



## EXPLANATORY NOTICE 02 OF 2021

### COMPLETION OF FORM B-BBEE 1 AND THE COMPLIANCE MATRIX FOR SUBMISSION OF A COMPLIANCE REPORT IN TERMS OF SECTION 13G (1) and (2) OF THE B-BBEE ACT

#### **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.
3. Regulation 12 in Part 2 of the B-BBEE 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.
4. This Explanatory Notice is issued in terms of section 13F (3) (b) (i) to guide on the completion of the information required as guided by the compliance matrix attached hereto as **Annexure A**. This Explanatory Notice replaces Explanatory Notices 02 of 2017, 01 of 2018 and 01 of 2021 with immediate effect in regard to the B-BBEE reporting in terms of section 13G of the B-BBEE Act.

**B. What is a B-BBEE Compliance Matrix?**

5. A compliance matrix is a comprehensive outlook of 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 effectively measure the levels of transformation within the context of B-BBEE.

**C. Who must submit a compliance matrix?**

6. Section 13G (1) and (2), read with regulation 12 (1) to (5) of the B-BBEE Regulations, requires the following in regard to compliance reports:
- 6.1 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.
- 6.2 All **public companies** listed on the **Johannesburg Stock Exchange (JSE)** must in a prescribed Form B-BBEE 1 provide to the B-BBEE Commission a report on their compliance with broad-based black economic empowerment within thirty (30) days post approval of annual reports and financial statements if the report is included therein or ninety (90) days after end of the financial year of the listed entity.
7. With regard to JSE listed entities, the B-BBEE Act does not make any distinction between the type of listing on the JSE, and thus all entities that are listed on the JSE, including the primary and secondary listing, are required to submit their compliance reports to the B-BBEE Commission.

**D. How to complete the compliance matrix?**

8. On the prescribed Form B-BBEE 1, all spheres of government, public entities, organs of state and JSE listed entities are required to indicate specific information in line with their B-BBEE scorecard, and in addition **to indicate how each element contributes to the outcome of the scorecard** submitted. To simplify the requirement, the compliance matrix has been developed to guide the required information. All spheres

of government, public entities, organs of state and JSE listed entities are required to provide the following information on the compliance matrix as detailed below:

### **8.1 Ownership and Management Control Elements**

- (a) Breakdown of race, gender and age indicators of the black shareholders, directors and managers as per the relevant scorecard.
- (b) The information provided for management control, must be the same information submitted to the Department of Labour for employment equity reporting and must be written using percentages.
- (c) Indicate dividends declared in Rand value.
- (d) Information relating to ownership is only applicable to JSE listed entities and not to be completed by all spheres of government, public entities and organs of state except if such entities have disposed of part of the government ownership.

### **8.2 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) Percentage of black persons trained per race classification, gender, disability and value thereof against each category.

### **8.3 Enterprise and Supplier Development Element**

- (a) Indicate the number of all B-BBEE compliant suppliers, type of enterprise as to whether it is an EME, QSE or generic entity, percentage of black ownership, percentage of black women ownership, percentage of designated group, and total spend with each category.
- (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 in each category, with a breakdown according to level of black ownership and black women ownership.

## **8.4 Socio Economic Development Element**

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

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

- 9. In the event that a measured entity (all spheres of government, public entities, organs of state and JSE listed) does not have the information required to categorise according to 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.
- 10. However, where the categories in question have been claimed by the measured entity (all spheres of government, public entities, organs of state and JSE listed) on its scorecard, the information must be provided as that information must be readily available from the supporting evidence of the claims.
- 11. In case of Paragraph 9 above, where a measured entity is not able to provide the information required, it must record zero on the matrix and provide a formal written reason for the absence of the information with regard to each such field.
- 12. In line with regulation 12 (15), the B-BBEE Commission may conduct a site visit to verify the correctness of the information submitted.
- 13. In the event that the B-BBEE Commission suspects violation of the B-BBEE Act, it may initiate its own investigation as permitted by section 13F (1) (d) read with section 13J (1) of the B-BBEE Act to determine if there is any violation of the Act.

### ***F. Conclusion***

- 14. 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.

15. The B-BBEE Commission will ensure that it communicates any changes to the procedure outlined in this Explanatory Notice. For any queries of clarification, the B-BBEE Commission must be contacted immediately.

Issued by the B-BBEE Commission

1 September 2021

For queries contact:

Compliance Division:

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77 Meintjies Street, Black E, Second

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## SCORECARD ELEMENTS

NAME OF THE ENTITY: \_\_\_\_\_

Registration No.: \_\_\_\_\_

## 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 terms of youth (between 18 – 35 yrs) & Adults (36 and above)]	Location (indicate % in each Province)	Disability (indicate % in terms of F & M)
Black Ownership						
Board						
Exec Directors						
Non-Exec Directors						

<b>Senior Management</b>						
<b>Middle Management</b>						
<b>Junior Management</b>						
<b>Dividends declared</b>						

*(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:

<b>Total Leviable Amount:</b>							
<b>Categories</b>	<b>Number for each category</b>	<b>Race classification (indicate % in terms of A, C &amp; I)</b>	<b>Gender (indicate % in terms of F &amp; M)</b>	<b>Age [provide % in terms of youth (between 18 – 35 yrs) &amp; Adults (36 and above)]</b>	<b>Location (indicate nr in each Province)</b>	<b>Disability (indicate % in terms of F &amp; M)</b>	<b>Total Amount Spend</b>
<b>Black</b>							

<b>employees</b>							
<b>Black non-employees</b>							
<b>Black employees with disabilities</b>							
<b>Black people at institutions of higher education</b>							
<b>Black people on a learnership, internship and apprenticeship</b>							
<b>Black people absorbed at end of learnership, internship and apprenticeship</b>							
<b>GRAND TOTAL AMOUNT SPEND</b>							

(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:

<b>Budgeted total Procurement Spend =</b>			
<b>Actual Total Value Spend =</b>			
<b>Total Number of EME Supplier</b>	<b>Total Value Spend</b>	<b>% Black Ownership</b>	<b>% Black women ownership</b>
<b>Total Number of QSE Supplier</b>	<b>Total Value Spend</b>	<b>% Black Ownership</b>	<b>% Black women ownership</b>
<b>Total Number of Large Suppliers</b>	<b>Total Value Spend</b>	<b>% Black Ownership</b>	<b>% Black women ownership</b>

<b>Total Value of 2% NPAT or 0.2% of allocated Budget =</b>					
<b>Actual Total Spend of 2% NPAT or 0.2% of allocated budget =</b>					
<b>Total Number of EMEs</b>	<b>Total Value Spend</b>	<b>% Black Ownership</b>	<b>% Black Women Ownership</b>	<b>Location (indicate nr in each Province)</b>	<b>Sector</b>
<b>Total Number of QSEs</b>	<b>Total Value Spend</b>	<b>% Black Ownership</b>	<b>% Black Women Ownership</b>	<b>Location (indicate nr in each Province)</b>	<b>Sector</b>
<b>Total Number of Large enterprises*</b>	<b>Total Value Spend</b>	<b>% Black Ownership</b>	<b>% Black Women Ownership</b>	<b>Location (indicate nr in each Province)</b>	<b>Sector</b>

<b>Total Value of 1% NPAT or 0.1% of allocated Budget =</b>					
<b>Actual Total Spend of 1% NPAT or 0.1% of allocated budget =</b>					
<b>Total Number of EMEs</b>	<b>Total Value Spend</b>	<b>% Black Ownership</b>	<b>% Black Women Ownership</b>	<b>Location (indicate nr in each Province)</b>	<b>Sector</b>
<b>Total Number of QSEs</b>	<b>Total Value Spend</b>	<b>% Black Ownership</b>	<b>% Black Women Ownership</b>	<b>Location (indicate nr in each Province)</b>	<b>Sector</b>
<b>Total Number of Generic entities*</b>	<b>Total Value Spend</b>	<b>% Black Ownership</b>	<b>% Black Women Ownership</b>	<b>Location (indicate nr in each Province)</b>	<b>Sector</b>

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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:

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

			NC	
			KZN	
			NW	
<b>Total Value Spend:</b>				

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

**WHERE THE INFORMATION IS UNAVAILABLE AND RECORDED AS ZERO ON THE MATRIX AS INDICATED IN PARAGRAPH 9 OF THIS EXPLANATORY NOTICE, PLEASE PROVIDE A REASON FOR THE ABSENCE OF SUCH INFORMATION IN RESPECT OF EACH RELEVANT FIELD BELOW:**