

Codes of Good Practice on Broad-Based Black Economic Empowerment: Amended Construction Sector Code

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I, Dr Rob Davies, Minister of Trade and Industry, hereby issue the Amended Construction Sector Code in terms of [section 9\(1\)](#) of the Broad-Based Black Economic Empowerment Act, ([Act 53 of 2003](#)) as amended by the B-BBEE [Act 46 of 2013](#); and determine that these Codes will come into effect on the date of this publication.

(signed)

Dr Rob Davies, MP

Minister of Trade and Industry

21 November 2017

AMENDED CODE SERIES CSC000:

FRAMEWORK FOR MEASURING BROAD-BASED BLACK ECONOMIC EMPOWERMENT IN THE CONSTRUCTION SECTOR

STATEMENT CSC000:

GENERAL PRINCIPLES AND THE LARGE ENTERPRISE SCORECARD

Issued under section 9(1) of the Broad-Based Black Economic Empowerment Act, of 2013 as amended

Arrangement of this Statement

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1 Preamble

1.1 The Legacy

1.1.1 Despite significant progress since the establishment of a democratic government in 1994, South African society is characterised by racially based income and social service inequalities. Consequently, the vast majority of South Africans remain excluded from ownership, control and management of productive assets and from access to training in strategic critical skills.

1.1.2 This is not only unjust but inhibits South Africa's ability to achieve its full economic potential.

1.2 Industry Commitment

1.2.1 Noting that:

1.2.1.1 The Broad-Based Black Economic Empowerment Act (53 of 2003) as amended by B-BBEE [Act 46 of 2013](#) (The Act), establishes a legislative framework for the promotion of B-BBEE, provides for the *gazetting* of transformation charters and empowers the Minister of Trade and Industry to issue codes of good practice;

1.2.1.2 The **National Development Plan** aims to eliminate poverty and reduce inequality by 2030. According to the plan, South Africa can realise these goals by drawing on the energies of all its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society; This Amended Construction Sector Code seeks to support the objectives of the Act as amended from time to time and the objectives of the National Development Plan.

1.2.2 The Construction Sector believes that positive and proactive response through the implementation of the Amended Construction Sector Code will address inequalities in the Construction Sector, unlock the sector's potential and enhance its growth. As such this Sector Code supports:

1.2.2.1 The introduction of **Economically Active Population (EAP)** targets which aims to address the unequal representation of race sub-groups participating in the industry;

1.2.2.2 The continued research by the Construction Sector Charter Council on how to create a Construction Sector that benefits the economy at large through supporting and building capacity in small enterprises including black professional service providers;

1.2.2.3 The setting aside of minimum levels of procurement spend from Suppliers that are at least **51% Black Owned or at least 35% Black Women Owned**;

1.2.2.4 Sustainable empowerment initiatives that leave a legacy for the future of the industry;

1.2.2.5 The enhancement of the health and safety of its workforce and as such, enhance the commitment to promoting better health and safety standards in the industry through Skills Development.

1.3 Point of Departure

1.3.1 The Construction Sector Transformation Charter published in *Government Gazette* 29616 provides the basis for the development of the this [sic] Construction Sector Code as it reflects the commitment of the parties thereto to actively promote a vibrant, transformed and competitive Construction Sector that provides adequate services to the domestic economy, reflects the South African nation as a whole, and contributes to the establishment of an equitable society.

1.3.2 Notwithstanding 1.3.1 above, the development of the Amended Construction Sector Codes is based on the definitions, principles and methodologies of transformation as outlined in the B-BBEE Amendment [Act 46 of 2013](#) and the Amended Codes of Good Practice for B-BBEE gazetted on 11 October 2013 under *Gazette* 36928 and Phase II Codes of Good Practice gazetted on 6 May 2015, *Gazette* 38766.

1.4 Strategic Objectives of the Amended Construction Sector Code

1.4.1 The Amended Construction Sector Code provides a framework for the Construction Sector to address B-BBEE, enhance the capacity of black contractors, black professionals, industry workers and the community and to increase the productivity of the sector to meet world best practice.

1.4.2 The Amended Construction Sector Code in general supports all the objectives of the Construction Sector Transformation Charter and in particular aims to:

1.4.2.1 Achieve a substantial, meaningful and accelerated change in the racial and gender composition of ownership, control and management in the sector;

1.4.2.2 Promote the effective advancement of employment equity in the sector and adherence to principles of non-racialism and non-sexism and also addresses the underrepresentation of certain race groups relative to the Economically Active Population targets with specific focus on all levels of management;

1.4.2.3 Address Skills Development in a manner that accelerates the advancement of Black People, black women and Designated Groups with particular emphasis on Learnerships, technical and management training;

1.4.2.4 Increase the procurement of goods and services by the private sector and public sector from entities that are at least 51% Black Owned, 35% Black Women Owned or at least 51% Black Designated Group owned and standardise industry-wide preferential procurement methodologies;

1.4.2.5 Enhance Supplier and Contractor Development in the core value chain of the construction industry that leads to sustainable empowerment for Qualifying Supplier Development Beneficiaries;

1.4.2.6 Enhancing transformation by ensuring that the Construction Sector creates productive assets in the hands (actual control and ownership) of Black People;

1.4.2.7 Contribute to the creation of substantial black owned entities and black industrialists in the Construction Sector through industry wide Supplier and Contractor Development initiatives;

1.4.2.8 Increasing Preferential Procurement spend on local companies thereby increasing local job creation as aligned to the objectives of the National Development Plan;

1.4.2.9 Provide the Construction Sector on-going qualitative and quantitative methods for monitoring and evaluating the progress of enterprises toward B-BBEE; and thereby contribute to ending the malpractice of fronting; and

1.4.2.10 Introduce compulsory reporting and engagement with the BEE Commissioner to monitor progress of enterprises toward B-BBEE.

1.5 Monitoring & Compliance

1.5.1 The Construction Sector Charter Council was established consequent to the Construction Sector Code. To this end, the Council was mandated to align the Amended Construction Sector Codes to the Amended Generic Codes of Good Practice.

1.5.2 The Construction Sector Charter Council will oversee and monitor the implementation of the Construction Sector Code. It will act with executive authority and provide the necessary links to relevant government institutions at the reporting and compliance levels.

1.5.3 The Construction Sector Charter Council will also perform and release annual reporting as a way to review quantitative and qualitative progress towards transformation in the Construction Sector.

1.5.4 It will be compulsory for all Measured Entities who are measured through the Verification Agencies to ensure that BBEE certificates issued in terms of the Construction Sector Code to annually provide the independently verified scorecard and associated details of the Measured Entity in a prescribed format to the Construction Sector Charter Council in line with section 10(4) of the B-BBEE Amendment Act. The Construction Sector Charter Council will use this information to assess the performance of the sector and to provide accurate and reliable state of the industry reports to the line Minister and the DT. Verification agencies must ensure that the confidentiality obligations with their clients do not prohibit them from providing such information.

1.5.5 The Construction Sector Charter Council will, in accordance with the BBEE regulations and established working protocols, report all suspected incidents of fronting and fraudulent scorecards credentials to the office of the B-BBEE Commissioner to investigate and prosecute any confirmed fronting and circumvention activities.

1.5.6 The Construction Sector Charter Council shall, within 12 months of *Gazette* issue practice notes approved by the Minister of Trade and Industry on the measurement of localisation and local content, equity equivalents and other measurement related matters.

1.6 Objectives of this Amended Statement CSC000

1.6.1 Specify the measurement principles and industry specific principles of Broad-Based Black Economic Empowerment (B- BBEE) within the Construction Sector;

1.6.2 Specify the application of the Amended Construction Sector Code and the basis for measurement under such Sector Code;

1.6.3 Indicate the qualifying threshold for a Measured Entity to qualify as an Exempted Micro-Enterprises (EME) or Qualifying Small Enterprises (QSE) within the Construction Sector;

1.6.4 Specify the method used for the measurement of Start-Up Enterprises in the Sector;

1.6.5 Specify the elements of B-BBEE measurable under the Large Enterprise Scorecard and Qualifying Small Enterprises Scorecard of the Amended Construction Sector Code;

1.6.6 Specify the basis for determining compliance by Entities with the Construction Sector Code.

2 Key Measurement 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 Sector 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 Sector Codes:

2.3.1 For the '**Ownership**' and '**Management Control**' elements it is the B-BBEE compliance of the Measured Entity at the Date of Measurement; and

2.3.2 For the '**Skills Development**', '**Enterprise and Supplier Development**' and '**Socio-Economic Development**' elements, it is the B-BBEE compliance of the Measured Entity over the Measurement Period.

2.4 Any misrepresentation or attempt to misrepresent a Measured Entity's true B-BBEE Status is a criminal offence and 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 with the intent of ensuring eligibility as an Exempted Micro-Enterprise, a Qualifying Small Enterprise or a Start-Up Enterprise will 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 Suitable Evidence or Documentation supporting any initiative will 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.

2.8 The measurement of Joint Ventures will be done as follows:

2.8.1 Unincorporated Joint Ventures are required to compile a consolidated verification certificate. A consolidated verification certificate will consolidate the scorecard points scored by each of the joint venture partners in accordance with [paragraph 2.8.2](#) below as if those Measured Entities were a single Measured Entity.

2.8.2 The consolidation of scorecard points 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 will be weighted according to their proportionate Economic Interest rights in the joint venture and added together for a combined score.

2.8.3 QSE's that are less than **51% Black Owned** must be measured in terms of the QSE Scorecard. Such an Entity must use its score in terms of the QSE Scorecard to calculate the consolidated score.

2.8.4 QSE's that are **at least 51% Black Owned or 100% Black Owned** and all EME's are awarded automatic B-BBEE Status Levels without having achieved a specific score. Therefore in order to appropriately weight such an entity's contribution to the B-BBEE Status of a JV the following scores are imputed to them based on their respective automatic B-BBEE Status level as enhanced or discounted:

- 2.8.4.1 a Level 1 Contributor qualify for a score of 105 points;
- 2.8.4.2 a Level 2 Contributor qualify for a score of 97.5 points;
- 2.8.4.3 a Level 3 Contributor qualify for a score of 92.5 points;
- 2.8.4.4 a Level 4 Contributor qualify for a score of 85 points;
- 2.8.4.5 a Level 5 Contributor qualify for a score of 77.5 points;
- 2.8.4.6 a Level 6 Contributor qualify for a score of 72.5 points.

2.8.5 Where all the partners in the joint venture are Empowering Suppliers the Unincorporated Joint Venture will also qualify as an Empowering Supplier. If not, the compliance of the Unincorporated Joint Venture with the Empowering Supplier requirements must be measured as though it is a single Measured Entity with each partner contributing, to the categories of measurement for Empowering Supplier status, in proportion to its share in the joint venture.

2.8.6 If an incorporated joint venture is required to be formed after the commencement of a contract, the unincorporated joint venture scorecard will be applicable for the first year of the contract whereafter a scorecard will be required for the incorporated entity.

2.8.7 In respect of public sector procurement an entity may not sub-contract more than 25% of the value of a contract to another entity that does not have an equal or better B-BBEE status level than the entity awarded the contract unless the work is sub-contracted to an EME that has the capability to execute the work and the work is below the EME threshold. In such cases in respect of public sector procurement where more than 25% of the project costs flow to the other entity that does not have an equal or better B-BBEE status level, joint ventures or consortia should be formed with a combined scorecard for all entities in the joint venture or consortium, in line with applicable regulations.

2.9 Where a matter is not expressly dealt with in terms of this Amended Construction Sector Code, then the Generic Codes of Good Practice as amended will take precedence. Otherwise in all other matters this Construction Sector Code will take precedence.

2.10 To the extent that the following statements contained in the Original Codes of Good Practice *Gazette 29617*, as amended from time to time such as by *Government Gazette 38766* of 6 May 2015, do not contradict a provision of this Construction Sector Code, they are expressly incorporated into the Amended Construction Sector Code as per the table below:

	Statement	Description
2.10.1	004	Scorecards for SPECIALISED Enterprises
2.10.2	005	BROAD-BASED BLACK ECONOMIC EMPOWERMENT VERIFICATION
2.10.3	102	RECOGNITION IN THE SALE OF ASSETS

2.10.4 Although Equity Equivalent Programmes (EEPs) are recognised in line with the provisions of statement 103 of the Generic CoGP, the CSCC will, together with the DTI, in

consultation with the relevant forums representing multi-national enterprises, investigate the acceptability and effectiveness of these in the construction sector. Read with the provisions of clause 1.5.6, the CSCC and the DTI will, within 12 months of the Amended Construction Sector code being gazetted, issue a PRACTICE NOTE to clarify the application of the EEP.

2.11 Measured Entities are only measureable against their South African Operations. This applies to the measurement of all the elements and indicators of the scorecard.

2.12 The Amended Construction Sector Code distinguishes, in certain instances between Built Environment Professionals (BEP) and Contractors in respect of targets, weightings and methodology. A Measured Entity is either measureable against the targets and weightings of a BEP or a Contractor and cannot apply the set of targets, weightings and methodology applicable to BEP's in the case of one element and the set applicable to Contractors in the case of another element.

3 Scope of Application of the Construction Sector Code

3.1 The Amended Construction Sector Code is applicable to the B-BBEE compliance measurement of all entities that fall within the Construction Sector.

3.2 All Measured Entities falling within the scope of the Amended Construction Sector Code as set out in 3.1 above may only be measured for compliance in accordance with this Amended Construction Sector Code.

3.2.1 Where a Measured Entity operates in more than one sector or sub-sector (eg Contractor or BEP), whether it requires a single entity verification or a consolidated verification for it as a group; it will be required to report in terms of:

(a) The scorecard for the sector or sub-sector in which the majority of its core activities (measured in terms of Annual Revenue) are located, and,

(b) Should the majority of its core activities be in the construction field, the measured Entity may be evaluated in terms of the Amended Construction Sector scorecard should these activities conform to those described in the definitions of a Contractor or BEP in these codes.

3.2.2 Where the Measured Entity in 3.2.1 is the holding entity in a consolidated verification and any of its subsidiaries are subject to measurement in terms of a set of codes (sector or general) other than that which governs the Measured Entity, then such subsidiary will not be able to tender the consolidated verification certificate of the Measured Entity as its own, notwithstanding the fact that it formed part of the consolidated verification. The subsidiary will have to be measured in terms of the set of codes (sector or general) applicable to it based on its own core activities (measured in terms of annual Revenue).

3.3 The basis for measuring the B-BBEE compliance of an Entity in terms of [paragraph 3.1](#) is:

3.3.1 [Paragraph 4](#), in the case of an Exempted Micro-Enterprise or Start-up Enterprise;

3.3.2 The Large Enterprise Scorecard and QSE Scorecard, in the case of other Measured Entities.

3.4 For the avoidance of doubt, Construction Material Suppliers are measureable against the thresholds, targets, weightings and methodology applicable to Contractors as per the Construction Sector Code scorecards, except where the Measured Entity can prove compulsory legislative compliance and or licensing in another sector change highlighted doesn't make sense [sic].

3.5 The Amended Construction Sector Code is a relevant code of good practice for purpose of all activities listed in section 10 of the B-BBEE Act as amended and is a compulsory measurement tool for the Construction Sector. This means that construction sector related measured entities do not have a choice of measurement.

3.6 Priority elements, subminimum and discounting principles

3.6.1 The priority Elements are as follows:

3.6.1.1 **Ownership:**

3.6.1.1.1 The sub-minimum requirement for Ownership is 40% of Net Value (40% of the 6 points for Contractors ie 2.4 points, or 40% of the 4 points for BEP's ie 1.6 points) based on the Time Based Graduation Factor.

3.6.1.2 **Skills Development:**

3.6.1.2.1 The sub-minimum requirements for Skills Development is 40% of the total weighting points (excluding bonus points) for Skills Development.

3.6.1.3 **Preferential Procurement and Supplier Development:**

3.6.1.3.1 The sub-minimum for Preferential Procurement and Supplier Development is 40% of the total weighting points (excluding bonus points) of each of the three broad categories, within the Preferential Procurement and Supplier Development element, namely 'Preferential Procurement', 'Supplier Development Programmes' and 'Supplier Development Contributions'. For the avoidance of doubt, this means that a Measured Entity measureable in terms of the Large Enterprise Scorecard must achieve at least:

(i) 7.6 points for Contractors and 7.2 points for BEPs under the Preferential Procurement category;

(ii) 2 points for Contractors and 1.6 points for BEPs under the Supplier Development Programmes category;

(iii) 4 points for Contractors and 2 points for BEPs under the Supplier Development Contributions category.

3.6.1.4 The principles in [paragraph 3.6.1](#) above also apply to the determination of the 40% threshold for the QSE Scorecard when determining whether a QSE or EME's (see par 3.6.2.4 below) B-BBEE Status is to be discounted or not.

3.6.2 **Compliance to priority elements**

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

3.6.2.2 A Qualifying Small Enterprise, that is measureable in terms of the QSE Scorecard, is required to comply with 2 Priority Elements ie **Ownership** as a compulsory element, and either **Skills Development** or **Preferential Procurement and Supplier Development**.

3.6.2.3 A Qualifying Small Enterprise, which qualifies for an automatic B-BBEE Status Level (one or two) as per [paragraph 5.3](#) below, is required to comply with the QSE Skills Development element as a compulsory priority element to **avoid discounting**.

3.6.2.4 Save for the exceptions in par 3.6.2.4.1 and 3.6.2.4.2 below; an Exempted Micro Enterprise, that qualifies for an automatic B-BBEE Status Level (one, two, four or five) as per [paragraph 4](#) below, is required to comply with at least **40% of the QSE Skills Development Expenditure Target** in [paragraph 1.1](#) of Statement CSC603 as a compulsory priority element to **avoid discounting**.

3.6.2.4.1 An Exempted Micro Enterprise (EME) with a total annual revenue of less than **R1.8 million** in the case of **BEPs** and less than **R3 million** in the **case of Contractors are:**

(A) Not subject to the discounting principle and therefore do not have to comply with the QSE Skills Development element, and

(B) Not required to have an authorised B-BBEE verification certificate, and may present an affidavit or a certificate issued by the Companies and Intellectual Property Commission (CIPC), in respect of their ownership and annual turnover.

However, this exception falls away the moment such an EME elects to enhance its B-BBEE Status level by means of the mechanisms provided for in [paragraphs 4.3.1.2](#) or [4.3.1.3](#). The exception will remain unavailable to such an EME in subsequent Measurement Periods notwithstanding its annual revenue.

3.6.2.4.2 A Start-Up Enterprise is not subject to the discounting principle and therefore does not have to comply with any priority element.

3.6.3 **Discounting principle effect**

3.6.3.1 Non-compliance with the 40% sub-minimum requirements of any of the priority elements, as per [paragraph 3.6.2](#) above, will result in the following outcomes for both Large Enterprises, Qualifying Small Enterprises and Exempted Micro Enterprises that are subject to discounting;

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

3.6.3.1.2 Notwithstanding the recognition in 3.6.3.1.1 above, the Measured Entity's B-BBEE Status Level and corresponding B-BBEE Recognition Level will then be discounted by one level down. Only the discounted B-BBEE Status Level and corresponding discounted B-BBEE Recognition Level may appear on the face of the B-BBEE certificate.

3.7 Compliance with Employment Equity Act

3.7.1 The requirement to submit data to the Department of Labour under the Employment Equity [Act 55 of 1998](#) as amended is not the same for all employers.

3.7.2 For the avoidance of doubt, compliance with the reporting requirements of the Employment Equity [Act 55 of 1998](#) (As amended), is not a pre-requisite for claiming points under the Management Control element as long as the Measured Entity is able to submit sufficient evidence for verification purposes to support its claim under that element.

4 Eligibility to Qualify as an Exempted Micro Enterprise (EME)

4.1 For the purposes of measurement in terms of the Revised Construction Sector Codes, an enterprise will qualify as an exempted Micro Enterprise (EME) under the following circumstances:

4.1.1 For Contractors - Any enterprise with a total annual revenue of **R10 million** or less.

4.1.2 For BEP's - Any enterprise with a total annual revenue of **R6 million** or less.

4.2 An Exempted Micro-Enterprise with the black ownership levels in 4.2.1 to 4.2.4 calculated applying the flow-through principle is deemed to have the following B-BBEE Status:

4.2.1 If less than 30% Black Owned then '**Level Five Contributor**' having a B-BBEE recognition level of 80% under [paragraph 8.3](#);

4.2.2 If at least 30% Black Owned but less than 51% Black Owned then '**Level Four Contributor**' having a B-BBEE recognition level of 100% under [paragraph 8.3](#);

4.2.3 If at least 51% Black Owned but less than 100% Black Owned, then '**Level Two Contributor**' having a B-BBEE recognition level of 125% under [paragraph 8.3](#);

4.2.4 If 100% Black Owned then '**Level One Contributor**' having a B-BBEE recognition level of 135% under [paragraph 8.3](#);

4.3 Enhanced B-BBEE Status Level for an Exempted Micro-Enterprise:

4.3.1 Despite [paragraphs 4.2](#), an EME that is less than 100% black owned, is allowed, should they so wish, to maximise their points and move to a higher B-BBEE recognition level through one of the following three means:

4.3.1.1 Obtain measurement in terms of the QSE Scorecard as a whole and apply the B-BBEE Status Level and B-BBEE Recognition Level so determined; or

4.3.1.2 Obtain measurement in terms of the Skills Development expenditure category in [paragraph 1.1](#) of Statement CSC603 of the QSE Scorecard, and/or only if full points (excluding the bonus points) are achieved for this category the B-BBEE Status Level and corresponding B-BBEE Recognition Level of the EME will be enhanced by one level, or

4.3.1.3 Obtain measurement in terms of the Supplier Development Expenditure category of the QSE Scorecard ([paragraph 2.1](#) of Statement CSC604) only, and only if full

points are achieved for this category the B-BBEE Status Level and corresponding B-BBEE Recognition Level of the EME will be enhanced by one level.

4.3.2 For the avoidance of doubt, where an EME used both the mechanisms in 4.3.1.2 and 4.3.1.3 its B-BBEE Status Level will be enhanced by one or two levels in aggregate. However, an EME that chose enhancement by electing to be measured in terms of the entire QSE Scorecard cannot further enhance its B-BBEE Status thereafter by means of the mechanisms in 4.3.1.2 and 4.3.1.3.

5 Eligibility for Measurement as a Qualifying Small Enterprise (QSE)

5.1 For the purposes of measurement in terms of the Amended Construction Sector Codes, an enterprise will qualify as a QSE under the following circumstances:

5.1.1 **For Contractors** - with a total annual Revenue of more than **R10 million** but less than R50 million per annum.

5.1.2 **For BEP's** – with a total annual revenue of more than R6 million but less than R25 million per annum.

5.2 A QSE must comply with all of the elements of the Construction Sector Qualifying Small Enterprise Scorecard (Code CSC 600) for the purposes of measurement.

5.3 Enhanced B-BBEE recognition level for QSE, the ownership calculation for enhanced BBEE recognition applying the flow-through principle:

5.3.1 A QSE which is 100% Black Owned qualifies for Level One B-BBEE recognition.

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

5.3.3 A QSE that is at least 51% Black Owned or 100% Black Owned that does not comply with [paragraph 3.6.2.3](#) above, will be discounted by one level from that level awarded in [paragraphs 5.3.1](#) and [5.3.2](#) respectively.

5.3.4 Despite [paragraphs 5.2](#), [5.3.1](#) and [5.3.2](#), an at least 51% Black Owned QSE's B-BBEE Status Level and corresponding B-BBEE Recognition Level will be enhanced by one level if it achieves full points (excluding the bonus points) for the Skills Development element of the QSE Scorecard (paragraphs 1.1, 1.2 and 1.3 of Statement CSC603) or the Preferential Procurement and Supplier Development element of the QSE Scorecard (paragraphs 1.1, 1.2, 1.3 and 2.1 of CSC604).

5.3.5 For the avoidance of doubt, a Measured Entity that is measured in terms of the full QSE scorecard is not eligible for enhancement in terms of [paragraph 5.3.4](#) above.

6 Start-Up Enterprises

6.1 A Start-Up Enterprise must be measured as an Exempted Micro-Enterprise under this statement for the first year following the commencement of its operations. This provision applies regardless of the expected total Revenue of the Start-Up Enterprise, subject to the provisions of 6.4.

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

6.3 In order to qualify as a Start-up Enterprise, the enterprise must provide confirmation of its status in accordance with [paragraph 11](#).

6.4 Despite [paragraph 6.1](#) and [6.2](#), a Start-up Enterprise must submit a QSE scorecard when tendering for any contract, or seeking any other economic activity covered by section 10 of the BBEE Amendment Act, with a value higher than R10 million but less than R50 million (for a Contractor) or higher than R6 million but less than R25 million (for a BEP). For contracts of R50 million or more (for Contractor) or R25 million or more (for a BEP), then the Measured Entity should submit the Large Enterprise Scorecard. The preparation of such scorecards must use annualised data.

7 The Measurement Elements of the Large Enterprise Scorecard

- 7.1 The **Ownership Element**, as set out in Code series CSC100, measures effective ownership of entities by Black People.
- 7.2 The **Management Control element**, as set out in Code series CSC200, measures the effective control of entities by Black People.
- 7.3 The **Skills Development element**, as set out in Code series CSC300, measures the extent to which employers carry out initiatives designed to develop the competencies of Black People (Employees or non-Employees).
- 7.4 The **Preferential Procurement and Supplier Development element**, as set out in Code series CSC400, measures the extent to which entities buy goods and services from Empowering Suppliers with minimum B-BBEE recognition levels. This element also measures the extent to which enterprises carry out enterprise and supplier development initiatives intended to assist and accelerate the growth and sustainability of enterprises that are at least 51% Black Owned.
- 7.5 The **Socio-Economic Development and Sector Specific Contributions element**, as set out in Code series CSC500, measures the extent to which entities carry out initiatives that contribute towards Socio-Economic Development or sector specific initiatives that promote access to the economy for Black People.

8 The B-BBEE Large Enterprise and QSE Scorecards

8.1 The following table represents the Construction Sector B-BBEE **Large Enterprise Scorecard**

Element	Weighting				Code Series Reference
	Contractors		BEP's		
	points	Bonus	Points	bonus	
Ownership	27	4	27	4	CSC 100
Management Control	18	4	18	4	CSC 200
Skills Development	21	5	29	5	CSC 300
Preferential Procurement and Supplier Development	34	4	27	3	CSC 400
Socio-Economic Development	5	1	5	1	CSC 500
TOTAL	123		123		

8.2 The following table represents the Construction Sector B-BBEE **Qualifying Small Enterprise Scorecard**

Element	Weighting	Code Series
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	Points	bonus	Reference
Ownership	27	3	CSC 601
Management Control	20		CSC 602
Skills Development	24	2	CSC 603
Preferential Procurement and Supplier Development	29		CSC 604
Socio-Economic Development	5		CSC 605
TOTAL	110		

8.3 B-BBEE recognition levels

8.3.1 Based on the overall performance of a Measured Entity using either the Construction Sector Large Enterprise Scorecard or Construction Sector Qualifying Small Enterprise Scorecard, the Measured Entity will receive one of the following B-BBEE Statuses with the corresponding B-BBEE Recognition Level:

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

Contributor		
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9 Enhanced recognition for certain categories of black people

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

9.2 Black women should form between 10% and 40% of the beneficiaries of the relevant Elements of the scorecard;

9.3 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.

10 Effective date and transitional arrangements

10.1 The Amended Construction Sector Code will come into effect on the date of publication hereof.

10.2 Construction Sector Measured Entities that have valid B-BBEE certificates issued in terms of the Amended Generic Codes of Good Practice may elect to retain their measurement under the Amended Generic Codes until the current scorecard expires, whereafter the Amended Construction Sector Codes must be used, irrespective of the financial period used in the previous audit.

10.3 When the Amended Construction Sector Codes are published, Measured Entities may elect to re-do the audit carried out for their current valid scorecard that was done under the provisions of Amended Generic Codes of Good Practice; under the provisions and principles of the Amended Construction Sector Codes. This audit will be done for the same financial period as their current scorecard, but under the measurement principles of the Amended Construction Sector Codes.

10.4 The following terms in the Revised Generic Codes will contribute to measurement in terms of the Construction Sector Code as though they equated to the corresponding Construction Sector Code terms in the table below:

	Construction Sector Code term	Equivalent Original Codes term
10.4.1	EME	EME
10.4.2	QSE	QSE
10.4.3	51% Black Owned	50% black owned
10.4.4	51% Black Women Owned	50% black women owned
10.4.5	35% Black Women Owned	30% black women owned
10.4.6	Empowering Supplier	Measured Entity with a minimum Level 8 B-BBEE Status Level (<i>As published from time to time by the DTI</i>)

10.4.7	Supplier Development Beneficiaries	Category A Enterprise Development Beneficiaries
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11 Verification of Construction Enterprises

11.1 The B-BBEE verification of Construction Sector enterprises shall be performed by B-BBEE verification professionals or rating agencies accredited by SANAS or when applicable a B-BBEE Verification Professional Regulator appointed by the Minister of Trade and Industry for the accreditation of verification agencies or the authorisation of B-BBEE verification professionals.

11.2 In view of the fact that EMEs and QSEs are expected to be verified for compliance with the 40% Skills Development element in order to maintain their levels as provided for under [paragraph 3.6.3](#) above, small black-owned emerging entities have access to B-BBEE verification agencies that will limit their fee for this service at a nominal value. The CSCC, in consultation with and as approved by the dti will post such nominal fees on the website. Verification Agencies that are prepared to perform this service, will post their contact details on the Construction Sector Charter Council website for ease of reference. In addition, Large Construction Enterprises will be encouraged to fund this nominal fee for small businesses as part of their Supplier Development programmes. This has already been included in the Supplier Development Contribution clause 10.10.5.

11.3 Certificates issued for Start-Up Enterprises must clearly, on the face thereof, indicate the date of issue and the enterprise's classification as a 'Start-Up Enterprise'.

12 Adjustment of thresholds

The Minister may, in consultation with the Construction Sector Charter Council, by notice in the *Gazette*, adjust the thresholds in [paragraphs 4 to 6](#). Any such changes apply to compliance reports of Measured Entities prepared for Measured Periods that commences after the gazetting of the adjustment.

13 Duration of the Construction Sector Codes

13.1 An Amended Construction Sector Code remains in effect until expressly amended, substituted or repealed under section 9 of the Act.

13.2 The Minister may review the Construction Sector Code at any stage, and regular reviews will take place to monitor the implementation of B-BBEE throughout the Construction Sector.

AMENDED CODE SERIES CSC100:

MEASUREMENT OF THE OWNERSHIP ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT IN THE CONSTRUCTION SECTOR

STATEMENT CSC100:

THE GENERAL PRINCIPLES FOR MEASURING OWNERSHIP

Issued under section 9(1) of the Broad-Based Black Economic Empowerment Act, 2013 as amended

Arrangement of this Statement

Para Subject

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EXAMPLES OF MANDATED INVESTMENTS

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1 Objectives of this Statement

- 1.1 Specify the scorecard for measuring the Ownership Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 1.2 Define the key measurement principles;
- 1.3 Specify the specific measurement principles applicable to various types of Entities;
- 1.4 Specify the specific measurement principles applicable to various types of Equity Instruments;
- 1.5 Specify the formula for measuring Voting Rights, Economic Interest, and Realisation points.

2 The Ownership Scorecard

The following table represents the indicators and methods for calculating a score for Ownership under this statement: *W* = Weighting points, *T* = Target

B-BBEE Element	Indicator	Description	Contractor		BEP	
			W	T	W	T
	2.1 Voting Rights	2.1.1 Exercisable Voting Rights in the Entity in the hands of Black People	4.5	32.5% (35% year 4)	5.5	32.5% (35% year 4)
		2.1.2 Exercisable Voting Rights in the Entity in the hands of Black women.	2	10% (14% year 4)	2	10% (14% year 4)
		2.2.1 Economic Interest in the Entity to which Black People are entitled.	4.5	32.5% (35% year 4)	5.5	32.5% (35% year 4)

		2.2.2 Economic Interest in the Entity to which Black women are entitled.	2	10% (14% year 4)	2	10% (14% year 4)
		2.2.3 Economic Interest of any of the following Black natural people in the Measured Entity:				
OWNERSHIP	2.2 Economic Interest	2.2.3.1 Black Designated Groups;				
		2.2.3.2 Black Participants in Employee Share Ownership Programmes;	3	10% (12% year 4)	3	5% (6% year 4)
		2.2.3.3 Black People in Broad- Based Ownership Schemes;				
		2.2.3.4 Black Participants in Co-operatives				
		2.2.4 Black New Entrants	5	5%	5	6%
	2.3 Realisation Points	2.3.1 Net Value	6	Refer to Annexe CSC100 (E)	4	Refer to Annexe CSC100 (E)
	2.4 Bonus Points	2.4.1 Exercisable Voting Rights in the Entity in the hands of Black People above 50%	1	Yes	1	Yes
	(Modified Flow-through may not be applied here)	2.4.2 Exercisable Voting Rights in the Entity in the hands of Black People above 75%	2	Yes	2	Yes
		2.4.3 Exercisable Voting Rights in the Entity in the hands of	1	Yes	1	Yes

		Black Women above 50%				
TOTAL			31		31	

2.4.1 The scorecards contains two sets of targets one for year 1 to 3 and the other set for year 4 and beyond:

2.4.1.1 **Year 1-3** Targets becomes effective on the effective date of this Amended Construction Sector Code.

2.4.2.2 [sic] **Year 4** and beyond Targets becomes effective on the 4th anniversary of the effective date of this Amended Construction Sector Code.

2.4.2 These sets of Targets will apply to Measurement Periods being measured that commenced after the effective date of such set of targets as per 2.4.1 above.

3 Key Measurement Principles

3.1 General Principles:

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

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

3.1.1.2 A Close corporation;

3.1.1.3 A Co-operative;

3.1.1.4 A Trust

3.1.1.5 A Broad-Based Ownership Scheme;

3.1.1.6 An Employee Share Ownership Programme;

3.1.1.7 A partnership or other association of natural persons; and

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

3.1.2 The Rights of Ownership held by black people in South African Multinationals are measureable against the value of their South African operations only. The Exclusion Principle must be applied with reference to the value of the Measured Entity's foreign operations when calculating its ownership score.

3.1.3 The Measurement of Ownership in BEPs;

3.1.3.1 More than 50% of the total ownership held in a Measured Entity as a BEP must be held by individuals who are both:

3.1.3.1.1 Professionally registered with any of the statutory professional councils in the BEP environment in South Africa; and at the same time,

3.1.3.1.2 A member of the Executive Management of the Measured Entity;

3.1.3.2 Therefore when measuring the black ownership of any BEP, where the measured entity does not meet the requirements of 3.1.3.1 above, only 50% of the black ownership of those owners who do not meet the requirement of 3.1.3.1 may be included in the total measurement of black ownership in the measured entity.

3.1.3.3 For the avoidance of doubt, Executive Management in this context is defined as 'Top Management' in terms of the Employment Equity Regulations and include the 'Executive Directors' and 'Other Executive Management' of the Measured Entity.

3.1.3.4 Where the ownership of a BEP is held by a holding company, the ownership in the holding company must comply with the provisions of 3.1.3.1, for the black ownership in the measured entity to be recognised, otherwise 3.1.3.2 will apply.

3.1.3.5 In addition, where the measured entity does not meet the requirement of 3.1.3.1, the measured entity does not qualify for automatic enhancement in terms of Clauses 4.2.3, 4.2.4, and 5.3.2 nor will it qualify for bonus points in 2.4 of the ownership scorecard.

3.2 Sub-minimum requirements

3.2.3 A Measured Entity is required to achieve a minimum of 40% on Net Value points (ie 6 or 4 points) based on Annexe CSC100 (E) [paragraph 4](#) of this statement.

3.2.4 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 3.6.3](#) in statement CSC000.

3.3 Flow-through principle

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

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

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

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

3.4 Modified flow-through principle

3.4.1 A Measured Entity applying this Modified Flow-Through Principle cannot benefit from the Exclusion Principle in relation to Mandated Investments.

3.4.2 Subject to 3.4.3.2 below the Modified Flow-Through Principle applies to a B-BBEE Owned or Controlled Company in the Ownership of the Measured Entity.

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

3.4.3.1 Where in the chain of Ownership, Black People have a flow-through level of participation of at least 51%, and then only once in the entire Ownership structure of the Measured Entity, such Black participation may be treated as if it were 100% Black.

3.4.3.2 Notwithstanding 3.4.3.1 above the Modified Flow-Through Principle may not be applied at the level of the Measured Entity itself.

3.4.4 The Modified Flow-Through Principle may only be applied in the calculation of the indicators in paragraphs 2.1.1 and 2.2.1 of statement CSC100 and [paragraphs 1.1.1](#) and [1.2.1](#) of statement CSC601 of the respective Ownership scorecards. In all other instances, the Flow-Through Principle applies.

3.5 Exclusion of specified entities when determining ownership

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

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

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

3.6 B-BBEE Facilitator status

3.6.1 Despite [paragraphs 3.5.1](#) and [3.5.3](#) above, the Minister may by notice in the *Gazette*, designate certain Organs of State or Public Entities as B-BBEE Facilitators. In calculating

their Ownership score, Measured Entities must treat B-BBEE Facilitators as having rights of Ownership held:

- 3.6.1.1 100% by Black People;
- 3.6.1.2 40% by Black women;
- 3.6.1.3 20% by Black designated groups;
- 3.6.1.4 Without any acquisition debts; and
- 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 that Ownership as non-Black or obtain a competent person's report estimating the extent of Black Rights of Ownership measurable in the Measured Entity and originating from those Mandated Investments.

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

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

3.8 recognition of ownership after the sale or loss of shares by black participants

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

3.8.1.1 The Black Participant has held shares for a minimum period of 3 years;

3.8.1.2 Net value based on the Time Based Graduation Factor as per Annexe 100 (E) must have been created in the hands of Black People and;

3.8.1.3 Transformation has taken place within the Measured Entity using the B-BBEE Recognition Level from the period of entry of black Participants to the exiting period. The minimum transformation required is a B-BBEE status level 6 and that the score must have improved since the last verification.

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 A written agreement between the Measured Entity, the Black Participant and, where applicable, a lender must record the original terms of the ownership transaction and any related financing arrangements, where applicable

3.8.4 In the case of a loss of shares by the Black Participant, the following additional rules apply:

3.8.4.1 In the case of a listed company or a company that is wholly owned by a listed company the period over which the continued recognition points are allocated or recognised after the loss of shares will not exceed the period over which the shares were held.

3.8.4.2 In the case of a company that is not listed the period over which the continued recognition points are allocated or recognised after the loss of shares will not exceed one measurement period.

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

3.8.5.1 The percentage of rights of Ownership for each of the indicators in the Ownership scorecard that were attributable to the Black Participants immediately before his or her sale or loss of shares;

3.8.5.2 The Deemed Value percentage provided for in [paragraph 3](#) of Annexe CSC100(E) undertaken for the Equity Instruments sold or lost by the Black Participant on the date of the sale or loss. The value of the Entity is measurable as at the date of sale or loss of shares; and

3.8.5.3 The most recently determined B-BBEE Recognition Level of the Measured Entity (which must be less than 1-year old) based on its applicable Scorecard result for all Elements other than Ownership determined using statement 000.

3.9 Broad-Based Ownership Schemes and Employee Share Ownership Programmes (ESOPS)

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

3.9.1.1 A maximum of 40% of the total points on the Ownership scorecard of the Measured Entity if they meet the qualification criteria set out in Annexe CSC100 (B) and Annexe CSC100 (C).

3.9.1.2 100% of the total points on the Ownership scorecard of the Measured Entity if they meet the additional qualification criteria set out in Annexe CSC100 (B) and Annexe CSC100 (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 Fund 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 the profits made by the Private Equity Fund Manager after realising any investment made by it, must by written agreement, accrue to Black People;

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

3.10.3 The Private Equity Fund Manager must be a B-BBEE Owned Company as defined;

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

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

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

3.10.7 In recognition of the fact that it is currently a challenge for Private Equity Fund Managers to find companies to invest in that already have a significant Black shareholding, in practice it should be allowed to achieve the 51% target over a period of time based on the formulation detailed below. (It must be noted that this formulation is in line with that of the Net Value calculation above.) This rule will apply to all investments made after the effective date of the Revised Construction sector Code. The commencement date is the later of the effective date of the Revised Construction Sector Code and the date of establishment of a new fund;

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

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

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

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

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

3.10.13 From the first day of the ninth year and beyond from the commencement date, at least 51% of the value of the funds invested by the Private Equity Fund must at all times be invested in enterprises that have at least 25% direct Black shareholding;

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

3.10.15 In the case of Private Equity Funds that were fully invested prior to the effective date of this Construction Sector Code, investments by the fund managers will be considered as being made by Black People if the Private Equity Fund Manager 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 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 realising any investment made by it, must by written agreement, accrued to Black People; and

3.10.15.3 Private Equity Fund Manager must be a B-BBEE Owned Company.

3.11 Non-profit companies

3.11.1 A Measured Entity may elect to include or exclude Non-Profit Companies for the purposes of measuring Ownership in terms of this statement;

3.11.2 When a Measured Entity elects to exclude such companies, the maximum percentage of the Ownership of any such Measured Entity that may be so excluded is 40%;

3.11.3 A Measured Entity electing not to exclude Non-Profit Companies when it is entitled to do so, may either treat all of that Ownership as non-Black or obtain a competent person's report estimating the extent of Black Rights of Ownership measurable in the Measured Entity and originating from those Non-Profit Companies;

3.11.4 A Non-Profit Company that houses a Broad-Based Ownership Scheme or an Employee Share Ownership Programme is subject to the provisions governing those types of schemes and not to [paragraphs 3.11.1 to 3.11.3](#).

3.11.5 Black Participants in a Non-Profit Company or a company limited by guarantee that houses a Broad-Based Ownership Scheme or an Employee Share Ownership Programme holding rights of Ownership in a Measured Entity may contribute:

3.11.5.1 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 CSC100 (B) and Annexe CSC100 (C) respectively.

3.11.5.2 100% of the total points on the Ownership scorecard of the Measured Entity if they meet the additional qualification criteria set out for Broad-Based Ownership Schemes and Employee Share Ownership Programmes in Annexe CSC100 (B) and Annexe CSC100 (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 CSC100 (D).

3.12.1.2 100% of the total points on the Ownership scorecard of the Measured Entity if the Trust meets the additional qualification criteria set out for Trusts in Annexe CSC100 (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:

3.13.1.1 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;

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

3.13.1.3 The value of the 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 preferential rights that have the characteristics of a debt, regardless of whether the debt is that of an Entity or of a Participant, must be treated as an ordinary loan. If the debt is that of a Black Participant, it may be subject to measurement under Net Value.

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

ANNEXE CSC100 (A)

EXAMPLES OF MANDATED INVESTMENTS

Description of Investment	Portion Subject to Exclusion Principle
Investments made by or for a South African collective investment scheme as defined in the Collective Investments Scheme Control Act of 2002 of South Africa	full value
Investments made by or for a South African pension	full value

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

ANNEXE CSC100 (B)

The rules as contained in this Annexe 100 (B) will be applicable to all Broad-Based Ownership Schemes established on or after the effective date of this Construction Sector Code. All Broad-Based Ownership Schemes established before the effective date of this Construction Sector Code will have the choice to either be evaluated against the qualification criteria and additional qualification criteria that existed at that time of establishment, or against the qualification criteria and additional qualification criteria as contained herein.

1 Rules for Broad-Based Ownership Schemes

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

1.1.1 The Management Fees of the scheme must not exceed 15% of the total Economic Interest received by the scheme in any year;

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

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

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

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

1.1.4 The fiduciaries of the scheme must have no discretion on the above mentioned terms of the constitution;

1.1.5 At least 85% of the value of benefits allocated by the scheme must accrue to Black People;

1.1.6 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;

1.1.7 At least 50% of the fiduciaries of the scheme must be Black People and at least 25% must be Black women;

1.1.8 The chairperson of the scheme must be independent;

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

1.1.10 The scheme fiduciaries must make available the annual financial reports of the scheme to Participants upon request.

1.1.11 On winding-up or termination of the scheme, all accumulated Economic Interest must be transferred to the beneficiaries or an entity with similar objectives that complies with the rules for Broad-Based Ownership Schemes.

1.1.12 The fiduciaries of the scheme must complete an annual declaration that the scheme was created, managed and operated in accordance with its stated constitution and that the scheme does not seek to circumvent the intention of the Act and the Construction Sector Codes.

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

2.1.1.1 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.

ANNEXE CSC100 (C)

The rules as contained in this Annexe 100 (C) will be applicable to all Employee Share Ownership Programmes established on or after the effective date of this Construction Sector Code. All Employee Share Ownership Programmes established before the effective date of this Construction Sector Code will have the choice to either be evaluated against the qualification criteria and additional qualification criteria that existed at that time of establishment, or against the qualification criteria and additional qualification criteria as contained herein.

1 Rules for Employee Share Ownership Programmes

1.1 The following rules apply to Employee Share Ownership Programmes;

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

1.1.1.1 A WRITTEN RECORD of the **name of the Participants** or the use of a defined class of natural person satisfies the requirement for identification;

1.1.1.2 A WRITTEN RECORD of **fixed percentages of claim** or the use of a formula for calculating claims satisfies the need for defining proportion of benefit; and

1.1.2 The fiduciaries of the scheme must **have no discretion** on the above mentioned terms of the constitution; and

1.1.3 The Participants must take part in:

1.1.3.1 Appointing at least 50% of the fiduciaries of the scheme;

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

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

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

1.1.6 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.

1.1.7 The fiduciaries of the scheme must complete an annual declaration that the scheme was created, managed and operated in accordance with its stated constitution and that the scheme does not seek to circumvent the intention of the Act and the Construction Sector Codes.

2 Additional criteria applicable to Employee Share Ownership Programmes

2.1 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:

2.1.1 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;

2.1.1.1 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.

ANNEXE CSC100 (D)

1 Rules for Trusts (including Family Trusts)

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

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

1.1.1.1 A WRITTEN RECORD of the names of the beneficiaries or the use of a defined class of natural person satisfies the requirement for identification;

1.1.1.2 A WRITTEN RECORD of fixed percentages of entitlement or the use of a formula for calculating entitlement satisfies the need for defining proportion of benefit;

1.1.2 The trustees must **have no discretion** on the above mentioned terms of the trust deed except where it is a family trust. In case of a family trust only the trustees may have a discretion with respect to the above mentioned terms and then only within the confines of the discretion awarded them by the trust deed; and

1.1.3 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.

2 Additional criteria applicable to Trusts

2.1 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:

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

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

3 Rules for discretionary juristic persons

3.1 The terms of a constitution, memorandum of incorporation (MOI) or the trust deed of a juristic person, whichever the case may be, may notwithstanding the Rules for Broad-Based Ownership Schemes, Employee Share Ownership Programmes and the Rules for Trusts

(Annexe CSC100 B; C & D), provide for a discretion to the fiduciaries to distribute, in their sole and unfettered discretion, such portions of the juristic person's income and capital as they deem fit from time to time to such beneficiaries or members of a defined class of beneficiaries as they may decide in their sole and unfettered discretion from time to time;

3.2 The discretion to the fiduciaries referred to in 3.1 above must be exercised in accordance with the terms of the constitution, MOI or trust deed. Subject to compliance with the remainder of the rules and additional rules as embodied in Annexe CSC100 B, C and D, such discretion will not disqualify the juristic person from qualifying for recognition under the Ownership Scorecard;

3.3 Where such a discretion or a partial discretion exists, the race and gender composition of rights of ownership that flow-through the juristic person must be determined with reference to the wording of the constitution, MOI or trust deed having regard to the race and gender of Participants thereof and their proportion of entitlement to income or that of certain classes of Participants (where applicable);

3.3.1 Where the wording of the constitution, MOI or trust deed is clear on the racial or gender composition of Participants - the constitution, MOI or trust deed, whichever the case may be, will serve as sufficient evidence to those facts it is clear on;

3.3.2 Where the determination of race and gender of Participants are not practically determinable from a pure reading of the trust deed, reliance may be placed on a competent person's report estimating the rights of ownership that flows through the juristic person. Such report may have regard to various factors which could include where appropriate:

3.3.2.1 *Ad hoc* distributions to Participants of income and capital during the Measurement Period;

3.3.2.2 Official estimating records such as publicly available municipal records, university or school enrolment records and the South African census reports;

3.3.3 Where the determination of race and gender of Participants are indeterminable notwithstanding the mechanisms provided for in [paragraphs 3.3.1](#) and [3.3.2](#) the Participants must be regarded as non-black.

3.4 Participants in juristic person's with these discretionary terms seldom have the right to vote at general meetings of the juristic person. Their rights are represented by the fiduciaries who make decisions on their behalf. For this reason the Economic Interest of such Participants as determined in [paragraph 3.3](#) above will serve as a proxy for their Voting Rights.

ANNEXE CSC100 (E)

1 Measurement of voting rights

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

Where
A is the score achieved for the Entity for the measured Ownership indicator
B is the percentage that Exercisable Voting Rights in the hands of the category of Participants who are Black People in that Entity holds to all Voting Rights held by all Participants of that Entity

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

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

2 Measurement of economic interest

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

Where
A is the score achieved for the Entity for the measured Ownership indicator
B is the percentage that Economic Interest to which Participants who fall within the category of Black People in that Entity holds to all Economic Interest held by all Participants of that Entity
C is the percentage compliance Target for Economic Interest for the applicable measured Ownership indicator in paragraph 2.2 of the Ownership scorecard.
D is the Weighting points allocated to the applicable measured Ownership indicator in paragraph 2.2 of the Ownership scorecard.

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

3 Calculation of Deemed Value

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

Where
A is the Deemed Value

B for the purposes of Formula 4 below is the value of the Equity Instruments relevant to the calculation, determined on the Date of Measurement
B for the purpose of Formula 5 below is the value of the Equity Instruments relevant to the calculation, determined on the date of sale or loss
C for the purposes of Formula 4 below is the carrying value of any Acquisition Debts of the relevant Black Participants on the Date of Measurement
C for the purpose of Formula 5 is the carrying value of any Acquisition Debts of the relevant Black Participants on the date of sale or loss
D for the purpose of Formula 4 below is the value of the Measured Entity on the Date of Measurement
D for the purpose of Formula 5 below the value of the Measured Entity (inclusive of the black Equity Instruments sold or lost) on the date of sale or loss
D for the purpose of the Exclusion Principle is the value of the measurable portion of the Measured Entity on the Date of Measurement

4 Net Value

4.1 The 'Net Value' points in [paragraph 2.3.1](#) are the lower result of Formula A and Formula B below:

Formula A
Where
A is the score under paragraph 2.3.1 of the Ownership scorecard
B is the Deemed Value for all Black Participants in the Measured Entity determined using Formula 3 above
C is the Time-Based Graduation Factor of the Economic Interest compliance target outlined below:
<ul style="list-style-type: none"> • 10% for the first year after the Current Equity Interest Date. • 20% for the second year after the Current Equity Interest Date. • 40% from the first day of the third year after the Current Equity Interest Date to the last day of the fourth year after the Current Equity Interest Date.

<ul style="list-style-type: none"> • 60% from the first day of the fifth year after the Current Equity Interest Date to the last day of the sixth year after the Current Equity Interest Date. • 80% from the first day of the seventh year after the Current Equity Interest Date to the last day of the eighth year after the Current Equity Interest Date. • 100% from the first day of the ninth year after the Current Equity Interest Date to the last day of the tenth year after the Current Equity Interest Date.
<p>D is the Target for Economic Interest of Black People (25%) as per the Amended Codes (<i>Gazette</i> 36928, 11 October 2013).</p> <p>E is the Weighting points allocated to the applicable measured Ownership indicator in paragraph 2.3.1 of the Ownership scorecard.</p>

<p>Formula B</p>
<p>Where</p>
<p>A is the score under paragraph 2.3.1 of the Ownership scorecard.</p>
<p>B is the percentage Economic Interest in the Measured Entity of Black Participants measured using the Flow-Through Principle.</p>
<p>C is the Target for Economic Interest of Black People (25%) as per the Amended Codes (<i>Gazette</i> 36928, 11 October 2013).</p>
<p>D is the Weighting points allocated to the applicable measured Ownership indicator in paragraph 2.3.1 of the Ownership scorecard.</p>

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

5 Calculation of the recognition of ownership after the sale or loss of shares by black participants:

The calculations in [paragraphs 3.8.1](#) and [3.8.4](#) use the following formula:

<p>Where</p>
<p>A is the percentage of rights of Ownership that survive the sale or loss of an Equity Instrument by a Black Participant in paragraph 3.8 of the statement</p>

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

6 Calculation of the bonus points

The bonus points in [paragraph 2.4](#) is calculated merely by determining whether the answer to the question of whether or not the particular threshold for Voting Rights have been exceeded is answered in the affirmative (ie 'Yes') or not. The full bonus point for each subcategory is either earned or not. For the avoidance of doubt - no partial recognition of the bonus points per category is possible.

AMENDED CODE SERIES CSC200:

MEASUREMENT OF THE MANAGEMENT CONTROL ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT IN THE CONSTRUCTION SECTOR

STATEMENT CSC200:

THE GENERAL PRINCIPLES FOR MEASURING MANAGEMENT CONTROL

Issued under the section 9(1) of the Broad-Based Black Economic Empowerment Act, 2013 as amended

Arrangement of this Statement

Para Subject

- [1](#) Objectives of this statement
- [2](#) Management Control Scorecard
- [3](#) Key Measurement Principles
- [4](#) Measurement of the Management Control criteria

Annexe CSC200 (A)

Annexe CSC200 (B)

Annexe CSC200 (C)

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 tables represents the criteria used for deriving a score for Management Control under this statement. *W* = *Weighting points*, *T* = *target*

Measurement Category & Criteria	Contractors		BEPs	
	W	T	W	T

2.1 Board Participation:					
2.1.1	Exercisable Voting Rights of black board members as a percentage of all board members	3	50%	2.5	50%
2.1.2	Exercisable Voting Rights of black female board members as a percentage of all board members	1	20%	1	20%
2.1.3	Black Executive Directors as a percentage of all Executive Directors	2	50%	2.5	50%
2.1.4	Black female Executive Directors as a percentage of all Executive Directors	1	20%	1	20%
Bonus Points					
2.1.5	Exceeding the Target for Black Executive Directors in 2.1.3 above	1	>50%	1	>50%
2.1.6	Exceeding the Target for Black female Executive Directors in 2.1.4 above	1	>20%	1	>20%
2.2 Other Executive Management:					
2.2.1	Black Other Executive Management as a percentage of all Other Executive Management	2	60%	2	60%
2.2.2	Black female other Executive Management as a percentage of all Other Executive Management	1	30%	1	30%
2.3 Senior Management					
	2.3.1 Black Employees in Senior Management as a percentage of all Senior Management	2	60%	2	60%
	2.3.2 Black female Employees in Senior Management as a percentage of all Senior Management	0.5	30%	1	30%
2.4 Middle Management					
	2.4.1 Black Employees in Middle Management as a percentage of all Middle Management	1	75%	1.5	75%

	2.4.2 Black female Employees in Middle all Management as a percentage of all Middle Management	0.5	30%	1	30%
2.5 Junior Management					
	2.5.1 Black Employees in Junior Management as a percentage of all Junior Management	1	88%		
	2.5.2 Black female Employees in Junior Management as a percentage of all Junior Management	0.5	35%		
2.6 Employees with disabilities					
	2.6.1 Black Employees with Disabilities as a percentage of all office based Employees	0.5	2%	0.5	2%
2.7 Black Professionals					
2.7.1	Black professionally registered Employees as a percentage of all professionally registered Employees	2	50%	2	50%
2.8 Bonus Points					
2.8.1	Black Employees that are 'youth' as defined by the National Youth Commission Act of 1996, as a percentage of all Employees using the Adjusted Recognition for Gender.	2	30%	2	30%
TOTAL		22		22	

3 Key Measurement Principles

3.1 A Measured Entity receives points for its achievement towards 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 as at Measurement Date 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 Other Executive Management is measurable as two indicators (one for black people - par 2.2.1 and one for black females - par 2.2.2). The respective weightings of these two indicators will be split as 4 and 1.5 points respectively for Contractors. For BEPs the split will be 4 and 2 respectively.

3.4 Where a Contractor does not have any Employees in any of the measured categories: Middle- and/or Junior Management, then the weightings of the indicator which has no

Employees must be evenly distributed among the remaining categories of Senior, Middle or Junior Management. The category 'Middle Management' in the BEP scorecard measures only Middle Management employees. Junior management is excluded from measurement in the BEP Management Control scorecard.

3.5 Where there is no Senior, Middle or Junior Management, the average of the percentage targets and weightings of these 3 categories, and the sum of the weightings will be allocated to 'Other Executive Management'. 'Black Employee' weighting points to 'black Employee' and 'black female Employees' weighting points to 'black female Employees'.

3.6 Defining other Executive Management

3.6.1 Executive Management positions are defined as 'Top Management' in terms of the Employment Equity Regulations and include the 'Executive Directors' and 'Other Executive Management' of the Measured Entity.

3.6.2 'Other Executive Management' positions therefore refers to executive management (ie Top Management) that do not serve on the board. They are measurable under 2.2.1 and 2.2.2 of the Management Control Scorecard. It may for example be that a Chief Executive Officer, Chief Financial Officer, Human Resource Manager or Marketing Manager do not serve on the board. In such cases they will only be measurable under the 'Other Executive Management' category of the scorecard and not also under the 'Executive Director' category. If however they do serve on the board they are only measurable under the 'Executive Director' category and not the 'Other Executive Management' category.

3.6.3 Executive Directors are only measurable under 2.1 of the Management Control scorecard and not 2.2.

3.6.4 Where a Measured Entity does not have any employees on the 'Other Executive Management' level then the weighting points for the 'Other Executive Management' indicators will be allocated to paragraphs 2.1.3 and 2.1.4 respectively.

3.7 Remuneration parity

3.7.1 The Measured Entity must strive for parity in remuneration between race groups and gender at all management levels. To this end the Measured Entity must provide full payroll access together with a copy of the Payment Parity report EEA4 to the Verification Agency during the [verification](#). In the absence of such, the staff management levels will be declined by the verification Agency.

3.7.2 In cases where Measured Entities are exempt from submitting the Department of Labour Employment Equity reports, then a Remuneration Parity Statement, similar in form to the EEA4 report, must be signed by the authorised signatory of the Measured Entity as part of the verification process. This is to ensure that a person's responsibility and remuneration are in line with their job grade.

4 Measurement of the Management Control Criteria

The criteria in the Management Control scorecard is measured in terms of the formula set out in Annexe CSC200 (A), (B) and (C).

ANNEXE CSC200 (A)

MEASUREMENT OF MANAGEMENT CONTROL INDICATORS

The Management Control criteria provided for in [paragraphs 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7](#) and [2.8](#) is calculated as follows:

Where A is the score achieved by a Measured Entity in respect of the measurement of the criteria

specified in paragraph 2.1 (excluding par 2.1.5 and 2.1.6), 2.2, 2.3, 2.4, 2.5, 2.6, 2.7 and 2.8 of the Management Control scorecard
B in the case of paragraph 2.1 (excluding par 2.1.5 and 2.1.6), is the Voting Rights in the hands of black members of the Board as a percentage of Voting Rights of all members of the Board in the Measured Entity; or
B in the case of paragraph 2.2 , is the percentage of Black Employees in the Other Executive Management category of the Measured Entity; or
B in the case of paragraph 2.3 , 2.4 and 2.5 , is the percentage of Black Employees for each of the indicators in those paragraphs as calculated in Annexe CSC200 (B); or
B in the case of paragraph 2.6 , is the percentage of Black Employees with a Disability as a percentage of all office based Employees
B in the case of paragraph 2.7 , is the percentage of all Black professionally registered Employees expressed as a percentage of all professionally registered Employees.
B in the case of paragraph 2.8 , is the percentage of Black Employees that are 'youth' as defined by the National Youth Commission Act of 1996 using the Adjusted Recognition for Gender formula (see below).
C is the percentage compliance Target in respect of the applicable criteria being measured as specified in paragraph 2.1(excluding par 2.1.5 and 2.1.6), 2.2, 2.3, 2.4, 2.5, 2.6, 2.7 and 2.8 of the Management Control scorecard
D means the Weighting points allocated to the applicable criteria being measured as specified in paragraph 2.1 (excluding par 2.1.5 and 2.1.6), 2.2, 2.3, 2.4, 2.5, 2.6, 2.7 and 2.8 of the Management Control scorecard

Calculation of the adjusted recognition for gender

The calculation of the Adjusted Recognition for Gender in [paragraph 2.8](#) is as follows:

<i>C is limited to a maximum of 50% of the target</i> Where
A is the Adjusted Recognition for Gender
B is the percentage of people in the measurement category that are black people

C is the percentage of people in the measurement category that are black women, which is limited to 50%

Measurement of bonus point indicators in paragraphs 2.1.5 & 2.1.6

These bonus points are earned if the Target is met. No partial earning of these bonus points are possible. Once participation of Black Executive Directors therefore exceeds 50% of all directors the bonus point for paragraph 2.1.5 is earned. Likewise, once participation of Black Female Executive Directors' exceed 20% of all directors, the bonus point in paragraph 2.1.6 is earned.

ANNEXE CSC200 (B)

1 Measurement of the 'black people' indicators of senior management, middle management, and junior management.

Subject to the limitations in clause 3 Annexe CSC200 (B) below, the calculation of the Management Control indicators provided for in [paragraphs 2.3.1, 2.4.1](#), and 2.5.1 of the Management Control scorecard are as follows:

Where:
A is the percentage of Black Employees that is ' B ' in the formula in Annexe CSC200 (A) for each of the indicators in paragraphs 2.3.1, 2.4.1 and 2.5.1.
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.

2 Measurement of the 'black female' indicators of senior management, middle management, and junior management.

Subject to the limitations in clause 3 Annexe CSC200 (B) below, the calculation of the Management Control indicators provided for in [paragraphs 2.3.2, 2.4.2](#), and 2.5.2 of the Management Control scorecard are as follows:

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Where:
A is the percentage of Black female Employees that is ' B ' in the formula in Annexe CSC200 (A) for each of the indicators in paragraphs 2.3.2, 2.4.2 and 2.5.2.
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.

3 Limitation of AM, CM, IM, AF, CF and IF

3.1 **AM, CM, IM, AF, CF** and **IF** wherever they occur in the formulae above, are always limited to a proportion of the respective Target in [paragraphs 2.3.1, 2.3.2, 2.4.1, 2.4.2](#), 2.5.1 and 2.5.2. The proportion to be applied to such Target to determine the limitation on each of **AM, CM, IM, AF, CF** and **IF** are the respective proportion which each of them contribute to the Black People component (or where applicable Black female component) of the overall EAP as published in the Commission for Employment Equity Report, and as amended from time to time in terms of the Employment Equity Regulations (see Annexe CSC200 (C) for an example).

3.2 Measured Entities will not all have a national footprint and may, for example, conduct the majority of their business operations within a province where the racial and gender composition of the EAP are significantly different to that of the overall national EAP. To make provision for these provincial distortions from the overall national EAP, Measured Entities will have an election to make use of either the overall national or overall provincial EAP statistics of a particular province when they calculate the proportion that each race and gender sub-groups in the formulas contribute to the Black People and Black female component respectively of the EAP as per 3.1 above.

3.3 A Measured Entity electing to use the overall provincial EAP of a particular province must use the overall provincial EAP of the province the majority of its Employees are from.

3.4 The word '*overall*' as used above in relation to 'national' or 'provincial' EAP statistics refers to the EAP of the labour force as a whole, whether nationally or for a particular province, whichever the case may be. Therefore, even though the Commissioner for Employment Equity Report also reports on the EAP breakdown nationally and provincially per Senior, Middle and Junior management the term '*overall*' is used to indicate that this further breakdown per employment category, should not be used.

ANNEXE CSC200 (C)

EXAMPLE FOR DETERMINING LIMITATION OF AM, CM, IM, AF, CF AND IF

The example below illustrates how the limitation of the Target for each of the race subcategories is determined with respect to the 'Black People' indicator of Senior Management (par 2.3.1):

Step 1: Determine the profile of the overall national EAP distribution* per race and gender as per the CEE Report

	African Male	Coloured Male	Indian Male	White Male	African Female	Coloured Female	Indian Female	White Female	Total
National EAP	40.70 %	5.80%	1.90%	6.40%	34.20%	5.00%	1.10%	4.90%	100%

distribution by race and gender as per CEE Report									
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* In this example the overall national EAP statistics are used. It could just as well have been the overall provincial EAP statistics if the Measured entity selected so in terms of [paragraph 3.2 of Annexe CSC200 \(B\)](#).

Step 2: Calculate the total **Black People*** component of the EAP as per the CEE Report in step 1

	African Male	Coloured Male	Indian Male	African Female	Coloured Female	Indian Female	Black People Component
Black People component of national EAP	40.70%	5.80%	1.90%	34.20%	5.00%	1.10%	88.70%

* If one were calculating the limitation applicable to the female sub-race groups if one were measuring the 'Black Female' indicator of Senior Management, then Step 2 would reference the Black female sub-race groups only.

Step 3: Calculate the proportion each Black race and gender sub-group constitutes of the total Black People component determined as per Step 2

	African Male	Coloured Male	Indian Male	African Female	Coloured Female	Indian Female	Total
Proportion of each race and gender sub-group of Black People component of EAP	45.89%	6.54%	2.14%	38.56%	5.64%	1.24%	100%

Step 4: Apply the proportion calculated in step 3 to the Target for Senior Managers (par 2.3.1) ie 60%

	African Male	Coloured Male	Indian Male	African Female	Coloured Female	Indian Female	Senior Management Target
Limit each race and gender sub-group of	27.53%	3.92%	1.29%	23.13%	3.38%	0.74%	60%

Black People may contribute to Senior Management's Target							
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For calculating the score for par. 2.3.1 of the Management Control Scorecard *AM, CM, IM, AF, CF* and *IF* are therefore limited to the percentages as calculated per Step 4 above.

AMENDED CODE SERIES CSC300:

MEASUREMENT OF THE SKILLS DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT IN THE CONSTRUCTION SECTOR

STATEMENT CSC300:

THE GENERAL PRINCIPLES FOR MEASURING SKILLS DEVELOPMENT

Issued under section 9(1) of the Broad-Based Black Economic Empowerment Act, 2013 as amended

Arrangement of this Statement

Para Subject

- [1](#) Objectives of this Statement
- [2](#) The Skills Development Element Scorecard
- [3](#) Key Measurement Principles
- [4](#) Subminimum and Discounting Principle
- [5](#) General Principles
- [6](#) Legitimate Training Expenses
- [7](#) Measurement of Skills Development Indicators

Annexe CSC300 (A)

Annexe CSC300 (B)

Annexe CSC300 (C)

Annexe CSC300 (D)

1 Objectives of this Statement

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

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

1.3 Indicate the formula for measuring the Skills Development Element.

2 The Skills Development Element Scorecard

2.1 The following table represents the criteria used for deriving a score for Skills Development under this statement: *W = Weighting points, T = target*

2.2 [sic]

Category	Skills Development Element	Contractors			BEPs
		T	W	T	
2.1.1	Skills Development Expenditure on any programme specified in the Learning Programme Matrix for Black People as a percentage of the Leviale Amount		2%		2%

2.1.1.1	Skills Development Expenditure on Black People as a percentage of the Leviaible Amount.	4	2.5% (year 3)	7	2.5% (year 3)
			3% (year 5)		3% (year 5)
2.1.2	The proportion of Skills Development Expenditure on Black People by the Measured Entity using the Adjusted Recognition for Gender expended on the following categories of Black People:				
2.1.2.1	African People (as defined in the Stats SA EAP)	2	%Contribution of African People to EAP	2	%Contribution of African People to EAP
2.1.2.2	Black Management (Executive, Senior and Middle management categories)	2	15%	3	15%
2.1.2.3	Black Management (Junior management category)	1	10%	1	10%
2.1.2.4	Bursaries or Scholarships for Black People.	2	15%	4	15%
2.1.3	Learnerships, Apprenticeships, Internships and Professional Registration				
2.1.3.1	Number of Black People participating in Category A, B, C or D learning programmes as per the Learning Programme Matrix, as a percentage of the total number of Employees.	3	2.5%	4	2.5%
2.1.3.2	Number of Black Employees registered as candidates with industry professional registration bodies as a % of the total number of such registered Employees.	3	60%	4	60%
2.1.3.3	Number of Black People with Disabilities on Category A, B, C, or D learning programmes as per the Learning Programme Matrix, as a percentage of black office based learners on those learning programmes.	1	5%	1	5%
2.1.4	Mentorship				

2.1.4.1	Implementation of an Approved and Verified Mentorship Programme (<i>as per 3 Annexe CSC300 C</i>).	3	Yes	3	Yes
2.1.5	Bonus points				
2.1.5.1	Percentage of Black People Absorbed by the Measured Entity at the end of a Category A, B, C or D learning programme.	1	100%	1	100%
2.1.5.2	The number of black employees that completed a Mentorship Programme during the last 3 years (<i>including the measurement period</i>) that were promoted during the Measurement Period expressed as a percentage of all such employees during those 3 years.	2	15%		
2.1.5.3	The number of Black Employees who registered as a Professional with industry Professional Bodies as a percentage of all Employees who registered as such in the Measurement Period	2	60%	4	60%
TOTAL		26		34	

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 scorecard:

3.1.1 Workplace Skills Plan, an Annual Training Report and Pivotal Report which have been submitted to the SETA; and

3.1.2 Implementation of Priority Skills programme generally, and more specifically for Black People; and

3.2. The compliance target under paragraph 2.1.1, 2.1.2, 2.1.3, 2.1.4 and 2.1.5 includes external training expenditure for Black People that are not employed by the Measured Entity.

3.3. A trainee tracking tool has to be developed in order for the Measured Entity to score under paragraph 2.1.5.1.

3.4 If less than 100% of the trainees are absorbed under paragraph 2.1.5.1, the percentage achieved or Absorbed will be recognised.

3.5 The Construction Sector Charter Council may approve certain specific industry initiatives for recognition for Absorption points in terms of paragraph 2.1.5.1. When doing so the Construction Sector Charter Council will publish the mechanism and calculation methodology for recognition attached to that initiative.

3.6 Skills Development Expenditure on Black People that are counted under the Skills Development scorecard may not be counted again under any other B-BBEE element of the QSE or Large Enterprise Scorecard.

3.7 Where a Measured Entity does not have employees at Junior Management level or where it does not distinguish between Junior Management and Middle and/or Senior Management, the Junior Management Category's weighting point (paragraph 2.1.2.3) must be allocated to the Black Management indicator (paragraph 2.1.2.2).

3.8 Year 4 and beyond Targets becomes effective on the 4th anniversary of the effective date of this Construction Sector Code. These sets of Targets will apply to Measurement Periods being measured that commenced after the effective date of such set of targets.

3.9 In 2.1.2.4 not more than 50% of the bursary target spend will be recognised for learners attending grades 10 – 12 or the equivalent at trade schools.

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 with [paragraph 3.6.3](#) of statement CSC000.

5 General Principles

5.1 Skills Development must:

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

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

5.1.3 Support Professional, Vocational, Technical and Academic Learning programmes, achieved by means of professional placements, work-integrated learning, Apprenticeships, Learnerships and Internships, that meet the criteria needs for economic growth and development.

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

5.2. Recognisable Skills Development Expenditure includes any Legitimate Training Expenses incurred for any Learning Programme offered by a Measured Entity to Black People.

5.3. Skills Development Expenditure arising from informal training or Category F and G Learning Programmes under the Learning Programmes Matrix cannot in aggregate represent more than 35% of the total value of Skills Development Expenditure.

5.4 Salaries or wages paid to an Employee of the Measured Entity participating as a learner in any Learning Programme only constitute Skills Development Expenditure if the Learning Programme is a Category B, C or D learning programme as per the Learning Programme Matrix. Salaries or wages so paid to the Employee are only claimable for the period over which that Employee was participating in the particular learning programme, during the measurement period. The maximum period for an Employee to be eligible for a Category C programme (excluding CPD) is 5 (five) years. Salaries for these Employees are not claimable after the 5 (five) years from the date of registration on the candidate acceptance letter or certificate.

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

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

5.5.2 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.

5.6 Mandatory sectoral training does not qualify as Skills Development contribution. For the avoidance of doubt, mandatory sectoral training is limited to the following:

5.6.1 Site , project or safety inductions;

5.6.2 Toolbox talks;

5.6.3 Operators re-certification.

5.7 Training that is provided outside the country or that are provided locally but then only by foreign service providers, that is in line with the Learning Programme Matrix under Annexure CSC300 (A) is measurable if it meets the criteria in the Learning Programme Matrix. References in the matrix to terms such as 'professional registration body', and 'accredited or registered formal institution of learning' will in only such cases include the foreign service provider whether it is actually accredited, registered or formally approved as a statutory occupational or professional body in South Africa or abroad, or not.

6 Legitimate training expenses

6.1 Legitimate Training Expenses include but is not necessarily limited to:

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 organisation of training including, where appropriate, the cost of the Measured Entity of employing a Skills Development facilitator or a training manager.

6.1.8 Funding and support of research at tertiary institutions aimed at improving performance of the Construction Sector.

7 Measurement of Skills Development Indicators

The formulae and example that explains the method of measurement of the criteria in the Skills Development scorecard is set out in Annexure CSC300 (B), (C) and (D).

ANNEXE CSC300 (A)

LEARNING PROGRAMME MATRIX

Cat	Programme	Narrative Description	Delivery Mode	Learning Site	Learning Achievement
A	Bursaries & Scholarships (this category includes Bursaries & Scholarships that are for school going children that do not exceed 50% of the target spend)	Institution-based theoretical instruction alone – formally assessed by the institution	Institutional instruction	Institutions such as universities and colleges, schools, AET providers	Recognised theoretical knowledge resulting in the achievement of a degree, diploma or certificate issued by an accredited or registered formal institution of learning

B	Mandatory Work-based Experience, Experiential training, In service training (P1 & P2); and/or Workplace experience modules for occupational certificate or part qualification.	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 or as per tertiary institution requirements	Institutions such as universities and colleges, schools, AET 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	C1: Professional Registration (e.g. candidacy, articles etc) An updated Table of valid and recognised Professional Registrations will be published on the CSCC web-site	Recognised or registered structured experiential learning in the workplace that is required for professional registration – formally assessed by an industry professional registration body e.g. BEP Councils, ECSA, SACQSP, SAICA, SACPCMP etc.	Requirements as per prescribed by the industry professional registration body.	As prescribed by industry professional registration body.	Professional registration.
	C2: Continued Professional Development	Recognised learning that results in CPD points from an industry professional registration body.	Requirements as prescribed by the training body and approved by the industry professional registration body.	Learning site as prescribed by the industry professional registration body.	Continued professional development points or credits.
D	D1: Apprenticeships, Learnerships, Occupational	Occupationally directed instructional and work-based	Institutional instruction together with structured,	Institutions and workplace	Theoretical knowledge and workplace learning, resulting

	Certificates	learning programme that requires a formal contract – formally assessed by an accredited body	supervised experiential learning in the workplace		in the achievement of a South African Qualifications Authority registered qualification, a certificate or other similar occupational or professional qualification issued by an accredited or registered formal institution of learning
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	D2: Post Graduation short term (3 -12 months) Mentorship Programme	Work experience for graduates in order to make them employable	Structured workplace experience	Workplace	Employability in the case of graduates. Employability proven by CV and Mentorship Programme (Annexe CSC300(C)).
E	Occupationally directed SAQA registered unit standards, skills programmes and knowledge and practical modules for occupational certificates and part qualifications.	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 AET providers	Credits awarded for registered unit standards or occupational modules.
F	External informal programmes	Occupationally-directed informal instructional programmes	Structured, information sharing or direct instruction involving workshops, seminars and conferences and short courses	Institutions, conferences and meetings	Attendance register or completion certificates from training, conference or seminar organiser.

G	Internal informal programmes	Work-based informal programmes	Informal training resulting in increased understanding of job or work context or improved performance or skills	Workplace	Attendance register or log book or instruction book

ANNEXE CSC300 (B)

MEASUREMENT OF SKILLS DEVELOPMENT INDICATORS

The Skills Development criteria provided for in paragraphs 2.1.1, 2.1.2, 2.1.3 and 2.1.5 of the scorecard are calculated as follows:

Where A is the score achieved by a Measured Entity in respect of the measurement of the Skills Development criteria specified in paragraphs 2.1.1, 2.1.2, 2.1.3 and 2.1.5
B in the case of paragraph 2.1.1, is the amount of Skills Development Expenditure, towards any programme specified in the Learning Programme Matrix, on Black People, expressed as a percentage of the Leviable Amount of the Measured Entity; or

B in the case of paragraph 2.1.2.1, is the amount of Skills Development Expenditure on African people, expressed as a percentage of the total Skills Development Expenditure on Black People by the Measured Entity using the Adjusted Recognition for Gender; or
B in the case of paragraph 2.1.2.2, is the amount of Skills Development Expenditure on Black Employees that form part of Executive, Senior and Middle Management, expressed as a percentage of the total Skills Development Expenditure on Black People by the Measured Entity using the Adjusted Recognition for Gender; or
B in the case of paragraph 2.1.2.3, is the amount of Skills Development Expenditure on Black Employees that form part of Junior Management, expressed as a percentage of the total Skills Development Expenditure on Black People by the Measured Entity using the Adjusted Recognition for Gender; or
B in the case of paragraph 2.1.2.4, is the amount spent towards Bursaries or Scholarships on Black People, expressed as a percentage of the total Skills Development Expenditure on Black People by the Measured Entity using the Adjusted Recognition for Gender; or

B in the case of paragraph 2.1.3.1, is the number of Black People that are on Category A, B, C or D learning programmes as per the Learning Programme Matrix - Annexe CSC300 (A), expressed as a percentage of the total number of Employees of the Measured Entity; **or**

B in the case of paragraph 2.1.3.2 is the number of Black Employees registered as candidates with industry professional registration bodies, expressed as a percentage of the total number of such registered Employees of the Measured Entity; **or**

B in the case of paragraph 2.1.3.3 is the number of Black Employees with Disabilities on Category A, B, C or D learning programmes as per the Learning Programme Matrix - Annexe CSC300 (A), expressed as a percentage of the total number of black office based Employees on those learning programmes; **or**

B in the case of paragraph 2.1.5.1 is the number of Black People that completed a Category A, B, C or D learning programme, as per the Learning Programme Matrix - Annexe CSC300 (A), during the Measurement Period and who was subsequently Absorbed by the Measured Entity, expressed as a percentage of the total number of Black People that were enrolled for Category A, B, C or D learning programmes that ended during the Measurement Period; **or**

B in the case of 2.1.5.2 is the number of Black Employees that completed a Mentorship Programme (*see Annexure CSC300(C)*) during the last 3 years (*including the measurement period*) that were promoted during the Measurement Period, expressed as a percentage of all such employees during those 3 years.

B in the case of 2.1.5.3 is the number of Black Employees who registered as professionals with industry professional bodies as a percentage of all Employees who registered with industry professional bodies during the Measurement Period.

C in the case of paragraphs 2.1.1, 2.1.2.2, 2.1.2.3, 2.1.2.4, 2.1.3 and 2.1.5. is the percentage compliance Target in respect of the applicable criteria being measured as specified in those indicators of the Skills Development scorecard; **or**

C in the case of 2.1.2.1 is the compliance Target for that indicator, which is the proportion that African people contribute to the EAP, expressed as a percentage. (*See Annexure CSC300(D) for an example on how to calculate this percentage.*)

D is the Weighting for the applicable criteria being measured as specified in paragraph 2.1.1, 2.1.2, 2.1.3 and 2.1.5 of the Skills Development scorecard.

Calculation of the adjusted recognition for gender

The calculation of the Adjusted Recognition for Gender is as follows:

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Where
A is the Adjusted Recognition for Gender
B is the percentage of people in the measurement category that are black people
C is the percentage of people in the measurement category that are black women, which is limited to 50%

ANNEXE CSC300 (C)

MEASUREMENT OF APPROVED AND VERIFIED MENTORSHIP PROGRAMMES
(PARAGRAPH 2.1.4 of SKILLS DEVELOPMENT SCORECARD)

1 Steps to be followed by Verification Professional

1.1 Compare the company mentor program with the list of criteria provided in [paragraph 2](#) below. If the program substantively complies with the list of requirements below, it will qualify for recognition in the score card.

1.2 The verification agent will evaluate the portfolio of evidence for the protégés against the list provided.

1.3 The verification agent will randomly select a few protégés to interview to determine the effectiveness of the program.

1.4 The verification agent will then sign off that the mentor program is compliant.

2 Criteria that constitute a Mentorship Program and that must be present in the Measured Entity

2.1 Each Measured Entity must have one person in the business who is responsible and accountable for mentoring, called the mentor champion. In a larger business, this may be the chairman of a committee set up to manage a mentor program.

2.2 A Mentorship Programme must have the minimum number of mentees as per the table below:

Total number of Employees in Measured Entity	Minimum number of Black Mentees
= 100	1
>100 = 300	3
>300 = 700	7
> 700	10

2.3 Other criteria for the program include the following:

2.3.1 The objectives and desired outcomes of the program;

2.3.2 The structure of the program;

2.3.3 Methods on how the protégés and mentors will be selected and matched;

2.3.4 The time frames for the implementation of the program.

2.4 The general portfolio of evidence should support the objectives stated above and may include the following:

2.4.1 Regular report to mentor champion on overall program (Internal progress review);

2.4.2 Minutes of meetings and/or communication between protégés and their mentors including details of time, location and duration of meetings, topics discussed advice and guidance given and progress review on required development outcomes;

2.4.3 Any training provided to support protégé development;

2.4.4 Individual development plan containing development interventions;

2.4.5 Annual progress review on individual development plan and targets completed by a mentor or manager;

2.4.6 Activities undertaken by the protégé including which departments the protégé worked in, details of job assignments and details of activities undertaken.

2.4.7 If an Employee is undertaking a mentorship for the purposes of professional registration then such documentation will supercede the conditions stated above. There must be evidence in the candidate file that mentorship took place during the Measurement Period.

ANNEXE CSC300 (D)

1 Example for determining compliance target for paragraph 2.1.2.1 of the Skills Development Scorecard

1.1 The example below illustrates how the compliance Target is determined with respect to the African people indicator of the Skills Development Scorecard (par 2.1.2.1):

Step 1: Determine the profile of the overall national EAP distribution* per race and gender as per the CEE Report

	African Male	Coloured Male	Indian Male	White Male	African Female	Coloured Female	Indian Female	White Female	Total
National EAP distribution by race and gender as per CEE Report	40.70%	5.80%	1.90%	6.40%	34.20%	5.00%	1.10%	4.90%	100%

* In this example the overall national EAP statistics are used. It could just as well have been the overall provincial EAP statistics if the Measured entity selected so in terms of [paragraph 1.3](#) below.

Step 2: Calculate the total African people component of the EAP as per the CEE Report in step 1

	African Male	African Female	African People Component
African People component of national EAP	40.70%	34.20%	74.9%

1.2 Using the above EAP statistics the compliance Target for paragraph 2.1.2.1 of the Skills Development Scorecard would therefore have been 74.9%.

1.3 Measured Entities will not all have a national footprint and may, for example, conduct the majority of their business operations within a province where the racial and gender composition of the EAP are significantly different to that of the overall national EAP. To make provision for these provincial distortions from the overall national EAP, Measured Entities will have an election to make use of either the overall national or overall provincial EAP statistics of a particular province when they calculate the proportion that African people contribute to the EAP.

1.4 A Measured Entity electing to use the overall provincial EAP of a particular province must use the overall provincial EAP of the province the majority of its Employees are from.

1.5 The word '*overall*' as used above in relation to 'national' or 'provincial' EAP statistics refers to the EAP of the labour force as a whole, whether nationally or for a particular province, whichever the case may be. Therefore, even though the Commissioner for Employment Equity Report also reports on the EAP breakdown nationally and provincially per Senior, Middle and Junior management the term '*overall*' is used to indicate that this further breakdown per employment category, should not be used.

AMENDED CODE SERIES CSC400:

MEASUREMENT OF THE PREFERENTIAL PROCUREMENT AND SUPPLIER DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT IN THE CONSTRUCTION SECTOR

STATEMENT CSC400:

THE GENERAL PRINCIPLES FOR MEASURING PREFERENTIAL PROCUREMENT AND SUPPLIER DEVELOPMENT

Issued under section 9(1) of the Broad-Based Black Economic Empowerment Act, 2013 as amended

Arrangement of this Statement

Para Subject

- [1](#) Objective of this Statement
- [2](#) Preferential Procurement and Supplier Development Scorecard
- [3](#) Key Measurement Principles
- [4](#) General Principles
- [5](#) Total Measured Procurement Spend
- [6](#) Exclusions from Total Measured Procurement Spend
- [7](#) Measurement of B-BBEE Procurement Spend
- [8](#) The calculation of Preferential Procurement Contributions to B-BBEE
- [9](#) Supplier Development Programmes
- [10](#) Supplier Development Contributions
- [11](#) Measurement of Supplier Development Contributions

Annexe CSC400 (A)

Annexe CSC400 (B)

Annexe CSC400 (C)

Annexe CSC400 (D)

1 Objectives of this Statement.

1.1 Specify the scorecard for measuring Preferential Procurement, Supplier Development Programmes and Qualifying Supplier Development Contributions for the Construction Sector;

1.2 Specify the key measurement principles applicable to calculating Preferential Procurement, Supplier Development Programmes and Supplier Development Contributions;

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

1.4 Indicate the formulae for calculating the individual criteria specified in the Preferential Procurement and Supplier Development scorecard.

2 Preferential Procurement and Supplier Development Scorecard

The following table represents the criteria for deriving a score for Preferential Procurement, Supplier Development Programmes and Supplier Development Contributions categories under this statement: *W* = weighting points, *T* = target.

Category		Contractors		BEPs	
		T	W	T	
2.1 PREFERENTIAL PROCUREMENT					
2.1.1	B-BBEE Procurement Spend from all Empowering Suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	6	80%	6	80%
2.1.2	B-BBEE Procurement Spend from all Empowering Suppliers that are Exempted Micro-Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	3	15%	3	20%
2.1.3	B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	3	15%	2	10%
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	4	20%	4	20%
2.1.5	B-BBEE Procurement Spend from Empowering Suppliers that are at least 35% Black Women Owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	3	12%	3	12%
Bonus Points					
2.1.6	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% owned by Black Designated Groups based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend.	3	20%	2	20%

2.1.7	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% Black Women Owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	1	8%	1	8%
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2.2	SUPPLIER DEVELOPMENT PROGRAMMES				
2.2.1	Compliant Supplier and Contractor Development Programmes	5	Ann.CSC 400 (C)	4	Ann.CSC 400 (C)
2.3	SUPPLIER DEVELOPMENT CONTRIBUTIONS				
2.3.1	Annual value of all Qualifying Supplier Development Contributions made by the Measured Entity as a percentage of the Target.	8	3% NPAT	4	3% of NPAT
2.3.2	Annual value of all Qualifying Supplier Development Contributions towards 51% Black Women Owned entities made by the Measured Entity as a percentage of the Target.	2	20% of value in 2.3.1	1	20% of value in 2.3.1
TOTAL		38		30	

3 Key Measurement Principles

3.1 The Preferential Procurement and Supplier Development scorecard consists of:

- 3.1.1 Preferential Procurement; and
- 3.1.2 Supplier Development Programmes; and
- 3.1.3 Supplier Development Contributions.

3.2 Qualifying Supplier Development Contributions will be recognised as a percentage of the annual Net Profit After Tax (NPAT) of the Measured Entity as determined in accordance with [paragraph 11](#).

3.3 Sub-Minimum and Discounting Principle:

3.3.1 The sub-minimum for Preferential Procurement and Supplier Development is 40% of the total weighting points (excluding bonus points) of each of the three broad categories, within the Preferential Procurement and Supplier Development element, namely 'Preferential Procurement', 'Supplier Development Programmes' and 'Supplier Development Contributions'. For the avoidance of doubt this means that a Measured Entity measureable in terms of the Large Enterprise Scorecard must achieve at least:

- (i) 7.6 points for Contractors and 7.2 points for BEPs under the Preferential Procurement category;
- (ii) 2 points for Contractors and 1.6 points for BEPs under the Supplier Development Programmes category;
- (iii) 4 points for Contractors and 2 points for BEPs under the Supplier Development Contributions category;

The same principles apply to the determination of the threshold points for the QSE Scorecard.

3.3.2 Non-compliance to the threshold targets will result in the overall achieved B-BBEE status level being discounted in accordance with [paragraph 3.6.3](#) of statement CSC000.

3.4 to the extent that the definition is amended and published by the DTI, the Exempted Micro Enterprises (EMEs) and Start-ups are automatically recognised as Empowering Suppliers.

3.5 The Weighting points in the 'Supplier Development Programmes' and 'Supplier Development Contributions' categories of the scorecard represent the maximum number of points possible for each of the criteria.

3.6 If a Measured Entity procures goods and services from a Supplier that is:

3.6.1 A recipient of Qualifying Supplier Development Contributions from a Measured Entity under Code series CSC400 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;

3.6.2 An at least 51% 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;

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

3.7 Individual beneficiaries of Qualifying Supplier Development Contributions are Entities:

3.7.1 That are at least 51% Black Owned; and

3.7.2 Whose total annual Revenue, for its latest completed financial period, did not exceed 30% of the Measured Entities total annual Revenue for the Measurement Period.

4 General Principles

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

4.2 To increase local procurement through capacity building achieved by incentivising appropriate Supplier Development Programmes by businesses supplying imported goods and services.

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

4.4 To actively support procurement from an at least 51% Black Owned QSEs and EMEs by identifying opportunities to increase procurement from local suppliers in order to support employment creation.

4.5 To support procurement from an at least 51% Black Owned and at least 35% Black Woman owned businesses in order to increase the participation of these businesses in the mainstream economy.

4.6 To promote the use of the at least 51% Black Owned professional service providers and Entrepreneurs as Suppliers.

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

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

4.9 Measured Entities are encouraged to align their Supplier Development initiatives with their supply chain requirements thereby linking Supplier Development with Preferential Procurement. For the avoidance of doubt such alignment is not compulsory.

4.10 Qualifying Supplier Development Contributions of any Measured Entity are recognisable on an annual basis, loans and related contributions, which will be measured against the full outstanding loan amount on Measurement Date as per Annexe CSC400 (B).

4.11 No portion of the value of any Qualifying Supplier Development Contribution that is payable to the beneficiary after the last day of the Measurement Period 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 measurable at the recognition level of the supplier;

5.6 **Third-party procurement:** all procurement for a third-party, a client or Unincorporated Joint Venture, where the cost of that procurement is an expense recorded in the Measured Entity's annual financial statements measurable at the recognition level of the supplier;

5.7 **Labour brokers and independent contractors:** any procurement of the Measured Entity that 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 2.3 of this statement and Code series CSC500 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).

5.13 All salaries, wages and allowances paid to non-South African employees.

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 South African Employees as an element of their salary or wage and any emolument or similar payment paid to a director of a Measured Entity. (The non-South African portion of salaries and payroll must be added to the Total measured Procurement spend, as per 5.13 above).

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 CSC400 or CSC500;

6.5 **Imports: the following imported goods and services:**

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

6.5.1.1 There is not sufficient existing local production of such capital goods, components or services; and

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

6.5.2 Imported goods and services other than those listed in paragraph 6.5.1 if there is not sufficient 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 local produced goods or services; or

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

6.5.3 The Department of Trade and Industry (The DTI) will, from time to time consult with the CSCC and issue PRACTICE NOTES with regard to the provisions on import exclusions.

6.6 **Intra-group procurement:** Where the Measured Entity is conducting a consolidated verification of itself as holding entity together with its subsidiaries, then all intra-group procurement of goods and services amongst the group entities forming part of the consolidated verification are excluded.

6.7 **Non-discretionary procurement:** Where the Measured Entity is forced to make use of a particular Supplier due to tender requirements or client specifications it may exclude such procurement.

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 3.6](#), 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 CSC400 (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 in [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 Annex CSC400 (A).

9 Supplier Development Programmes

9.1 A Supplier Development Programme is a programme whereby the Measured Entity provides structured co-operation and assistance to Qualifying Beneficiary Entities in the form of Qualifying Supplier Development Contributions.

9.2 For the Supplier Development Programme to earn the Measured Entity any recognition under [paragraph 2.2](#) of the scorecard as calculated in terms of Annexe CSC400 (C), the programme must comply with the following additional criteria:

9.2.1 With respect to the Qualifying Beneficiary Entity:

9.2.1.1 The Measured Entity may not hold more than 20%, calculated in terms of the normal flow-through principle, of the Qualifying Beneficiary Entity's equity;

9.2.1.2 The Qualifying Beneficiary Entity must employ a minimum of three permanent employees;

9.2.1.3 The Qualifying Beneficiary Entity must be in possession of a valid tax clearance certificate;

9.2.1.4 The Qualifying Beneficiary Entity must be in possession of a sworn affidavit (where applicable), or B-BBEE certificate that was valid at the date of entering into the agreement in 9.2.2 below :

9.2.2 The programme must be evidenced by the following:

9.2.2.1 A written agreement signed by the Measured Entity and the Qualifying Beneficiary Entity;

9.2.2.2 A documented 'needs analysis' of the Qualifying Beneficiary Entity signed by both the Measured Entity and the Qualifying Beneficiary Entity;

9.2.2.3 A documented 'Supplier Development Plan' signed by both the Measured Entity and the Qualifying Beneficiary Entity, which must contain with reference to the Measurement Period:

9.2.2.3.1 Clear objectives with respect to the development of at least three needs as identified per the 'needs analysis' (see paragraph 9.2.2.2) from at least two areas that were identified for development. For avoidance of doubt, a developmental need is a specific requirement to be implemented under a development area, and this specific need requires defined objectives.

The areas that may be targeted for development are not limited but could include:

9.2.2.3.1.1 Management and labour skills transfer;

9.2.2.3.1.2 Establishment of an administrative system;

9.2.2.3.1.3 Planning, tendering and programming skills transfer;

9.2.2.3.1.4 Business skills transfer with an emphasis on negotiation skills;

9.2.2.3.1.5 Technical skills transfer with emphasis on innovation;

9.2.2.3.1.6 Legal compliance;

9.2.2.3.1.7 Procurement skills transfer;

9.2.2.3.1.8 Establishment of credit rating and/or history;

9.2.2.3.1.9 Establishment of financial loan capacity and/or history;

9.2.2.3.1.10 Contractual knowledge transfer

9.2.2.3.1.11 Marketing and branding;

9.2.2.3.1.12 Access to or implementation of business systems;

9.2.2.3.2 Priority interventions (activities) to address the objectives identified in 9.2.2.3.1 above.

9.2.2.3.3 Qualifying Supplier Development Contributions and the value thereof allocated. If none of the allocated contributions become payable within the Measurement Period, this requirement has not been met.

9.2.3 An ESD champion that will be accountable and responsible for the 'Supplier Development Programme' must be appointed at Senior Management or higher level in the Measured Entity. He/she must be suitably qualified and experienced to monitor progress and complete a portfolio of evidence for verification.

9.3 A Measured Entity receives a score for the 'Supplier Development Programme' as determined with reference to Annexe CSC400(C).

10 Supplier Development Contributions

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

- 10.1 Investments in Qualifying Beneficiary Entities;
- 10.2 Loans made to Qualifying Beneficiary Entities;
- 10.3 Guarantees given or security provided on behalf of Qualifying Beneficiary Entities;
- 10.4 Credit facilities made available to Qualifying Beneficiary Entities;
- 10.5 Grant contributions to Qualifying Beneficiary Entities;
- 10.6 Direct costs incurred by a Measured Entity in assisting and hastening development of Qualifying Beneficiary Entities;
- 10.7 Overhead costs of a Measured Entity directly attributable to Qualifying Supplier Development Contributions;
- 10.8 Preferential credit terms granted by a Measured Entity to Qualifying Beneficiary Entities;
- 10.9 Preferential terms granted by a Measured Entity in respect of its supply of goods and services to Qualifying Beneficiary Entities;
- 10.10 Contributions made towards the settlement of the cost of services relating to the operational or financial capacity and/or efficiency levels of a Qualifying Beneficiary Entity including, without limitation:
 - 10.10.1 Professional and consulting services;
 - 10.10.2 Statutory licensing and/or registration fees;
 - 10.10.3 Industry specific levies and/or other such fees; and
 - 10.10.4 IT services;
 - 10.10.5 Payment for BEE verification of EME companies, that is done by approved Verification Agencies
- 10.11 Discounts given to Qualifying Beneficiary Entities in relation to the acquisition and maintenance costs associated with the grant to those Qualifying Beneficiary Entities of franchise, licence, agency, distribution or other similar business rights.
- 10.12 The creation or development of capacity and expertise for Qualifying Beneficiary Entities needed to manufacture or produce goods or service previously not manufactured, produced or provided in the Republic of South Africa as provided for in Government's economic growth and local supplier development policies and initiatives.
- 10.13 The creation or development of new projects promoting beneficiation by the Measured Entity for the benefit of Qualifying Beneficiary Entities.
- 10.14 Facilitating access to credit for Qualifying Beneficiary Entities without access to traditional credit facilities owing to a lack of credit history, high-risk or lack of collateral on the part of the Qualifying Beneficiary Entity.
- 10.15 Provision by the Measured Entity, of preferential credit facilities to a Qualifying Beneficiary Entity. Examples of such contributions include without limitation:
 - 10.15.1 Provisions of finance to Qualifying Beneficiary Entities at lower than commercial rates of interest. 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;

10.15.2 Relaxed security requirements or absence of security requirements for Qualifying Beneficiary Entities unable to provide security for loans or surety for performance bonds. Such contributions shall be measured as being 3% (three percent) of any positive differential between the initial capital value of the loan and the value of security taken; and

10.15.3 Settlement of accounts with Qualifying 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 after date of invoice. Preferential payment terms that extend beyond 15 days will not qualify as Qualifying Supplier Development Contributions;

10.16 The provision of seed or development capital to Qualifying Beneficiary Entities.

10.17 Provision of training or mentoring by suitably qualified entities or individuals to Qualifying Beneficiary Entities which will assist such Entities to increase their operational or financial capacity; and

10.18 Provision of training or mentoring to Qualifying Beneficiary Entities by the Measured Entity itself;

10.18.1 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;

10.18.2 A clear justification, commensurate with the seniority and expertise of the trainer or mentor, must support any claim for time costs occurred;

10.19 Training or mentoring provided as per 10.17 and 10.18 above may not be double counted under the Skills Development scorecard once claimed as Qualifying Supplier Development Contribution and *vice versa*.

10.20 The maintenance by the Measured Entity of a Supplier Development unit which focuses exclusively on support of Qualifying Beneficiary Entities or candidate beneficiary entities.

10.20.1 Only that portion of salaries and wages attributable to time spent by the staff in, and the other expenses that relates to, promoting or implementing Qualifying Supplier Development Contributions, qualify for recognition.

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

10.21.1 For the avoidance of doubt such contributions are regarded as having been initiated and implemented once they become payable to the third party;

11 Measurement of Supplier Development Contributions

11.1 A Measured Entity receives a score for the 'Supplier Development Contributions' indicator in proportion to the extent that it meets the compliance Target for indicator 2.3.1 of the Supplier Development Contributions scorecard.

11.2 The compliance Target of 3% of NPAT for indicator 2.3.1 of the Supplier Development Contributions scorecard is based on the average NPAT of the Measured Entity over the three financial years that precedes the Measurement Period and will be the basis for determining the Targets unless:

11.2.1 The Measured Entity did not make a profit on average over this three year period; or

11.2.2 The average net profit margin of the Measured Entity over this three year period was less than a third of the industry norm net profit margin during the same three year period.

11.3 Notwithstanding the fact that only contributions that became payable within the Measurement Period will be recognised for inclusion in the Measured Entity's Supplier Development claim, it is expressly stated for the avoidance of doubt, that the NPAT for the Measurement Period itself does not form part of the calculation of the Target as per 11.2 above.

11.4 Where, either of the factors in 11.2.1 to 11.2.2 are present then the Indicative NPAT of the Measured Entity for the three financial years that precedes the Measurement Period, will be the basis for determining the Targets.

11.4.1 The Indicative NPAT is the Revenue of the Measured Entity for the Measurement Period, multiplied by a third of the average industry norm net profit margin for the three financial years that precedes the Measurement Period.

11.4.2 The industry norm net profit margin must be determined with reference to the quarterly statistics supplied by Stats SA or such other verifiable data that might be available for the applicable Construction Sector.

11.5 Where in 11.4.2 the industry norm net profit margin for the three financial years that precedes the Measurement Period yields a negative result then Qualifying Supplier Development Contributions of nominal value will earn the Measured Entity the full points under [paragraphs 2.3.1](#). Provided that the nominal value shall not be less than 50% of the previous years target. In the case of a second measurement period which yields a negative result the nominal value will be 50% of the previous years nominal value this will continue for any subsequent periods of negative results.

11.6 Qualifying Supplier Development Contributions are measurable using Formula 'A' in Annexe CSC400 (D) read together with Annexe CSC400 (B).

ANNEXE CSC400 (A)

A B-BBEE Procurement Spend:

A = the sum of (B x C)
Where
A is the calculated total B-BBEE Procurement Spend for the Measured Entity. It is equal to the sum of the result of the product of B and C for each Supplier of the Measured Entity not excluded under the exclusion from Total Measured Procurement Spend;
B is the value of procurement falling within Total Measured Procurement Spend and not excluded under the exclusion from Total Measured Procurement Spend from each Supplier of the Measured Entity for the Measurement Period;
C is the latest B-BBEE Procurement Recognition Level of each Supplier of the Measured Entity that can be supported by a B-BBEE verification certificate (or sworn affidavit in the case of 51% or 100% Black Owned EME's and QSE's), that was valid at any time from the commencement of the Measurement Period up to the issuing of the Measured Entity's B-BBEE verification certificate.

B The calculation of Preferential Procurement Contributions to B-BBEE:

Where

A is the calculated preferential procurement score for 2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5, 2.1.6 and 2.1.7 respectively in the Preferential Procurement scorecard under statement CSC400 for the Measured Entity;

B is the total B-BBEE Procurement Spend of the Measured Entity calculated for each of the indicators of the Preferential Procurement scorecard (par 2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5, 2.1.6 and 2.1.7) respectively, expressed as a percentage of the Total Measured Procurement Spend of that Measured Entity;

C for par 2.1.1; 2.1.2; 2.1.3; 2.1.4, 2.1.5, 2.1.6 and 2.1.7 is the compliance Target for this indicator of the Preferential Procurement scorecard;

D is the Weighting points allocated to each of the indicators of the Preferential Procurement scorecard (par 2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5, 2.1.6 and 2.1.7) respectively.

ANNEXE CSC400 (B)
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 Supplier Development	Verifiable Cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting Supplier Development	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting Supplier Development (including people appointed in Supplier Development)	Verifiable Cost (including both monetary and non-monetary)	80%
Loans and Related Contributions		
Interest-Free Loan with no security requirements	Outstanding Loan Amount	80%

supporting Supplier Development		
Standard Loan to Supplier Development Beneficiaries	Outstanding Loan Amount	60%
Guarantees provided on behalf of a beneficiary entity	Guarantee Amount	3%
Lower Interest Rate	Outstanding loan amount	Prime Rate – Actual Rate
Equity Investments and Related Contributions		
Minority Investment in Supplier Development Beneficiaries	Investment Amount	100%
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 Supplier Development	Commercial hourly rate of professional as defined by Department of Public Works (DPW)	80%
Professional services rendered at discount and supporting Supplier Development	Value of discount based on commercial hourly rate of professional as defined by Department of Public Works (DPW)	80%
Time of employees of Measured Entity productively deployed in assisting beneficiaries	Monthly salary divided by 160	80%
Other Contributions		
Shorter payment periods for 2.3 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. The Maximum points that can be

		scored is 75% of 10 points
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ANNEXE CSC400 (C)

Supplier Development Programmes ([paragraph 2.2](#)) are measurable on the following basis:

Step 1: To apply the formula first position the Measured Entity on Table 1 with respect to the highest applicable Revenue category:

Table 1

CONTRACTORS			BEP's		
Total Annual Revenue of the Measured Entity for the Measurement Period	Requirements related to current Measurement Period		Total Annual Revenue of the Measured Entity for the Measurement Period	Requirements related to current Measurement Period	
	X	Y		X	Y
= R1 billion	7	5%			
= R500 million	5	5%	= R300 million	3	5%
= R300 million	4	5%	= R100 million	2	5%
= R35 million	2	5%	< R100 million	1	5%
< R35 million	1	5%			

Step 2: Apply the formula below:

Formula:
Where
A is the score achieved for the Supplier Development Programme indicator (paragraph 2.2).
B is the number of Qualifying Beneficiary Entities that participated in Supplier Development Programmes during the Measurement Period, that were compliant with paragraph 9 of

statement CSC400, divided by the appropriate target number in Column X of Table 1 above.

X is the appropriate target number in Column X of Table 1 above.

C is the aggregate of the total annual Revenues of the Qualifying Beneficiary Entities counted in **B** (*based on their latest financial periods as at Measurement Date*) divided by the total annual Revenue of the Measured Entity for the Measurement Period. The answer must then be multiplied by 100.

Y is the appropriate Revenue ratio requirement in Column Y of Table 1 above. The Construction Sector Charter Council may publish amendments to these ratios from time to time.

D is the Weighting points allocated to the Supplier Development Programmes indicator ([paragraph 2.2](#)).

ANNEXE CSC400 (D)

A Qualifying Supplier Development Contributions ([paragraph 2.3](#)) are measurable on the following basis:

Where
A is the score achieved for the Supplier Development Contributions indicators (paragraph 2.3.1 and 2.3.2) in respect of Qualifying Supplier Development Contributions made by the Measured Entity.
B in the case where the Measured Entity have scored under the ' <i>Supplier Development Programmes</i> ' indicator (paragraph 2.2), is the annual value of all Qualifying Supplier Development Contributions that have become payable by the Measured Entity during the Measurement Period with respect to the relevant indicator in paragraph 2.3 ; or
B in the case where the Measured Entity fails to score any points under the ' <i>Supplier Development Programmes</i> ' indicator (paragraph 2.2), is 50% of the annual value of all Qualifying Supplier Development Contributions that have become payable by the Measured Entity during the Measurement Period with respect to the relevant indicator in paragraph 2.3 .
C is the compliance Target for the Supplier Development Contributions indicators (paragraph 2.3.1 and 2.3.2).
D is the Weighting points allocated to the Supplier Development Contributions indicators (paragraphs 2.3.1 and 2.3.2).

CODE SERIES CSC500:

MEASUREMENT OF THE SOCIO-ECONOMIC DEVELOPMENT ELEMENTS OF
BROAD-BASED BLACK ECONOMIC EMPOWERMENT

STATEMENT CSC500:

THE GENERAL PRINCIPLES FOR MEASURING THE SOCIO-ECONOMIC
DEVELOPMENT ELEMENT

Issued under section 9(5) of the Broad-Based Black Economic Empowerment Act, 2013 as amended

Arrangement of this Statement

Para Subject

- [1](#) Objectives of this statement
- [2](#) The SED scorecard
- [3](#) Key Measurement Principles
- [4](#) Evidence to Support Structured SED Projects
- [5](#) Measurement of Socio-Economic Development contributions
- [6](#) The Benefit Factor Matrix

Annexe CSC500 (A)

Annexe CSC500 (B)

1 Objectives of this Statement

The objectives of this statement are to specify:

- 1.1 The Socio-Economic Development (SED) element and Sector Specific Contributions scorecard for the Construction Sector;
- 1.2 The key measurement principles applicable when calculating Qualifying Socio-Economic Contributions; and
- 1.3 The formula for calculating the individual criteria specified in the SED scorecard.

2 The SED Scorecard

2.1 The Target of 1.25% of NPAT for indicator 2.4.1 and 30% thereof for 2.4.2 on the SED scorecard is based on the average NPAT of the Measured Entity over the three financial years that precedes the Measurement Period and will be the basis for determining the Targets unless:

2.1.1 The Measured Entity did not make a profit on average over this three year period;
or

2.1.2 The average net profit margin of the Measured Entity over this three year period was less than a third of the industry norm net profit margin during the same three year period.

2.2 Notwithstanding the fact that only contributions that became payable within the Measurement period will be recognised for inclusion in the Measured Entity's SED claim, it is expressly stated for the avoidance of doubt, that the NPAT for the Measurement Period itself does not form part of the calculation of the Target as per 2.1 above.

2.3 Where either of the factors in 2.1.1 to 2.1.2 are present then the Indicative NPAT of the Measured Entity for the three financial years that precedes the Measurement Period, will be the basis for determining the Targets.

2.3.1 The Indicative NPAT is the Revenue of the Measured Entity for the Measurement Period, multiplied by a third of the average industry norm net profit margin for the three financial years that precedes the Measurement Period.

2.3.2 The industry norm net profit margin must be determined with reference to the quarterly statistics supplied by Stats SA or such other verifiable data that might be available for the applicable Construction Sector; or any quarterly published statistics.

2.3.3 Where in 2.3.2 the industry norm net profit margin for the three financial years that precedes the Measurement Period yields a negative result then Qualifying Socio-Economic Contributions of nominal value will earn the Measured Entity the full points under [paragraphs 2.4.1](#) and [2.4.2](#) respectively. Provided that the nominal value shall not be less than 50% of the previous years target. In the case of a second measurement period which yields a negative result the nominal value will be 50% of the previous years nominal value this will continue for any subsequent periods of negative results.

2.4 The following table represents the criteria and method used for deriving a score for Socio-Economic Development under this statement:

Socio-Economic Development		Weighting Points	Compliance Target
2.4.1	Annual value of all Qualifying Socio-Economic Contributions by the Measured Entity as a percentage of the Target	4	1.25% of NPAT
2.4.2	The portion of Qualifying Socio-Economic Contributions in 2.4.1 above spend on Communities with Limited Services.	1	30% of Target in 2.4.1
Bonus Points			
2.4.3	Annual value of contributions towards Structured SED Projects by the Measured Entity as a percentage of the Target	1	1.25% of NPAT
TOTAL		6	

2.5 The weighting points in the SED scorecard represent the maximum number of points possible for each of the criteria. Contributions recognised under 2.4.2 may be double counted under 2.4.1 of the SED scorecard.

3 Key Measurement Principles

3.1 General principles:

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

3.1.2 Qualifying Socio-Economic Contributions of any Measured Entity are recognisable annually.

3.1.3 No portion of the value of any Qualifying Socio-Economic Contribution that is payable to the beneficiary after the last day of the Measurement Period 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 sustainable access to the economy for targeted beneficiaries. Measured Entities are encouraged to prioritise communities in areas where they operate.

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 Any portion of the contribution that benefits Black People with Disabilities will be recognised at an enhanced factor of 1.25.

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

3.2.5.1 Grant contributions to beneficiaries of Socio-Economic Development Contributions;

3.2.5.2 Guarantees given or security provided for beneficiaries;

3.2.5.3 Direct costs incurred by a Measured Entity in assisting beneficiaries;

3.2.5.4 Overhead costs of a Measured Entity directly attributable to Socio-Economic Development Contributions;

3.2.5.5 Developmental capital advanced to beneficiary communities;

3.2.5.6 Preferential terms grants by a Measured Entity for its supply of goods or services to beneficiary communities;

3.2.5.7 Contributions made by the Measured Entity to third parties to perform Socio-Economic Development on the Measured Entity's behalf. For the avoidance of doubt such contributions are regarded as having been initiated and implemented once they become payable to the third party;

3.2.5.8 Provision of training or mentoring to beneficiary communities which will assist them to increase their financial capacity;

3.2.5.8.1 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;

3.2.5.8.2 A clear justification must support any claim for time costs incurred, (commensurate with the seniority and expertise of the trainer or mentor).

3.2.5.9 The maintenance by the Measured Entity of a socio-economic development unit which focuses only on support of beneficiaries and beneficiary communities;

3.2.5.9.1 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.

4 Evidence to support structured SED projects

4.1 The following evidence must be provided to support a claim for Structured SED Projects over and above that normally required for Qualifying Socio-Economic Contributions:

4.1.1 the SED plan signed by the Measured Entity and the beneficiary or third party intermediary;

4.1.2 Signed confirmation by the beneficiary, or third party through whom the contribution was made, confirming the value of the contribution that became payable during the Measurement Period;

4.1.3 An annual project impact analysis against targets and milestones and whether or not they were realistic. A negative outcome of the analysis does not disqualify the recognition of the spend.

5 Measurement of Socio-Economic Development Contributions

Qualifying Socio-Economic Contributions are measurable using the Formula in Annexe CSC500 (B) read together with Annexe CSC500 (A).

6 The Benefit Factor Matrix

The Minister may from time to time, by notice in the *Gazette*, revise or substitute the Benefit Factor Matrix. Any changes will only be applicable to compliance reports prepared for Measured Entities for Measurement Periods that commences after the gazetting of the adjustment.

ANNEXE CSC500 (A)

BENEFIT FACTOR MATRIX

Qualifying Contribution type	Contribution Amount	Benefit Factor
Grant and Related Contributions		
Grant Contribution	Full Grant Amount	100%
Direct Cost incurred in supporting socio-economic development, sector specific initiatives or Qualifying Socio-Economic 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 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 Contributions	Verifiable Cost (including both monetary and non-monetary)	80%
Guarantees provided on behalf of a beneficiary	Guarantee Amount	3%
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 Contributions	Commercial hourly rate of professional as per Department of Public Works	80%
Professional services rendered at a discount supporting socio-economic development, sector specific initiatives or Qualifying Socio-Economic Contributions	Value of discount based on commercial hourly rate professional as per Department of Public Works	80%
Time of employees of Measured Entity productively deployed in assisting beneficiaries and supporting socio-economic development, sector specific initiatives or Qualifying Socio-Economic Contributions	Monthly salary divided by 160	80%

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ANNEXE CSC500 (B)

A: Qualifying contributions of indicators 2.4.1, 2.4.2 and 2.4.3 are measurable on the following basis:

Where
A is the score achieved in respect of the indicator in 2.4.1, 2.4.2 and 2.4.3, whichever the case may be, of the Socio-Economic Development scorecard.
B in the case of paragraphs 2.4.1 and 2.4.3 is the value of all Qualifying Socio-Economic Contributions of the Measured Entity relevant to that indicator, that have become payable during the Measurement Period and weighted in accordance with Annexe CSC500 (A) – Benefit Factor Matrix read together with per paragraphs 3.2.2 to 3.2.4 , expressed as a percentage of the NPAT.
B in the case of paragraph 2.4.2 is the percentage of the Measured Entity's spend in paragraph 2.4.1 that was spent towards currently disadvantaged communities.
C is the compliance Target in respect of the Qualifying Socio-Economic Contributions as specified in the SED scorecard for indicator 2.4.1, 2.4.2 and 2.4.3 respectively.
D is the Weighting point allocated to indicator 2.4.1, 2.4.2 and 2.4.3 under the Socio-Economic Development scorecard in Statement CSC500.

CODE SERIES CSC600:

THE CONSTRUCTION SECTOR QUALIFYING SMALL ENTERPRISE SCORECARD
STATEMENT CSC600:

THE CONSTRUCTION SECTOR QUALIFYING SMALL ENTERPRISE SCORECARD
Issued under section 9(1) of the Broad-Based Black Economic Empowerment Act, 2013 as amended

Arrangement of this Statement

Para Subject

CSC601

OWNERSHIP FOR QSE

CSC602

MANAGEMENT CONTROL FOR QSE

CSC603

SKILLS DEVELOPMENT FOR QSE

CSC604

PREFERENTIAL PROCUREMENT AND SUPPLIER DEVELOPMENT FOR QSE

CSC605
 SOCIO-ECONOMIC DEVELOPMENT FOR QSE
 STATEMENT CSC601:
 OWNERSHIP FOR QSE

1 The QSE Ownership Scorecard

The following table represents the indicators and methods for calculating a score for Ownership under this statement for both Contractors and BEP's in the Construction Sector: *W* = weighting points, *T* = target.

B-BBEE Element	Indicator	Description	W	T
	1.1 Voting Rights	1.1.1 Exercisable Voting Rights in the Entity in the hands of Black People	5.5	25% & (30% Year 4)
		1.1.2 Exercisable Voting Rights in the Entity in the hands of Black women	2	10%
	1.2 Economic Interest	1.2.1 Economic Interest in the Entity to which Black People are entitled.	5.5	25% & (30% Year 4)
OWNERSHIP		1.2.2 Economic Interest in the Entity to which Black women are entitled.	2	10%
		1.2.3 Economic Interest of Black New Entrants or Black Designated Groups	7	10% (for Contractors) 5% (for BEP's)
	1.3 Realisation Points	1.3 Net Value	5	Refer to Annexe CSC100 (E)
	1.4 Bonus Points	1.4.1 Exercisable Voting Rights and Economic Interest to which Black People are entitled	1.5	=40%
		1.4.2 Exercisable Voting Rights and Economic Interest to which Black women are entitled	1.5	=12.5%
TOTAL			30	

2 Measurement of QSE Ownership Element

2.1 The measurement of the QSE Ownership Scorecard shall adhere to all principles, definitions, calculations and measurement methodologies contained in Statement CSC 100 for measuring of the Ownership element.

2.2 For the avoidance of doubt:

2.2.1 the Modified Flow-Through Principle applies to the measurement of [paragraph 1.1.1](#) and [1.2.1](#) of the QSE Ownership Scorecard.

2.2.2 The Year 4 Targets for [paragraph 1.1.1](#) and [1.2.1](#) of the QSE scorecard will become effective in the same manner as those of the Large Enterprise Scorecard in Statement CSC 100.

STATEMENT CSC 602

MANAGEMENT CONTROL FOR QSE

1 The QSE Management Control Scorecard

The following table represents the criteria used for deriving a score for Management Control under this statement for both Contractors and BEP's in the Construction Sector: *W* = weighting points, *T* = target.

Measurement Category & Criteria		W	T
1	Executive Management:		
1.1	Black representation at Executive Management	5	50%
1.2	Black female representation at Executive Management	2	20%
2	Senior, Middle and Junior Management:		
2.1	Black representation at Senior and Middle Management	6	20%
2.2	Black female representation at Senior and Middle Management	2	10%
2.3	Black representation at Junior Management	4	40%
2.4	Black female representation at Junior Management	1	20%
TOTAL		20	

2 Key Measurement Principles

2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement CSC 200 are applicable to this statement.

2.2 For the purpose of the QSE scorecard, executive management include other executive management as described under the general principles of statement CSC 200.

2.3 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to

the calculation of scores under the QSE Scorecard and neither are the Adjusted Recognition for Gender.

2.4 A Measured Entity must use the recent payroll data in calculating its score under the Management Control Scorecard.

STATEMENT CSC 603

SKILLS DEVELOPMENT FOR QSE

1 The QSE Skills Development Scorecard

The following table represents the criteria used for deriving a score for Skills Development under this statement for Contractors and BEP's in the Construction Sector. *W = weighting points, T = target.*

Category	Skills Development Element	W	T
1.	Skills Development Expenditure on any programme specified in the Learning Programme Matrix		
1.1	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black People as a percentage of Leivable Amount.	14	1.5%
1.2	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black management (executive, senior and middle management) as a percentage of total Skills Development Expenditure of the Measured Entity on Black People.	7	25%
1.3	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black People with Disabilities as a percentage of total Skills Development Expenditure of the Measured Entity on Black People.	3	3%

Bonus points:			
2.1	Number of Black People Absorbed by the Measured Entity and industry at the end of the learning programme.	1	100%
2.2	Number of Black Employees that are registered successfully as a candidate or professional with industry professional registration bodies as a percentage of all Employees registered.	1	50%
TOTAL		26	

2 Key Measurement Principles

2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement CSC300 are applicable to this statement.

2.2 The demographic representation of black people as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the QSE Scorecard and neither are the Adjusted Recognition for Gender.

2.3 Where required by law, the following criteria must be fulfilled in order for the Measured Entity to receive points on the QSE Skills Development Element scorecard:

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

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

2.3.3 The learning matrix under code series CSC300 is applicable to this statement.

2.4 The requirements in [paragraph 2.3.1](#) and [2.3.2](#) above is not applicable to businesses that are not required by law to comply therewith in terms of the Skills Development Act.

STATEMENT CSC 604

PREFERENTIAL PROCUREMENT AND SUPPLIER DEVELOPMENT FOR QSE

1 The QSE Preferential Procurement and Supplier Development Scorecard

The following table represents the criteria used for deriving a score for Preferential Procurement and Supplier Development under this statement for Contractors and BEP's in the Construction Sector.

Criteria		W	T
1	PREFERENTIAL PROCUREMENT		
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	13	60%
1.2	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% Black Owned based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	5	17.5%
1.3	B-BBEE Procurement Spend from Empowering Suppliers that are at least 35% Black Women Owned based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	4	7.5%
2	SUPPLIER DEVELOPMENT CONTRIBUTIONS		
2.1	Annual value of all Qualifying Supplier Development Contributions made by the Measured Entity as a percentage of the Target.	7	1% of NPAT
TOTAL		29	

2 Key Measurement Principles

2.1 The key measurement principles, sub-minimum requirements and benefit factor matrix under Statement CSC400 are applicable to this statement.

2.2 Any interpretation or calculation of a QSE's score for 'Preferential Procurement' and 'Supplier Development Contributions' must be made in accordance with statement CSC400.
STATEMENT CSC 605

SOCIO-ECONOMIC DEVELOPMENT FOR QSE

1 The QSE Socio-Economic Development Scorecard

The following table represents the criteria used for deriving a score for Socio-Economic Development under this statement for Contractors and BEP's in the Construction Sector.

Socio-Economic Development	Weighting Points	Compliance Target
Annual value of all Qualifying Socio-Economic Contributions by the Measured Entity as a percentage of the Target	3	1% of NPAT
Bonus Points		
The portion of Qualifying Socio-Economic Contributions above spend Communities with Limited Services.	2	50% of Target above

2 Key Measurement Principles

2.1 The key measurement principles, sub-minimum requirements and benefit factor matrix under Statement CSC500, are applicable to this statement unless otherwise expressly stated herein.

2.2 Any interpretation or calculation of a QSE's score for Socio-Economic Development must be made in accordance with statement CSC500.

SCHEDULE 1

INTERPRETATION AND DEFINITIONS

Part 1:

Interpretation

The Construction Sector Code must be interpreted according to the following provisions unless the context requires a different meaning:

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

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

3 The Construction Sector Charter Council may from time to time issue best practice notes to clarify or explain some of the provisions contained in the Construction Sector Code. These practice notes may not contradict the terms it attempts to clarify. Neither may this mechanism be used to add new provisions to the existing Construction Sector Code.

Part 2:

Definitions

In this Construction Sector Code unless the context otherwise requires: Expressions, definitions and qualifications used in the Construction Sector Code have the meaning assigned to them in the Construction Sector Code *gazetted* under section 9(1) of the Broad-based Black Economic Empowerment Act of 2003, unless otherwise specified hereunder.

'Absorbed'	means a measure of the Measured Entity's ability to have successfully secured formal permanent or long-term contract employment for the Learner or to assist the Learner's proceed with further education and training. Where the Learner was already employed by the Measured Entity when he commenced the Learnership and merely continues with his/her existing employment after the Learnership, it will not qualify as Absorption.
'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). (c) Debt that substitutes or replaces the debt in (a) and (b) above is still Acquisition Debt notwithstanding the fact that it may be owed to a different financier.
'Act'	means the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended. The terms 'B-BBEE Act' has a corresponding meaning.

'Apprenticeship'	means an agreement between an apprentice and an employer for a set period of time during which the apprentice works and receives training in the workplace.
'Associated Enterprise'	means an Entity with which a Seller has concluded a Qualifying Transaction.
'B-BBEE'	means Broad-Based Black Economic Empowerment.
'B-BBEE Compliant Entity'	means a Measured Entity that has achieved at least a Level 1 to Level 8 B-BBEE Status Level as per statement CSC000;
'B-BBEE Controlled Company'	means for Entities measureable in terms of this Construction Sector Code, a juristic person (including a trust), 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'	means for Entities measureable in terms of this Construction Sector

'Company'	Code, a juristic person (including a trust), 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 not [sic] Exempted Micro-Enterprises, using statement CSC000; (b) For Qualifying Small Enterprises, using the statement CSC000; and (c) For Exempted Micro-Enterprises, the applicable deemed B-BBEE Recognition under statement CSC000.
'B-BBEE Status'	means the B-BBEE status of a Measured Entity as determined under statement CSC000.
'B-BBEE Strategy'	means the B-BBEE Strategy as contemplated in section 11 of the B-BBEE Act 53 of 2003 as amended.
'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 Supplier Development and Socio-Economic Development Contributions claimable under statement CSC400 and CSC500.
'Benefit Matrix Factor'	means the Benefit Factor Matrix for Supplier Development and Socio-Economic Development Contributions claimable under statement CSC400 and CSC500.
'BEP'	means Built Environment Professional. These are enterprises that conduct the following activities: Planning, design and costing of construction projects in the built environment. Also, project management and design of a construction value chain including environment, energy, industrial, property, transport and infrastructure. Enterprises typically classified as BEP's include, but are not limited to, consulting engineering practices, architects, quantity surveyors and town planners.

'Black'	means a person that at the date of acquiring their Rights of Ownership in
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Designated Groups'	<p>the relevant entity qualified as:</p> <p>(a) Unemployed Black People not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution;</p> <p>(b) Black People who are youth as defined in the National Youth Commission Act of 1996;</p> <p>(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;</p> <p>(d) Black People living in rural and under developed areas;</p> <p>(e) Black military veterans who qualify to be called a military veteran in terms of the Military Veterans Act 18 of 2011.</p>
'Black New Entrants'	<p>means Black Participants who hold rights of ownership in a Measured Entity and who, before holding Equity Instruments in other Entities which has a total value of more than R50 million measured using a Standard Valuation Method.</p>
'Black People'	<p>Is a generic term which means African, Coloureds and Indians</p> <p>(a) Who are citizens of the Republic of South Africa by birth or descend; or</p> <p>(b) Who became citizens of the Republic of South Africa by naturalisation-</p> <p>(i) Before 27 April 1994; or</p> <p>(ii) On or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to the date.</p>
'Broad-Based Ownership Scheme'	<p>means an ownership scheme which meets the rules set out in Annexe CSC100 (B).</p>
'Certified Learning Programme'	<p>means any Learning Programme for which the Measured Entity has:</p> <p>(a) Any form of independent written certification as referred to in the 'Learning Achievements' column of the Learning Programme Matrix; or if it does not have such certification;</p> <p>(b) An enrolment certificate issued by the independent person responsible for the issue of the certification referred in statement CSC300 confirming the employee has:</p> <p>(i) Enrolled for, is attending and is making satisfactory progress in the Learning Programme; or</p> <p>(ii) Enrolled for but not attended the Learning; or attended the Training Programme but has failed an evaluation of their learning progress.</p>
'Charter'	<p>means the Construction Sector Charter as gazetted under section 12 of the Act.</p>

'Codes of Good Practice'	means the Broad-Based Black Economic Empowerment Codes of Good Practice, 11 October 2013 (<i>Gazette</i> 32698) as amended. The term 'General Codes' or 'Amended Codes' has a corresponding meaning.
'Companies Act'	means the Companies Act, 71 of 2008 as amended or substituted.
'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.
'Construction Material Suppliers'	means enterprises that conduct the following activities: manufacturing, creation or supply of building material and equipment used in construction for example cement, concrete, bricks, electrical equipment and steel. It includes enterprises that provides plant hire for construction related activities.
'Construction Related Activities'	means the activities conducted by Contractors, BEP's and Construction Material Suppliers.

'Construction Sector'	<p>means all enterprises who derive more than 50% of their annual Revenue from Construction Related Activities. For the avoidance of doubt, being registered with any of the following bodies, does not automatically render the enterprise to be part of the Construction Sector:</p> <ul style="list-style-type: none"> (i) Construction Industry Development Board (CIDB); (ii) National Home Builders Registration Council (NHBRC); (iii) Construction sector Education and Training Authority (CETA); <p>The key consideration to determine whether a Measured Enterprise falls within the Construction Sector, notwithstanding registration with these bodies, remains whether or not the majority of its annual Revenue is derived from Construction Related Activities.</p>
Construction Sector Charter Council (CSCC)	An executive authority established consequent to the <i>Gazette</i> of the construction sector codes & is responsible for the monitoring & oversight in the implementation of these construction sector codes.

'Construction Sector Code'	means this Revised Construction Sector Code issued in terms of section 9(1) of the Act. The abbreviation 'CSC' has a corresponding meaning.
'Contractor/s'	means enterprises that conduct construction project activities that include, civil engineering, electrical engineering, power transmission, general building and specialist construction works as per the CIBD grading tables below:
	CE Construction work primarily concerned with materials such as steel, concrete, earth and rock (water, sewerage, roads, railways, bridges, dams, cooling towers, grand stand.
EB Electrical engineering works, all electrical work forming an integral part of building including any wiring (installations in buildings, reticulations within a plot of land (erf) or building site.	
EP Electrical power generation, transmission, control and distribution equipment and system (power generation, street and area lighting, substations and protection system).	
GB Building and ancillary works other than civil engineering works, electrical engineering works, mechanical engineering works, specialist works (air – conditioning and mechanical, Boiler installation and steam distribution, central heating).	
SB Asphalts or any other related business.	
SC Building excavations, shaft sinking and lateral earth support.	
SG Glazing, curtain walls and shop fronts.	
SH Landscaping, irrigation and	

horticultural works.	
SI Escalators, travellers and hoisting machinery.	
SJ Specialised foundations for buildings and structures.	
SL Structural steelwork and scaffolding.	
SN The waterproofing of basements, roofs and walls using specialist systems.	
'Core Skills'	<p>means skills that are:</p> <p>(a) Value-adding to the activities of the Measured Entity in line with its core business;</p> <p>(b) In areas the Measured Entity cannot outsource; or</p> <p>(c) Within the production/operational part of the Measured Entity's value-chain; as opposed to the supply side; services or downstream operations; without whose skills or expertise, the entity could not operate.</p>

'Communities with Limited Services'	<p>From the latest STATS SA census results filtered to local municipality level determine the following.</p> <p>(a) Do less than 65% of the households have access to piped water Or</p> <p>(b) Do less than 85% of the households have access to electricity</p> <p>(c) In addition to (a) or (b) do more than 50% of the households have an average household income in the first 5 levels (including none) of the income data table.</p>
'Critical Skills'	means those skills identified as being critical by any SETA.
'Current Equity Interest Date'	<p>means the later of the date of commencement of the old Construction Sector Code (<i>Gazette</i> 32259, 22 May 2009) and the effective date of the transaction being measured .This means that each operative transaction undertaken by the Measured Entity in order to achieve black rights of ownership is determined individually.</p> <p>(HOWEVER, THE REVISED VERSION OF THIS DEFINITION AND ITS IMPLICATIONS WILL BE ISSUED BY THE CSCC THROUGH A PRACTICE NOTE WITHIN 12 MONTHS OF THE GAZETTE)</p>

'EAP'	the national or provincial, whichever the case may be, Economically Active Population as determined by Stats SA and annually published in the Commission for Employment Equity Report in terms of the employment Equity Regulations from time to time. The operative EAP for the purposes of any calculation under the Codes will be the annual EAP statistics published in the Commission for Employment Equity Report immediately preceding the Measurement Period being measured.
'Economic Interest'	means a claim against an Entity representing a return on ownership of the Entity similar in nature to a dividend right, measured using the Flow-Through and, where applicable, the Modified Through Principles.
'Employment Equity Act'	means the Employment Equity Act 55 of 1998 , as amended.
'Employment Equity Regulations'	means the regulations under the Employment Equity Act.
'Elements'	means the measurable quantitative or qualitative elements of B-BBEE compliance in the Large Enterprise 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 Employment Equity Act.
'Employee Share Ownership Programme'	means a worker or employee scheme as per Annexe CSC100(C).
'Empowering Supplier'	As defined by the DTi, when applicable.

'Entity'	means a legal entity or a natural or a juristic person conducting a business,
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	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 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.
'Exclusion Principle'	<p>is a measurement principle used when calculating the points for the various indicators of the Ownership scorecard that allows for the deduction of a number of rights of ownership (whether it be voting rights or economic interest), from the total of such rights issued by the Measured Entity, before expressing those rights of ownership held by black Participants, as a percentage of all such rights of ownership issued. Code CSC100 and its statements allows, as directed by those statements, for the exclusion of four categories of rights of ownership:</p> <p>(a) those held by Organs of State and Public Entities;</p> <p>(b) those held as Mandated Investments;</p> <p>(c) those held by Non-Profit Companies or Public Benefit Organisations;</p> <p>(d) rights of ownership that equates to the value of the foreign operations of a Multinational Business operating in South Africa or a South African Multinational Business;</p> <p>The exclusions of Ownership held through the entities in (a) to (c) above is to be effected before any exclusion in terms of (d) is to be applied.</p>
'Executive Directors'	means those members of the Board who are executive directors as defined in the King III Report, as amended from time to time.
'Exempted Micro Enterprise'	means an Entity with a total annual Revenue of R10(ten) million or less if it is a Contractor or R6 (six) million or less if it is a BEP.
'Exercisable Voting Rights'	meaning a voting right of a Participant that is not subject to any limit.
'Global Practice'	means a globally and informally applied practice of a Multinational, restricting alienation of equity in or the sale of businesses in its regional operations. The practice must have existed before the promulgation of the Act.

'Grant Contribution'	means the monetary value of Qualifying Contributions made by the Measured Entity to a beneficiary in the form of grants, donations, discounts and other similar quantifiable benefits which are not recoverable by the Measured Entity.
'Group Structure'	means an ownership arrangement whereby one or more Measured Entities that are juristic persons are subsidiaries of another Measured Entity that would qualify as a holding company.
'Higher Education Institution'	means a higher education institution as defined under the higher Education Act of 1997.
'Indicator Percentage'	means the percentage compliance of the Associated Entity for all the indicators of the Associated Enterprises ownership Scorecard. The calculation of indicator Percentages follows the rules in statement CSC100 using the actual percentage compliance for each indicator and not the resulting scores.
'Industry'	Collective term for enterprises that operate within the Construction Sector as outlined in par 3.1 and 3.2 of CSC000.
'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.
'Large Enterprise'	means a Measured Entity with a total annual Revenue equal to or more than R50 million if it is a Contractor or equal to or more that [sic] R25 million if it is a BEP.
'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'	means the Learning Programme Matrix annexed as Annexe CSC300 (A) in statement CSC300.

'Matrix'	
'Leviable Amount'	bears the meaning as defined in the Skills Development Levies Act of 1999 as determined using the Fourth Schedule to the Income Tax Act.
'Management Fees'	means the total Economic Interest received by a Broad-Based Ownership Scheme or Black participants in any year less the amounts distributed or applied to beneficiaries and the amounts reserved for the future distribution or application.
'Mandated Investment'	means any investments made by or through any third party regulated by South African 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 CSC100A attached to statement CSC100.
'Measured Entity'	means an Entity as well as an organ of state or public entity subject to measurement under the Codes.
'Measurement period'	<p>means, subject to the following, the financial period of the Measured Entity:</p> <p>(a) The financial period of a Measured Entity is a period of 12 consecutive calendar months;</p> <p>(b) Where however the Measured Entity amended its financial reporting period from one year to another the financial period may, for that particular year in question, be more or less than 12 consecutive months. In such exceptional cases the Measured Entity may at its discretion elect to be measured for the amended financial period (however many months it may include) or the 12 months ending on the last day of the amended financial period. For purposes of determining its classification as an EME, QSE or Large Enterprise the Measured Entity must however, irrespective of the election it exercises above, do so with reference to the 12 months ending on the last day of the amended financial period;</p> <p>(c) Measured Entities for which verification is required may not be measured for a Measurement Period that has ended more than 12 months prior to the commencement of the verification thereof;</p> <p>(d) For EME's and QSE's that are allowed to merely make an affidavit, the Measurement Period must be the 12 consecutive calendar months that immediately precedes the last day of the most recently completed financial period;</p> <p>(e) The Measurement Period is the period over which the 'Skills Development', 'Preferential Procurement and Supplier Development' and 'Socio-Economic Development' elements must be measured. This statement does not detract from the requirement that for the purpose of calculating the target for Supplier Development and Socio-Economic</p>

	Development regard should be had to the financial position of the Measured Entity that precedes the Measurement Period. Only contributions that become payable within the Measurement Period will however be recognised.
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'Measurement Date'	means the last day of the Measurement Period or such later date agreed upon with the Measured Entity that is as close as practically possible to the commencement of the verification or to the making of the affidavit which ever the case may be. The term 'Date of Measurement' has a corresponding meaning. (The 'Ownership' and 'Management Control' elements must be measured as at the Measurement Date. For the avoidance of doubt - these two elements may not be measured on different dates.)
'51% Black Owned'	means an Entity in which: <i>(a)</i> Black People hold at least 51% of the exercisable voting rights as calculated under indicator 2.1.1 of Code series CSC100; <i>(b)</i> Black People hold at least 51% of the economic interest as calculated under indicator 2.2.1 of Code series CSC100; and <i>(c)</i> Has earned all the points for Net Value under statement CSC100;
'100% Black Owned'	means an Entity in which : <i>(a)</i> Black People hold 100% of the exercisable voting rights as calculated under indicator 2.1.1 of Code series CSC100; <i>(b)</i> Black People hold at least 100% of the economic interest as calculated under indicator 2.2.1 of Code series CSC100; and <i>(c)</i> Has earned all the points for Net Value under statement CSC100.
'51% Black Women Owned'	means, an Entity in which: <i>(a)</i> Black women hold at least 51% of the exercisable voting rights as determined under Code series CSC100; <i>(b)</i> Black women hold at least 51% of the economic interest as determined under Code series CSC100; and <i>(c)</i> Has earned all the points for Net Value under statement CSC100
'30% Black Owned'	means an Entity in which: <i>(a)</i> Black People hold at least 30% of the exercisable voting rights as calculated under indicator 2.1.1 of Code series CSC100; <i>(b)</i> Black People hold at least 30% of the economic interest as calculated under indicator 2.2.1 of Code series CSC100; and <i>(c)</i> Has earned all the points for Net Value under statement CSC100;
'30% Black Women Owned'	means an Entity in which: <i>(a)</i> Black women hold more than 30% of the exercisable voting rights determined under Code series CSC100

	<p>(b) Black women hold more than 30% of the economic interest as determined under Code series CSC100; and</p> <p>(c) Has earning all the points for Net Value under statement CSC100.</p>
'35% Black Women Owned'	<p>means, an Entity in which:</p> <p>(a) Black women hold at least 35% of the exercisable voting rights as determined under Code series CSC100;</p> <p>(b) Black women hold at least 35% of the economic interest as determined under Code series CSC100; and</p> <p>(c) Has earned all the points for Net Value under statement CSC100</p>
'Middle Management'	<p>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.</p>
'Multinational Business'	<p>means a Measured Entity with a business in the Republic of South African and elsewhere which maintains its international headquarters outside the Republic. The term 'South African Multinational' has a similar meaning except that it has its international headquarters inside the Republic</p>
'National Skills Development Strategy'	<p>means the national skills development strategy referred to in section 5(1)(a)(ii) of the Skills Development Act.</p>
'Net Profit After Tax'	<p>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 the International Financial Reporting Standard (IFRIS) as amended from time to time.</p>

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'Net Value'	<p>means the points resulting from the application of paragraph 4 of Annexe CSC100(E) of statement CSC100.</p>
'Non-Profit Company'	<p>means a non-profit company as defined by the Companies Act 71 of 2008. The term also includes section 21 Companies and Companies Limited by Guarantee as per the previous Companies Act.</p>
'Non-Profit Organisation'	<p>means a non-profit organisation registered under the Non-Profit Organisation Act of 1997.</p>

'Original Codes'	means the Broad-Based Black Economic Empowerment Codes of Good Practice, 9 February 2009 (<i>Gazette</i> 29617).
'Old Construction Sector Code'	means the Construction Sector Code, 12 June 2009 (<i>Gazette</i> 32320). The term 'Old CSC' has a corresponding meaning.
'Organ of State'	has the meaning assigned to it in the Preferential Procurement Policy Framework Act 5 of 2000 .
'Outsourced Labour Expenditure'	means any expenditure incurred in: <ul style="list-style-type: none"> (a) Procuring the services of or from a labour broker; and (b) Procuring the services of any person who received any remuneration or to whom any remuneration accrues because of any services rendered by such person to or [on] behalf of a labour broker.
'Participant'	means a natural person holding rights of ownership in a Measured Entity.
'Pivotal Report'	means a report on 'Professional, Vocational, Technical and Academic Learning' programmes that meet the critical needs for economic growth and social development, generally combining course work at universities, universities of technology and colleges with structured learning at work.
'Priority Skills'	means Core, Critical and Scarce Skills as well as any skills specifically identified: <ul style="list-style-type: none"> (a) In a Sector Skills Plan issued by the Department of Labour of the Republic of South Africa (b) National Skills Development Strategy III (c) New Growth Path; and (d) National Development Plan
'Private Equity Fund'	means a third party fund through which investments are made on behalf of the actual owner of the funds pursuant to a mandate given by that person to the private equity fund.
'Professionally Registered Person' Or 'Registered Professional'	A Professional means a suitably qualified practitioner requiring statutory registration with a recognised and authorised Council or Body in the Built Environment of South Africa; that monitors and regulates competency, codes of ethics and continuing professional development. Once registered as a Professional this person is authorised to practice in a field of expertise and is known as a 'professionally registered person' or 'registered professional'

'Public Entity'	has the meaning assigned to it in the Public Finance Management Act 1 of 1999 .
'Public Benefit Organisation'	means an entity as defined in section 30 of the Income Tax Act of 1962.

'Qualifying Beneficiary Entities'	means recipients of Qualifying Supplier Development Contributions.
'Qualifying Supplier Development Contributions'	means Supplier Development Contributions targeting Entities: <ul style="list-style-type: none"> (i) which are at least 51% Black Owned; and (ii) an EME or QSE; or (iii) in the event of a Large Enterprise Measured Entity a beneficiary entity who's total annual Revenue, for the financial period that preceded the contribution for the Measurement Period, did not exceed 30% of the Measured Entities total annual Revenue for the Measurement Period.
'Qualifying Small Enterprise'	means an Entity that qualifies for measurement under the Qualifying Small Enterprise scorecard with a total annual Revenue of more than R10 million but less than R50 million if it is a Contractor or more than R6 million but less than R25 million if it is a BEP. The abbreviation 'QSE' has a corresponding meaning.
'Qualifying Socio-Economic Contributions'	is a collective term for Socio-Economic Project Contributions, Socio-Economic Development Contributions and Structured SED Projects.
'Qualifying Transaction'	means a sale of business, valuable business assets or shares that results in the creation of specialised skills or productive capacity to Black People.
'Related Enterprise'	means an Entity controlled by a Measured Entity whether directly or indirectly controlled by the natural persons who have direct or indirect control over that Measured Entity or the immediate family of those natural persons.
'Revenue'	has the meaning ascribed to it in the International Financial Reporting Standard (IFRIS, International Accounting Standard 18) as amended from time to time. <ul style="list-style-type: none"> (a) It includes Revenue derived from Joint Ventures and Consortiums the Measured Entity is part of; and (b) It excludes income derived on behalf of third parties, as is often

	the case within the Construction Sector. However, where the financial statements of the Measured Entity includes such third party income under the Revenue item, the onus will vest [sic] with the Measured Entity to proof that it is third party income.
'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, or STATS SA
'Sector Code'	means a code in statement 003 which is applicable to a particular sector.
'Sector Specific Contributions'	Qualifying Socio-Economic Contributions and/or initiatives approved by the Construction Sector Charter Council for the sub-sector in which the Measured Entity operates. Such contributions are extraneous to the Measured Entity's regular business activities and do not form part of any legal obligation upon the enterprise.
'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 legitimate training expenses that a Measured Entity incurs on skills development. It excludes the skills development levy payable by the Measured Entity under the Skills Development Levies Act.

'Socio-Economic Development Contributions'	means monetary or non-monetary contribution implemented for communities, natural persons or groups of natural persons that benefit 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>(a) Development programmes for women, youth, people with disabilities, people living in rural areas;</p> <p>(b) Support of healthcare and HIV/AIDS programmes;</p> <p>(c) Support for education programmes, resources and materials at primary, secondary and tertiary education level, as well as bursaries and scholarships;</p> <p>(d) Community training skills development for unemployed people</p>

	<p>and adult basic education and training; or</p> <p>(e) Support of arts, cultural or sporting development programmes.</p> <p>(f) Coaching, mentoring and developing individuals or communities which will assist them to increase their financial capacity;</p> <p>(g) Provision of infrastructure facilities to communities in the areas in which the Measured Entity operates;</p> <p>(h) Access to Employee housing schemes for Black Employees of the Measured Entity;</p>
'Socio-Economic Project Contributions'	<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 the Construction Sector Charter Council including without limitation:</p> <p>(a) Projects focusing on environmental conservation, awareness, education and waste management;</p> <p>(b) Projects targeting infrastructural development or reconstruction in area with limited access to services, underdeveloped areas; or geographical areas identified in the government's integrated sustainable rural development or urban renewal programmes; and</p> <p>(c) New projects promoting beneficiation.</p> <p>(d) Sector Specific Contributions.</p>
'South African Operations'	<p>means operations and work executed within South Africa</p>
'Standard Valuation Method'	<p>means a standard valuation method for an asset, an Economic Interest, or any other instrument or right relevant to measurement under Code CSC100, undertaken using normal valuation methods that represent standard market practice.</p>
'Start-up Enterprise'	<p>means a recently formed or incorporated Entity that has been in operation for less than 1 year. An entity that was formed and incorporated some time ago but which has been dormant (non-operational), will qualify as a start-up enterprise for the first year after it commences operations. A start-up enterprise does not include any newly constituted enterprise which is merely a continuation of a pre-existing enterprise.</p>
'Structured SED Projects'	<p>means Socio-Economic Development Contributions or Socio-Economic Project Contributions that are made in accordance with a structured SED plan. This plan should include:</p> <p>(a) A description of the programme;</p> <p>(b) Clear objectives including financial targets and commitments;</p> <p>(c) Priority interventions;</p> <p>(d) A concise implementation plan with clearly articulated milestones;</p>
'Subsidiary'	<p>has a meaning defined in section 1(3) of the Companies Act.</p>

'Suitable Evidence or Documentation'	<p>means, notwithstanding any provisions to the contrary in the Verification Manual (<i>Gazette</i> 31255, 18 July 2008) as amended from time to time, evidence or documentation that includes without limiting the generality of the term:</p> <p>(a) representations by the Measured Entity regarding its B-BBEE Status that can be substantiated out of audited or reviewed financial statements, an independent Competent Person's report, other third party confirmation or where appropriate having regard to available evidence, in the absence of third party confirmation, a representation by management of the Measured Entity attesting to the facts.</p> <p>(i) a verification professional considering aforementioned evidence or documentation in support of any representation must apply professional judgement in evaluating the appropriateness thereof;</p> <p>(ii) cannot dissolve itself of its responsibility to conduct a thorough verification by relying only on this type of evidence or documentation where in fact other evidence, as is required by the Verification Manual, is readily available; and</p> <p>(iii) In evaluating the appropriateness of evidence it must achieve a reasonable level of comfort with respect to any conclusion it reaches.</p> <p>(b) in the case of Broad-Based Ownership Schemes, Employee Share Ownership Programmes and Trusts, Verification Professionals may rely on interviews with fiduciaries (where available, independent fiduciaries) of these schemes instead of the individual Participants of these schemes to achieve a reasonable level of comfort with regard to the Rights of Ownership that flow-through them.</p>
'Supplier'	means any distributor, supplier, service provider, consultant or Contractor to the broader Construction Industry (ie not necessarily to the Measured Entity).
'Supplier Development Contributions'	means monetary or non-monetary contributions as per Statement CSC400 read together with Annexe CSC400(B) carried out for the benefit of Suppliers (as defined above), with the objective of contributing to the development, sustainability and financial and operational independence of those Suppliers.
'Target'	means the targets for the various Elements in the Large Enterprise and QSE Scorecard.
'the Act'	means the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended.
'the Codes'	means the Codes of Good Practice including all statements as issued under section 9 of the Act.

'the Large Enterprise Scorecard'	means the balanced B-BBEE scorecard for large enterprises as contained in statement CSC000.
'the PFMA'	means the Public Finance Management Act 1 of 1999 as amended.
'the QSE Scorecard'	means the QSE scorecard referred to in statement 000.
'the Skills Development Act'	means the Skills Development Act of 1998.
'the Skills Development Levies Act'	means the Skills Development Levies Act of 1999.
'the Strategy Document'	means the document entitled 'South Africa's Economic Transformation – A Strategy for Broad-Based Black Economic Empowerment' published by the Department of Trade and Industry in March 2003 as amended or substituted under section 11 of the Act.

'Third Party Rights'	means third party legal or commercial rights that restrict, withhold or defer any benefit associated with ownership of any Equity Instrument. Third party rights include only those rights: <i>(a)</i> 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; <i>(b)</i> 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 <i>(a)</i> above.
'Total Labour Cost'	means the total amount of remuneration paid by an Entity to its employees determined using section 3(4) of the Skills Development Levies Act of 1999 and the Forth Scheduled of the Income Tax Act of 1962.
'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, Apprenticeship or Internship concerned when the Learnership, Apprenticeship or Internship commenced. The employer and learner must therefore enter into a contract of employment. For the avoidance of doubt, the employer is not necessarily the Measured Entity. Refer to the Skills Development Act.

'Unincorporated Joint Venture'	Means a joint venture between two or more Measured Entities affected by agreement without incorporation of those entities into a single juristic person. It is normally, although not necessarily, formed ad-hoc for a specific project, in which two or more parties share the obligations, risks and rewards.
'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 Modified Flow-through Principle.
'Weighting'	means the weightings applied to various Elements in the Large Enterprise Scorecard and QSE Scorecard.
'Workplace Skills Plan'	means the plan of a Measured Entity approved by the relevant SETA.