

BROAD-BASED BLACK ECONOMIC EMPOWERMENT COMMISSION
EXPLANATORY NOTICE 01 OF 2021
GUIDELINES FOR COMPLETING THE COMPLIANCE MATRIX FOR
SUBMISSION OF A COMPLIANCE REPORT IN TERMS OF SECTION 13G (1) and (2) OF THE
B-BBEE ACT

(Effective 1 April 2021)

A. Introduction

1. The Broad Based Black Economic Empowerment Commission (“B-BBEE Commission”) is an entity established by the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by Act 46 of 2013 (“the B-BBEE Act”), to oversee the implementation of the Act, which includes provision of explanatory notices outlining the procedures of the B-BBEE Commission to guide the public.
2. Section 13F(1)(g) of the B-BBEE Act requires the B-BBEE Commission to receive and analyse reports prescribed in section 13G, concerning broad-based black economic empowerment compliance by organs of state, public entities and private sector enterprises. Regulation 12 in Part 2 of the Regulations regulating the administration and implementation of the Broad-Based Black Economic Empowerment Act and the functions of the B-BBEE Commission (“B-BBEE Regulations”) has outlined the process for submitting B-BBEE compliance reports.
3. This Explanatory Notice is issued in terms of section 13F(3)(b)(i) to guide on the completion of the information required on the compliance matrix issued as part of Explanatory Notices 02 of 2017 and 01 of 2018 respectively, in support of the B-BBEE reporting in terms of section 13G of the B-BBEE Act.

B. What is a B-BBEE Compliance Matrix?

4. A compliance matrix is a comprehensive outlook on the indicators that contribute towards the B-BBEE points recognised by the measured entity as guided by requirements of the Codes of Good Practice. The main benefit of the compliance matrix is to enable the B-BBEE Commission to determine the extent of B-BBEE implementation to effectively measure the levels of transformation within the context of B-BBEE.

C. Who must submit a compliance matrix?

5. In terms of Section 13G, read with regulation 12 of the B-BBEE Regulations, the following entities are required to submit a compliance report:
- a) All spheres of **government, public entities** and **organs of state** must report on their compliance with broad-based black economic empowerment in their audited annual financial statements and annual reports required under the Public Finance Management Act, 1999 (Act No. 1 of 1999) within thirty (30) days post approval of such annual report and financial statements in a prescribed Form B-BBEE 1.
 - b) All **public companies** listed on the **Johannesburg Stock Exchange (JSE)** must in a prescribed Form B-BBEE 1 provide to the B-BBEE Commission, in such manner as may be prescribed, a report on their compliance with broad-based black economic empowerment within 30 days' post approval of annual reports and financial statements or ninety (90) days after end of the financial year of the listed entity, irrespective of whether it is primary or secondary listing.
 - c) All **Sectoral Education and Training Authorities** contemplated in the Skills Development Act, 1998 (Act No. 97 of 1998), must report on skills development spending and programmes to the B-BBEE Commission 30 days' post approval of annual reports and financial statements or 90 days after end of the financial year of the Sectoral Educating Training Authorities in a prescribed Form B-BBEE 2.
6. However, for purposes of this Explanatory Notice, guidance is only in relation to entities that fall in paragraphs (a) and (b).

D. How to complete the compliance matrix?

7.1 All spheres of government, organ of state or public entity as well as entities listed on the JSE are required to provide the following information on their compliance matrix:

7.1.1 Ownership and Management Control Elements

- (a) Race, gender and age indicators of the black shareholders and black directors as per the relevant scorecard. The information must further be broken down into race classification, gender, disability indication and geographical location.
- (b) The information provided for management control, must be the same information submitted to the Department of Labour for employment equity reporting.
- (c) Indicate dividends declared and method or formula of distribution.

7.1.2 Skills Development Element

- (a) Value of the 6% or 3% of leviable amount identified for skills development of black people. This amount excludes the skills levy contributed to the Sectoral Education Training Authority through the South African Revenue Services.

- (b) Number of black persons trained per race classification, gender, geographical location, disability and value thereof against each person trained.

7.1.3 Enterprise and Supplier Development Element

- (a) List of all B-BBEE compliant suppliers, type of enterprise, their B-BBEE Status, percentage of black ownership, percentage of black women ownership, nature of services or goods supplied and total spend with each supplier.
- (b) Number of all black owned or black women owned EMEs or QSEs the measured entity supported under enterprise and supplier development and value thereof against each entity. The information must further be broken down in terms of geographical location, sector, and level of black ownership and black women ownership.

7.1.4 Socio Economic Development Element

- (a) The value the measured entity has spent on socio-economic development.
- (b) Number of black participants supported in terms of race classification, gender, geographical location and value thereof.

E. What to do if you do not have the required information?

- 8. In the event that a measured entity does not have the information required to categorise according to geographical location, youth, women or people with disabilities on the basis that it does not claim recognition for such categories on its scorecard, it is advised to record zero under the applicable field.
- 9. However, where the categories in question have been claimed by the measured entity on its scorecard, the information must be provided as that information must be readily available as supporting evidence of the claims. Failure to do so will result in the compliance report not being acknowledged as submitted for compliance with section 13G, resulting in contravention of the B-BBEE Act.

F. Conclusion

- 10. The B-BBEE Commission is committed to ensuring that the B-BBEE Act is implemented in a manner that is consistent to achieve the objectives of broad-based black economic empowerment which should bring about an inclusive economy for all.
- 11. The B-BBEE Commission will ensure that it communicates any changes to the procedure outlined in this Explanatory Notice for completing the compliance matrix. For any queries of clarification, the B-BBEE Commission must be contacted immediately.

Issued by the B-BBEE Commission

03 February 2021

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SCORECARD ELEMENTS

1. OWNERSHIP AND MANAGEMENT CONTROL

Please indicate number of shareholders/directors/managers by providing relevant information below:

Categories	% for each category	Race classification (indicate % in terms of A, C & I)	Gender (indicate % in terms of F & M)	Age (provide % in chronological order)	Location (indicate nr in each Province)	Disability (indicate % in terms of F & M)
Black Ownership						
Board						
Exec Directors						
Non-Exec Directors						
Senior						

Management						
Middle Management						
Junior Management						
Dividends declared						

(NB: A-Africans, C-Coloureds, and I-Indians)

2. SKILLS DEVELOPMENT

Total leviable amount and number of black persons trained by providing relevant information as follows:

Total Levialbe Amount:							
Categories	Number for each category	Race classification (indicate % in terms of A, C & I)	Gender (indicate % in terms of F & M)	Age (provide % in chronological order)	Location (indicate nr in each Province)	Disability (indicate % in terms of F & M)	Total Amount Spend
Black employees							
Black non-							

employees							
Black employees with disabilities							
Black people at institutions of higher education							
Black people on a learnership, internship and apprenticeship							
Black people absorbed at end of learnership, internship and apprenticeship							

(NB: Please use fields applicable to each codes of good practice, considering the 31 May 2019 amended generic codes)

3. ENTERPRISE AND SUPPLIER DEVELOPMENT

Total procurement spend/budget and number of enterprise and supplier development beneficiaries and value thereof by providing relevant information below:

Total Procurement Spend:			
Total Number of Suppliers	Total Value Spend		
Total Number of EME Supplier	Total Value Spend	% Black Ownership	% Black women ownership
Total Number of QSE Supplier	Total Value Spend	% Black Ownership	% Black women ownership
Total Number of Large Suppliers	Total Value Spend	% Black Ownership	% Black women ownership

Total Value of 2% NPAT or 0.2% of allocated Budget:					
Total Number of EMEs	Total Value Spend	% Black Ownership	% Black Women Ownership	Location (indicate nr in each Province)	Sector
Total Number of QSEs	Total Value Spend	% Black Ownership	% Black Women Ownership	Location (indicate nr in each Province)	Sector
Total Number of Large enterprises*	Total Value Spend	% Black Ownership	% Black Women Ownership	Location (indicate nr in each Province)	Sector

Total Value of 1% NPAT or 0.1% of allocated Budget:					
Total Number of EMEs	Total Value Spend	% Black Ownership	% Black Women Ownership	Location (indicate nr in each Province)	Sector
Total Number of QSEs	Total Value Spend	% Black Ownership	% Black Women Ownership	Location (indicate nr in each Province)	Sector
Total Number of Generic entities*	Total Value Spend	% Black Ownership	% Black Women Ownership	Location (indicate nr in each Province)	Sector

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(NB: Use the NPAT percentages that is applicable in each codes of good practice)

*In terms of the 31 May 2019 amended generic codes of good practice, large entities will qualify as beneficiaries of enterprise and supplier development only if they were EMEs or QSEs when they were identified for support in the first instance, and a measured entity is allowed to recognise large entities only up to 5 years.

4. SOCIO-ECONOMIC DEVELOPMENT

Total spend and number of black participants, race classification, gender, geographical indication and value thereof by providing relevant information below:

Total Value of 1% NPAT or 0.1% of allocated Budget:				
Number of participants	Race classification (indicate % in terms of A, C & I)	Gender (indicate % in terms of F & M)	Location (indicate nr in each Province)	
			GP	
			MP	
			FS	
			LP	
			WC	

			EC	
			NC	
			KZN	
			NW	
Total Value Spend:				

(NB: A-Africans, C-Coloureds, and I-Indians)