

Legal Sector Code

The following is a brief overview of the draft Code that will supersede the 2007 Legal Sector Charter that was published as a Section 12 Transformation Charter under the B-BBEE Act. It has been drafted by the Legal Practice Council and will apply to all legal practitioners i.e. attorneys, advocates and candidate legal practitioners including practitioners in private practice, Legal Aid, Universities, and those working for the State.

The compliance thresholds based on annual revenue are as follows:

Category	Legal Sector Exempt-Micro Enterprise LSEME(a)	Legal Sector Exempt-Micro Enterprise LSEME(b)	Legal Sector Qualifying Small Enterprise LSQSE(c)	LSCLE(d) Large Enterprise
Attorneys*	R0-5m	R5-10m	R10-60m	R60m+
Advocates**	R0-3m	R3-10m	R10m+	

*Includes practitioners, associations, and partnerships

**Advocates as Sole Proprietors

- Fully exempt but required to achieve specific skills development or training initiatives
- Partially Exempt - Attorneys are expected to comply with one Priority Element and meet certain training objectives. Advocates must have black advocates as juniors and either achieve one Priority Element and /or enrol a designated category beneficiary as a junior counsel or as pupillage under skills development.
- Full compliance required except for Advocates where ownership can be achieved via skills development enrolment of designated category beneficiary as a junior counsel or pupillage.
- Different targets and points apply across the various elements

Note: Designated categories means black people, black women, youth and people with disability
The Black ownership percentage of LSEME's (using flow through) results in Enhanced Recognition as follows:

30% = BEE Level 4

<51% = BEE Level 3

51% = BEE Level 2

100% = BEE Level 1

An overview of the various BEE Elements is as follows:

Ownership:

(Priority Element requiring 40% minimum achievement to avoid a level drop)

Threshold R0-R5m	Fully exempt from compliance
R5-10m	Partially exempt from compliance. Compliance required with one of the three Priority Elements i.e. ownership, skills development (if there are 5 or more employees) or an enterprise and supplier development intervention with a small supplier whose business complements the core business of the firm
R10m +	Must comply with the ownership scorecard below

Ownership - Attorneys	LSQSE R10m- R60m		LSCLE R60m+ (Large Enterprise)	
Indicator	Weight	Target	Weight	Target
Voting rights of black participants in general	5	40%	3	45%
Voting rights of designated categories beneficiaries	3	20%	2	30%
Economic interest of black practitioners	2	10%	2	10%
Economic interest of designated categories beneficiaries	4	15%	3	15%
Realisation points accrued through black participants, designated categories, and trainees with disabilities	6	15%	10	10%
Total Points	20		20	
Ownership - Advocates	Based on Turnover			

R5-10m Turnover: Black advocates employed as juniors plus one Priority Element or enrolment of a designated category beneficiary as pupillage

R10m+ Turnover: Choice of:

- black advocate as junior plus being fully compliant with all Priority Elements including the appointment of a designated category beneficiary as junior counsel under skills development and/or
- enrolment of a designated beneficiary as pupillage and/or
- establishment of a Legal Education Trust for bursaries and scholarships for black students drawn from rural areas to a minimum value of R150,000 per annum and/or
- establishment of a Legal Education Trust for bursaries and scholarships for black youths and black women drawn from rural areas

Management Control

Management Control	Black Legal Practitioners		Black Women Legal Practitioners	
Indicator	Weight	Target	Weight	Target
Board Participation				
Equity participation in the ownership, control, and distribution of profits	3	60%	2	50%
Decision making powers in relation to the total number of members of the board, management committee and/or any other decision-making structures	2	30%	3	60%
The allocation and distribution of work and/or resources	2	50%	3	60%
Executive / Senior Management				
Legal practitioners in executive/senior management	4	80%	3	30%
Designated categories of the legal practitioners				
Number of legal practitioners with disabilities	2	2%	0	0
Number of specialist legal practitioners	1	1%	0	0
Number of young legal practitioners	1	1%	0	0
Total 26 points	15		11	

These targets will be further broken down according to the six demographic subgroups as per the DTI Codes of Good Practice.

A separate management control scorecard is being developed for advocates.

Skills Development

(Priority Element requiring 40% minimum achievement to avoid a level drop)

Skills Development	EME		QSE		LE	
Indicator	Points	Target	Points	Target	Points	Target
Skills development expenditure on black trainees as a % of the total training budget+	3	3%	3	3%	6	6%
Skills development expenditure on designated categories of beneficiaries as a % of the total training budget*	2	3%	2	3%	3	6%
Training initiatives for black professionals for managerial expertise and public law clinics and institutions by senior counsel as a % of the total training budget. *	3	3%	3	3%	5	5%
Skills development expenditure on specialised professional categories as a % of the total training budget*	2	2%	2	2%	3	3.5%
Skills development expenditure on bursaries and scholarships for black youths, women and disabled as a % of the total training budget*	1	3%	1	3%	1	3%
Number of black trainees/candidates registered in learnership programmes, candidate attorney's registration or continuous practical legal training+	1	3%	1	3%	3	3%

Investment in training initiatives that enhance community legal training as a % of the total training budget	2	2%	2	2%	2	5%
Recognition for the recruitment of candidate black legal practitioners+	2	2%	2	2%	0	0
Recognition for the recruitment of candidate black female legal practitioners+	3	3%	3	3%	0	0
Implementation of an approved mentorship programme for designated candidate beneficiaries+	2	2%	2	2%	2	2%
YES initiatives to promote the employment of non-professional young people+	2	2%	2	2%	2	2%
Total Points	23		23		27	

+EAP demographic targets may apply

*These targets are adjusted for recognition for gender (ARG) unless the entity has a national footprint when EAP demographic targets apply

A separate skills development scorecard is being developed for advocates.

Preferential Procurement, Supplier and Enterprise Development

(Priority Element requiring 40% minimum achievement to avoid a level drop)

Procurement of legal work - Attorneys	Specialised Enterprises		Private Corporate entities	
	Points	Target	Points	Target
Procurement spend with 75% black owned LSMEs	8	60%	6	50%
Procurement spend with 51% black women owned LSMEs	5	30%	3	30%
Plus, for all users and consumers of legal services	QSEs		LEs	
Procurement spend on legal services from EMEs or 75% black owned entities	5	80%		
Procurement spend on legal services from QSEs			3	30%
Supplier development spend on 75% black owned suppliers	5	50%	5	50%
Supplier development spend on 51% black owned suppliers	3	30%	3	30%
Supplier development spend on 35% black owned suppliers	2	20%	2	20%

Procurement of legal work - Advocates	Specialised Enterprises		Private Corporate entities	
Indicator	Points	Target	Points	Target
Procurement from black South African advocates	6	SC +3 JC including 1 black woman	6	SC +3 JC including 1 black woman
Procurement from white South African advocates	3	SC +2 JC including 1 black woman	3	SC +2 JC including 1 black woman
All Advocates			Points	Target
Recognition of legal services to litigants who do not have financial resources			10	300 hours
Supplier development hours in support of 75% black owned businesses			5	50%
Supplier development hours in support of 51% black owned businesses			5	40%
Supplier development hours in support of 35% black owned businesses			2	30%

Socio Economic Development

Socio-Economic Development	Attorneys		Advocates	
Indicator	Points	Target Hours per annum	Points	Target Hours per annum
Number of hours spent on pro bono work for the poor, marginalised and black clients from semi-rural and rural areas	2	300		
Number of hours spent on pro bono work for the poor, marginalised and black clients represented by a 75% black owned LSME			2	300
Number of hours spent on pro bono work for the poor, marginalised and black clients in community legal centres	2	200		
Number of hours spent on pro bono work for the poor, marginalised and black clients represented by a 51% black owned LSME			2	200
Number of hours spent on pro bono work for the poor, marginalised and black clients for the assistance and enhancement of small business	2	150		
Number of hours spent on pro bono work for the poor, marginalised and black clients represented by a Legal Resources/Community Legal Centres in benefit of a rural community			2	150
Total Points	6		6	