



UNDERSTANDING THE LANGUAGE OF B-BBEE

TERM	DEFINITION
ABET	Adult basic education and training as determined by the national qualifications authority
B-BBEE	Broad- Based Black Economic Empowerment
B-BBEE Codes	The Codes of Good Practice on Broad-Based Black Economic Empowerment gazetted on 9 February 2007 as part of the Broad-Based Black Economic Empowerment Act, Act No. 53 of 2003 and any amendments thereto.
B-BBEE Consultancy	A consultancy that provides a service that assists a measured entity to implement a B-BBEE Strategy or any element of a B-BBEE Strategy.
BEE	Black Economic Empowerment
BEE Level	The status given to an organisation dependent on their BEE Score. Levels range from 8, which is the lowest through to 1 which is the highest.
BEE Score	The total number of points a company secures on a BEE Scorecard.
Black Designated Groups	<ul style="list-style-type: none">• Black unemployed people• Black youth (under 35)• Black disabled• Black people living in rural or under-developed areas
Black New entrant	Black participants who hold rights of ownership in a measured entity and who, before holding the equity instrument in the measured entity, have not held equity instruments in any other entity which has a total value of more than R20 000 000.00 (R20-million), measured using a standard valuation method.
Black people	Defined in the act as including only natural persons who are citizens of the Republic of South Africa by birth or descent; or are citizens of the Republic of South Africa by naturalisation: (a) Occurring before the commencement date of the constitution of the Republic of South Africa Act of 1993; or (b) Occurring after the commencement date of the constitution of the Republic of South Africa Act of 1993, but who, without the apartheid policy would have qualified for naturalisation before then.



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Broad-based Ownership Schemes	A scheme where at least 85% of the benefits must flow to black people, where at least half of the controlling body must comprise of black people and at least 25% should be black women. At least half of the controlling body should be independent, receiving no benefit from the scheme.
Category A	EMEs or QSEs that are 50% black owned.
Category B	Any other entity that is 50% black owned, or 25% black owned so long as they have achieved a BEE level between 1 and 6.
Disabled Employees	Besides obvious disabilities such as being blind, deaf or paraplegic, this includes any employee who has a physical or mental impediment that requires the organisation to make special accommodation for their disability (Refer to Section 54 of Employment Equity Act).
DTI	Department of Trade and Industry
EBITDA	<i>Earnings before interest, tax, depreciation and amortisation</i> interpreted in accordance with South African Generally Accepted Accounting Practice.
EME	Exempt Micro Enterprise which has an annual turnover of less than R5 million.
Employee	Any person other than an independent contractor who- <ul style="list-style-type: none"> a) works for another person or for the State and who receives, or is entitled to receive, any remuneration; and b) in any manner assists in carrying on or conducting the business of an employer, and "employed" and "employment" have corresponding meanings.
Enterprise development contributions	Monetary or non-monetary contributions carried out for the following beneficiaries, with the objective of contributing to the development, sustainability and financial and operational independence of those beneficiaries: <ul style="list-style-type: none"> (a) Category A enterprise development contributions involves enterprise development contributions to exempted micro-enterprises or qualifying small enterprises which are 50% black-owned or black-women owned; (b) Category B enterprise development contributions involves enterprise development contributions to any other entity that is 50% black-owned or black-women owned; or 25% black-owned or black-women owned with a BEE status of between level one (1) and level six (6).



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Learnerships	The skills development programs approved by the relevant SETA having jurisdiction over each of the Measured Entity's spheres/areas of operation and which are fully certified in accordance with the National Qualifications Framework maintained in terms of South African Qualifications Authority Act
Net profit after tax	The operating profit of a measured entity after tax. It incorporates both the equity/loss figures and abnormal items, but excludes extra ordinary items as determined by Generally Accepted Accounting Practices (GAAP).
Net profit before tax	The operating profit of a measured entity before tax. It incorporates both the equity/loss figures and abnormal items, but excludes extra ordinary items as determined by Generally Accepted Accounting Practices (GAAP).
NPAT	Net Profit After Tax
PFMA	Means the Public Finance Management Act 1 of 1999 as amended.
QSE	Qualifying Small Enterprise which has an annual turnover of between R5 million and R35 million.
SANAS	South African National Accreditation System a) Accrediting verification agencies; and b) Developing, maintaining and enforcing the verification standards.
SED Contribution	<ul style="list-style-type: none"> • Socio-economic development contributions are grant-based and non-recoverable • Socio-economic development contributions may take the form of monetary or non-monetary contributions (the costs associated with the latter contribution must be quantified using an acceptable standard valuation method for it to be recognisable) – Please refer to AC133 for acceptable valuation methods • The costs associated with the initiation and implementation of socio-economic development initiatives in favour of beneficiaries must be incurred before the initiative is recognisable • The socio-economic development contribution must be instituted for the specific objective of facilitating the sustainable access of approved beneficiaries to the mainstream economy.
Skills Development Expenditure	Comprises the money that a measured entity spends on skills development. It excludes the skills development payable by the measured entity under the Skills Development Levies Act.



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Socioeconomic Development Programmes	<p>Socioeconomic development programmes commonly take the following forms:</p> <ul style="list-style-type: none"> (a) Development programmes for women, youth, people with disabilities, people living in rural areas; (b) Support of healthcare and HIV/AIDS programmes; (c) Support for education programmes, resources and materials at primarily, secondary and tertiary education level, as well as bursaries and scholarships; (d) Community training skills development for unemployed people and adult basic education and training; or (e) Support of arts, cultural or sporting development programmes.
Start-up enterprise	<p>A recently formed or incorporated entity that has been in operation for less than one year. A start-up enterprise does not include any newly constituted enterprise which merely a continuation of a pre-existing enterprise.</p>
Total Measured Procurement Spend:	<p>The total amount spent in a 12 month period on any goods or services bought from outside the organisation. A list of inclusions and exclusions is given below.</p>
Value-adding enterprise	<p>An entity registered as a vendor under the Value-Added Tax of 1991, whose net profit before tax summed with its total labour cost exceeds 25% of the value of its total revenue.</p>
Verification Agency	<p>A SANAS accredited B-BBEE Verification Agency that assesses, verifies and validates both disclosed and undisclosed B-BBEE-related information on measured entities; and evaluate B-BBEE transactions/scenarios to determine the effective creation and/or enhancement of economic wealth for black people.</p>
Verification Certificate	<p>B-BBEE Verification Certificate issued by an accredited Verification Agency which reflects the overall B-BBEE Status and B-BBEE status of each Scorecard Element verified in respect of the measured entity.</p>
Voting Rights	<p>The weighting of a director's vote in board decisions. In some companies each director will have an equal vote, while in others the voting is weighted to represent the shareholding of the shareholders who they represent.</p>