

## **BEE Codes of Good Practice**

February 2007 saw the publishing in the Government Gazette and the coming into effect of the much awaited Black Economic Empowerment (BEE) Codes of Good Practice. The BEE Codes may be compared to the standards issued by the accounting and auditing fraternity and are intended to provide further clarity and guidance on the interpretation and definition of Broad-Based Black Economic Empowerment (BBBEE), generic standards and a framework for the implementation of BEE throughout the economy and for the measurement of BEE initiatives.

Simply put the BEE Codes provide universal standards for the implementation of BEE initiatives and the measurement of such initiatives with the view of providing consistency, transparency and clear direction on BEE. Organizations whose annual revenue exceeds R35m are governed by the generic scorecard and have to consider all 7 elements of the scorecard, namely ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development. Enterprises with revenue of less than R5m have been completely exempted from BEE regulation and automatically qualify for level 4 recognition, while Qualifying Small Enterprises (QSE's) with revenues between R5m and R35m will be judged by a separate and more lenient scorecard that allows companies to choose four out of 7 elements when calculating their scores.

CGF's report takes a look at the salient points of the BEE Codes of Good Practice on Broad Based Black Economic Empowerment, the various statements and general key principles that drive the scorecards, what constitutes BEE, what qualifies and how many points are secured in respect of actions taken to promote various elements of BEE.

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A PowerPoint report covering this topic can be purchased through CGF at [www.cgf.co.za](http://www.cgf.co.za)

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