

CODE 000: BROAD-BASED BLACK ECONOMIC EMPOWERMENT FRAMEWORK

**STATEMENT 000:
PRINCIPLES AND DEFINITIONS OF BROAD-BASED BEE**

Abstract

This statement outlines the key principles underpinning broad-based black economic empowerment (Broad-based BEE).

The definition of broad-based BEE is provided, together with a detailed discussion of the major components and elements of broad-based BEE, highlighting the beneficiaries of each component and specifying their role in the BEE balanced scorecard.

This statement also summarises the BEE indicators, weightings and targets that are used to determine the BEE score for each of the seven elements in the scorecard. The statements also provide guidelines for the application of the scorecard.

The BEE Codes of Good Practice are to be applied in the development, evaluation and monitoring of BEE charters, initiatives, transactions and other implementation mechanisms. The statement contains basic principles and essential considerations, as well as guidance in the form of explanatory, and other, material.

To understand and apply the basic principles and essential procedures, together with the related guidance, it is necessary to consider the whole text, not only specific sections of the Codes that are highlighted. The practitioner cannot depart from the basic principles as set out in the Codes. The Codes need only be applied to material matters.

CONCEPTUAL FRAMEWORK – PRINCIPLES AND DEFINITIONS OF BROAD-BASED BEE

CONTENTS

	<i>Paragraphs</i>
<i>INTRODUCTION.....</i>	
<i>Background to B-BBEE.....</i>	01 - 04
<i>Purpose of the Codes of Good Practice.....</i>	05
<i>Status of the Codes of Good Practice.....</i>	06 - 07
<i>Scope and objectives.....</i>	08 - 10
<i>DEFINITIONS.....</i>	11
<i>KEY PRINCIPLES UNDERPINNING BROAD-BASED BEE</i>	12
<i>BEE is broad-based.....</i>	13 - 14
<i>BEE is an inclusive process.....</i>	15 - 17
<i>BEE is part of South Africa's growth strategy.....</i>	18 - 20
<i>Measurability.....</i>	21 - 22
<i>Sound economic principles.....</i>	23 - 24
<i>Substance over form.....</i>	25 - 26
<i>Comparability.....</i>	27 - 28
<i>Reliability.....</i>	29
<i>Completeness.....</i>	30
<i>Timeliness.....</i>	31 - 34
<i>BROADBASED BEE</i>	
<i>Definition of broad-based BEE.....</i>	35 - 40
<i>Key Components of broad-based BEE.....</i>	41 - 44
<i>Key Elements of broad-based BEE.....</i>	45 - 55
<i>Distinction between broad-based BEE and broad-based ownership.....</i>	56
<i>BEE BALANCED SCORECARD.....</i>	57
<i>APPLICATION OF THE BROADBASED BEE SCORECARD</i>	58-60
<i>Discount provisions.....</i>	61
<i>Bonus provisions.....</i>	62

Introduction

Background to Broad-based Black Economic Empowerment

1. *The Broad-Based Black Economic Empowerment Act no. 53 of 2003 and Government's Black Economic Empowerment Strategy, aim to address inequalities resulting from the systematic exclusion of the majority of South Africans from meaningful participation in the economy.*
2. *One of the defining features of Apartheid was the use of race to control and severely restrict black people from access to economic opportunities and resources.*
3. *The under-development of black South Africans was characterised by the progressive destruction of productive assets; deliberate denial of access to skills and jobs; and the undermining of self-employment and entrepreneurship. In combination with one another, these policies restricted and suppressed wealth and skill endowments in black communities; thereby structurally inhibiting their participation in a de-racialised economy. It is a testimony to the vitality of black society that black people have managed to achieve what has been achieved.*
4. *Government's strategy for broad-based black economic empowerment looks beyond the redress of past inequalities and aims to position BEE as a tool to broaden the country's economic base and accelerate growth, job creation and poverty eradication.*

Purpose of the Codes of Good Practice

5. *The purpose of the Codes of Good Practice is to assist and advise both the public and private sectors in their implementation of the objectives of the Broad-based Black Economic Empowerment (Broad-Based BEE) Act. The Codes of Good Practice provide principles and guidelines that would facilitate and accelerate the implementation of broad-based BEE in a meaningful and sustainable manner.*

Status of the Codes of Practice

6. *In accordance with the Act, every organ of state and public entity must take into account, and, as far as is reasonably possible, apply any relevant code of good practice issued in terms of the abovementioned Act in:*
 - a) *determining qualification criteria for the issuing of licenses, concessions and or other authorisations in terms of any law,*
 - b) *developing and implementing a preferential procurement policy,*
 - c) *determining qualification criteria for the sale of state-owned enterprises, and*
 - d) *developing criteria for entering into partnerships with the private sector.*

7. *Furthermore, private sector enterprises must consider the principles and guidance as contained in the Codes of Good Practice when implementing BEE initiatives, as these would outline the key expectations of organs of state and public entities in their economic interactions.*

Scope and Objectives

8. *The scope and objectives of this statements are as follows:*
 - a) *to define broad-based BEE,*
 - b) *to state the fundamental principles underpinning Broad-Based BEE,*
 - c) *to specify some of the key principles for the implementation, recognition, measurement and reporting of BEE,*
 - d) *to outline the key components and elements of broad-based BEE,*
 - e) *to provide a summary of the balanced BEE scorecard,*
 - f) *to provide a guideline for the application of the balanced BEE scorecard.*

9. *This statement provides an overall summary of the balanced BEE scorecard, whilst the recognition and measurement of the specific elements of broad-based BEE are covered in the specific Code of Good Practice pertaining to each element.*

10. *This statement applies to, and guides, all broad-based BEE initiatives conceived and implemented by organs of state and public entities, as well as providing guidance to those considered by private sector enterprises.*

Definitions and Interpretation

11. The following terms are used in this Code and their meanings are specified below:

Black people is as defined in 040: Glossary to the Code of Good Practice.

Black economic empowerment (BEE) is defined as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people who manage, own and control the country's economy, as well as significant decreases in income inequalities.

Broad-based black economic empowerment (broad-based BEE) means the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies, that include, but are not limited to:

- a) increasing the number of black people who manage, own and control enterprises and productive assets,
- b) facilitating ownership and management of enterprises and productive assets by communities, workers, co-operatives and other collective enterprises,
- c) human resource and skills development
- d) achieving equitable representation in all occupational categories and levels in the workforce,
- e) preferential procurement, and
- f) investment in enterprises that are owned or managed by black people.

Organ of state means a national or provincial department as defined in the Public Finance Management Act, 1999 (PFMA); a municipality as contemplated in the Constitution; Parliament; a provincial legislature; and constitutional institutions listed in Schedule 1 of the PFMA, as well as other major public entities listed in Schedule 2 and 3 of the PFMA.

Fundamental Principles underpinning Broad-based BEE

12. *It is essential that all BEE initiatives embody the principles outlined below, to ensure that the BEE process is implemented and accelerated in a meaningful and sustainable manner. These principles set out the necessary foundation for the substantive implementation of Broad-based BEE in an enterprise.*

Black Economic Empowerment is Broad-Based

13. *The broad-based BEE process seeks to accelerate the de-racialisation of the South African economy and to fast track the re-entry of historically marginalised communities into the mainstream of the economy.*

14. *The broad-based BEE process also ensures that both its application instruments and the beneficiaries are broad-based. This is achieved using a balanced approach that includes contributions and measures that address ownership, management, employment equity, skills development, preferential procurement, enterprise development and other residual elements of the broad-based BEE scorecard.*

Black Economic Empowerment is an inclusive process

15. *A more equitable economy will benefit all South Africans. The process of BEE is an inclusive one, and all enterprises operating within South Africa can, and indeed should, participate in this process.*

16. *All enterprises, irrespective of the racial categorisation of its equity holders and management, can contribute toward the elements of the broad-based BEE process. The level of contribution is recognised and measured in terms of the balanced scorecard presented in this statement.*

17. *No economy can grow by excluding any part of its people and an economy that is not growing cannot economically integrate its citizens in a meaningful way. This strategy will be implemented across all sectors in the economy and is not limited only to those sectors and enterprises that derive their income from government procurement or to those that are regulated directly by government.*

Black Economic Empowerment is part of South Africa's growth strategy

18. *Economic growth, development and BEE are complementary processes. The Act and the Strategy stress a BEE process that is associated with growth, development and enterprise development, and not merely the redistribution of existing wealth.*

19. *The de-racialisation of our economy is geared towards enhancing the economic growth of South Africa. In accordance with this principle, BEE will be pursued in such a way as to ensure that where contributions are made and where benefits are transferred, the proceeds are re-invested in the South African economy.*

20. *In order to grow our economy, more enterprises are needed. These enterprises will be able to:*

- a) produce more value-added goods and services,*
- b) attract investment, and*
- c) employ more of our people in productive activities.*

Thus, a core component of the BEE strategy is the creation and nurturing of new enterprises undertaking new forms of economic value-added activities. The strategy seeks to facilitate new entrants into the economy.

Key Principles for the Implementation, Recognition, Measurement and Reporting of Broad-Based BEE

Measurability

21. *All BEE initiatives must be measurable in order to achieve the objectives of broad-based BEE. Measuring the impact of BEE initiatives is critical in determining the progress made by enterprises, sectors and the economy as a whole, in the achievement of broad-based BEE objectives. Measurement also facilitates target setting, which is essential for the robust implementation of different broad-based BEE initiatives.*

22. *Measurability may encompass both quantitative and qualitative factors, which should be taken into account when assessing the achievement of the objectives of broad-based BEE. It is important to ensure that quantitative and qualitative factors of broad-based BEE initiatives are measured, and that they are both factual and reliable.*

Sound Economic Principles

23. *For the BEE process to be sustainable, and for it to contribute meaningfully to the economic growth of South Africa, it must adhere to sound economic principles. Sound economic principles are the fundamental principles that govern the efficient and effective functioning of economies and are supported by rigorous empirical testing and broad application both globally and locally.*

24. *Examples of sound economic principles, with particular reference to broad-based BEE include, but are not limited to, the following:*

- a) *Risk and reward relationship, where there is a particular reward, it is commensurate with the risk assumed,*
- b) *Skills are developed based on the needs analysis identified by the enterprise,*
- c) *New enterprises are developed to achieve sustainable business objectives, rather than as a mechanism to circumvent BEE related requirements.*

Substance over Form

25. *Broad-based BEE initiatives must be accounted for and presented in accordance with their substance and economic reality and not merely their legal form. It is the evaluation of the substance of BEE initiatives that will ensure that substantive and meaningful progress is made toward achieving the objectives of broad-based BEE.*

26. *The substance of the BEE initiatives is not always consistent with that which is apparent from their legal or contrived form. Each statement of the Code of Good Practice will address the practical application of this key principle as it pertains to the BEE element relevant to that specific code.*

Comparability

27. *There must be uniformity in how BEE initiatives are recognised and measured, in order to compare the progress made by an enterprise in different reporting periods,*

as well as to facilitate the comparison of BEE progress between different enterprises. Comparability is enhanced when recognition, measurement and disclosure of BEE initiatives is performed in a consistent manner across enterprises, sectors and the economy as a whole.

28. The Codes of Good Practice standardises the definitions, recognition criteria and measurement principles across enterprises and sectors to ensure the comparability of BEE measurement. Institutions, including an accredited BEE rating agency, will also ensure that BEE measurements are conducted in a sound, objective and consistent manner.

Reliability

29. To be useful, information pertaining to broad-based BEE initiatives must also be reliable. Information has the quality of reliability when it is free from material error and bias and can be depended upon by any users to represent faithfully that which it either purports to represent or could reasonably be expected to represent. Independent verification of information will enhance the reliability of BEE information.

Completeness

30. To be reliable, the information pertaining to broad-based BEE initiatives must be complete, in order to assess the extent and depth of the initiatives. An omission can cause information to be false or misleading and thus unreliable and deficient in terms of its relevance.

Timeliness

31. Information relating to broad-based BEE initiatives must be provided on a timely basis to enable the users thereof to make the relevant economic decisions. To provide information on a timely basis it may often be necessary to report before all aspects of a transaction or event are known, despite the fact that this may impair reliability in the short term.

32. Conversely, if reporting is delayed until all aspects are known, the information may be highly reliable but of little use to users who have had to make decisions in the interim.

33. *In achieving a balance between relevance and reliability, the overriding consideration is how best to satisfy the economic decision-making process of the users of BEE information.*

34. *Timeliness also applies to the timely reporting of the termination of BEE initiatives and structures. The continued reporting of the existence and extent of specific BEE initiatives after their termination is contrary to the principles of broad-based BEE.*

Definition of Broad-Based Black Economic Empowerment

35. *BEE is an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities.*

36. *Broad-based black economic empowerment (Broad-Based BEE) means the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies, that include, but are not limited to:*

- a) increasing the number of black people that manage, own and control enterprises and productive assets,*
- b) facilitating ownership and management of enterprises and productive assets by communities, workers, co-operatives and other collective enterprises,*
- c) human resource and skills development,*
- d) achieving equitable representation in all occupational categories and levels in the workforce,*
- e) preferential procurement, and*
- f) investment in enterprises that are owned or managed by black people.*

37. *The above definition expands on the nature of broad-based beneficiaries and must be interpreted in conjunction with the definition of black people. This effectively means that broad-based beneficiaries shall be black people, who would encompass the following:*

- a) black women,*

- b) black workers,
- c) black youth,
- d) black people with disabilities and
- e) black people living in rural areas.

38. In interpreting and measuring broad-based BEE, a balanced scorecard is applied which includes core components such as direct empowerment, human resource development and indirect empowerment. These key areas of leverage constitute the key components of broad-based BEE.

39. The components may be further sub-divided into the seven elements of black economic empowerment which include equity ownership, management, employment equity, skills development, preferential procurement, enterprise development and other residual elements.

40. The definition of broad-based BEE demonstrates the broad-based nature of the process, as both the beneficiaries (as defined in paragraph 37), and the implementation and measurement instruments are broad-based (as defined in paragraph 38 and 39)

The Components and Elements of Broad-Based Black Economic Empowerment

41. The three components of broad-based BEE each correspond to a specific beneficiary, namely:

Component	Beneficiary
a) Direct Empowerment	Equity holders, executives and other owners and managers of economic resources
b) Human Resource Development	Employees and job seekers
c) Indirect Empowerment	Suppliers, communities and other relevant external stakeholders

42. *The direct empowerment component is comprised of the equity ownership and management element of the scorecard. The key focus of the direct empowerment component is its economic impact on the equity holders, executives and other owners and managers of economic resources. The beneficiaries assume direct economic risk for their involvement and expect returns that are commensurate to that risk.*
43. *The Human Resource Development (HRD) component also comprises two elements; namely employment equity and skills development. The focus of this component is the internal transformation that will accelerate the development of the enterprise's black employees, as well as the potential employees of the enterprise. The HRD component will ensure that there is demographic representation of black people in the workplace and will prevent income inequality across the different population groups in the same occupational category or at the same skills level. The component also measures the contributions made by enterprises to advance the skills of its employees.*
44. *The indirect empowerment component enables and encourages an enterprise to facilitate broad-based BEE in entities and within the communities with which it interacts. The elements of preferential procurement, enterprise development and other residuals are recognised and measured. Preferential procurement promotes broad-based BEE by allocating preference to enterprises with higher broad-based BEE contributions. This is also an effective way of creating market access for black entrepreneurs. Entrepreneurs are further supported through enterprise development which assists with the creation and enhancement of the entrepreneur's operational and financial capacity. Black communities also gain from broad-based BEE through social development, which focuses on education, health and other relevant social development areas.*

Key Elements of Broad-Based BEE

45. *There are seven key elements that are pillars to broad-based BEE. These elements provide a common base for measuring the impact of policy objectives of broad-based BEE across different entities and sectors with the economy.*

Ownership

46. *Ownership recognises and measures the entitlement of black people to the voting rights and economic interest associated with equity holding. Voting rights afford the rights to determine strategic and operational policies of an enterprise, while economic interests result in the rebuilding and accumulation of wealth by black people. All economic interests or voting rights that are subject to specific restrictions as outlined in Statement 100 are excluded from the scorecard.*

47. *Statement 100 on equity ownership proposes the measurement of ownership with respect to voting rights and economic interest. The rights and economic interest, however, may be limited due to financing and analogous arrangements. The series of statements in Code 100 of the Code of Good Practice details various principles and criteria to be applied in the determination of an ownership interest in accordance with the scorecard. The key principles include the flow-through principle, restrictions and the definitions of voting rights and economic interest.*

48. *Code 100 also guides the recognition and measurement of ownership in specific circumstances, including Government equity holding in an enterprise and some provisions for indicative ownership score for multinationals.*

Management

49. *Management control refers to the effective control of economic activities and resources. This involves the power to determine policies as well as the direction of economic activities and resources. Management control is exercised through the governing bodies of an enterprise and is normally measured at two levels:*

- a) *board of directors (equivalent structure), where the determination of strategies, policies and direction of the economic activities and resources is made,*

- b) *executive management or highest executive body after the board of directors or equivalent structure, which is entrusted with the day to day management of the enterprise's economic activities and resources.*

The series of statement in Code 200 of the Code of Good Practice, detail the various criteria to be applied in the determination of the management of an enterprise

Employment Equity

50. *Employment equity is a mechanism used to achieve equity in the workplace by:*

- a) *promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination, and*
- b) *implementing affirmative action measures to redress the disadvantages in employment experienced by black people, in order to ensure their equitable representation in all occupational categories and levels in the workplace.*

51. *Entities are required to comply with the spirit and the provisions of the Employment Equity Act to bring about an equitable representation of black persons at all occupational and skills levels in organisations over a period of time. The underlying principle behind employment equity is to foster the active involvement of black people in the operational, professional and executive decision-making processes in their employing entities. The series of statements in Code 300 of the Code of Good Practice outline the various criteria to be applied in determining the level of employment equity of the enterprise.*

Skills Development

52. *Skills development, in the context of this code, refers to the development of core competencies of black people to facilitate their interaction in the mainstream of the economy. It is imperative that there be a focus on core and technical skills that would enable black people to participate in the wider economy in a meaningful manner. The series of statements in Code 400 of the Code of Good Practice outlines the various criteria to be applied in determining the level of skills development within an enterprise.*

Preferential Procurement

53. *Preferential procurement is a measure designed to widen market access for entities, in order to integrate them into the mainstream of the economy. Preferential procurement encourages and facilitates the adoption of broad-based BEE by aligning business imperatives to broad-based BEE. Preferential procurement will create economic empowerment benefits indirectly but meaningfully as it multiplies the effects of private and public sector intervention to promote broad-based BEE. The series of statement in Code 500 of the Codes of Good Practice outlines the various principles to be applied in the determination and measurement of the level of preferential procurement within an enterprise*

Enterprise Development

54. *The enterprise development element aims at assisting and accelerating the development of the operational and financial capacity of entrepreneurial enterprises who contribute towards broad-based BEE. The primary beneficiaries of enterprise development are the small and medium enterprises owned and controlled by black people. The measures range from direct financial assistance to non-monetary support provided to entrepreneurial enterprises. The series of statement in Code 600 of the Codes of Good Practice outlines the various principles and criteria to be applied in the determination of the level of enterprise development within an enterprise*

Residual factor

55. *This element allows other factors that may accelerate broad-based to be taken into account and included at the discretion of the specific sector or enterprise. Sectors and entities are encouraged to consider some of the following in their broad-based BEE initiatives:*

- a) *infrastructural support to suppliers and other enterprises in the same area or community*

- b) *labour-intensive production and construction methods*
- c) *beneficiation*
- d) *investment and support to enterprises operating in rural communities and the geographic areas identified in government's integrated sustainable rural development programme and urban renewal programme*
- e) *investment in the social wage of employees (for example, housing, transport, and health care)*

Distinction between Broad-based BEE and Broad-based Ownership

56. *There is a clear distinction between broad-based BEE and broad-based ownership. Broad-based ownership refers to equity ownership held by a broader base of beneficiaries and is thus limited to the equity ownership element of the broad-based BEE scorecard. Broad-based BEE is far-reaching in its effect as it covers all the major components and elements of BEE. Broad-based BEE also supports a wider network of beneficiaries who benefit from the three different components. Broad-based ownership is only one of the seven elements of broad-based BEE.*

Broad-Based BEE Balanced Scorecard

57. *The following is the summary tabulation of the broad-based BEE balanced scorecard. The relevant concept and construct for the application of the scorecard includes:*

- a) *Core Components*
- b) *BEE Elements*
- c) *Weighting*
- d) *Code References*
- e) *Indicators*
- f) *Indicator Weighting:*
- g) *Targets*
- h) *Bonus and Preferential Weighting Provisions*
- i) *Sub-Minimum Score*

Core Components	BEE Elements	Code Ref.	Weighting	Indicators	Indicator Weighting	Targets	Sub-minimum	Bonus/ Preferential Weighting Provisions
Direct Empowerment	Ownership	BEE 100	20%	Unrestricted Voting Rights in the Enterprise in the hands of Black people	3%	25.% + 1 vote		Introduction of new entrants and BEE ownership in excess of target
				Unrestricted Voting Rights in the Enterprise in the hands of Black women	2%	10%		
				Economic Interest in the Enterprise to which Black people are entitled	4%	25%		
				Economic Interest in the Enterprise to which Black women are entitled	2%	10%		
				Economic Interest in the Enterprise to which Black designated groups are entitled	1%	2.5%		
				Level of Unrestricted entitlement of Black people to receive their Economic Interest in the Enterprise (as percentage of total ownership)	8%	25%		
	Management	BEE 200	10%	Weighted Management Representation Scorecard (See BEE 200)	10%	40%		Women Management, Different management positions weighed according to seniority and executive involvement
Human Resources Development	Employment Equity	BEE 300	10%	Weighted Employment Equity Scorecard (See BEE 300)	10%	50%		Women representation
	Skills Development	BEE 400	20%	Investment in Skills Development (in addition to skills development levy), as a percentage of payroll	15%	3%		Fast-track programs for black employees and management. Provision of skills development programs and learnership in priority skill areas.
				Learnership- learnership positions (as a percentage of employees)	5%	3%		
Indirect Empowerment	Preferential Procurement	BEE 500	20%	Affirmative Procurement from Excellent BEE Contributors (BEE Percentage Score as per scorecard, between 80 and 100 points)	18%	50%		- Procurement from excellent contributors (recognized at R 1.25 for every R1 of spend) - Procurement from good contributors (recognized at R 1 for every R1 of spend) - Procurement from satisfactory contributors (recognized at 50c for every R1 of spend)
				Affirmative Procurement from Good BEE Contributors (BEE Percentage Score between 65 and 79)				
				Affirmative Procurement from Satisfactory BEE Contributors (BEE Percentage Score between 45 and 65)				
				Implementation of robust, independent verification and reporting mechanism to avoid fronting				
	Enterprise Development	BEE 600	10%	Monetary Investment in SMME with excellent or good BEE contributions (as percentage of Net Asset Value/EBITDA/Total Procurement)	8%	5% - 10% (depending on base used)		The sum percentage score achieved through monetary investment and quantifiable non-monetary support are summed to arrive at the enterprise development points. (The maximum achievable percentage score for enterprise development is 10)
				Quantifiable non-monetary support to SMME with excellent or good BEE contributions (as percentage of Net Asset Value/EBITDA/Total Procurement)	2%	2% - 5% (depending on base used)		
	Residual Element	BEE 700	10%	Industry specific initiatives to facilitate the inclusion of black people in the sector (as a percent of net profit)	10%	3%		Total contribution towards these initiatives are summed relative to net profit of an enterprise. The total achievable percentage score for these initiatives is 10. (Initiatives that does not promote the empowerment of black people are specifically excluded)
Industry specific initiatives to promote black economic empowerment (as a percent of net profit)								
Corporate social investment initiatives in health, education, poverty alleviation and community development(as a percent of net profit)								
Total	Element Weighting		100%	Indicator Weighting	100%		Sub-Minimum	

Application of the Broad-based BEE Balanced Scorecard

58. *When applying the broad-based BEE scorecard to design, implement, measure and report on broad-based BEE, one will need to understand and apply all principles presented in the Code of Good Practice, especially those relating to the specific element measured. The raw score for each indicator on the scorecard is determined based on the set targets.*
59. *The percentage score for each element is determined by multiplying the raw score to weightings applicable to the individual elements or indicators. The sum of all indicators for a specific BEE element is the percentage score for that BEE element.*
60. *In BEE elements that are subject to a sub-minimum score, no BEE score will be accorded for that specific element if the total element score is less than the sub-minimum score.*

Discount Provisions

61. *In circumstances where an enterprise does not achieve the sub-minimum score for ownership, the element score it has achieved, after applying the sub-minimum, will be multiplied by a factor of seventy-percent to arrive at the broad-based BEE percentage score for the enterprise.*

Bonus Provisions

62. *The total weighting applicable to each element is as presented on the BEE scorecard. An enterprise cannot be awarded an element percentage score higher than the weightings for that element, except in the case where it has been specifically provided as a bonus provision in addition to the weightings. The bonus provision for ownership in statement 100 provides an example of this.*