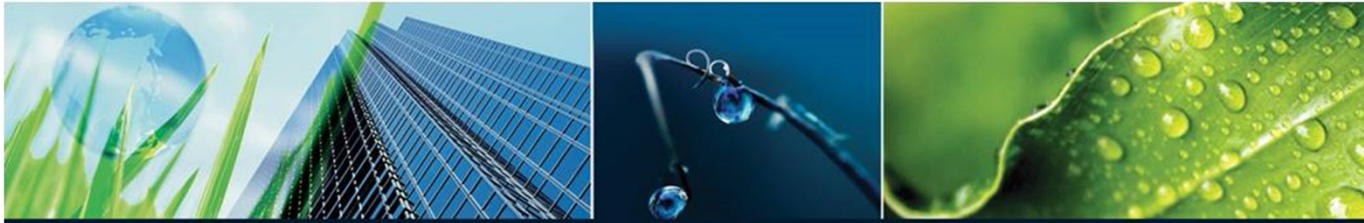




Amended B-BBEE Codes – Enterprise and Supplier Development



What are the key changes?

2007 CODES OF GOOD PRACTICE ENTITY SIZE CLASSIFICATIONS	2013 CODES OF GOOD PRACTICE ENTITY SIZE CLASSIFICATIONS
EXEMPT MICRO ENTERPRISE < R5 MILLION	EXEMPT MICRO ENTERPRISE < R10 MILLION
QUALIFYING SMALL ENTERPRISE R5 MILLION ≥ R35 MILLION	QUALIFYING SMALL ENTERPRISE R10 MILLION ≥ R50 MILLION
GENERIC ENTERPRISE ≥ R35 MILLION	GENERIC ENTERPRISE ≥ R50 MILLION

Small and Medium Enterprises



- 50%+ black-owned EMEs and QSEs are now Level 2
- 100% black-owned EMEs and QSEs are now Level 1
- An affidavit confirming that the entity's turnover is below R10 million and percentage of black ownership will be accepted for EMEs
- QSEs have to comply with all elements
- Start-up enterprises are verified similar to EMEs, but can opt to be rated using the QSE and Generic Scorecard
- QSE with at least 51% black ownership or above are only required to obtain a sworn affidavit on an annual basis with a confirmation of turnover and black ownership



Enterprise and Supplier Development Scorecard

Indicator	Weighting	Target
Preferential Procurement		
1. B-BBEE procurement spend from all Empowering Suppliers based on its BBBEE procurement recognition level as a percentage of total measured spend	5	80%
2. B-BBEE procurement spend from all Empowering Suppliers that are QSEs based on its BBBEE procurement recognition level as a percentage of total measured spend	3	15%
3. B-BBEE procurement spend from EMEs based on its BBBEE procurement recognition level as a percentage of total measured spend	4	15%
4. B-BBEE procurement spend from all Empowering Suppliers that are at least 51% black owned based on its BBBEE procurement recognition level as a percentage of total measured spend	9	40%
5. B-BBEE procurement spend from all Empowering Suppliers that are at least 30% black women owned based on its BBBEE procurement recognition level as a percentage of total measured spend	4	12%
Bonus Points: B-BBEE Procurement Spend from Designated Group that are at least 51% black owned	2	2%



Enterprise and Supplier Development Scorecard

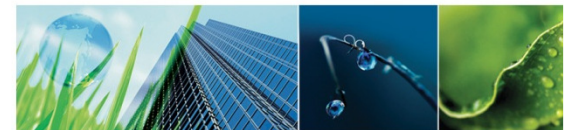
Indicator	Weighting	Target
Supplier Development		
6. Annual value of all Supplier Development Contributions made by the Measured Entity as a percentage of the target	10	2% of NPAT
Enterprise Development		
7. Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT
Bonus Points		
Bonus point for graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1	
Bonus Point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured Entity	1	



Enterprise and Supplier Development



- Preferential Procurement and Enterprise Development were merged to form an element to be known as Enterprise and Supplier Development
- B-BBEE Procurement Spend calculated from Empowering Suppliers who meet the requirements set out in the slide
- Exempt Micro Enterprises and Start-Ups are automatically recognised as Empowering Suppliers



Enterprise and Supplier Development

- An **Empowering Supplier** within a context of B-BBEE is a B-BBEE compliant entity, which is a good 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 the service industry labour cost are included but capped to 15%
 - b. Job Creation - 50% of jobs created 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 and Supplier Development cont

REQUIREMENT	ENHANCEMENT FACTOR
BLACK OWNED EMES & QSE WITH THREE YEAR CONTRACTS	1.2
FIRST TIME SUPPLIERS	1.2



Enterprise and Supplier Development cont

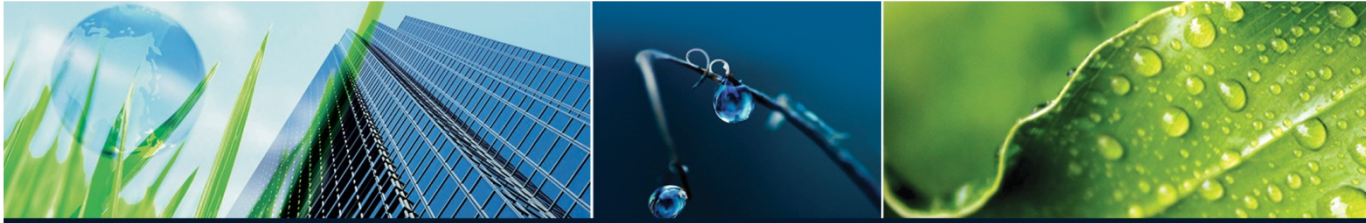
- Import can be excluded if they meet the following conditions

1. Capital goods or components for value added production
 - no existing local production
 - promotes further value added production in South Africa
2. Goods and Services
 - carry a different brand
 - different technical specifications

Entity needs to have developed and implemented an ESD plan for imported goods/services detailing

- ❖ Clear objectives
- ❖ Priority interventions
- ❖ Concise implementation plan with clearly articulated milestones
- ❖ KPIs





Enterprise and Supplier Development continued



- The cumulative approach has been replaced with annual calculations for Enterprise and Supplier Development. Entities are allowed to average the value of contributions, programmes and/or initiatives that span over multiple years
- Shorter payment terms are **capped at 15% of the invoice amount** and can only contribute up to 15% of the available 10 points
- A **subminimum of 40%** is set for each of the three categories within the Enterprise and Supplier Development scorecard and entities that fail to meet this requirements will be **discounted by one level**.
- ED/SD agreement are extremely important



Thank You