

Welcome to the second of **six newsletters** aimed at helping you better understand the Amended B-BBEE Codes of Good Practice and the Amended B-BBEE Financial Services Codes.





How to correctly apply the B-BBEE sector codes

In this issue we unpack the gazetted B-BBEE sector codes, their thresholds and the applicable requirements for each sector.

was gazetted in 2007. In 2013, Amended Codes were gazetted that are currently still in practice.

The Broad-Based Black Economic Empowerment Act No. 53 of 2003 (B-BBEE Act), section 9 states that the Minister may issue codes of good practice on black economic empowerment. The first set

> The Act further provides for transformational sector codes (which must advance the objectives of sustainable B-BBEE) to be aligned to the B-BBEE Codes of Good Practice. To date 10 B-BBEE sector codes have been gazetted and are in practice. Only the Transport Sector codes are still aligned to the former codes of 2007.



A company that derives over 50% of revenue from a sector where there is a

Which B-BBEE sector codes are applicable to my company?

Sector Code will be measured **against the scorecard** of that code. This table

breaks down which codes apply to which sectors, their scope and thresholds.



Generic

SECTOR

Scope of application

Financial Services

• Long-te
• Short-t

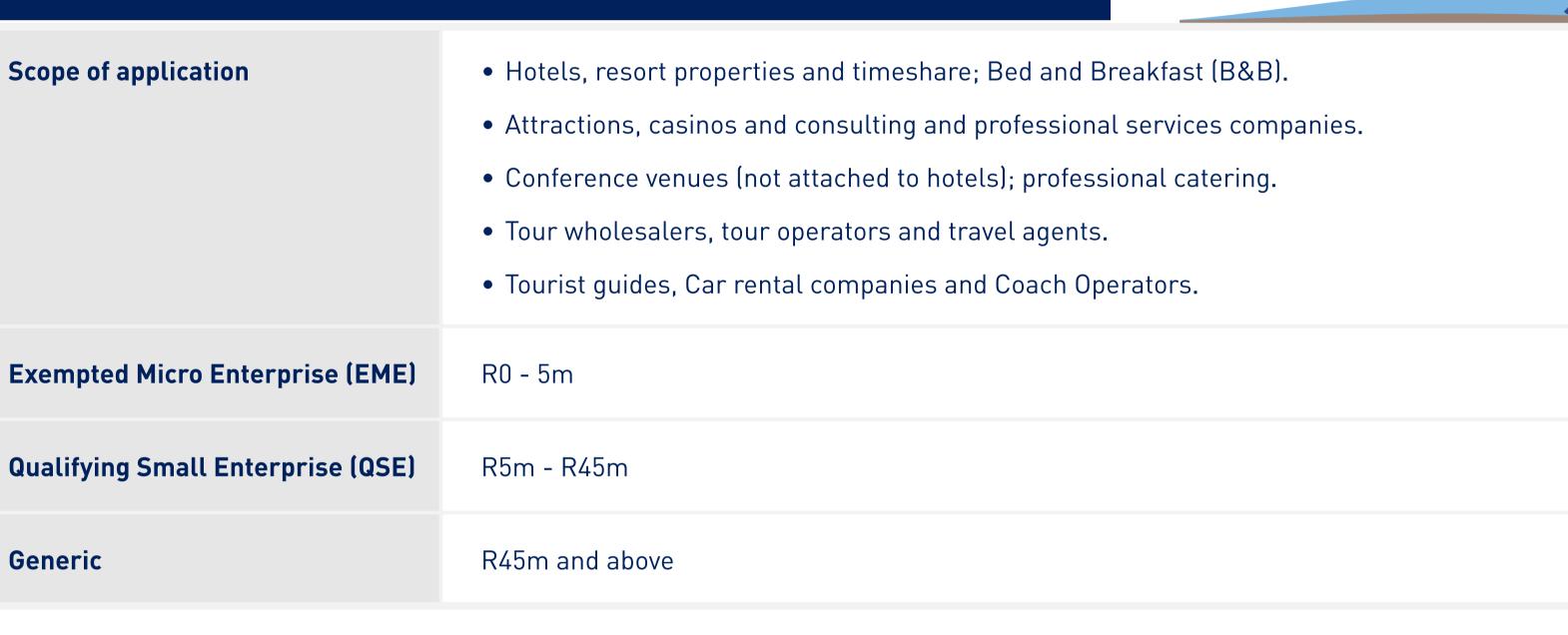
• Re-insurance

Exempted Micro Enterprise (EME) R0 - 10m

Qualifying Small Financial R10m - R50m Institution (QSFI)

SECTOR Tourism

R50m and above



and Technology (ICT) Scope of application

SECTOR

Scope of application

and Advertising

SECTOR

Exempted Micro Enterprise (EME) Qualifying Small Enterprise (QSE) R10m - R50m

Marketing, Communications

R0 - 10m

Information, Communication

R50m and above Generic

• Broadcasting, Electronics, Information Technology and Telecommunications sub-sectors.

• Advertising, Public Relations and Communication as marketing vehicles in all media including





This covers the following:

• Contracting sub-sector: forestry contractors in silviculture, harvesting, fire-fighting services and other forestry contracting services not covered by their own Sector Codes. • Fibre sub-sector: pulp, paper, paperboard, timber board product, woodchip and wattle bark manufactures. • Sawmilling sub-sector: industrial, structural and mining timber sawmills and match producers. • Pole sub-sector: pole treatment plants. • Charcoal sub-sector: charcoal producers. R0 - 10m **Exempted Micro Enterprise (EME)** R10m - R50m Qualifying Small Enterprise (QSE) R50m and above Generic **SECTOR**

• The primary production of agricultural products.

agricultural products.

R0 - 10m

R10m - R50m

Exempted Micro Enterprise (EME)

Agri-BEE

Scope of application

Generic

Qualifying Small Enterprise (QSE)

R50m and above

• Enterprises typically classified as BEPs include, but are not limited to: consulting engineering

• The beneficiation of agricultural products (whether of a primary or semi-beneficiated form)

and the storage, distribution and/or trading and allied activities related to non-beneficiated

SECTOR Construction Scope of application • Contractors conducting construction project activities that include: civil engineering, electrical engineering, power transmission, general building and specialist construction works as per the CIBD grading tables. • Built Environment Professionals (BEP) that conduct the following activities: planning, design and costing of construction projects in the built environment.

industrial, property, transport and infrastructure.

R0 - 10m Contractors | R0 - R6m BEP

Residential property industry

Commercial property industry

• Property development

R80m - R400m: Asset-based

R400m: Asset-based

• Property ownership

R0 - 5m

R10m - R50m Contractors | R6m - R25m BEP

R50m and above Contractors | R25m and above BEP

practices, architects, quantity surveyors and town planners.

Exempted Micro Enterprise (EME) Qualifying Small Enterprise (QSE)

Scope of application

Generic

SECTOR Property

R10m - R50m: Property Commercial | R2.5m - R35m: Estate agents/broking

R50m and above: Property -commercial | R35m and above: Estate agents/broking

Generic

Qualifying Small Enterprise (QSE)

Qualifying Small Enterprise (QSE)

Integrated Transport

SECTOR

Generic

Exempted Micro Enterprise (EME)

Qualifying Small Enterprise (QSE)

Scope of application • Public Transport, Private sector taxi associations, bus commuters Aviation Maritime **Exempted Micro Enterprise (EME)** R0 - 5m (affidavit use not applicable)

R5m - R35m (affidavit use not applicable)

R35m and above

R5m - R50m

R50m and above

SECTOR Defence Commercial industry involved in Research and Development, Engineering, Production and Servicing Scope of application of military material, equipment and facilities, including military veterans. R0 - 5m **Exempted Micro Enterprise (EME)**

Generic

ANSWERING YOUR QUESTIONS

Sector Code.

Generic codes.

revenue. Which sector then applies?

the entity shall be subjected to a Sector Code if they fall or trade under a sector which has a gazetted Section 9 (1) In the previous financial year our company revenue from the construction sector was over 50%, but our revenue

My company is part of a group of companies with revenue in different sectors; which sector code must be applied?

If a Holding Company/Group of Companies or subsidiary derives over 50% of its revenue from a sector where there

Company/Group of Companies' revenue is equally distributed among its divisions/subsidiaries, such that the Holding

Group of Companies will be measured in accordance with the Generic Codes. However, the divisions/subsidiaries of

then shifted to general manufacturing. In the coming financial year we'll likely shift back to majority construction

is a Sector Code, such entity will be measured in accordance with that Sector Code's scorecard. Where a Holding

Company/Group of Companies cannot determine under which sector code it falls, then the Holding Company/

The DTI Statement 003 Amended Guidelines to Sector Codes, clause 5 stipulates as follows:

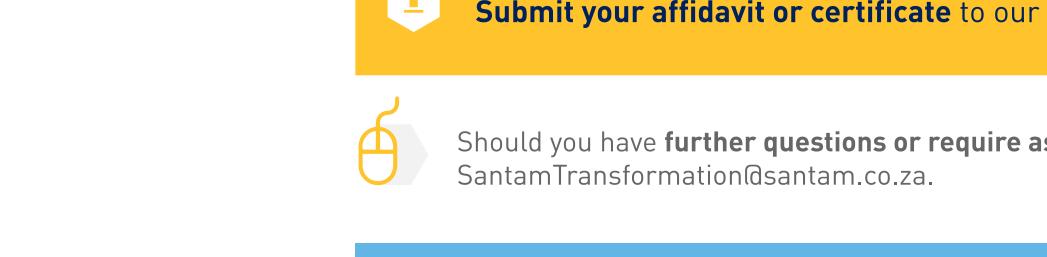
As the company will still operate in the construction industry, with over 50% of revenue coming from that sector, it must be rated under the construction sector. My revenue is equally distributed across two sector codes, which sector do I then apply?

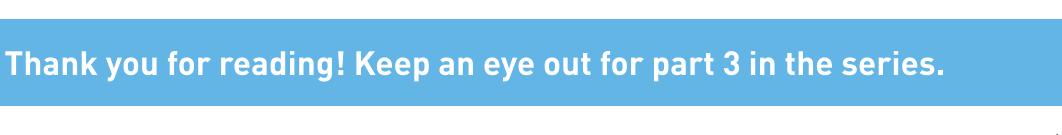
If a company cannot determine under which sector code it falls, it will be measured in accordance with the

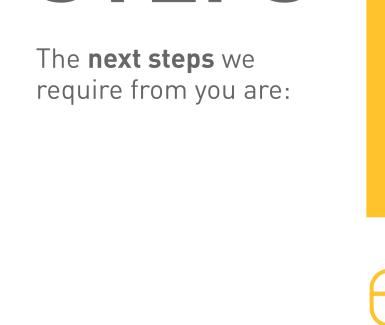
Review current revenue streams to identify where 50% of the revenue comes from. If you're still unsure, please speak to your accountant.

Complete the **BEE affidavit** if applicable.

- If you don't qualify for an affidavit, complete the **BEE rating** through a **SANAS-accredited** agency. Contact us for list of approved agencies.
 - Should you have further questions or require assistance, please email our Transformation Team at



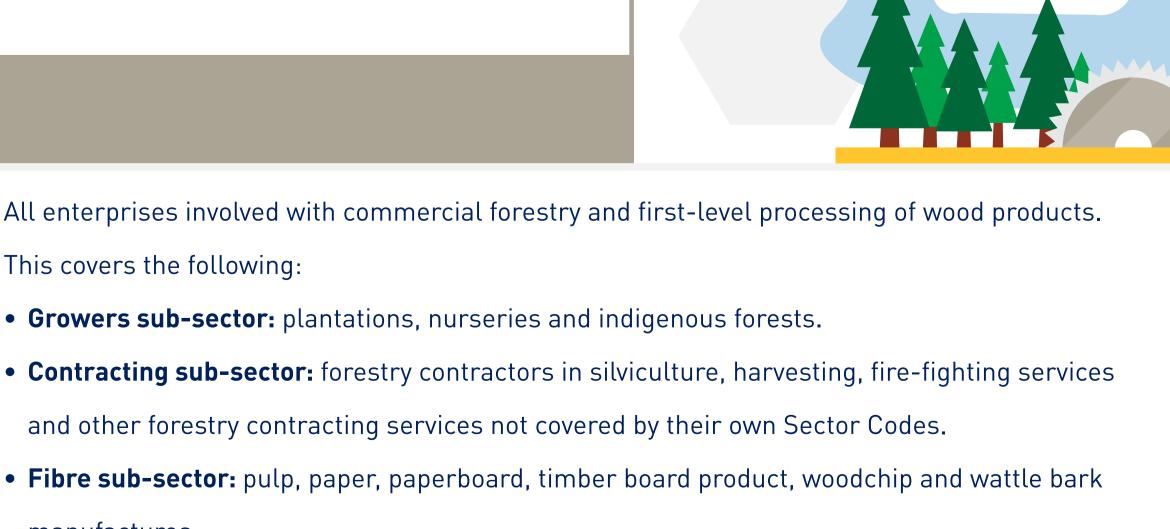




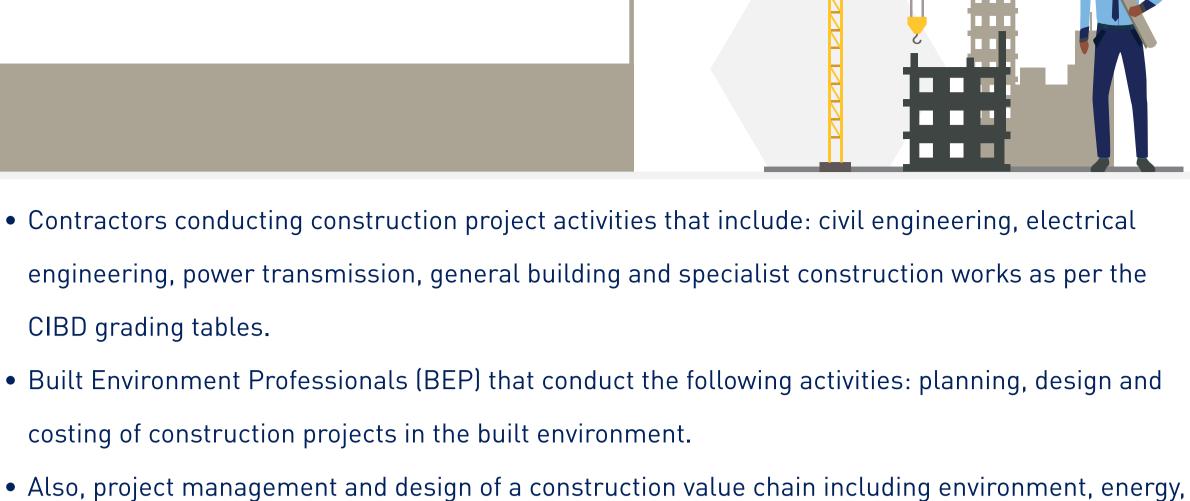


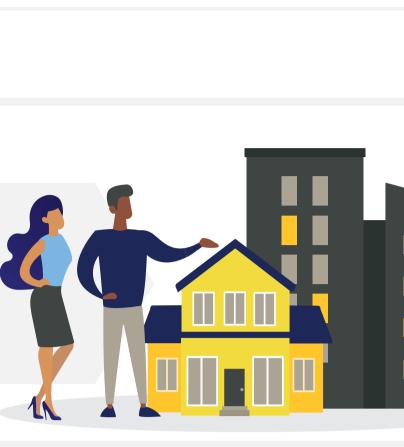


• Private equity, venture capitalist and impact investors • Management of investments on behalf of public • Industry trade associations operating in sector









Property services

(in property sector)

• Organs of state

Regulators

