

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION
CODES OF GOOD PRACTICE ON BROAD-BASED BLACK ECONOMIC EMPOWERMENT
CODE SERIES 600: CODES OF GOOD PRACTICE FOR QUALIFYING SMALL
ENTERPRISES (QSE'S)

I, **Mr Parks Tau**, Minister of Trade, Industry and Competition, hereby:

- (a) Amend the following **Draft Code Series 600 of 2026** for public commentary in terms of **section 9 (5)** of the Broad-Based Black Economic Empowerment Amendment Act 2003, (Act No. 53 of 2003) as amended by the B-BBEE Act 46 of 2013; and
- (b) Invite interested persons and the public to submit inputs and comments on the **Draft Code Series 600 of 2026**, within 60 days from the date of this publication. The Draft Statement is accessible the following hyperlink on the departmental website: <https://www.thedtic.gov.za/wp-content/uploads/DraftCodeSeries-600-of-2026.pdf> .
- (c) Interested parties are requested to forward their comments in writing for the attention of the B-BBEE Policy Unit to the following address (es):

E-mail: CodeSeries600-2026@thedtic.gov.za

or hand delivered to:

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MR PARKS TAU, MP

MINISTER OF TRADE, INDUSTRY, AND COMPETITION

**CODE SERIES 600: CODES OF GOOD PRACTICE FOR
QUALIFYING SMALL ENTERPRISES (QSE'S)**

Issued under section 9 of the Broad-Based Black Economic Empowerment Act of 2013

Arrangement of this statement

Para	Subject	Page
1	Statement 600: The Framework for QSE's	2
2	Statement 601: Ownership for QSE'	2
3	Statement 602: Management Control for QSE's.....	4
4	Statement 603: Skills Development for QSE's.....	5
5	Statement 604: Enterprise and Supplier Development for QSE's.....	6
8	Benefit Factor Matrix.....	8
6	Statement 605: Socio Economic Development for QSE's	12
7	Annexures	14

STATEMENT 600: THE FRAMEWORK FOR THE QUALIFYING SMALL ENTERPRISE SCORECARD OBJECTIVES OF THIS STATEMENT

1 OBJECTIVES OF THIS STATEMENT

1.1 The objectives of this statement are to:

- 1.1.1 specify the Elements of Broad-Based Black Economic Empowerment (B-BBEE) measurable under the Qualifying Small Enterprise (QSE) Scorecard;
- 1.1.2 specify the QSE Scorecard;
- 1.1.3 specify the principles in the Generic Statements (100-500) applicable to Qualifying Small Enterprises;
- 1.1.4 specify the scorecard for measuring the Qualifying Small Enterprise (QSE) contributions to B-BBEE;
- 1.1.5 The key measurement principles for measuring QSE contribution to B-BBEE are specified under Statement 000: General Principles and the Generic Scorecard

2 ELIGIBILITY AS A QSE

2.1 Any enterprise with an annual Total Revenue of between R10 million and R50 million qualifies as a QSE, if its qualification does not result from circumvention of the codes.

3 THE QUALIFYING SMALL ENTERPRISE SCORECARD

3.1 The following table represents the QSE Scorecard and contains the Elements of the scorecard and the weightings for each element:

3.2 The

Element	Weighting	Code Series 600
Ownership	25 points	601
Management control	15 points	602
Skills Development	25 points	603
Enterprise [and] Development, Supplier Development <u>and</u> Transformation Fund	[30] <u>55</u> points	604
Socio-Economic Development	5 points	605

Weighting points in respect of any element in the scorecard represent the maximum number of points possible for each of the criteria.

3.3 The B-BBEE compliance of a QSE must be determined in accordance with code 000.

3.4 Any matter concerning the application of the QSE scorecard that is not dealt with explicitly in this scorecard must be dealt with in terms of Codes 100-500.

4. STATEMENT 601: OWNERSHIP FOR QSE

4.1. THE QSE OWNERSHIP SCORECARD

The following table represents the indicators and method for calculating a score for ownership under this statement:

Category and Ownership Indicator	Weighting points	Compliance Target
1.1 Voting rights:		
1.1.1 Exercisable Voting Rights in the Enterprise in the hands of black people	5	25%+1 vote
1.1.2 Exercisable Voting Rights in the Enterprise in the hands of black women	2	10%
1.2 Economic Interest:		
1.2.1 Economic Interest of black people in the Enterprise	5	25%
1.2.2 Economic Interest of black women in the Enterprise	2	10%
1.2.3 New Entrants or Black Designated Groups	3	2%
1.3 Realisation points:		
1.3.1 Net Value	8	Refer to Annex 100 (E)

4.2 KEY MEASUREMENT PRINCIPLES AND SUB-MINIMUM REQUIREMENTS

4.2.1 General principles;

4.2.2 Key Measurement Principles and sub-minimum requirements under statement 100 are applicable to this statement.

4.2.3 Any interpretation or calculation of a QSE score for ownership must be made in accordance with statement 100.

5. STATEMENT 602: MANAGEMENT CONTROL FOR QSE

5.1 THE QSE MANAGEMENT CONTROL SCORECARD

5.1.1 The following table represents the indicators and method for calculating a score for management control under this statement:

Criteria	Weighting points	Compliance Target
5.1.1.1 Executive Management		
5.1.1.1.1 Black representation at Executive Management.	5	50%
5.1.1.1.2 Black female representation at Executive Management.		25%
5.1.1.2 Senior, Middle and Junior Management		
5.1.1.2.1 Black representation at Senior, Middle and Junior management	6	60%
5.1.1.2.2 Black female representation at Senior, Middle and Junior management	2	30%

5.2 KEY MEASUREMENT PRINCIPLES

- 5.2.1 For the purpose of QSE Scorecard, executive management includes other executive management as described under the general principles of statement 200.
- 5.2.2 The demographic representation of black people as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the QSE Scorecard.
- 5.2.3 A measured entity must use the current payroll data in calculating its score under the management control scorecard.

ANNEX 602 (A) Calculation compliance

The calculation of the management indicators provided for in paragraph 3.1 is as follows:

$A = \frac{B}{C} \times D$
<p>Where</p> <p>A is the score for measurement category indicator in paragraph 3.1</p> <p>B is the number of the measurable category of black Executive (or black female Executive) or black Senior Middle and Junior Management) as a percentage of the total number of Executive Management or Senior, Middle and Junior Management of the Measured Entity</p> <p>C is the compliance target for the applicable criteria as referred to in the scorecard under statement management 602</p> <p>D is the Weighting points for the applicable criteria a referred to in the scorecard under statement 602.</p>

6. STATEMENT 603: SKILLS DEVELOPMENT FOR QSE

6.1 THE QSE SKILLS DEVELOPMENT SCORECARD

6.1.1 The following table represents the indicators and methods for calculating a score under this statement:

Skills Development Element	Weighting points	Compliance Target
Skills development expenditure on learning programmes specified in the learning programme matrix for black people as a percentage of leviabale amount.	15	3%
Skills development expenditure on learning programmes specified in the learning programme matrix for black female as a percentage of leviabale amount.	7	1%
Skills development expenditure on learning programmes specified in the learning programme matrix for black people with disabilities as a percentage of leviabale amount.	3	0.15
Bonus Points		

Number of black people absorbed by the measured entity and industry at the end of the learning programme	5	100%
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6.2 KEY MEASUREMENT PRINCIPLES SUB-MINIMUM REQUIREMENTS

- 6.2.1 Sub-minimum requirements and Discounting principle under Statement 300 are applicable to this statement.
- 6.2.2 The demographic representation of black people as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the QSE Scorecard.
- 6.2.3 Where applicable, the following criteria must be fulfilled in order for the Measured Entity to receive points on the Skills Development Element scorecard:
- 6.2.4 Workplace Skills Plan, an Annual Training Report and Pivotal Report which are SETA approved; and
- 6.2.5 Implementation of Priority Skills programme generally, and more specifically for black people.
- 6.2.6 The learning programme matrix under code series 300 is applicable to this statement
- 6.2.7 The learning programme matrix that explains the method of measurement of the criteria under the skills development scorecard must be in accordance with code series 300
- 6.2.8 This equation explains the method of measurement of the criteria in the Skills Development scorecard:

$A = \frac{B}{C} \times D$		
<p>Where</p> <p>A is the score for measurement category indicator</p> <p>B is the percentage of spend in the measurement category that are black people or black female</p> <p>C is the target for the applicable criteria as referred to in the scorecard under statement 603</p> <p>D is the Weighting points for the applicable criteria as referred to in the scorecard under statement 603</p>		

7. STATEMENT 604: ENTERPRISE AND SUPPLIER DEVELOPMENT FOR QSE

7.1 THE QSE ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD

- 7.1.1 The following table represents the criteria for deriving a score for Enterprise and Supplier Development under this statement:

Criteria	Weighting points	Compliance targets
7.1.1.1 PREFERENTIAL PROCUREMENT		

7.1.1.1.1 B-BBEE Procurement Spend from all Empowering Suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	15	60%
7.1.1.1.2 B-BBEE Procurement Spend from Empowering Suppliers that are at [least] 61% and 99% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	5	15%
7.1.1.1.3 B-BBEE Procurement Spend from all Empowering Suppliers Exempted Micro-Enterprises that are 100% Black Owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend.	<u>4</u>	<u>15%</u>
7.1.1.1.4 B-BBEE Procurement Spend from Empowering Suppliers that are at least 100% Black Women-Owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	<u>6</u>	<u>20%</u>
7.1.1.2 Bonus Points		
7.1.1.2.1 B-BBEE Procurement Spend from [Designed Group] suppliers that are [at least 51%] 100% Black owned by Designated Groups. [based on the B-BBEE Recognition Level]	1	[1%] 5%
7.1.1.3 SUPPLIER DEVELOPMENT		
7.1.1.3.1 Annual value of all Supplier Development Contributions made by the Measured Entity as a percentage of the target.	5	1% of Net Profit After Tax (NPAT)
7.1.1.4 ENTERPRISE DEVELOPMENT		
7.1.14.1 Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target.	5	1% of NPAT
<u>OR</u>		

<u>7.1.1.5 TRANSFORMATION FUND</u>		
<u>7.1.1.5.1 Annual Value of Enterprise and Supplier Development Contribution to the Transformation Fund informed by a needs analysis</u>	<u>15</u>	<u>2% of NPAT</u>
[7.1.1.5] 7.1.1.6 Bonus Points		
[7.1.1.5.1] 7.1.1.6.1 [Bonus points for graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level]. <u>A recipient of ESD contributions and/or a 100% black owned QSE or EME and first-time supplier that has a minimum 3-year contract with the Measured Entity</u>	[1] 2	
[7.1.1.5.2] 7.1.1.6.2 [Bonus point for creating one or more jobs directly as a result of Supplier Development initiatives by the measured Entity]. <u>Average turnover and job creation growth of at least 10% per annum for period of three-year contract of all on boarded first time suppliers</u>	[1] 2	

7.2 KEY MEASUREMENT PRINCIPLES AND SUB-MINIMUM REQUIREMENTS

7.2.1 Statement 000: General Principles and the Generic Scorecard, Statement 600: The Framework for the Qualifying Small Enterprise Scorecard Objectives of this Statement and Statement 400 as amended are applicable to this statement.

7.2.2 In calculating the compliance of a measured entity the following Net Profit After Tax (NPAT) target applies unless:

7.2.2.1 the company does not make a profit last year or on average over the last five years.

7.2.2.2. the net profit margin is less than a quarter of the norm in the industry.

7.2.3 If the turnover is to be used, the target will be set at:

7.2.3.1 $1\% \times \text{indicative profit margin (NPAT/turnover)} \times \text{turnover}$.

7.2.3.2 indicative profit margin is the profit margin in the last year where the company's profit margin is at least one quarter of the industry norm.

7.2.4 Any interpretation or calculation of a QSE's score for Enterprise and Supplier Development must be made in accordance with statement 400 as amended.

ANNEXE 604 (A) Benefit Factor Matrix

Qualifying Contribution type	Contribution Amount	Benefit Factor
Grant and Related Contributions		
Grant Contribution (<u>performance based payment linked to a needs analysis of the beneficiaries</u>)	Full Grant Amount	100%
Direct Cost incurred in supporting enterprise development beneficiary with equipment and tools of trade (<u>excluding derived benefits for the Measured Entity</u>)	Verifiable Cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting enterprise development	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting enterprise development (including people appointed in enterprise development)	Verifiable Costs (including both monetary and non-monetary)	80%
<u>Grant Contribution to the Transformation Fund</u>	<u>Full Grant Amount</u>	<u>100%</u>
Loans and Related Contributions		
Interest-Free Loan with no security requirements <u>or guarantees</u> supporting enterprise development and <u>Supplier</u>	Outstanding Loan Amount	100%

<u>Development with an acceptable standard repayment (amortization) schedule and duration (not applicable to the Transformation Fund Contribution)</u>		
Standard Loan to Black Owned EME and QSEs <u>with no security requirement with an acceptable standard repayment (amortization) schedule and duration (not applicable to the Transformation Fund Contribution)</u>	Outstanding Loan Amount	70%
Standard Loan provided to other Beneficiary Enterprises <u>with no security requirement with an acceptable standard repayment (amortization) schedule and duration (not applicable to the Transformation Fund Contribution)</u>	Outstanding Loan Amount	60%
Guarantees provided on behalf of a Beneficiary entity <u>(not applicable to the Transformation Fund Contribution)</u>	Guarantee Amount	3%
Lower Interest Rate	Outstanding loan amount	Prime Rate – Actual Rate
Equity Investments and Related Contributions		
Minority Investment in Black Owned EME and QSEs	<u>The lower of Investment Amount and current value of investment</u>	100%
Minority Investment in Other Beneficiary Enterprises	<u>The lower of Investment Amount and current value of investment</u>	80%
Enterprise Development Investment with lower dividend to financier	<u>The lower of Investment Amount and current value of investment</u>	Dividend Rate of Ordinary Shareholders – Actual Dividend Rate of Contributor
Contributions made in the form of human resource capacity		
Professional services rendered at no cost and supporting enterprise development	Commercial hourly rate of professional	80%
Professional services rendered at a discount and supporting enterprise development	Value of discount based on commercial hourly rate of professional	80%
Time of employees of Measured Entity productively deployed in assisting beneficiaries	Monthly salary divided by 160	80%

Other Contributions		
Shorter payment periods for 1.1.2 of this statement (Supplier Development)	Percentage of invoiced amount multiplied by 15% (being an approximation of the cost of short term funding)	Percentage being 15 days less the number of days from invoice to payment Maximum points that can be scored 15% of 10points
Qualifying Contribution type	Contribution Amount	Benefit Factor
Grant and Related Contributions		
Grant Contribution (performance-based payment linked to a needs analysis of the beneficiaries)	Full Grant Amount	100%
Direct Cost incurred in supporting Enterprise Development and Supplier Development <u>beneficiary with equipment and tools of trade</u> (excluding derived benefits for the Measured Entity)	Verifiable Cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting enterprise development	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting Enterprise Development and Supplier Development (including people appointed in Enterprise Development and Supplier Development)	Verifiable Costs (including both monetary and non-monetary)	80%
Transformation Fund Contributions		
Grant Contribution to the Transformation Fund	Full Grant Amount	100%
Loans and Related Contributions		
Interest-free loan with no security <u>or guarantees</u> requirements supporting Enterprise Development and Supplier Development with an acceptable standard repayment (amortization) schedule and duration (not applicable to the Transformation Fund Contribution)	Outstanding Loan Amount	100%
Standard Loan to Black Owned EME and QSEs with no security requirement with an acceptable standard repayment (amortization) schedule and duration (not applicable to the Transformation Fund Contribution)	Outstanding Loan Amount	70%

Standard Loan provided to other Beneficiary Enterprises <u>(not applicable to the Transformation Fund Contribution)</u>	Outstanding Loan Amount	60%
Guarantees provided on behalf of a Beneficiary entity <u>(not applicable to the Transformation Fund Contribution)</u>	Guarantee Amount	3%
Lower Interest Rate with an acceptable standard repayment (amortization) schedule and duration <u>(not applicable to the Transformation Fund Contribution)</u>	Outstanding loan amount	Prime Rate – Actual Rate
Equity Investments and Related Contributions		
Minority Investment in Black Owned EME and QSEs	The lower of Investment Amount <u>and current value of investment</u>	100%
Minority Investment in other Beneficiary	<u>Investment Amount</u>	80%
Enterprise Development Investment with lower dividend to financier	The lower of Investment Amount <u>and current value of investment</u>	Dividend Rate of Ordinary Shareholders – Actual Dividend Rate of Contributor
Contributions made in the form of human resource capacity		
Professional services rendered at no cost and supporting development enterprise	Commercial hourly rate of professional	80%
Professional services rendered at a discount and supporting Enterprise Development	Value of discount based on commercial hourly rate of professional	80%
Time of employees of Measured Entity productively deployed in assisting beneficiaries	Monthly salary divided by 160	80%
Other Contributions		
Shorter payment periods for 1.1.2 of this statement (Supplier Development)	Percentage of invoiced amount multiplied by 15% (being an approximation of the cost of short-term funding)	Percentage being 15 days less the number of days from invoice to payment Maximum points that can be scored is 15% of 10 points

[5.3]7.3 THE BENEFIT FACTOR MATRIX

The Minister may from time to time, by notice in the Gazette revise or substitute the Benefit Factor

Matrix. Any changes will only be applicable to Compliance Reports prepared for a Measured Entity in respect of the first 12-month period following the gazetting of a revision or substitution.

8. STATEMENT 605: SOCIO-ECONOMIC DEVELOPMENT CONTRIBUTIONS FOR QSE's

8.1 THE QSE SOCIO-ECONOMIC DEVELOPMENT (SED) SCORECARD

8.1.1 In calculating the compliance of a Measured Entity the following Net Profit After Tax (NPAT) target applies unless:

8.1.1.1 the NPAT or average target applies unless:

8.1.1.2 the company does not make a profit last year or on average over the last five years.

8.1.1.3 the net profit margin is less than a quarter of the norm in the industry.

8.1.2 If the Turnover is to be used, the target will be set at:

8.1.2.1 $1\% \times \text{Indicative Profit Margin (NPAT/Turnover)} \times \text{Turnover}$.

8.2 The following table represents the criteria and method used for deriving a score for socio-economic development under this statement:

Criteria	Weighting Points	Compliance Target
Annual value of all Socio-Economic Development Contributions and Qualifying Socio-Economic Development Contributions made by the Measured Entity as a percentage of the target.	5	1% of NPAT

8.3 KEY MEASUREMENT PRINCIPLES

8.3.1 Measured Entities receive recognition for any Qualifying Contributions that are quantifiable as a monetary value using a Standard Valuation Method.

8.3.2 Socio-Economic Development Qualifying Contributions of any Measured Entity are recognisable annually;

8.3.3 No portion of the value of any Qualifying Contribution that is payable to the beneficiary after the date of measurement can form part of any calculation under this statement.

8.3.4 Payments made by the Measured Entity to third parties to perform social development on the Measured Entity's behalf may constitute a SED Contribution.

8.3.5 The recognition of SED Contributions must be determined in accordance with code 500.

ANNEXURE 605 (A)

Qualifying Contribution type	Contribution Amount	Benefit Factor
Grant and Related Contributions		
Grant Contribution	Full Grant Amount	100%
Direct Cost incurred in supporting Socio-Economic development or sector specific initiatives	Verifiable Cost (including both monetary and non-monetary)	100%

Discounts in addition to normal business practices Socio-Economic Development or sector specific initiatives	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting Socio-Economic Enterprise development or sector specific initiatives	Verifiable Costs (including both monetary and non-monetary)	80%
Contribution made in the form of human resource capacity		
Professional services rendered at no cost supporting Socio-Economic development or sector specific initiatives	Commercial hourly rate of professional	80%
Professional services rendered at 1 discount supporting Socio-Economic Development or sector specific initiatives	Value of discount based on commercial hourly rate of professional	80%
Time of employees of Measured Entity productively deployed in assisting beneficiaries and supporting Socio-Economic Development or sector specific initiatives	Total annual cost to company of the employee divided 1095	80%

ANNEXE 605 (B)

9. MEASUREMENT OF QUALIFYING CONTRIBUTIONS

9.1 Qualifying Contributions are measurable on the following basis:

$A = \frac{B}{C} \times D$	
<p>Where</p> <p>A is the score achieved in respect of the Qualifying Contributions made by the Measured Entity</p> <p>B is the value of all Qualifying Contributions made by the Measured Entity measured from the commencement or the statement or the inception Date to the date of measurement</p> <p>C is compliance target in respect of the Qualifying Contributions as specified in the scorecard for statement 605</p> <p>D is the Weighting points allocated to the criteria under the scorecard for statement 605</p>	

10. THE BENEFIT FACTOR MATRIX

The Minister may from time to time, by notice in the Gazette revise or substitute the Benefit Factor Matrix. Any changes will only be applicable to Compliance Reports prepared for a Measured Entity in respect of the first 12-month period following the gazetting of a revision or substitution.