



Step-by-step guide to the Empowerdex B-BBEE rankings

How it is done

The Most Empowered Companies project objectively measures the contributions made to broad-based black economic empowerment (B-BBEE) by companies listed on the JSE. This provides insight into the status of empowerment within big business.

The survey includes all companies listed on the JSE and AltX but excludes those on the venture capital and development boards. Exempt micro enterprises (EMEs) and qualifying small enterprises (QSEs) are also excluded from the ranking tables.

The overall rankings are reflected in the two main tables – one table for companies that have converted to the amended codes or aligned sector codes and one for those still operating under the old codes.

Only those companies whose empowerment scores are verified by a South African National Accreditation System (SANAS) verification agency have been listed in the rankings. The companies are also ranked by sector as well as by performance on the various elements of BEE. All of the scores are derived from actual verification certificates supplied to Empowerdex by the companies concerned and published with their consent. Where a company had not submitted their verification certificate in time for publication but the certificate was publicly available, then that certificate has been used. These scores were taken to be accurate by the Empowerdex research team if they were completed by a SANAS-accredited B-BBEE Verification Agency.

Scoring Methodology:

Participants were invited to submit a BEE rating certificate (see notes on verification certificates below). Although Empowerdex recognises the progress made by certain sectors in terms of the development of sector charters, in order to facilitate meaningful comparisons between various sectors, all companies were scored according to the methodology prescribed in the B-BBEE Codes of Good Practice (the Amended Codes), except where they were scored against an Amended Codes aligned Sector Code, which carries the same legal standing as the Amended Codes. The codes applicable to each company are reflected in the tables on overall rankings and sector rankings.

As some of the Sector Codes carry more points than the Amended Codes, we have ranked the scores in terms of the proportion of points against the total to determine the Most Empowered Companies in each of the categories ranked.

The following elements were scored:

Ownership

The ownership rights and economic interest and the unencumbered equity that is in the hands of black individuals, black women, black designated groups (youth, people living with disabilities, military veterans, unemployed and rural dwellers), broad-based schemes, black new entrants, employee schemes and co-operatives are taken into consideration here. This is subject to the strict maxim of "substance over legal form" which pervades the codes. For example, if preference shares that are similar in nature to debt are issued to black investors, these would not be fully recognised as part of black ownership.

Management control

This measures the representation of black people and black women across management positions in companies. The management portion relates to the board and executive management.

The compliance targets for management control are based on the overall demographic representation of black employees as defined in the Regulations of the Employment Equity Act and Commission on Employment Equity Report, as amended from time to time.

The employee element measures senior, middle and junior management and in determining the measured entity's score, the targets need to be further broken into specific criteria according to the different race sub-groups within the definition of black in accordance with the Employment Equity Act on equitable representation and weighted accordingly. Semi-skilled and unskilled employees are not included in the measurement of management control.

Skills development

As with the employee element of the management control scorecard, the alignment principles for the amended codes provide for the application of the EAP targets in determining an entity's contribution towards skills development for its employees.

The skills spend target in respect of value of expenditure required in terms of spend for training of black employees is 6%. It allows for spending on unemployed people who are not employed by a measured entity to be trained. There is an opportunity to earn up to five bonus points where a measured entity absorbs up to 100% of its trainees. Points in this regard are allocated proportionately, depending on the percentage of trainees absorbed annually.

Skills development contributions for the benefit of black people are scored here. This takes into account the type of training outcomes and methods of assessment in the learning programmes matrix as presented in the amended codes. Measured entities are scored for their overall skills development contributions, their contributions in favour of black disabled people and the participation of black employees and unemployed black people in categories B, C and D apprenticeships, learnerships and internships, which are registered with the relevant SETA or on-the-job training with a formally assessed outcome or qualification.

The following additional changes should be noted:

1. Informal training programmes will only account for a total maximum of 15% of total training expenditure.
2. Overhead costs and administration expenses for training are limited to a total maximum 15% of total training expenditure.
3. A tracking tool to measure the absorption rate of learners is required to determine the proportion of employees absorbed.

Preferential procurement

The preferential procurement provisions are measured as a proportion of total measured procurement spend and only empowering suppliers qualify as suppliers.

The parameters for empowering suppliers have yet to be defined and thus, all entities with a valid B-BBEE certificate are deemed to be empowering.

This element assesses the financial impact on broad-based BEE-compliant firms through business with the measured entity. The focus is on total procurement from all suppliers, qualifying small enterprises, exempted micro enterprises, 51% black-owned enterprises, 30% black woman-owned and 51% black-owned designated groups. This allows firms to score under more than one indicator for this element and provides an incentive to procure goods and services from small black-owned businesses.

The Amended Codes in respect of Enterprise Development and Supplier Development are measured out of a total of 40 points. We have opted not to rank the top performers in terms of this pillar of the Codes as the calculation for Enterprise Development and Supplier Development relates to the Net Profit after Tax (NPAT) of each measured entity. Because the actual amount of spend is not disclosed by most measured entities, it is difficult to rank. The performance of a company may seem impressive, but may be measured against a relatively low NPAT figure when compared to competitors.

Enterprise development

This element determines the impact of a measured entity on the development of financial and operational sustainability of qualifying enterprise development beneficiaries through monetary or quantifiable non-monetary support. Common forms of support include grant contributions, loans issued at favourable terms, management skills transfer and the provision of preferential credit facilities.

Supplier development

Similar to enterprise development, this element determines the impact of a measured entity on the development of financial and operational sustainability of qualifying supplier development beneficiaries through monetary or quantifiable non-monetary support. However, unlike enterprise development, the qualifying beneficiaries in this instance must be suppliers to the measured entity.

Common forms of support include grant contributions, loans issued at favourable terms, management skills transfer and the provision of preferential credit facilities.

Socioeconomic development

This looks at the social impact of contributions by companies on black beneficiaries. This differs slightly from standard corporate social investment in that it is largely directed at infrastructural, educational, community and healthcare development and at least 70% of beneficiaries in this instance must be black people.

How to measure a BEE score

Using the generic scorecard from the Codes of Good Practice gazetted on 11 October 2013

EAP: Economically active population (as measured by StatsSA); NPAT = Net profit after tax

Note: On the scorecard, the bonus points do not form part of the overall score. The scorecard is out of 109 points and the bonuses are not part of the overall total.

B-BBEE Element & Indicators		Codes of Good Practice Weights and Targets	
Ownership		25	Various
Voting Rights (Black)		4	25,01%
Voting Rights (Black Women)		2	10,00%
Economic Interest (Black)		4	25,00%
Economic Interest (Black Women)		2	10,00%
Economic Interest (DG/ESOP/BBOS/CO)		3	3,00%
Black New Entrants		2	2,00%
Net Value		8	25,00%
B-BBEE Element & Indicators		Weights and Targets	
Management		19	Various
Black board members as a percentage of all board members		2	50,00%
Black female board members as a percentage of all board members		1	25,00%
Black executive directors as a percentage of all executive directors		2	50,00%
Black female executive directors as a percentage of all executive directors		1	25,00%
Black executive management as a percentage of all executive management		2	60,00%
Black female executive management as a percentage of all executive management		1	30,00%
Black senior management as a percentage of all senior management		2	60,00%
Black female senior management as a percentage of all senior management		1	30,00%
Black middle management as a percentage of all middle management		2	75,00%
Black female middle management as a percentage of all middle management		1	38,00%
Black junior management as a percentage of all junior management		1	88,00%
Black female junior management as a percentage of all junior management		1	44,00%
Black Disabled people as a percentage of total employees		2	2,00%
B-BBEE Element & Indicators		Weights and Targets	
Skills Development		20	Various
Skills Development Spend as percentage of leviable amount		8	6,00%
Skills Development Spend on disabled persons as a percentage of leviable amount		4	0,30%
Employed black people attending Category B,C & D learning programmes as a percentage of total employees		4	2,50%
Unemployed black people attending Category B,C & D learning programmes as a percentage of total employees		4	2,50%
BONUS - Number of black people absorbed by the measured and industry entity at the end of the learnership programme		5	100,00%
B-BBEE Element & Indicators		Weights and Targets	
Preferential Procurement		25	Various
Total Measurable Procurement			
B-BBEE Procurement from Empowering Suppliers as a percentage of Total Measurable Procurement		5	80,00%
B-BBEE Procurement from Empowering QSE Suppliers as a percentage of Total Measurable Procurement		3	15,00%
B-BBEE Procurement from EME Suppliers as a percentage of Total Measurable Procurement		4	15,00%
B-BBEE Procurement from Empowering 51% black owned suppliers as a percentage of Total Measurable Procurement		9	40,00%
B-BBEE Procurement from Empowering 30% black women owned suppliers as a percentage of Total Measurable Procurement		4	12,00%
BONUS - B-BBEE Procurement from Designated Group Suppliers that are at least 51% black owned		2	2,00%
B-BBEE Element & Indicators		Weights and Targets	
Supplier Development		10	
Total quantifiable monetary & non-monetary investment in development of SD beneficiaries		10	2,00%
B-BBEE Element & Indicators		Weights and Targets	
Enterprise Development		5	
Total quantifiable monetary & non-monetary investment in development of ED beneficiaries		5	1,00%
BONUS point for graduation of one or more ED beneficiaries to graduate to the SD level		1	
BONUS point for creating one or more jobs directly as a result of SD and ED initiatives by the measured entity		1	
B-BBEE Element & Indicators		Weights and Targets	
Socio-Economic Development		5	Various
Total Socio-Economic Development Spend benefitting black people		5	1,00%
Total Score		109	