



GUIDE ON THE VALIDITY OF BBBEE CERTIFICATES AND AFFIDAVITS

SUMMARY: THIS DOCUMENT CONTAINS GUIDANCE ON THE INTERPRETATION OF THE BBBEE DOCUMENTS PRESENTED BY SUPPLIERS TO ENSURE CONSISTENT APPLICATION ON ALL BIDS

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1 SCOPE

The purpose of this document is to provide guidance on the interpretation of the BBBEE documents presented by suppliers to ensure consistent application on all bids issued by Armscor. This guide sets out an approach that Armscor will take on matters relating to the implementation of BBBEE, including the validity of BBBEE sworn affidavits, BBBEE verification certificates and BBBEE certificates issued by the Compliances and Intellectual Property Commission (CIPC) for BBBEE purposes.

With the implementation of the 2022 Preferential Procurement Policy Framework Act (PPPFA) regulations, changes regarding the application of BBBEE has come about and certain prescriptions have been removed from the regulations. Armscor is still required to comply with section 10(1) of the BBBEE Act.

2 DOCUMENTS

2.1 Applicable documents

- 2.1.1 Act 46 of 2013 : Broad Based Black Economic Empowerment Act
- 2.1.2 Act 5 of 2000 : Preferential Procurement Policy Framework Act
- 2.1.3 Broad Based Black Economic Empowerment Codes of Good Practice 2013
- 2.1.4 Broad Based Black Economic Empowerment Defence Sector Codes 2019

2.2 Reference documents

- 2.2.1 A-POL-4000 : Transformation Policy
- 2.2.2 A-POL-9009 : SCM Preferential Procurement Policy
- 2.2.3 Preferential Procurement Regulations 2022

3 DEFINITIONS / ABBREVIATIONS

3.1 Definitions / terminology / word descriptions

- 3.1.1 **Exempted Micro Enterprise:** means an entity with a total revenue of R5 million or less. Start-up entities are regarded as Exempted Micro Enterprises. Different sectors have a different turnover threshold for Exempted Micro Enterprises.
- 3.1.2 **Unincorporated Joint Venture:** means two or more entities agree to incorporate their resources for a particular project without incorporating their businesses. Unincorporated Joint Venture is required to compile a consolidated verification certificate.

3.1.3 **Qualifying Small Enterprise:** means an entity with a total revenue between R5 million and R50 million. Different sectors have a different turnover threshold for Qualifying Small Enterprises.

3.2 Abbreviations / acronyms

- 3.2.1 BBBEE : Broad Based Black Economic Empowerment
- 3.2.2 CIPC : Companies and Intellectual Property Commission
- 3.2.3 EME : Exempted Micro Enterprise
- 3.2.4 ID : Identity Document
- 3.2.5 PPPFA : Preferential Procurement Policy Framework Act
- 3.2.6 QSE : Qualifying Small Enterprise
- 3.2.7 SANAS : South African National Accreditation System
- 3.2.8 VAT : Value Added tax

4 RESPONSIBILITIES

4.1 Process owner

The process owner of this document is the Group Executive Acquisition and SCM.

4.2 Communication

This document will be communicated by Corporate Communications division to all Armscor employees via the applicable communication media.

4.3 Implementation

This document is applicable from the time of official approval and it is the responsibility of all Armscor employees to implement it.

4.4 Review

This document shall be reviewed by the SCM Compliance and Performance division when necessary.

4.5 Data management

Records resulting from this document shall be filed by the process owner of the records on the official filing system.

4.6 Applicability of Personal Information

- 4.6.1 In instances where personal information will be applicable:

In the execution of this document (guide), personal information will be collected, handled in compliance with the Protection of Personal Information Act (POPI) Act and Regulations.

5 PROCESS

5.1 Determining the validity of a sworn affidavit for BBBEE compliance

- a) In terms of the BBBEE Code of Good Practice, Exempt Micro Enterprises (EMEs) and at least 51% black owned Qualifying Small Enterprises (QSEs) only have to provide a sworn affidavit as proof of compliance to BBBEE. The purpose of this is to reduce the cost of doing business and regulatory burden on SMME entities.
- b) If an entity falls under a sector charter, the enterprise must be assessed as per the relevant sector code (e.g ICT, property, financial services etc). Entities which submit generic affidavit whilst deriving majority of their revenue from ICT sector will have invalid BBBEE affidavits.
- c) Name/s of deponent as they appear in the Identity Document (ID) and the ID number must be completed.
- d) Designation of the deponent, either the director, owner or member must be indicated in order to know that the person depositing to the sworn affidavit is duly authorized. A deponent is able to tick more than one option if the person is a director and owner of the entity.
- e) Name of Enterprise must be cited as per the enterprise registration documents issued by the CIPC, where applicable, including the enterprise business address.
- f) Percentage of ownership held by black people, black female and black designated groups must be specified. For designated groups, the percentage must be indicated for each sub-category or nil where there is none. In the case of specialized enterprises as per Statement 004, the percentage of black beneficiaries must be reflected.
- g) Indicate the total annual revenue for the year under review.
- h) Indicate whether the total revenue is based on audited financial statements or financial statements or management accounts. **Please select one option.**
- i) Indicate the full financial year end (**day/month/year**) as per the enterprise's registration documents, which was used to determine the total revenue.
 - i. This must be the latest financial year end.
 - ii. In the event that an entity does not have the latest audited financial statements, the entity shall use management accounts to determine the turnover for their financial year.
 - iii. For example, if the financial year ends on the 28 February 2026, any

affidavits done from 01 March 2027 will have to confirm the revenue from the February 2026 financial statements or February 2026 management account.

- j) Select the B-BBEE Status level based on black ownership percentage. An enterprise can only have one B-BBEE status level.
- k) Date of signature for both the deponent and Commissioner of Oath must be the same. If using the first dtic template for sworn affidavits, where provision is not made for Commissioner of Oath signature date, the date of the deponent will be regarded by default as the signature date for Commissioner of Oath.
- l) Commissioner of Oath cannot be an employee or ex officio of the enterprise because, a person cannot by law, commission a sworn affidavit in which they have an interest.
 - i. The determination of who a commissioner of Oaths can be is done in terms of the Justice of Peace and Commissioners of Oaths Act, 1963 (Act No.16 of 1963) and is administered by the Department of Justice and Constitutional Development.
- m) A B-BBEE sworn affidavit is valid for a period of 12 months calculated from the date the sworn affidavit was commissioned, for example, if the sworn affidavit is commissioned on 28 February 2026, it will expire on 27 February 2027.
- n) **N.B.** Please note that only an affidavit that complies with ALL of the prescripts below can be acceptable.

5.2 **Validity of BBBEE certificate issued by Companies and Intellectual Property Commission**

- a) Only directors of a company or members of close corporations can apply for a B-BBEE certificate.
- b) Only companies and close corporations with a turnover of less than R10 million can apply via CIPC.
- c) The CIPC BBBEE Certificate should have the following:
 - i. Name of enterprise, registration number and business address.
 - ii. Date of issue and expiry adding to twelve months (e.g 28 February 2026 to 27 February 2027) must be indicated.
 - iii. Percentage of total black ownership, black female ownership and total white ownership.

- iv. Certificate number.
- v. Barcode with tracking number.
- vi. Barcode with enterprise number.
- vii. B-BBEE Status and procurement recognition level.
- viii. the dtic logo on the top left corner, and CIPC logo on the top right corner.
- ix. CIPC watermark.

5.3 Validity of BBBEE certificates issued by SANAS Accredited Agencies

- a) QSEs with 50% black ownership and less, Large entities and Joint Ventures are required to obtain a BBBEE certificate issued by a verification agency accredited by SANAS.
- b) The BBBEE Certificate should have the following:
 - i. The name and identifiable physical location(s) of the measured entity as per the CIPC records.
 - ii. The registration and VAT number of the measured entity.
 - iii. The dates of granting of the B-BBEE score/the period of validity, which is the initial issue date (e.g 28 February 2026 to 27 February 2027) and the expiry date of the verification certificate.
 - iv. The revision or reissue date if applicable.
 - v. A unique identification number including revision number if applicable.
 - vi. The name and/or mark/logo of the B-BBEE verification agency.
 - vii. The scorecard against which the measured entity has been verified (Generic / QSE). The B-BBEE status level.
 - viii. The SANAS Accreditation Symbol on the verification certificate.
 - ix. The B-BBEE procurement recognition level.
 - x. Score per element including total score achieved.
 - xi. Black ownership percentage.
 - xii. Black Female ownership percentage.
 - xiii. Black designated group percentage:

- Black Youth percentage
- Black Disabled percentage
- Black Unemployed percentage
- Black People living in Rural areas percentage
- Black Military Veterans percentage

xiv. Modified flow has been applied, indicate yes or no.

xv. Recent financial year end used (day/month/year).

5.4 Documents to accompany a valid BBBEE affidavit or certificate

a) The BEE Affidavit or BEE certificate must be accompanied by the following supporting documents:

- i. Companies – copies of share certificates, share register signed by the company secretary or auditors
- ii. Close corporation – Company registration document which is not older than 6 months or recent disclosure not older than 3 months
- iii. ID copies of the owners
- iv. Latest financial statements which the BBBEE affidavit was issued based.
- v. CIPC Beneficial Ownership Declaration. The declaration should be the latest lodged with CIPC.

5.5 Penalties as per the BBBEE Act

a) Trading with an invalid or fraudulent B-BBEE certificate or sworn affidavit/CIPC certificate may constitute an offence in terms of Section 13O (1) (a) of the B-BBEE Act, which state that a person commits an offence if that person knowingly misrepresents or attempts to misrepresent the Broad-Based Black Economic Empowerment status of an enterprise.

b) The B-BBEE Commission may institute an investigation in terms of Section 13J of the B-BBEE Act. In addition, Section 13A of the B-BBEE Act has empowered organs of state and public entities to cancel any contract or authorization awarded on account of false information knowingly furnished by or on behalf of an enterprise in respect of its broad-based black economic empowerment status.

- c) If an entity is found to have violated the B-BBEE Act, the B-BBEE Commission is empowered to act accordingly as guided by the B-BBEE Act and this can result in the entity that violated the B-BBEE Act to be fined up to 10% of its annual turnover, and individuals involved could be imprisoned for up to 10 years, and / or fined. Specifically, an offence under section 13O (2) could lead to imprisonment of up to 12 months, or a fine, or both the fine and imprisonment. Armscor will further follow the process for the restriction of person doing 'business with government in line with relevant prescripts.