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DRAFT EVENT TECHNICAL

AND PRODUCTION SERVICES INDUSTRY

B-BBEE SECTOR CODE

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SCHEDULE 1.

INTERPRETATIONS AND DEFINITIONS

Part 1: Interpretation

1. The Codes of Good Practice must be interpreted according to the following provisions unless the context requires a different meaning:
2. 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.
3. 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 organization having legal capacity.
4. 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 a long-term contract of employment for the Employee, Learner, Intern or Apprentice.
“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 the same 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;
“Audio Visual”	is electronic media possessing both a sound and a visual component
“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 a 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 Development and Socio Economic Development Contributions annexed to Statement-400 and -500;
“Black Designated Groups”	means: <ul style="list-style-type: none"> (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

	<p>people with disabilities issued under the Employment Equity Act;</p> <p>(d) Black people living in rural and under developed areas;</p> <p>(e) Black military veterans who qualifies to be called a military veteran in terms of the Military Veterans Act 18 of 2011;</p>
“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 any Entity which has a total value of more than R50 million measured using a standard valuation method;
“Black People”	<p>Is a generic term which means Africans, Coloureds and Indians</p> <p>(a) who are citizens of the Republic of South Africa by birth or descent; or</p> <p>(b) who became citizens of the Republic of South Africa by naturalisation –</p> <p>(i) before 27 April 1994;</p> <p>(ii) on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date.</p>
“Business and organizational events”	(such as a convention, congress, colloquium, forum, symposium, seminar and workshop).
“Business & Corporate Events”	Any event that supports business objectives including management functions, corporate communications, training, marketing, incentives, employee relations, and customer relations,

	scheduled alone or in conjunction with other events.
“Broad-Based Ownership Scheme”	means an ownership scheme which meets the rules set out in Annexe -100B as set out in the generic codes of good practice.
“Cause Related & Fundraising Events”	An event created by or for a charitable or cause related group for the purpose of attracting revenue, support, and/or awareness, scheduled alone or in conjunction with other events.
“Certified Learning Programme”	<p>means any Learning Programme for which the Measured Entity has:</p> <ul style="list-style-type: none"> (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 the independent person responsible for the issue of the certification referred to in statement-300 confirming the employee has: <ul style="list-style-type: none"> (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 limited by guarantee 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;
“Conference”	services procured from events, technical and production suppliers for conferences
“Core Skills”	means skills that are: <ul style="list-style-type: none"> (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”	means those skills identified as being critical by the relevant SETA;
“Cultural Events”	Events designed for entertainment and enjoyment of a wide audience. They are events of some importance related to some branch of art, culture or values. These events aim to propagate and disseminate cultural themes. Either secular or religious, created by and/or for the public, scheduled alone or in conjunction with other events.
“Current Equity	

Interest Date”	means the later occurring of the date of commencement of statement -100 and the date upon which the transaction undertaken by the Measured Entity in order to achieve black rights of ownership, became effective and unconditional;
“Designated Group Supplier”	<p>means a supplier to the Measured Entity that is at least 51% owned by one or more of the following categories of ownership within its structure:</p> <ul style="list-style-type: none"> (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;
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 Flow 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 Event, Technical and Production Services Industry B-BBEE Sector Code 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; aligned 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,

	<p>sustainability and financial and operational independence of those beneficiaries:</p> <p>(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;</p>
“Entertainment”	A form of activity that holds the attention and interest of an audience or gives pleasure and delight; and also offering an amusement or an exhibition of a performance. Entertainment and Leisure Events: A one-time or periodic, free or ticketed performance or exhibition event created for entertainment purposes scheduled alone or in conjunction with other events.
“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;
“ETPSI B-BBEE SC”	Event, Technical and Production Services Industry B-BBEE Sector Code (to expand the definition such that it includes the audio visual that we always refer to).
“Events”	A professional service that is responsible for planning, preparing and production of a happening
“Events Management”	<p>is the process by which an event or production is planned, prepared, and produced. As with any other form of management, it encompasses the Assessment, definition, acquisition, allocation, direction, control, and analysis of time, finances, people, products, services, and other resources to achieve objectives.</p> <p>An event / production manager’s job is to oversee and arrange every aspect of an event, including researching, planning, fundraising, organising, implementing, controlling, procuring services and evaluating an events design activities, production, technical including financial and project reporting.</p>

“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 R5 (five) million or less.
“Exercisable Voting Right”	means a voting right of a Participant that is not subject to any limit;
“Exhibitions, Markets and Fairs”	An event bringing buyers and sellers and interested persons together to view and/or sell products, services, and other resources to a specific industry or the general public, scheduled alone or in conjunction with other events.
“Festivals”	A cultural celebration, either secular or religious, created by and/or for public, scheduled alone or in conjunction with other events. (Many festivals include bringing buyer and seller together in a festive atmosphere.)
“Film, Television and audio visual production”	means dealings with the incorporation, sourcing and selection of the appropriate sound, lighting, visual projection, multimedia, special effect, and other theatrical elements and services to meet the communication objectives and create the desired impressions and ambiance of the event project.
“Fronting”	means a deliberate circumvention or attempted circumvention of the B-BEE Act and the codes. Fronting commonly involves reliance on data or claims of compliance based on misrepresentations of facts, whether made by the party claiming compliance or by the other person. Fronting means any practices

	or initiatives which are in contravention of or against the spirit of any law, provision, rule, procedure, process, system, policy, practice, directive, order or any other term or condition pertaining to black economic empowerment under the codes.
“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;
“Government & Civic Events”	An event comprised of or created by or for political parties, communities, or municipal or national government entities, scheduled alone or in conjunction with other events.
“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.
“Learning Programmes”	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;
“long-term contract of employment”	means a legal agreement between an individual and an entity that this individual would work for until his or her mandatory date of retirement;
“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;
“Marketing Events”	A commerce-oriented event to facilitate bringing buyer and seller together or to create awareness of a commercial product or service, scheduled alone or in conjunction with other events.
“Meeting and Convention Events”	The assembly of people for the purpose of exchanging information, debate or discussion, consensus or decisions,

	education and relationship building, scheduled alone or in conjunction with other events.
“Measured Entity”	means an Entity as well as an organ of state or public entity subject to measurement under the Codes;
	<p>“51% Black Owned” means an Entity in which:</p> <ul style="list-style-type: none"> (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;
	<p>“51% Black Women Owned” means an Entity in which:</p> <ul style="list-style-type: none"> (a) Black women hold at least 51% of the exercisable voting rights as determined under Code series ETPSI-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;
	<p>“30% Black Women Owned” means an Entity in which:</p> <ul style="list-style-type: none"> (a) Black women hold at least 30% of the exercisable voting rights as determined under Code series -100;

	<p>(b) Black women hold at least 30% of the economic interest as determined under Code series -100; and</p> <p>(c) has earned all the points for Net Value under Statement-100;</p>
“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;

“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.
“Political Gatherings”	means any gathering of two or more people for political purposes. An event comprised of or created by or for political parties, communities, or municipal or national government entities scheduled alone or in conjunction with other events.

<p>“Priority Skills”</p>	<p>means Core, Critical and Scarce Skills as well as any skills specifically identified:</p> <p>(a) in a Sector Skills Plan issued by the Department of Labour of the Republic of South Africa;</p> <p>(b) National Skills Development Strategy III;</p> <p>(c) New Growth Path; and</p> <p>(d) National Development Plan Remove.</p>
<p>“Private Equity Fund”</p>	<p>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;</p>
<p>“Production Services”</p>	<p>The act of producing, creating, of manufacturing or staging. The act of exhibiting or displaying the artistic direction and interpretation.</p>
<p>“Public Benefit Organisation”</p>	<p>means an entity as defined in section 30 of the income Tax Act of 1962;</p>
<p>“Qualifying Enterprise and Supplier Development Contributions”</p>	<p>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 51% Black Women Owned, black youth in rural, and underdeveloped areas in Statement-400;</p>
<p>“Qualifying Small Enterprise”</p>	<p>means an Entity that qualifies for measurement under the Qualifying Small Enterprise scorecard with a turnover of R5 million or more but less than R50 million;</p>
<p>“Qualifying Socio-Economic</p>	

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;
“Recreational”	An activity of leisure and discretionary pastime. It is an essential element of human biology and psychology often affording enjoyment, amusement, relaxation or pleasure.
“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;
“Religious events”	Means events pertaining to or concerned with religion with regards to an event in which technical and production services are required.
“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”	<p>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:</p> <ul style="list-style-type: none"> (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,

	<p>secondary and tertiary education level, as well as bursaries and scholarships;</p> <p>(d) community training; skills development for unemployed people and adult basic education and training; or</p> <p>(e) support of arts, cultural or sporting development programmes;</p>
<p>“Socio-Economic Project Contributions”</p>	<p>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:</p> <p>(a) projects focusing on environmental conservation, awareness, education and waste management; and</p> <p>(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;</p> <p>(c) New projects promoting beneficiation;</p>
<p>“Social/Life-Cycle Events”</p>	<p>A private event, by invitation only, celebrating or commemorating a cultural, religious, communal, societal, or life-cycle occasion, scheduled alone or in conjunction with other events.</p>
<p>“Sport”</p>	<p>Any form of physical and mental activity or game often competitive and organised for an event, technical production service.</p>

“Sport Events”	A spectator or participatory event involving recreational or competitive sport activities, scheduled alone or in conjunction with other events.
“Stakeholders”	A person, group or organisation with a vested interest, or stake, in a decision making and activities of a business, organisation or project.
“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”	has the meaning defined in section 1(3) of the Companies Act;
“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

	<p>value-adding suppliers to the Measured Entity, with the objective of contributing to the development, sustainability and financial and operational independence of those beneficiaries:</p> <p>(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;</p>
“Target”	means the targets for the various Elements in the Event, Technical and Production Services Industry B-BBEE Sector Code and QSE Scorecard;
“Technical”	A specialized skill- and knowledge set required in the process of Production, belonging or pertaining to an art, science or skill specific to a profession or trade. Activities or programmes designed to enable businesses, commerce, and industrial establishments to acquire and use scientific and engineering information more effectively.
“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 Event, Technical and Production Services Industry B-BBEE Sector”	

Code 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, Industry and Competition in March 2003 as amended or substituted under section 11 of the Act;
“Third Party Rights”	<p>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:</p> <p>(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;</p> <p>(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;</p>

“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;
“Venue”	(including but not limited to: stadium, studio, audio visual production facility or virtual online) the place/space where something happens, especially an organised event
“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 Event, Technical and Production Services Industry B-BBEE

	Sector Code Scorecard and QSE Scorecard;
“Workplace Skills Plan”	means the plan of a Measured Entity approved by the relevant SETA.

INTRODUCTION TO THE EVENT, TECHNICAL AND PRODUCTION SERVICES INDUSTRY SECTOR SCORECARD

1. VISION

- 1.1** An inclusive, sustainable, transformed, prosperous Event, Technical and Production Services industry that is globally competitive, highly skilled and characterized by shared growth and a strong commitment to human capital and the development of knowledge and skills.

2 OBJECTIVES:

- 2.1** To transform the Event, Technical and Production Services industry in the manner envisaged herein;
- 2.2** To encourage the adherence to the Event, Technical and Production Services Industry Sector Code.
- 2.3** To have an increase in number of black people that own and control assets in the Industry.
- 2.4** To define the scope, principles and the framework in which the Industry will be transformed.
- 2.5** Facilitate partnerships in the industry amongst other stakeholder groups (government, labour, civil society and business) that will institutionalize transformation of the industry
- 2.6** Introduce and create access for new players in the entire value chain of the industry and improvement in the competitiveness and efficiency of the value chain of the sector .
- 2.7** Intensify campaigns aimed at encouraging the increase in the number of local, national and international events in the country. Sensitise those entities to utilise existing South African technical and production resources who are compliant with the sector code and contribute to such specialised skills and knowledge sets (especially the youth, women, people with disabilities and those marginalized communities) that will grow the industry.

2.8 To ensure compliance with the existing and future codes and legislation concerning transformation

2.9 Build a strong sustainable wholly inclusive industry, capable of contributing to the National Agenda, to GDP, to the employment and deployment of skills.

3. PREAMBLE

3.1. We, the stakeholders of the Event, Technical and Production Services industry recognize that the sector is not transformed and there is a need to work collectively and extend opportunities and benefits to Black people across the entire industry value chain.

3.2. The need to develop a Sector Code that will express our commitment to transform the industry, which is aligned to the Broad Based Black Economic Empowerment (B-BBEE) Codes of Good Practice, is timeous, compliant and necessary.

3.4. The finalized Event, Technical and Production Services Industry Sector Code will be signed off and gazetted by the Minister of Trade and Industry in terms of the Broad-Based Economic Empowerment (B-BBEE) Amendment Act (no 46 of 2013), subsequently referred to as the Act. It is based on the principles of the DTIC Codes of Good Practice (Codes) as amended in 2019.

3.5. The principles of the B-BBEE Act and the Codes of Good Practice shall apply to this Sector Code.

3.6. We recognize that our industry is unique and therefore we would like to address those peculiarities using this Event, Technical and Production Services Industry Sector Code as a guideline.

3.7. Development and mainstreaming of new Black entrepreneurs in the industry will increase the level of competition and contribute to the growth of the industry, whilst creating wealth for those already in the industry and new entrants.

4. HISTORICAL BACKGROUND.

- 4.1. B-BBEE is a mechanism aimed at addressing inequalities and mobilizing the inclusivity of all South Africans. It will contribute towards sustained economic growth, development and social transformation in South Africa. These inequalities also manifest themselves in the country's event, technical and production services industry. A positive and proactive response from the sector through the implementation of B-BBEE will further unlock the sector's potential, promote its global competitiveness and enhance its world class status; A Event, Technical and Production Services Industry Sector Code and sector code for the industry will commit all participants to actively promoting a transformed, vibrant and globally competitive event technical production services sector that reflects the demographics of South Africa.
- 4.2. In 2020 the DSAC held discussions with the DTIC regarding the continuation of the development of the B-BBEE Sector Codes for the Events, Technical and Production Services Industry (ETPSI). Subsequent to the meeting the process was handed over to the DSAC and in 2021 the Events Technical and Production Transformation Forum was re-constituted to continue drafting the codes and conducting consultations which would conclude with gazetting.

A series of meetings were held by the Forum developing the draft B-BBEE Sector Code which culminated into Phase 1 consultations held via Webinars in October 2021. The Webinars served as an entry point to make the sector aware of the process. A 2nd Phase was proposed by the ETPTF to do physical consultations. The DSAC assisted the ETPTF to conduct the Phase consultations in July 2022 which comprised of 3 sessions and structured into a cluster of 3 Provinces per session. These were held on the 08th July 2022 in Cape Town, 15th July in Pretoria and 29th July in Durban. 3 Provinces were identified as the main locations where the consultation sessions would be held namely; Western Cape; Gauteng and KwaZulu Natal. At each province, relevant DSAC Institutions were approached to assist as hosting venues these were namely Artscape in Cape Town for the Western Cape session, Ditsong

National Museum of Cultural History in Pretoria for the Gauteng session and Playhouse in Durban for the KwaZulu Natal session.

Letters were sent to communicate to HOD's from all 9 Provinces requesting for their assistance, participation and mobilisation of relevant stakeholders that they had in their data bases. Each Province was requested to mobilise 50 participants and an outline of the type of stakeholders required was provided. The DSAC provided travel and accommodation logistics for stakeholders that were located at Provinces neighbouring the hosting Province. The sessions comprised panel which consisted of all the members of the ETPTF. A moderator was appointed to facilitate the discussions. The moderator is a former Official who worked in the DTIC B-BBEE unit. At each session, the ETPTF made a presentation of the draft B-BBEE which was followed by an interactive session of question and answers.

The deliberations were recorded in audio and visually and a scribe was assigned to take notes and write out a consultation report. The stakeholders were registered digitally through the DSAC portal as they arrived at the venue and provided with hard copies of the draft B-BBEE Sector and the presentation. The sessions comprised panel which consisted of all the members of the ETPTF. A moderator was appointed to facilitate the discussions. The moderator is a former Official who worked in the DTIC B-BBEE unit. At each session, the ETPTF made a presentation of the draft B-BBEE which was followed by an interactive session of question and answers. The deliberations were recorded in audio and visually and a scribe was assigned to take notes and write out a consultation report. The stakeholders were registered digitally through the DSAC portal as they arrived at the venue and provided with hard copies of the draft B-BBEE Sector and the presentation.

Statistics of Registration

REGISTRATIONS			
SESSIONS	DATE	EVENT	ONLINE REGISTRATION
1	08 th July 2022	Western Cape- Artscape- Cape Town	148
2	15 th July 2022	Gauteng Ditsong Museum -Pretoria	166
3	29 th July 2022	KwaZulu Natal - Playhouse -Durban	37
Grand Total			351



Statistics of Attendance

ATTENDANCE				
SESSIONS	DATE	EVENT	ATTENDANCE	
1	08 th July 2022	Western Cape- Artscape- Cape Town	74	50%
2	15 th July 2022	Gauteng Ditsong Museum -Pretoria	97	59%
3	29 th July 2022	KwaZulu Natal - Playhouse -Durban	???	???
Grand Total			???	



- 4.3. Further to these sessions, stakeholders requested that additional sessions should be held in each Province. The sessions proposed by the stakeholders were held in 6 Provinces with further consultations pending for the 3 more Provinces. The consultations were organised into 3 Sessions clustering 3 Provinces each.

- 4.4. The industry is made up of sporting, entertainment, recreational, religious, cultural, meetings, conferences, exhibitions, incentives, film, television and audio-visual production, organizational or any other similar activities hosted at a stadium, a venue, a studio or audio-visual production facility, or within a prescribed area (including the virtual on-line space).
- 4.5. The following are some of the challenges raised by the industry:
- 4.5.1. All stakeholders agree that transformation is happening at a slow pace in the industry and in certain sub-sectors it is absent. The key stakeholders/drivers of the industry seek the industry to be transformed at an accelerated pace. The stakeholders acknowledge that the technical and production services is dominated by a few white owned companies who have invested in equipment and technology and established long-term relationships and trust with promoters, international studios, broadcasters, streaming giants, technical equipment manufacturers, event organizers and other multi-national entities operating in our sector. There is a need to bring in new players.
- 4.5.2. The general view of the industry is that it is difficult to be compliant because there is no sector specific code that they can be compliant with; and the development of the sector codes would be a welcome intervention in assisting the sector.
- 4.5.3. There is a need and opportunity to develop skills across the Industry through a combination of tertiary education, work-integrated learning and continuing professional development.
- 4.5.4. Fronting is happening in the industry. Fronting is now illegal
- 4.5.5. The Industry is not regulated and as a consequence, the transformation agenda is compromised and impeded
- 4.5.6. The issue of quality of production is a challenge.
- 4.5.7. There is limited transfer of skills from those that are established to the new entrants.
- 4.5.8. Potential economic opportunities for players in the sector are impeded in terms of availability of instruments, technical equipment, repair and technical services by existing monopolies since there are few people that can afford it or have the

capacity. This impediment includes the insistence by artists from abroad of bringing in their own supplies and technical services. It is necessary to find material ways to promote governments' commitment to local content.

5. ENVISAGED CHANGES

- 5.1. We are aware that there are a few white players who dominate our sector we therefore want to diversify and include black companies as well".)
- 5.2. It is true that the majority of existing entities are non-compliant. By establishing the charter council, we will ensure that we monitor and receive reports in order to encourage compliance.
- 5.3. Re: Fronting - In light of the statement that fronting is now illegal, "we encourage our members to comply with the principles of the Transformation Charter Council so as to discourage this practice and ensure Good Practice".
- 5.4. The intention of the Charter Council is to implement the sector codes and thereby regulate transformation in the sector in accordance with the Code of Good practice.
- 5.5. Greater commitment and investment to training for individuals entering the industry, as well as continuing professional development of industry professionals already working in the sector.
- 5.6. Counter monopolistic business practices and create new opportunities for black-owned SMME's

6. STAKEHOLDERS UNDERTAKINGS.

- We commit to the inclusion of new entrants and expansion of the industry along the value chain as this makes business, economic and social sense. This will ensure that small black owned businesses and employees benefit from the growth of the Event Technical and Production Services Industry locally and globally.

- Recognizing that the main transformational challenge facing the industry is extending marketing and procurement opportunities to black owned companies, we commit to increase the quantity and quality of products and services procured from black owned companies.
- Promote and campaign for good practices and standards that will ensure that the industry provide good service.
- We are dealing with a highly consolidated and concentrated industry dominated by a few large firms and many small companies therefore with many distortions. We commit to an increase in competition in the sector which is the best interest of the industry to be more efficient.
- Acknowledging that the Event Technical and Production Services industry has a strong presence in underdeveloped and rural areas of the country, therefore we commit to creation of opportunities in underdeveloped and rural areas that will have a positive spin-off in those areas.

4.1 Government undertake to:

- Use instruments such as licensing, concessions, procurement to improve participation of black people in the industry.
- Mobilize available government's financial and non-financial support to support the development of black owned businesses in the Event and Technical Production Services industry.
- Ensure that there is increase in investment and development of skills that are key for the sustainability and growth of the industry.
- Contribute towards increasing number of events taking place in the country.
- Enforce and monitor the implementation of this Transformation Plan.
- Only do business with companies that are at least B-BBEE Level 4 compliant.
- Use existing legislations to discourage monopolies and anti-competitive behavior in the industry.

4.2 Industry (Emerging and Established Businesses) undertake to:

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- Ensure good procurement practices when procuring from in particular black businesses.
- Focus and increase procurement from core businesses from black businesses especially the SMMEs.
- Inclusion of the involvement of black women in the industry across all elements and the value chain.
- Involve black people top management structures of the companies and also on key strategic positions.
- Identify and assist in implementation of industry specific programmes that will improve and sustain livelihoods of employees and communities.
- Only do business with companies that are at least B-BBEE level 4 compliant.

- 6.1. We commit to the inclusion of new entrants and expansion of the Industry along the value chain as this makes business, economic and social sense. This will ensure that small Black owned businesses and employees benefit from the growth of the Industry locally and globally.
- 6.2. Recognizing that the main transformational challenge facing the Industry is extending marketing and procurement opportunities to Black owned companies, we commit to increase the quantity and quality of products and services procured from Black owned companies.
- 6.3. Promote and campaign for good practices and standards that will ensure that the industry provide good service.
- 6.4. We are dealing with a highly consolidated and concentrated industry dominated by a few large firms and many small companies therefore with many distortions. We commit to an increase in competition in the sector which is the best interest of the industry to be more efficient.
- 6.5. Acknowledging that the Industry has a strong presence in underdeveloped and rural areas of the country, therefore we commit to the creation of opportunities in underdeveloped and rural areas that will have a positive spin-off in those areas.
- 6.6. Support the development and growth of human capital servicing the Industry through skills, knowledge and training interventions and opportunities.

6.7. Leverage with other Government Departments and bi-lateral agreements to achieve the vision for the industry.

6.8. Industry (Emerging and Established Businesses) undertake to.

6.8.1. Ensure good procurement practices when procuring businesses.

6.8.2. Focus and increase procurement from Black-owned businesses especially SMMEs.

6.8.3. Inclusion of the involvement of Black women in the industry across all elements and the value chain.

6.8.4. Involve Black people in top management structures of the companies and on key strategic positions.

6.8.5. Identify and assist in implementation of industry specific programmes that will improve and sustain livelihoods of employees and communities.

6.8.6. Only do business with companies that are at least B-BBEE level 4 compliant.

6.8.7. Therefore, all the participating stakeholders undertake to do the following:

6.8.7.1. To support the implementation of this Event, Technical and Production Services Industry Sector Code.

6.8.7.2. To be compliant with the relevant codes and legislation.

6.8.7.3. To communicate effectively with its constituents

6.9. Government undertake to.

6.10. Use instruments such as licensing, concessions, procurement to improve participation of Black people in the industry.

6.11. Mobilize available resources to support to support the development of Black owned businesses in the Industry.

6.12. Ensure that there is increase in investment and development of skills that are key for the sustainability and growth of the Industry.

6.13. Contribute towards increasing the number of events taking place in the country.

6.14. Enforce and monitor the implementation of this Event, Technical and Production Services Industry Sector Code.

6.15. Only do business with companies that are at least B-BBEE Level 4 compliant.

6.16. Use existing legislations to discourage monopolies and anti-competitive behavior in the Industry.

6.17. See to it that there is compliance with Skills Development and interaction with the relevant SETA's

7. PROCESS OF THE DEVELOPMENT OF THE EVENT, TECHNICAL AND PRODUCTION SERVICES INDUSTRY SCORECARD

- 7.1. The Event, Technical and Production Services Forum was formally established by the Minister of Trade and Industry to further the objectives of transformation within the Events Technical and Services Sector. To this end, the Forum was mandated to draft an Event, Technical and Production Services Industry Sector Code Sector Code to the Amended Event, Technical and Production Services Industry B-BBEE Sector Code of Good (GCGP) as per Government gazette No. 36928 of October 2013. As a result, the Forum embarked on a nationwide consultative process to solicit views and inputs from various stakeholders in the sector which culminated in the development of the final Event, Technical and Production Services Industry Sector Code. The B-BBEE Codes as published therein are the only basis for the application and recognition of B-BBEE initiatives in the Events Technical and Services sector.
- 7.2. The participation of all stakeholders was encouraged and obtained in the form of public hearings and submissions from various constituencies which formed the basis for the development of the final B-BBEE Codes contained in the Event, Technical and Production Services Industry Sector Code for the sector.
- 7.3. Various member associations were consulted in preparing this Sector Code, as per the list below:

#	Constituency	Institution	Representative	Profile of the Association/Organisation etc
1.	Business	➤ South African Music Promoters Association (SAMPA).	Mr. Leabua "Oupa" Salemane (Chairperson of the ETPTF)	

	<ul style="list-style-type: none"> ➤ Southern African Communications Industries Association (SACIA). 	<p>Mr. Kevan Jones (Deputy Chairperson of the (ETPTF))</p> <p>Mr. Kevan Jones is also Chairperson of SACIA.</p> <p>SACIA has also merged with the Technical Production South Africa (TPSA) which is a network of key professionals in the sector</p>	
	South African Roadies Association (SARA)	<p>Mr. Freddie Nyathela</p> <p>Is the founder and President of SARA which is an organisation focused on the training and skills development of youth in the Events, Technical and Production Services sector</p>	
	<ul style="list-style-type: none"> ➤ Exhibitions & Events Association of Southern Africa (EXSA). 	Ms. Lee Ann Alder	
	<ul style="list-style-type: none"> ➤ South African Association for the Conference 	Mr. Glenton De Kock	

		Industry (SAACI).		
		➤ Council of Event Professionals Africa (CEPA).	Mis Susan "Sue" Gannon	
		➤ International Festival & Events Association - Africa (IFEA). ➤ Community cooperatives	Ms Janet Landey	
		➤ South African Music Promoters Association (SAMPA).	Mr. China Mpololo	
		➤ Independent Producers Organization (IPO).	Mr. Quinton Frederick	
		➤ South African Events Council (SAEC).	No representative from the Forum	
2.	Professionals	The members of the Forum are the professionals representing the various associations (DTIC can assist to give clarity on whether there should be a		

		professional from the sector who is independent to be elected to be part of the Forum		
3.	Labour	➤ Trade Union for Musicians of South Africa (TUMSA).	Gabi Le Roux	
5.	Government	➤ Department of Sports, Arts and Culture (DSAC).	The Lead Ministry and Department	Department to provide a brief profile
		➤ Department of Trade Industry and Competition (the DTIC)	Custodian of the development of B-BBEE Sector Codes	Department to provide a brief profile

7.3.1. Exhibitions & Events Association of Southern Africa (EXSA).

7.3.2. South African Association for the Conference Industry (SAACI).

7.3.3. International Festival & Events Association - Africa (IFEA).

7.3.4. South African Music Promoters Association (SAMPA).

7.3.5. South African Roadies Association (SARA).

7.3.6. Southern African Communications Industries Association (SACIA).

7.3.7. Trade Union for Musicians of South Africa (TUMSA).

7.3.8. Independent Producers Organization (IPO).

7.3.9. South African Events Council (SAEC).

7.3.10. Council of Event Professionals Africa (CEPA)

7.3.11. Department of Sport, Arts and Culture (DSAC)

7.3.12. Department of Trade, Industry and Competition (DTIC)

7.4. The development of the Event, Technical and Production Services Industry Sector Code was based on the definitions, principles and methodologies of transformation codes outlined in the B-BBEE Act No. 53 of 2003 as amended

and the Amended Event, Technical and Production Services Industry B-BBEE Sector Code of Good Practice for B-BBEE issued by the DTIC.

CODE SERIES-000

STATEMENT-000: GENERAL PRINCIPLES AND THE EVENT, TECHNICAL AND PRODUCTION SERVICES INDUSTRY SECTOR SCORECARD

Arrangement of this statement:

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3	Application of the codes	41
4	Eligibility as an Exempted Micro Enterprise	43
5	Eligibility as a Qualifying Small Enterprise	44
6	Eligibility of Joint Ventures and Start-Up Enterprises	45
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9	Enhanced recognition for certain categories of Back People	49
10	Blank	50
13	Adjustment of Threshold	50
14	Duration of the Codes	50
13	Role of ETPSI Council	50

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 an Exempted Micro-Enterprise (EME) or Qualifying Small Enterprise (QSE);
- 1.4 Specify the method of measuring Start-Up Enterprises;
- 1.5 Specify the elements of B-BBEE measurable under the Event, Technical and Production Services Industry B-BBEE Sector Code Scorecard and Qualifying Small Enterprises;
- 1.6 Specify the basis for determining compliance by Entities with the Codes;

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.

- 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 Sector Code will apply to any entity operating in this industry, which derives its revenue/ turnover from the events and audio-visual sector. Application of the Codes "The Sector Codes will apply to any entity operating in this industry, which derives more than 50% of its revenue/turnover from the events and audio visual sector).
- 3.2. The industry will include but is not limited to:
- 3.2.1 sporting events, events pertaining to or dealing with the science or art of sporting with regards to the requirement of technical and production services.
- 3.2.2 entertainment events, events pertaining to or dealing with the science or art of sporting with regards to the requirement of technical and production services.
- 3.2.3 recreational events, events pertaining to or dealing with the science or art of sporting with regards to the requirement of technical and production services.
- 3.2.4 religious events, events pertaining to or dealing with the science or art of sporting with regards to the requirement of technical and production services.

- 3.2.5 political gatherings, events pertaining to or dealing with the science or the art of politics with regards to the requirement of technical and production services.
- 3.2.6 cultural events, events pertaining to or dealing with the science or the art of politics with regards to the requirement of technical and production services.
- 3.2.7 fairs and events pertaining to or dealing with the science or the art of politics with regards to the requirement of technical and production services.
- 3.2.8 markets, events pertaining to or dealing with the science or the art of politics with regards to the requirement of technical and production services.
- 3.2.9 conferences,
- 3.2.10 exhibitions,
- 3.2.11 film,
- 3.2.12 television and
- 3.2.13 audio-visual productions,
- 3.2.14 business and organizational events (such as a convention, congress, colloquium, forum, symposium, seminar and workshop) or
- 3.2.15 any other similar activities hosted at a stadium, a venue, a studio or audio-visual production facility, or within a prescribed area (including the virtual on-line space).
- 3.2.16 Any enterprise with an annual Total Revenue of R50 Million and more qualifies as a Large Enterprise and must comply with all of the elements of B-BBEE for the purposes of measurement.

3.3 PRIORITY ELEMENTS, SUBMINIMUM AND DISCOUNTING PRINCIPLE

3.3.1 The Priority Elements are as follows:

3.3.1.1 Ownership:

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:**

The Sub-minimum requirement for Skills Development is 40% of the total weighting points excluding bonus points for Skills Development.

3.3.1.3 **Enterprise and Supplier Development:**

The Sub-minimum requirement for Enterprise and Supplier Development is 40% of the total weighting points for each of the three categories, excluding bonus points, within the Enterprise and Supplier Development element, namely: Preferential Procurement (40% of the 25 points); Supplier Development (40% of the 20 points) and Enterprise Development (40% of the 5 points).

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, with the exclusion of black-owned QSEs in terms of paragraph 3.3 below.

3.3 **DISCOUNTING PRINCIPLE EFFECT**

3.3.3.1 Qualifying Small Enterprises or Event, Technical and Production Services Industry B-BBEE Sector Code Enterprises that fail to meet the 40% sub-minimum requirement for any or a combination of the priority elements in terms of 3.2 and 3.2.2 above, will have their B-BBEE status level discounted one level.

3.3.3.2 The discounted level will be recorded and be the applicable status level for that Measured Entity.

3.3.3.3 Notwithstanding the recognition in 3.3.3.1 above, the Measured Entity will recognise the actual points achieved below the 40% sub-minimum requirements.

3.3.3.4 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 or who exceed the turnover threshold specified by the Department of Labour. However, for the purpose of measurement: both Event, Technical and Production Services Industry B-BBEE Sector Code 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 R5 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 22.2.

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

4.3.1 Despite paragraph 4.3 an EME which is 100% Black Owned, measured using the flow-through principle, qualifies for elevation to “Level One Contributor” having a B-BBEE recognition level of 135%.

4.3.2 Despite paragraphs 4.3 and 4.4.1, an EME which is at least 51% Black Owned, measured using the flow-through principle, qualifies for elevation to “Level Two Contributor” having a B-BBEE recognition level of 125%.

4.4 Despite paragraphs 4.3 and 4.4, an EME is allowed to be measured in terms of the QSE scorecard should it so choose.

- 4.5 An EME is only required to obtain a sworn affidavit or Certificate issued by Companies and Intellectual Property Commission (CIPC) on an annual basis, confirming the following:
 - 4.5.1 Annual Total Revenue of R5 million or less; and
 - 4.5.2 Level of Black ownership.
- 4.6 Any misrepresentation in terms of Para 22.6 above constitutes a criminal offence as set out in the B-BBEE Act as amended.

5. ELIGIBILITY AS A QUALIFYING SMALL ENTERPRISE (QSE)

- 5.1 A Measured Entity with an annual Total Revenue of between R5 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 Despite Paragraph 5.2 above, a Qualifying Small Enterprise which is 100% Black Owned, measured using the flow-through principle, qualifies for elevation to a “B-BBEE Level one Contributor”.
 - 5.3.2 Despite paragraph 5.2 above, a Qualifying Small Enterprise which is at least 51% Black Owned, measured using the flow-through principle, qualifies for elevation to a “B-BBEE Level Two Contributor”.
 - 5.3.3 A Black Owed QSE in terms of paragraph 5.3. above, is only required to obtain a sworn affidavit on an annual basis, confirming the following:
 - 5.3.3.1 Annual Total Revenue of R10 million and R50 million; and
 - 5.3.3.2 Level of Black ownership.

- 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 ELIGIBILITY AS A GENERIC ENTERPRISE

- 6.1 Any enterprise with an annual Total Revenue of R50 million and more qualifies as a Large Enterprise.
- 6.2 A Large Enterprise must comply with all of the elements of B-BBBEE for the purpose of measurement.

7 ELIGIBILITY OF JOIN VENTURES AND START-UP ENTERPRISE

- 7.1 The measurement of Unincorporated Joint Ventures will be done as follows:
- 7.2 Unincorporated Joint Ventures are required to compile a consolidated verification certificate. A consolidated verification certificate will consolidate the verified compliance data of joint venture partners in accordance with paragraph 7.3 below as if those Measured Entities were a single Measured Entity.
- 7.3 The consolidation of compliance data shall be based on a weighting in accordance with the joint venture agreement relevant to the specific joint venture. Therefore, should two companies enter into an Unincorporated Joint Venture their respective scores in terms of the relevant Code of Good Practice will be weighted according to their proportionate share in the joint venture and added together for a combined score out of 100.
- 7.3.1 Should a company qualify in terms of the Qualifying Small Enterprise Scorecard its B-BBEE score out of 100 must be used to calculate the consolidated score.
- 7.3.2 51% Black Owned EMEs and 51% Black Owned QSEs will qualify for a score of 95 points while 100% Black Owned EMEs and 100% Black Owned QSEs will qualify for a score of 100 Points.
- 7.3.3 EME's other than those in paragraph 6.3.2 above will qualify for a score of 85 Points.

- 7.3.4 The JV B-BBEE Certificate is valid for 12 Months and only applicable to a specific Project.
- 7.3.5 Notwithstanding the B-BBEE Status Level attributed to the JV in terms of the above mechanism the black ownership of the respective partners may be flowed through to the JV in proportion to the respective JV partners' economic interest and voting rights in the JV as determined by the JV agreement.
- 7.4 Start-up Enterprises are deemed to have qualifying B-BBEE Status in accordance with the principles of paragraph 4 of this Statement.
- 7.5 Despite paragraph 7.4, a Start-up Enterprise may be measured in terms of the QSE scorecard or the Event, Technical and Production Services Industry B-BBEE Sector code scorecard should they choose to.
- 7.6 Despite paragraph 7.4, a Start-up Enterprise within the technical production and live events industry 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 R5 million but less than R50 million. For contracts of R50 million or more they should submit the Event, Technical and Production Services Industry B-BBEE Sector code scorecard. The preparation of such scorecards must use annualised data.

8 THE EVENT, TECHNICAL AND PRODUCTION SERVICES INDUSTRY B-BBEE SECTOR CODE SCORECARD

- 8.1 The Ownership Element, as set out in Code series-100, measures effective ownership of entities by Black people.
- 8.2 The Management Control element, as set out in Code series-200, measures the effective control of entities by Black people.

- 8.3 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.
- 8.4 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.
- 8.5 The Socio-Economic Development 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.

9. THE B-BBEE EVENT, TECHNICAL AND PRODUCTION SERVICES INDUSTRY B-BBEE SECTOR CODE SCORECARD

9.1 The following table represents the B-BBEE Event, Technical and Production Services Industry B-BBEE Sector Code Scorecard:

Element	Weighting	Code series reference
Ownership	42 points	100
Management Control	43 points	200
Skills Development	43 points	300
Enterprise and Supplier Development	52 points (plus 4 bonus points)	400
Socio-Economic Development	10 points	500
<u>Total</u>	190 points (plus 4 bonus points)	

9.2. B-BBEE RECOGNITION LEVELS

9.2.1 Based on the overall performance of a Measured Entity using the Event, Technical and Production Services Industry B-BBEE Sector Code Scorecard, the Measured Entity will receive one of the following B-BBEE Status uses with the corresponding B-BBEE recognition level:

B-BBEE Status	Qualification	B-BBEE recognition level
Level One Contributor	≥171 points on scorecard	135%
Level Two Contributor	≥ 140 but <150 points on scorecard	125%
Level Three Contributor	≥135 but <140 points on ETPSI scorecard	110%
Level Four Contributor	≥120 but <135 points on ETPSI scorecard	100%
Level Five Contributor	≥115 but <120 points on ETPSI scorecard	80%
Level Six Contributor	≥105 but <115 points on ETPSI scorecard	60%
Level Seven Contributor	≥80 but <105 points on ETPSI scorecard	50%
Level Eight Contributor	≥60 but <80 points on ETPSI scorecard	10%
Non-Compliant Contributor	<60 points on ETPSI scorecard	0%

10. ENHANCED RECOGNITION FOR CERTAIN CATEGORIES OF BLACK PEOPLE

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

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

10.1.2 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.

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.

13. ROLE OF ETPSI COUNCIL

13.1 The Sector Charter Council will comprehensively review progress on the implementation of the sector code after five (5) years from the effective date of this sector code or at the review of the Codes of Good Practice – whichever one comes first.

- 13.2 The Event, Technical and Production Transformation Forum (“ETPTF”) represents all stakeholders in the sector. Hereafter the ETPTF will be constituted as a Charter Council. The mandate of the Charter Council includes:
- 13.2.1 To constitute an executive structure with adequate capacity;
 - 13.2.2 To oversee and monitor the implementation of the sector code;
 - 13.2.3 To receive, consider and approve annual enterprise and supplier development B- BBEE reports;
 - 13.2.4 To issue guidance notes on the interpretation and application of the sector code;
 - 13.2.5 To prepare annual reports on progress in implementing the sector code.
 - 13.2.6 To have an increase in number of Black people that own and control assets in the Industry.
 - 13.2.7 To define the scope, principles and the framework in which the Industry will be transformed.
 - 13.2.8 Facilitate partnerships in the industry amongst other stakeholder groups (government, labour, civil society and business) that will institutionalize transformation of the industry.
 - 13.2.9 Introduce new players in the entire value chain of the industry and improvement in the competitiveness and efficiency of the value chain.
 - 13.2.10 Intensify campaigns aimed at encouraging increase in the number of especially international events in the country (including in marginalized areas) to grow the industry.

13.2.11 Compliance with the existing and future codes and legislation concerning transformation.

13.2.12 Build a strong Industry capable of contributing the National Agenda, to GDP, to the employment and deployment of skills.

13.3 Monitoring and Reporting

13.3.1 Each enterprise will submit a B-BBEE report annually to the Charter Council. The report must contain the enterprise's scorecard, verified by an accredited BEE verification agency and an account of progress in achieving the qualitative undertakings outlined in the sector code.

13.3.2 Council will annually collate information on the implementation of the sector code and compile a report on the status of transformation to be submitted to the Minister of Trade, Industry and Competition.

13.3.3 Once the aligned Sector Code is gazetted, the sector code will be binding and enforceable. Any B-BBEE certificate acquired before the gazetting of the Events Technical Production Sector Code will remain valid for 12 months.

**CODE SERIES ETPSI-100: MEASUREMENT OF OWNERSHIP
STATEMENT 100: GENERAL PRINCIPLES FOR MEASURING OWNERSHIP**

Arrangement of this statement:

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3	Key Measurement Principles	55
4	Annexe ETPSI-100 (A)	66
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1 OBJECTIVES OF THIS STATEMENT

1.1 It is acknowledged that the revised Codes of Good Practice differ materially from those in the ETPSI Sector code. The measurement principles in this code will take precedence over the content of the Code of Good Practice.

1.2 Targets and weightings of the scorecard are informed by the reality of the sector and discussions with stakeholders. A comprehensive review of these targets and weightings will be reviewed after five years from the date of gazette of this Event, Technical and Production Services Industry Sector Code.

1.3. Objectives of this statement are to:

- 1.3.1 Define the key measurement principles for measuring the ownership of organisations active in the technical production and live events industry;
- 1.3.2 Specify the specific measurement principles applicable to various types of Entities;
- 1.3.3 Specify the specific measurement principles applicable to various types of Equity Instruments;
- 1.3.4 Specify the formula for measuring Voting Rights, Economic Interest, and Realisation points.

2. OWNERSHIP SCORE CARD

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

Indicator	Description	ETPSI B-BBEE Weighting points	ETPSI B-BBEE Target
2.1	Voting rights		
2.1.1	Exercisable Voting Rights in an Entity in the hands of Black People	10	40%
2.1.2	Exercisable Voting Rights in the Entity in the hands of Black Women	4	20%
2.2	Economic interest		
2.2.1	Economic Interest in the Entity to which Black People are entitled	6	40%
2.2.2	Economic Interest in the Entity to which Black Women are entitled	4	20%
2.2.3	Economic Interest of any of the following Black natural people in the Measured Entity Black designated groups; Black participants in Employee Share Ownership Schemes; Black people in Broad-based Ownership Schemes; Black participants in Cooperatives	5	20%
2.2.4	New Entrants	5	10%
2.3	Realization points - Net Value Refer to Annex (C) paragraph 4	8	

3 KEY MEASUREMENT PRINCIPLES

3.1 General principles:

- 3.1.1 An Enterprise 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 business 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 any form of juristic person recognised under South African law;
- 3.1.1.5 a partnership or other association of natural persons;
- 3.1.1.6 a Broad-Based Ownership Scheme;
- 3.1.1.7 an Employee Ownership Scheme; and
- 3.1.1.8 a Trust.

3.2 SUB-MINIMUM REQUIREMENTS

- 3.2.1 A measured entity is required to achieve a minimum of 40% on Net Value Points (ie: 8 points) based on Annexe ETPSI-100 (A) 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.

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 Enterprise, 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 Participants 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 Enterprise; 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 any BEE owned or controlled company in the ownership of the Measured Enterprise.

3.4.3 In calculating Exercisable Voting Rights under paragraph 2.1.1. and Economic Interest under paragraph 2.2.1 the following applies:

3.4.3.1 Where in the chain of ownership, black people have a flow-through level of participation in excess of 51%, then only once in that chain may such black participation be treated as if it were 100% black.

3.4.3.2 The Modified Flow-Through Principle may only be applied in the calculation of the indicators in paragraphs 2.1.1 and 2.2.1. 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 directly by organs of state or public entities must be excluded.

3.5.2 In calculating their Ownership score, Measured Enterprises 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 paragraph 3.5.1 and 3.5.2, the Minister may by notice in the gazette, designate certain Public Entities as BEE Facilitators. In calculating their Ownership score, Measured Enterprises must treat BEE 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 10% by black designated groups;

3.6.1.4 without any acquisition debts; and

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 Investment.

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

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 period of 3 years;

3.8.1.2 net value based on the Time Based Graduation Factor as per ETPSI-100 (E) must have been created in the hands of black people:

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 loss of shares by the black investor, 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;

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 Ownerships Programme 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 ETPSI-100 (B) and Annexe ETPSI-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 Annex ETPSI-100 (B) and Annexe ETPSI-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;
- 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 profits made by the Private Equity Fund 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 investments made by it;
- 3.10.3 the Private Equity Fund manager must be a BEE Owned Company as defined; and
- 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 30% 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 30% 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 detailed below. (It must be noted that this formulation is in line with that of the Net Value calculation).
This rule will apply to all investments made after the effective date of this ETPSI Sector Code.
- 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 30% 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 30% direct Black shareholding;
- 3.10.10 From the first day of the third year to 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 30% direct Black shareholding;
- 3.10.11 From the first day of the fifth year to the last day of the sixth 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 enterprises that have at least 30% direct Black shareholding;

- 3.10.12 From the first of the seventh year to 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 30% direct Black shareholding;
- 3.10.13 From the first day of the ninth year and beyond, at least 51% of the value of the funds invested by the Private Equity Fund must at all times be invested in enterprises that have at least 30% 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 30% 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 the effective date of this ETPSI Sector Code, 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 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 nonblack 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.
- 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 ETPSI-100(B) and Annexe(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 Annex ETPSI-100(B) and Annexe (C) respectively.

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 ETPSI-100(D).

3.12.1.2 100% of the total points on the ownership scorecard of the Measured Entity if they meet the additional qualification criteria set out for Trusts in Annexe ETPSI-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 for the holder for the option period and paid to the holder of that instrument before the exercise of that right.

3.13.4 The value of an instrument must be determined by using a Standard valuation method for calculating the Net value.

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 preferent rights that has the characteristics of a debt, regardless of whether the debt is that of an Entity or of a Participant, is 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.

EXAMPLES OF MANDATED INVESTMENTS

Page 67: Please include Ownership Calculations

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

Annexe ETPSI-100 (B),

1 Rules for Broad-Based Ownership Schemes

- 1.1 The following rules apply to the Broad-Based Ownership Schemes:
 - 1.1.1 the management fees of the schemes 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 the future distribution or application;
 - 1.1.3 the constitution of the schemes 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 persons satisfies the requirement for the 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 proportions of the 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 the 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;
- 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 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.

ETPSI-100 (C)

2.3 RULES FOR EMPLOYEE SHARE OWNERSHIP PROGRAMMES

2.3.1 The following rules apply to the Employee Share Ownership Programmes:

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

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

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

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

2.3.2 The Participants must take part in:

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

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

2.3.2.3 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;

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

2.3.2.5 all accumulated Economic Interest of the scheme is payable to the Participants at the earlier of a date or event specified in the scheme constitution or on the termination or winding-up of the scheme.

2.4 ADDITIONAL CRITERIA APPLICABLE TO EMPLOYEE SHARE OWNERSHIP PROGRAMMES

2.4.1 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:

2.4.1.1 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;

2.4.1.2 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. RULES FOR A TRUST

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 use of a defined class of natural persons satisfies the requirement for the 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 the 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 for the recognition of Family Trust 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 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 defining proportion of benefit;

5.1.4 only the trustee 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 see to circumvent the provision of the Codes and the Act.

**CODE SERIES ETPSI-200: MEASUREMENT OF MANAGEMENT CONTROL
STATEMENT-200: GENERAL PRINCIPLES FOR MEASURING MANAGEMENT
CONTROL**

Arrangement of this statement:

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2	Management Control Scorecard	69
3	Key Measurement Principles	71
4	Measurement of the Management Control Criteria	72

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	ETPSI Weighting points	ETPSI Target
2.1 Board participation:		
2.1.1 Exercisable voting rights of black board members as a percentage of all board members	3	50%
2.1.2 Exercisable voting rights of black female board members as a percentage of all board members	2	25%
2.1.3 Black Executive directors as a percentage of all executive directors	3	50%
2.1.4 Black female Executive directors as a percentage of all executive directors	2	25%
2.2 Other Executive Management:		
2.2.1 Black executive Management as a percentage of all executive directors	3	60%

2.2.2	Black female Executive Management as a percentage of all executive directors	2	30%
2.3	Senior Management		
2.3.1	Black employees in Senior Management as a percentage of all senior management	3	60%
2.3.2	Black female employees in Senior Management as a percentage of all senior management	2	30%
2.3.3	Promotion of Black employees from Middle Management into Senior Management of total number of new positions in Senior Management	5	60%
2.3.4	Black employees with disabilities as a percentage of senior management	3	5%
2.4	Middle Management		
2.4.1	Black employees in Middle Management as a percentage of all middle management	4	75%
2.4.2	Black female employees in Middle Management as a percentage of all middle management	2	38%
2.4.3	Promotion of Black employees from Junior Management into Middle Management of the total number of new positions in Middle Management	1	30%
2.4.4	Black employees with disabilities as a percentage of Middle Management	1	2%
2.5	Junior Management		
2.5.1	Black employees in Junior Management as a percentage of all junior management	2	88%
2.5.2	Black female employees in Junior Management as a percentage of all junior management	2	44%
2.6	Employees with disabilities		
2.6.1	Black employees with disabilities as a percentage of all employees	3	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.

2.8 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.

4 MEASUREMENT OF MANAGEMENT CONTROL CRITERIA

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

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:

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

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 the measurement sub-category.

**B: MEASUREMENT OF MANAGEMENT CONTROL INDICATORS
ANNEXE ETPSI-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 (MUST CHANGE).

B is the 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 the 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 point allocated to the applicable management control criteria being measured as specified in paragraph 2.1, 2.2, 2.3, 2.4 and 2.5 (MUST CHANGE).

C: MEASUREMENT OF EMPLOYEES WITH DISABILITIES

The measurement of the criteria under paragraph 2.6 (MUST CHANGE) 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 (MUST CHANGE) 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.

**CODE SERIES ETPSI-300: MEASUREMENT OF SKILLS DEVELOPMENT
STATEMENT-300: GENERAL PRINCIPLES FOR MEASURING SKILLS
DEVELOPMENT**

Arrangement of this statement:

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5	Measurement of Skills Development Indicators	81
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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;
- 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	ETPSI Weighting points	ETPSI Compliance Target
2.1.1	Skills Development Expenditure on Learning programmes specified in the Learning Programme Matrix for black people as a percentage of Leivable Amount		
2.1.1.1	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black people as a percentage of Leivable Amount.	7	5%
2.1.1.2	Skills Development Expenditure on Bursaries for Black Students at Higher Education Institutions	6	5%
2.1.1.3	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black employees with disabilities as a percentage of Leivable Amount.	4	0.5%
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.	8	10%
2.1.3	Number of unemployed Black people participating in technical training specified in the learning matrix as a percentage of number of employees (compulsory only for technical and production).	8	10%
Bonus points			
2.1.4	Number of black people absorbed by the Measured and Industry Entity at the end of the Internship, Learnership and Apprenticeship programme under Paragraph 2.1.2.1	10	100%

2.2 The compliance targets for 2.1.1.1, 2.1.1.2, 2.1.2.1, and 2.1.2.1 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:

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

- 3.2.1 Implementation of Priority Skills programme generally, and more specifically for black people.
- 3.2.2 The 5% compliance target under paragraph 2.1.1.1 includes external training expenditure for unemployed black people.
- 3.2.2 Initiatives implemented under paragraph 2.1.1.1 cannot be counted under paragraph 2.1.1.2 and vice versa.
- 3.2.3 A trainee tracking tool has to be developed in order for the Measured Entity to score under paragraph 2.1.3.
- 3.2.4 If less than 100% of the trainees are absorbed under paragraph 2.1.4, 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 total weighting points excluding bonus points set out in the Skills Development Element.
- 4.2 Non-compliance to the threshold targets will result in the overall achieved B-BBEE status level being discounted in accordance in paragraph 3.4 of Statement-000.

5 GENERAL PRINCIPLES

- 5.3.1 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.
- 5.3.2 Promote the development of the events and audio-visual production industry.
- 5.3.3 Support 'Professional, Vocational, Technical and Academic Learning programs, achieved by means of professional placements, work-integrated

learning, apprenticeships, learnerships and internships, that meet the critical needs for economic growth and development.

- 5.3.4 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.
- 5.4 Skills Development Expenditure includes any legitimate expenses incurred for any Learning Programme offered by a Measured Entity to black people evidenced by an invoice or appropriate internal accounting record.
- 5.5 Skills Development Expenditure arising from Informal and workplace Learning Programs or from Category F and G Learning Programs under the Learning Programs Matrix cannot represent more than 25% of the total value of Skills Development Expenditure.
- 5.6 Legitimate training costs such as accommodation, catering, travelling and the cost to the Measured Entity of employing a Skills Development facilitator or a training manager (non-exhaustive) cannot exceed more than 15% of the total value of Skills Development Expenditure. This does not apply to Skills Development Expenditure recognized in paragraph 2.1.1.2.
- 5.7 Salaries or wages paid to an employee participating as a learner in any Learning Programme constitute Skills Development Expenditure if the Learning Programme is a Learnership, Internship and Apprenticeship (Category B, C and D) on the Learning Programme Matrix or a stipend linked to a bursary programme in terms of paragraph 2.1.1.2.
- 5.8 Salaries or wages so paid to the Employee are only claimable for the period over which that Employee was participating in the Learnership, Internship or Apprenticeship during the measurement period.

- 5.9 Expenses on scholarships and bursaries for Black people 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. A bursary or scholarship scheme is a grant made to or for students who are registered at educational institutions established by or registered with the Department of Basic Education or the Department of Higher Education & Training. Examples of legitimate training costs for a bursary or scholarship includes: payment of school, college or university fees, or a portion thereof; funding for textbooks or other learning materials; funding for subsistence or accommodation during the period of study. 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:
- 5.9.1 The obligation of successful completion in their studies within the time period allocated; or
- 5.9.2 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.
- 5.10 Mandatory sectoral training does not qualify as skills development contribution i.e. health and safety in construction sector (non-exhaustive list).
- 5.11 Training outside the country in line with the Learning Programme Matrix under annexure ETPSI-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
- 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 Annexure ETPSI-300(B).

8. ANNEXE ETPSI-300 (A)

Learning Programme Matrix

Cat	Programme	Narrative Description	Delivery Mode	Learning Site	Learning Achievement
A	Bursaries or scholarships	Institution-based theoretical instruction alone – formally assessed by educational institutions established by or registered with the Department of Basic Education or the Department of Higher Education & Training.	Institutional instruction	Institutions such as universities and colleges, schools, ABET providers	Recognized 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
C	Learnerships	Recognized or registered	Structured learning in the	Workplace	Occupational or professional

		structured experiential learning in the workplace that is required after the achievement of a qualification – formally assessed by a statutory occupational or professional body	workplace with mentoring or coaching		knowledge and experience formally recognized through registration or licensing
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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
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 programs	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 programs	Informal training	Workplace	Increased understand of job or work context or improved performance or skills

9. ANNEXE ETPSI-300 (B)

Formula 1

The skills development criteria provided for in paragraphs 2.1.1.1 and 2.1.1.2 is calculated by following the sub calculations below.

The measurement criteria targets for 2.1.1.1 and 2.1.1.2 are broken down according to the relevant EAP statistics i.e. splitting the compliance target and points in proportion to the EAP statistics.

The EAP Statistics are reported on the following race groups:

<u>Statistic</u>	<u>African Male</u>	<u>African Female</u>	<u>Coloured Male</u>	<u>Coloured Female</u>	<u>Indian Male</u>	<u>Indian Female</u>	<u>White Male</u>	<u>White Female</u>
Abbreviation	AM	AF	CM	CF	IM	IF	WM	WF

The maximum points per race group needs to be adhered to in order to achieve the outcomes of the code. These calculations will need to be repeated for every race group due to the maximum score for each race group.

The first parameter to be defined is the percentage of spend on black employees in the measured entity as a percentage of the Leivable Amount. The formula to calculate this will need to be repeated six times, for each of the six black EAP statistics.

Let

$$\% \text{ Spend } AM = \frac{\text{Spend on AM Employees}}{\text{Leivable Amount}}$$

$$\% \text{ Spend } AF = \frac{\text{Spend on AF Employees}}{\text{Leivable Amount}}$$

$$\% \text{ Spend } CM = \frac{\text{Spend on CM Employees}}{\text{Leivable Amount}}$$

$$\% \text{ Spend } CF = \frac{\text{Spend on CF Employees}}{\text{Leivable Amount}}$$

$$\% \text{ Spend } IM = \frac{\text{Spend on IM Employees}}{\text{Leivable Amount}}$$

$$\% \text{ Spend IF} = \frac{\text{Spend on IF Employees}}{\text{Leviable Amount}}$$

Where:

RG:	Race Group
%SpendRG:	Percentage of spend on black employees in the measured entity for the specific race group
Spend on RG Employees:	Rand value of Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for the specified Race Group for 30.1.1.1 and 30.1.1.2
Leviable Amount:	As defined in Code Series ETPSI-300

Due to the codes not awarding points for meeting the EAP statistics for the white race groups, the EAP statistics need to be adjusted to exclude the white categories. The following formula shows how this is accomplished:

Let

$$ADJ \ EAP \ AM = \frac{EAP(AM)}{EAP(Sum)}$$

$$ADJ \ EAP \ AF = \frac{EAP(AF)}{EAP(Sum)}$$

$$ADJ \ EAP \ CM = \frac{EAP(CM)}{EAP(Sum)}$$

$$ADJ \ EAP \ CF = \frac{EAP(CF)}{EAP(Sum)}$$

$$ADJ \ EAP \ IM = \frac{EAP(IM)}{EAP(Sum)}$$

$$ADJ \ EAP \ IF = \frac{EAP(IF)}{EAP(Sum)}$$

Where:

ADJ EAP RG:	Adjusted EAP for a specific race group
EAP (RG):	EAP statistic for the calculated race group
EAP (Sum):	Sum of published EAP statistics for all black race groups (AM+AF+CM+CF+IM+IF)

Since the calculation for each of the race groups need to be done individually, the compliance target also needs to be split in proportion to the EAP statistics.

This formula is defined below:

Let

$$\begin{aligned}SCT\ AM &= ADJ\ EAPAM \times \frac{Compliance\ target}{100} \\SCT\ AF &= ADJ\ EAPAF \times \frac{Compliance\ target}{100} \\SCT\ CM &= ADJ\ EAPCM \times \frac{Compliance\ target}{100} \\SCT\ CF &= ADJ\ EAPCF \times \frac{Compliance\ target}{100} \\SCT\ IM &= ADJ\ EAPIM \times \frac{Compliance\ target}{100} \\SCT\ IF &= ADJ\ EAPIF \times \frac{Compliance\ target}{100}\end{aligned}$$

Where:

SCT RG: Split Compliance Target for race group
ADJ EAP RG: Adjusted EAP for the race group as calculated above
Compliance target: Compliance Target as specified for 30.1.1.1 and 30.1.1.2

The points allocated for the measurement criteria will also be split in proportion to the EAP statistics. The split points for the measurement criteria represent the maximum allowable points for the race groups, and must be enforced as such.

The formula for calculating the maximum allowable points is shown below:

$$\begin{aligned}MAP\ AM &= ADJ\ EAPAM \times Points \\MAP\ AF &= ADJ\ EAPAF \times Points \\MAP\ CM &= ADJ\ EAPCM \times Points \\MAP\ CF &= ADJ\ EAPCF \times Points \\MAP\ IM &= ADJ\ EAPIM \times Points \\MAP\ IF &= ADJ\ EAPIF \times Points\end{aligned}$$

Where:

MAP: Maximum allowable points for a race group
Points: Weighting points as specified for 30.1.1.1 and 30.1.1.2

The achieved score per race group (ScoreRG) will be calculated using the above four equations. The formula must be completed for each race group using the four results from above for each race group.

This formula is shown below:

$$\begin{aligned}
 \text{ScoreAM} &= \left(\frac{\% \text{Spend AM}}{\text{SCT AM}} \right) \times \text{MAP AM} \\
 \text{ScoreAF} &= \left(\frac{\% \text{Spend AF}}{\text{SCT AF}} \right) \times \text{MAP AF} \\
 \text{ScoreCM} &= \left(\frac{\% \text{Spend CM}}{\text{SCT CM}} \right) \times \text{MAP CM} \\
 \text{ScoreCF} &= \left(\frac{\% \text{Spend CF}}{\text{SCT CF}} \right) \times \text{MAP CF} \\
 \text{ScoreIM} &= \left(\frac{\% \text{Spend IM}}{\text{SCT IM}} \right) \times \text{MAP IM} \\
 \text{ScoreIF} &= \left(\frac{\% \text{Spend IF}}{\text{SCT IF}} \right) \times \text{MAP IF}
 \end{aligned}$$

Note that the score per race group may not exceed the maximum allowable points for that race group. The following shows how the total score for 30.1.1.1 and 30.1.1.2 is calculated:

$$\text{Total Score} = \text{ScoreAM} + \text{ScoreAF} + \text{ScoreCM} + \text{ScoreCF} + \text{ScoreIM} + \text{ScoreIF}$$

Formula 2

The Skills Development criteria provided for in paragraphs 30.1.2.1, is calculated by following the sub calculations below.

The measurement criteria targets for 30.1.2.1 are broken down according to the relevant EAP statistics i.e. splitting the compliance target and points in proportion to the EAP statistics.

The maximum points per race group needs to be adhered to in order to achieve the outcomes of the code. These calculations will need to be repeated for every race group due to the maximum score for each race group.

The first parameter to be defined is the percentage of black employees in the measured entity for the measurement criteria (Number of black people participating in Learnerships, Apprenticeships and Internships OR Number of black unemployed people participating in the learning programme matrix). The formula to calculate this will need to be repeated six times, for each of the six black EAP statistics.

Let

$$\begin{aligned} \% \text{ Black AM} &= \frac{\text{Number of AM Learners}}{\text{Total of all employees in all race groups}} \\ \% \text{ Black AF} &= \frac{\text{Number of AF Learners}}{\text{Total of all employees in all race groups}} \\ \% \text{ Black CM} &= \frac{\text{Number of CM Learners}}{\text{Total of all employees in all race groups}} \\ \% \text{ Black CF} &= \frac{\text{Number of CF Learners}}{\text{Total of all employees in all race groups}} \\ \% \text{ Black IM} &= \frac{\text{Number of IM Learners}}{\text{Total of all employees in all race groups}} \\ \% \text{ Black IF} &= \frac{\text{Number of IF Learners}}{\text{Total of all employees in all race groups}} \end{aligned}$$

Where:

RG:	Race Group
% Black RG:	Percentage of black employees in the measured Entity for the specific race group
Number of RG learners:	Number of people participating in Learnerships, Apprenticeships and Internships OR number of unemployed people participating in training specified in the learning programme matrix
Total of all race groups:	Total of all employees in the measured entity (AM+AF+CM+CF+IM+IF+WM+WF)

Due to the codes not awarding points for meeting the EAP statistics for the white race groups, the EAP statistics need to be adjusted to exclude the white categories. The following formula shows how this is accomplished:

Let

$$ADJ\ EAP\ AM = \frac{EAP(AM)}{EAP(Sum)}$$

$$ADJ\ EAP\ AF = \frac{EAP(AF)}{EAP(Sum)}$$

$$ADJ\ EAP\ CM = \frac{EAP(CM)}{EAP(Sum)}$$

$$ADJ\ EAP\ CF = \frac{EAP(CF)}{EAP(Sum)}$$

$$ADJ\ EAP\ IM = \frac{EAP(IM)}{EAP(Sum)}$$

$$ADJ\ EAP\ IF = \frac{EAP(IF)}{EAP(Sum)}$$

Where:

ADJ EAP RG: Adjusted EAP for a specific race group
 EAP (RG): AP statistic for the calculated race group
 EAP (Sum): Sum of published EAP statistics for all black race groups (AM+AF+CM+CF+IM+IF)

Since the calculation for each of the race groups need to be done individually, the compliance target also needs to be split in proportion to the EAP statistics.

This formula is defined below:

Let

$$SCT\ AM = ADJ\ EAP\ AM \times \frac{Compliance\ target}{100}$$

$$SCT\ AF = ADJ\ EAP\ AF \times \frac{Compliance\ target}{100}$$

$$SCT\ CM = ADJ\ EAP\ CM \times \frac{Compliance\ target}{100}$$

$$SCT\ CF = ADJ\ EAP\ CF \times \frac{Compliance\ target}{100}$$

$$SCT\ IM = ADJ\ EAP\ IM \times \frac{Compliance\ target}{100}$$

$$SCT\ IF = ADJ\ EAP\ IF \times \frac{Compliance\ target}{100}$$

Where:

SCT RG: Split Compliance Target for race group
 ADJ EAP RG: Adjusted EAP for the race group as calculated above
 Compliance target: Compliance Target as specified for 30.1.2.1

The points allocated for the measurement criteria will also be split in proportion to the EAP statistics. The split points for the measurement criteria represent the maximum allowable points for the race groups, and must be enforced as such.

The formula for calculating the maximum allowable points is shown below:

$$\begin{aligned} MAP\ AM &= ADJ\ EAP\ AM\ x\ Points \\ MAP\ AF &= ADJ\ EAP\ AF\ x\ Points \\ MAP\ CM &= ADJ\ EAP\ CM\ x\ Points \\ MAP\ CF &= ADJ\ EAP\ CF\ x\ Points \\ MAP\ IM &= ADJ\ EAP\ IM\ x\ Points \\ MAP\ IF &= ADJ\ EAP\ IF\ x\ Points \end{aligned}$$

Where:

MAP: Maximum allowable points for a race group

Points: Weighting points as specified for 30.1.2.1

The achieved score per race group (Score RG) will be calculated using the above four equations. The formula must be completed for each race group using the four results from above for each race group.

This formula is shown below:

$$\begin{aligned} ScoreAM &= \left(\frac{\%Spend\ AM}{SCT\ AM} \right) x\ MAP\ AM \\ ScoreAF &= \left(\frac{\%Spend\ AF}{SCT\ AF} \right) x\ MAP\ AF \\ ScoreCM &= \left(\frac{\%Spend\ CM}{SCT\ CM} \right) x\ MAP\ CM \\ ScoreCF &= \left(\frac{\%Spend\ CF}{SCT\ CF} \right) x\ MAP\ CF \\ ScoreIM &= \left(\frac{\%Spend\ IM}{SCT\ IM} \right) x\ MAP\ IM \\ ScoreIF &= \left(\frac{\%Spend\ IF}{SCT\ IF} \right) x\ MAP\ IF \end{aligned}$$

Note that the score per race group may not exceed the maximum allowable points for that race group. The following shows how the totals score for 30.1.2.1 is calculated:

$$Total\ Score = ScoreAM + ScoreAF + ScoreCM + ScoreCF + ScoreIM + ScoreIF$$

Formula 3

This equation explains the method of measurement of the criteria under paragraph 30.1.1.3 and 30.1.3

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

Where

A is the score for measurement category indicator

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

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

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

D is the Weighting points for the applicable criteria as referred to in the scorecard under Statement-300

**CODE SERIES ETPSI-400: MEASUREMENT OF ENTERPRISE AND SUPPLIER
DEVELOPMENT**

**STATEMENT-400: GENERAL PRINCIPLES FOR MEASURING ENTERPRISE
AND SUPPLIER DEVELOPMENT**

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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

Criteria	ETPSI Weighting points	ETPSI Compliance Target
PREFERENTIAL PROCUMENT		
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	8	80%
2.1.2 B-BBEE Procurement Spend from all Empowering Suppliers that are _ Qualifying	4	20%

<p>Small Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend. Refer to Paragraph 2.9 below.</p>		
<p>2.1.3 B-BBEE Procurement Spend from all Empowering Exempted Micro-Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend. Refer to Paragraph 3.9 Below.</p>	<p>4</p>	<p>20%</p>
<p>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</p>	<p>10</p>	<p>40%</p>
<p>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</p>	<p>5</p>	<p>20%</p>
<p>Bonus points</p>		
<p>2.1.6 B-BBEE Procurement Spend from Empowering Designated Group Suppliers that are at least 51% Black Owned.</p>	<p>5</p>	<p>10%</p>

SUPPLIER DEVELOPMENT			
2.2.1	Annual value of all Supplier Development Contributions made by the Measured Entity as a percentage of the target.	11	2% of NPAT
ENTERPRISE DEVELOPMENT			
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	2% of NPAT
Bonus points			
2.4.1	Bonus point for graduation of one or more Enterprise Development beneficiaries to the Supplier Development level.	2	
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.	2	

3. KEY MEASUREMENT PRINCIPLES

3.1 The Enterprise and Supplier Development consist of:

3.1.1 Preferential Procurement;

3.1.2 Enterprise Development; and

3.1.3 Supplier Development.

3.2 Enterprise Development and Supplier Development Contributions will

be recognised as a percentage of annual Net Profit After Tax (NPAT).

- 3.2.1 The Net Profit After Tax (NPAT) or average target applies unless:
 - 3.2.1.1 the company does not make a profit last year or on average over the last five years
 - 3.2.1.2 the net profit margin is less than a quarter of the norm in the industry.
 - 3.2.1.3 If the Turnover is to be used, the target will be set at:
 - 3.2.1.3.1 $1\% \text{ (ED) or } 2\% \text{ (SD) } \times \text{ Indicative Profit Margin (NPAT/Turnover) } \times \text{ Turnover}$

3.2. SUB-MINIMUM AND DISCOUNTING PRINCIPLE

- 3.2.1 A Measured Entity must achieve a minimum of 3% of each of the total weighting points as set out under Statement-000, Paragraph 23.1
- 3.2.2 Non-compliance to one or more of the threshold targets as per paragraph 3.1 will result in the overall achieved B-BBEE status level being discounted in accordance with paragraph 12.1 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 30 which 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;

3.5.2 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 supplier to the Measured Entity that is at least 51% Black Owned or at least 51% Black Woman Owned utilising the Flow Through Principle, 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 or Enterprise Development are EMEs, QSEs or Event, Technical and Production Services Industry B-BBEE Sector Code Entities which are at least 51% Black Owned or at least 51% Black Women Owned utilizing the flow through principle.
- 3.8 A Supplier Development Beneficiary is a part of the Measured Entity's supply chain, whereas an Enterprise Development Beneficiary is not.
- 3.9 B-BBEE Procurement Spend from Event, Technical and Production Services Industry B-BBEE Sector code Entity Suppliers which are at least 51% Black Owned or at least 51% Black Women Owned utilizing the flow through principle can be recognized under Point Indicator 2.1.2 and 2.1.3 of the Enterprise and Supplier Development Scorecard. However, this is based on the provision that the first time of procuring goods and services, it was identified that such suppliers were EMEs or QSEs. The recognition under Point Indicator 2.1.2 and 2.1.3 will only be allowed for 5 years from the first time of procuring goods and services from such suppliers.

4 GENERAL PRINCIPLES

- 4.1 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.
- 4.2 To support procurement from black owned and black women owned businesses in order to increase the participation of these businesses in the mainstream economy.
- 4.3 To promote the use of black owned professional service providers and entrepreneurs as suppliers.
- 4.4 Measured Entities receive recognition for any Enterprise Development and Supplier Development Contributions that are quantifiable as a monetary value using a Standard Valuation Method.

- 4.5 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.
- 4.6 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.
- 4.7 Qualifying Enterprise Development and Supplier Development Contributions of any Measured Entity are recognisable on an annual basis.
- 4.8 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.
- 4.9 Measured Entities are encouraged to develop and implement an Enterprise Development plan and Supplier Development plan for Qualifying Beneficiaries. The plan should include:
- 4.9.1 Clear objectives
 - 4.9.2 Priority interventions
 - 4.9.3 Key performance indicators; and
 - 4.9.4 A concise implementation plan with clearly articulated milestones.
- 4.10 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.
- 4.11 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
 - 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 commissions: 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 ETPSI-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 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 ETPSI-400 or ETPSI-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:
- 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
- 6.5.2.1 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 paragraph 6. If a supplier falls 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 ETPSI-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 ETPSI-400(A).

9 ENTERPRISE DEVELOPMENT AND SUPPLIER DEVELOPMENT 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;
 - 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;
- 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 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;
- 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 Beneficiary Entities unable to provide security for loans; 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. 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 ETPSI-400(B)

ANNEXE ETPSI-400(A)

A: B-BBEE PROCUREMENT SPEND:

$$A = \text{the sum of } (B \times C)$$

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 TO B-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, 2.1.5 and 2.1.6 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 statementETPSI-400.

ANNEXURE ETPSI-400(B)

Annexe ETPSI-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	50%
Lower Interest Rate	Outstanding loan amount	Prime Rate – Actual Rate
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

ANNEXE ETPSI-400(B)

A: Qualifying Contributions are measurable on the following basis:

$A = \frac{B}{C} \times D$
<p>Where</p> <p>A is the score achieved in respect of the Qualifying Contributions made by the Measured Entity</p> <p>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</p> <p>C is compliance target in respect of the Qualifying Contributions as specified in the scorecard for Statement-400</p> <p>D is the Weighting points allocated to the criteria under the scorecard for Statement-400.</p>

**CODE SERIES ETPSI-500: MEASUREMENT OF SOCIO-ECONOMIC
DEVELOPMENT**

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

Arrangement of this statement:

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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 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	ETPSI Weighting points	ETPSI Compliance Target
Annual value of all Socio-Economic Development Contributions by the Measured Entity as a percentage of the target.	10	2%

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

2.5 1% (ED) or 2% (SD) x Indicative Profit Margin (NPAT/Turnover) x Turnover

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.

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;
 - 3.2.2.5 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;
 - 3.4.4.8 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 ETPSI-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 Report prepared for a Measured Entity in respect of the first 12-month period following the gazetting of a revision or substitution.

Annexe ETPSI-500(A) – Benefit Factor Matrix

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

Qualifying Socio-Economic Development Contributions		
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53. ANNEXE ETPSI-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 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-500 (see paragraph 2.1)

D is the Weighting points allocated to the measured enterprise development criteria under the scorecard for Statement-500 (5)