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DRAFT GAZETTE 41709 Codes of Good Practice Series 400 of the B--BBEE ACT

What is it?

A draft gazette, Number 41709 dated 29 May 2018, published on 15 June 2018 for 60-day public commentary with regard to **Code series 400** of the B-BBEE Act — ***Enterprise and Supplier Development***.

The matter at hand?

1. New definitions proposed.
2. Revised Enterprise & Supplier Development Code 400 wording.

Detail?

Significant proposed changes to the Code:

- “Absorption” will mean a learner securing a long term contract of employment (also defined) and will no longer include proceeding with further education and training.
- The definition of a Designated Group Suppliers is clarified as 51% ownership by Black Designated Groups.
- Critical Skills is tightened to mean as defined by the relevant SETA and not any SETA.
- 30% Black Women Owned means an Entity where Black women own at least 30% and not more than 30%.

The Preferential Procurement Scorecard is amended as follows:-

- The two separate indicators for purchase from EMEs and QSEs are merged into one with 5 Points and a target of 25%. Currently there are 7 points across the two with targets of 15%. There is an additional clause that permits purchases from Generic entities that are 51% Black owned to be included under this indicator so long as they are 51% black owned via flow through and not modified flow through.
- Indicator 2.1.4 relating to purchases from 51% Black Owned suppliers becomes 2.1.3 and the points and target are increased from 9 to 11 and 40% to 50% respectively.



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Detail continued...

The definition of qualifying Enterprise & Supplier Development beneficiaries is changed to EMEs, QSEs or Generic Entities that are 51% Black or 51% Black Women Owned utilizing the flow through principle.

A new recognition multiplier of 2.0 is introduced for purchases for suppliers that are 51% Black Owned or 51% Black Woman Owned utilising the Flow Through Principle.

The recognition multiplier of 1.2 for 1st time suppliers is removed.

Suppliers to the measured entity cannot benefit from Enterprise Development contributions.

The recognition of guarantees provided on behalf of an Enterprise or Supplier Development beneficiary is increased from 3% to 50%.

Comments must be submitted within 60 days from 15 June 2018.

Contact BEE Ratings—SA at your earliest convenience for an appointment.