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**STATEMENT OF CLARIFICATION  
DEPARTMENT OF TRADE AND INDUSTRY**

**CLARIFICATION TO THE YOUTH EMPLOYMENT SERVICE INITIATIVE PRACTICE  
NOTE OF 2019 (GAZETTE 41975) – YOUTH EMPLOYMENT SERVICE INITIATIVE  
THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES OF GOOD  
PRACTICE FOR ALL MEASURED ENTITIES**

The purpose of this clarification statement is to provide guidance to the market on the application of the Youth Employment Service Initiative (Y.E.S) under Amended Code Series 000, Statement 000 of the Amended Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice. This relates to the Government Gazette published on 28 August 2018, under Gazette Notice Number 41866 and the Y.E.S Practice Note issued on 12 October 2018 under Gazette Notice Number 41975.

Sub-minimums as per Paragraph 2.1 and 2.2 of Gazette Number 41866 must be met in the year of B-BBEE Verification that will be verified with the inclusion of the Y.E.S Employee uptake (Signed Employee Contracts).

Y.ES Measured entities need to maintain the previous B-BBEE Status Level obtained before participating under the Y.E.S initiative. Maintenance of B-BBEE Status Levels will be verified by the South African National Accreditation System (SANAS) Accredited B-BBEE Verification Agency before the Y.E.S B-BBEE Recognition is awarded (i.e Level 4, Level 5 etc.). The B-BBEE Status Level that needs to be maintained or improved upon is the B-BBEE Status Level obtained in the First Year of participating under the Y.E.S Initiative before Y.E.S B-BBEE Recognition. This will be the base B-BBEE Status Level for the Second and subsequent years of participation under the Y.E.S Initiative. (i.e Level 4, Level 5 etc.).

Due to the uptake and difference in Measurement Periods for Y.E.S Measured Entities, the Target for Absorption will not be verified for B-BBEE Recognition during the Measured

Entity's' first year of implementation of the Y.E.S initiative. Instead, the target for this will be verified when absorption takes place in the following Measurement Period. Measured Entity's need to follow through with Absorption as per the Y.E.S Gazette 41866. Absorption is based on the Y.E.S Entity's Target and needs to be identified at the time of B-BBEE Verification in order to receive Y.E.S B-BBEE Recognition.

In the event that a Y.E.S Measured Entity has met the uptake target according to their calculation targets at the time of B-BBEE Verification, but has not met the absorption target as yet, due to the 12 Month Quality Workplace Experience still unfolding, the Measured Entity needs to provide verification evidence that indicates commitment to absorb once the Y.E.S Employees complete the 12 Month Quality Workplace Experience and are absorbed as per the relevant calculated targets. Once Absorption takes place, the Measured Entity will provide the verification evidence to the B-BBEE Verification Agency within one month to ensure Absorption has been met. Failure to do so may lead to the retracting of the B-BBEE Certificate and Report by that B-BBEE Verification Agency. The responsibility of ensuring that Absorption is met lies with the Measured Entity and the B-BBEE Verification Agency. Verifiable evidence would include, but not limited to, samples of Certified ID Copies, Samples of Employee Contracts that meet the definition of Absorption and Interviews.

Absorption can only take place after the 12-month completion of the work place experience and the target is based on the Y.E.S Targets for Y.E.S Measured Entities. If absorption is identified at the time of B-BBEE Verification, B-BBEE Recognition will be awarded taking consideration of the above. Absorption is defined in Schedule 1 of the Amended Codes of Good Practice and the same principles are applicable. For the purposes of the Y.E.S Initiative, Absorption is extended to the Black Youth establishing their own Entity with the Measured Entity providing support. The support will be proven by obtaining the company registration documents, procurement contracts, enterprise and supplier development agreements, amongst others, to identify that Absorption has been met in the form of the Black Youth establishing their own Entity.

Notwithstanding the above, in the event that the participating Youth Employees do not complete the programme, a 5% margin will be acceptable in order for the Measured Entity to receive Y.E.S B-BBEE Recognition. For example, if the Measured Entity has a Target

of 200 Y.E.S Employees and if 10 (200 x 5%) of the Y.E.S Employees do not complete the 12 Month period due to any unforeseen circumstance, the Measured Entity will still be able to receive B-BBEE Recognition provided that the target was met in the beginning of participation under the Y.E.S initiative. It is important that the Y.E.S Measured Entity meets the calculated targets with consideration of the 5% allowance stated above in order to receive B-BBEE Recognition. If any Black Youth Employees falls out of the Y.E.S Initiative due to any circumstance and above the 5% margin and before completing 8 months of employment, the Y.E.S Measured Entity will have one (1) month to replace them in order to be eligible for B-BBEE recognition. A Black Youth Employee is entitled to at least four consecutive months' maternity leave. The Black Youth Employee remains employed while on maternity leave and the Measured Entity is not required to extend the 12-month employment contract by the period of maternity leave.

The 12-month workplace experience is not a Learnership, Internship or Apprenticeship programme. This relates to Category B, C & D of the Skills Development Matrix under the Amended Codes of Good Practice. The Salaries paid to Y.E.S Employees cannot be claimed under the Skills Development of the Generic Codes or relevant Sector Code scorecard as a Training initiative.

As per the Y.E.S Practice Note issued on 12 October 2018 (Gazette 41975), the Y.E.S initiative is applicable to all B-BBEE Sector Codes of Good Practice issued under Section 9 (1) of the B-BBEE Act including the 2009 Transport Sector Codes of Good Practice.

All Measured Entities that fall under the Scope of the 2009 Transport Sector Codes of Good Practice – Gazette Notice Number 32511 will be allowed to participate under the Youth Employment Service (Y.E.S) initiative for B-BBEE Recognition.

It is clarified that the requirements under 2.1, 2.2 and 2.3 of the Y.E.S Initiative Gazette issued under Amended Code Series 000, Statement 000 of the Amended B-BBEE Codes of Good Practice Gazette Notice Number 41866 is not applicable to Measured Entities that fall under the Scope of the 2009 Transport Sector Codes of Good Practice – Gazette Notice Number 32511.

It is clarified that all other requirements and principles under Y.E.S Gazette Notice Number 41866 and Y.E.S Practice Note Gazette Number 41975 are applicable to all Measured Entities that fall under the Scope of the 2009 Transport Sector Codes of Good Practice – Gazette Notice Number 32511.

Queries on this clarification statement to be sent to: B-BBEE\_YES@thedti.gov.za

**ISSUED BY:**

**THE DEPARTMENT OF TRADE AND INDUSTRY  
24 FEBRUARY 2020**