the Board of Directors.

3.4.2 Other Executive Management positions include all executive management that do not serve on the board, such as human resource executive, transformation executive and other people holding similar positions.

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4. MEASUREMENT OF THE MANAGEMENT CONTROL CRITERIA

The criteria in the Management Control scorecard is measured in terms of the formula "A, B, C" set out in Annexe 200(A).

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A: MEASUREMENT OF SENIOR MANAGEMENT, MIDDLE MANAGEMENT, AND JUNIOR MANAGEMENT.

The calculation of the Management Control indicators provided for in paragraphs, 2.3.1, 2.3.2, 2.4.1, 2.4.2, 2.5.1 and 2.5.2 is as follows:

$$A = \left(\frac{\frac{AM}{C} + \frac{CM}{C} + \frac{IM}{C} + \frac{AF}{C} + \frac{CF}{C} + \frac{IF}{C}}{6} \right)$$

For each indicator where:

A is the percentage of Black employees for each occupational level as measured in the Management Control Scorecard using the annual EAP targets as published in the Regulations of Employment Equity Act and Commission on Employment Equity Report, as amended from time to time.

AM is the percentage of employees in the measurement category that are African Males.

CM is the percentage of employees in the measurement category that are Coloured Males.

IM is the percentage of employees in the measurement category that are Indian Males.

AF is the percentage of employees in the measurement category that are African Females.

CF is the percentage of employees in the measurement category that are Coloured Females.

IF is the percentage of employees in the measurement category that are Indian Females.

C is the compliance target as per the Regulations of Employment Equity Act and Commission on Employment Equity Report for that measurement sub-category.

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B: MEASUREMENT OF MANAGEMENT CONTROL INDICATORS ANNEXE 200A

The management control criteria provided for in paragraphs 2.1, 2.2, is calculated as follows:

$$A = \frac{B}{C} \times D$$

Where

A is the score achieved in respect of a Measured Entity subject to measurement for the management control criteria specified in paragraph 2.1, 2.2.

B is the of Voting Rights in the hands of black members of the Board as percentage of Voting Rights of all members of the Board in the Measured Entity.

Or

B is the percentage of all employees in the executive and other executive management category that are black people of that Measured Entity.

Or

B is the percentage of black employees as calculated in Formula A.

C is the percentage compliance target in respect of the applicable management control criteria being measured as specified in paragraph 2.1, 2.2, 2.3, 2.4, and 2.5.

D means the weighting points allocated to the applicable management control criteria being measured as specified in paragraph 2.1, 2.2, 2.3, 2.4, and 2.5.

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C: MEASUREMENT OF EMPLOYEES WITH DISABILITIES

The measurement of the criteria under paragraph 2.6 of the Management Control scorecard is as follows:

$A = \frac{B}{C} \times D$
Where ***A*** is the score for the given criteria as referred to in paragraph 2.6.1 of the scorecard under statement 200. ***B*** is the total number of black employees with disability as a percentage of all employees. ***C*** is the target for the applicable criteria as referred to in the scorecard under statement 200. ***D*** is the Weighting for the applicable criteria as referred in the scorecard under statement 200.

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AMENDED CODE SERIES 300: MEASUREMENT OF THE SKILLS DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT

STATEMENT 300: THE GENERAL PRINCIPLES FOR MEASURING SKILLS DEVELOPMENT

Issued under section 9 of the Broad-Based Black Economic Empowerment Act of 2003

Arrangement of this statement

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1. OBJECTIVES OF THIS STATEMENT

1.1 Specify the scorecard for measuring the Skills Development Element of B-BBEE;

1.2 Define the key measurement principles associated with the Skills Development Element; and

1.3 Indicate the formula for measuring the Skills Development Element.

2. THE SKILLS DEVELOPMENT ELEMENT SCORECARD

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

Category	Skills Development Element	Weighting points	Compliance Target
2.1.1 Skills Development Expenditure on any programme specified in the Learning Programme Matrix for black people as a percentage of the Leviable Amount			
2.1.1.1	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black people as a percentage of Leviable Amount.	**8**	**6 %**
2.1.1.2	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black employees with disabilities as a percentage of Leviable Amount.	**4**	**0.3%**
2.1.2	Learnerships, Apprenticeships, and Internships		
2.1.2.1	Number of black people participating in Learnerships, Apprenticeships and internships as a percentage of total employees	**4**	**2.5%**
2.1.2.2	Number of black unemployed people participating in training specified in the learning programme matrix as a percentage of number of employees	**4**	**2.5%**
Bonus points:			
2.1.3	Number of black people absorbed by the Measured and Industry Entity at the end of the Learnerships programme	**5**	**100%**

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2.2 The compliance targets for 2.1.1.1, 2.1.1.2, 2.1.2.1, 2.1.2.2 and 2.1.3 of the Skills Development scorecard are based on the overall demographic representation of black people as defined in the Regulations of the Employment Equity Act and Commission of Employment Equity Report as amended from time to time.

2.3 In determining a Measured Entity's score, the targets should be further broken down into specific criteria according to the different race sub-groups within the definition of black in accordance with the Regulations of Employment Equity Act and Commission of Employment Equity Report requirements on equitable representation and weighted accordingly.

3. KEY MEASUREMENT PRINCIPLES

3.1 The following criteria must be fulfilled in order for the Measured Entity to receive points on the Skills Development Element scorecard:

3.1.1 Workplace Skills Plan, an Annual Training Report and Pivotal Report which are SETA approved; and

3.1.2 Implementation of Priority Skills programme generally, and more specifically for black people.

3.2 The 6 % compliance target under paragraph 2.1.1.1 includes external training expenditure for unemployed black people.

3.3 A trainee tracking tool has to be developed in order for the Measured Entity to score under paragraph 2.1.3.

3.4 If less than 100% of the trainees are absorbed under paragraph 2.1.3, the percentage achieved or absorbed will be recognised.

4. SUBMINIMUM AND DISCOUNTING PRINCIPLE

4.1 A Measured Entity must achieve a minimum of 40% of the targets set out in the Skills Development Element

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4.2 Non-compliance to the threshold targets will result in the overall achieved BBBEE status level being discounted in accordance in paragraph 3.4 of statement 000.

5. GENERAL PRINCIPLES

5.1.1 Skills Development must contribute to the achievement of the country's economic growth and social development goals that will enrich the creation of decent work and sustainable livelihoods.

5.1.2 Promote the development of an industrial skills base in critical sectors of production and value-added manufacturing, which are largely labour-intensive industries.

5.1.3 Support 'Professional, Vocational, Technical and Academic Learning programmes, achieved by means of professional placements, work-integrated learning, apprenticeships, learnerships and internships, that meet the critical needs for economic growth and development.

5.1.4 Strengthen the skills and human resource base by encouraging the support of skills development initiatives with an emphasis on skills development and career pathing for all working people in order to support employment creation.

5.2 Skills Development Expenditure includes any legitimate expenses incurred for any Learning Programme offered by a Measured Entity to its employees evidenced by an invoice or appropriate internal accounting record.

5.3 Skills Development Expenditure arising from Informal and workplace Learning Programmes or from Category F and G Learning Programmes under the Learning Programmes Matrix cannot represent more than 15% of the total value of Skills Development Expenditure.

5.4 Legitimate training costs such as accommodation, catering and travelling (non-exhaustive) cannot exceed more than 15% of the total value of Skills Development Expenditure

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5.5 Salaries or wages paid to an employee participating as a learner in any Learning Programme only constitute Skills Development Expenditure if the Learning Programme is a Learnership, Internship and Apprenticeship (Category B, C and D) of the Learning Programme Matrix.

5.6 Expenses on scholarships and bursaries for employees do not constitute Skills Development Expenditure if the Measured Entity can recover any portion of those expenses from the employee or if the grant of the scholarship or bursary is conditional. Despite the afore going, if the right of recovery or the condition involves either of the following obligations of the employee, the expenses are recognisable:

5.6.1 the obligation of successful completion in their studies within the time period allocated; or

5.6.2 the obligation of continued employment by the Measured Entity for a period following successful completion of their studies is not more than the period of their studies.

5.7 Mandatory sectoral training does not quality as skills development contribution i.e. health and safety in construction sector (non-exhaustive list).

5.8 Training outside the country in line with the Learning Programme Matrix under annexure 300 (A) is measurable if it meets the South African Qualification Authority requirement for recognition.

6. LEGITIMATE RECOGNISABLE TRAINING EXPENSES

6.1.1 costs of training materials;

6.1.2 costs of trainers;

6.1.3 costs of training facilities including costs of catering;

6.1.4 scholarships and bursaries;

6.1.5 course fees;

6.1.6 accommodation and travel; and

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6.1.7 Administration costs such as the organization of training including, where appropriate, the cost to the Measured Entity of employing a Skills Development facilitator or a training manager.

7. MEASUREMENT OF SKILLS DEVELOPMENT INDICATORS

The formula that explains the method of measurement of the criteria in the skills development scorecard is set out in formula "A" in Annexe 300(B).

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8. **ANNEXE 300 (A)**

Learning Programme Matrix

Cat	Programme	Narrative Description	Delivery Mode	Learning Site	Learning Achievement
A	Bursaries	Institution-based theoretical instruction alone – formally assessed by the institution	Institutional instruction	Institutions such as universities and colleges, schools, ABET providers	Recognised theoretical knowledge resulting in the achievement of a degree, diploma or certificate issued by an accredited or registered formal institution of learning
B	Internships	Institution-based theoretical instruction as well as some practical learning with an employer or in a simulated work environment – formally assessed through the institution	Mixed mode delivery with institutional instruction as well as supervised learning in an appropriate workplace or simulated work environment	Institutions such as universities and colleges, schools, ABET providers and workplace	Theoretical knowledge and workplace experience with set requirements resulting in the achievement of a degree, diploma or certificate issued by an accredited or registered formal institution of learning

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C	Learnerships	Recognised or registered structured experiential learning in the workplace that is required after the achievement of a qualification – formally assessed by a statutory occupational or professional body	Structured learning in the workplace with mentoring or coaching	Workplace	Occupational or professional knowledge and experience formally recognised through registration or licensing
D	Learnerships or Apprenticeships	Occupationally-directed instructional and work-based learning programme that requires a formal contract – formally assessed by an accredited body	Institutional instruction together with structured, supervised experiential learning in the workplace	Institution and workplace	Theoretical knowledge and workplace learning, resulting in the achievement of a South African Qualifications Authority registered qualification, a certificate or other similar occupational or professional qualification issued by an accredited or registered formal institution of learning

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E	Work-integrated learning	Occupationally-directed instructional and work-based learning programme that does not require a formal contract – formally assessed by an accredited body	Structured, supervised experiential learning in the workplace which may include some institutional instruction	Workplace, institutional as well as ABET providers	Credits awarded for registered unit standards, continued professional development, improved performance or skills (e.g. evidence of outputs based on Performance Development Programme)
F	Informal training	Occupationally-directed informal instructional programmes	Structured information sharing or direct instruction involving workshops, seminars and conferences and short courses	Institutions, conferences and meetings	Continuing professional development, attendance certificates and credits against registered unit standards (in some instances)
G	Informal training	Work-based informal programmes	Informal training	Workplace	Increased understand of job or work context or improved performance or skills

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9. ANNEXE 300 (B)

A: Measurement of skills development indicators

When determining the target for each racial group within the definition of black the following table should be utilised in **C** under Formula 1 below:

Formula 1

The calculation of the Skills Development indicators provided for in paragraph 2.1.1.1 and 2.1.2 as follows:

1.1	$A = \left(\frac{\frac{AM}{C} + \frac{CM}{C} + \frac{IM}{C} + \frac{AF}{C} + \frac{CF}{C} + \frac{IF}{C}}{6} \right)$
1.2	For each indicator
1.3	Where
1.4	**A** is the percentage spend on Black employees (indicator 2.1.1.1) or percentage of Black people (indicator 2.1.2) for each indicator as measured in the Skills Development Scorecard using the annual EAP targets as published in the Regulations of Employment Equity Act and Commission of Employment Equity Report.
1.5	***AM*** is the percentage of spend (indicator 2.1.1.1) or people(indicator 2.1.2) in the measurement category that are African Males
1.6	***CM*** is the percentage of spend (indicator 2.1.1.1) or people(indicator 2.1.2) in the measurement category that are Coloured Males
1.7	***IM*** is the percentage of spend (indicator 2.1.1.1) or people(indicator 2.1.2) in the measurement category that are Indian Males
1.8	***AF*** is the percentage of spend (indicator 2.1.1.1) or people(indicator 2.1.2) in the measurement category that are African Females

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1.9	***CF*** is the percentage of spend (indicator 2.1.1.1) or people(indicator 2.1.2) in the measurement category that are Coloured Females
1.10	***IF*** is the percentage of spend (indicator 2.1.1.1) or people(indicator 2.1.2) in the measurement category that are Indian Females
1.11	***C*** is the compliance target as per the Regulations of Employment Equity Act for that measurement sub-category

B: MEASUREMENT OF SKILLS DEVELOPMENT INDICATORS

Formula 2

The formulas explain the method of measurement of the criteria under paragraph 2.1.1 and 2.1.2 of the Skills Development Element scorecard:

$$A = \frac{B}{C} \times D$$

Where

A is the score for the given criteria as referred to in paragraph 2.1.1 and 2.1.2 of the scorecard under statement 300

B is the percentage of spend in the measurement category that are black people

Or

B is the percentage of people in the measurement category that are black people

Or

B is the percentage of spend in the measurement category that are black disabled people (indicator 2.1.1.2)

C is the target for the applicable criteria as referred to in the scorecard under statement 300

D is the Weighting for the applicable criteria as referred in the scorecard under statement 300

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AMENDED CODE SERIES 400: MEASUREMENT OF THE ENTERPRISE AND SUPPLIER DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT

STATEMENT 400: THE GENERAL PRINCIPLES FOR MEASURING ENTERPRISE AND SUPPLIER DEVELOPMENT

Issued under section 9 of the Broad-Based Black Economic Empowerment Act of 2003

Arrangement of this statement

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1. OBJECTIVES OF THIS STATEMENT

1.1 Specify the scorecard for measuring Enterprise and Supplier Development;

1.2 Specify the key measurement principles applicable to calculating Preferential Procurement contributions; Qualifying Enterprise Development and Supplier Development Contributions;

1.3 Define the principles applicable when calculating B-BBEE Procurement Spend and Enterprise Development and Supplier Development Spend; and

1.4 Indicate the formula for calculating the individual criteria specified in the Enterprise and Supplier Development scorecard.

2. ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD

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

Criteria		Weighting points	Compliance targets
2.1	**PREFERENTIAL PROCUREMENT**		
2.1.1	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%
2.1.2	B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Levels	3	15%

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	as a percentage of Total Measured Procurement Spend		
2.1.3	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	4	15%
2.1.4	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	9	40%
2.1.5	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	4	12%
	Bonus points		
	B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black owned.	2	2%
2.2	**SUPPLIER DEVELOPMENT**		
2.2.1	Annual value of all Supplier Development Contributions made by the Measured Entity as a percentage of the target.	10	2% of NPAT
2.2	**ENTERPRISE DEVELOPMENT**		

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2.3.1 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
2.4 Bonus Points		
2.4.1 Bonus point for graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level.	1	
2.4.2 Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured Entity.	1	

3. KEY MEASUREMENT PRINCIPLES

3.1 The Enterprise and Supplier Development consist of,

3.1.1 Preferential Procurement; and

3.1.2 Enterprise Development and Supplier Development.

3.1.3 Enterprise Development and Supplier Development Contributions will be recognised as a percentage of annual Net Profit After Tax (NPAT).

3.2 SUB-MINIMUM AND DISCOUNTING PRINCIPLE

3.2.1 A Measured Entity must achieve a minimum of 40% of each of the targets set out on 2.1, 2.2 and 2.3 excluding bonus points of the Enterprise and Supplier Development Scorecard.

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3.2.2 Non-compliance to the threshold targets will result in the overall achieved B-BBEE status level being discounted in accordance with paragraph 3.4 in statement 000.

3.3 An Empowering Supplier within a context of B-BBEE is a B-BBEE compliant entity, which is a good citizen South African entity, comply with all regulatory requirements of the country and should meet at least three if it is a large enterprise or one if it is a QSE of the following criteria:

(a) At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local supplier in SA, for service industry labour cost are included but capped to 15%.

(b) Job creation – 50% of jobs created are for Black people provided that the number of Black employees since the immediate prior verified B-BBEE Measurement is maintained.

(c) At least 25% transformation of raw material/beneficiation which include local manufacturing, production and/or assembly, and/or packaging.

(d) Skills transfer - at least spend 12 days per annum of productivity deployed in assisting Black EMEs and QSEs beneficiaries to increase their operation or financial capacity.

3.3.1 Exempted Micro Enterprises and Start-Ups are automatically recognised as Empowering Suppliers.

3.4 The Weighting points in the Enterprise and Supplier Development scorecard represent the maximum number of points possible for each of the criteria.

3.5 If a Measured Entity procures goods and services from a supplier that is:

3.5.1 A recipient of supplier development contributions from a Measured Entity under Code series 400 has a minimum 3 year contract with the

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Measured Entity, the recognisable B-BBEE Procurement Spend that can be attributed to that Supplier is multiplied by a factor of 1.2;

3.5.2 A black owned QSE or EME which is not a supplier development beneficiary but that has a minimum 3 year contract with the Measured Entity, the recognisable B-BBEE Procurement Spend that can be attributed to that Supplier is multiplied by a factor of 1.2;

3.5.3 A first time supplier to the Measured Entity, the recognisable B-BBEE Procurement Spend that can be attributed to that Supplier is multiplied by a factor of 1.2.

3.6. Procurement of goods and services and any other activities that fall under 2.1 will not qualify for scoring under 2.2 and 2.3 and vice versa.

3.7 Beneficiaries of Supplier Development and Enterprise Development are EMEs or QSEs which are at least 51% black owned or at least 51% black women owned.

4. GENERAL PRINCIPLES

4.1 To strengthen local procurement in order to help build South Africa's industrial base in critical sectors of production and value adding manufacturing, which are largely labour-intensive industries.

4.2 To increase local procurement through capacity building achieved by incentivising appropriate local supplier development programmes by businesses supplying imported goods and services.

4.3 The imports provisions do not apply to the designated sectors and products for local production, as and when published.

4.4 To actively support procurement from black owned QSEs and EMEs by identifying opportunities to increase procurement from local suppliers in order to support employment creation.

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4.5 To support procurement from black owned and black women owned businesses in order to increase the participation of these businesses in the main stream economy.

4.6 To promote the use of black owned professional service providers and entrepreneurs as suppliers.

4.7 Measured Entities receive recognition for any Enterprise Development and Supplier Development Contributions that are quantifiable as a monetary value using a Standard Valuation Method.

4.8 Measured Entities are encouraged to align their Enterprise Development and Supplier Development initiatives with the designated sectors of government's localisation and value adding programmes.

4.9 Measured Entities are encouraged to align their enterprise development and supplier development initiatives with their supply chain requirements thereby linking Enterprise Development and Supplier Development with Preferential Procurement.

4.10 Qualifying Enterprise Development and Supplier Development Contributions of any Measured Entity are recognisable on an annual basis.

4.11 Contributions, programmes and/or initiatives that span over multiple years, the total contribution amount must be divided by the number of years, and the average per year is then to be utilised for the annual contribution.

4.12 Measured Entities are encouraged to develop and implemented an Enterprise Development plan and Supplier Development plan for Qualifying Beneficiaries. The plan should include:

4.12.1 Clear objectives

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4.12.2 Priority interventions

4.12.3 Key performance indicators; and

4.12.4 A concise implementation plan with clearly articulated milestones.

4.13 Measured Entities will not get recognition for the same activities undertaken under 2.2 and 2.3, they will only get recognition for one of the two i.e. 2.2 or 2.3

4.14 No portion of the value of any Qualifying Enterprise Development and Supplier Development Contribution that is payable to the beneficiary after the date of measurement can form part of any calculation under this statement.

5 TOTAL MEASURED PROCUREMENT SPEND

The following procurement is measurable within Total Measured Procurement Spend:

5.1 Cost of sales: all goods and services procured that comprise the cost of the sales of the Measured Entity,

5.2 Operational expenditure: all goods and services procured that comprise the operational expenditure of the Measured Entity;

5.3 Capital expenditure: all capital expenditure incurred by the Measured Entity;

5.4 Public sector procurement:

5.4.1 all goods and services procured from organs of state and public entities Despite this, procurement by a Measured Entity from a local government authority, which is a reseller of that service, is measurable at the B-BBEE Recognition Level of the primary Supplier of the service; and

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5.4.2 in any event, any procurement of any goods or services from any organ of state or public entity that enjoys a statutory or regulated monopoly in the supply of such goods or services, is excluded;

5.5 Monopolistic procurement: all goods and services procured from suppliers that enjoy a monopolistic position;

5.6 Third-party procurement: all procurement for a third-party or a client, where the cost of that procurement is an expense recorded in the Measured Entity's annual financial statements;

5.7 Labour brokers and independent contractors: any procurement of the Measured Entity which is Outsourced Labour Expenditure;

5.8 Pension and medical aid contributions: payments made to any post retirement funding scheme or to a medical aid or similar medical insurer by a Measured Entity for its employees, excluding any portions of such payments which are a contribution to a capital investment of the employee. The scheme or insurer must issue a certificate dividing payments between the capital investment portion and the balance to establish the amount that is measurable within Total Measured Procurement Spend;

5.9 Trade commission's: any commission or similar payments payable by a Measured Entity to any other person pursuant to the business or trade of the Measured Entity;

5.10 Empowerment related expenditure: all goods and services procured in carrying out B-BBEE. The Total Measured Procurement Spend does not include the actual contribution portion recognised under section 2.2 and 2.3 of this statement or Code series 500 but does include any expenditure incurred in facilitating those contributions;

5.11 Imports: all goods and services that are imported or procured from a

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non-South African source; and

5.12 Intra-group procurement: all goods and services procured from subsidiaries or holding companies of the Measured Entity (BEE credentials of the entity supplying goods and/or services must be confirmed by way of a valid BEE certificate).

6 EXCLUSIONS FROM TOTAL MEASURED PROCUREMENT SPEND

The following list provides permissible exclusions from Total Measured Procurement Spend recognisable in terms of paragraph 5:

6.1 Taxation: any amount payable to any person which represents a lawful tax or levy imposed by an organ of state authorised to impose such tax or levy, including rates imposed by a municipality or other local government;

6.2 Salaries, wages, remunerations, and emoluments: any amount payable to an employee as an element of their salary or wage and any emolument or similar payment paid to a director of a Measured Entity;

6.3 Pass-through third-party procurement: all procurement for a third-party or a client that is recorded as an expense in the third-party or client's annual financial statements but is not recorded as such in the Measured Entity's annual financial statements;

6.4 Empowerment related procurement:

6.4.1 Investments in or loans to an Associated Enterprise;

6.4.2 Investments, loans or donations qualifying for recognition under any statement under Code series 400 or 500;

6.5 Imports: the following imported goods and services:

6.5.1 imported capital goods or components for value-added production in South Africa provided that:

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6.5.1.1 there is no existing local production of such capital goods or components; and

6.5.1.2 importing those capital goods or components promotes further value-added production within South Africa;

6.5.2 imported goods and services other than those listed in paragraph 6.5.1 if there is no local production of those goods or services including, but not limited to, imported goods or services that –

6.5.2.1 carry a brand different to the locally produced goods or services; or

6.5.2.2 have different technical specifications to the locally produced goods or services.

6.5.3 The exclusion of imports listed under 6.5.2 are subject to them having developed and implemented an Enterprise Development and Supplier Development plan for imported goods and services. This plan should include:

6.5.3.1 Clear objectives

6.5.3.2 Priority interventions

6.5.3.3 Key performance indicators; and

6.5.3.4 A concise implementation plan with clearly articulated milestones

6.5.4 The Department of Trade and Industry will from time to time consult with the industry and issue practice notes with regard to the provisions on import exclusion.

7. MEASUREMENT OF B-BBEE PROCUREMENT SPEND

7.1 B-BBEE Procurement Spend is the value of the procurement falling within paragraph 5 and not excluded by paragraph6. If a supplier falls

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within a category of supplier listed in paragraph 3.5, the value of procurement from that supplier is multiplied by the applicable factor listed in that paragraph.

7.2 B-BBEE Procurement Spend can be measured in terms of formula "A" in Annexe 400(A).

7.3 The B-BBEE Procurement Spend for a Measured Entity in respect of a supplier is calculated by multiplying the spend contemplated by paragraph 5 (and not excluded by paragraph 6) in respect of that supplier by the supplier's B-BBEE Recognition Level.

7.4 A Measured Entity's Total Procurement Spend is the total of all amounts calculated in terms of paragraph 7.3.

8 THE CALCULATION OF PREFERENTIAL PROCUREMENT CONTRIBUTIONS TO B-BBEE

8.1 A measured Entity receives a score for procurement in proportion to the extent that it meets the compliance target.

8.2 The Measured Entity's score for Preferential Procurement contributions to B-BBEE under the preferential procurement scorecard can be calculated in terms of formula "B" in Annexe 400(A).

9 Enterprise DEVELOPMENT and SUPPLIER DEVELEOPMENT CONTRIBUTIONS

9.1 The following is a non-exhaustive list of Enterprise Development and Supplier Development Contributions:

9.1.1 investments in beneficiary entities;

9.1.2 loans made to beneficiary entities;

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9.1.3 guarantees given or security provided on behalf of beneficiaries;

9.1.4 credit facilities made available to beneficiary entities;

9.1.5 grant Contributions to beneficiary entities;

9.1.6 direct costs incurred by a Measured Entity in assisting and hastening development of beneficiary entities;

9.1.7 overhead costs of a Measured Entity directly attributable to Enterprise Development and Supplier Development Contributions;

9.1.8 preferential credit terms granted by a Measured Entity to beneficiary entities;

9.1.9 preferential terms granted by a Measured Entity in respect of its supply of goods or services to beneficiary entities;

9.1.10 contributions made to settling service costs relating to the operational or financial capacity or efficiency levels of beneficiary entities;

9.1.11 discounts given to beneficiary entities in relation to the acquisition and maintenance costs associated with the grant to those beneficiary entities of franchise, licence, agency, distribution or other similar business rights;

9.1.12 the creation or development of capacity and expertise for beneficiary entities needed to manufacture or produce goods or services previously not manufactured, produced or provided in the Republic of South Africa is provided for in Government's economic growth and local supplier development policies and initiatives;

9.1.13 facilitating access to credit for beneficiary entities without access to similar credit facilities through traditional means owing to a lack of credit history, high-risk or lack of collateral;

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9.1.14 provision of training or mentoring by suitably qualified entities or individuals to beneficiary entities which will assist the beneficiary entities to increase their operational or financial capacity; and

9.1.15 the maintenance by the Measured Entity of an Enterprise Development and Supplier Development unit which focuses exclusively on support of beneficiary entities or candidate beneficiary entities.

9.1.16 new projects promoting beneficiation by the Measured Entity for the benefit of Enterprise Development and Supplier Development Beneficiaries.

9.1.17 provision of preferential credit facilities to a beneficiary entity by a Measured Entity may constitute an Enterprise Development and Supplier Development Contribution. Examples of such contributions include without limitation:

9.1.18 provision of finance to beneficiary entities at lower than commercial rates of interest;

9.1.19 relaxed security requirements or absence of security requirements for beneficiary entities unable to provide security for loans; and

9.1.20 settlement of accounts with beneficiary entities over a shorter period of time in relation to the Measured Entity's normal payment period, provided the shorter period is no longer than 15 days;

9.1.21 providing training or mentoring to beneficiary communities by a Measured Entity. (Such contributions are measurable by quantifying the cost of time (excluding travel or commuting time) spent by staff or management of the Measured Entity in carrying out such initiatives. A clear justification, commensurate with the seniority and expertise of the trainer or mentor, must support any claim for time costs incurred).

9.1.22 maintaining an Enterprise Development and Supplier Development unit

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by the Measured Entity. (Only that portion of salaries and wages attributable to time spent by the staff in, and the other expenses related to, promoting or implementing Enterprise Development and Supplier Development constitute contributions.)

9.1.23 Payments made by the Measured Entity to suitably qualified and experienced third parties to perform Enterprise Development and Supplier Development on the Measured Entity's behalf.

10 MONETARY AND NON-MONETARY CONTRIBUTIONS

10.1 Subject always to the definition of Qualifying Enterprise Development and Supplier Development Contributions, the following monetary/non-monetary contributions will, without limitation, be considered:

10.1.1 the provision of seed or development capital;

10.1.2 contributions made towards the settlement of the cost of services relating to the operational or financial capacity and/or efficiency levels of a Qualifying Enterprise Development and Supplier Development Beneficiary including, without limitation:

10.1.2.1 professional and consulting services;

10.1.2.2 licensing and/or registration fees;

10.1.2.3 industry specific levies and/or other such fees; and

10.1.2.4 IT services;

10.1.3 subject to paragraph 10.1, creation or development of capacity and expertise for Beneficiary Entities required to manufacture or produce goods and/or services previously not manufactured, produced or provided in the Republic of South Africa;

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10.1.4 subject to paragraph 10.2, provision of preferential credit facilities;

10.1.5 subject to paragraph 10.1, facilitation of access to credit for Beneficiary Entities unable to access similar credit facilities through traditional means owing to a lack of credit history, high risk and/or lack of collateral;

10.1.6 subject to paragraph 10.3, provision of training and/or mentoring to Beneficiary Entities which will assist the Beneficiary Entities to increase their operational and/or financial capacity; and

10.1.7 subject to paragraph 10.4, the maintenance by the Measured Entity of an Enterprise Development and Supplier Development unit which focuses exclusively on support of Beneficiary Entities or candidate Beneficiary Entities.

10.2 The creation and/or development of the capacity of Beneficiary Entities which will enable them to manufacture and produce goods and/or provide services previously not available in the Republic of South Africa, may constitute a Qualifying Enterprise Development and Supplier Development Contribution, and will be measured as the rand value of monetary contributions made as well as investments into, loans made to or guarantees given for a Beneficiary Entity.

10.3 Provision of preferential credit facilities to a Beneficiary Entity by a Measured Entity may constitute a Qualifying Enterprise Development and Supplier Development Contribution. Examples of such contributions include without limitation:

10.3.1 provision of finance to Beneficiary Entities at rates of interest below the applicable rate. Such contributions will be measured as the value of the differential between the actual interest rate provided to the Beneficiary Entity and the applicable rate;

10.3.2 relaxed security requirements or absence of security requirements for

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Beneficiary Entities unable to provide security for loans. Such contributions shall be measured as being 3% (three percent) of any positive differential between the initial capital value of the loan and the value of security taken; and

10.3.3 settlement of accounts with Beneficiary Entities over a shorter period of time in relation to the Measured Entity's normal payment period, provided that the shorter period is no longer than 15 days. Preferential payment terms which extend beyond 15 days will not qualify as Qualifying Enterprise Development and Supplier Development Contributions.

10.4 Provision of training and/or mentoring to a Beneficiary Entity by a Measured Entity may constitute a Qualifying Enterprise Development and Supplier Development Contribution. Such contributions will be measured by quantifying the cost of time spent by staff or management of the Measured Entity in carrying out such initiatives. Any travel or commuting time may not be included in this cost. Furthermore, a clear justification must be supplied with respect to the calculation of such time costs incurred, commensurate with the level of seniority and expertise of the trainer or mentor. Common forms of such contribution include without limitation:

10.4.1 Professional and consulting services;

10.4.2 IT services; and

10.4.3 any other services which help to increase the entity's financial and/or operational capacity and which have not also been accounted for under skills development.

10.5 The maintenance of an Enterprise Development and Supplier Development unit by the Measured Entity may constitute a Qualifying Enterprise Development and Supplier Development Contribution.

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Common examples of such contributions include without limitation the salaries and wages of staff and other expenses involved in the operation of such Enterprise Development and Supplier Development unit. Notwithstanding the afore going, only that portion of salaries and wages which relate to time spent by the staff in and the other expenses related to the promotion and implementation of Enterprise Development and Supplier Development in respect of Beneficiary Entities or candidate Beneficiary Entities should be taken into consideration under Enterprise Development and Supplier Development contributions.

11 MEASUREMENT OF ENTERPRISE DEVELOPMENT AND SUPPLIER DEVELOPMENT CONTRIBUTIONS

11.1 A measured Entity receives a score for Enterprise Development and Supplier Development in proportion the extent that it meets the compliance target.

11.2 Qualifying Contributions are measurable using the formula "A" in Annexe 400(B)

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ANNEXE400 (A)

A: B-BBEE PROCUREMENT SPEND:

A = the sum of $(B \text{ x } C)$
Where ***A*** is the calculated total B-BBEE Procurement Spend for the Measured Entity. It is equal to the sum of the result of the product of B and C for each Supplier of the Measured Entity not excluded under the exclusion from total measured procurement spend; ***B*** is the value of procurement falling within Total measured procurement spend and not excluded under the exclusion from total measured procurement spend from each Supplier of the Measured Entity; ***C*** is the B-BBEE Procurement Recognition Level of each such Supplier of the Measured Entity.

B: THE CALCULATION OF PREFERENTIAL PROCUREMENT CONTRIBUTIONS TOB-BBEE:

$A = \frac{B}{C} \times D$
Where ***A*** is the calculated preferential procurement score for 2.1.1, 2.1.2, 2.1.3,2.1.4 and 2.1.5 in the scorecard under statement 400 for the Measured Entity; ***B*** is the total B-BBEE Procurement Spend of the Measured Entity calculated under measurement of B-BBEE Procurement Spend as a percentage of Total Measured Procurement Spend of that Measured Entity; ***C*** is the compliance target for each criteria specified in the scorecard under statement 400; ***D*** is the Weighting points allocated to each criteria specified in the scorecard under statement400.

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ANNEXE 400(B)

Annexe 400B – Enterprise Development and Supplier Development Benefit Factor Matrix

Qualifying Contribution type	Contribution Amount	Benefit Factor
Grant and Related Contributions		
Grant Contribution	Full Grant Amount	100%
Direct Cost incurred in supporting Enterprise Development and Supplier Development	Verifiable Cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting Enterprise Development and Supplier Development	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting Enterprise Development and Supplier Development (including people appointed in Enterprise Development and Supplier Development)	Verifiable Costs (including both monetary and non-monetary)	70%
Loans and Related Contributions		
Interest-Free Loan with no security requirements supporting Enterprise Development and Supplier Development	Outstanding Loan Amount	70%
Standard Loan to Enterprise Development and Supplier Development Beneficiaries	Outstanding Loan Amount	50%
Guarantees provided on behalf of a Beneficiary entity	Guarantee Amount	3%
Lower Interest Rate	Outstanding loan amount	Prime Rate – Actual Rate

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Equity Investments and Related Contributions		
Minority Investment in Enterprise Development and Supplier Development Beneficiaries	Investment Amount	70%
Enterprise Development and Supplier Development Investment with lower dividend to financier	Investment Amount	Dividend Rate of Ordinary Shareholders – Actual Dividend Rate of Contributor
Contributions made in the form of human resource capacity		
Professional services rendered at no cost and supporting Enterprise Development and Supplier Development	Commercial hourly rate of professional	60%
Professional services rendered at a discount and supporting Enterprise Development and Supplier Development	Value of discount based on commercial hourly rate of professional	60%
Time of employees of Measured Entity productively deployed in assisting beneficiaries	Monthly salary divided by 160	60%
Other Contributions		
Shorter payment periods for 2.2 of this statement (Supplier Development)	Percentage of invoiced amount multiplied by 15% (being an approximation of the cost of short term funding)	Percentage being 15 days less the number of days from invoice to payment Maximum points that can be scored is 15% of 10 points

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ANNEXE 400(B)

A: Qualifying Contributions are measurable on the following basis:

$$A = \frac{B}{C} \times D$$
Where ***A*** is the score achieved in respect of the Qualifying Contributions made by the Measured Entity ***B*** is the annual value of all Qualifying Contributions made by the Measured Entity measured from the commencement of this statement or the Inception Date to the date of measurement ***C*** is compliance target in respect of the Qualifying Contributions as specified in the scorecard for statement 400 ***D*** is the Weighting points allocated to the criteria under the scorecard for statement 400.

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CODE SERIES 500: MEASUREMENT OF THE SOCIO- ECONOMIC DEVELOPMENT ELEMENTS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT

STATEMENT 500: THE GENERAL PRINCIPLES FOR MEASURING THE SOCIO - ECONOMIC DEVELOPMENT ELEMENT

Issued under section 9 of the Broad-Based Black Economic Empowerment Act of 2003

Arrangement of this statement

Para	Subject	Page
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4	Measurement of Socio-economic development contributions	5
5	The Benefit Factor Matrix	5

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1 OBJECTIVES OF THIS STATEMENT

The objectives of this statement are to specify:

1.1 the Socio-Economic Development (SED) and Sector Specific Contributions scorecard;

1.2 the key measurement principles applicable when calculating Socio-Economic Development Contributions; and

1.3 the formula for calculating the individual criteria specified in the SED scorecard.

2 THE SED SCORECARD

2.1 The Net Profit After Tax (NPAT) or average target applies unless:

2.1.1 the company does not make a profit last year or on average over the last five years

2.1.2 the net profit margin is less than a quarter of the norm in the industry.

2.2 If the Turnover is to be used, the target will be set at:

2.2.1 1% x Indicative Profit Margin (NPAT/Turnover) x Turnover

2.2.2 Indicative profit margin is the profit margin in the last year where the company's profit margin is at least one quarter of the industry norm.

2.3 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
Annual value of all Socio-Economic Development Contributions by the Measured Entity as a percentage of	5	1% of NPAT

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the target.		

2.4 The weighting points in the SED scorecard represent the maximum number of points possible for each of the criteria.

3 KEY MEASUREMENT PRINCIPLES

3.1 General principles:

3.1.1 Measured Entities receive recognition for any Socio-Economic Development Contributions that are quantifiable as a monetary value using a Standard Valuation Method.

3.1.2 Socio-Economic Development Contributions of any Measured Entity are recognisable annually;

3.1.2.1 No portion of the value of any Socio-Economic Development contribution that is payable to the beneficiary after the date of measurement can form part of any calculation under this statement

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3.2 **Socio- Economic Development Contributions:**

3.2.1 Socio-Economic Development Contributions consist of monetary or non-monetary contributions actually initiated and implemented in favour of beneficiaries by a Measured Entity with the specific objective of facilitating income generating activities for targeted beneficiaries.

3.2.2 The full value of Socio-Economic Development Contributions made to beneficiaries is recognisable if at least 75% of the value directly benefits black people.

3.2.3 If less than 75% of the full value of Socio-Economic Development Contributions directly benefits black people, the value of the contribution made multiplied by the percentage that benefits black people, is recognisable.

3.2.4 The following is a non-exhaustive list of Socio-Economic Development Contributions:

3.2.4.1. grant Contributions to beneficiaries of Socio-Economic Development Contributions;

3.2.4.2. guarantees given or security provided for beneficiaries;

3.2.4.3. direct costs incurred by a Measured Entity in assisting beneficiaries;

3.2.4.4. overhead costs of a Measured Entity directly attributable to Socio-Economic Development Contributions;

3.2.4.5. developmental capital advanced to beneficiary communities;

3.2.4.6. preferential terms granted by a Measured Entity for its supply of goods or services to beneficiary communities;

3.2.4.7. payments made by the Measured Entity to third parties to perform socio-economic development on the Measured Entity's behalf;

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3.2.4.8. subject to paragraph 3.2.5 provision of training or mentoring to beneficiary communities which will assist them to increase their financial capacity; and

3.2.4.9. subject to paragraph 3.2.6 the maintenance by the Measured Entity of a socio-economic development unit which focuses only on support of beneficiaries and beneficiary communities.

3.2.5 providing training or mentoring to beneficiary communities by a Measured Entity. (Such contributions are measurable by quantifying the cost of time (excluding travel or commuting time) spent by staff or management of the Measured Entity in carrying out such initiatives. A clear justification must support any claim for time costs incurred, commensurate with the seniority and expertise of the trainer or mentor).

3.2.6 Maintaining a socio-economic development unit by the Measured Entity. (Only that portion of salaries and wages attributable to time spent by the staff in, and the other expenses related to, promoting and implementing socio-economic development constitute contributions.)

3.2.7 Payments made by the Measure Entity to third parties to perform socio-economic development on the Measurement Entity's behalf.

4 MEASUREMENT OF SOCIO-ECONOMIC DEVELOPMENT CONTRIBUTIONS

Socio-Economic Development Contributions are measurable using the formula in Annexe 500 (B).

5 THE BENEFIT FACTOR MATRIX

The Minister may from time to time, by notice in the gazette, revise or substitute the Benefit Factor Matrix. Any changes will only be applicable to Compliance Reports prepared for a Measured Entity in respect of the first 12-month period following the gazetting of a revision or substitution.

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Annexe 500(A) – Benefit Factor Matrix

Qualifying Contribution type	Contribution Amount	Benefit Factor
Grant and Related Contributions		
Grant Contribution	Full Grant Amount	100%
Direct Cost incurred in supporting socio-economic development, sector specific initiatives or Qualifying Socio-Economic Development Contributions	Verifiable Cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting socio-economic development, sector specific initiatives or Qualifying Socio-Economic Development Contributions	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting socio-economic development, sector specific initiatives orQualifying Socio-Economic Development Contributions	Verifiable Costs (including both monetary and non-monetary)	80%
Contributions made in the form of human resource capacity		
Professional services rendered at no cost supporting socio-economic development, sector specific initiatives or Qualifying Socio-Economic Development Contributions	Commercial hourly rate of professional	80%
Professional services rendered	Value of discount	80%

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at a discount supporting socio-economic development, sector specific initiatives or Qualifying Socio-Economic Development Contributions	based on commercial hourly rate of professional	
Time of employees of Measured Entity productively deployed in assisting beneficiaries and supporting socio-economic development, sector specific initiatives or Qualifying Socio-Economic Development Contributions	Monthly salary divided by 160	80%

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ANNEXE 500 (B)

A: Qualifying Contributions are measurable on the following basis:

$$A = \frac{B}{C} \times D$$
Where ***A*** is the score achieved in respect of the Qualifying Contributions made by the Measured Entity ***B*** is the value of all Qualifying Contributions made by the Measured Entity measured from the commencement or the this statement or the Inception Date to the date of measurement ***C*** is compliance target in respect of the Qualifying Contributions as specified in the scorecard for statement 500 (see paragraph 2.1) ***D*** is the Weighting points allocated to the measured enterprise development criteria under the scorecard for statement 500 (5)

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BROAD BASED BLACK ECONOMIC EMPOWERMENT ACT

SECTION 9(1) CODES OF GOOD PRACTICE AS AMENDED

SCHEDULE 1

INTERPRETATION AND DEFINTIONS

Part 1: Interpretation

The Codes of Good Practice must be interpreted according to the following provisions unless the context requires a different meaning:

1. In interpreting the provisions of the Codes any reasonable interpretation consistent with the objectives of the Act and the B-BBEE Strategy must take precedence.

2. Words importing persons shall where the context so requires or admits, include individuals, firms, partnerships, trusts, corporations, governmental bodies, authorities, agencies, unincorporated bodies of persons or associations and any organisation having legal capacity.

3. The Schedules and Annexes to the Codes are an integral part of the Codes and a reference to the Codes includes a reference to the Schedules.

Part 2: Definitions

In these Codes unless the context otherwise requires:

"**Absorption**"	means a measure of the Measured Entity's ability to successfully secure formal permanent or long-term contract employment for the Learner or to assist the Learner's proceed with further education and training;

"**Acquisition Debt**"	means the debts of: (a) Black participants incurred in financing their purchase of their equity instruments in the Measured Entity; and (b) Juristic persons or trusts found in the chain of ownership between the eventual Black Participants and the Measured Entity for thesame purpose as those in (a);
"Apprenticeship"	means an agreement between an apprentice and an employer for a set period of time during which the apprentice works and receives training in the workplace;
"**Associated Entity**"	means an Entity with which a Seller has concluded a Qualifying Transaction;
"**B-BBEE**"	means Broad-Based Black Economic Empowerment;
"**B-BBEE Controlled Company**"	means a juristic person, having shareholding or similar members interest, in which black participants enjoy a right to Exercisable Voting Rights that is at least 51% of the total such rights measured using the Flow Through Principle;
"**B-BBEE Owned Company**"	means juristic person, having shareholding or similar members interest, that is B-BBEE controlled, in which Black participants enjoy a right to Economic Interest that is at least 51% of the total such rights measured using the Flow Through Principle;
"**B-BBEE Recognition Level**"	means the percentage B-BBEE Recognition Levels as determined: (a) for Entities that are neither Qualifying Small Enterprises nor Exempted Micro-Enterprises, using statement 000; (b) for Qualifying Small Enterprises, using statement 000; and (c) for Exempted Micro-Enterprises, the applicable deemed B-BBEE Recognition under statement 000;

"**B-BBEE Status**"	means the B-BBEE status of a Measured Entity as determined under statement 000;
"**B-BBEE Verification Professional Regulator**"	means a body appointed by the Minister for the accreditation of rating agencies or the authorisation of B-BBEE verification professionals;
"**Benefit Factor**"	means a factor specified in the Benefit Factor Matrix applicable to fixing the monetary value of Enterprise Development and Supplier Development and Socio Economic Development Contributions claimable under statement 400 and 500;
"**Benefit Factor Matrix**"	means the Benefit Factor Matrix for Enterprise Development and Supplier Developmentand Socio Economic Development Contributions annexed to statement 400 and 500;
"Black Designated Groups"means:	(a) unemployed black people not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution; (b) Black people who are youth as defined in the National Youth Commission Act of 1996; (c) Black people who are persons with disabilities as defined in the Code of Good Practice on employment of people with disabilities issued under the Employment Equity Act; (d) Black people living in rural and under developed areas; (e) Black military veterans who qualifies to be called a military veteran in terms of the Military Veterans Act 18 of 2011;

"**Black New Entrants"**	means Black participants who hold rights of ownership in a Measured Entity and who, before holding the Equity Instrument in the Measured Entity, have not held equity instruments in other Entities which has a total value of more than R50,000,000, measured using a standard valuation method;
"**Black People**"	Is a generic term which means African, Coloureds and Indians (a) who are citizens of the Republic of South Africa by birth or decent; or (b) who became citizens of the Republic of south Africa by naturalisation – (i) before 27 April 1994; (ii) on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date.
"**Broad-Based Ownership Scheme**"	means a ownership scheme which meets the rules set out in Annexe 100B;
"**Certified Learning Programme**"	means any Learning Programme for which the Measured Entity has: (a) any form of independent written certificate as referred to in the "Learning Achievements" column of the Learning Programme Matrix; or if it does not have such certification: (b) an enrolment certificate issued by theindependent person responsible for the issue of the certification referred to in statement 300 confirming the employee has: (i) enrolled for, is attending and is making satisfactory

	progress in the Learning Programme; or (ii) enrolled for but not attended the Learning; or (iii) attended the Training Programme but has failed an evaluation of their learning progress
"**Companies Act**"	means the Companies Act, No. 71 of 2008 as amended or substituted;
"Company Limited by guarantee"	means a company as referred in the Companies Act, No. 71 of 2008;
"**Competent Person**"	means a person who has acquired through training, qualification and experience the knowledge and skills necessary for undertaking any task assigned to them under the codes;
"**Core Skills**"	means skills that are: (a) value-adding to the activities of the Measured Entity in line with its core business; (b) in areas the Measured Entity cannot outsource; or (c) within the production/operational part of the Measured Entity's value-chain; as opposed to the supply side; services or downstream operations;
"**Critical Skills**" SETA;	means those skills identified as being critical by any
'**EAP**"	Economically Active Population as determined and published by Stats SA. The operative EAP for the purposes of any calculation under the Codes will be the most recently published EAP;
'**Economic Interest**"	means a claim against an Entity representing a return on ownership of the Entity similar in nature to a dividend right, measured using the Flow Through and, where applicable, the Modified Through Principles;
"**EE Act** "	means the Employment Equity Act of 1998, as amended;
"**EE Regulations**"	means the regulations under the Employment Equity Act

"**Elements**"	means the measurable quantitative or qualitative elements of B-BBEE compliance in the Generic Scorecard and the Codes;
"Employed Learner"	In terms of section 18 (1) of the Skills Development Act it means a learner that was in the employment of the employer party to the learnership agreement concerned when the agreement was concluded. The learner's contract of employment is therefore not affected by the agreement.
"**Employee with a Disability**"	has the meaning defined in the Code of Good Practice on Key Aspects of Disability in the Workplace issued under section 54 of the Employment Equity Act; align with the Employment Equity Act
"**Employee**"	bears the meaning as defined in the Labour Relations Act 66 of 1995 as amended;
"**Employee Ownership Scheme**"	means a worker or employee scheme;
"Empowering Supplier"	An Empowering Supplier within a context of B-BBEE is a B-BBEE compliant entity, which is a good citizen South African entity, comply with all regulatory requirements of the country and should meet at least three if it is a large enterprise or one if it is a QSE of the following criteria: (a) At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local supplier in SA, for service industry labour cost are included but capped to 15%. (b) Job creation – 50% of jobs created are for Black people provided that the number of Black employees since the immediate prior verified B-BBEE Measurement is maintained. (c) At least 25% transformation of raw material/beneficiation which include local manufacturing, production and/or assembly, and/or packaging. (d) Skills transfer - at least spend 12 days per annum of productivity deployed in assisting Black EMEs and QSEs beneficiaries to increase their operation or

	financial capacity.
"**Enterprise Development Contributions**"	means monetary or non-monetary contributions carried out for the following beneficiaries, with the objective of contributing to the development, sustainability and financial and operational independence of those beneficiaries: (a) Enterprise Development Contributions to Exempted Micro-Enterprises or Qualifying Small Enterprises which are at least 51% Black owned or at least 51% Black women owned;
"**Entity**"	means a legal entity or a natural or a juristic person conducting a business, trade or profession in the Republic of South Africa;
"Entrepreneur"	means a person who starts and / or operates a business which includes identifying opportunities in the market,

	taking risks with a view of being rewarded with profits;
"**Equity Equivalent contribution**"	means an equity equivalent contribution made by a Multinational under an Equity Equivalent Investment Programme;
"**Equity Equivalent Investment Programme**"	means a public programme or scheme of any government department, provincial or local government in the Republic of South Africa or any other programme approved by the Minister as an Equity Equivalent Investment Programme;
"**Equity Instrument**"	means the instrument by which a Participant holds rights of ownership in an Entity;
"**Equivalency Percentage**"	means a percentage ownership performance for all the indicators in the Associated Enterprise's Ownership Scorecard arising from a Qualifying Transaction included in the Ownership Scorecard of the beneficiary entity;
"**Executive Members of the Board**"	means those members of the Board who are executive directors as defined in the King Report;
"**Exempted Micro Enterprise**"	means an Entity with an annual turnover of R 10 (ten) million or less;
"**Exercisable Voting Right**" any limit;	means a voting right of a Participant that is not subject to
"**Global Practice**"	means a globally and uniformly applied practice of a Multinational, restricting alienation of equity in or the sale of businesses in its regional operations. The practice must have existed before the promulgation of the Act;
"**Grant Contribution**"	means the monetary value of Qualifying Contributions made by the Measured Entity to a beneficiary in the form of grants, donations, discounts and other similar quantifiable benefits which are not recoverable by the Measured Entity;
"**Group Structure**"	means an ownership arrangement whereby one or more Measured Entities that are juristic persons are subsidiaries of another Measured Entity that would qualify as a holding company;
"**Higher Education Institution**"	means a higher education institution as defined under the

	Higher Education Act of 1997;
"**Indicator Percentage**"	means the percentage compliance of the Associated Entity for all the indicators of the Associated Enterprises ownership Scorecard. The calculation of indicator Percentages follows the rules in statement 100 using the actual percentage compliance for each indicator and not the resulting scores;
"Industry Specific Initiatives"	means the qualifying contributions that are unique to the industry in which enterprises operate. For the purposes of the Codes an industry may be grouped in major divisions in accordance with the Standard Industrial Classification Coding System used by Statistic South Africa;
"Internship"	means an opportunity to integrate career related experience into an undergraduate education by participating in planned, supervised work;
"**Junior Management**"	means an employee of the Measured Entity who is a member of the occupational category of "Junior Management" as determined using the Employment Equity regulations;
"Learnership"	means a work–based route to a qualification. It is a workplace education and training programme comprising both structured practical workplace (on-the-job) experience and structured theoretical training.
"**LearningProgrammes**"	means any learning programme set out in the Learning Programme Matrix;
"**Learning Programme Matrix**"	means the Learning Programme Matrix annexed as Annexe "300A" in statement 300;
"**Leviable Amount**"	bears the meaning as defined in the Skills Development Levies Act of 1999 as determined using the Fourth Schedule to the Income Tax Act;
"**Management Fees**"	means the total Economic Interest received by a Broad-Based Ownership Scheme or Black participants in any year less the amounts distributed or applied to

	beneficiaries and the amounts reserved for future distribution or application;
"**Mandated Investments**"	means any investments made by or through any third party regulated by legislation on behalf of the actual owner of the funds, pursuant to a mandate given by the owner to a third party, which mandate is governed by that legislation. Some examples of domestic mandated investments and the portions of those investments subject to the exclusion principle are contained in Annexe 100A attached to statement 100;
"**Measured Entity**"	means an Entity as well as an organ of state or public entity subject to measurement under the Codes;
"**51% Black Owned** "	means an Entity in which: (a) Black people hold at least 51% of the exercisable voting rights as determined under Code series 100; (b) black people hold at least 51% of the economic interest as determined under Code series 100; and (c) has earned all the points for Net Value under statement 100;
"**51% Black Women Owned** "	means an Entity in which: (a) Black women hold at least 51% of the exercisable voting rights as determined under Code series 100; (b) Black women hold at least 51% of the economic interest as determined under Code series 100; and (c) has earned all the points for Net Value under statement 100;
"30% Black Women Owned"	means an Entity in which: (a) Black women hold more than 30% of the exercisable voting rights as determined under Code series 100;

	(b) Black women hold more than 30% of the economic interest as determined under Code series 100; and (c) has earned all the points for Net Value under statement 100;
"**Middle Management**"	means an employee of the Measured Entity who is a member of the occupational category of "Middle Management" as determined using the Employment Equity regulations;
"**Multinational Business**"	means a Measured Entity with a business in the Republic of South Africa and elsewhere which maintains its international headquarters outside the Republic;
"**National Skills Development Strategy**"	means the national skills development strategy referred to in section 5(1)(a)(ii) of the Skills Development Act;
"Net Profit After Tax"	means the operating profit of a measured entity after tax. It incorporates both the equity / loss figures and abnormal items, but excludes extra ordinary items as determined by (GAAP) Generally Accepted Accounting Practices;
"**Net Profit Before Tax**"	means the operating profit of a measured entity before tax. It incorporates both the equity / loss figures and abnormal items, but excludes extra ordinary items as determined by (GAAP) Generally Accepted Accounting Practices;
"**Net Value**"	means the percentage resulting from the formula in Annexe 100(C) of statement 100;
"**Net-Value date**"	means the later occurring of the date of commencement of statement 100 and the date upon which the earliest of all still operative transactions undertaken by the Measured Entity in order to achieve black rights of ownership, became effective and unconditional;
"New Enterprise"	means an early stage business which is similar to a start-up. However, an early stage business is typically 3 years old or less.
"**Non-Profit Organisation**"	means a non-profit organisation registered under the Non-Profit Organisation Act of 1997;

"**Outsourced Labour Expenditure**"	means any expenditure incurred in: (a) procuring the services of or from a labour broker; and (b) procuring the services of any person who receives any remuneration or to whom any remuneration accrues because of any services rendered by such person to or on behalf of a labour broker;
"**Participant**"	means a natural person holding rights of ownership in a Measured Entity;
"PIVOTAL report"	means a report on 'Professional, Vocational, Technical and Academic Learning' programmes that meet the critical needs for economic growth and social development, generally combining course work at universities, universities of technology and colleges with structured learning at work.
"**Priority Skills**"	means Core, Critical and Scarce Skills as well as any skills specifically identified: (a) in a Sector Skills Plan issued by the Department of Labour of the Republic of South Africa; (b) National Skills Development Strategy III; (c) New Growth Path; and (d) National Development Plan Remove.
"**Private Equity Fund**"	means a third party fund through which investments are made on behalf of the actual owner of the funds pursuant to a mandate given by that person to the private equity fund;
"**Public Benefit Organisation**"	means an entity as defined in section 30 of the income Tax Act of 1962;
"**Qualifying Enterprise and Supplier Development Contributions**"	means a collective term describing Enterprise Development and Supplier Development Contributions targeting EME's and QSE's which are at least 51% black

	owned or at least 30% black women owned, black youth in rural, and underdeveloped areas in statement 400;
"**Qualifying Small Enterprise**"	means an Entity that qualifies for measurement under the Qualifying Small Enterprise scorecard with a turnover of R10 million or more but less than R50 million;
"**QualifyingSocio-Economic Contributions**"	Is a collective term for Socio-Economic Project Contributions and Socio-Economic Contributions;
"**Qualifying Transaction**"	means a sale of a business, valuable business assets or shares that results in the creation of sustainable business opportunities and transfer of specialised skills or productive capacity to Black people;
"**Related Enterprise**"	means an Entity controlled by a Measured Entity whether directly or indirectly controlled by the natural persons who have direct or indirect control over that Measured Entity or the immediate family of those natural persons;
"**Rights of Ownership**"	Is a collective term for the right to Economic Interest and the right to Exercisable Voting Rights;
"**Scarce Skills**"	are those skills identified as being scarce by any SETA;
"**Section 21 Company**"	means an association not for gain incorporated under section 21 of the Companies Act;
"**Sector Code**"	means a code in series 003 which is applicable to a particular sector;
"**Seller**"	means the Entity or the person concluding a Qualifying Transaction with the Associated Enterprise;
"**Senior Management**"	means an employee of the Measured Entity who is a member of the occupational category of "Senior Management" as determined using the Employment Equity regulations;
"**Skills Development Expenditure**"	comprises the money that a Measured Entity spends on skills development. It excludes the skills development levy payable by the Measured Entity under the Skills Development Levies Act;
"**Socio-Economic Development Contributions**"	means monetary or non-monetary contribution

	implemented for communities, natural persons or groups of natural persons where at least 75% of the beneficiaries are Black people. The objective of Socio-Economic Development Contributions is the promotion of sustainable access for the beneficiaries to the economy. Socio-Economic Development Contributions commonly take the following forms: (a) development programmes for women, youth, people with disabilities, people living in rural areas; (b) support of healthcare and HIV/AIDS programmes; (c) support for education programmes, resources and materials at primary, secondary and tertiary education level, as well as bursaries and scholarships; (d) community training; skills development for unemployed people and adult basic education and training; or (e) support of arts, cultural or sporting development programmes;
"**Socio-Economic Project Contributions**"	means monetary or non-monetary contributions carried out for the benefit of any projects approved for this purpose by any organ of state or sectors including without limitation: (a) projects focusing on environmental conservation, awareness, education and waste management; and (b) projects targeting infrastructural development or reconstruction in underdeveloped areas; rural communities or geographic areas identified in the government's integrated sustainable rural

	development or urban renewal programmes; (c) New projects promoting beneficiation;
"**Standard Valuation**"	means a standard valuation method for an asset, an Economic Interest, or any other instrument or right relevant to measurement under statement 100, undertaken using normal valuation methods that represent standard market practice;
"**Start-up Enterprise**"	means a recently formed or incorporated Entity that has been in operation for less than 1 year. A start-up enterprise does not include any newly constituted enterprise which merely a continuation of a pre-existing enterprise;
"**Subsidiary**" Companies Act;	has the meaning defined in section 1(3) of the
"**Superior Contributor to B-BBEE**"	is a Level One to Level Three Contributor to B-BBEE;
"**Supplier**"	means any supplier or service provider to a Measured Entity if any portion of the supply or service provision falls within the definition of Total Measured Procurement Spend;
"**Supplier Development Contributions**"	means monetary or non-monetary contributions carried out for the benefit of value-adding suppliers to the Measured Entity, with the objective of contributing to the development, sustainability and financial and operational independence of those beneficiaries: (a) Supplier Development Contributions to suppliers that are Exempted Micro-Enterprises or Qualifying Small Enterprises which are at least 51% black owned or at least 51% black women owned;
"**Target**"	means the targets for the various Elements in the Generic and QSE Scorecard;
"**the Act**"	means the Broad-Based Black Economic Empowerment Act 53 of 2003;
"**the Codes**"	means the Codes of Good Practice including all the

	statements as issued under section 9 of the Act;
"**the Generic Scorecard**"	means the balanced B-BBEE scorecard as contained in statement 000;
"**the PFMA**"	means the Public Finance Management Act 1 of 1999 as amended;
"**the QSE Scorecard**"	means the QSE scorecard referred to in statement 000;
"**the Skills Development Act**"	means the Skills Development Act of 1998;
"**the Skills Development Levies Act**"	means the Skills Development Levies Act of 1999;
"**the Strategy Document**"	means the document entitled "South Africa's Economic Transformation – A Strategy for Broad-Based Black Economic Empowerment" published by the department of trade and industry in March 2003 as amended or substituted under section 11 of the Act;
"**Third Party Rights**"	means third party legal or commercial rights that restrict withhold or defer any benefit associated with ownership of any Equity Instrument. Third party rights include only those rights: (a) created against a black Participant to secure, for a lender, repayment of a loan advanced to that Participant for financing their purchase of their equity instrument in the Measured Entity; (b) held against a juristic person or trust that is in the chain of ownership between the Measured Entity and that the eventual black Participant serving the same purpose mentioned in (a) above;
"**Total Labour Cost**"	means the total amount of remuneration paid by an Entity to its employees determined using section 3(4)of the Skills Development Levies Act of 1999 and the Forth Schedule of the Income Tax Act of 1962;
"**Total Revenue**"	means the total income of an Entity from its operations as determined under South African Generally Accepted Accounting Practice;
"**Transformation Charters**"	means the sectoral transformation charters referred to in section 12 of the Act;

"Unemployed Learner"	means a learner that was not in the employment of the employer party to the learnership agreement concerned when the agreement was concluded. The employer and learner must therefore enter into a contract of employment. Refer to the Skills Development Act.
"Unincorporated Joint Venture"	means a joint venture between two or more Measured Entities effected by agreement without incorporation;
"Voting Right"	means a voting right attaching to an Equity Instrument owned by or held for a participant measured using the Flow through Principle or the Control Principle;
"Weighting"	means the weightings applied to various Elements in the Generic Scorecard and QSE Scorecard;
"Workplace Skills Plan"	means the plan of a Measured Entity approved by the relevant SETA.

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