

The Amended Information & Communication Technology Sector Code

The Amended Information and Communication Technology (ICT) Sector Code was gazetted and came into effect on 7th November 2016. Therefore, any B-BBEE certificate issued to a business falling within the scope of the ICT Sector Code as of this date, must be prepared on the basis of the Amended ICT Sector Codes.



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Schedule AICT 1 to the Amended ICT Sector Code defines the scope as follows:

“The ICT Sector shall, without limiting the ordinary meaning of the terms, mean the sector in which employers and employees are associated for the carrying on of any one or more of the following activities:

Marketing, manufacturing, assembling, servicing, installing, maintaining and/or repairing systems, software, equipment, machines, devices and apparatus, whether utilising manual, photographic, optical, mechanical, electrical, electrostatic or electronic principles or any combination of such principles, that are primarily intended for the recording, and/or processing and/or monitoring and/or transmission, of voice, and/or data, and/or image, and/or text or any combination thereof for use in any one or more of the following activities:

Accounting, calculating, data processing, data transmission, duplicating, text processing, document reproduction, document transmission, record keeping and record retrieval, broadcasting, or transmission for entertainment or information purposes of voice, and/or image, and/or text, or any combination thereof, and/or the provision of services relating to the above.”

The weighted points by element are depicted below:
Amended ICT Sector Code Total Score = 130 + 11 bonus points



One of the more surprising and unusual aspects of this code, is that compared to all other Codes, it utilises a different B-BBEE status and recognition % matrix, as set out below:

| B-BBEE Contributor Status | Qualification (on the ICT Scorecard) | B-BBEE Recognition level |
|---------------------------|--------------------------------------|--------------------------|
| Level One | >120 points | 135% |
| Level Two | >115 but <120 | 125% |
| Level Three | >110 but <115 | 110% |
| Level Four | >100 but <110 | 100% |
| Level Five | >95 but <100 | 80% |
| Level Six | >90 but <95 | 60% |
| Level Seven | >75 but <90 | 50% |
| Level Eight | >55 but <75 | 10% |
| Non-compliant | <55 | 0% |

Some of the key aspects of the Amended ICT Sector Code are as follows:

- › The discounting principle and priority element thresholds remain as per the Amended Generic Codes. However, there are separate 40% sub-minimum thresholds for Skills Development spend categories and another for the Learnership measurement categories. Both these 40% sub-minimum thresholds must be met.

Compulsory Thresholds

- 1 Equity Ownership: 40% of the 8 Net Value points.
- 2 Skills Development:
 - › 40% of skills spend categories; and
 - › 40% of Learnership measurement categories (excluding bonus points).
- 3 Enterprise and Supplier Development: 40% of each of the three categories; i.e.:
 - › 40% of the Preferential Procurement points (par 2.1);
 - › 40% of the Supplier Development points (par 2.2); and
 - › 40% of the Enterprise Development points (par 2.3) (excluding bonus points).

- › The target under Ownership for Economic Interest and Voting Rights for 'Black' People is 30%, compared to the Amended Codes which is 25%;
- › The Economic Active Population targets per race and gender are applicable to Management Control (Employment Equity) and Skills Development, as per the Amended Codes;
- › Skills Development conducted outside of the country is specifically excluded from recognition in the Amended Codes. However, the Amended ICT Sector Code does not contain such an exclusion;
- › Measured Entities are encouraged to develop and implement Enterprise and Supplier Development Programmes for imported goods and services. It is, however, not stated as a requirement in order to exclude permissible imported goods and services;
- › Enterprise Development contributions are only eligible for recognition if the contributions are made to 'Black' Owned organisations within the ICT sector;
- › Supplier Development contributions can be made to qualifying organisations outside the ICT Sector;
- › It is required that all Socio-Economic Development spend is spent on ICT Sector specific initiatives. Programmes could be in the form of providing ICTs in education, health and programmes aimed at enhancing the lives of 'Black' communities or 'Black' People.

Indications are that ICT organisations will find the amended ICT scorecard challenging, given the more stringent B-BBEE status matrix, the additional priority element thresholds and the ICT requirement under Socio-Economic Development. As always, early adoption and planning are key, in order to rise to this challenge.

The Amended ICT Scorecard

| Indicator | Weighting Points | Target |
|-----------------------------------------------------------------------------------------|------------------|--------------------------------------------------------|
| Equity Ownership | 25 | |
| Exercisable Voting Rights in the Measured Entity in the hands of 'Black' People | 4 | 30.00% |
| Exercisable Voting Rights in the Measured Entity in the hands of 'Black' Women | 2 | 10.00% |
| Economic Interest in the Enterprise to which 'Black' People are entitled | 4 | 30.00% |
| Economic Interest in the Enterprise to which 'Black' Women are entitled | 2 | 10.00% |
| Economic Interest to which BDG's, EOS, BBOS and Co-op's are entitled - limited to three | 3 | 3.00% |
| Economic Interest to which New Entrants are entitled | 2 | 2.00% |
| A - Net Value | 8 | Refers to Annexure 100(E) As amended from time to time |

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| Indicator | Weighting Points | Target |
|--------------------------------------------------------------------------------------|------------------|--------|
| Management Control (including Employment Equity) | 23 | |
| Board Participation | | |
| Exercisable Voting Rights of 'Black' Board Members as a % of all Board Members | 3 | 50% |
| Exercisable Voting Rights of 'Black' Women Board Members as a % of all Board Members | 2 | 25% |
| 'Black' Executive Directors as a % of all Executive Directors | 2 | 50% |
| 'Black' Women Executive Directors as a % of all Executive Directors | 1 | 25% |
| Other Executive Management | | |
| 'Black' Women Executive Management as a % of all Executive Management | 3 | 60% |
| 'Black' Executive Management as a % of all Executive Management | 2 | 30% |
| Senior Management [ACI EAP Targets applicable] | | |
| 'Black' employees in Senior Management as a % of all Senior Management | 2 | 60% |
| 'Black' Women Employees in Senior Management as a % of all Senior Management | 1 | 30% |
| Middle Management [ACI EAP Targets applicable] | | |
| Middle Management [ACI EAP Targets applicable] | 2 | 75% |
| 'Black' Women Employees in Middle Management as a % of all Middle Management | 1 | 38% |
| Junior Management [ACI EAP Targets applicable] | | |
| 'Black' Employees in Junior Management as a % of all Junior Management | 1 | 88% |
| 'Black' Women Employees in Junior Management as a % of all Junior Management | 1 | 44% |
| Disabled Employees [ACI EAP Targets NOT applicable] | | |
| 'Black' Disabled Employees as a % of all employees | 2 | 2% |

| Indicator | Weighting Points | Target |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------|
| Skills Development | 20 + 5 bonus | |
| Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for 'Black' People as a % of Leviale Amount | 8 | 6% |
| Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for 'Black' People with disabilities as a % of Leviale Amount | 4 | 0.3% |
| Learnerships, Apprenticeships and Internships | | |
| Number of 'Black' People participating in Learnerships, Apprenticeships and Internships as a % of Total Employees | 4 | 2.5% |
| Number of 'Black' unemployed people participating in training specified in the learning programme matrix as a % of number of employees | 4 | 2.5% |
| Bonus Points: | | |
| Number of 'Black' People absorbed by the Measured Entity or in the economy at the end of the Learnership, Apprenticeship, Internship and Graduate Programmes | 5 | 100% |

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| Indicator | Weighting Points | Target |
|---------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------|
| Enterprise and Supplier Development | 50 + 6 bonus | |
| Preferential Procurement | 25 + 2 bonus | |
| Weighted B-BBEE Procurement spend from all Empowering Suppliers | 5 | 80% |
| Weighted B-BBEE Procurement Expenditure from all QSE Empowering Suppliers | 3 | 15% |
| Weighted B-BBEE Procurement Expenditure from all EME Suppliers [Empowering Suppliers by default] | 4 | 15% |
| Weighted B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% 'Black' Owned | 9 | 40% |
| Weighted B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% 'Black' Women Owned | 4 | 12% |
| Bonus: B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% 'Black' owned [Weighted Spend] [Empowering Suppliers] | 2 | 2% |
| Supplier Development and Enterprise Development | 25+4 bonus | |
| Annual Value of all Supplier Development contributions as a % of NPAT | 10 | 2% |
| Annual Value of all Enterprise Development contributions as a % of NPAT | 15 | 3% |
| Bonus Points – Graduation | 1 | |
| Bonus Points – Creating new jobs up to 10% of the Workforce | 1 | |
| Bonus Points – Creating new jobs up to 11% of the Workforce | 2 | |
| Socio-Economic Development | 12 | |
| Annual Value of all Socio-Economic Development Contributions as a % of NPAT | 12 | 1.5% |