



B-BBEE COMMISSION

NATIONAL STATUS AND TRENDS ON BROAD – BASED BLACK ECONOMIC EMPOWERMENT

10 June 2020

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LIST OF ABBREVIATIONS

B-BBEE	Broad-Based Black Economic Empowerment
BO	Black Owned
BWO	Black Women Owned
DTIC	The Department of Trade Industry and Competition
PFMA	Public Finance Management Act No 1 of 1999
EME	Exempt Micro Enterprise
ESD	Enterprise and Supplier Development as defined in the B-BBEE Codes of Good Practice
FSC	Financial Services Sector
ICT	Information and Communication Technology
JSE	Johannesburg Stock Exchange
MAC	Media, Advertising and Communications
MC	Management Control as defined in the B-BBEE Codes of Good Practice
PP	Preferential Procurement as defined in the B-BBEE Codes of Good Practice
QSE	Qualifying Small Enterprise
REIT	Real Estate Investment Trust
SAICA	South African Institute of Chartered Accountants
SANAS	South African National Accreditation System
WOW	Who Owns Whom (Pty) Ltd

1. EXECUTIVE SUMMARY

The B-BBEE Commission's mandate as stipulated in Section 13F of the B-BBEE Act No.53 of 2003 ("Act") as amended, highlights that the B-BBEE Commission has a duty to monitor compliance and adherence with the Act. In fulfilment of this mandate, the researchers¹ were commissioned to research and compile the 3rd National Status and Trends on B-BBEE Report for the 2019 calendar year. Findings are detailed in the report whilst we present a visual summary below.

¹ DNA Economics www.dnaeconomics.com

National Status and Trends on Broad Based Black Economic Empowerment

A Visual Summary



Jan 2019

Reporting period

Dec 2019

Role

Mandated under section 13F of the B-BBEE Act

The B-BBEE Commission monitors compliance and adherence with the Act, conducts research relating to its activities and publishes the outcomes.

Reporting Entities

Section 13G requires the following entities to report

All spheres of government, public entities and organs of state, all public entities listed on the Johannesburg Stock Exchange (JSE); and all Sectoral Education and Training Authorities (SETAs) contemplated in the Skills Development Act, 1998.

Data Sources

Two main sources were used in order to monitor compliance data

- B-BBEE certificates uploaded onto the B-BBEE Certificates Portal system by SANAS accredited verification agencies.
- B-BBEE Compliance reports submitted by the Organs of State and public entities listed on the JSE.

Outcome

Mixed Outcomes

The outcome of the compliance analysis for the 2019 period shows a slow pace in transformation with priority elements barely being achieved. Interventions are required to increase compliance levels to stimulate the pace of transformation. Compliance with reporting requirements is inadequate.

Data Collected



Jan 2019

Dec 2019

Section 13G
compliance reports

193

Total

Of which

150

Were from JSE listed
entities

And

43

Were from Organs of
State and Public
Entities

B-BBEE Certificates Uploaded in the B-BBEE Certificates Portal:

5 818

Total
Certificates

411

EMEs

2 057

QSEs

3 350

Large Entities

Year-on-Year Comparison



The total number of B-BBEE certificates uploaded onto the B-BBEE Certificates Portal increased from 1 674 in 2018 to 5 818 in 2019. The EME certificates that were captured mostly fall under the Transport Sector Code which has not yet been amended.

Number of Certificates / Reports Analysed



Data Limitations



B-BBEE Certificates uploaded on to the B-BBEE Certificates Portal increased in 2019 to 5 818 from 1 674 in 2018 .



Information is not always presented in a consistent manner in the Compliance Reports and in cases certain information is incorrectly completed in the Compliance Reporting Matrix.



In some instances the certificate data was incorrectly input into the B-BBEE Certificates Portal.



The above isolated instances did not result in inappropriate results and conclusions .

Legislative Compliance



Listed Entities

42%

of all listed entities reported in compliance to section 13G

Organs of State and Public Entities

15%

of all Organs of State and Public Entities reported in compliance to section 13G

Late Submission

69%

of all reporting entities did not comply with submission timelines for section 13G reporting



Average Black Ownership



2019

29%

2018

25%

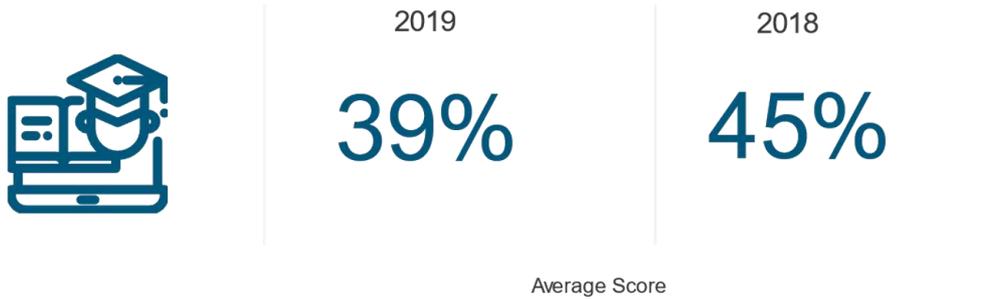
Average Black Ownership - B-BBEE Certificates Portal

Large Entities Ownership Trends: Agri-BEE sector still untransformed

Sectors	Sector Targets	Average Black Ownership Achieved		Average Black Women Ownership Achieved	Sector Targets	Sector
Construction sector	32.5%	44%	Average Black Ownership	17%	10%	ICT sector
Property sector	27%	42%		17%	30%	MAC Sector
ICT sector	30%	36%		16%	10%	Construction sector
MAC sector	45%	32%		14%	15%	Tourism sector
Tourism sector	30%	32%		12%	10%	Transport sector
Transport sector	25%	31%		12%	10%	Generic sector
Generic sector	25%	29%		11%	10%	Property sector
Forestry sector	25%	26%		10%	10%	Financial sector
Financial sector	25%	25%		9%	10%	Forestry sector
Agri-BEE sector	25%	12%		5%	10%	Agri-BEE sector



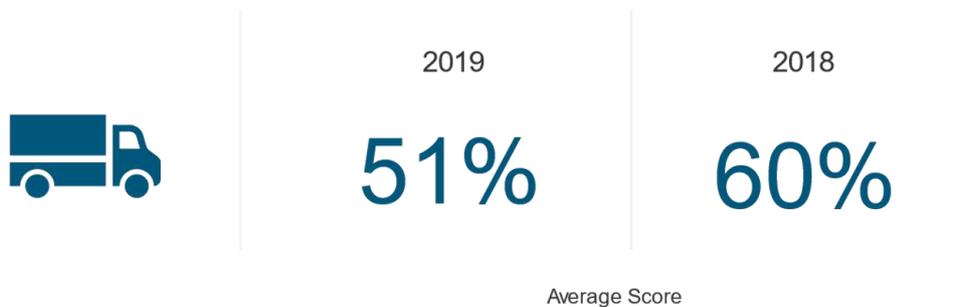
Management Control



Skills Development



Enterprise and Supplier Development





Socio- Economic Development



2019

68%

2018

71%

Average Score

Achievement of Priority Elements



JSE Listed
Companies

2019

53%

Have achieved the priority
elements

2018

60%

Have achieved the priority
elements



Organs of State

2019

39%

Have achieved the priority
elements

2018

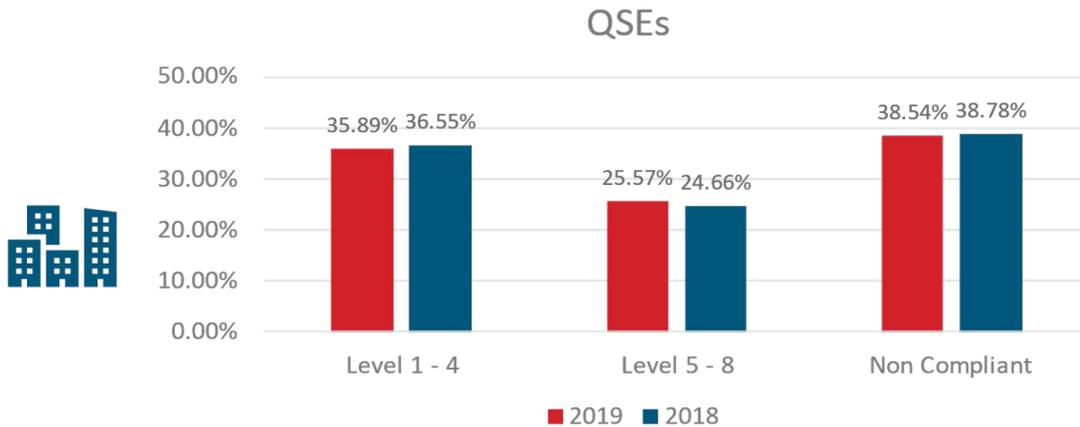
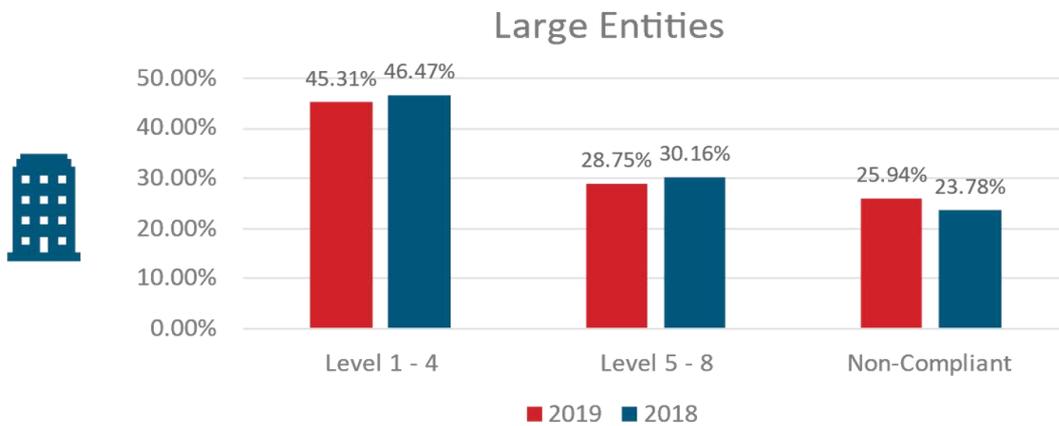
50%

Have achieved the priority
elements



B-BBEE Levels Achieved

An analysis of the B-BBEE levels achieved by Large entities and QSEs as percentage for 2019 and 2018.

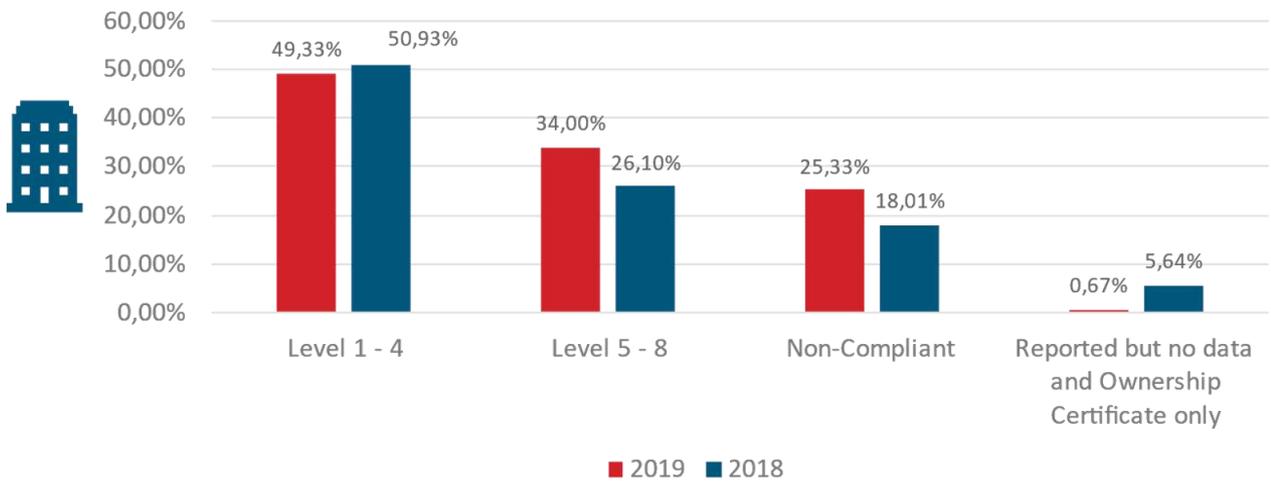




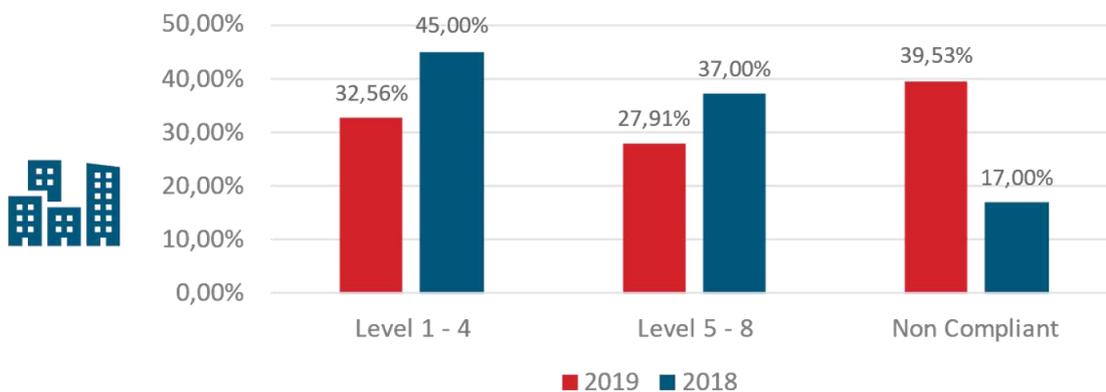
B-BBEE Levels Achieved

An analysis of the B-BBEE levels achieved by JSE Listed Entities and Organs of State & Public Entities as percentage for 2019 and 2018.

JSE Listed Entities



Organs of State & Public Entities



2. INTRODUCTION AND BACKGROUND

The Broad-Based Black Economic Empowerment Commission (“B-BBEE Commission”) is mandated in terms of Section 13F of the Broad-Based Economic Empowerment Act No. 53 of 2003 as amended (“the B-BBEE Act”), to monitor compliance and adherence with the B-BBEE Act in the interest of the public and to receive and analyse compliance reports. This report will assist the B-B BEE Commission to identify compliance with the B-BBEE Act, as well as provide an indication of the state of transformation for the 2019 calendar year.

In line with the role of the B-BBEE Commission, mandatory reporting for public entities listed on the Johannesburg Stock Exchange (JSE), Skills Education Training Authorities (SETAs) and Organs of State became effective on the 6th of June 2016. Subsequent to this, the B-BBEE Commission also requested the South African National Accreditation System (SANAS) accredited B-BBEE Verification agencies (“Verification Agencies”), starting on the first of April 2017, to upload all B-BBEE verification certificates (“B-BBEE Certificates”) onto the B-BBEE Certificates Portal (“B-BBEE Portal”) within 30 days of issue.

The B-BBEE Commission commissioned DNA Economics to conduct research on the national state of transformation, with the focus on B-BBEE certificates uploaded on the B-BBEE Certificates Portal as well as JSE listed entities and Organs of State reporting to the B-BBEE Commission as prescribed in Section 13G of the B-BBEE Act.

Information analysed included the Integrated Transport Sector Code which is still in the process of realignment.

Table 1: Sector Codes

Code name	Implementation date
Amended Generic Codes	1 May 2015
Marketing Advertising Communication Sector Code	1 April 2016
Amended Property Sector Code	9 June 2017
Amended Agri-BEE Sector Code	8 December 2017
Amended Tourism Sector Code	20 November 2015
Amended Forestry Sector Code	21 April 2017
Amended ICT Sector Code	7 November 2016
Amended Financial Sector Code	1 December 2017
Amended Construction Sector Code	1 December 2017
Chartered Accountancy Sector Code	Repealed effective 17 February 2016
Integrated Transport Sector Code	21 August 2009

3. RESEARCH OBJECTIVES AND SCOPE

3.1. RESEARCH OBJECTIVES

This research has four main objectives:

- To provide the status and national trends on South African transformation (specifically in terms of B-BBEE) by analysing the various entities' annual B-BBEE compliance reports (certificates data as issued and uploaded by verification agencies on the B-BBEE Certificates Portal);
- To provide the status and national trends with regards to B-BBEE of all entities with a mandatory reporting requirement, and report to the B-BBEE Commission as per section 13G of the B-BBEE Act of 2013;
- To provide recommendations to improve compliance reporting and data capturing to the B-BBEE Commission; and
- To provide observations and recommendations on the national state of transformation.

3.2. METHODOLOGY AND APPROACH

In performing the analysis, the methodology included the following high-level processes:

- a. Aggregating the data to be reported on for the 1st half and the 2nd half of the 2019 calendar year, both for the Compliance Reports and the B-BBEE certificate data uploaded onto to the B-BBEE Certificates Portal.
- b. Assessment of the FORM B-BBEE 1 for completeness and accuracy.
- c. Assessment of the annual reports to confirm if the Compliance Report submissions were made within the legislated timeframe.
- d. Assessment of the supporting documents for completeness and validity, which may include the following:
 - B-BBEE certificates;
 - Financial statements; and
 - Integrated report or annual report.
- e. Assessment of the B-BBEE certificates to confirm if the correct codes of good practice were applied.
- f. Assessment of whether the priority elements were met.
- g. Validation of the information submitted on FORM B-BBEE 1 and Compliance Matrix against the B-BBEE certificate for applicable B-BBEE elements, namely Ownership, Management Control, Skills Development, Enterprise and Supplier Development and Socio-Economic Development.

The analysis is mostly presented by way of tables and graphs followed by commentary.

The following aspects were analysed: Black Ownership, B-BBEE Contributor level, B-BBEE element level analysis by size of the entities, sector, type of entity and year of reporting.

3.3. DATA COLLECTION AND ANALYSIS

Primary data for the analysis was contained in the compliance reports submitted by reporting entities as required by section 13G of the B-BBEE Act and from the B-BBEE Certificates Portal information uploaded by verification agencies. The compliance reports submitted for the 2019 calendar year contained the following:

- a. FORM B-BBEE 1;
- b. Annual report;
- c. Integrated report;
- d. Compliance Matrix; and
- e. B-BBEE certificates.

The data submitted and analysed for the period 1 January 2019 to 31 December 2019 did not contain enough detailed information on demographics to allow for a better trend analysis on race, gender and age across various priority sectors. For management control (board representation) analysis annual integrated reports were consulted.

Although entities were required to submit both the FORM BBEE 1 and the Compliance Matrix information to the B-BBEE Commission as from 1 April 2018 as part of compliance reporting, the data reported had inconsistencies making sensible trend analysis difficult in cases. Examples include the following:

- The Compliance Report Matrix form requires directors to be reported in a Race column and in a Gender column. This format does not enable one to identify the number of Black male and Black women directors.
- The FORM BBEE 1 does not include fields for Sector Code specific elements such as Empowerment Financing (Financial Sector Code) and Economic Development (Property Sector Code), which made it difficult for entities to report on these elements.
- Different Measured Entities have different reporting periods and in cases entities reported on their previous financial year.

3.4. LIMITATION OF THE STUDY

The following limitations were noted during the analysis:

- a. Race and Gender information of the Board of Directors was not always adequately disclosed on both the Compliance Reporting Matrix and the Integrated or Annual Reports of entities, posing a challenge on the analysis of transformation at Board level.
- b. The Matrix, (a reporting template that was introduced by B-BBEE Commission to simplify reporting) was in cases submitted with incomplete and inconsistent information that was not useable for the analysis.
- c. Inconsistent B-BBEE certificates templates are used by verification agents in reporting verification outcomes which complicates analysis.
- d. Unique identifiers to identify reporting entities from the B-BBEE Certificates Portal data were not available, limiting the researcher's ability to check for duplication, and perform comparative analysis between large listed and unlisted entities. As a result, the analysis of the listed entities is presented as a separated section in this report (Section C).
- e. Data includes EMEs from the Integrated Transport Sector Code as well as from the Amended Construction Sector Code, i.e. where a B-BBEE certificate is acceptable. EMEs, as well as QSEs that are greater than 51% black owned, is insignificant as most moved to affidavits and are not reported on by verification agencies unless a B-BBEE certificate is required by a sector code.

4. SECTION A: B-BBEE CERTIFICATES PORTAL DATA

The analysis in the following section is based on B-BBEE certificates that were uploaded on the B-BBEE Certificates Portal maintained by the B-BBEE Commission, for the period 1 January to 31 December 2019.

4.1. NUMBER OF B-BBEE CERTIFICATES UPLOADED PER SECTOR

Table 2: Number of B-BBEE Certificates uploaded per sector: Year on Year Comparison

Sector	Exempted Micro Enterprise			Qualifying Small Enterprise			Large Enterprise			Grand Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Agri-BEE sector	63	1	374	104	23	55	156	34	62	323	58	491
Construction sector	44	3	16	154	41	6	169	58	5	367	102	27
Financial sector	15	0	16	24	3	14	185	34	16	224	37	46
Forestry sector	7	0	31	17	6	5	32	9	7	56	15	43
Information Communication Technology sector	18	0	37	82	23	32	148	64	31	248	87	100
Integrated Transport sector	250	21	626	283	64	70	288	88	58	821	173	754
Marketing, Advertising & Communication sector	0	0	0	38	9	12	37	12	9	75	21	21
Property sector	13	0	37	22	5	14	37	8	7	72	13	58
Tourism sector	0	0	0	53	13	18	62	16	5	115	29	23
Generic sector	1	0	2	1186	377	624	2188	711	636	3375	1088	1262
Specialised Scorecard	0	0	0	94	24	21	48	27	15	142	51	36
Grand Total	411	25	1139	2057	588	871	3350	1061	851	5818	1674	2861

The table above shows that the 2019 submission year has seen an exponential increase of 4144 submissions from the 2018 year. SANAS accredited Verification Agencies were required to upload B-BBEE Certificates starting on the 1 April 2017. The increase is largely a result of increased compliance of verification agencies to the requirement.

Table 3: Number of B-BBEE Certificates uploaded per sector in 2019

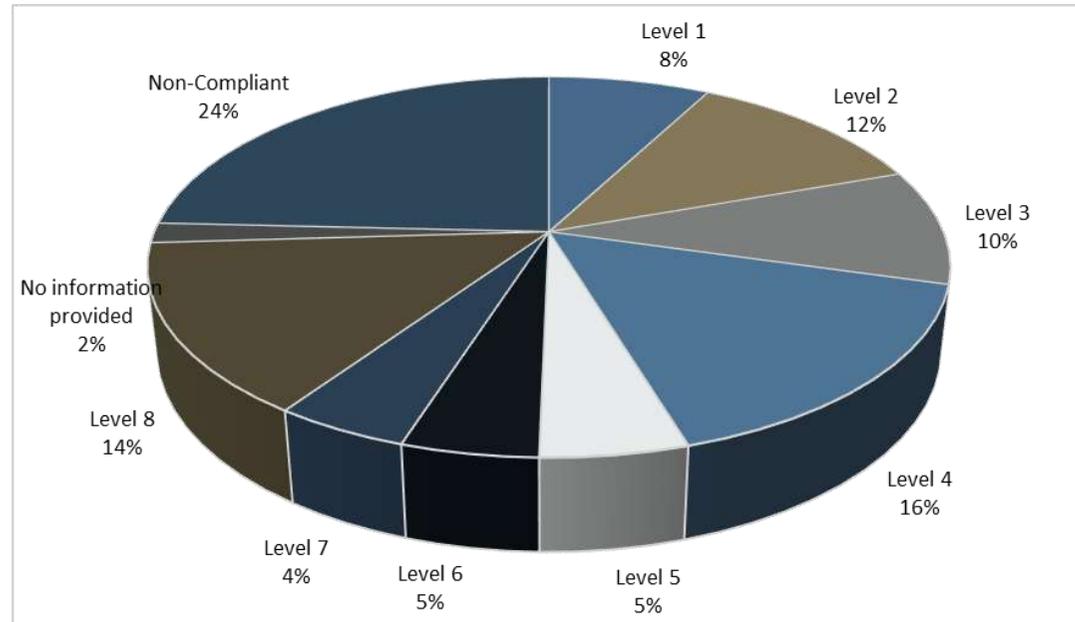
SECTOR CODE	LARGE	QSE	EME	GRAND TOTAL
Construction Sector Code	169	154	44	367
Financial Sector Code	185	24	15	224
Property Sector Code	37	22	13	72
Tourism Sector Code	62	53	0	115
Transport Sector	288	283	250	821
Forestry Sector Code	32	17	7	56
MAC Sector Code	37	38	0	75
Generic Code	2188	1186	1	3375
Specialised Score Card	48	94	0	142
Agri-BEE Sector Code	156	104	63	323
ICT Sector Code	148	82	18	248
Grand Total	3350	2057	411	5818

- For the period January-December 2019 there were 5818 certificates uploaded onto the B-BBEE Certificates Portal system. (2018: 1674 certificates).
- EME certificates uploaded are likely to be on old sector codes (codes gazetted between 2007 and 2012). EME reporting is expected to decrease significantly in the next round due to the sworn affidavit provision. EMEs and QSEs that are 51% or more Black owned will also not report through the portal as a result of the sworn affidavit. Top three sector submissions are the Generic codes, being the highest at 3374 submissions. Followed by the Transport sector code at 821 and the Construction sector codes at 367.

4.2. OVERALL CONTRIBUTION LEVELS: LARGE ENTITIES

Table 4: Overall Contribution Levels: Large Entities

	Percentage of certificates per B-BBEE level
Level 1	7.76%
Level 2	11.82%
Level 3	9.82%
Level 4	15.91%
Level 5	5.01%
Level 6	4.66%
Level 7	4.60%
Level 8	14.48%
No information provided	1.70%
Non-Compliant	24.24%
Grand Total	100.00%



Graph 1: Overall Contribution Levels: Large Entities

- 24.24% of all B-BBEE certificates information uploaded were rated as non-compliant (2018: 23.38%). The non-compliant certificates have increased slightly by 0.86% compared to the 2018 report.
- 45.31% of Large entities were rated from level 1 to level 4 (2018: 46.47%). There has been an insignificant decrease compared to the 2018 report of Large entities between these levels.

- 28.75% of Large entities were rated from level 5 to level 8 (2018:30.16%). There has been a slight decrease, of 1.41%, compared to the 2018 report of Large entities between these levels.
- Unfortunately, there are also certificates being uploaded with no information. It is important to investigate as to why no information was provided for these uploaded certificates.

4.3. B-BBEE CONTRIBUTOR LEVEL PER SECTOR: LARGE ENTITIES

Table 5: B-BBEE Contributor Level per Sector: Large Entities

Levels	Agri-BEE		Construction		Financial		Forestry		Generic		ICT		MAC		Property		Specialised		Tourism		Transport		Total #	Total %
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Level 1	9	5.77%	41	24.26%	13	7.03%	1	3.13%	134	6.12%	20	13.51%	15	40.54%	6	16.22%		0.00%	17	27.42%	4	1.39%	260	7.76%
Level 2	4	2.56%	40	23.67%	53	28.65%	4	12.50%	204	9.32%	14	9.46%	4	10.81%	11	29.73%	4	8.33%	6	9.68%	52	18.06%	396	11.82%
Level 3	12	7.69%	14	8.28%	29	15.68%	7	21.88%	171	7.82%	30	20.27%	5	13.51%	3	8.11%	1	2.08%	10	16.13%	47	16.32%	329	9.82%
Level 4	11	7.05%	11	6.51%	22	11.89%	3	9.38%	374	17.09%	29	19.59%	6	16.22%	4	10.81%	12	25.00%	5	8.06%	56	19.44%	533	15.91%
Level 5	8	5.13%	5	2.96%	4	2.16%	2	6.25%	93	4.25%	18	12.16%	1	2.70%	2	5.41%	1	2.08%	4	6.45%	30	10.42%	168	5.01%
Level 6	12	7.69%	4	2.37%	6	3.24%	1	3.13%	92	4.20%	10	6.76%	1	2.70%	4	10.81%		0.00%	2	3.23%	24	8.33%	156	4.66%
Level 7	11	7.05%	4	2.37%	2	1.08%	1	3.13%	112	5.12%	4	2.70%	2	5.41%		0.00%	2	4.17%	2	3.23%	14	4.86%	154	4.60%
Level 8	36	23.08%	30	17.75%	16	8.65%	9	28.13%	335	15.31%	8	5.41%	1	2.70%	2	5.41%	7	14.58%	12	19.35%	29	10.07%	485	14.48%
No information provided	0	0.00%	0	0.00%	0	0.00%	0	0.00%	57	2.61%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	57	1.70%
Non-Compliant	53	33.97%	20	11.83%	40	21.62%	4	12.50%	616	28.15%	15	10.14%	2	5.41%	5	13.51%	21	43.75%	4	6.45%	32	11.11%	812	24.24%
Grand Total	156	100%	169	100%	185	100%	32	100%	2188	100%	148	100%	37	100%	37	100%	48	100%	62	100%	288	100%	3350	100%

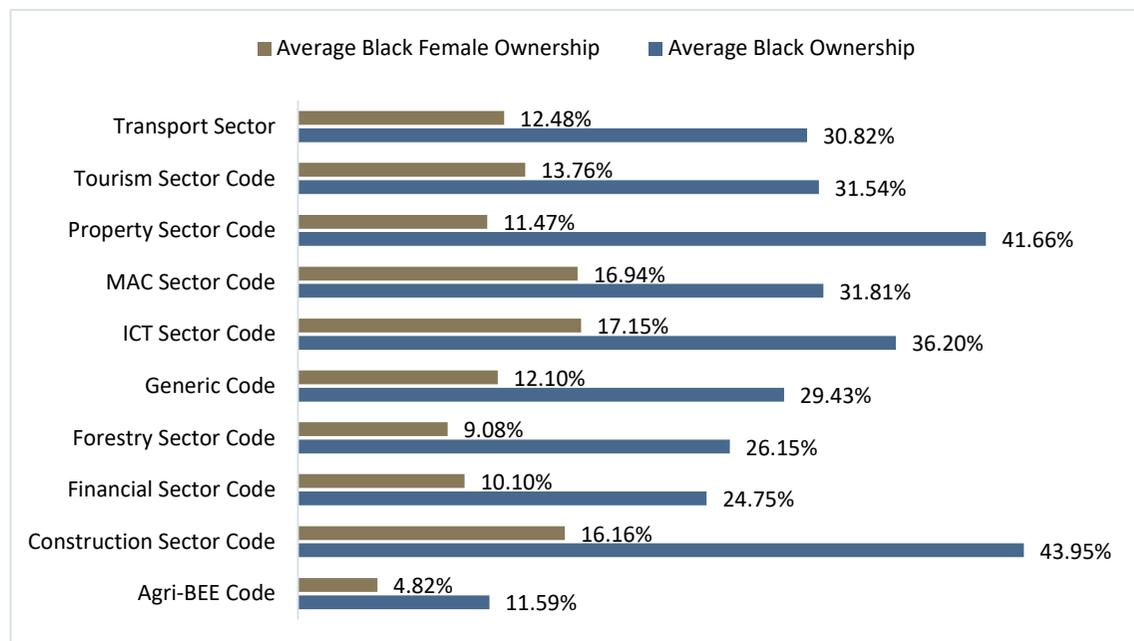
- The highest number of certificates uploaded onto the portal was under the Generic Codes (2188); Transport sector codes (288); and the Financial sector codes (185).
- The lowest number of certificates uploaded onto the portal was under the Forestry (32); Marketing, Advertising and Communications sector codes (37); and the Property sector codes (37).
- From the table above, 812 (24.24%) B-BBEE certificates that were uploaded onto the portal were rated as non-compliant. From a numbers perspective this is a large increase in the number of certificates uploaded as compared to the 2018 report which stated that 248 (23.38%) were non-compliant.
- The highest non-compliant entities were submitted under the Specialised Generic Scorecard at 43.75%, followed by the Agri-BEE sector with 33.97%.
- The lowest non-compliant entities as a percentage are from the Marketing, Advertising and Communications sector at 5.41%, this could be attributed to these having a lower number of submissions therefore which do not provide a true reflection of entities in this sector.

- A large percentage of FSC entities have reported a level 4 or higher, but there is still a significant percentage of FSC entities reporting non-compliance at 21.62%.
- Entities reporting on the Generic codes seem to be spread across the different contributor levels with the highest percentage reporting a level 4 for the 2019 period (excl. non-compliant category).
- 1.70% of entities information was not provided, this is an amount of 57 entities. This could possibly be due to issues when uploading certificate information or these data fields were just not completed. This was only seen in uploads under the Generic codes.

4.4. AVERAGE BLACK OWNERSHIP: LARGE ENTITIES

Table 6: Average Black Ownership: Large Entities

	Average Black Ownership	Average Black Women Ownership
Agri-BEE Sector Code	11.59%	4.82%
Construction Sector Code	43.95%	16.16%
Financial Sector Code	24.75%	10.10%
Forestry Sector Code	26.15%	9.08%
Generic Code	29.43%	12.10%
ICT Sector Code	36.20%	17.15%
MAC Sector Code	31.81%	16.94%
Property Sector Code	41.66%	11.47%
Tourism Sector Code	31.54%	13.76%
Transport Sector	30.82%	12.48%
Average of all	29.66%	12.16%



Graph 2: Average Black Ownership: Large Entities

- The Construction and Property Sectors Large entities have exceeded the Black Ownership target set by the respective Codes, with 43.95% and 41.66% respectively. The rest of the sectors have achieved Black Ownership averages well above the target, except for the Financial sector (24.75%) and Agri-BEE sector (11.59%). However, none have progressed to Black Ownership of greater than 51%. For further insight into progress against sector targets, please see the section *Sector Specific Summary: Year-On-Year Movements*.
- Agri-BEE sector currently has the lowest Black Ownership percentage at 11.59%. These low percentages of Black Ownership likely reflect complex ownership challenges in the sector, particularly around land, which should be analysed further in the next round.
- In terms of Black Women ownership, the Information and Communication Technology sector is leading with an average percentage of 17.15% followed by the Marketing, Advertising and Communication sector at 16.94%. The Construction sector follows closely with an

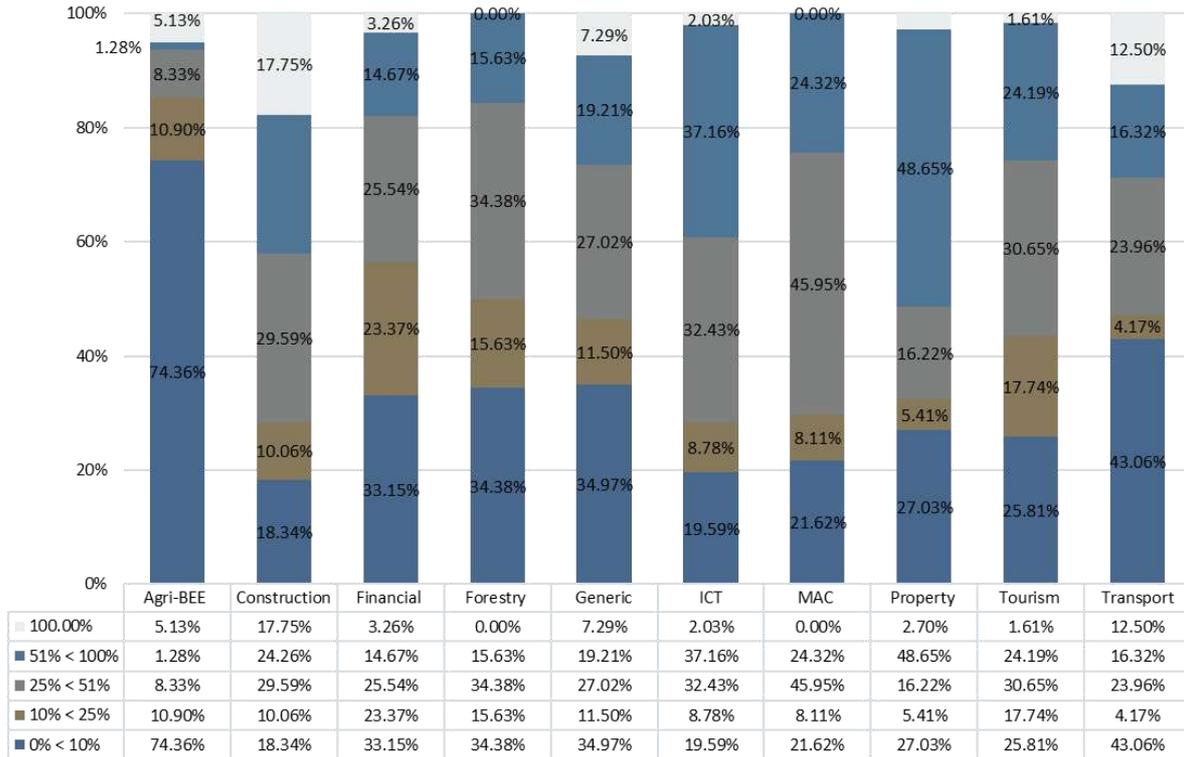
average percentage of 16.16%. In terms of the MAC sector, this could be attributed to the year 4 target of 30% for Black Women ownership. For the Construction sector this percentage could be attributed to the year 4 target of 14% for Black Women ownership.

The rest of the sectors are well above the 10% target for Black Women Ownership in the Generic Codes, except for the Agri-BEE and Forestry sectors. Agri-BEE is currently on 4.82% and Forestry on 9.08%.

4.5. BLACK OWNERSHIP PER SECTOR: LARGE ENTITIES

The graph below shows Black Ownership stratified into the following ownership thresholds:

- less than 10%, (sub-minimum not achieved);
- 10% - 24.99% (sub-minimum achieved)
- 25% - 50.99 (Generic scorecard achieved)
- 51% - 99.99, (51% target achieved)
- 100%



Graph 3: Black Ownership Per Sector: Large

- Of the entities that reported, the MAC and Forestry sector are the only sector that have not reported 100% Black Ownership albeit from a smaller number of entities. The Construction sector has reported that 17.75% of large entities that reported have Black Ownership of 100%, followed by the Transport sector at 12.50%.
- Within the 51% -100% threshold the Property sector has reported the highest percentage, 48.65%, of entities with 51% or more Black Ownership. This although needs to be noted that 37 entities were reported, therefore the Black Ownership here could be overstated (please see Table 3). This sector is followed by the ICT sector at 37.16%. The rest of the sectors have between 25% - 15% of the entities reported,

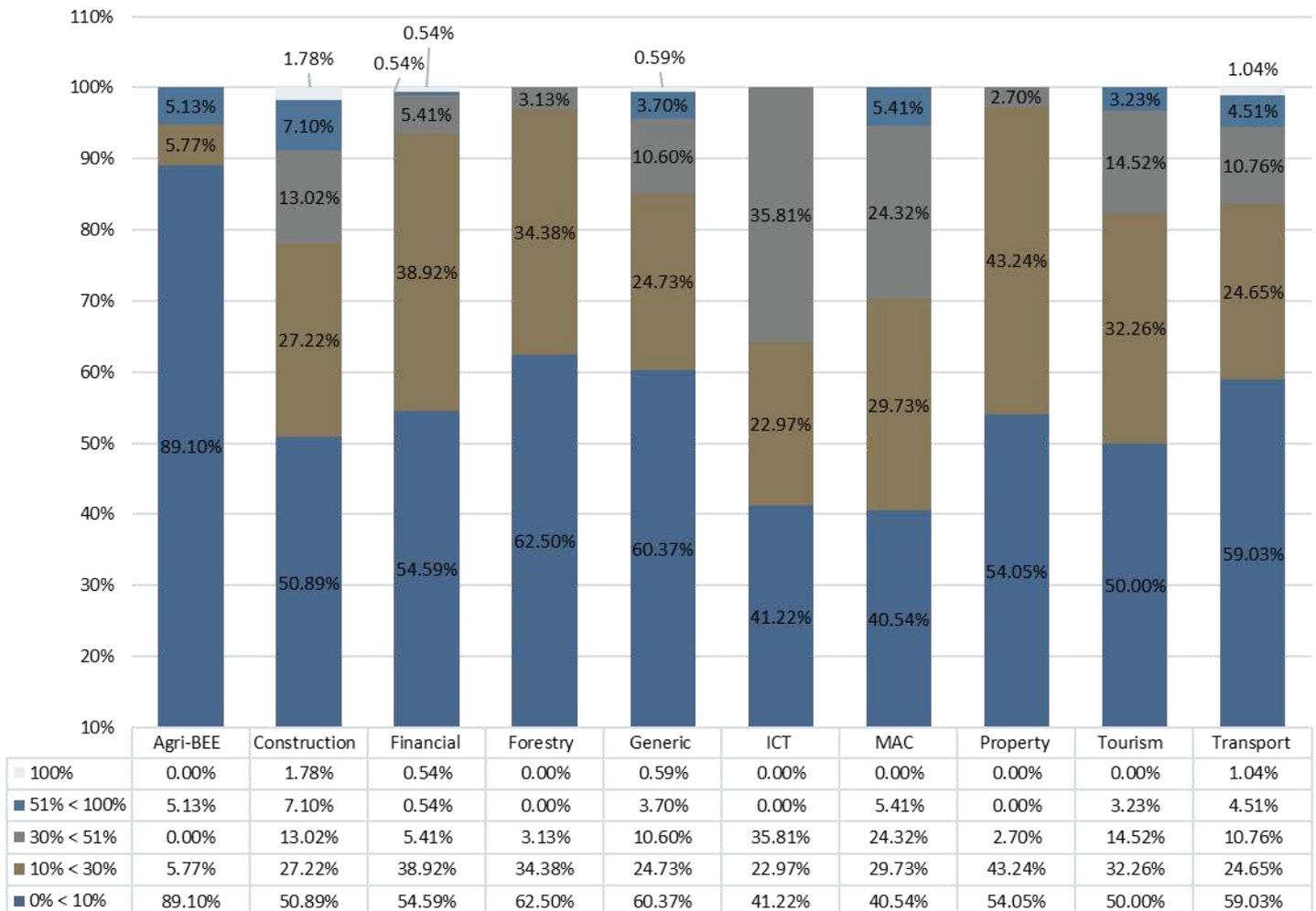
reaching the 51% threshold. The Agri-BEE sector reported a low percentage of entities that have met this threshold, at 1.28%.

- Within the 25% - 51% Black Ownership threshold, the MAC sector has 45.95% of its reported entities meeting the 25% Generic Codes Black Ownership target. The rest of the sectors have reported between 34.38% to 23.96% of large entities within this threshold. Meaning that between a third to a quarter of entities in these sectors are achieving the 25% Generic codes Black Ownership target. The Agri-BEE sector (8.33%) and Property sector (16.22%) have less companies within this threshold.
- In terms of the 0% - 10% threshold, a larger percentage (74.36%) of entities in the Agri-BEE sector have reported no Black Ownership. Followed by the Transport sector with a percentage of 43.06%; Generic entities with a percentage of 34.97% and the Forestry sector with 33.15%.

4.6. BLACK WOMEN OWNERSHIP PER SECTOR: LARGE ENTITIES

The graph below shows Black Women ownership (BWO) as per the following ownership thresholds:

- Less than 10% (Generic scorecard target not achieved)
- 10% - 29.99% (Generic scorecard target achieved but 30% BWO target not achieved)
- 30% - 50.99% (30% BWO target achieved but 51% BO target not achieved)
- 100%



Graph 4: Black Women Ownership Per Sector: Large

- All sectors have majority of Black Women ownership between the 0 - 10% threshold. The Agri-BEE sector has the highest percentage of entities within this threshold, at 89.10%.
- Within the 10% - 30% the Property sector has the highest percentage at 43.24%, followed by the Financial sector. The rest of the sectors have a significant amount of their entities reporting Black Women ownership within this threshold. This could be largely due to majority of sectors setting targets between 10% - 15% for Black Women ownership.
- Within the 30% -51% threshold, the ICT sector has the highest percentage of entities at 35.81%. Other sectors have low percentages of less than 15% but this may be due

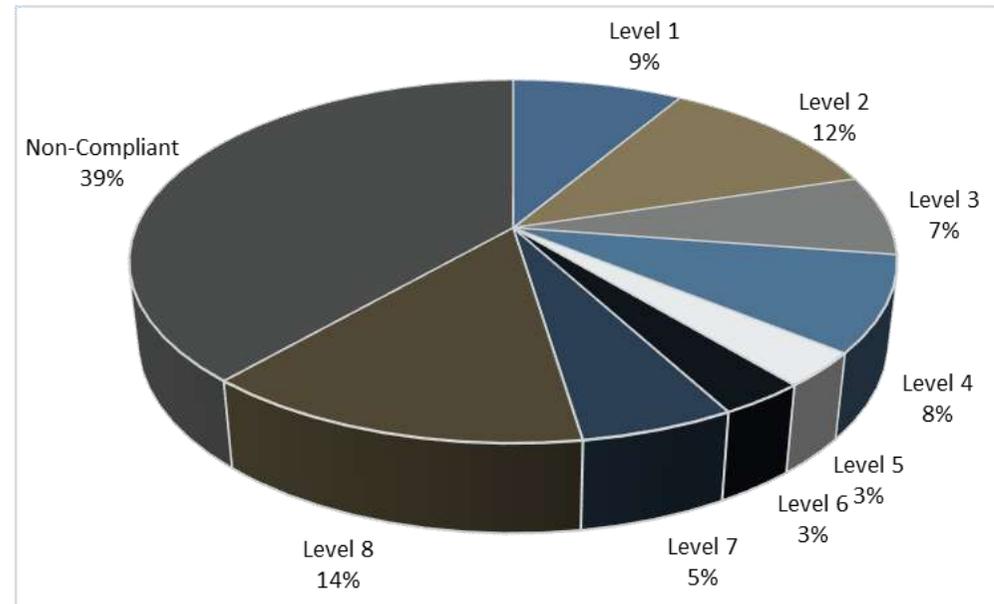
to majority of the sectors setting their Black Women ownership targets in the ranges of 10% - 15%. Within the 51% -100% threshold, the sector with the most entities within this threshold compared to other sectors is the Construction sector code at 7.10%.

- For the 100% threshold, only 4 sectors scored within this category at percentages not exceeding 2%. Namely, the Construction, Financial, Generic and Transport sectors.

4.7. OVERALL CONTRIBUTION LEVELS: QSE ENTITIES

Table 7: Overall Contribution Levels: QSE Entities

B-BBEE Status	Percentage of certificates per B-BBEE level
Level 1	8.55%
Level 2	11.70%
Level 3	7.13%
Level 4	8.51%
Level 5	3.10%
Level 6	3.10%
Level 7	5.51%
Level 8	13.86%
Non-Compliant	38.54%
Grand Total	100.00%



Graph 5: Overall Contribution Levels: QSE Entities

- The above table and graph indicate that 38.54% of QSEs have been rated as non-compliant. This is relatively comparable to the 2018 report (38.78%).
- 35.89% of QSE entities were rated from level 1 to level 4 (2018: 36.55%).
- 25.57% of QSE entities were rated from level 5 to level 8 (2018: 24.66%).

Note: QSE performance excludes 51% black owned to 100% black owned QSE information which are exempt from verification and are required to issue affidavits only. These entities will automatically be a Level 2 or Level 1 respectively, resulting in the above analysis of Black Ownership being understated.

4.8. B-BBEE LEVEL PER SECTOR: QSE ENTITIES

Table 8: B-BBEE Contributor Level per Sector: QSE Entities

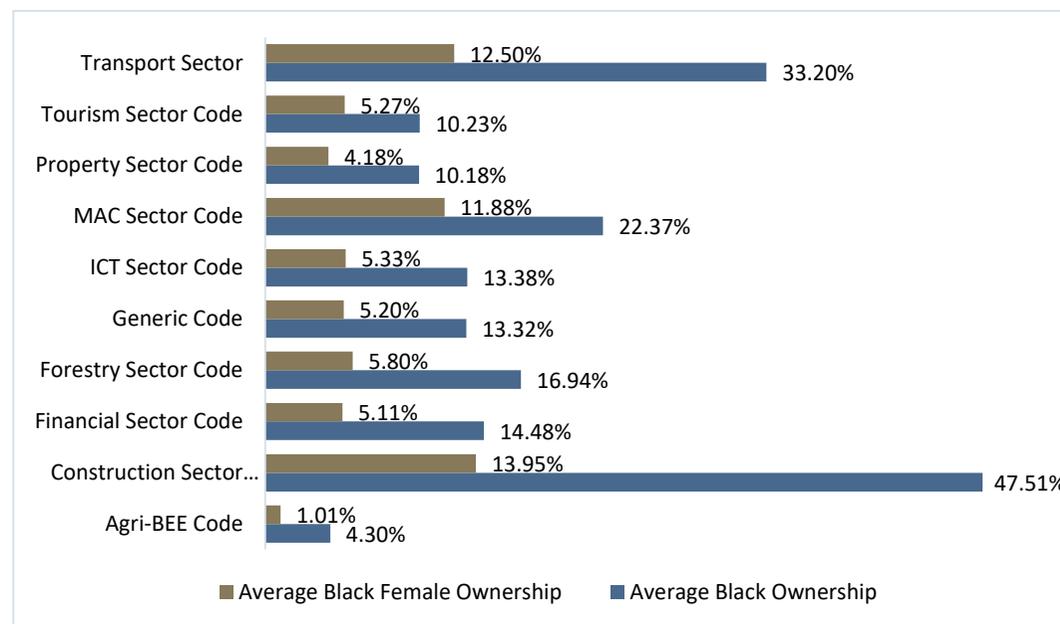
Levels	Agri-BEE		Construction		FSC		Forestry		Generic		ICT		MAC		Property		Specialised		Tourism		Transport		Total #	Total %
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%		
Level 1	0	0.00%	31	20.13%	2	8.33%	1	5.88%	48	4.13%	6	7.32%	6	15.79%	0	0.00%	6	6.38%	4	7.55%	70	24.73%	174	8.55%
Level 2	3	2.88%	46	29.87%	0	0.00%	3	17.65%	70	6.02%	5	6.10%	10	26.32%	0	0.00%	10	10.64%	4	7.55%	87	30.74%	238	11.70%
Level 3	6	5.77%	23	14.94%	0	0.00%	2	11.76%	54	4.64%	6	7.32%	3	7.89%	0	0.00%	6	6.38%	0	0.00%	45	15.90%	145	7.13%
Level 4	6	5.77%	5	3.25%	0	0.00%	4	23.53%	119	10.23%	8	9.76%	5	13.16%	0	0.00%	3	3.19%	1	1.89%	22	7.77%	173	8.51%
Level 5	5	4.81%	2	1.30%	1	4.17%	0	0.00%	32	2.75%	4	4.88%		0.00%	1	4.55%	2	2.13%	0	0.00%	16	5.65%	63	3.10%
Level 6	14	13.46%	3	1.95%	3	12.50%	0	0.00%	21	1.81%	2	2.44%	1	2.63%	0	0.00%	6	6.38%	0	0.00%	13	4.59%	63	3.10%
Level 7	7	6.73%		0.00%		0.00%	0	0.00%	78	6.71%	6	7.32%	1	2.63%	0	0.00%	11	11.70%	5	9.43%	4	1.41%	112	5.51%
Level 8	15	14.42%	12	7.79%	2	8.33%	3	17.65%	201	17.28%	12	14.63%	3	7.89%	2	9.09%	13	13.83%	6	11.32%	13	4.59%	282	13.86%
Non-Compliant	48	46.15%	32	20.78%	16	66.67%	4	23.53%	540	46.43%	33	40.24%	9	23.68%	19	86.36%	37	39.36%	33	62.26%	13	4.59%	784	38.54%
Grand Total	104	100.00%	154	100%	24	100%	17	100%	1163	100%	82	100%	38	100%	22	100%	94	100%	53	100%	283	100%	2034	100%

- The highest number of QSE certificates uploaded by a sector other than the Generic codes, is from the Transport sector at 283 certificates.
- The lowest number of QSE certificates uploaded by a sector other than from the Forestry (17), is from the Property sector (22).
- From the table above, 784 (38.54%) B-BBEE certificates that were uploaded onto the portal were rated as non-compliant. This is an insignificant percentage decrease from the 2018 report which stated that 228 (38.78%) were non-compliant, but significant number in increase in terms of non-compliant submissions. Of the number of Property entities that submitted, 86.36% were non-compliant, followed by the Financial sector with 66.67%.

4.9. AVERAGE BLACK OWNERSHIP: QSE ENTITIES

Table 9: Average Black Ownership: QSE Entities

	Average Black Ownership	Average Black Women Ownership
Agri-BEE Sector Code	4.30%	1.01%
Construction Sector Code	47.51%	13.95%
Financial Sector Code	14.48%	5.11%
Forestry Sector Code	16.94%	5.80%
Generic Code	13.32%	5.20%
ICT Sector Code	13.38%	5.33%
MAC Sector Code	22.37%	11.88%
Property Sector Code	10.18%	4.18%
Tourism Sector Code	10.23%	5.27%
Transport Sector	33.20%	12.50%
Average of all	18.49%	6.85%



Graph 6: Average Black Ownership: QSE Entities

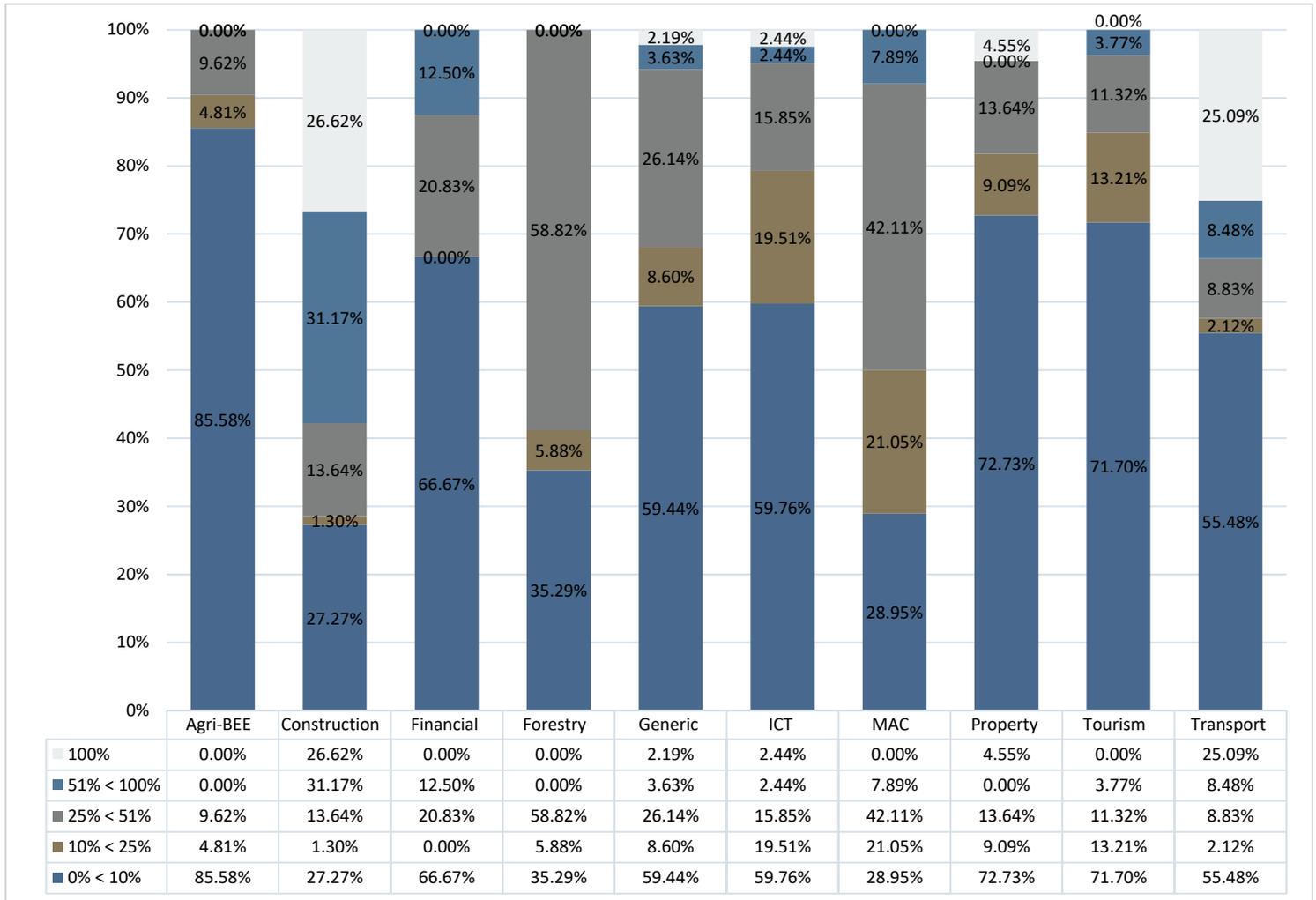
- The Construction sector has the highest average Black Ownership (47.51%) for QSE entities followed by the Transport sector (33.20%).
- The Construction sector has the highest average Black Women Ownership (13.95%), and Agri-BEE sector has the lowest at 1.01%.
- Only the Construction and Transport sectors exceed the 25%² Black Ownership target set by the Generic B-BBEE Codes; however, none have progressed to average Black Ownership of greater than 51%.

² Sectors like the Construction (35%) and ICT (30%) have higher ownership targets

4.10. BLACK OWNERSHIP PER SECTOR: QSE ENTITIES

The graph below shows Black Ownership stratified into the following ownership thresholds:

- less than 10%, (sub-minimum not achieved);
- 10% - 24.99% (sub-minimum achieved)
- 25% - 50.99 (Generic scorecard achieved)
- 51% - 99.99, (51% target achieved)
- 100%



Graph 7: Black Ownership per Sector: QSE Entities

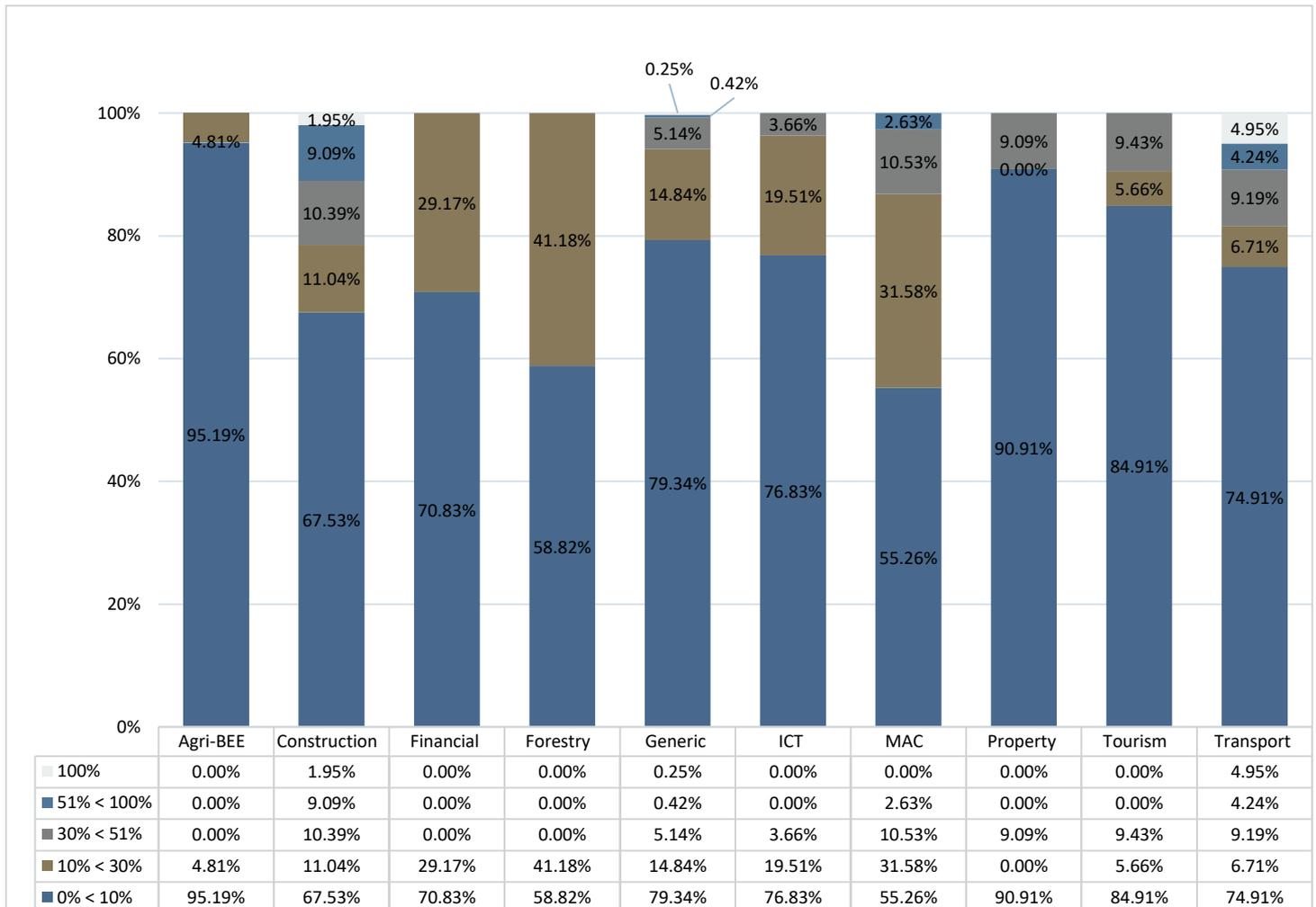
- Sectors have reported majority of their entities having 0% -10% Black Ownership, with the Agri-BEE sector leading at 85.58%. Property sector at 72.73% and the Tourism sector at 71.70%.

- Within the 10% - 25% threshold the MAC sector had 21.05% of its entities report Black Ownership within this threshold. Followed closely by the ICT sector at 19.51%.
- Within the 25% - 51% threshold, this is where majority of entities have their second highest percentage of entities of Black Ownership within this threshold. This could be largely due to ownership targets being set at the Generic threshold of 25% or more. The Forestry sector has the highest percentage, 58.82%, of Large entities reporting Black Ownership within this category, followed by the MAC sector at 31.58%.
- It must be noted that the Amended Generic codes and Amended sector codes (other than the Amended Construction code) make provision for 51% Black owned and 100% Black owned QSEs to depose an affidavit as evidence of their B-BBEE status. Such affidavits have not been uploaded in the Certificates Portal.
- The Construction and Transport sector codes however still make provision for B-BBEE certificates to be issued to 51% Black owned and 100% Black owned QSEs. Hence the Certificates Portal reflects QSE certificates that are more than 51% Black owned for these sectors. Certificates for the other sectors that reflect 51% and more Black ownership have been prepared using the Modified Flow Through principle.

4.11. BLACK WOMEN OWNERSHIP PER SECTOR: QSE ENTITIES

The graph below shows Black Women ownership (BWO) as per the following ownership thresholds:

- Less than 10% (Generic scorecard target not achieved)
- 10% - 29.99% (Generic scorecard target achieved but 30% BWO target not achieved)
- 30% - 50.99% (30% BWO target achieved but 51% BO target not achieved)
- 100%



Graph 8: Black Women Ownership per Sector: QSE Entities

- As with the Large entities, the different sectors have majority of their QSEs reporting Black Women Ownership within the 0% -10% threshold. This can be largely due to sectors aligning their Black Women targets to the 10% Black Women ownership target in the Generic codes. The Agri-BEE sector has the high percentage of QSEs within this threshold at 95.19%, followed closely by Property at 90.91%.
- Within the 10% - 30% threshold the Forestry sector had 41.18% of its entities report Black Women Ownership within this threshold. Followed by the MAC sector at 31.58%.
- Within the 30% - 51% threshold, this is where it would be expected to find majority of entities have their second highest percentage of entities of Black Women Ownership

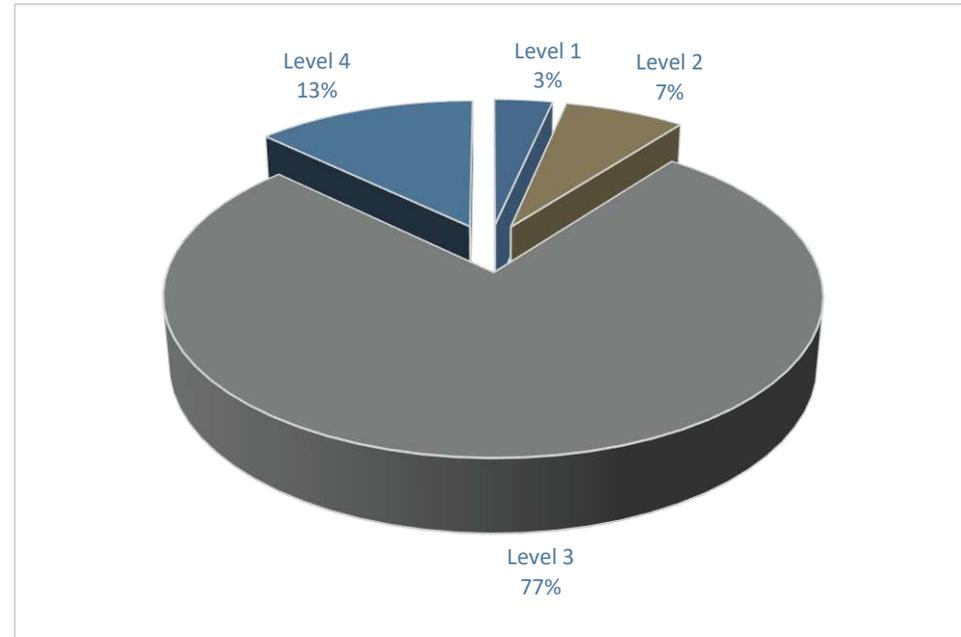
within this threshold. The reason being that the Preferential Procurement scorecard favours 30% Black Women owned suppliers. This although is not the case. The sector with the highest percentage of entities within this threshold are the MAC Sector at 10.53% followed by the Construction sector at 10.39%.

- It must be noted that the Amended Generic codes and Amended sector codes (other than the Amended Construction code) make provision for 51% Black owned and 100% Black owned QSEs to depose an affidavit as evidence of their B-BBEE status. Such affidavits have not been uploaded in the Certificates Portal.
- The Construction and Transport sector codes however still make provision for B-BBEE certificates to be issued to 51% Black owned and 100% Black owned QSEs. Hence the Certificates Portal reflects QSE certificates that are more than 51% Black owned for these sectors.

4.12. OVERALL B-BBEE CONTRIBUTION LEVELS: EME ENTITIES

Table 10: Overall Contribution Levels: EME Entities

B-BBEE Status	Percentage of certificates per B-BBEE level
Level 1	3.41%
Level 2	7.06%
Level 3	76.64%
Level 4	12.90%
Grand Total	100.00%



Graph 9: Overall Contribution Levels: EME Entities

- 76.64% of entities have achieved a Level 3. The old codes, awarded an automatic level 3 to EMEs that were at least 51% Black owned and an automatic level 4 based on a flow through principle to all the other EMEs.

Table 11: BBBEE Contributor Level per Sector: EME Entities

Levels	Agri-BEE		Chartered Accountancy		Construction		Financial		Forestry		ICT		Property		Transport		Total No.	Total %
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%		
Level 1	0	0.00%	0	0.00%	3	6.82%	3	20.00%	0	0.00%	6	33.33%	0	0.00%	2	0.80%	14	3.41%
Level 2	1	1.59%	0	0.00%	21	47.73%	0	0.00%	0	0.00%	1	5.56%	0	0.00%	6	2.40%	29	7.06%
Level 3	56	88.89%	1	100.00%	15	34.09%	8	53.33%	7	100.00%	7	38.89%	9	69.23%	212	84.80%	315	76.64%
Level 4	6	9.52%	0	0.00%	5	11.36%	4	26.67%	0	0.00%	4	22.22%	4	30.77%	30	12.00%	53	12.90%
Grand Total	63	100.00%	1	100.00%	44	100.00%	15	100.00%	7	100.00%	18	100.00%	13	100.00%	250	100.00%	411	100.00%

- The EME analysis is largely based on entities in the Agri-BEE sector, Transport sector and Construction sector. The analysis does not represent the entire universe of EMEs.
- 76.64% of EME certificates uploaded were rated as level 3. These were mostly Transport and Construction sector code certificates.
- EME certificates currently uploaded on the B-BBEE Certificates Portal are based on sector codes. As noted above, this picture will change significantly as the sector codes that still need to be revised are amended and affidavits are required.

5. SECTION B: B-BBEE ELEMENT ANALYSIS: B-BBEE CERTIFICATES PORTAL DATA

The percentages reflected in the table below indicate the average percentage of B-BBEE points achieved as a percentage of the available B-BBEE points available under the stated elements.

Table 12: Overall Element analysis

Element	QSEs	Large	Weighted average of QSEs & Large
Ownership*	35.55%	56.80%	48.88%
Management Control	37.70%	39.05%	38.54%
Skills Development*	37.24%	55.91%	48.81%
Enterprise & Supplier Development*	47.72%	53.33%	51.20%
Socio-Economic Development	55.47%	75.81%	68.07%

- Overall, of all the elements the Socio-Economic Development element is the one which both QSEs and Large entities have scored the highest at 55.47% and 75.81%, respectively. This could be attributed to there being minimal effort required to make decisions to contribute to this element.
- For QSEs, Ownership is the element on which QSEs score the least, at 35.55% of total weighted points. This can be as result of ownership deals requiring large capital at times, which QSEs do not always have access to. Unlike with large entities, it is the second highest element that have scored an average of 56.80% of the total weighted points. This could be attributed to Large entities having more capability to participate in Ownership deals due to their larger balance sheets.
- The element on which Large entities score the lowest is Management Control. This indicates a slow pace of transformation both at executive and management levels. Notwithstanding high Ownership percentages, shareholders appear to have limited influence in driving transformation at management level.
- The Enterprise and Supplier Development element for QSEs is the second highest element they score on, at 47.72%. This could be attributed to the availability in the market of solutions to assist, even for small businesses, with this element. For Large entities, this element is the fourth highest scoring element at 53.33%.
- The third highest scoring element for QSEs is Management Control, at 37.70% followed closely by the Skills Development element at 37.24%. Management Control is not the easiest element to make changes immediately to, especially in small entities

where there are a core number of founders at higher management level. As a result, entities tend to always see a lower scoring here but with gradual improvements overtime. In terms of Skills Development, this element can be costly for small entities to comply with.

- For Large entities, the Skills Development element is the third highest scoring element, this could be attributed to large entities having the ability to spend more on this element unlike with QSEs.

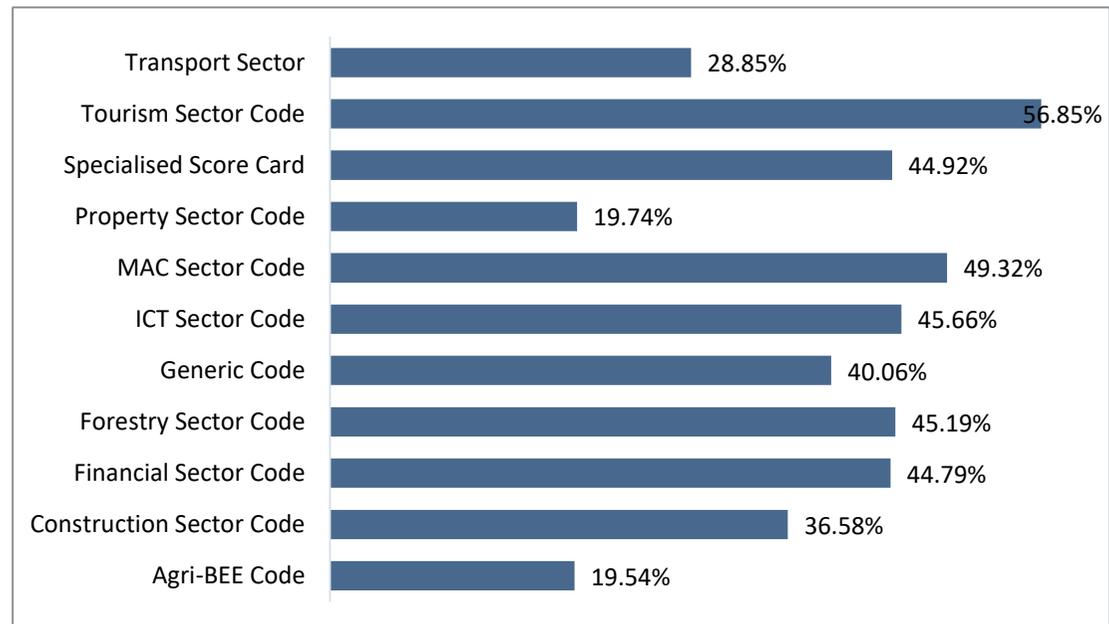
Please note: *Ownership, Skills Development and Enterprise and Supplier Development are priority elements. In the amended codes this entails that if a measured entity does not meet the 40% subminimum it is penalised/discounted by 1 level. The data available did not allow researchers to analyse whether sub-minimums had been achieved since the bonus points could not be identified from the total score awarded. Under the ESD element, points for the 3 sub-elements were combined into one score and could therefore not be assessed against the meeting of the priority element target set for each sub-element.

5.1. AVERAGE SCORE ACHIEVED FOR MANAGEMENT CONTROL

The table and graph below refer to the average percentage of Management Control points achieved as a percentage of total points available on this element, per sector code. In most of the amended sector codes, the Management Control element comprises of both the Management Control (Board and Exco representation) and Employment Equity sub-elements.

Table 13: Average Score Achieved for Management Control (% achieved of targeted points)

	Average of MC achieved as % of target score
Agri-BEE Sector Code	19.54%
Construction Sector Code	36.58%
Financial Sector Code	44.79%
Forestry Sector Code	45.19%
Generic Code	40.06%
ICT Sector Code	45.66%
MAC Sector Code	49.32%
Property Sector Code	19.74%
Specialised Score Card	44.92%
Tourism Sector Code	56.85%
Transport Sector	28.85%
Average of All Certificates	38.54%



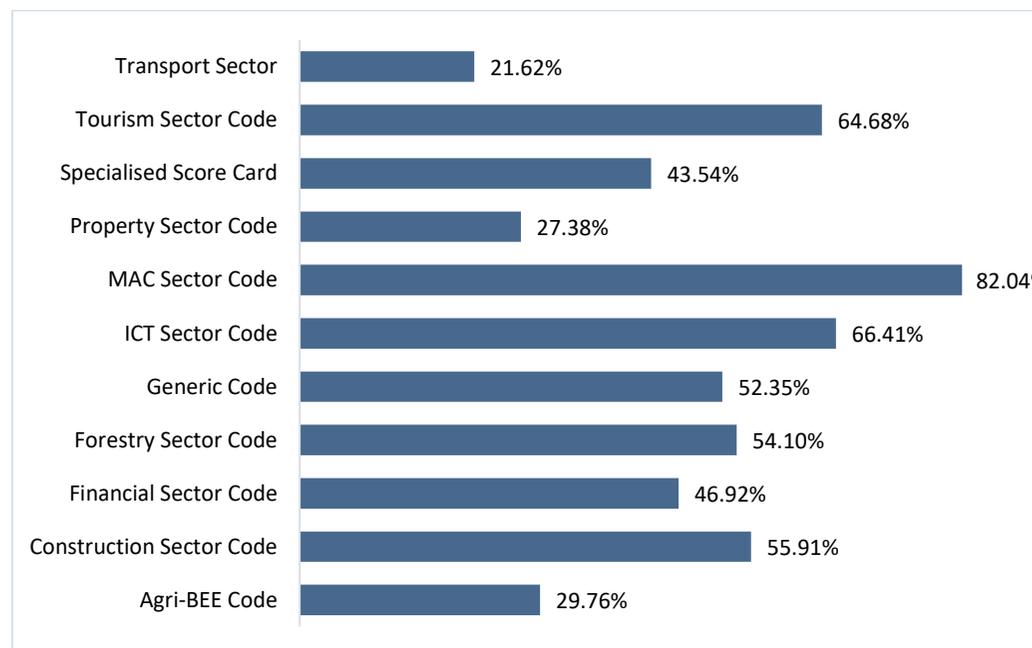
Graph 10: Average Score Achieved for Management Control

- The highest average achieved was in the Tourism sector code with 56.85% of the targeted points being achieved. The lowest scoring entities were under the Agri-BEE sector code and the Property sector code, at 19.54% and 19.74% respectively.
- It is worth noting that not all entities under the Property sector code would have been scored under the Employment Equity element and this might have skewed the average points reflected in the above table and graph for entities measured under this charter. These are 33% of entities that are measured under the Property sector codes that are expected to comply with the Employment Equity Element as per the Property sector code.

5.2. AVERAGE SCORE ACHIEVED FOR SKILLS DEVELOPMENT

Table 14: Average Score Achieved for Skills Development (% achieved of targeted points)

	Average of Skills Dev achieved as % of target score
Agri-BEE Sector Code	29.76%
Construction Sector Code	55.91%
Financial Sector Code	46.92%
Forestry Sector Code	54.10%
Generic Code	52.35%
ICT Sector Code	66.41%
MAC Sector Code	82.04%
Property Sector Code	27.38%
Specialised Score Card	43.54%
Tourism Sector Code	64.68%
Transport Sector	21.62%
Average of All Certificates	48.81%



Graph 11: Average Score Achieved for Skills Development

The table and figure above refer to the average percentage of Skills Development points achieved as a percentage of the total available points in the Skills Development element per sector code.

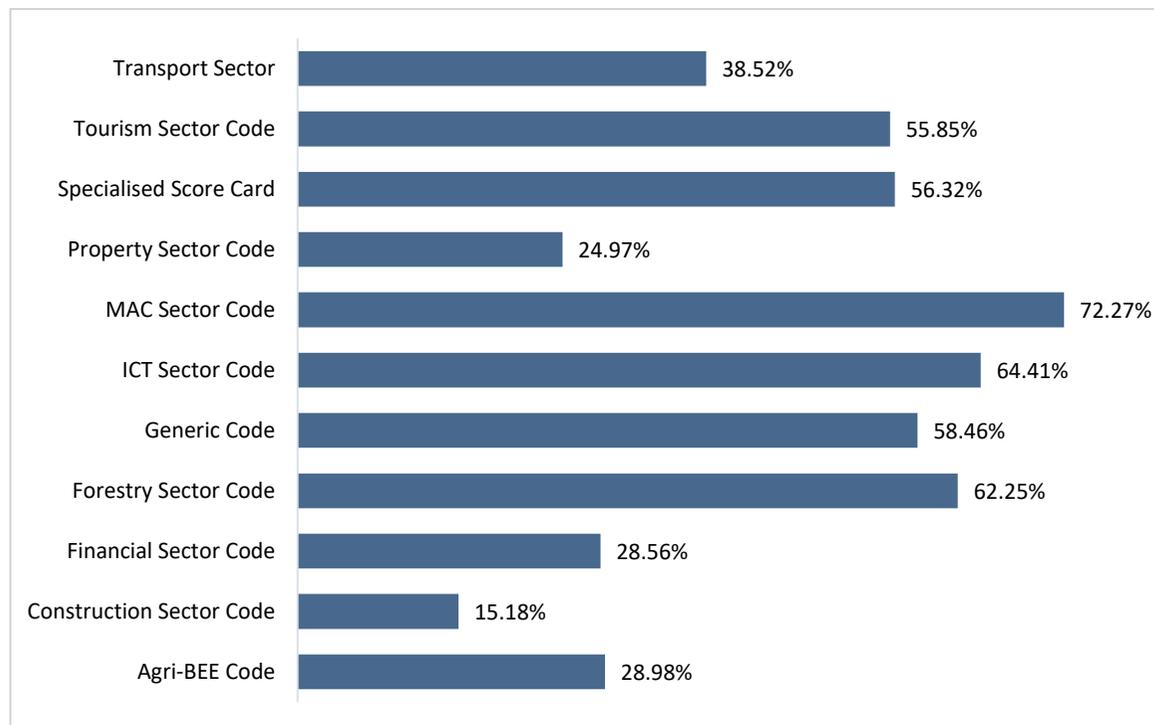
- The highest average points were attained by entities measured under the MAC sector with 82.04% of the total weighting points being achieved by entities in this sector.
- The Transport sector entities were the lowest average scorers on this element with 21.62%.

Please note: The data does not indicate whether the sub-minimum has been achieved on average for Skills Development as the bonus points could not be identified from the total score.

5.3. AVERAGE SCORE ACHIEVED FOR ENTERPRISE AND SUPPLIER DEVELOPMENT

Table 15: Average Score Achieved: Enterprise & Supplier Development (% achieved of targeted points)

	Average of Enterprise Dev as % of achieved of target score
Agri-BEE Sector Code	28.98%
Construction Sector Code	15.18%
Financial Sector Code	28.56%
Forestry Sector Code	62.25%
Generic Code	58.46%
ICT Sector Code	64.41%
MAC Sector Code	72.27%
Property Sector Code	24.97%
Specialised Score Card	56.32%
Tourism Sector Code	55.85%
Transport Sector	38.52%
Average of All Certificates	51.20%



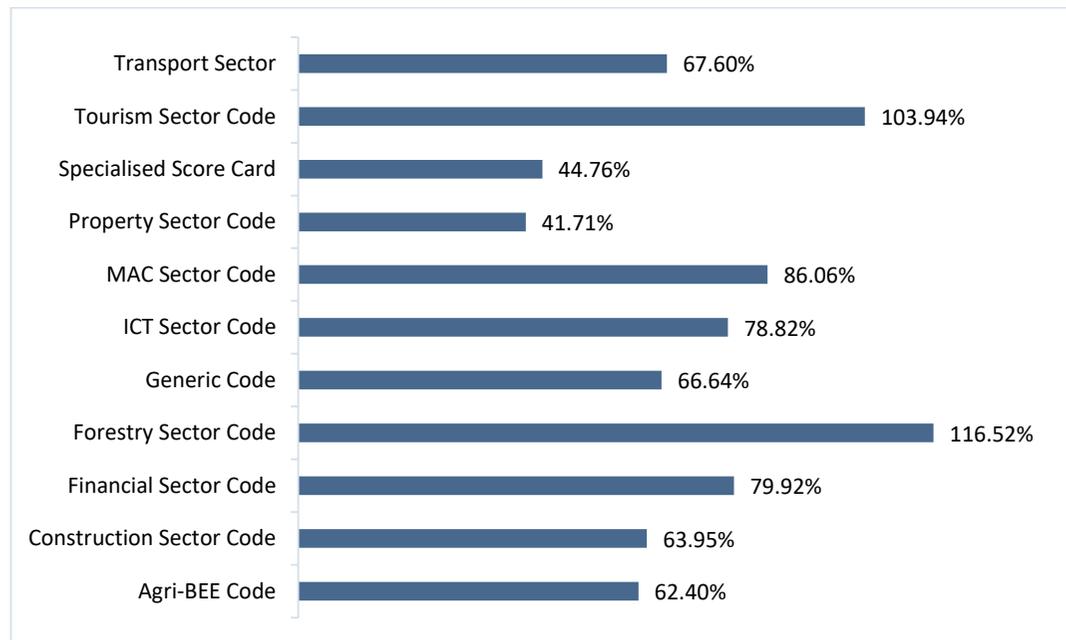
Graph 12: Average Score Achieved for Enterprise and Supplier Development

- ESD measures points for the 3 sub elements (i.e. Preferential Procurement, Enterprise Development and Supplier Development combined). Table 15 and Graph 12 above indicate the aggregate average scores for Enterprise and Supplier Development, as a percentage of total targeted points, per sector for the 3 sub elements.
- The average score across all sector codes is 51.20%, and six sectors scored above the average except for the following sectors: Transport sector, Property sector, Financial sector, Construction and Agri-BEE sector.

5.4. AVERAGE SCORE ACHIEVED FOR SOCIO-ECONOMIC DEVELOPMENT

Table 16: Average Score Achieved for Socio-Economic Development (% achieved of targeted points)

	Average of Socio-Eco Dev achieved as % of target score
Agri-BEE Sector Code	62.40%
Construction Sector Code	63.95%
Financial Sector Code	79.92%
Forestry Sector Code	116.52%
Generic Code	66.64%
ICT Sector Code	78.82%
MAC Sector Code	86.06%
Property Sector Code	41.71%
Specialised Score Card	44.76%
Tourism Sector Code	103.94%
Transport Sector	67.60%
Average of All Certificates	68.07%



Graph 13: Average Score Achieved for Socio-Economic Development

The table and graph above indicate the aggregate average scores for Socio-Economic Development, as a percentage of total targeted points.

- The average score across all sector codes is 68.07%. The following 5 sectors scored above the average: Tourism sector, MAC sector, ICT sector, Forestry sector and Financial sector.

6. SECTION C: JSE LISTED ENTITIES AS PER 13G REPORTING

The data analysed in this section is based on the compliance reports submitted to the B-BBEE Commission by Johannesburg Stock Exchange (JSE) listed entities for the 2019 calendar year.

6.1. NUMBER OF JSE ENTITIES REPORTED PER SECTOR (13G B-BBEE COMMISSION REPORTING ONLY)

Table 17: Number of JSE Entities Reported per Sector (13G Reports only)

Count of Certificate Type	Large Enterprise B-BBEE Certificate	Qualifying Small Enterprise B-BBEE Certificate	Exempted Micro Enterprise B-BBEE Certificate	Grand Total
Agri-BEE Sector Code	6	0	0	6
Construction Sector Code	4	0	0	4
Financial Sector Code	26	1	0	27
Forestry Sector Code	4	0	0	4
Generic Code	65	4	1	70
ICT Sector Code	11	0	0	11
Property Sector Code	16	1	0	17
Tourism Sector Code	4	0	0	4
Transport Sector Code	7	0	0	7
Grand Total	143	6	1	150

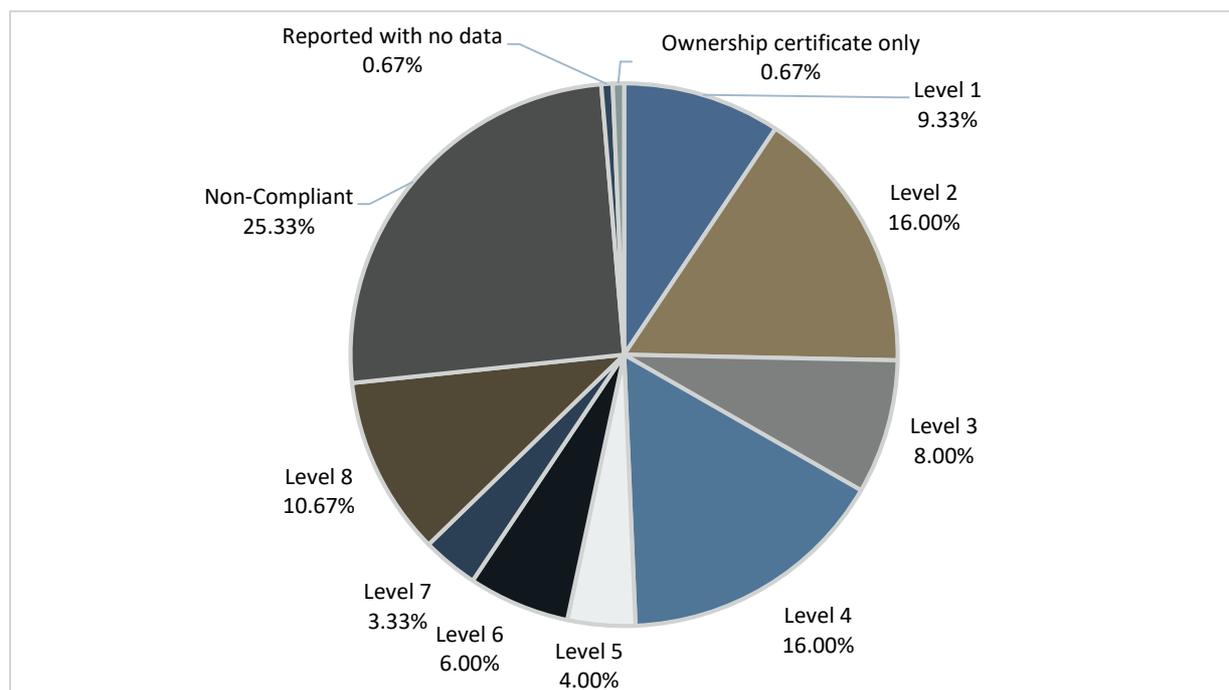
- As at 31 December 2019, there were 356 listed entities on the JSE³, however, reports received by the B-BBEE Commission indicated that only 150 JSE listed entities submitted data in response to the mandatory reporting requirements, showing that only 42% of the listed entities complied with the mandatory reporting requirement.
- Similar to the 2018 reporting period, it was again found that the highest concentration of listed entities that submitted their compliance reports, were verified under the Generic Codes.
- Based on our findings 69% of all reporting entities did not comply with the submission timelines for section 13G reporting.

³ At 31 December 2019 as per INET BFA

6.2. OVERALL CONTRIBUTION LEVELS: JSE ENTITIES (13G B-BBEE COMMISSION REPORTING ONLY)

Table 18: Overall Contribution Levels: JSE Entities (13G Reports Only)

B-BBEE Level	Percentage of Certificates Per B-BBEE Level
Level 1	9,33%
Level 2	16,00%
Level 3	8,00%
Level 4	16,00%
Level 5	4,00%
Level 6	6,00%
Level 7	3,33%
Level 8	10,67%
Non-Compliant	25,33%
Reported with no data	0,67%
Ownership certificate only	0,67%
Grand Total	100,00%



Graph 14: Overall Contribution Levels: JSE Entities (B-BBEE Commission)

- 25.33% of all certificates uploaded were rated as non-compliant and of the 150 listed entities that reported 0.67% had no data for analysis.
- 24% of the entities were rated from level 5 to level 8⁴.
- 49.33% of the entities were rated from level 4 to level 1⁵.

⁴ Includes scorecard types: EMEs, QSEs and Large

⁵ Includes scorecard types: EMEs, QSEs and Large

6.3. B-BBEE LEVEL PER SECTOR: JSE ENTITIES (13G B-BBEE COMMISSION REPORTING ONLY)

Table 19: B-BBEE Level per Sector: JSE Entities (13G Reports only)

B-BBEE Level	Agri-BEE Sector Code		Construction Sector Code		Financial Sector Code		Forestry Sector Code		Generic Code		ICT Sector Code		MAC Sector Code*		Property Sector Code		Tourism Sector Code		Transport Sector Code		Total #	Total %
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Level 1	0	0%	1	25%	3	11%	0	0%	5	7%	2	18%	0	0%	0	0%	3	75%	0	0%	14	9%
Level 2	0	0%	1	25%	4	15%	1	25%	9	13%	5	45%	0	0%	1	6%	0	0%	3	43%	24	16%
Level 3	1	17%	0	0%	1	4%	1	25%	6	9%	1	9%	0	0%	0	0%	0	0%	2	29%	12	8%
Level 4	1	17%	1	25%	2	7%	1	25%	14	20%	1	9%	0	0%	2	12%	1	25%	1	14%	24	16%
Level 5	0	0%	0	0%	1	4%	0	0%	4	6%	0	0%	0	0%	1	6%	0	0%	0	0%	6	4%
Level 6	0	0%	1	25%	2	7%	0	0%	6	9%	0	0%	0	0%	0	0%	0	0%	0	0%	9	6%
Level 7	1	17%	0	0%	0	0%	0	0%	4	6%	0	0%	0	0%	0	0%	0	0%	0	0%	5	3%
Level 8	2	33%	0	0%	4	15%	1	25%	5	7%	2	18%	0	0%	2	12%	0	0%	0	0%	16	11%
Non-Compliant	1	17%	0	0%	10	37%	0	0%	16	23%	0	0%	0	0%	11	65%	0	0%	0	0%	38	25%
Ownership certificate only	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	1	14%	1	1%
Reported with no data	0	0%	0	0%	0	0%	0	0%	1	1%	0	0%	0	0%	0	0%	0	0%	0	0%	1	1%
Grand Total	6	100%	4	100%	27	100%	4	100%	70	100%	11	100%	0	0%	17	100%	4	100%	7	100%	150	100%

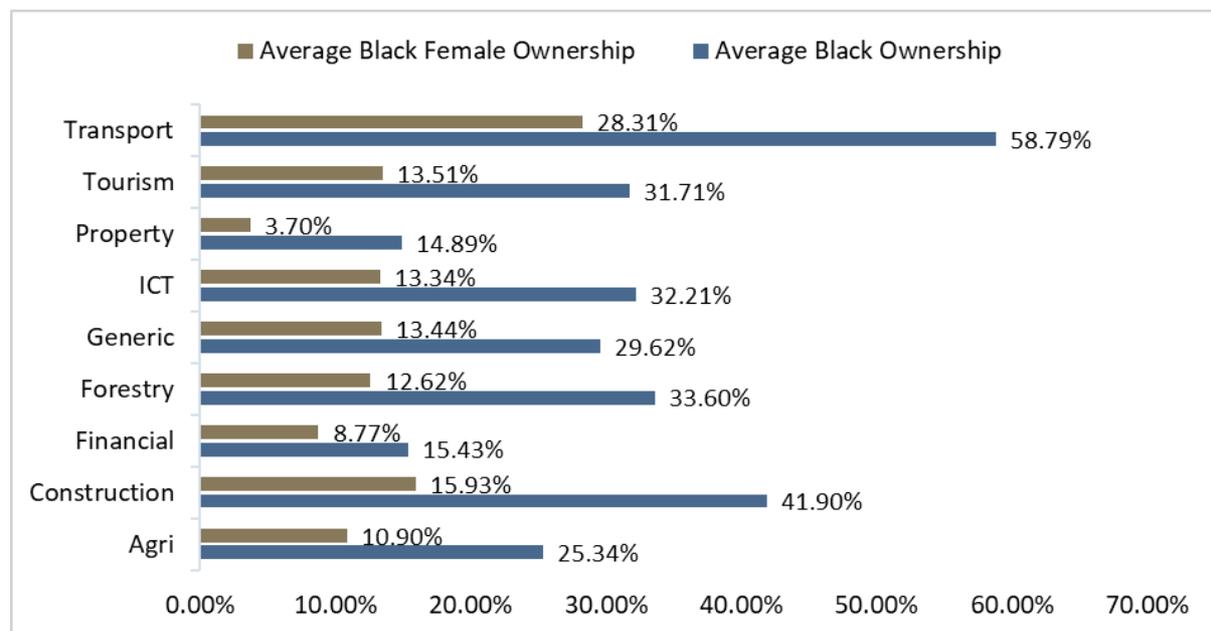
*Kindly note that no JSE Listed entities reported under the Marketing Advertising and Communications sector in 2019.

- Of the 150 listed entities that reported, the highest number reported were under the Generic Codes (70), the Financial sector code (FSC) (27) and the Property sector (17).
- From the above-mentioned entities, the majority reported as being as non-compliant with 22.86% of entities under the Generic Codes, 37.04% entities under the FSC and 64.71% under the Property sector.
- From the table above, only 1 entity reported did not provide compliance data.
- One other entity however only reported on the Ownership element as the B-BBEE certificate was only issued for this element.
- 38 entities were non-compliant with a concentration under the Generic codes.
- The majority of Financial Sector companies (37.04%) are rated as non-compliant.

6.4. AVERAGE BLACK OWNERSHIP: JSE ENTITIES (13G B-BBEE COMMISSION REPORTING ONLY)

Table 20: Average Black Ownership: JSE Entities (13G Reporting Only)

Code	Average Black Ownership	Average Black Women Ownership
Agri-BEE Sector Code	25,34%	10,90%
Construction Sector Code	41,90%	15,93%
Financial Sector Code	15,43%	8,77%
Forestry Sector Code	33,60%	12,62%
Generic Code	29,62%	13,44%
ICT Sector Code	32,21%	13,34%
Property Sector Code	14,89%	3,70%
Tourism Sector Code	31,71%	13,51%
Transport Sector Code	58,79%	28,31%



Graph 15: Average Black Ownership: JSE Entities

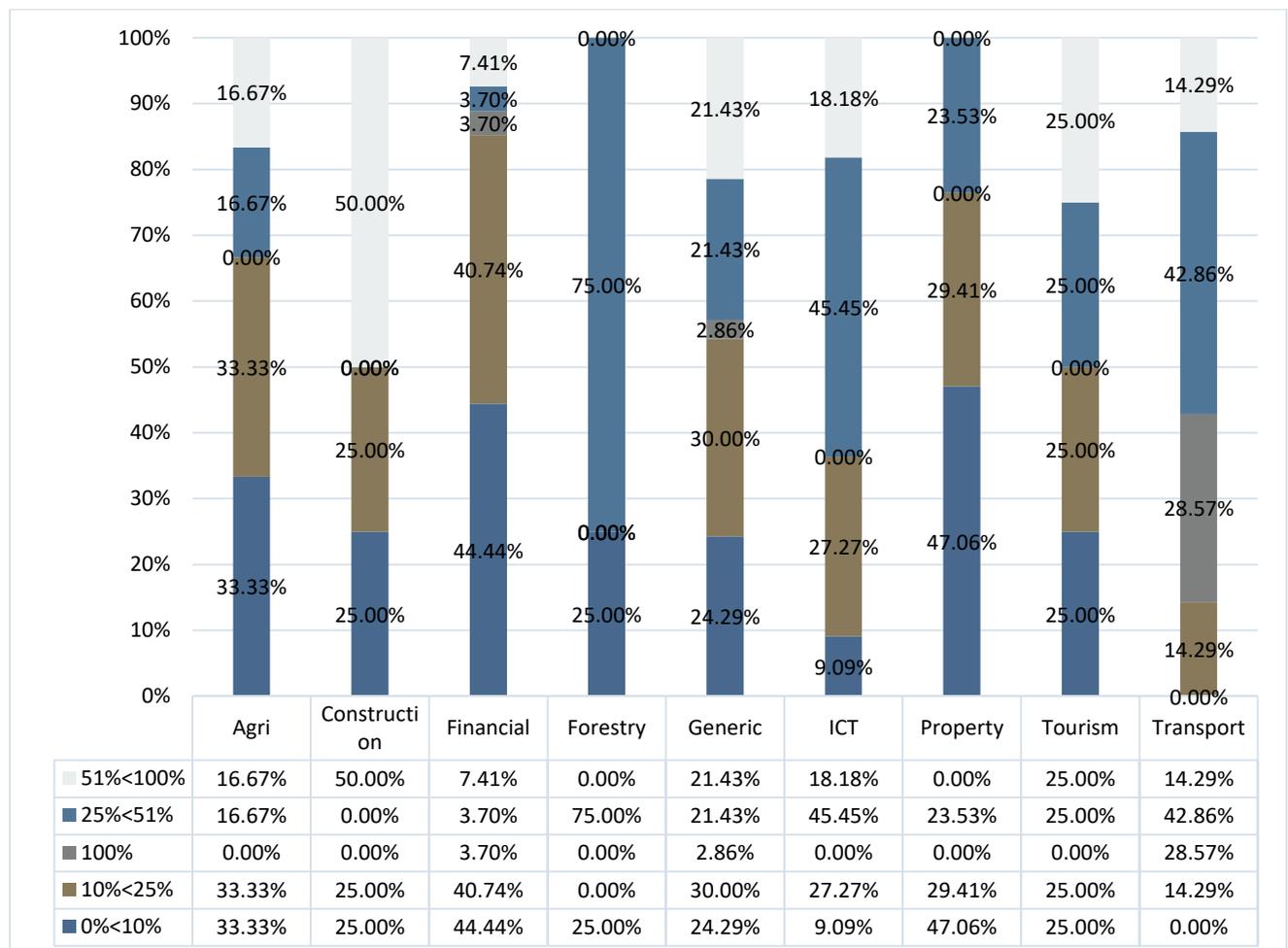
Note: No JSE Listed entities reported under Marketing Advertising and Communications sector code in 2019.

- The Transport sector has the highest average Black Ownership percentage of 58,79% of the JSE listed entities followed by the Construction sector at 41,90%.
- The Property sector has the lowest Black Ownership with an average of 14,89% whilst the Financial Sector follows with 15.43% Black Ownership.

6.5. BLACK OWNERSHIP PER SECTOR: JSE ENTITIES (13G B-BBEE COMMISSION REPORTING ONLY)

The below graph shows the Black Ownership for JSE listed entities per sector code stratified into the following ownership thresholds:

- less than 10%, (sub-minimum not achieved);
- 10% - 24.99% (sub-minimum achieved)
- 25% - 50.99 (Generic scorecard achieved)
- 51% - 99.99, (51% target achieved)
- 100%



Graph 16: Black Ownership per Sector: JSE Entities (13G Reports Only)*

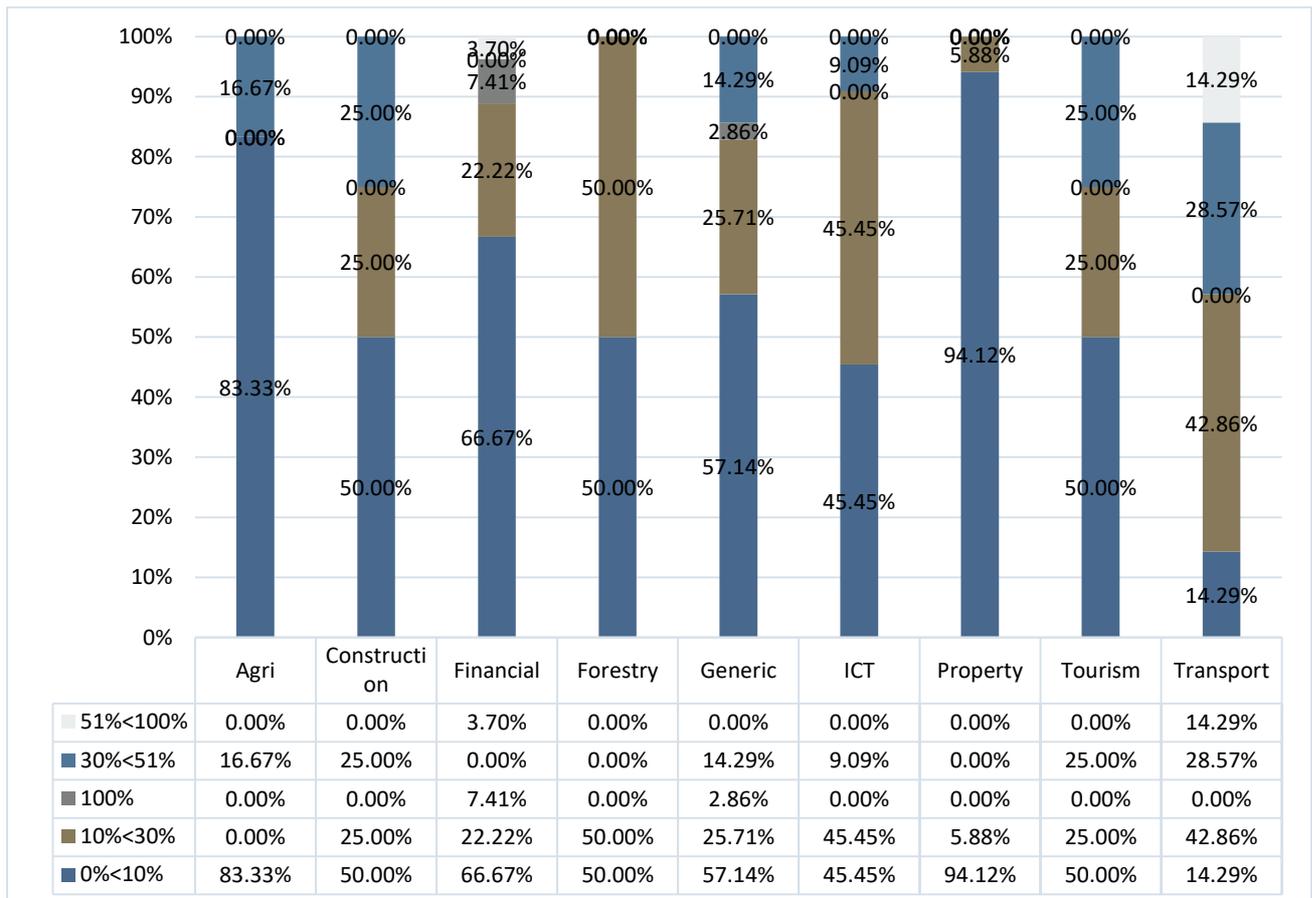
Note that no JSE Listed entities reported under the Marketing Advertising and Communications sector.

- All sectors reported entities with 0% - 10% Black Ownership except for the Transport sector. The Property Sector Reported the highest percentage of entities with 0% – 10% at 47.06%.
- In the 10% - 25% threshold, all sectors except for the Forestry sector reported within this threshold, with the Financial sector leading at 40.74%.
- In the 25% - 51% threshold the Construction sector was the only sector that reported 0% within this threshold. This is due to the Construction codes reporting 50% in two thresholds – 0% - 25%; and 51% - 100%. Forestry sector was the one leading with 75% of reported entities having ownership within this threshold.
- In the 51% - 100% threshold, the Forestry and Property sector reported 0% entities within this threshold. The Construction sector is leading in this threshold at 50%.
- For the final threshold of 100%, the Transport, Generic and Financial sector have reported entities with a 100% Black ownership. The Transport sector reported the highest percentage at 28.57% of entities with 100% black ownership.

6.6. BLACK WOMEN OWNERSHIP PER SECTOR: JSE ENTITIES (13G B-BBEE COMMISSION REPORTING ONLY)

The graph below shows Black Women ownership (BWO) as per the following ownership thresholds:

- Less than 10% (Generic scorecard target not achieved)
- 10% - 29.99% (Generic scorecard target achieved but 30% BWO target not achieved)
- 30% - 50.99% (30% BWO target achieved but 51% BO target not achieved)
- 100%



Graph 17: Black Women Ownership per Sector: JSE Entities (13G Reports Only)

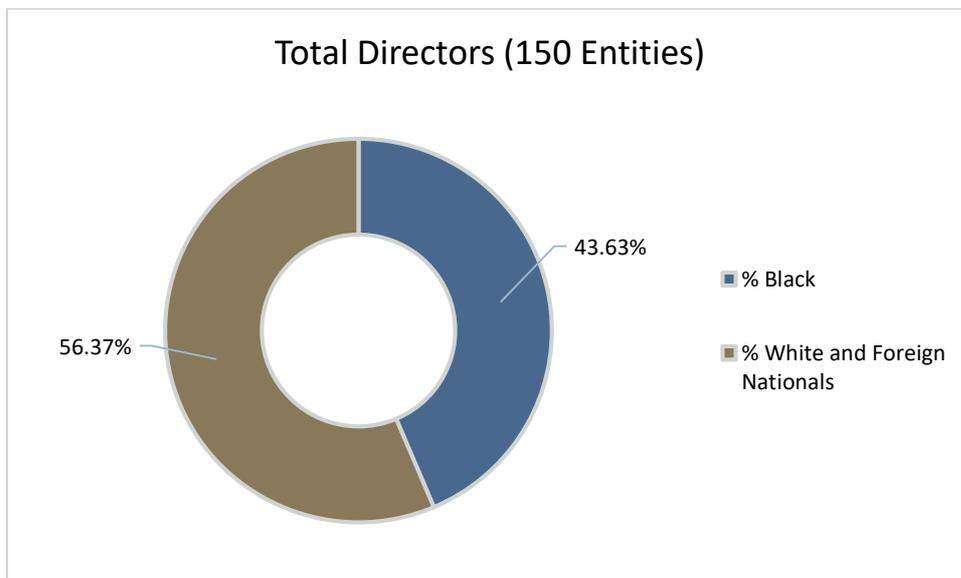
No JSE Listed entities reported under the Marketing Advertising and Communications sector.

- In the 0% - 10% threshold, all sectors reported within this threshold. Leading sectors were the Property sector (94.12%); Agri-BEE sector (83.33%); and Financial sector (66.67%).
- Most sectors have reported the majority of their entities within the 10% -30% segment, this is expected as most sectors have set Black Women ownership targets according to the Generic codes at 10% or more.
- Only the Financial (3.70%) and Transport (14.29%) sectors have reported entities that have Black Women ownership of 51% and more.

6.7. BOARD REPRESENTATION: DEMOGRAPHIC REPRESENTATION AT BOARD LEVEL OF JSE LISTED 13G REPORTING ENTITIES

Table 21: Percentage of Black vs. Non-Black at board level on the JSE

Directors	2019	2018
% Black	43.63%	38%
% White and Foreign Nationals	56.37%	62%
Grand Total	100,00%	100.00%



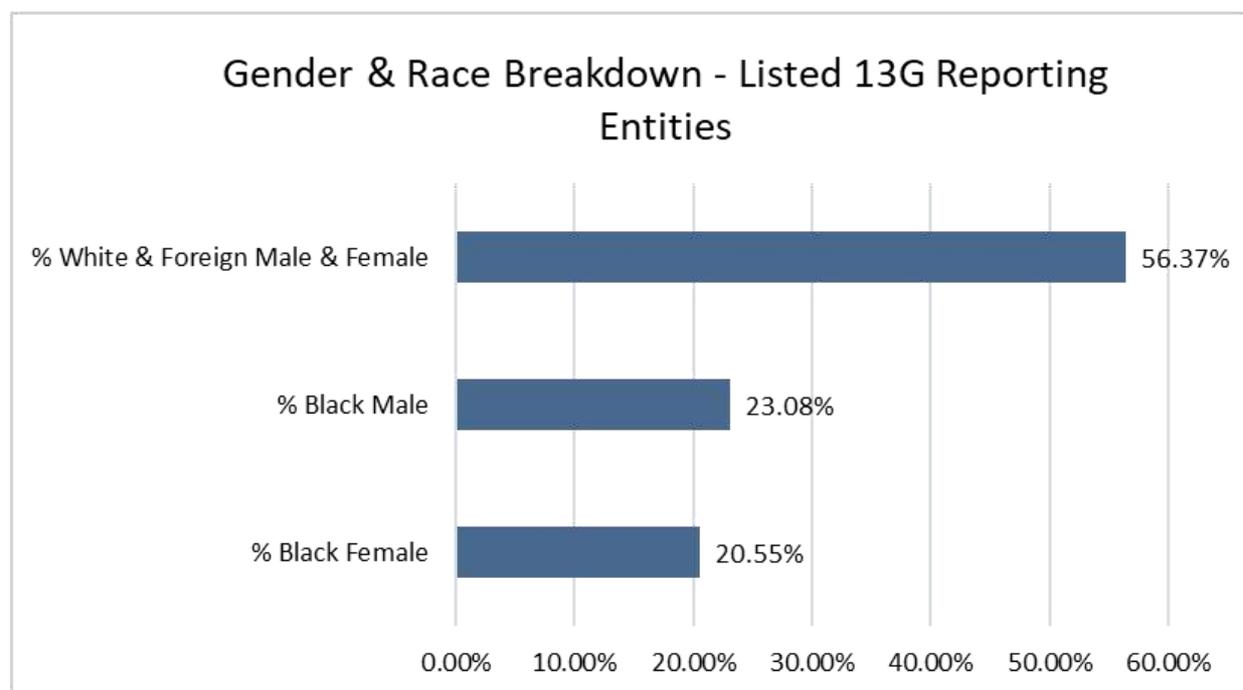
Graph 18: Percentage of Black vs. Non-Black at board level on the JSE

- The above statistics represents the 150 JSE listed entities that submitted to the Commission during the 2019 calendar year. The analysis was done based on directorships, and not individuals that hold directorships in the 150 entities that submitted to the B-BBEE Commission. Therefore, the same individual(s) may hold a number of directorships.
- The non-black directors (which is made up of whites and foreign nationals) constitutes 56.37% of directors (executive, non-executive and independent directors). This continues to point towards a low level of economic transformation at board level.

6.8. MANAGEMENT CONTROL: RACE AND GENDER BREAKDOWN ON JSE LISTED 13G REPORTING ENTITIES

Table 22: Comparative Race and Gender breakdown on Listed entities

Race & Gender	2019 13G Reporting	2018 13G Reporting	2017 13G Reporting	JSE listed - 2016 B-BBEE Commission Report	JSE listed - 2014 SAICA Study
% Black Women	20,55%	21.63%	18,00%	12,00%	12,00%
% Black Male	23,08%	16.76%	20,00%	18,00%	20,00%
% White & Foreign Male & Women	56,37%	60.61%	62,00%	70,00%	68,00%
Grand Total	100,00%	100,00%	100,00%	100,00%	100,00%
Sources:	2019 13G Reports & Annual Reports	2018 13G Reports & Annual Reports	13G Reports; Integrated Reports and CIPC	WOW Database	SAICA

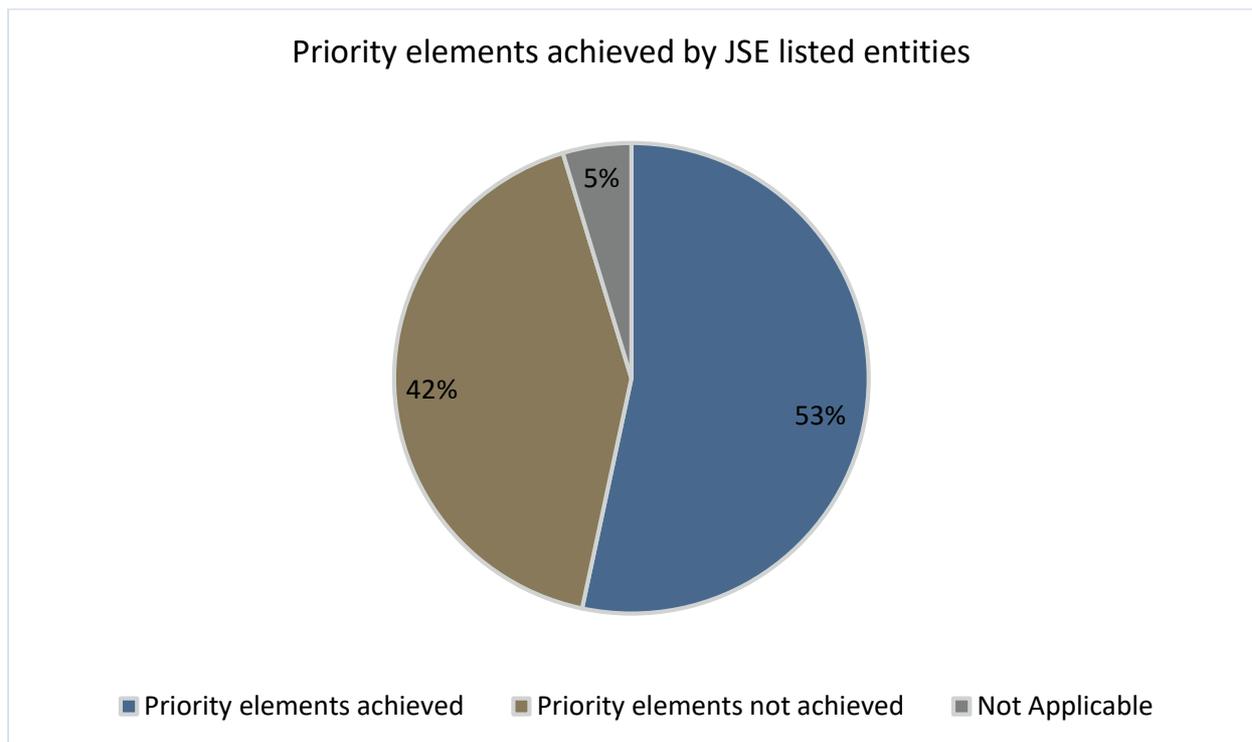


Graph 19: Race and Gender breakdown on 2019 Listed 13G Reporting entities

- From the listed entities that reported to the B-BBEE Commission, white directorships as a whole continue to dominate JSE listed directorships (56%) followed by Black Male (23%) and Black Women (20%) directorships. Black directorships as a whole make up 43% of all directorships.

6.9. ACHIEVEMENT OF PRIORITY ELEMENTS BY JSE LISTED COMPANIES

As illustrated in the graph below, on average 53% of the JSE listed entities have met priority elements, whilst 42% have not attained the minimum score for priority elements. Of the 150 reporting entities, 7 entities are measured on the Transport sector code, which is yet to be amended, and hence the category of priority element is not applicable.



Graph 20: Priority elements achievement by JSE listed entities

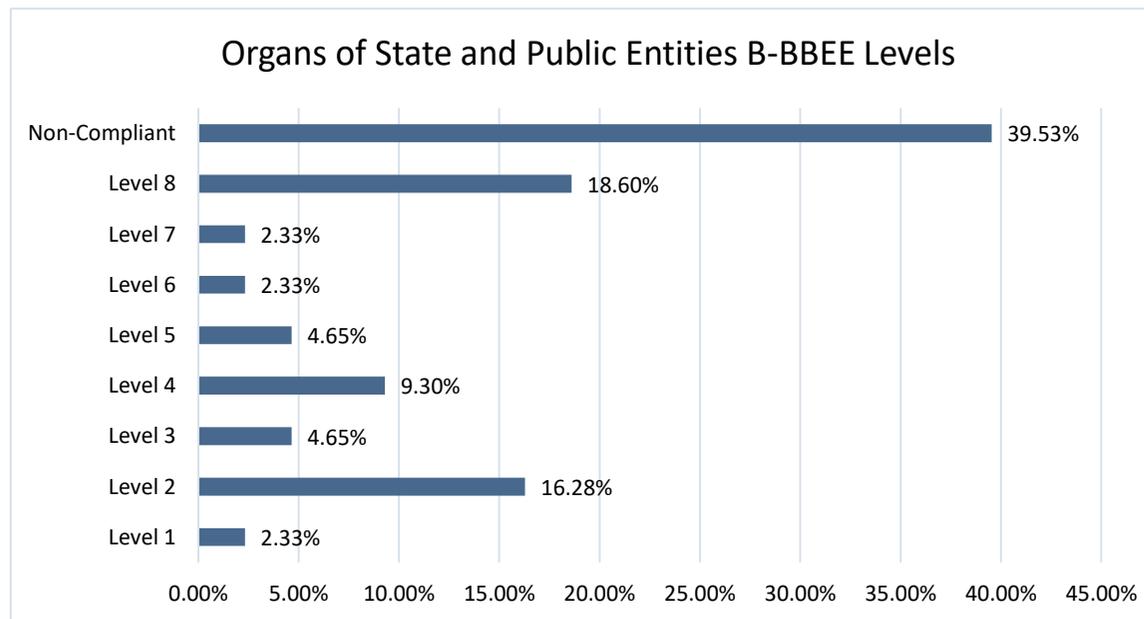
7. SECTION D: ORGANS OF STATE AND PUBLIC ENTITIES

The B-BBEE Regulations makes it mandatory for Public Entities and Organs of State to report annually to the B-BBEE Commission, within 30 days after the approval of their audited annual financial statements and annual report. Based on the information submitted to the B-BBEE Commission, only 43 Public Entities and Organs of State submitted their Annual Compliance Reports.

An overview of the B-BBEE levels for the 43 entities is detailed below.

Table 23: Overview of B-BBEE levels for Organs of State and Public Entities

Contribution Levels	Percentage
Level 1	2,33%
Level 2	16,28%
Level 3	4,65%
Level 4	9,30%
Level 5	4,65%
Level 6	2,33%
Level 7	2,33%
Level 8	18,60%
Non-Compliant	39,53%
Grand Total	100,00%



Graph 21: Organs of State and Public Entities B-BBEE Level

A total of 43 reports were received from Organs of State and Public Entities during the period under review. Approximately 81% of the reports were from State Owned Entities, whilst 13.95% represented national and provincial departments and only 4.65% represented the SETAs⁶. 39.53% of the Organs of State were rated non-compliant.

7.1. AVERAGE SCORE OF B-BBEE ELEMENTS

The percentages reflected in the table below indicate the average percentage of B-BBEE points achieved as a percentage of the available B-BBEE points under the stated elements.

Table 24: Overall Organ of State and Public Entities B-BBEE Elements Analysis

Element	Average of all Organs of State and Public Entities
Management Control	68.20%
Skills Development *	40.71%
Enterprise and Supplier Development*	58.89%
Socio-Economic Development	53.29%

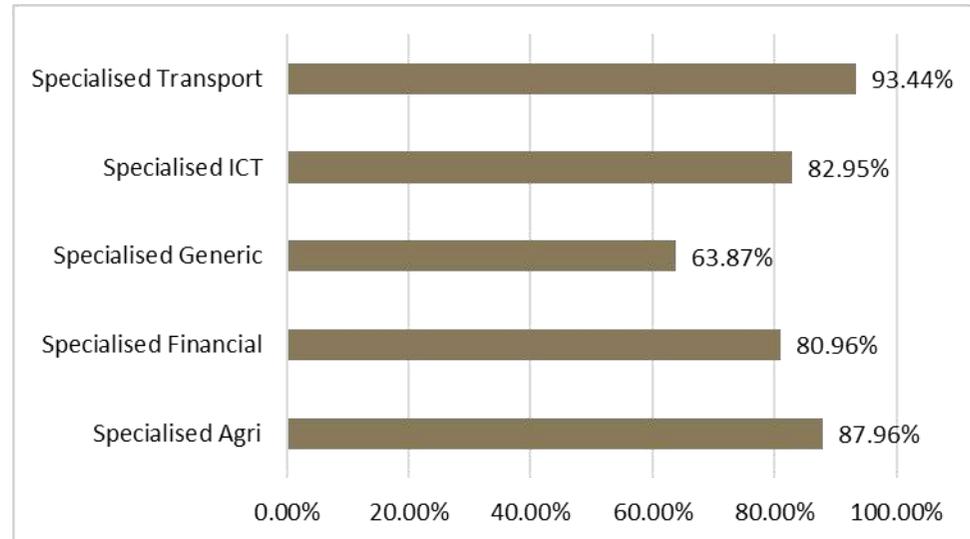
- a. Organs of State and Public Entities are not measured on the Ownership element.
- b. 79% of the State-Owned Entities were measured on the Specialised Generic code with Skills Development and Enterprise and Supplier Development remaining the priority elements as per legislation.

⁶ Includes constitutional institutions, major public entities, national and provincial public entities and national and provincial government business enterprises and regulatory bodies as classified per the Public Institutions listed in PFMA Schedule 1, 2, 3A, 3B, 3C and 3D as at 24 May 2019 (National Treasury).

7.2. AVERAGE SCORE ACHIEVED FOR MANAGEMENT CONTROL

Table 25: Average Score Achieved for Management Control (% achieved of targeted points)

Code	Average of Management Control achieved of target score
Specialised Agri-BEE	87,96%
Specialised Financial	80,96%
Specialised Generic*	63,87%
Specialised ICT	82,95%
Specialised Transport	93,44%
Average of all Organs of State and Public Entities	68.20%



Graph 22: Average Score Achieved for Management Control

The graph above depicts the average score for the B-BBEE elements, namely Management Control, by Organs of State and Public Entities.

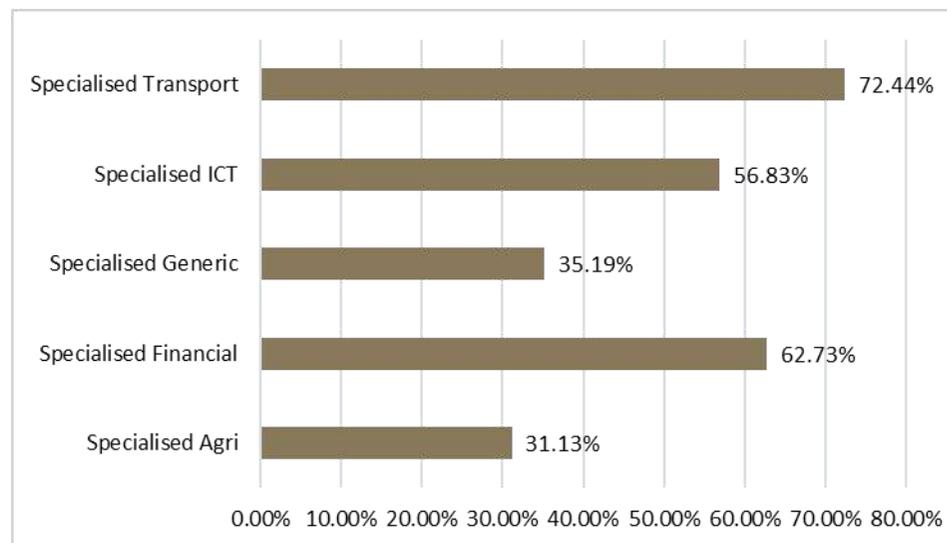
- a. Organs of State and Public Entities performed relatively satisfactory in terms of Management Control where they scored an average of 68.20%. Scores are done in relation to the Black representation according to the demographics of the country.

*Selected sectors have made provisions for Specialised entities i.e. Agri-BEE, Financial, ICT and Transport. Entities in other sectors that do not have a Specialised scorecard are measured using the Specialised Generic Scorecard.

7.3. AVERAGE SCORE ACHIEVED FOR SKILLS DEVELOPMENT

Table 26: Average Score Achieved for Skills Development (% achieved of targeted points)

Code	Average of Skills Development achieved of target score
Specialised Agri-BEE	31,13%
Specialised Financial	62,73%
Specialised Generic	35,19%
Specialised ICT	56,83%
Specialised Transport	72,44%
Average of all Organs of State and Public Entities	40.71%



Graph 23: Average Score Achieved for Skills Development

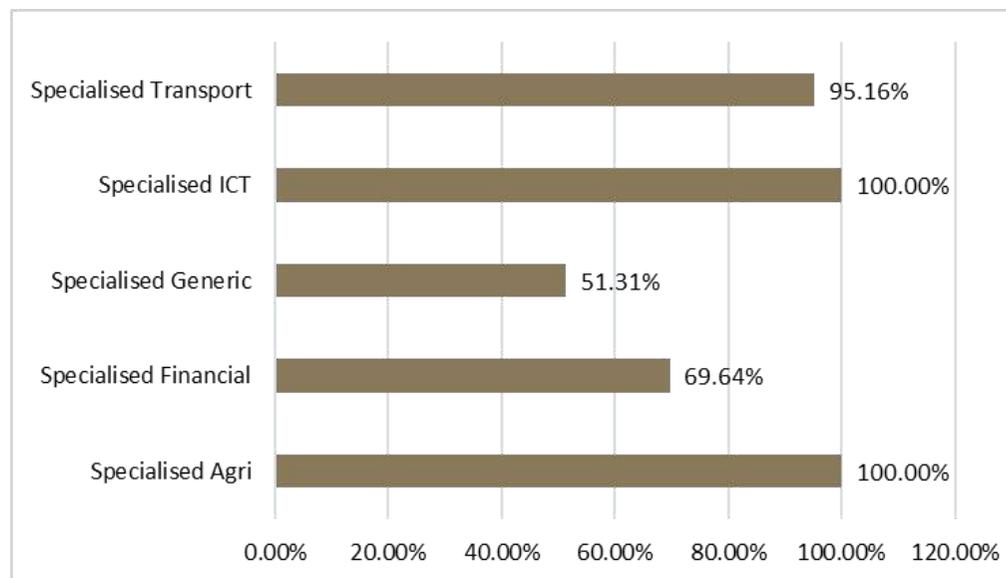
The graph above depicts the average score for the Skills Development element by Organs of State and Public Entities.

- a. Organs of State and Public Entities performed poorly in terms of Skills Development, with Specialised Agri-BEE achieving the lowest average at 31.13%.

7.4. AVERAGE SCORE ACHIEVED FOR ENTERPRISE AND SUPPLIER DEVELOPMENT

Table 27: Average Score Achieved for Enterprise and Supplier Development (% achieved of targeted points)

Code	Average of Enterprise and Supplier Development achieved of target score
Specialised Agri-BEE	100,00%
Specialised Financial	69,64%
Specialised Generic	51,31%
Specialised ICT	100,00%
Specialised Transport	95,16%
Average of all Organs of State and Public Entities	58.89%



Graph 24: Average Score Achieved for Enterprise and Supplier Development

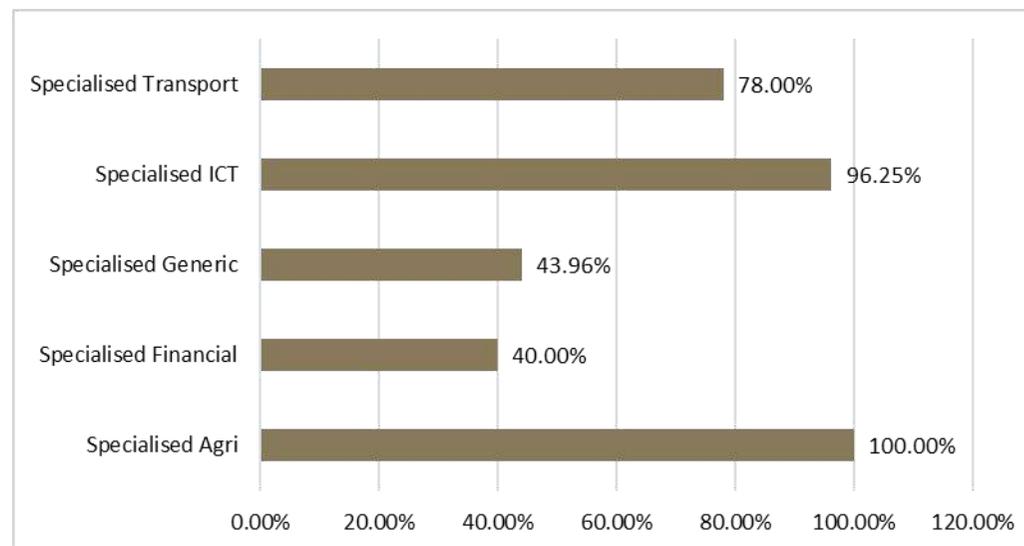
The graph above depicts the average score for Enterprise and Supplier Development by Organs of State and Public Entities.

- a. Organs of State and Public Entities under the Agri-BEE, ICT and Transport sectors performed well. Entities rated under the Generic and Financial sectors performed below 70%.

7.5. AVERAGE SCORE ACHIEVED FOR SOCIO-ECONOMIC DEVELOPMENT

Table 28: Average Score Achieved for Socio-Economic Development (% achieved of targeted points)

Code	Average of Socio-economic Development achieved of target score
Specialised Agri	100,00%
Specialised Financial	40,00%
Specialised Generic	43,96%
Specialised ICT	96,25%
Specialised Transport	78,00%
Average of all Organs of State and Public Entities	53.29%



Graph 25: Average Score Achieved for Socio-Economic Development

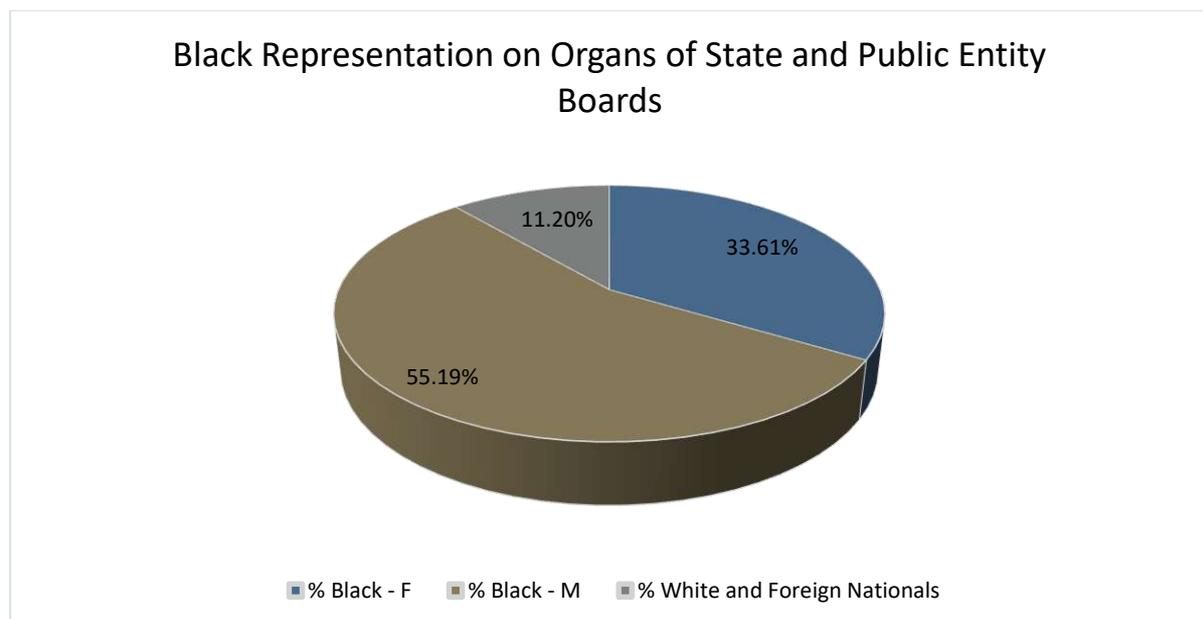
The graph above depicts the average score for Socio-Economic Development by Organs of State and Public Entities.

- a. Organs of State and Public Entities on the Agri-BEE, ICT and Transport codes performed relatively satisfactory in terms of Socio-Economic Development with average score of above 70%. Financial and Generic entities performed poorly, with averages less than 50%.

7.6. BOARD REPRESENTATION

Table 29: Board Representation on Organs of State and Public Entities

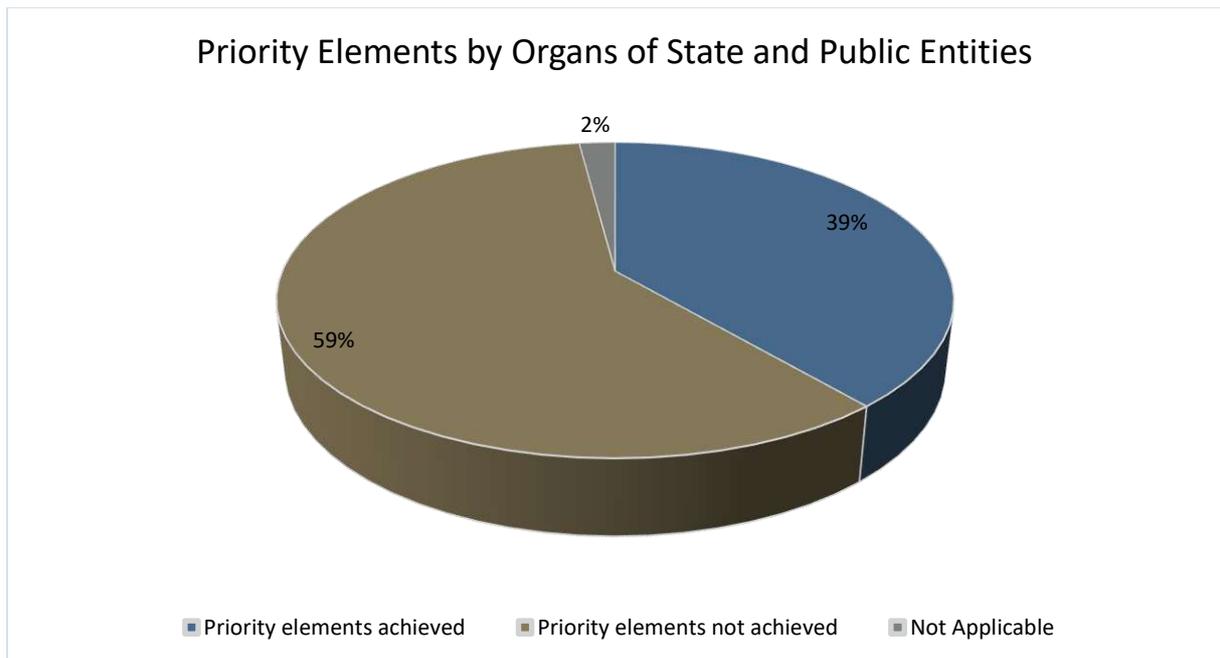
Directors	2019
% Black - F	33,61%
% Black - M	55,19%
% White and Foreign Nationals	11,20%
Grand Total	100,00%



Graph 26: Board Representation on Organs of State and Public Entities

- a. Based on the graph above, the representation of Black Women and Men on State Owned Entities' Board of Directors is noticeably higher than that of JSE listed entities.
- b. Good progress has been achieved in transforming the Board of Directors of Organs of State to get the equitable racial and gender representation.
- c. Black Women representation on Board level was at an average of 33% whilst Black Males were 55% represented. There is a notable difference with the average representation in JSE listed entities of 20% and 23% for Black Women and Males respectively.

7.7. ACHIEVEMENT OF PRIORITY ELEMENTS BY ORGANS OF STATE- AND PUBLIC ENTITIES



Graph 27: Achievement of Priority Elements by Organs of State and Public Entities

Not applicable applies to entities measured using the Transport sector code, which is yet to be amended, and hence the category of priority element is not applicable.

- a. This performance reflects that these entities are still lagging in terms of implementing the priority elements and interventions are necessary to enhance the level of compliance for these entities.
- b. The JSE listed entities performed slightly better than Organs of State and Public Entities, achieving 53% on priority elements.
- c. It is vital that organs of state set the tone in the adoption of B-BBEE legislation and driving Skills Development. The requirement and necessity to implement Skills Development should be communicated to respective entities.

8. SECTION E: YEAR-ON-YEAR COMPARATIVE ANALYSIS

This section presents comparison of information for the years 2017 to 2019. The analysis was based on B-BBEE certificates information that was uploaded by the verification agencies onto the B-BBEE Certificates Portal and are maintained by the B-BBEE Commission, as well as Section 13G submissions to B-BBEE Commission. The population size fluctuates year-on-year due to the changes in the number of entities that undergo B-BBEE verifications and partly due to the changes made to the EME and QSE thresholds and the requirements for sworn affidavits instead of a B-BBEE verification.

8.1. YEAR-ON-YEAR COMPARISON FOR B-BBEE CERTIFICATES PORTAL

8.1.1. PORTAL DATA ANALYSIS: SUMMARY OF YEAR ON YEAR MOVEMENTS

Table 30: Average Score Achieved per Year as per the B-BBEE Certificates Portal

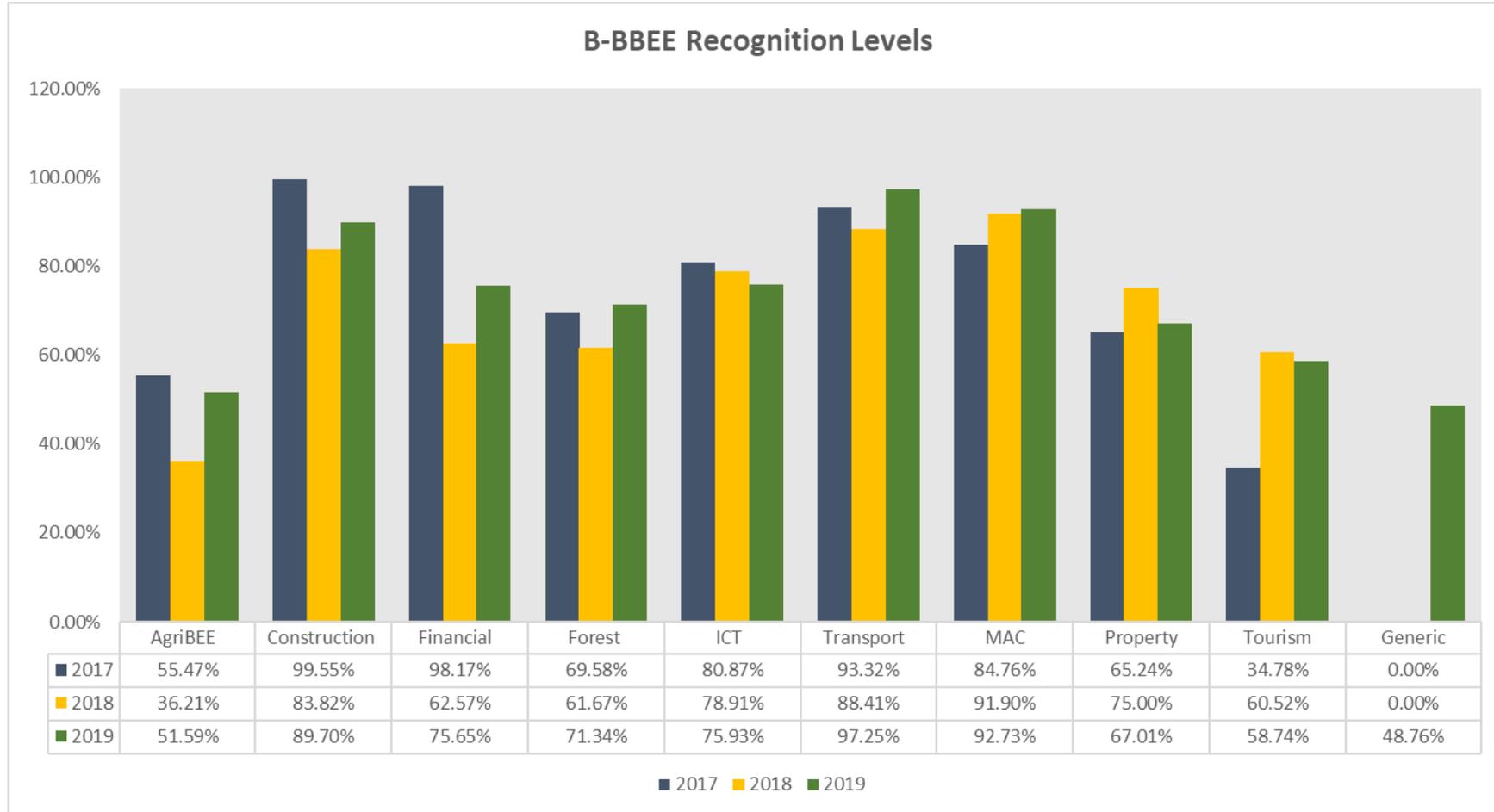
Detail	Year			Year-on-year movement	
	2017	2018	2019	2018	2019
	Percentage of Entities				
Level 1-4	39.84%	38.42%	45.70%	-3.56%	18.96%
Level 5-Non-Compliant	60.16%	61.58%	54.30%	2.36%	-11.83%
Average Black Ownership	27.83%	25.20%	29.04%	-9.45%	15.23%
Average Black Women Ownership	9.42%	10.10%	11.69%	7.22%	15.75%
Average score as a percentage of total points					
Ownership	Not available	Not available	48.88%	Not available	Not available
Management Control	42.72%	41.43%	38.54%	-3.02%	-6.98%
Skills Development	36.82%	63.33%	48.81%	72.00%	-22.93%
Enterprise and Supplier Development	44.27%	68.18%	51.20%	54.01%	-24.90%
Socio-Economic Development	88.37%	92.11%	68.07%	4.23%	-26.10%

During 2019 there has been a 18.96% increase in the number of entities which achieved a B-BBEE level 4 and above from the previous year. This is reflected in the 11.8% decrease of entities achieving level 5 and below.

The average Black Ownership has increased by 15.23% while Black Women Ownership has also increased significantly by 15.75% between 2018 and 2019. The average score per element were based on Generic and QSE scorecards submitted via the B-BBEE Certificates Portal. There has been a decline within all of the measured elements (Ownership data for 2018 was not available) in 2019 with the biggest being a 26.1% decrease within Socio-Economic Development.

8.1.2. PORTAL DATA SECTOR CODE ANALYSIS: AVERAGE B-BBEE RECOGNITION LEVELS PER SECTOR

Graph 28: Average Overall B-BBEE Recognition Levels



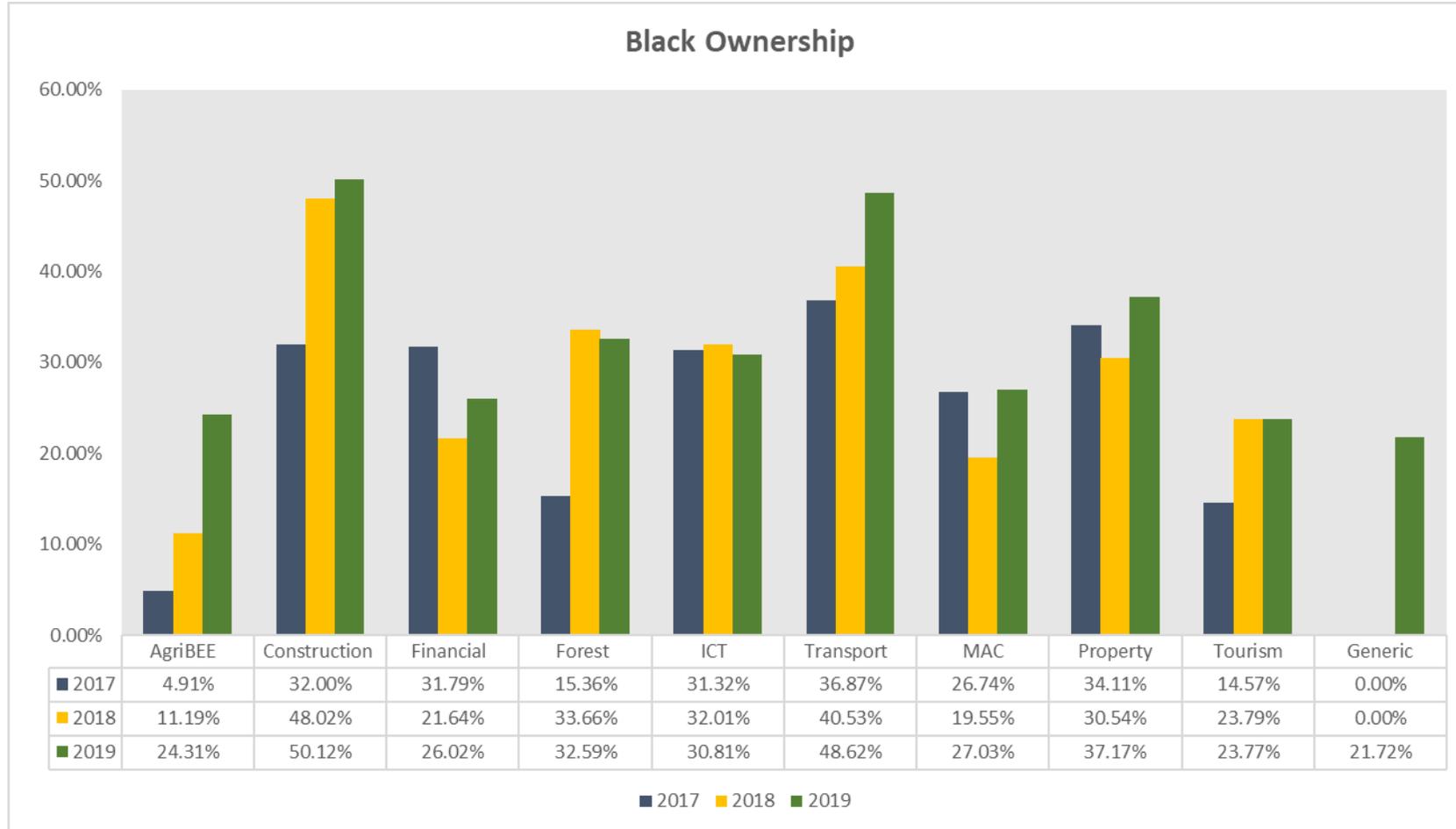
The above graph depicts average B-BBEE recognition level trends amongst the various sectors over a period of three years. It is important to note that the above sets of data were based on the B-BBEE certificates uploaded on the B-BBEE Certificates Portal for large and QSE entities.

There is a general downward trend in B-BBEE recognition levels across all sectors which could partly be ascribed to the introduction of the Amended Codes across sectors. From 2018 to 2019, however, all sectors have shown an improvement in recognition levels except for ICT and Tourism where there were very small declines. The best performer is the Transport sector with an average of 97.3%, while the Agri-BEE sector is the worst performer with an 51.6% average recognition level.

Note: Analysis for entities under Generic code were not done in 2018 and 2017.

8.1.3. PORTAL DATA SECTOR CODE ANALYSIS: BLACK OWNERSHIP

Graph 29: Sector Code Analysis: Average Black Ownership



The above graph depicts the average overall Black Ownership trends amongst the various sectors over a period of three years. The movements in Black Ownership is explained further below:

a. Consecutive year-on-year increase in Black Ownership 

- Only Construction, Transport and Property show consistent improvement of Black Ownership over the 3-year period.
- Construction leads the way as the only sector having average Black Ownership above 50% (50.1%) in 2019 while Transport follows close behind at 48.6%. These year-on-year consistent improvements are indicative of the pressure within these sectors for entities to become 51% black owned.

b. Best improvement 

- The Agri-BEE sector has shown the biggest improvement (increase by 13%) during 2019, but is still lagging behind with an average of 24.31% Black Ownership.

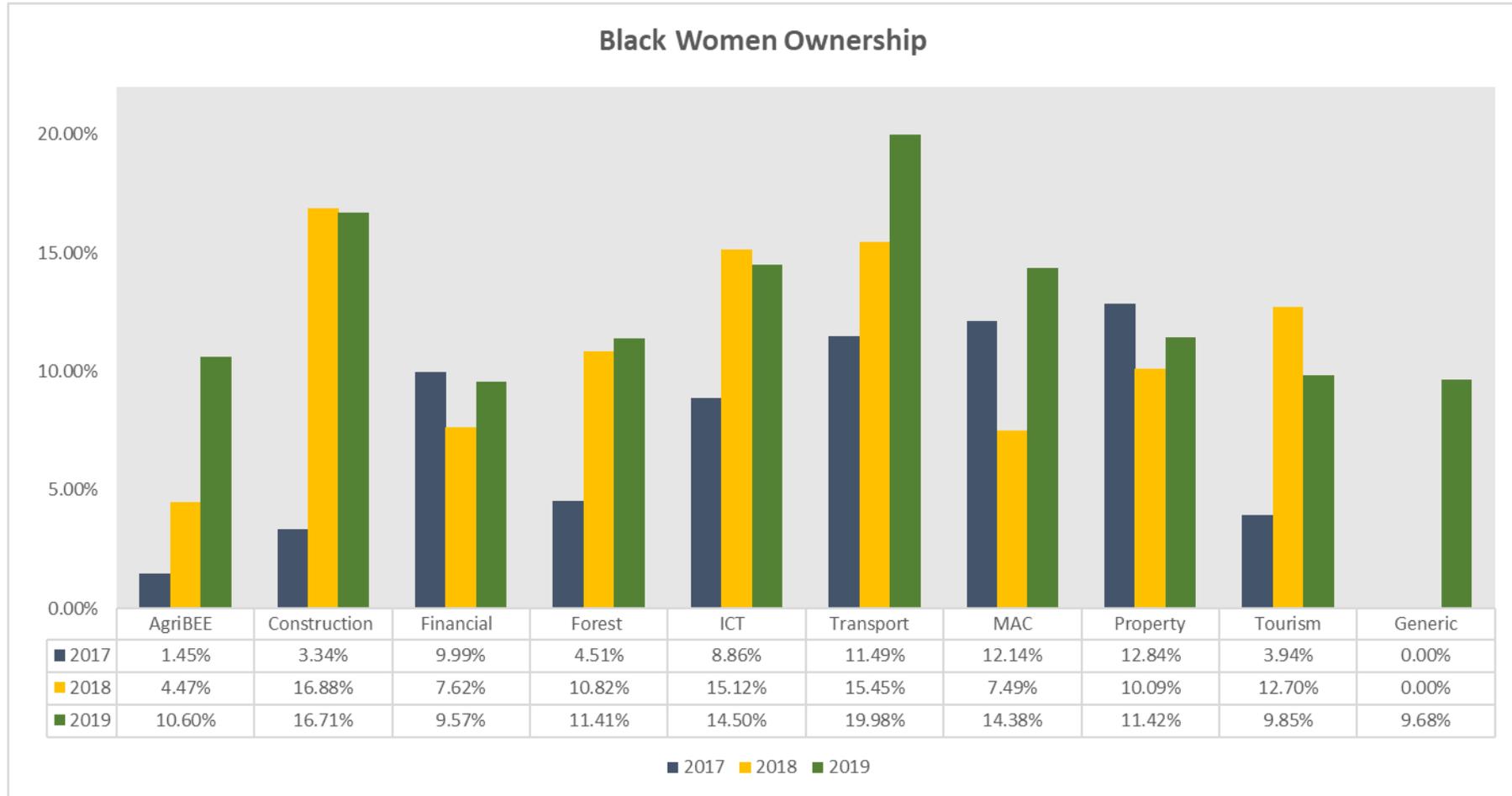
c. Year-on-year decline in Black Ownership 

- The ICT and Tourism sectors show a year-on-year decline in Black Ownership percentages from 2018 to 2019, but these were marginal changes which did not exceed 2.5%.
- The Financial sector had a decrease from 2017 to 2018, but this was turned around in 2019 with a 4.4% increase in 2019.

Note: Analysis for entities under Generic code were not done in 2018 and 2017.

8.1.4. PORTAL DATA SECTOR CODE ANALYSIS: BLACK WOMEN OWNERSHIP

Graph 30: Sector Code Analysis: Average Black Women Ownership



The above graph depicts the average Black Women Ownership trends amongst the various sectors over a period of three years. The movements in Black Women Ownership is explained further below.

a. Consecutive year-on-year increase in Black Women Ownership 

- In the Transport sector, Black Women Ownership increased consistently over the three-year period: (from 11% to 20%).
- 7 out of 9 sectors have shown an improvement of Black Women Ownership over the 3-year period with 6 of them being characterized by fluctuations in-between.

▪ Best improvement 

- The MAC sector has shown the biggest improvement (increase by 6.9%) during 2019 with Agri-BEE following closely with an 6.1% increase.

b. Fluctuating trends with the latest decline in Black Women Ownership 

- Black Women Ownership for the ICT and Tourism sectors decreased marginally from 2018 to 2019, but this did not exceed 3% in any of these sectors.

Note: Analysis for entities under Generic code were not done in 2018 and 2017.

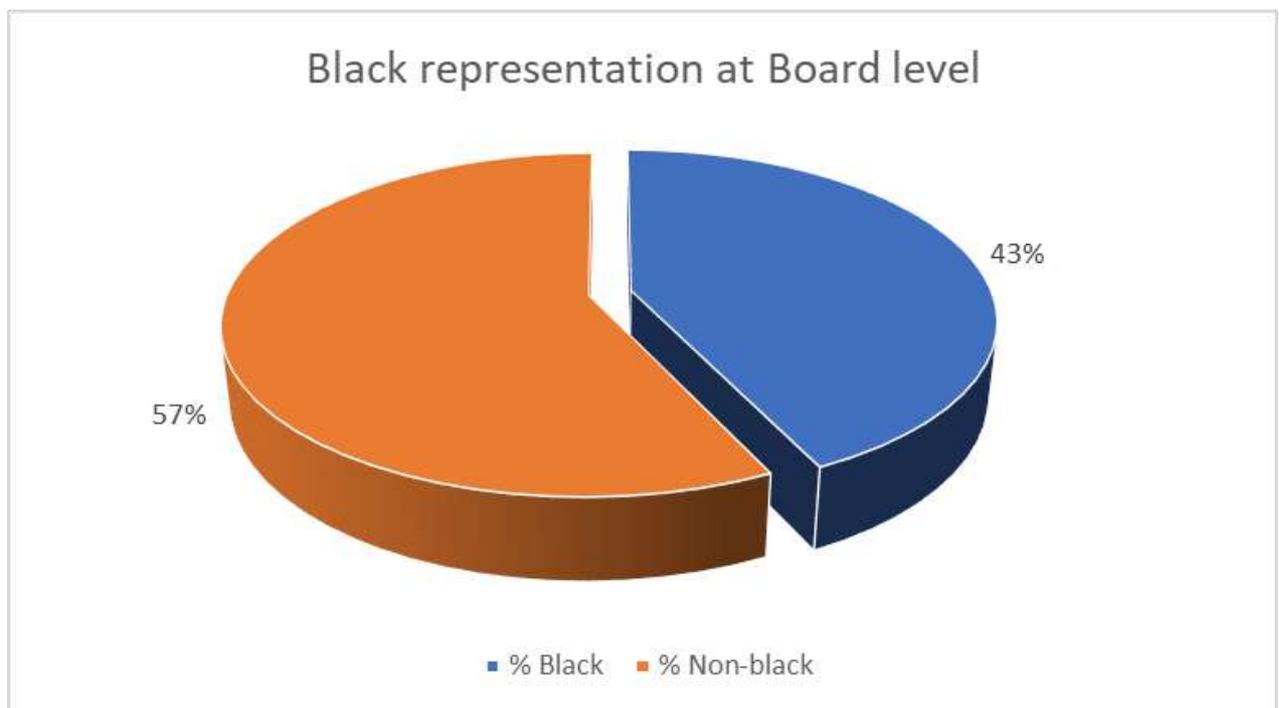
8.2. SECTION 13G MULTI-YEAR ANALYSIS

8.2.1. JSE Listed Entities: Movement in Board Representation by Black people

The table below depicts the representation of black people on JSE listed Board of Directors. There was no movement in the representation of Blacks on JSE listed Board of Directors from the 38% reported in 2018, but this improved to 43% in 2019. This is still below the Generic scorecard target of 50% black representation at Board level.

Table 31: Movement in Board Representation on JSE Boards

Description	Year			Movement	
	2017	2018	2019	2018	2019
Black	38%	38%	43%	0%	+5%
Non –Black	62%	62%	57%	0%	-5%
Total	100%	100%	100%		



Graph 31: Black Representation on JSE Boards

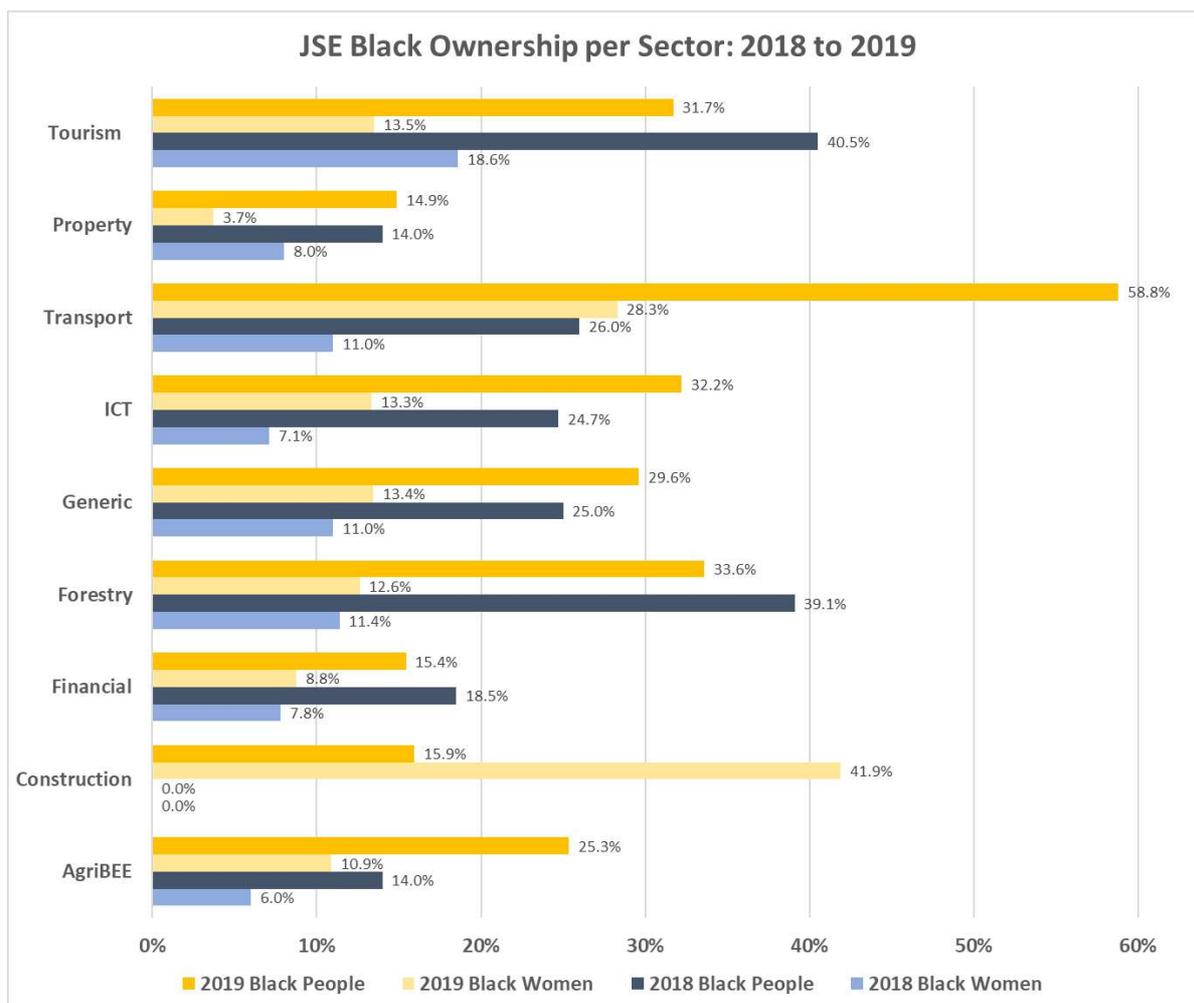
8.2.2. JSE Listed Entities: Black Ownership status per section 13G report

This section highlights the movement in Black Ownership of JSE listed entities that submitted their section 13G in 2019 when compared to 2017 and 2018. There was noticeable improvement of both Black and Black Women Ownership within the Transport sector while the Agri-BEE sector also showed good improvement in 2019. On the down side, the Financial, Forestry, Property and Tourism sectors regressed during 2019.

Table 32: Black Ownership Status per Sector for JSE Entities (13G Report)

Description	2017		2018		2019		Movement 2019	
	Black Ownership	Black Women Ownership						
Agri-BEE sector	11.64%	4.30%	14.00%	6.00%	25.34%	10.90%	81.01%	81.72%
Construction sector	32.00%	3.34%	-	-	41.90%	15.93%	-	-
Financial sector	19.06%	6.62%	18.50%	7.80%	15.43%	8.77%	-16.59%	12.48%
Forestry sector	43.03%	14.82%	39.10%	11.40%	33.60%	12.62%	-14.06%	10.70%
Generic Codes	12.28%	5.16%	25.00%	11.00%	29.62%	13.44%	18.48%	22.15%
Information Communication Technology sector	23.31%	9.30%	24.70%	7.10%	32.21%	13.34%	30.40%	87.90%
Transport sector	31.51%	13.56%	26.00%	11.00%	58.79%	28.31%	126.12%	157.36%
Marketing, Advertising and Communications Sector	26.74%	12.14%	-	-	-	-	-	-
Property sector	81.19%	36.39%	14.00%	8.00%	14.89%	3.70%	6.35%	-53.73%
Tourism sector	15.17%	4.71%	40.50%	18.60%	31.71%	13.51%	-21.70%	-27.37%

Note: No entities reported under the Marketing, Advertising and Communications Sector code for 2019 and 2018. For Construction no entities reported for 2018.



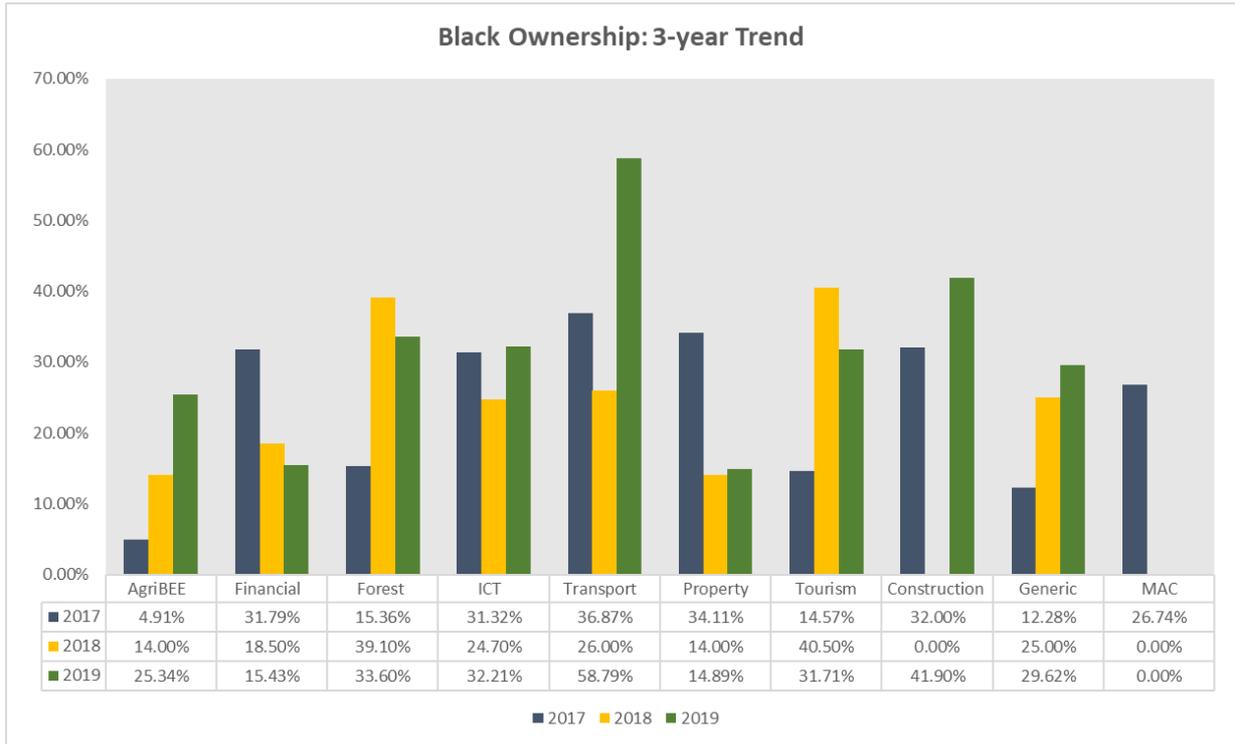
Graph 32: JSE Black Ownership and Black Women Ownership: 2019 vs 2018*

The graph above depicts a two-year (2018 to 2019) comparison of the Black Ownership and Black Women Ownership of JSE listed entities.

Over the two-year period there has been improvement in Black Ownership within five of the eight sectors, namely Property, Transport, ICT, Generic and Agri-BEE sectors. The Transport sector has shown a significant improvement of 30.5%. The Tourism, Forestry and Financial sectors showed declining Ownership ranging between 3.1% and 8.8%.

Black Women Ownership followed a similar trend to Black Ownership whereby the Transport sector has shown the best improvement with an 17.3% increase while the ICT, Generic, Forestry, Financial and Agri-BEE sectors all showed improvements. The Property sector were notably down by 4.3% in terms of Black Women Ownership

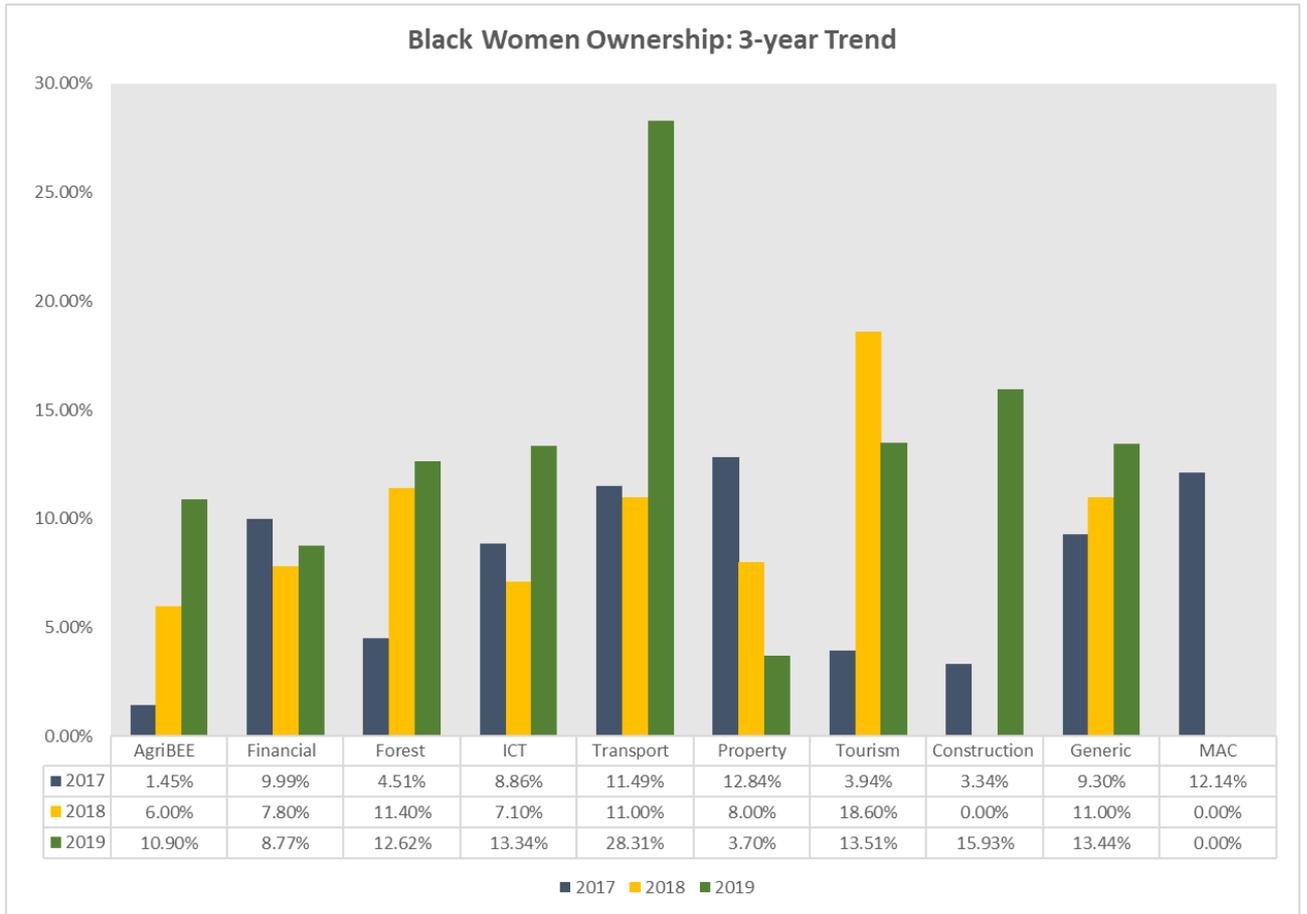
***Note:** No entities reported under the Marketing, Advertising and Communications Sector code for 2019 and 2018 years. For Construction no entities reported for 2018.



Graph 33: Year on Year Comparison of Average Black Ownership per Sector

Notable decreases are seen in Black ownership within the Financial and Property sectors. The Agri-BEE, Transport, Construction sectors have seen a substantial increase in Black ownership from 2017 to 2019

Note: No entities reported under the Marketing, Advertising and Communications sector code for 2019 and 2018 years. For Construction sector, no entities reported for 2018.



Graph 34: Year on Year Comparison of Average Black Women Ownership per Sector

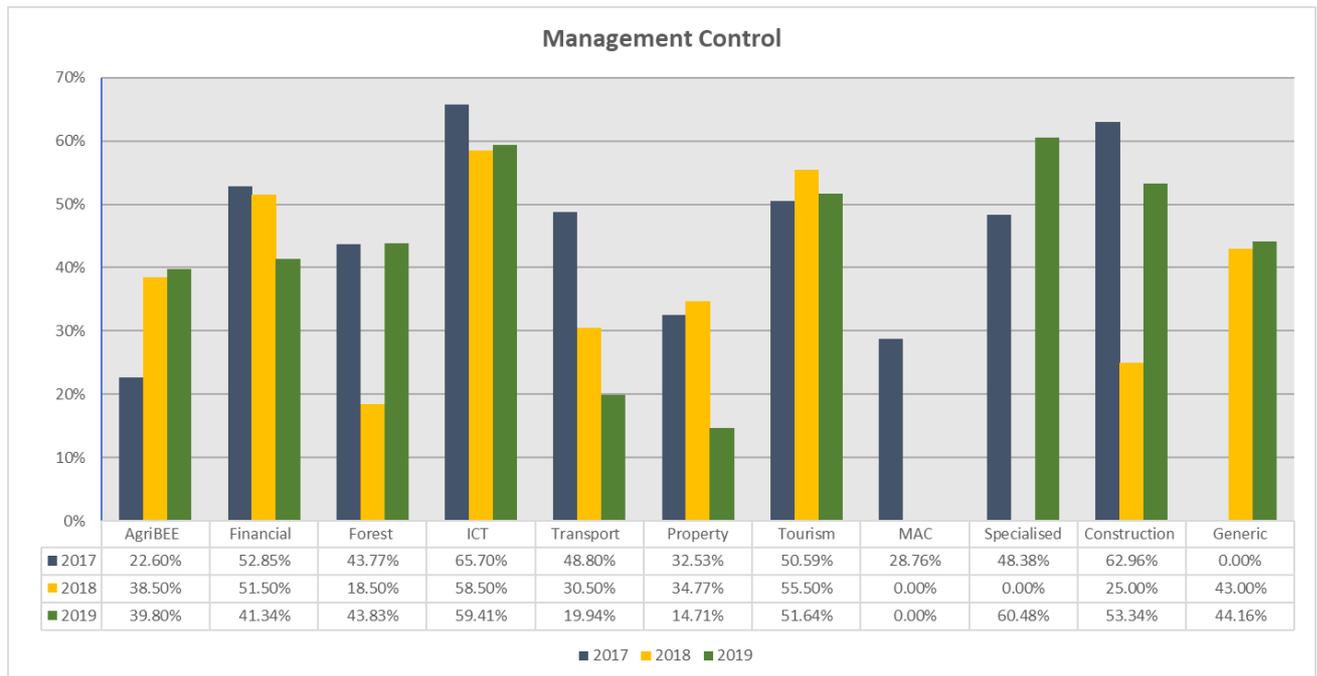
Black Women Ownership increased from 2017 to 2019 within 4 out of the 8 sectors which had complete data. The Transport sector showed an impressive increase since 2017. The Generic sector had incomplete data.

A notable decrease was seen within the Property sector.

Note: No entities reported under the Marketing, Advertising and Communications sector code for 2019, and 2018 years. For Construction sector, no entities reported for 2018.

8.2.3. Movements in other B-BBEE elements per section 13G reports

8.2.3.1. Management Control

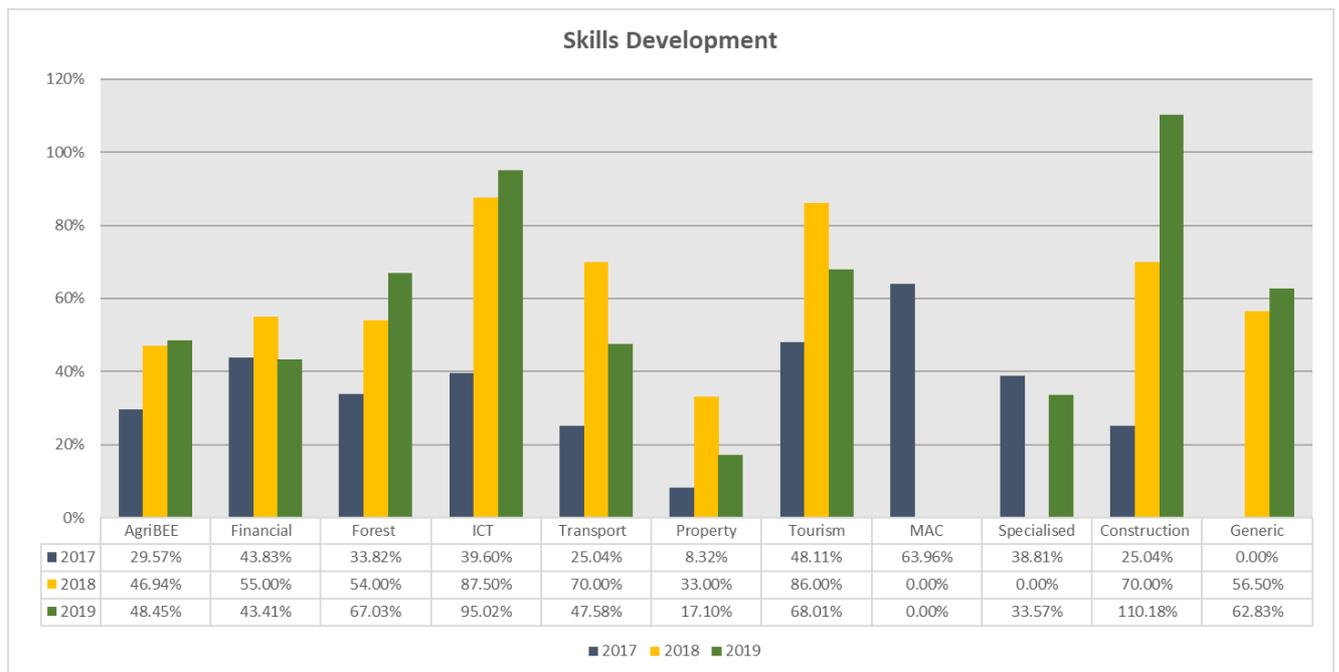


Graph 35: Movement in B-BBEE Elements – Management Control

The above graph depicts the average sector points achieved (as a % of total points) for Management Control over a three-year period. Note that no MAC sector code companies reported during 2018 and 2019. There has been a notable decline in Management Control points over the period for the Transport and Property sectors, with the Financial sector also showing a decline since 2017. Improved trends can be seen within the Agri-BEE sector and the Specialised scorecard entities. The Generic sector, which has the largest number of listed entities, has remained consistent at around 44%.

Note: No entities reported under the Marketing, Advertising and Communications sector code for 2019, and 2018 years. For Generic sector, no entities reported for 2017. For Specialised Scorecard no entities reported in 2018.

8.2.3.2. Skills Development



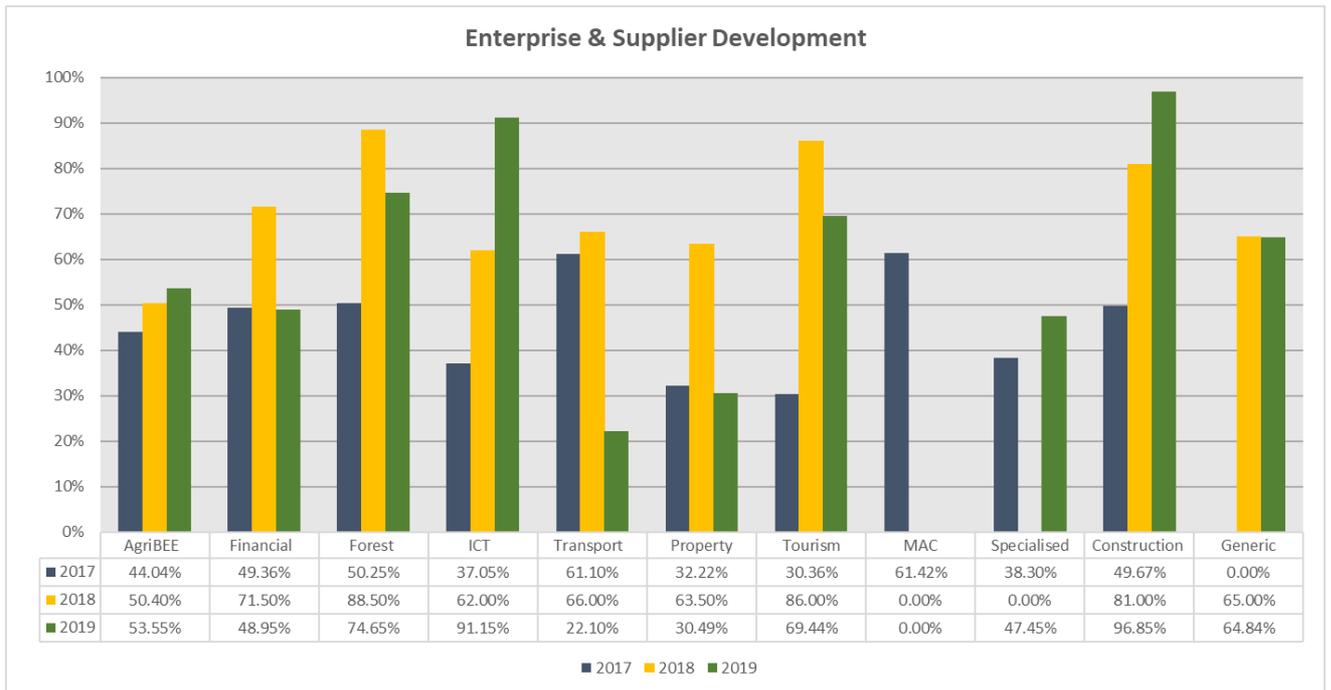
Graph 36: Movement in B-BBEE elements – Skills Development

Three sectors, namely Forest, ICT and Construction show a strong upward trend in terms of improving their score under Skills Development year-on-year. The Construction sector performed very well in 2019 by achieving an average of 110.2% of the target score. ICT has also performed well over the 3-year period and achieving 95.0% of the target in 2019.

Declining trends can be seen within the Financial, Transport, Property and Specialised sectors. The Property sector is the worst performer with only 17.1% of target achieved in 2019.

Note: No entities reported under the Marketing, Advertising and Communications sector code for 2019, and 2018 years. For Generic sector, no entities reported for 2017. For Specialised Scorecard no entities reported in 2018.

8.2.3.4. Enterprise and Supplier Development

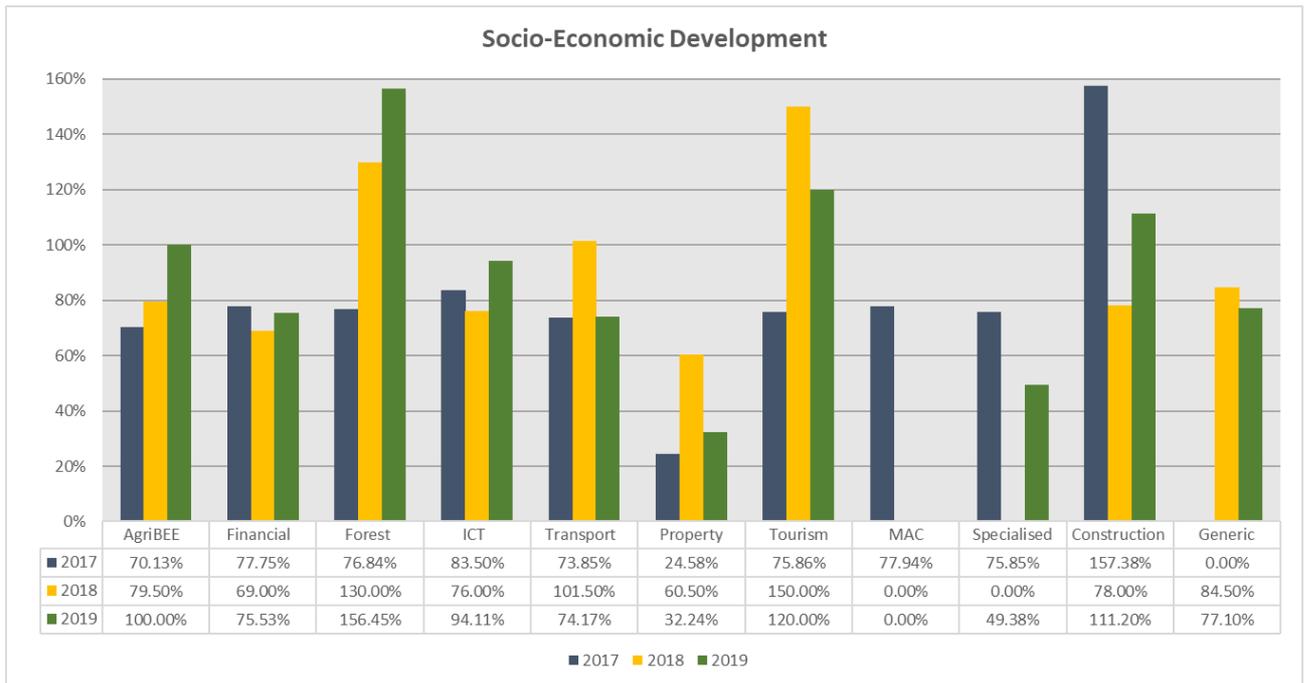


Graph 37: Movement in B-BBEE Elements – Enterprise and Supplier Development

The ICT and Constructions sectors have increased their Enterprise and Supplier Development scores significantly over the 3-year period achieving respectively 96% and 91% of target. The Transport and Property sectors show a disappointing decrease in score between 2018 and 2019.

Note: No entities reported under the Marketing, Advertising and Communications sector code for 2019, and 2018 years. For Generic sector, no information is available for 2017. For Specialised Scorecard no entities reported in 2018.

8.2.3.5. Socio Economic Development



Graph 38: Movement in B-BBEE Elements – Socio Economic Development

Four sectors have achieved 100% or more (including bonus points) for this element, namely Agri-BEE, Forest, Tourism and Construction. The Forest and Tourism sectors performed the best with very good scores of 156.5% and 120.0% respectively. It should, however, be noted that both these sectors only had four scorecard submissions each.

Declining scores were seen in the Transport, Property, Tourism and Specialised sectors when compared to 2018.

Note: No entities reported under the Marketing, Advertising and Communications sector code for 2019, and 2018 years. For Generic sector, no information is available for 2017. For Specialised Scorecard no entities reported in 2018.

8.3. YEAR-ON-YEAR MOVEMENTS PER SECTOR FOR BLACK OWNERSHIP AND PORTAL UPLOADS

8.3.1. SECTOR SPECIFIC SUMMARY: YEAR-ON-YEAR MOVEMENTS

Each sector is different in size and trends relating to level of compliance and data available from the information uploaded onto the B-BBEE Certificates Portal by verification agencies. Having noted the overall year-on-year movements trend above, the dashboards provide summaries of movements per sector.

The legends used to describe the year-on-year movements are explained on the table below.

Table 33: Explanation of the Year-on-Year Movement Legends

	Improved and requires the sustainability of the upward trend.
	Remained unchanged.
	The reduction in submissions could be as a result of use of sworn affidavits or change in company revenue size. B-BBEE Commission to investigate further.
	Declined and intervention required.
	Scorecard target met.
	Scorecard target not met.

8.3.1.1. Agri-BEE Sector Summary of Year-on-Year movements

Table 34: Agri-BEE Sector Year-on-Year Dashboard

Criteria	Status 2019	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership - (Average)						
Overall Black Ownership % - Large	11.59%	16.92%	4.04%	↓	25%+1	☹️
Black Women Ownership % - Large	4.82%	6.70%	1.07%	↓	10%	☹️
Overall Black Ownership % - QSE	4.30%	3.00%	5.90%	↑	25%+1	☹️
Black Women Ownership % - QSE	1.01%	1.16%	1.89%	↓	10%	☹️
Portal Uploads						
EME uploads	63	1	374	↑		
QSE uploads	104	23	55	↑		
Large uploads	156	34	62	↑		
Total uploads	323	58	491			

The large entities in Agri-BEE sector have decreased in terms of the overall average Black Ownership and Black Women Ownership. There has been a decline in overall average Black Women Ownership for QSE entities. The only increase is seen in the Black Ownership of QSEs. The lower number in average Black Ownership for QSEs and Large entities could be attributed to high number of uploads, which might have caused a dilution in the Black Ownership average. The increase in the number of uploads by the QSE and Large entities is an indication of compliance to the Codes' requirements to upload the B-BBEE certificates by the verification agencies. Both Large and QSE entities in this sector did not meet the set ownership targets for the sector.

8.3.1.2. Construction Sector Summary of Year-on-Year movements

Table 35: Construction Sector Year-on-Year Dashboard

Criteria	Status 2019	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)						
Overall Black Ownership % - Large	43.95%	44.32%	45.20%	↓	32,5% & (35% year 4)	😊
Black Women Ownership % - Large	16.16%	16.25%	4.75%	↓	10% & (14% year 4)	😊
Overall Black Ownership % - QSE	47.51%	49,43%	21.00%	↓	25% & (30% year 4)	😊
Black Women Ownership % - QSE	13.95%	15.11%	2.17%	↓	10%	😊
Portal Uploads						
EME uploads	44	3	16	↑		
QSE uploads	154	41	6	↑		
Large uploads	169	58	5	↑		
Total uploads	367	102	27			

There is an overall positive trend in the level of submissions. Black Ownership in both Large entities and QSEs has seen a slight decline in the average for overall Black Ownership of 0.37% and 1.92%, respectively. For Black Women Ownership there also have been a slight decline for both large entities and QSES of 0.09% and 1.16%. The Construction sector entities that were analysed met the set Black Ownership and Black Women Ownership targets, for the large entities and QSEs in the sector, despite slight decreases in average ownership targets.

8.3.1.3. Financial Sector Summary of Year-on-Year movements

Table 36: Financial Sector Year-on-Year Dashboard

Criteria	Status 2019	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)						
Overall Black Ownership % - Large	24.75%	22.81%	42.82%	↑	25%+1	☹️
Black Women Ownership % - Large	10.10%	8.30%	17.12%	↑	10%	😊
Overall Black Ownership % - QSFI	14.48%	8.37%	19.18%	↑	25%+1	☹️
Black Women Ownership % - QSFI	5.11%	0.00%	1.84%	↑	10%	☹️
Portal Uploads						
EME uploads	15	-	16	↑		
QSFI uploads	24	3	14	↑		
Large uploads	185	34	16	↑		
Total uploads	224	37	46			

There is an overall increase in the level of uploads by large entities in Financial sector which has increased 5-fold since the 2018 reporting period. In addition, there has been an overall increase in average Black Ownership of Large entities and QSEs of 1.94% and 6.11%, respectively. The increase in uploads is a positive outcome as it assists to provide a more accurate picture of progress in Black Ownership. The same applies for the Black Women ownership, which has shown an increase in both large entities and QSEs of 1.8% and 5.11%, respectively.

This sector only met its targets for Black Women ownership in Large entities.

8.3.1.4. Forestry Sector Summary of Year-on-Year movements

Table 37: Forestry Sector Year-on-Year Dashboard

Criteria	Status 2019	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)						
Overall Black Ownership % - Large	26.15%	40.33%	15.48%	↓	25%+1	😊
Black Women Ownership % - Large	9.08%	12.81%	3.58%	↓	10%	😞
Overall Black Ownership % - QSE	16.94%	23.67%	15.20%	↓	25%+1	😞
Black Women Ownership % - QSE	5.80%	7.83%	5.80%	↓	10%	😞
Portal Uploads						
EME uploads	7	-	31	↑		
QSE uploads	17	6	5	↑		
Large uploads	32	9	7	↑		
Total uploads	56	15	43			

The overall average Black Ownership and Black Women Ownership decreased for both QSEs and Large entities that have submitted. Black Ownership for Large entities has decreased significantly and this could be attributed to the higher number of submissions for Large entities. The increased submissions may have caused a dilution in the Black Ownership percentage average compared to the previous year, which had only 9 entities submit. Large entities were only able to achieve the sector Black Ownership target and not the Black Women Ownership target, although only missing it by a mere 0.92%. QSE entities that submitted did not meet the Black Ownership and Black Women Ownership targets set for the sector.

8.3.1.5. Generic Codes Summary of Year-on-Year movements

Table 38: Generic Codes Year-on-Year Dashboard

Criteria	Status 2019	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)						
Overall Black Ownership % - Large	29.43%	30.08%	34.22%	↓	25%+1	😊
Black Women Ownership % - Large	12.10%	13.78%	12.45%	↓	10%	😊
Overall Black Ownership % - QSE	13.32%	13.93%	23.70%	↓	25%+1	😞
Black Women Ownership % - QSE	5.20%	5.66%	7.62%	↓	10%	😞
Portal Uploads						
EME uploads	-	-	-	↔		
QSE uploads	1186	377	624	↑		
Large uploads	2188	711	636	↑		
Total uploads	3374	1088	1260			

The Generic Code has the highest number of entities that fall under this category since it caters for all sectors that do not have a sector specific Code, hence the high number of uploaded certificates. There was an overall increase in the level of uploads by large entities and QSEs. However, there is a decline in the Black and Black Women Ownership of large entities and QSEs that have been verified. The large entities have been able to meet their targets for both Black Ownership and Black Women Ownership. QSEs on the other hand have not been able to meet these set targets.

The non-submission by EMEs is in line with the requirement of using sworn affidavits instead of B-BBEE verification certificates.

8.3.1.6. Information Communication Technology (ICT) Sector Summary of Year-on-Year movements

Table 39: ICT Sector Year-on-Year Dashboard

Criteria	Status 2019	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)						
Overall Black Ownership % - Large	36.20%	40.09%	29.60%	↓	30%	😊
Black Women Ownership % - Large	17.15%	19.40%	9.97%	↓	10%	😊
Overall Black Ownership % - QSE	13.38%	8.11%	32.99%	↑	30%	😞
Black Women Ownership % - QSE	5.33%	3.20%	7.78%	↑	10%	😞
Portal Uploads						
EME uploads	18	-	37	↑		
QSE uploads	82	23	32	↑		
Large uploads	148	64	31	↑		
Total uploads	248	87	100			

Overall, there has been a positive increase in the uploads of Large entities, QSEs and EMEs. The Large entities in ICT sector have although seen a decrease in the overall average Black Ownership and Black Women Ownership. This could be attributed to the larger pool of Large entity submissions that might dilute the average, although the decrease caused for both criteria was not significant. QSEs on the one hand have seen an overall with the increase in overall average Black Ownership and Black Women Ownership for QSE entities, despite the pool of submissions having grown almost 3-fold. Unfortunately, QSES are still failing to meet targets under both criteria by significant gaps of 16.62% for Black Ownership and 4.67% for Black Women Ownership, unlike large entities.

8.3.1.7. Integrated Transport Sector Summary of Year-on-Year movements

Table 40: Integrated Transport Sector Year-on-Year Dashboard

Criteria	Status 2019	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)						
Overall Black Ownership % - Large	30.82%	28.70%	33.86%	↑	25%+1	😊
Black Women Ownership % - Large	12.48%	9.47%	11.02%	↑	10%	😊
Overall Black Ownership % - QSE	33.20%	37.58%	39.77%	↓	25%+1	😊
Black Women Ownership % - QSE	12.50%	14.59%	11.89%	↓	10%	😊
Portal Uploads						
EME uploads	250	21	626	↑		
QSE uploads	283	64	70	↑		
Large uploads	288	88	58	↑		
Total uploads	821	173	754			

This sector is one of the high performing sectors. There has been a positive trend in the level of Black Ownership and Black Women Ownership for Large entities in the Transport sector. QSEs in the sector have although seen a decline in the both criteria, with 4.38% for Black Ownership and 2.50% for Black Women Ownership. There has been an increase in the number of submissions by Large entities, QSEs and EMEs.

The Transport sector has met all the ownership targets for both Large entities and QSEs. It is important to note that there are eight sub sector scorecards under the Transport sector.

8.3.1.8. Marketing, Advertising, Communication (MAC) Sector Summary of Year-on-Year movements

Table 41: MAC Sector Year-on-Year Dashboard

Criteria	Status 2019	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)						
Overall Black Ownership % - Large	31.81%	23.68%	32.51%	↑	45%	☹️
Black Women Ownership % - Large	16.94%	9.14%	17.82%	↑	30%	☹️
Overall Black Ownership % - QSE	22.37%	18.47%	22.42%	↑	25%+1	☹️
Black Women Ownership % - QSE	11.88%	5.28%	7.88%	↑	12%	☹️
Portal Uploads						
EME uploads	-	-	-	↔️		
QSE uploads	38	9	12	↑		
Large uploads	37	12	9	↑		
Total uploads	75	21	21			

The MAC sector is one the sectors that have uploaded a low number of certificates. Nonetheless, there has been an overall increase in the level of submissions by Large entities and QSEs in the MAC sector during the 2019 reporting period, as compared to 2018.

There is has been a positive trend in the Black Ownership of the Large entities and QSEs that have been verified. Large entities have had a notable increase in the Black Ownership and Black Women ownership of 8.13% and 7.8%. Similarly, QSE entities have seen an increase for Black Ownership of 3.9% and 6.6% for Black Women ownership. The non-submission by EMEs is in line with the requirement of using sworn affidavits instead of being verified by a verification agency. The MAC sector that was analysed did not meet the set ownership targets for the sector.

8.3.1.9. Property Sector Summary of Year-on-Year movements

Table 42: Property Sector Year-on-Year Dashboard

Criteria	Status 2019	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)						
Overall Black Ownership % - Large	41.66%	48.07%	34.82%	↓	27%	😊
Black Women Ownership % - Large	11.47%	14.84%	8.20%	↓	10%	😊
Overall Black Ownership % - QSE	10.18%	2.50%	33.75%	↑	25%+1	😞
Black Women Ownership % - QSE	4.18%	2.50%	15.15%	↑	10%	😞
Portal Uploads						
EME uploads	13	-	37	↑		
QSE uploads	22	5	14	↑		
Large uploads	37	8	7	↑		
Total uploads	72	13	58			

This sector, as with all the other sectors has seen an increase in uploads for Large entities, QSEs and EMEs. For QSEs there is a notable increase in the level of Black Ownership and Black Women Ownership by 7.68% and 1.68%, respectively. Instead for Large entities there has been a decrease in these criteria. Although, the large entities that have submitted have nonetheless been able to exceed the scorecard targets, unlike QSEs.

8.3.1.10. Tourism Sector Summary of Year-on-Year movements

Table 43: Tourism Sector Year-on-Year Dashboard

Criteria	Status 2019	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)						
Overall Black Ownership % - Large	31.54%	34.44%	41.35%	↓	30%	😊
Black Women Ownership % - Large	13.76%	17.69%	7.63%	↓	15%	😞
Overall Black Ownership % - QSE	10.23%	12.69%	7.13%	↓	30%	😞
Black Women Ownership % - QSE	5.27%	6.55%	2.91%	↓	15%	😞
Portal Uploads						
EME uploads	-	-	-	↔		
QSE uploads	53	13	18	↑		
Large uploads	62	16	5	↑		
Total uploads	115	29	23			

As with all other sectors, the Tourism sector displays an increase in scorecard uploads. There has however been a decrease in the overall Black Ownership and Black Women Ownership for all types of entities. This could be attributed to the increased number of submissions, which might have diluted the ownership averages. The non-submission by EMEs is in line with the requirement of using sworn affidavits instead of being verified. The Large entities that submitted meet the targets for Black Ownership, whilst for Black Women Ownership this was not the case. QSEs did not meet any of the targets.

8.3.1.11. Specialised Scorecard Summary of Year-on-Year movements

Table 44: Specialised Scorecard Year-on-Year Dashboard

Criteria	Status 2019	Status 2018	Status 2017	Progress status
Ownership	N/A	N/A	N/A	N/A
Portal Uploads				
EME uploads	-	-	-	N/A
QSE uploads	94	24	21	↑
Large uploads	48	27	15	↑
Total uploads	142	51	36	

The Specialised scorecard is used for the verification of the Organs of State and Public Entities. Ownership is not applicable since the entities rated on this scorecard do not have ownership as they fall under the state. There is a significant increase in the number of Organs of State and Public Entities that have been verified by verification agencies, from 51 in 2018 to 142 in 2019. The non-submission by EMEs is in line with the requirement of using sworn affidavits instead of being verified and the size of Organs of States' budget allocation is usually more than R10 million.

9. RECOMMENDATIONS

After considering the analysis conducted independently by DNA Economics the B-BBEE Commission has considered recommendations in line with the parameters of its mandate with the view to improve compliance and accelerate economic transformation.

There is a general decline in performance on management control, skills development, enterprise and supplier development and socio-economic developments, with the slight increase on the ownership element. Economic transformation remains too static for an inclusive economy and equal society to be achieved in line with the NDP targets. Both the private and public sector measured entities in the main fail to file their reports with the B-BBEE Commission as required, but more, show little improvement in their performance on average. The following recommendations are made:

To improve the pace of transformation:

The B-BBEE Commission must enforce the adherence to section 10 of the B-BBEE Act by all organs of state and public entities in terms of the B-BBEE Act, including pursuing cancellation of contracts, licences, incentives and other authorisations awarded without following the prescripts of section 10 of the B-BBEE Act.

Organs of state and public entities must align their requirements and criteria for licencing, grants, incentives, public private partnership (PPP) and procurement to include broad-based black economic empowerment compliance as it is mandatory under section 10 of the B-BBEE Act.

In addition to the need to revise the preferential procurement framework legislation, preferential procurement as a key driver for economic transformation should be made a standing deliverable on all organs of state and public entities' Annual Performance Plans (APP) and reporting to various portfolio committees.

The oversight structures such as Accounting Authorities/Boards, Accounting Officers, Social and Ethics Committees and Audit and Risk Committees should enhance vigilance in reviewing and monitoring the measured entities' compliance with the requirements of the B-BBEE Act.

To increase submission of 13G reports by measured entities:

The B-BBEE Commission must compel the submission of the B-BBEE compliance report by the SETAs, organs of state and JSE listed entities through legal process under the B-BBEE Act for

non-compliance, and where penalties are provided for pursue such, including imposition of such fines.

Enhance the coordination with the Auditor-General that has commenced to audit the B-BBEE reporting requirements, and the JSE that has made B-BBEE reporting a listing requirement. Where possible, enforcement action should be coordinated to achieve compliance applying both the JSE rules and the B-BBEE Act.

To improve quality and transparency:

The lack of Black Women and Black Male representation on board level is highlighted as a barrier to transformation of the JSE listed entities. Further engagements would be necessary with the JSE to consider the enforcement of the rules for B-BBEE reporting and address the non-compliance by invoking the relevant penalties as part of the JSE listing regulations.

Skills Development is rightfully identified as a priority element. Whilst targets are high and whilst many companies struggle to achieve these targets, the emphasis should increasingly be on the nature and quality of training interventions in addition to the quantity thereof. More scrutiny to be done on the initiatives, including the role of the service providers that provide skills development on behalf of measured entities.

Most entities may have achieved highest points under Socio-Economic Development element, however, there is a need for Verification Agencies to strengthen verification process by requiring qualitative measures such as initiative needs analysis and monitoring and evaluation criteria. This would further ensure that real objectives of socio-economic development are met within the context and parameters of B-BBEE.

The B-BBEE Commission must continue to conduct awareness sessions to educate and assist the measured entities' transformation managers about the importance of compliance and reporting requirements of the B-BBEE Act to improve adherence to the B-BBEE Act.

10. DISCLAIMER

The objective and scope of this report is solely as stipulated above in this report and the B-BBEE Commission has agreed to the procedures that have been performed and is the owner of this report.

Any observations and recommendations made by DNA Economics in this report are based on the information and representations obtained from the B-BBEE Commission and any information obtained by the B-BBEE Commission subsequent to the period covered by this report may affect the views expressed above.

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