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22 October 2018

## ***B-BBEE explained - The Y.E.S Initiative Practice Note Number 1 of 2018 from the DTI***

In two previous articles dated 12 July 2018 and 10 September 2018 the benefits of implementing the proposed Y.E.S Initiative were discussed. The Initiative has since been gazetted by the Minister of Trade and Industry within Code Series 000, Statement 000 of the Amended Codes of Good Practice in terms of **Section 9 (1)** of the Broad-Based Black Economic Empowerment Amendment Act 2003, (Act No. 53 of 2003) as amended by the B -BBEE Act 46 of 2013.

The objective of the Youth Employment Service (Y.E.S) Initiative is to provide for, and institute, Broad-Based Black Economic Empowerment (B-BBEE) Recognition for Y.E.S Measured Entities and qualification criteria applicable to, the B-BBEE Recognition for Job Creation.

Dr Rob Davies of the DTI published a 9 page document in Gazette #41975 listing the general principles to follow when implementing the Y.E.S Initiative. A shortlist is given below.

1. Y.E.S Measured Entities will need to register with the Y.E.S Non-Profit Company (Registration number: 2017/267641/08) in order to participate within the Y.E.S Initiative for Monitoring and Evaluation purposes of the Initiative.
2. B-BBEE Recognition will only be awarded to Y.E.S Measured Entities that have registered with the Y.E.S Non-Profit Company.
3. Public Entities and Specialised Entities may participate within the Y.E.S Initiative with no Sub-Minimum requirements.
4. Sub-Minimums for Sector Specific Y.E.S Measured Entities will be calculated as per the principles within the relevant Sector Code of Good Practice for Qualification under the Y.E.S Initiative.
5. Y.ES Measured entities need to maintain the previous B-BBEE Status Level before participating in Y.E.S (I.E Level 4, Level 5 etc.). Maintenance of B-BBEE Status Levels will be verified by the South African National Accreditation System (SANAS) Accredited BBBEE Verification Agency before the Y.E.S B-BBEE Recognition is awarded. Where entities do not maintain their previous B-BBEE Status Level due to any factors and wish to participate within the Y.E.S Initiative, they may engage with the DTI B-BBEE Policy Unit with justifiable evidence for participation.



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6. Due to the uptake and difference in Measurement Periods for Y.E.S Measured Entities, the Target for Absorption will not be verified for B-BBEE Recognition during the first year of implementation of the Y.E.S initiative. Instead, the target for this will be verified when absorption takes place in the following Measurement Period. Absorption is based on the Y.E.S Entity's Target.
7. The Work Place Experience for Eligible Employees needs to cover a full 12-month period. In the event where the Eligible Employee does not complete a full 12-month period due to unforeseen circumstances, the Y.E.S Measured Entity needs to ensure that at least Eight (8) full months have been completed in order to be eligible for B-BBEE Recognition. Furthermore, if any Eligible Employees fall out of the Y.E.S Initiative due to any circumstance, the Y.E.S Measured Entity will have one (1) month to replace them in order to be eligible for B-BBEE recognition.
8. Absorption can only take place after the 12-month completion of the work place experience and the target is based on the Y.E.S Targets for Y.E.S Measured Entities. If absorption is identified at the time of B-BBEE Verification, B-BBEE Recognition will be awarded. Absorption is defined in Schedule 1 of the Amended Codes of Good Practice and the same principles are applicable.
9. The 12-month workplace experience is not a Learnership, Internship or Apprenticeship programme.
10. The 12-month Quality Workplace Experience will be monitored by the Y.E.S Non-Profit Company to ensure a consistent national standard. Sectors that are governed by specific Employment Conditions Legislation should be taken into account but ultimately the Eligible Employee needs to fulfil a 12-month workplace experience.
11. Y.E.S Measured Entities will be able to claim up to 50% of their Skills Development Spend as Informal Training (Category F and G of the Skills Development Matrix) against the Skills Development Scorecard for Y.E.S Eligible Employees only.
12. Placements of Black Youth can be for Exempted Micro Enterprises (EMEs) and Qualifying Small Enterprises (QSEs) including EME and QSE Non-Profit Organisations. However, Entities may place Eligible Employees in Entities irrespective of size to ensure A Quality Work Experience is achieved.



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13. EMEs and at least 51% Black Owned or more QSEs that participate within the Y.E.S Initiative will be verified against the Qualifying Small Enterprise Scorecard and the B-BBEE Certificate will be issued by an Accredited SANAS B-BBEE Verification Agency. This is also applicable to Sector Codes of Good Practice utilising the respective QSE Scorecard.
14. B-BBEE Recognition will only be applicable for the creation of jobs under the Y.E.S Initiative for Eligible Employees who are unemployed at the time of registering with the Y.E.S Initiative.

Note that the principles of the Employment Equity Act where applicable may apply too. This includes Employment Equity Reports EEA1, EEA2 and EEA4 and these reports may be used during the verification process.

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