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GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

DEPARTMENT OF TOURISM

NO. 1149 **20 NOVEMBER 2015**

Issued in terms of Section 9(1) of the B-BBEE Act 53, 2003 as amended by B-BBEE Act 46 of 2013

DEPARTMENT OF TRADE AND INDUSTRY

CODES OF GOOD PRACTICE ON BROAD BASED BLACK ECONOMIC EMPOWERMENT

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

(a) Issue the amended Tourism Sector Code in terms of Section 9(1) of the B-BBEE Act 53 of 2003 as amended by B-BBEE Act 46 of 2013

(b) Determine that these Codes come into effect on the date of this publication.

13/11/2015

Dr Rob Davies, MP
Minister of Trade & Industry

Amended Tourism B-BBEE Sector Code

AMENDED TOURISM B-BBEE SECTOR CODE

GAZETTED IN TERMS OF SECTION 9 (1) OF THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT NO. 53 OF 2003 AS AMENDED BY ACT 46 OF 2013

NOVEMBER 2015

Amended Tourism B-BBEE Sector Code

AMENDED CODE SERIES TSC000: FRAMEWORK FOR MEASURING BROAD-BASED BLACK ECONOMIC EMPOWERMENT IN THE TOURISM SECTOR

STATEMENT TSC000: GENERAL PRINCIPLES AND THE LARGE ENTERPRISES SCORECARD

Issued under Section 9 (1) of the Broad-Based Black Economic Empowerment Act No. 53 of 2003 as amended by Act 46 of 2013

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1. PREAMBLE

We, the stakeholders of the Tourism Sector, take this opportunity to state our need to align the Tourism B-BBEE Sector Code, published in the Government Gazette No. 32259 on 22 May 2009 with the Department of Trade and Industry's (**the dti)** Amended Generic Codes of Good Practice for B-BBEE to advance sector initiatives for the empowerment of Black People, and in so doing, make the sector more accessible and more beneficial to all South Africans.

The Amended Tourism B-BBEE Sector Code expresses the commitment of all the stakeholders in the Tourism Sector to the empowerment and transformation of the sector and its commitment to working collectively to ensure that the opportunities and benefits of the Tourism Sector are extended to Black People as well.

2. OUR COMMITMENT

2.1 We acknowledge that two main challenges face the Tourism Sector, namely:

- The need to become more globally competitive; and
- The need to include Black People in the Tourism Sector.

2.2 We believe that these two challenges are fundamentally linked. For our sector to thrive and grow, we commit to both. The commitment to empowerment and transformation is therefore based not only on our moral obligations with regard to transforming South Africa, but also upon our fiduciary obligations to our shareholders and employees, and to the growth of our sector within the broader South African economy.

2.3 The stakeholders make this commitment fully aware of the fact that empowerment and transformation of the Tourism Sector will contribute to its growth and sustainability. The key focus areas of empowerment and transformation in the context of this Scorecard are Ownership, Management Control, Skills Development, Enterprise and Supplier Development as well as Socio-Economic Development.

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3. THE LEGACY

3.1 We recognise that our country requires an economy that can meet the needs of all citizens, our people and their enterprises in a sustainable manner. The Tourism Sector like the rest of South African society remains characterized by large disparities in access to equal opportunities and benefits, and in particular for Black People.

3.2 We also recognise that our sector still excludes the vast majority of South Africans in particular Black People, and we are aware of the residual impact of this legacy of inequality and its continuing impact on efforts to ensure that a tourism and tourist-friendly culture take root in our country. Furthermore, we recognise that the legacy of the Apartheid system remains apparent in some of the Tourism Sector`s associations and bodies. Therefore, we acknowledge the need for transformation within these associations so that they may become truly representative and reflective of our society.

3.3 In addition, we recognise that our sector remains largely inaccessible to the majority of Black South African tourists. Since South Africa has so much to offer in terms of tourism diversity, we recognise the need to reverse this legacy and to make tourism in South Africa more adaptable and accessible to Black South African tourists.

4. SUSTAINABILITY

4.1 We acknowledge that, for our tourism initiatives to be developed and become more sustainable and meaningfully empowering, they must be based on the identification of strategic opportunities for our enterprises and for our sector. These initiatives must be underpinned by sound commercial logic and must be well structured and focused with deliverable growth objectives. We further acknowledge that to realise the sustainability, competitiveness and inclusive growth of our sector requires the empowerment and transformation of the sector.

4.2 Empowerment and transformation make good business sense as these will bring innovation into the Tourism Sector through the introduction of new role players. This will attract new markets and stimulate new products development.

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5. OBJECTIVES OF THE AMENDED TOURISM B-BBEE SECTOR CODE

5.1 The Amended Tourism B-BBEE Sector Code has been developed to advance the objectives of the Broad-Based Black Economic Empowerment (B-BBEE) Act (Act 53 of 2003) as amended by Act No.46 of 2013 within the Tourism Sector;

5.2 The Code also constitutes a framework and establish the principles upon which B-BBEE will be implemented in the Tourism Sector;

5.3 Represents a partnership programme as outlined in government's strategy for B-BBEE;

5.4 Provides the basis for the sector's engagement with other stakeholders including government and the private sector, labour and civil society.

6. DEVELOPMENT OF THE AMENDED TOURISM B-BBEE SECTOR CODE

6.1 The Tourism B-BBEE Charter Council (the Council) was formally established by the Minister of Tourism to further the objectives of transformation within the Tourism Sector. To this end, the Council was mandated to align the Tourism B-BBEE Sector Code to the Amended Generic Codes of Good Practice (GCGP).

6.2 As a result, the Council embarked on a nation-wide consultative process to solicit views and inputs from various stakeholders in the sector, which culminated in the development of the Amended Tourism B-BBEE Sector Code. The Amended Tourism B-BBEE Sector Code as published is the only basis for the application and recognition of B-BBEE initiatives in the Tourism Sector.

6.3 The participation of all stakeholders was encouraged and obtained in the form of public hearings and written submissions from various constituencies which formed the basis for the development of the Amended Tourism B-BBEE Sector Code for the Tourism Sector.

6.4 The development of the Amended Tourism B-BBEE Sector Code was based on the definitions, principles and methodologies of transformation outlined in the B-BBEE Amendment Act and the Amended Codes of Good Practice.

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7. OBJECTIVES OF THIS STATEMENT

7.1 Specify the measurement principles and sector specific principles of B-BBEE within the Tourism Sector;

7.2 Specify the application of the Amended Tourism B-BBEE Sector Code and the basis for measurement under the Amended Tourism B-BBEE Sector Code;

7.3 Indicate the qualifying threshold for a measured entity to qualify as an Exempted Micro Enterprise (EME) or Qualifying Small Enterprise (QSE) within the Tourism Sector;

7.4 Specify the method of measuring Start-up Enterprises;

7.5 Specify the elements of B-BBEE measurable under the Large Enterprises Scorecard and Qualifying Small Enterprises Scorecard of the Amended Tourism B-BBEE Sector Code;

7.6 Specify the basis for determining compliance by entities with the Amended Tourism B-BBEE Sector Code; and

7.7 Provide for the Effective Date of the Amended Tourism B-BBEE Sector Code.

8. KEY MEASUREMENT PRINCIPLES

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

8.2 In interpreting the provisions of the Amended Tourism B-BBEE Sector Code any reasonable interpretation consistent with the objectives of the B-BBEE Act as amended and the B-BBEE Strategy must take precedence.

8.3 The basis for measuring B-BBEE initiatives under the Code.

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

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8.5 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.

8.6 When determining eligibility as an Exempted Micro Enterprise, a Qualifying Small Enterprise or a Large Enterprise, only the annual revenue of the measured entity will be considered, unless the measured entity is seeking a consolidated verification that includes its subsidiaries.

8.7 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 must not receive any recognition for that initiative.

8.8 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.

8.9 Where a matter is not expressly dealt with in terms of this Amended Tourism B-BBEE Sector Code, the Amended Generic Codes of Good Practice will take precedence. In all other matters this Amended Tourism B-BBEE Sector Code will take precedence.

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9. SCOPE OF APPLICATION OF THE AMENDED TOURISM B-BBEE SECTOR CODE

The Amended Tourism B-BBEE Sector Code applies to all enterprises within the Tourism Sector and all parts of its value chain, inter alia:

9.1 Accommodation:

9.1.1 Hotels;

9.1.2 Resort properties and timeshare;

9.1.3 Bed and breakfast (B&B's);

9.1.4 Guest houses;

9.1.5 Game lodges; and

9.1.6 Backpackers and hostels.

9.2 Hospitality and Related Services:

9.2.1 Restaurants (not attached to hotels);

9.2.2 Conference venues (not attached to hotels);

9.2.3 Professional catering;

9.2.4 Attractions, Casinos; and

9.2.5 Consulting and professional services companies.

9.3 Travel and related services:

9.3.1 Tour wholesalers;

9.3.2 Tour operators;

9.3.3 Travel agents;

9.3.4 Tourist guides;

9.3.5 Car rental companies; and

9.3.6 Coach Operators.

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10. PRIORITY ELEMENTS AND SUB-MINIMUM REQUIREMENTS

10.1 **The Priority elements are as follows:**

10.1.1 **Ownership:**

The sub-minimum requirement for Ownership is 40% of Net Value (40% of the 8 points) based on the Time Based Graduation Factor provided in Annexe TSC100 (E).

10.1.2 **Skills Development:**

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

10.1.3 **Enterprise and Supplier Development:**

The sub-minimum requirement for Enterprise and Supplier Development is 40% of the total weighting points (excluding bonus points) of each of the three broad categories, within the Enterprise and Supplier Development element, namely: Preferential Procurement, Supplier Development and Enterprise Development. For the avoidance of doubt this means that the measured entity must achieve at least:

(i) 10 points under the Preferential Procurement category;
(ii) 4 points under the Supplier Development category;
(iii) 2 points under the Enterprise Development category;

11. COMPLIANCE TO PRIORITY ELEMENTS

11.1 A Large Enterprise is required to comply with all the Priority elements;

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

12. DISCOUNTING PRINCIPLE EFFECT

12.1 Non-compliance with the 40% sub-minimum requirements of any of the Priority elements, as per paragraph 10.1 above, will result in the measured entity's B-BBEE Status Level and corresponding B-BBEE Recognition Level being discounted by one level down until the next applicable verification period in which the measured entity can demonstrate compliance with the 40% sub-minimum requirements.

12.2 Only the discounted level will appear on the B-BBEE certificate.

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13. ELIGIBILITY AS AN EXEMPTED MICRO ENTERPRISE (EME)

13.1 Any enterprise with a total annual revenue of R5 Million or less qualifies as an Exempted Micro Enterprise.

13.2 An Exempted Micro Enterprise is deemed to have a B-BBEE Status of "Level Four Contributor" having a B-BBEE recognition level of 100% under paragraph 18.1.

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

13.3.1 Despite paragraph 13.2, an EME which is 100% Black Owned qualifies for elevation to "Level One Contributor" having a B-BBEE recognition level of 135%.

13.3.2 Despite paragraphs 13.2 and 13.3.1, an EME which is at least 51% Black Owned qualifies for elevation to "Level Two Contributor" having a B-BBEE recognition level of 125%.

13.4 Despite paragraphs 13.2 and 13.3, an EME is allowed to be measured in terms of the QSE scorecard should they wish to maximise their points and move to a higher B-BBEE recognition level.

13.5 An EME is only required to obtain a sworn affidavit or certificate issued by Companies and Intellectual Property Commission (CIPC) on an annual basis, confirming the following:

13.5.1 Total annual revenue of R5 Million or less; and

13.5.2 Level of Black Ownership.

13.6 Any misrepresentation in terms of paragraph 13.5 above constitutes a criminal offence as set out in the B-BBEE Act as amended.

14. ELIGIBILITY AS A QUALIFYING SMALL ENTERPRISE (QSE)

14.1 A measured entity with a total annual revenue of more than R5 Million but less than R45 million qualifies as a QSE.

14.2 A QSE must comply with all of the elements of the Qualifying Small Enterprise Scorecard (Code TSC 600) for the purposes of measurement.

14.3 Enhanced B-BBEE recognition level for QSE:

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

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

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14.3.3 A QSE that is 51% Black owned or 100% Black Owned is only required to obtain a sworn affidavit or CIPC issued certificate on an annual basis, confirming the following:

14.3.3.1 Total annual revenue of more than R5 Million but less than R45 Million; and

14.3.3.2 Level of Black Ownership; and

14.3.3.3 Empowering Supplier status.

14.4 Any misrepresentation in terms of paragraph 14.3 above constitutes a criminal offence as set out in the B-BBEE Act as amended.

14.5 For the avoidance of doubt, all QSE's other than those referred to in paragraph 14.3.3, will be required to obtain a verification certificate to substantiate their B-BBEE Status.

15. START-UP ENTERPRISES

15.1 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.

15.2 A Start-up Enterprise is deemed to have the qualifying B-BBEE Status in accordance with the principles of paragraph 13 of this Statement.

15.3 In order to qualify as a Start-up Enterprise, the enterprise must provide confirmation of its B-BBEE Status in accordance with paragraph 13.5.

15.4 Despite paragraphs 15.1 and 15.2, a Start-up Enterprise must submit a QSE scorecard when tendering for any contract, or seeking any other economic activity covered by Section 10 of the Act, with a value higher than R5 Million but less than R45 Million. For contracts of R45 Million or more they should submit the Large Enterprises scorecard. The preparation of such scorecards must use annualised data.

16. THE ELEMENTS OF B-BBEE IN TERMS OF THE LARGE ENTERPRISES SCORECARD

16.1 The Ownership element, as set out in Code series TSC100, measures effective ownership of entities by Black People.

16.2 The Management Control element, as set out in Code series TSC200, measures the effective control of entities by Black People.

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16.3 The Skills Development element, as set out in Code series TSC300, measures the extent to which employers carry out initiatives designed to develop the competencies of Black Employees and Black People internally and externally.

16.4 The Enterprise and Supplier Development element, as set out in Code series TSC400, measures the extent to which entities buy goods and services from Empowering Suppliers with strong B-BBEE recognition levels. This element also measures the extent to which enterprises carry out supplier development and enterprise development initiatives intended to assist and accelerate the growth and sustainability of enterprises that are at least 51% Black Owned.

16.5 The Socio-Economic Development element as set out in Code series TSC500, 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.

17. THE LARGE ENTERPRISES AND QSE SCORECARDS

17.1 The following table represents the Large Enterprise Scorecard

Element	Weighting	Code Series Reference
Ownership	27 points	TSC100
Management Control	19 points	TSC200
Skills Development	20 points	TSC300
Enterprise and Supplier Development	40 points	TSC400
Socio-Economic Development	5 points	TSC500

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17.2 The following table represents Qualifying Small Enterprise Scorecard

Element	Weighting	Code Series Reference
Ownership	26 points	TSC601
Management Control	15 points	TSC602
Skills Development	25 points	TSC603
Enterprise and Supplier Development	30 points	TSC604
Socio-Economic Development	5 points	TSC605

18. B-BBEE RECOGNITION LEVELS

18.1 Based on the overall performance of a measured entity using either the Large Enterprise Scorecard or 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 Contributor	<40 points on the Scorecard	0%

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19. ENHANCED RECOGNITION FOR CERTAIN CATEGORIES OF BLACK PEOPLE

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

19.2 Black Women should form between 40% and 50% of the beneficiaries of the relevant elements of the scorecard;

19.3 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.

20. VERIFICATION OF TOURISM ENTERPRISES

20.1 Save for those entities that are entitled to furnish a sworn affidavit as proof of their B-BBEE Status Level, the verification of tourism enterprises' B-BBEE compliance shall be performed by B-BBEE Verification Professionals or rating agencies accredited for tourism by the relevant institutions appointed by the Department of Trade and Industry to perfom accreditation.

20.2 Measured entities that are governed by the Amended Tourism B-BBEE Sector Code must submit on an annual basis their B-BBEE verification certificate and B-BBEE verification report or, where relevant, sworn affidavit, to the Tourism B-BBEE Sector Charter Council.

21. ADJUSTMENT OF THRESHOLDS

21.1 The Minister may, by notice in the Gazette, adjust the thresholds in paragraphs 13 to 15. Any such changes apply to compliance reports of measured entities prepared for measured periods that commence after the gazetting of the adjustment.

22. DURATION OF THE AMENDED TOURISM B-BBEE SECTOR CODE

22.1 The Amended Tourism B-BBEE Sector Code remains in effect until expressly amended, substituted or repealed under Section 9 of the B-BBEE Act as amended.

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

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AMENDED CODE SERIES TSC100: MEASUREMENT OF THE OWNERSHIP ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT IN THE TOURISM SECTOR

STATEMENT TSC100: THE GENERAL PRINCIPLES FOR MEASURING OWNERSHIP

Issued under Section 9 (1) of the Broad-Based Black Economic Empowerment Amendment Act No. 53 of 2003 as amended by Act 46 of 2013

Arrangement of this Statement

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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 criteria used for deriving a score for Ownership under this Statement:

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Indicator	Measurement Category & Criteria	Weighting Points	Compliance Targets
2.1 Voting Rights	2.1.1 Exercisable Voting Rights in the entity in the hands of Black People;	4	30%
	2.1.2 Exercisable Voting Rights in the entity in the hands of Black Women.	2	15%
2.2 Economic Interest	2.2.1 Economic Interest in the entity to which Black People are entitled;	4	30%
	2.2.2 Economic Interest in the entity to which Black Women are entitled;	2	15%
	2.2.3 Economic Interest of any of the following Black Natural Persons in the measured entity.		
	2.2.3.1 Black Designated Groups; 2.2.3.2 Black Participants in Employee Share Ownership Programmes; 2.2.3.3 Black People in Broad-Based Ownership Schemes; 2.2.3.4 Black Participants in Co-operatives.	3	3%
	2.2.4 Black New Entrants	4	10%
2.3 Realisation Points	2.3.1 Net Value	8	Refer to Annexe TSC100 (E)

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3. KEY MEASUREMENT PRINCIPLES

3.1 GENERAL PRINCIPLES:

3.1.1 An entity receives points for participation by Black People in its rights of ownership, using the Ownership scorecard in paragraph 2. Black People may hold their rights of ownership in a measured entity as direct participants or as participants through some form of entity such as:

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

3.1.1.2 a Close corporation;

3.1.1.3 a Co-operative;

3.1.1.4 a Trust;

3.1.1.5 a Broad-Based Ownership Scheme;

3.1.1.6 an Employee Share Ownership Programme;

3.1.1.7 a Partnership or other Association of Natural Persons; and

3.1.1.8 any form of Juristic Person recognised under South African law.

3.1.2 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 Equity Equivalent target for the Amended Tourism B-BBEE Sector Code shall be based on 30% of the SA operation or 4% of the annual revenue. All the other principles on equity Equivalent in the Amended Codes of Good Practice are applicable to the Amended Tourism B-BBEE Sector Code.

3.2 SUB-MINIMUM REQUIREMENTS

3.2.1 A measured entity is required to achieve a sub-minimum requirement of 40% on Net Value points (8 points) based on Annexe TSC100 (E) paragraph 4 of this Statement.

3.2.2 Non-compliance with this sub-minimum target, as per paragraph 3.2.1, will result in the achieved B-BBEE Status Level being discounted in accordance with paragraph 12 in Statement TSC000.

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3.3 FLOW-THROUGH PRINCIPLE

3.3.1 As a general principle, when measuring the rights of ownership of any category of Black People in a measured entity, only rights held by Natural Persons are relevant. If the rights of ownership of Black People pass through a Juristic Person, then the rights of ownership of Black People in that Juristic Person are measurable. This principle applies across every tier of ownership in a multi-tiered chain of ownership until that chain ends with a Black Person holding rights of ownership.

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

3.3.2.1 Multiply the percentage of the participant's rights of ownership in the Juristic Persons through which those rights pass by the percentage rights of ownership of each of those Juristic Persons successively to the measured entity; and

3.3.2.2 The result of this calculation represents the percentage of rights of ownership held by the participant.

3.4 MODIFIED FLOW-THROUGH PRINCIPLE

3.4.1 A measured entity applying this Modified Flow-Through Principle cannot benefit from the Exclusion Principle 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 TSC100 and paragraphs 1.1.1 and 1.2.1 of Statement TSC601 of the respective Ownership scorecards. In all other instances, the Flow-Through Principle applies.

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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.

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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.

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 sale or loss of shares by the Black Participant, the following additional rules apply:

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

3.8.5 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 TSC100 (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 TSC000.

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3.9 BROAD-BASED OWNERSHIP SCHEMES AND EMPLOYEE SHARE OWNERSHIP PROGRAMME

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

3.9.1.1 a maximum of 40% of the total points on the Ownership scorecard of the measured entity if they meet the qualification criteria set out in Annexe TSC100 (B) and Annexe TSC100 (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 TSC100 (B) and Annexe TSC100 (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 30% direct Black shareholding using the Flow - Through Principle.

3.10.5 The Private Equity Fund Manager can facilitate direct Black shareholding at the time of entering into the transaction should the target company not meet the requirement of at least 30% Black shareholding at the time that the transaction is concluded.

3.10.6 This determination will be made at each measurement date and the status given to the Private

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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.)

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 30% direct Black shareholding;

3.10.9 Within two years from the commencement date, more than 10% of the value of funds invested by the Private Equity Fund must at all times be invested in enterprises that have at least 30% direct Black shareholding;

3.10.10 From the first day of the third year 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 30% 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 30% direct Black shareholding;

3.10.12 From the first day of the seventh year and the last day of the eight year from the commencement date, more than 40% of the value of the funds invested by the Private Equity Fund must at all times be invested in the enterprises that have at least 30% 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 30% direct Black shareholding;

3.10.14 It should be noted that the measurement of at least 51% of the value of funds invested by any Private Equity Fund that must be invested in enterprises with at least 30% direct Black shareholding is to be measured with reference to the cost of the investment made by the Private Equity Fund;

3.10.15 In the case of Private Equity Funds that were fully invested prior to 23 November 2015, 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

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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 realizing 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 TSC 100 (B) and Annexe TSC100 (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 TSC100 (B) and Annexe TSC100 (C) respectively.

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3.12 TRUSTS

3.12.1 Black Participants in a Trust holding rights of Ownership in a measured entity may contribute:

3.12.1.1 A maximum of 40% of the total points on the Ownership scorecard of the measured entity if the Trust meets the qualification criteria for Trusts set out in Annexe TSC100 (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 TSC100 (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.

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4. ANNEXE TSC100 (A)

EXAMPLES OF MANDATED INVESTMENTS

Description of Investment	**Portion Subject to Exclusion Principle**
Investments made by or for a South African collective investment scheme as defined in the Collective Investments Scheme Control Act of 2002 of South Africa.	full value
Investments made by or for a South African pension fund as defined in the Pension Fund Act of 1956 of South Africa.	full value
Investments made by or for a South African medical scheme as defined in the Medical Schemes Act of 1998 of South Africa out of member's funds.	portion recorded as made out of member's 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

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5. ANNEXE TSC100 (B)

5.1 RULES FOR BROAD-BASED OWNERSHIP SCHEMES

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

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

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

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

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

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

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

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

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

5.1.1.9 at least 50% of the fiduciaries of the scheme must be Black People and at least 25% must be Black Women;

5.1.1.10 the chairperson of the scheme must be independent;

5.1.1.11 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;

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

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5.2 ADDITIONAL CRITERIA APPLICABLE TO BROAD-BASED OWNERSHIP SCHEMES

5.2.1 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:

5.2.1.1 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

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

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6. ANNEXE TSC100 (C)

6.1 RULES FOR EMPLOYEE SHARE OWNERSHIP PROGRAMMES

6.1.1 The following rules apply to Employee Share Ownership Programmes;

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

6.1.1.2 a written record of the name of the Participants or the use of a defined class of a Natural Person satisfies the requirement for identification;

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

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

6.1.1.5 The Participants must take part in:

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

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

6.1.1.5.3 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;

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

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

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6.2 ADDITIONAL CRITERIA APPLICABLE TO EMPLOYEE SHARE OWNERSHIP PROGRAMMES

6.2.1 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:

6.2.1.1 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;

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

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7. ANNEXE TSC100 (D)

7.1 RULES FOR TRUSTS (INCLUDING FAMILY TRUSTS)

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

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

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

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

7.1.1.4 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

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

7.2 ADDITIONAL CRITERIA APPLICABLE TO TRUSTS

7.2.1 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:

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

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

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7.3 RULES FOR DISCRETIONARY JURISTIC PERSONS

7.3.1 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 TSC100 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;

7.3.2 The discretion to the fiduciaries referred to in 7.3.1. 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 TSC100 B, C and D, such discretion will not disqualify the juristic person from qualifying for recognition under the Ownership Scorecard;

7.3.3 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);

7.3.1.1 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;

7.3.1.2 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:

7.3.1.2.1 ad hoc distributions to Participants of income and capital during the Measurement Period;

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

7.3.1.2.3 where the determination of race and gender of Participants are indeterminable, notwithstanding the mechanisms provided for in paragraphs 7.3.1.1 and 7.3.1.2, the Participants must be regarded as non-Black.

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7.3.4 Participants in Juristic Persons 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 7.3.3 above will serve as a proxy for their voting rights.

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8. ANNEXE TSC100 (E)

8.1 MEASUREMENT OF VOTING RIGHTS

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

Formula 1
$A = \frac{B}{C} \times D$
Where **A** is the score achieved for the entity for the measured Ownership indicator; **B** is the percentage that Exercisable Voting Rights in the hands of the category of Participants who are Black People in that entity holds to all Voting Rights held by all Participants of that entity; **C** is the percentage compliance target for Exercisable Voting Rights for the applicable measured Ownership indicator in paragraph 2.1 of the Ownership scorecard; **D** is the Weighting points allocated to the applicable measured Ownership indicator in paragraph 2.1 of the Ownership scorecard.

8.1.2 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.

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8.2 MEASUREMENT OF ECONOMIC INTEREST

8.2.1 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:

Formula 2
$A = \frac{B}{C} \times D$
Where **A** is the score achieved for the entity for the measured Ownership indicator; **B** is the percentage that 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.

8.2.2 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.

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8.3 CALCULATION OF DEEMED VALUE

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

Formula 3

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

Where

A is the Deemed Value;

B for the purposes of formula 4 (a) and (b) 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 (a) and (b) 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 (a) and (b) 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.

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8.4 NET VALUE

8.4.1 The "Net Value" points in paragraph 2.3.1 are the lower result of formula 4 (a) and formula 4 (b) below:

Formula 4 (A)

$$A = B \times \left(\frac{1}{30\% \times C} \right) \times 8$$

Where

A is the score under paragraph 2.3.1 of the Ownership scorecard;

B is the Deemed Value for all Black Participants in the measured entity determined using formula 3 above;

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

- **10%** for the first year after the Current Equity Interest Date.
- **20%** for the second year after the Current Equity Interest Date.
- **40%** from the first day of the third year after the Current Equity Interest Date to the last day of the fourth year after the Current Equity Interest Date.
- **60%** from the first day of the fifth year after the Current Equity Interest Date to the last day of the sixth year after the Current Equity Interest Date.
- **80%** from the first day of the seventh year after the Current Equity Interest Date to the last day of the eighth year after the Current Equity Interest Date.
- **100%** from the first day of the ninth year after the Current Equity Interest Date to the last day of the tenth year after the Current Equity Interest Date.

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Formula 4 (B)
$A = \frac{B}{C} \times 8$
Where **A** is the score under paragraph 2.3.1 of the Ownership scorecard; **B** is the percentage Economic Interest in the Measured entity of Black Participants measured using the Flow Through Principle; **C** is the target for the Ownership indicator in paragraph 2.2.1 of the Ownership scorecard.

8.4.2 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.

8.5 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:

Formula 5
$A = B \times C \times D$
Where **A** is the percentage of rights of ownership that survive the sale or loss of an Equity Instrument by a Black Participant in paragraph 3.8 of the Statement; **B** is the percentage of rights of ownership for each of indicators in the Ownership scorecard that were attributable to the Black 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 TSC000.

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AMENDED CODE SERIES TSC200: MEASUREMENT OF THE MANAGEMENT CONTROL ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT STATEMENT TSC200: THE GENERAL PRINCIPLES FOR MEASURING MANAGEMENT CONTROL

Issued under the Section 9 (1) of the Broad-Based Black Economic Empowerment Act No 53 of 2003 as amended by Act 46 of 2013

Arrangement of this Statement

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1. OBJECTIVES OF THIS STATEMENT

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

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

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

2. MANAGEMENT CONTROL SCORECARD

ThThe following table represents the criteria used for deriving a score for Management Control under this Statement.

Measurement Category & Criteria	Weighting Points	Compliance Targets
2.1 Board Participation:		
2.1.1 Exercisable Voting Rights of Black Board Members as a percentage of all Board Members;	2	50%
2.1.2 Exercisable Voting Rights of Black Female Board Members as a percentage of all Board Members;	1	30%
2.1.3 Black Executive Directors as a percentage of all Executive Directors;	2	50%
2.1.4 Black Female Executive Directors as a percentage of all Executive Directors.	1	30%
2.2 Other Executive Management:		
2.2.1 Black Executive Management as a percentage of all Other Executive Management;	2	60%
2.2.2 Black Female Executive Management as a percentage of all Other Executive Management.	1	30%

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2.3 Senior Management		
2.3.1 Black Employees in Senior Management as a percentage of all Senior Management;	2	60%
2.3.2 Black Female Employees in Senior Management as a percentage of all Senior Management.	1	30%
2.4 Middle Management		
2.4.1 Black Employees in Middle Management as a percentage at all Middle Management;	2	75%
2.4.2 Black Female Employees in Middle Management as a percentage of all Middle Management.	1	38%
2.5 Junior Management		
2.5.1 Black Employees in Junior Management as a percentage of all Junior Management;	1	80%
2.5.2 Black Female Employees in Junior Management as a percentage of all Junior Management.	1	40%
2.6 Employees with disabilities		
2.6.1 Black Employees with Disabilities as a percentage of all Employees.	2	2%
2.7 Bonus Points:		
2.7.1 Number of Black Employees with Disabilities over and above the 2% target for Black Employees with Disabilities in terms of 2.6.1, as a percentage of all Employees.	2	1% (*over and above 2% target in 2.6.1*)

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3. KEY MEASUREMENT PRINCIPLES

3.1 A measured entity receives points for its achievement towards the targets for participation of Black People and Black Female at Board Members, Executive Management, Senior Management, Middle Management, Junior Management, 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 Executive Management is measurable as a single indicator with a weighting of 6 points under paragraphs 2.2.1 and 2.2.2 split as 4 and 2 points respectively.

3.4 Defining Other Executive Management:

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

3.4.2 Other Executive Management' positions therefore refers to executive management that do not serve on the board such as Human Resource Executive, Transformation Executive and other people holding similar positions. They are measurable under 2.2.1 and 2.2.2 of the Management Control Scorecard.

3.4.3 Executive Directors are only measureable under indicator 2.1 of the Management Control scorecard and not indicator 2.2.

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 TSC200 (A), (B) and (C).

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5. ANNEXE TSC200 (A)

5.1 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 and 2.7 is calculated as follows:

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

Where

A is the score achieved by a measured entity in respect of the measurement of the criteria specified in paragraphs 2.1, 2.2, 2.3, 2.4, 2.5, 2.6 and 2.7 of the Management Control scorecard;

B in the case of paragraph 2.1, 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 paragraphs 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 TSC200 (B); or

B in the case of paragraph 2.6, is the percentage of Black Employees with a Disability as a percentage of all Employees;

B in the case of paragraph 2.7, is the percentage of Black Employees with a Disability above the 2% target in 2.6 for such Employees, as a percentage of all Employees;

C is the percentage compliance target in respect of the applicable criteria being measured as specified in paragraphs 2.1, 2.2, 2.3, 2.4, 2.5, 2.6 and 2.7 of the Management Control scorecard;

D means the weighting points allocated to the applicable criteria being measured as specified in paragraphs 2.1, 2.2, 2.3, 2.4, 2.5, 2.6 and 2.7 of the Management Control scorecard.

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6. ANNEXE TSC200 (B)

6.1 MEASUREMENT OF THE BLACK PEOPLE INDICATORS OF SENIOR MANAGEMENT, MIDDLE MANAGEMENT AND JUNIOR MANAGEMENT

Subject to the limitations in clause 6.3 Annexe TSC200 (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:

$A = AM + CM + IM + AF + CF + IF$
Where: ***A*** is the percentage of Black Employees that is "***B***" in the formula in Annexe TSC200 (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.

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6.2 MEASUREMENT OF THE BLACK FEMALE INDICATORS OF SENIOR MANAGEMENT, MIDDLE MANAGEMENT AND JUNIOR MANAGEMENT

Subject to the limitations in clause 6.3 Annexe TSC200 (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:

$A = AF + CF + IF$
Where: ***A*** is the percentage of Black Female Employees that is "***B***" in the formula in Annexe TSC200 (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.

6.3 LIMITATION OF *AM, CM, IM, AF, CF* AND *IF*

6.3.1 ***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 Economically Active Population (EAP) as published in the Commission for Employment Equity (CEE) Report, and as amended from time to time in terms of the Employment Equity Regulations [see Annexe TSC200(C) for an example].

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6.3.2 The word '*overall*' as used above in relation to 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 in accordance with the Employment Equity Act and its regulations. Therefore, even though the CEE 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.

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7. ANNEXE TSC200 (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 sub-categories is determined with respect to the 'Black People' indicator of Senior Management (paragraph. 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 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.*

*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 if 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%

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Step 4: Apply the proportion calculated in step 3 to the Target for Senior Managers (paragraph. 2.3.1) i.e. 60%.

	African Male	Coloured Male	Indian Male	African Female	Coloured Female	Indian Female	Senior Management Target
Limit each race and gender sub-group of Black People may contribute to Senior Management's Target	**27.53%**	**3.92%**	**1.29%**	**23.13%**	**3.38%**	**0.74%**	**60%**

For calculating the score for paragraph 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.

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AMENDED CODE SERIES TSC300: MEASUREMENT OF THE SKILLS DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT

STATEMENT TSC300: THE GENERAL PRINCIPLES FOR MEASURING SKILLS DEVELOPMENT

Issued under Section 9 (1) of the Broad-Based Black Economic Empowerment Act No. 53 of 2003 as amended by Act 46 of 2013

Arrangement of this Statement

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1. OBJECTIVES OF THIS STATEMENT

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

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

1.3 Indicate the formula for measuring the Skills Development element.

2. THE SKILLS DEVELOPMENT ELEMENT SCORECARD

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

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Measurement Category & Criteria		Weighting Points	Compliance Targets
2.1.1	**Skills Development Expenditure on any programme specified in the Learning Programme Matrix for Black People as a percentage of the Leviable Amount**		
2.1.1.1	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black People in any of the following three tourism sub-sectors as a percentage of Leviable Amount: 2.1.1.1.1 Accommodation; 2.1.1.1.2 Hospitality and related services; 2.1.1.1.3 Travel and related services.	5	6%
2.1.1.2	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black People with Disabilities in any of the above three tourism sub-sectors as a percentage of Leviable Amount.	3	0.3%
2.1.1	**Learnerships, Apprenticeships, and Internships**		
2.1.2.1	Number of Black Employees participating in Learnerships, Apprenticeships and Internships paid for by the measured entity as a percentage of total Employees.	8	3.5%
2.1.2.2	Number of Black Unemployed Learners participating in Learnerships, Apprenticeships and Internships paid for by the measured entity as a percentage of number of total Employees.	4	3%
2.1.2	**Bonus points:**		
2.1.3.1	Number of Black People absorbed by the measured and/ or industry entity at the end of the Learnerships/ internship or Apprenticeship programme.	5	100%

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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:

5.3.1.1 Workplace Skills Plan, an Annual Training Report and Pivotal Report which are Sector Education and Training Authority (SETA) approved; and

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

5.3.1.3 Implementation of tourism critical skills programme covering accommodation, hospitality or travel and related services identified by the Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority (CATHSSETA).

3.2. The 6% compliance target under paragraph 2.1.1.1 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 2.1.3.

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

3.5 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.

4. SUB-MINIMUM AND DISCOUNTING PRINCIPLE

4.1 A measured entity must achieve a sub-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 12 of Statement TSC000.

5. GENERAL PRINCIPLES

5.1 Skills Development must:

5.5.1.1 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.

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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, Black People with Disabilities or Black Unemployed Learners, evidenced by an invoice or appropriate internal accounting record.

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 20% of the total value of Skills Development Expenditure.

5.4. The following Legitimate Training Expenses incurred by the measured entity cannot in aggregate represent more than 15% of the total value of Skills Development Expenditure:

5.4.1 accommodation of learners;

5.4.2 catering for learners at learning site;

5.4.3 travelling of learners to and from the learning site.

5.5 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 Learnership, Internship or Apprenticeship (Category B, C and D of 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 Learnership, Internship or Apprenticeship during the measurement period.

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

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

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

5.7 Mandatory sectoral training does not qualify as Skills Development contribution i.e. health and safety training (non-exhaustive list).

5.8 Training that is not locally available and therefore provided outside the country or that are provided locally but then only by Foreign Service providers, that are in line with the Learning Programme Matrix under Annexure TSC300 (A) is measurable if it meets the criteria in the Learning Programme Matrix. References in the matrix to terms such as 'statutory occupational or professional body', 'accredited body' and 'registered formal institution of learning' will in 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 organization of training including, where appropriate, the cost of the measured entity of employing a Skills Development facilitator or a training manager.

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 Annexe TSC300 (B), (C) and (D).

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8. ANNEXE TSC300 (A)

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

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		formally assessed by a statutory occupational or professional body			
D	Learnerships or Apprentice-ships	Occupationally-directed instructional and work-based learning programme that requires a formal contract – formally assessed by an accredited body	Institutional instruction together with structured, supervised experiential learning in the workplace	Institutions and workplace	Theoretical knowledge and workplace learning, resulting in the achievement of a South African Qualifications Authority (SAQA) registered qualification, a certificate or other similar occupational or professional qualification issued by an accredited or registered formal institution of learning
E	Work – integrated learning	Occupationally-directed instructional and work-based learning programme that does not require a formal contract – formally assessed	Structured, supervised experiential learning in the workplace which may include some institutional instruction	Workplace, institutional as well as ABET providers	Credits awarded for registered unit standards, continued professional development, improved performance or skills (e.g. evidence of outputs based on Performance

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		by an accredited body			Development Programme)
F	Informal training	Occupationally-directed informal instructional programmes	Structured, information sharing or direct instruction involving workshops, seminars and conferences and short courses	Institutions, conferences and meetings	Continuing professional development, attendance certificates and credits against registered unit standard (in some instances)
G	Informal training	Work-based informal programmes	Informal training	Workplace	Increased understanding of job or work context or improved performance of skills

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9. ANNEXE TSC300 (B)

9.1 MEASUREMENT OF SKILLS DEVELOPMENT INDICATORS

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

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

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 and 2.1.3;

B in the case of paragraph 2.1.1.1, is the amount of Skills Development Expenditure on Black People expressed as a percentage of the Leviable Amount of the measured entity, as calculated in Annexe TSC300 (C); **or**

B in the case of paragraph 2.1.1.2, is the amount of Skills Development Expenditure on Black People with Disabilities 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 number of Black Employees that are on Learnerships, Apprenticeships and Internships, expressed as a percentage of the total number of Employees of the measured entity, as calculated in Annexe TSC300 (C); **or**

B in the case of paragraph 2.1.2.2 is the number of Black Unemployed Learners participating Learnerships, Apprenticeships and Internships, expressed as a percentage of the total number of Employees of the measured entity, as calculated in Annexe TSC300 (C); **or**

B in the case of paragraph 2.1.3 is the number of Black People that completed a Learnership Programme during the Measurement Period and who was subsequently absorbed by the measured entity, expressed as a percentage of the total number of Learnership Programmes that Black People were enrolled for and that ended during the Measurement Period;

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C is the percentage compliance target in respect of the applicable criteria being measured as specified in paragraphs 2.1.1, 2.1.2 and 2.1.3 of the Skills Development scorecard;

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

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10. ANNEXE TSC300 (C)

10.1 MEASUREMENT OF THE EAP ADJUSTED INDICATORS OF THE SKILLS DEVELOPMENT SCORECARD

Subject to the limitations in clause 10.2 of this Annexe TSC300 (C) below, the calculation of the Skills Development indicators provided for in paragraphs 2.1.1.1, 2.1.2.1 and 2.1.2.2 of the Skills Development scorecard are as follows:

$A = AM + CM + IM + AF + CF + IF$
Where **A** is the percentage spend on Black People (indicator 2.1.1.1) or percentage of Black People (indicator 2.1.2.1 and 2.1.2.2), that is "***B***" in the formula in Annexe TSC300 (B) for each of these indicators; **AM** is the percentage of spend (indicator 2.1.1.1) or people (indicators 2.1.2.1 and 2.1.2.2) in the measurement category that are African Males; **CM** is the percentage of spend (indicator 2.1.1.1) or people (indicators 2.1.2.1 and 2.1.2.2) in the measurement category that are Coloured Males; **IM** is the percentage of spend (indicator 2.1.1.1) or people (indicators 2.1.2.1 and 2.1.2.2) in the measurement category that are Indian Males; **AF** is the percentage of spend (indicator 2.1.1.1) or people (indicators 2.1.2.1 and 2.1.2.2) in the measurement category that are African Females; **CF** is the percentage of spend (indicator 2.1.1.1) or people (indicators 2.1.2.1 and 2.1.2.2) in the measurement category that are Coloured Females; **IF** is the percentage of spend (indicator 2.1.1.1) or people (indicators 2.1.2.1 and 2.1.2.2) in the measurement category that are Indian Females.

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10.2 LIMITATION OF *AM, CM, IM, AF, CF* AND *IF*

10.2.1 ***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 2.1.1.1, 2.1.2.1 and 2.1.2.2 of the Skills Development scorecard. 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 of the overall EAP as published in the Commission for Employment Equity CEE Report, and as amended from time to time in terms of the Employment Equity Regulations (see Annexe TSC300 (D) for an example).

10.2.2 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 in accordance with the Employment Equity Act and its regulations. Therefore, even though the CEE 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.

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11. ANNEXE TSC300 (D)

11.1 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 sub-categories is determined with respect to the Black People indicator of Skills Development Expenditure (paragraph. 2.1.1.1):

*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.*

*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%

Step 3: Calculate the proportion if 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%

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Step 4: Apply the proportion calculated in step 3 to the Target for Skills Development Expenditure on Black People (paragraph. 2.1.1.1) i.e. 6%.

	African Male	Coloured Male	Indian Male	African Female	Coloured Female	Indian Female	Skills Development Expenditure Target
Limit each race and gender sub-group of Black People may contribute to Senior Management's Target	**2.75%**	**0.40%**	**0.13%**	**2.31%**	**0.34%**	**0.07%**	**6%**

For calculating the score for par. 2.1.1.1 of the Skills Development scorecard ***AM, CM, IM, AF, CF*** and ***IF*** are therefore limited to the percentages as calculated per step 4 above.

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AMENDED CODE SERIES TSC400: MEASUREMENT OF THE ENTERPRISE AND SUPPLIER DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT

STATEMENT TSC400: THE GENERAL PRINCIPLES FOR MEASURING ENTERPRISE AND SUPPLIER DEVELOPMENT

Issued under Section 9 (1) of the Broad-Based Black Economic Empowerment Act No. 53 as amended by Act 46 of 2013

Arrangement of this Statement

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1. OBJECTIVES OF THIS STATEMENT

1.1 Specify the scorecard for measuring Preferential Procurement, Enterprise and Supplier Development contributions;

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

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

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

2. ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD

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

	Measurement Category & Criteria	Weighting Points	Compliance Targets
2.1	**Preferential Procurement**		
2.1.1	B-BBEE Procurement Spend from all Empowering Suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend;	5	80%
2.1.2	B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend;	3	15%
2.1.3	B-BBEE Procurement Spend from all Exempted Micro Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend;	4	15%

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2.1.4	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% Black Owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend;	9	40%
2.1.5	B-BBEE Procurement Spend from Empowering Suppliers that are 30% Black Women Owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend.	4	12%
2.2	**Supplier Development**		
2.2.1	Annual value of all qualifying Supplier Development contributions made by the measured entity as a percentage of the target.	10	3% of NPAT
2.3	**Enterprise Development**		
2.3.1	Annual value of all qualifying Enterprise Development contributions and Sector Specific Contributions made by the measured entity as a percentage of the target.	5	0.5% of NPAT
2.4	**Bonus Points:**		
2.4.1	Bonus point for graduation of one or more qualifying Enterprise Development beneficiaries to graduate to the Supplier Development level.	1	Yes
2.4.2	Bonus point for creating one or more jobs directly as a result of qualifying Supplier Development and Enterprise Development contributions by the measured entity.	1	Yes

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3. KEY MEASUREMENT PRINCIPLES

3.1 The Enterprise and Supplier Development scorecard consists of:

3.1.1 Preferential Procurement;

3.1.2 Supplier Development; and

3.1.3 Enterprise Development.

3.2 Enterprise Development and Supplier Development contributions will be recognised as a percentage of the annual Net Profit After Tax (NPAT) of the measured entity.

3.3 Sub-Minimum and Discounting Principle:

3.3.1 A measured entity must achieve a sub-minimum of 40% of the total weighting points (excluding bonus points) of each of the three broad categories, within the Enterprise and Supplier Development element namely: Preferential Procurement, Supplier Development and Enterprise Development. For the avoidance of doubt this means that the measured entity must achieve at least:

(i) 10 points under the Preferential Procurement category;
(ii) 4 points under the Supplier Development category;
(iii) 2 points under the Enterprise Development category;

3.3.2 Non-compliance to the sub-minimum targets will result in the overall achieved B-BBEE status level being discounted in accordance with paragraph 12 of Statement TSC000.

3.4 Exempted Micro Enterprises and Start-ups are automatically recognized as Empowering Suppliers.

3.5 The weighting points in the Enterprise and Supplier Development 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 TSC400 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;

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

3.8 Beneficiaries of qualifying Supplier Development and Enterprise Development contributions are EMEs and QSEs which are at least 51% Black owned or at least 51% Black Woman Owned.

4. GENERAL PRINCIPLES

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

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

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

4.4 To actively support procurement from 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 51% Black Owned and 30% 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 51% Black Owned professional service providers and Entrepreneurs as Suppliers.

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

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

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

4.10 Qualifying Enterprise Development and Supplier Development contributions of any measured entity are recognisable on an annual basis.

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

4.11 Measured entities are encouraged to develop and implement an Enterprise Development plan and Supplier Development plan for a beneficiary of their qualifying Enterprise Development and Supplier Development contributions. The plan should include.

4.11.1 Clear objectives;

4.11.2 Priority interventions;

4.11.3 Key performance indicators; and

4.11.4 A concise implementation plan with clearly articulated milestones.

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

4.13 No portion of the value of any qualifying Enterprise Development and 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.

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5. TOTAL MEASURED PROCUREMENT SPEND

The following procurement is measurable within Total Measured Procurement Spend;

5.1 Cost of sales: all goods and services procured that comprise the cost of the sales of the measured entity;

5.2 Operational expenditure: all goods and services procured that comprise the operational expenditure of the measured entity;

5.3 Capital expenditure: all capital expenditure incurred by the measured entity;

5.4 Public sector procurement:

5.4.1 all goods and services procured from Organs of State and Public Entities. Despite this, procurement by a measured entity from a local government authority, which is a reseller of that service, is measurable at the B-BBEE Recognition Level of the primary Supplier of the service; and

5.4.2 in any event, any procurement of any goods or services from any Organ of State or Public Entity that enjoys a statutory or regulated monopoly in the supply of such goods or services is excluded.

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

5.6 Third-party procurement: all procurement for a third-party or a client, where the cost of that procurement is an expense recorded in the measured entity's Annual Financial Statements;

5.7 Labour brokers and independent contractors: any procurement of the measured entity 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;

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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 indicators 2.2 and 2.3 of this Statement and Code series TSC500 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 (B-BBEE credentials of the entity supplying goods and/or services must be confirmed by way of a valid B-BBEE certificate).

6. EXCLUSIONS FROM TOTAL MEASURED PROCUREMENT SPEND

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

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

6.2 Salaries, wages, remunerations, and emoluments: any amount payable to an Employee as an element of their salary or wage and any emolument or similar payment paid to a director of a measured entity,

6.3 Pass-through third-party procurement: all procurement for a third-party or a client that is recorded as an expense in the third-party or client's Annual Financial Statements but is not recorded as such in the measured entity's Annual Financial Statements,

6.4 Empowerment related procurement:

6.4.1 Investments in or loans to an Associated Enterprise;

6.4.2 Investments, loans or donations qualifying for recognition under any Statement under Code series TSC400 or TSC500;

6.5 Imports: the following imported goods and services:

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

6.5.1.1 there is not sufficient existing local production of such capital goods or components; and

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

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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 exclusion of imports listed under paragraph 6.5.2 are subject to the Measured entity having developed and implemented an Enterprise Development or Supplier Development plan for supporting qualifying Empowering Suppliers that manufacture goods and services locally that are otherwise normally imported. The plan does not need to relate to the specific goods or services that the measured entity imports. This plan should include:

6.5.3.1 Clear objectives;

6.5.3.2 Priority interventions;

6.5.3.3 Key performance indicators; and

6.5.3.4 A concise implementation plan with clearly articulated milestones.

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

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 TSC400 (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.

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8. CALCULATION OF ENTERPRISE AND SUPPLIER DEVELOPMENT CONTRIBUTIONS

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 TSC400 (A).

9. ENTERPRISE DEVELOPMENT AND SUPPLIER DEVELOPMENT CONTRIBUTIONS

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

9.1 investments in qualifying beneficiary entities;

9.2 loans made to qualifying beneficiary entities ;

9.3 guarantees given or security provided on behalf of qualifying beneficiary entities ;

9.4 credit facilities made available to qualifying beneficiary entities ;

9.5 grant contributions to qualifying beneficiary entities ;

9.6 direct costs incurred by a measured entity in assisting and hastening development of qualifying beneficiary entities;

9.7 overhead costs of a measured entity directly attributable to qualifying Enterprise Development and Supplier Development contributions;

9.8 preferential credit terms granted by a measured entity to qualifying beneficiary entities;

9.9 preferential terms granted by a measured entity in respect of its supply of goods and services to qualifying beneficiary entities;

9.10 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:

9.10.1 professional and consulting services;

9.10.2 licensing and/or registration fees;

9.10.3 sector specific levies and/or other such fees; and

9.10.4 IT services;

9.11 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.

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9.12 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.

9.13 the creation or development of new projects promoting beneficiation by the measured entity for the benefit of qualifying beneficiary entities.

9.14 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.

9.15 provision by the measured entity, of preferential credit facilities to a qualifying beneficiary entity. Examples of such contributions include without limitation:

9.15.1 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;

9.15.2 relaxed security requirements or absence of security requirements for qualifying beneficiary entities unable to provide security for loans. Such contributions shall be measured as being 3% (three percent) of any positive differential between the initial capital value of the loan and the value of security taken; and

9.15.3 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 Enterprise Development and Supplier Development Contributions;

9.16 the provision of seed or development capital to qualifying beneficiary entities.

9.17 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

9.18 provision of training or mentoring to qualifying beneficiary entities by the measured entity itself;

9.18.1 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;

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

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9.19 Training or mentoring provided as per paragraphs 9.17 and 9.18 above may not be double counted under the Skills Development scorecard once claimed as qualifying Enterprise and Supplier Development Contribution and *vice versa*.

9.20 the maintenance by the measured entity of an Enterprise Development and Supplier Development Unit which focuses exclusively on support of qualifying beneficiary entities or candidate beneficiary entities.

9.20.1 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 Enterprise and Supplier Development contributions, qualify for recognition.

9.21 payments made by the measured entity to suitably qualified and experienced third parties to perform Enterprise Development and Supplier Development on the measured entity's behalf.

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

10. MEASUREMENT OF ENTERPRISE DEVELOPMENT AND SUPPLIER DEVELOPMENT CONTRIBUTIONS

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

10.2 Qualifying contributions are measurable using the formula "A" in Annexe TSC400 (C) read together with Annexe TSC400 (B).

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11. ANNEXE TSC400 (A)

11.1 B-BBEE PROCUREMENT SPEND:

Formula A 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.

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11.2 THE CALCULATION OF PREFERENTIAL PROCUREMENT CONTRIBUTIONS TO B-BBEE:

Formula B

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

Where

A is the calculated preferential procurement score under indicator 2.1.1, 2.1.2, 2.1.3, 2.1.4 and 2.1.5 respectively in the Enterprise and Supplier Development scorecard under Statement TSC400 for the measured entity;

B is the total B-BBEE Procurement Spend of the measured entity calculated for each of the indicators of the Enterprise and Supplier Development scorecard under indicator 2.1.1, 2.1.2, 2.1.3, 2.1.4 and 2.1.5 respectively, expressed as a percentage of the Total Measured Procurement Spend of that measured entity;

C for indicator 2.1.1; 2.1.2; 2.1.3; 2.1.4 and 2.1.5 is the compliance target for this indicator of the Enterprise and Supplier Development scorecard;

D is the weighting points allocated to each of the indicators of the Enterprise and Supplier Development under indicator 2.1.1, 2.1.2, 2.1.3, 2.1.4 and 2.1.5 respectively.

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12. ANNEXE TSC400 (B)

12.1 ENTERPRISE DEVELOPMENT AND SUPPLIER DEVELOPMENT BENEFIT FACTOR MATRIX

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

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Equity Investments and Related Contributions		
Minority Investment in Enterprise Development and Supplier Development beneficiaries.	Investment Amount	100%
Enterprise Development and Supplier Development Investment with lower dividend to financier.	Investment Amount	Dividend Rate of Ordinary Shareholders – Actual Dividend Rate of Contributor
Contributions made in the form of human resource capacity		
Professional services rendered at no cost and supporting Enterprise Development and Supplier Development.	Commercial hourly rate of professional	60%
Professional services rendered at discount and supporting Enterprise Development and Supplier Development.	Value of discount based on commercial hourly rate of professional	60%
Time of employees of measured entity productively deployed in assisting beneficiaries.	Monthly salary divided by 160	60%
Other Contributions		
Shorter payment periods for indicator 2.2 of this Statement (Supplier Development).	Percentage of invoiced amount multiplied by 15% (being an approximation of the cost of short term funding)	Percentage being 15 days less the number of days from invoice to payment. The Maximum points that can be scored is 15% of 10 points

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13. ANNEXE TCS400 (C)

13.1 QUALIFYING ENTERPRISE AND SUPPLIER DEVELOPMENT CONTRIBUTIONS ARE MEASURABLE ON THE FOLLOWING BASIS:

Formula A
$A = \frac{B}{C} \times D$
Where **A** is the score achieved for the Enterprise and Supplier Development indicators 2.2 and 2.3 in respect of qualifying Enterprise or Supplier Development contributions made by the measured entity; **B** in the case of paragraphs 2.2 and 2.3 is the annual value of all qualifying Enterprise or Supplier Development contributions, whichever the case may be, that have become payable by the measured entity during the Measurement Period; **C** is the compliance targets for the Enterprise and Supplier Development indicators 2.2 and 2.3 respectively; **D** is the weighting points allocated to the Enterprise and Supplier Development indicators 2.2 and 2.3 respectively.

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AMENDED CODE SERIES TSC500: MEASUREMENT OF THE SOCIO-ECONOMIC DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT

STATEMENT TSC500: THE GENERAL PRINCIPLES FOR MEASURING THE SOCIO-ECONOMIC DEVELOPMENT ELEMENT

Issued under Section 9 (1) of the Broad-Based Black Economic Empowerment Act No. 53 of 2003 as amended by Act 46 of 2013

Arrangement of this Statement

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Amended Tourism B-BBEE Sector Code

1. OBJECTIVES OF THIS STATEMENT

The objectives of this Statement are to specify:

1.1 the Socio-Economic Development and Sector Specific contributions scorecard;

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

1.3 the formula for calculating the individual criteria specified in the Socio-Economic Development scorecard.

2. THE SOCIO-ECONOMIC DEVELOPMENT SCORECARD

2.1 The Target of 1% of NPAT for indicator 2.4.1 on the Socio-Economic Development scorecard is based on the Net Profit After Tax (NPAT) of the measured entity for the Measurement Period unless:

2.1.1 the measured entity did not make a profit during the Measurement Period; or

2.1.2 the net profit margin (NPAT/Revenue) of the measured entity for the Measurement Period, was less than a quarter of the industry norm during the Measurement Period.

2.2 Where either of the factors in paragraphs 2.1.1 or 2.1.2 is present, then the average NPAT of the measured entity over the last five years will be the basis for determining the targets unless:

2.2.1 the measured entity did not make a profit on average over the last five years; or

2.2.2 the average net profit margin of the measured entity over the last five years was less than a quarter of the industry norm for the net profit margin during the Measurement Period.

2.3 Where either of the factors in paragraphs 2.1.1 to 2.1.2 are present concurrently with either of the factors in paragraphs 2.2.1 to 2.2.2, then the Indicative NPAT of the measured entity for 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 quarter of the industry norm net profit margin for 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 particular sector the measured entity operates within.

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

Measurement Category & Criteria		Weighting Points	Compliance Targets
2.4.1	Annual value of all Qualifying Socio-Economic Development contributions by the measured entity as a percentage of the target.	5	1% of NPAT
	Bonus Points:		
2.4.2	Status as TOMSA levy collector.	3	Yes

2.5 The weighting points in the Socio-Economic Development scorecard represent the maximum number of points possible for each of the criteria.

3. KEY MEASUREMENT PRINCIPLES

3.1 General principles:

3.2.1 Measured entities receive recognition for any Socio-Economic Development contributions or Socio-Economic Project contributions that are quantifiable as a monetary value using a standard valuation method.

3.2.2 Qualifying Socio-Economic Development contributions of any measured entity are recognisable annually;

3.1.2.1 No portion of the value of any qualifying Socio-Economic 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.

3.1.2.2 Social wages paid to Employees only qualify as Socio-Economic Development Contributions where they are extraneous to the normal remuneration package of the Employee and where they are evidenced by some form of record or agreement.

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3.2 Socio-Economic Development Contributions:

3.2.1 Socio-Economic Development Contributions consist of monetary or non-monetary contributions actually initiated and implemented in favour of beneficiaries by a measured entity with the specific objective of facilitating sustainable access to the economy for targeted beneficiaries.

3.2.2 The full value of Socio-Economic Development Contribution made to beneficiaries is recognisable if at least 75% of the value directly benefits Black People.

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

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

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

3.2.4.2 guarantees given or security provided for beneficiaries;

3.2.4.3 direct costs incurred by a measured entity in assisting beneficiaries;

3.2.4.4 overhead costs of a measured entity directly attributable to Socio-Economic Development Contributions;

3.2.4.5 developmental capital advanced to beneficiary communities;

3.2.4.6 preferential terms grants by a measured entity for its supply of goods or services to beneficiary communities;

3.2.4.7 contributions made by the measured entity to third parties to perform Socio-Economic Development on the measured entity's behalf;

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

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

3.2.4.8.1 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;

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

3.2.4.9 the maintenance by the measured entity of a Socio-Economic Development unit which focuses only on support of beneficiaries and beneficiary communities;

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3.2.4.9.1 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. MEASUREMENT OF SOCIO-ECONOMIC DEVELOPMENT CONTRIBUTIONS

Qualifying Socio-Economic Development contributions are measurable using the formula in Annexe TSC500 (B) read together with Annexe TSC500 (A).

5. THE BENEFIT FACTOR MATRIX

The Minister may from time to time, by notice in the gazette, revise or substitute the benefit factor matrix. Any changes will only be applicable to compliance reports prepared for measured entities for Measurement Periods that commences after the gazetting of the adjustment.

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6. ANNEXE TSC500 (A)

6.1 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 Development contributions.	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting Socio-Economic Development, sector specific initiatives or qualifying Socio-Economic Development contributions.	Verifiable Cost (including both monetary and non-monetary)	80%
Contributions made in the form of human resource capacity		
Professional services rendered at no cost supporting Socio-Economic Development, sector specific initiatives or qualifying Socio-Economic Development contributions.	Commercial hourly rate of professional	80%
Professional services rendered at a discount supporting Socio-Economic Development, sector specific initiatives or qualifying Socio-Economic contributions.	Value of discount based on commercial hourly rate professional	80%

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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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7. ANNEXE TSC500 (B)

7.1 QUALIFYING CONTRIBUTIONS OF INDICATORS 2.4.1 ARE MEASURABLE ON THE FOLLOWING BASIS:

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

Where

A is the score achieved in respect of the indicator 2.4.1, whichever the case may be, of the Socio-Economic Development scorecard;

B is the value of all qualifying Socio-Economic Development contributions of the measured entity relevant to that indicator that have become payable during the Measurement Period;

C is the compliance target in respect of the qualifying Socio-Economic Development contributions as specified in the Socio-Economic Development scorecard for indicator 2.4.1;

D is the weighting point allocated to indicator 2.4.1 under the Socio-Economic Development scorecard in Statement TSC500.

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AMENDED CODE SERIES TSC600: THE TOURISM SECTOR QUALIFYING SMALL ENTERPRISE SCORECARD

STATEMENT TSC600: THE TOURISM SECTOR QUALIFYING SMALL ENTERPRISE SCORECARD

Issued under Section 9 (1) of the Broad-Based Black Economic Empowerment Act No. 53 as amended by Act 46 of 2013

Arrangement of this Statement

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Amended Tourism B-BBEE Sector Code

STATEMENT TSC 601 - 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:

Indicator	Measurement Category & Criteria	Weighting Points	Compliance Targets
1.1 Voting Rights	1.1.1 Exercisable Voting Rights in the entity in the hands of Black People;	5	30%
	1.1.2 Exercisable Voting Rights in the entity in the hands of Black Women;	2	15%
1.2 Economic Interest	1.2.1 Economic Interest in the entity to which Black People are entitled;	5	30%
	1.2.2 Economic Interest in the entity to which Black Women are entitled;	3	15%
	1.2.3 Economic Interest of Black New Entrants or Black Designated Groups.	3	3%
1.3 Realisation Points	1.3.1 Net Value	8	Refer to Annexe TSC100 (E)

2. MEASUREMENT OF QSE OWNERSHIP ELEMENT

The measurement of the QSE Ownership Scorecard shall adhere to all principles, definitions, calculations and measurement methodologies contained in Statement TSC100 for measuring of the Ownership element. For the avoidance of doubt, the Modified Flow Through Principle applies to the measurement of paragraphs 1.1.1 and 1.2.1 of the QSE Ownership Scorecard.

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STATEMENT TSC 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.

Measurement Category & Criteria	Weighting Points	Compliance Targets
1. Executive Management:		
1.1 Black representation at Executive Management;	5	60%
1.2 Black Female representation at Executive Management.	2	30%
2. Senior, Middle and Junior Management:		
2.1 Black representation at Senior, Middle and Junior management;	6	60%
2.2 Black Female representation at Senior, Middle and Junior management.	2	30%
3. Bonus Points:		
3.1 Number of Black Employees with Disabilities as a percentage of all Employees.	2	1%

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 TSC200 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 TSC200.

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2.3 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and CEE report are not applicable to the calculation of scores under the QSE Scorecard.

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

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STATEMENT TSC 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.

	Measurement Category & Criteria	Weighting points	Compliance Targets
1.	**Skills Development Expenditure on any programme specified in the Learning Programme Matrix for Black People as a percentage of the Leviable Amount**		
1.1	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black People in any of the following three tourism sub-sectors as a percentage of Leviable Amount:	10	3%
1.1.1	Accommodation;		
1.1.2	Hospitality and related services; and		
1.1.3	Travel and related services.		
1.2	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black Females in any of the following three tourism sub-sectors as a percentage of Leviable Amount:	9	1.5%
1.2.1	Accommodation;		
1.2.2	Hospitality and related services; and		
1.2.3	Travel and related services.		
2.	**Learnerships, Apprenticeships, and Internships**		
2.1	Number of Black People participating in Learnerships, Apprenticeships and Internships specified in the Learning Matrix paid for by the measured entity as a percentage of total Employees.	6	2.5%
3.	**Bonus points:**		
3.1	Number of Black People absorbed by the measured and/industry entity at the end of the Learnership, Apprenticeship or Internship programme.	5	100%

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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 TSC300 are applicable to this Statement.

2.2 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and CEE report are not applicable to the QSE Scorecard.

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;

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

2.3.3 The learning matrix under code series TSC300 is applicable to this Statement.

2.4 The requirements in paragraph 2.3 above is not applicable to businesses that are not required by law to comply with the Skills Development Act.

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STATEMENT TSC 604 - ENTERPRISE AND SUPPLIER DEVELOPMENT FOR QSE

1. THE QSE ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD

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

	Measurement Category & Criteria	Weighting Points	Compliance Targets
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;	8	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.	10	30%
2.	**Supplier Development**		
2.1	Annual value of all Qualifying Supplier Development Contributions made by the measured entity as a percentage of the target.	7	2% of NPAT
3.	**Enterprise Development**		
3.1	Annual value of all Qualifying Enterprise Development Contributions made by the measured entity as a percentage of the target.	5	1% of NPAT

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2. KEY MEASUREMENT PRINCIPLES

2.1 The key measurement principles and sub-minimum requirements under Statement TSC400 are applicable to this Statement.

2.2 Any interpretation or calculation of a QSE's score for Enterprise and Supplier Development must be made in accordance with Statement TSC400.

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STATEMENT TSC 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.

	Measurement category & criteria	Weighting Points	Compliance Targets
1.	Annual value of all Qualifying Socio-Economic Development Contributions by the measured entity as a percentage of the target.	5	1% of NPAT
	Bonus Points:		
2.	Status as TOMSA levy collector.	3	Yes

2. KEY MEASUREMENT PRINCIPLES

2.1 The key measurement principles under Statement TSC500 are applicable to this Statement.

2.2 Any interpretation or calculation of a QSE's score for Socio-Economic Development must be made in accordance with Statement TSC500

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SCHEDULE 1

INTERPRETATION AND DEFINITIONS

Part 1: Interpretation

The Amended Tourism B-BBEE Sector Code must be interpreted according to the following provisions unless the context requires a different meaning:

1. In interpreting the provisions of the Amended Tourism B-BBEE Sector Code any reasonable interpretation consistent with the objectives of the B-BBEE Amendment Act, the B-BBEE Strategy and Amended B-BBEE Codes of Good Practice 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 Tourism B-BBEE Charter Council may from time to time issue best practice notes to clarify or explain some of the provisions contained in the Amended Tourism B-BBEE 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 Amended Tourism B-BBEE Sector Code.

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Part 2: Definitions

In this Amended Tourism B-BBEE Sector Code unless the context otherwise requires:

Expressions, definitions and qualifications used in the Amended Tourism B-BBEE Sector Code have the meaning assigned to them in the Amended Tourism B-BBEE Sector Code gazetted under section 9 (1) of the Broad-Based Black Economic Empowerment Amendment Act No. 46 of 2013, 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 No. 46 of 2013. The term "B-BBEE Act" has a corresponding meaning.

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"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 TSC000;
"B-BBEE Controlled Company"	means for entities measureable in terms of this Amended Tourism B-BBEE 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 more than 51% of the total such rights measured using the Flow Through Principle.
"B-BBEE Owned Company"	means for Entities measureable in terms of this Amended Tourism B-BBEE Sector 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 at least 51% of the total such rights measured using the Flow Through Principle.
"B-BBEE Recognition Level"	means the percentage B-BBEE Recognition Levels as determined: (a) For Entities that are neither Qualifying Small Enterprises nor Exempted Micro Enterprises, using Statement TSC000; (b) For Qualifying Small Enterprises, using the Statement TSC000; and (c) For Exempted Micro Enterprises, the applicable deemed B-BBEE Recognition under Statement TSC000.

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"B-BBEE Status"	means the B-BBEE status of a measured entity as determined under Statement TSC000.
"B-BBEE Strategy"	means 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.
"B-BBEE Verification Professional Regulator"	means a body appointed by the Minister of Trade and Industry for the accreditation of rating agencies or the authorisation of B-BBEE verification professionals.
"Benefit Factor"	means a factor specified in the Benefit Factor Matrix applicable to fixing the monetary value of Enterprise Development and Supplier Development and Socio Economic Development contributions claimable under Statement TSC400 and TSC500.
"Benefit Matrix Factor"	means the Benefit Factor Matrix for Enterprise Development and Supplier Development and Socio Economic Development contributions claimable under Statement TSC400 and TSC500.
"Black Designated Groups"	means: (a) Unemployed Black People not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution; (b) Black People who are youth as defined in the National Youth Commission Act of 1996; (c) Black People who are persons with disabilities as defined in the Code of Good Practice on employment of people with disabilities issued under the Employment Equity Act; (d) Black People living in rural and under developed areas' (e) Black Military Veterans who qualify to be called a Military Veteran in terms of the Military Veterans Act 18 of 2011.

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"Black New Entrants"	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, 000,000, measured using a Standard Valuation Method.
"Black People"	Is a generic term which means African, Coloureds and Indians. *(a)* Who are citizens of the Republic of South Africa by birth or descend; or *(b)* Who became citizens of the Republic of South Africa by naturalisation- *(i)* Before 27 April 1994; or *(ii)* On or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to the date.
"Broad-Based Ownership Scheme"	means an ownership scheme which meets the rules set out in Annexe TSC100 (B).
"Certified Learning Programme"	means any Learning Programme for which the measured entity has: *(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; *(b)* An enrolment certificate issued by the independent person responsible for the issue of the certification referred in Statement TSC300 confirming the employee has: *(i)* Enrolled for, is attending and is making satisfactory progress in the Learning Programme; or *(ii)* Enrolled for but not attended the Learning; or

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	Attended the Training Programme but has failed an evaluation of their learning progress.
"Charter"	means the Tourism Sector Charter as gazetted under section 12 of the B-BBEE Act as amended.
"Codes of Good Practice"	means the Broad-Based Black Economic Empowerment Codes of Good Practice, 11 October 2013 (Gazette No.32698) as amended. The term 'Generic Codes' or 'Amended Codes' has a corresponding meaning.
"Companies Act"	means the Companies Act, No. 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 code.
"Core Skills"	means skills that are: *(a)* Value-adding to the activities of the Measured entity in line with its core business; *(b)* In areas the measured entity cannot outsource; or (c) Within the production/operational part of the measured entity's value-chain; as opposed to the supply side; services or downstream operations.
"Critical Skills"	means those skills identified as being critical by CATHSSETA.
"Current Equity Interest Date"	means the later occurring of the date of commencement of the old Tourism Sector Code (Gazette 32259, 22 May 2009) and the date upon which the earliest of all still operative transactions undertaken by the measured entity in order to achieve Black rights of ownership, became effective and unconditional.

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Economically Active Population (EAP)	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 No. 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 Amended Tourism B-BBEE Sector Code.
"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 Codes of Good Practice on Key Aspects of Disability in the Workplace issued under section 54 of the Employment Equity Act; align with the Employment Equity Act.
"Employee"	bears the meaning as defined in the Employment Equity Act.
"Employee Share Ownership	means a worker or employee scheme as per Annexe

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Programme";	TSC100 (c).
"Empowering Supplier"	means a B-BBEE Compliant Entity, which complies with all regulatory requirements of the Employment Equity Act, Skills Development Act, and Skills Development Levies Act and which meets at least four if it is a large enterprise or two if it is a QSE of the following criteria: (a) At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local supplier in South Africa. (b) At least 85% of Total Labour Cost should be paid to South African Employees by service industry entities. (c) Job creation – at least 50% of jobs created during the Measurement Period are for Black People provided that the number of Black Employees since the immediate prior verified B-BBEE Measurement is maintained. (d) At least 51% of total measured procurement spend must be from South African Suppliers. (e) Skills transfer by Senior and Top Management (as defined by the Employment Equity regulations) spend at least 12 days per annum in assisting 51% Black Owned EMEs and QSEs to increase their operational and/or financial capacity.
"Enterprise Development Contributions"	means monetary or non-monetary contributions as per Statement TSC400 read together with Annexe TSC400 (B) carried out for the benefit of any entity that is measureable in terms of this Amended Tourism B-BBEE Sector Code, with the objective of contributing to the development, sustainability and financial and operational independence of that entity.

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"Entity"	means a legal entity or a natural or a Juristic Person conducting a business, trade or profession in the Republic of South Africa.
"Entrepreneur"	means a person who starts and/ or operates a business which includes identifying opportunities in the market, taking risks with a view of being rewarded with profits.
"Equity Equivalent Contribution"	means an equity equivalent contribution made by a Multinational under an Equity Equivalent Investment Programme.
"Equity Equivalent Investment Programme"	means a public programme or scheme of any government department, provincial or local government in the Republic of South Africa or any other programme approved by the Minister as an Equity Equivalent Investment Programme.
"Equity Instrument"	means the instrument by which a Participant holds rights of ownership in an entity.
"Equivalency Percentage"	means a percentage ownership performance for all the indicators in the Associated Enterprise's Ownership Scorecard arising from a qualifying transaction included in the Ownership Scorecard of the beneficiary entity.
"Exclusion Principle"	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 TSC100 and its Statements allows, as directed by those Statements, for the exclusion of four categories of rights of ownership: a) those held by Organs of State and Public Entities;

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	b) those held as Mandated Investments; c) those held by Non-Profit Companies or Public Benefit Organisations; 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; 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.
"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 R5 Million or less.
"Exercisable Voting Rights"	meaning a voting right of a Participant that is not subject to any limit.
"Global Practice"	means a globally and uniformly applied practice of a Multinational, restricting alienation of equity in or the sale of businesses in its regional operations. The practice must have existed before the promulgation of the Act.
"Grant Contribution"	means the monetary value of qualifying contributions made by the measured entity to a beneficiary in the form of grants, donations, discounts and other similar quantifiable benefits which are not recoverable by the measured entity.
"Group Structure"	means an ownership arrangement whereby one or more measured entities that are Juristic Persons are subsidiaries of another measured entity that would qualify as a holding company.
"Higher Education Institution"	means a higher education institution as defined under the higher Education Act of 1997.

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"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 TSC100 using the actual percentage compliance for each indicator and not the resulting scores.
"Internship"	means an opportunity to integrate career related experience into an undergraduate education by participating in planned, supervised work.
"Junior Management"	means an employee of the measured entity who is a member of the occupational category of "Junior Management" as determined using the Employment Equity Regulations.
"Learnership"	means a work-based route to a qualification. It is a workplace education and training programme comprising both structured practical workplace (on-the-job) experience and structured theoretical training.
"Large Enterprises"	means an Entity that qualifies for measurement under the Large Enterprise scorecard with a total annual revenue of more than R45 Million.
"Learning Programmes"	means any learning programme set out in the learning Programme Matrix.
"Learning Programme Matrix"	means the Learning Programme Matrix annexed as Annexe TSC300 (A) in Statement TSC300.
"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.

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"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 TSC100 (A) attached to Statement TSC100.
"Measured Entity"	means an entity as well as an Organ of State or Public Entity subject to measurement under the Codes.
"Measurement Period"	means, subject to the following, the financial period of the measured entity: (a) the financial period of a measured entity is a period of 12 consecutive calendar months; (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; (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;

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	(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; (e) the Measurement Period is the period over which the 'Skills Development', 'Enterprise and Supplier Development' and 'Socio Economic Development' elements must be measured.
"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 sworn affidavit whichever 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 : (a) Black People hold at least 51% of the Exercisable Voting Rights as determined under indicator 2.1.2 of Code series TSC100; (b) Black People hold at least 51% of the Economic Interest as determined under indicator 2.2.2 of Code series TSC100; and (c) Has earned all the points for Net Value under Statement TSC100.
"100% Black Owned"	means an entity in which :

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	(a) Black People hold 100% of the Exercisable Voting Rights as determined under indicator 2.1.2 of Code series TSC100; (b) Black People hold at least 100% of the Economic Interest as determined under indicator 2.2.1 of Code series TSC100; and (c) Has earned all the points for Net Value under Statement TSC100.
"51% Black Women Owned"	means an entity in which: (a) Black Women hold at least 51% of the Exercisable Voting Rights as determined under indicator 2.1.2 of Code series TSC100; (b) Black Women hold at least 51% of the Economic Interest as determined under indicator 2.1.2 of Code series TSC100; and (c) Has earned all the points for Net Value under Statement TSC100.
"30% Black Women Owned"	means an entity in which: (a) Black Women hold more than 30% of the Exercisable Voting Rights determined under indicator 2.2.2 of Code series TSC100 (b) Black Women hold more than 30% of the Economic Interest as determined under indicator 2.2.2 of Code series TSC100; and (c) Has earning all the points for Net Value under Statement TSC100.
"Middle Management"	means an employee of the measured entity who is a member of the occupational category of "Middle Management" as determined using the Employment Equity Regulations.
"Multinational Business"	means a measured entity with a business in the Republic of South African and elsewhere which maintains its

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	international headquarters outside the Republic. The term '**South African Multinational**' has a similar meaning except that it has its international headquarters inside the Republic.
"National Skills Development Strategy"	means the national skills development strategy referred to in section 5(1) (a) (ii) of the Skills Development Act.
"Net Profit After Tax"	means the operating profit of a measured entity after tax. It incorporated both the equity / loss figures and abnormal items, but excluded extra ordinary items as determined by the International Financial Reporting Standard (*IFRIS*) as amended from time to time.
"Net Profit Before Tax"	means the operating profit of a measured entity before tax. It incorporated 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.
"Net Value"	means the points resulting from the application of paragraph 4 of Annexe TSC100 (E) of Statement TSC100.
"Non-Profit Company"	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.
"Non-Profit Organisation"	means a non-profit organisation registered under the Non-Profit Organisation Act of 1997.
"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: (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 behalf of a labour broker.

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"Participant"	means a Natural Person holding rights of ownership in a measured entity.
"Pivotal Report"	means a report on 'Professional, Vocational, Technical and Academic Learning' programmes that meet the critical needs for economic growth and social development, generally combining course work at universities, universities of technology and colleges with structured learning at work.
"Priority Skills"	means Core, Critical and Scarce Skills as well as any skills specifically identified: (a) In a Sector Skills Plan issued by the Department of Labour of the Republic of South Africa (b) National Skills Development Strategy lll (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.
"Public Entity"	has the meaning assigned to it in the Public Finance Management Act no.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 Enterprise and Supplier Development contributions.
"Qualifying Enterprise and Supplier Development Contributions"	means a collective term describing Enterprise Development and Supplier Development Contributions targeting EME's and QSE's which are at least 51% Black Owned.
"Qualifying Small Enterprise"	means an entity that qualifies for measurement under the Qualifying Small Enterprise scorecard with a total annual revenue of more than R5 Million but less than R45 Million. The abbreviation 'QSE' has a corresponding meaning.

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"Qualifying Socio-Economic development Contributions"	is a collective term for Socio-Economic Project contributions and Socio-Economic Development contributions.
"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.
"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 CATHSSETA.
"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.

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

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"Standard Valuation Method"	means a standard valuation method for an asset, an Economic Interest, or any other instrument or right relevant to measurement under Code TSC100, undertaken using normal valuation methods that represent standard market practice.
"Start-up Enterprise"	means a recently formed or incorporated entity that has been in operation for less than 1 year. 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.
"Subsidiary"	has a meaning defined in section 1(3) of the Companies Act.
"**Suitable Evidence or Documentation**"	means, notwithstanding any provisions to the contrary in the Verification Manual (Gazetted 31255, 18 July 2008) as Amended from time to time, evidence or documentation that includes without limiting the generality of the term: (a) Representations by the measured entity regarding its B-BBEE Status Level that can be substantiated out of audited or reviewed Annual Financial Statements, an independent Competent Person's report, and 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. (i) a verification professional considering aforementioned evidence or documentation in support of any representation must apply professional judgement in evaluating the appropriateness thereof;

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	(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 (iii) In evaluating the appropriateness of evidence it must achieve a reasonable level of comfort with respect to any conclusion it reaches. (b) in the case of 51% or 100% Black Owned Exempted Micro-Enterprise and 51% or 100% Black Owned Qualifying Small Enterprise, an sworn affidavit attesting to its B-BBEE Status Level. This is the minimum level of evidence required for these entities. (c) 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.
"Supplier"	means any supplier or service provider to a measured entity if any portion of the supply or service provision falls within the definition of Total Measured Procurement Spend.
"Supplier Development Contributions"	means monetary or non-monetary contributions as per Statement TSC400 read together with Annexe TSC400(B) carried out for the benefit of Empowering Suppliers who are Suppliers of the measured entity, with the objective of contributing to the development, sustainability and financial and operational independence of those beneficiaries.

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"Target"	means the targets for the various elements in the Large Enterprise Scorecard and QSE Scorecard.
"the Code"	means the Amended Tourism B-BBEE Sector Code as amended.
"the Large Enterprises Scorecard"	means the balanced B-BBEE scorecard for Large Enterprises as contained in Statement TSC000.
"the PFMA"	means the Public Finance Management Act 1 of 1999 as amended.
"the QSE Scorecard"	means the QSE scorecard referred to in Statement TSC000.
"the Skills Development Act"	means the Skills Development Act of 1998.
"the Skills Development Levies Act"	means the Skills Development Levies Act of 1999.
"Third Party Rights"	means third party legal or commercial rights that restrict withhold or defer any benefit associated with ownership of any Equity Instrument. Third party rights include only those rights: (a) Created against a Black Participant to secure, for a lender, repayment of a loan advanced to that Participant for financing their purchase of their equity instrument in the measured entity; (b) Held against a Juristic Person or trust that is in the chain of ownership between the Measured entity and that the eventual Black Participant serving the same purpose mentioned in (a) above.
"Total Labour Cost"	means the total amount of remuneration paid by an entity to its employees determined using section 3(4) of the Skills Development Levies Act of 1999 and the Forth Scheduled of the Income Tax Act of 1962.
"Amended Tourism B-BBEE Sector Code"	means the Amended Tourism B-BBEE Sector Code issued in terms of section 9(1) of the Act. The abbreviation "TSC" has a corresponding meaning.

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"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.
"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.

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IMPORTANT

Information

from Government Printing Works

Dear Valued Customers,

Government Printing Works has implemented rules for completing and submitting the electronic Adobe Forms when you, the customer, submits your notice request.

Please take note of these guidelines when completing your form.

GPW Business Rules

1. No hand written notices will be accepted for processing, this includes Adobe forms which have been completed by hand.
2. Notices can only be submitted in Adobe electronic form format to the email submission address submit.egazette@gpw.gov.za. This means that any notice submissions not on an Adobe electronic form that are submitted to this mailbox will be **rejected**. National or Provincial gazette notices, where the Z95 or Z95Prov must be an Adobe form but the notice content (body) will be an attachment.
3. Notices brought into GPW by "walk-in" customers on electronic media can only be submitted in Adobe electronic form format. This means that any notice submissions not on an Adobe electronic form that are submitted by the customer on electronic media will be **rejected**. National or Provincial gazette notices, where the Z95 or Z95Prov must be an Adobe form but the notice content (body) will be an attachment.
4. All customers who walk in to GPW that wish to submit a notice that is not on an electronic Adobe form will be routed to the Contact Centre where the customer will be taken through the completion of the form by a GPW representative. Where a customer walks into GPW with a stack of hard copy notices delivered by a messenger on behalf of a newspaper the messenger must be referred back to the sender as the submission does not adhere to the submission rules.
5. All notice submissions that do not comply with point 2 will be charged full price for the notice submission.
6. The current cut-off of all Gazette's remains unchanged for all channels. (Refer to the GPW website for submission deadlines – www.gpwonline.co.za)
7. Incorrectly completed forms and notices submitted in the wrong format will be rejected to the customer to be corrected and resubmitted. Assistance will be available through the Contact Centre should help be required when completing the forms. (012-748 6200 or email info.egazette@gpw.gov.za)
8. All re-submissions by customers will be subject to the above cut-off times.
9. All submissions and re-submissions that miss the cut-off will be rejected to the customer to be submitted with a new publication date.
10. Information on forms will be taken as the primary source of the notice to be published. Any instructions that are on the email body or covering letter that contradicts the notice form content will be ignored.

You are therefore advised that effective from **Monday, 18 May 2015** should you not comply with our new rules of engagement, all notice requests will be rejected by our new system.

Furthermore, the fax number **012- 748 6030** will also be **discontinued** from this date and customers will only be able to submit notice requests through the email address submit.egazette@gpw.gov.za.

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