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DRAFT B-BBEE CHARTER MARITIME TRANSPORT & SERVICES SUB-SECTOR

3.8.1 Guiding Principle

- 3.8.1.1 The maritime industry is well placed to make a contribution towards the development of local communities. Our aim is to increase the impact of companies within the MT& SI value chain on local communities. The beneficiaries of such projects must be 75% black people.

3.8.2 All Stakeholders commit to:

- 3.8.2.1 Participate in social development projects as identified by historically disadvantaged employees, which can include HIV/AIDS treatment and prevention, education, community development and maritime awareness.
- 3.8.2.2 Spending 1% of NPAT for the private sector on the social development projects articulated in the above guiding principle.
- 3.8.2.3 QSEs within this sector contributing a minimum of 1% of NPAT evaluated annually to socio-economic development initiatives over the next 5 years.
- 3.8.2.4 Social development contributions leading in the following key focus areas will be enhanced by a factor of 1.25. The key focus areas are:
- 3.8.2.4.1 HIV Aids Programmes;
- 3.8.2.4.2 Education;
- 3.8.2.4.3 Community Development; and
- 3.8.2.4.4 Maritime Awareness.

3.8.3 Maritime Awareness - Guiding Principle

- 3.8.3.1 Given the lack of awareness about the impact and contribution of the Maritime Transport & Services Industry in our economy, it becomes an imperative to embark on a comprehensive Maritime awareness campaign.

3.8.3.2 All Stakeholders commit to:

- 3.8.3.2.1 Develop an industry-wide awareness campaign to showcase the MT & SI and its interrelated activities and demonstrate its impact on the economy through facilitating trade, economic growth and development, B-BBEE and job creation.
- 3.8.3.2.2 The awareness campaign should target all South Africans, the African region as well as the international community. Targeted campaigns to be spearheaded at government departments (Department of Trade and Industry, Department of Transport and National Treasury), schools, tertiary institutions and financial Institutions.
- 3.8.3.2.3 SAMSA's mandate is to promote South Africa's maritime interests.

3.8.4 Measurement Principles and the Application of the Charter

- 3.8.4.1 Measurement principles associated with the socio-economic development element are contained in Statement 700 of Code 700 of the Generic Code of Good Practice.
- 3.8.4.2 Qualifying contributions for the socio-economic development element are contained in Annexure 700 (A) – Benefit Factor Matrix of the Statement 700 of Code 700 of the Generic Codes of Good Practice.

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- 3.8.4.3 The formulae required in the determination of the socio-economic development are contained in Annexure 700 (A) of Statement 700 of Code 700 of the Generic Code of Good Practice.
- 3.8.4.4 Measurement principles required in evaluating socio-economic development contributions made by QSEs within this subsector are contained in Statement 807 of Code 800 of the Generic Codes of Good Practice

4. MARITIME TRANSPORT & SERVICES INDUSTRY B-BBEE SCORECARD

B-BBEE Element	Indicators of Empowerment	Private Sector 5 Year Targets	Private Sector Weightings
Foreign Ownership: <u>Provide evidence of a global practice against selling equity to locals in investee countries</u>	25% of the value of the South African operations of the Multinational, determined using a Standard Valuation; OR	25% of the value of the South African operations of the Multinational, determined using a Standard Valuation OR	20
	4% of Total Revenue from its South African operations annually over the period of continued measurement Equity Equivalence	4% of Total Revenue from its South African operations annually over the period of continued measurement 20	
Ownership	Exercisable voting rights in the hands of black people	25% + 1 vote	3
	Exercisable voting rights in the hands of black women	10%	2
	Economic Interest in the hands of black people	25%	4
	Economic Interest in the hands of black women	10%	2
	Economic Interest of following black natural people in the Enterprise: -black designated groups, -black participants in Employee Ownership Schemes, -black beneficiaries of Broad based Ownership Schemes ;or -black participants in Co-operatives	3%	1
	Net Economic Interest/Net value	25% graduated over 10 years as per the Codes (Year 5 at 60%)	7
	Ownership Fulfillment		1

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B-BBEE Element	Indicators of Empowerment	Private Sector 5 Year Targets	Private Sector Weightings
	Bonus points:		
	Involvement in the ownership of the Enterprises of black new entrants:	10%	2
	Involvement in the ownership of the Enterprises of black Participants: ESOPS, Broad-Based Ownership schemes; Co-operatives	10%	1
Management	% of total exercisable voting rights in the hands of black board members	50%	1.5
	% of total exercisable voting rights in the hands of black-women board members	25%	1.5
	% Black persons who are executive directors	50%	1
	% Black women who are executive directors	25%	1
	% of black people who hold senior top management positions	40%	1.5
	% of black women who hold senior top management positions	20%	1.5
	% of black people who hold other top management positions	40%	1
	% of black women who hold other top management positions	20%	1
	Bonus Point: Black Independent Non-Executive Board Members	40%	1
	Bonus points: Percentage of black people living with disability as a percentage of total management	3%	1
Employment Equity	% Black People in Senior Management	60%	3
	% Black Women in Senior Management	30%	2
	% Black People in Middle Management	75%	2

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B-BBEE Element	Indicators of Empowerment	Private Sector 5 Year Targets	Private Sector Weightings
	% Black Women in Middle Management	38%	2
	% Black People in Junior Management	80%	2
	% Black Women in Junior Management	40%	2
	Black People living with disabilities as a % of all employees	3%	1
	Black Women living with disabilities as a % of all employees	1.5%	1
	Bonus Points: Meeting or exceeding EAP Targets in each category of employment equity	-	3
Skills Development	Skills Development Expenditure on Learning Programmes specified in the learning programme matrix for Black Employees as a percentage of leviable amount	5%	3.5
	Skills Development Expenditure on Learning Programmes specified in the learning programme matrix for Black Women Employees as a percentage of leviable amount	2.5%	3.5
	Skills Development Expenditure on learning programmes specified in the learning programme matrix for black employees with disabilities	0.5%	1.5
	Skills Development Expenditure on learning programmes specified in the learning programme matrix for black women employees with disabilities	0.25%	1.5
	Number of black employees participating in learnerships or category B, C and D programmes as a percentage of total employees	5%	2.5

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B-BBEE Element	Indicators of Empowerment	Private Sector 5 Year Targets	Private Sector Weightings
	Number of black employees participating in learnerships or category B, C and D programmes as a percentage of total employees	2.5%	2.5
Preferential Procurement	Procurement from all B-BBEE Compliant Enterprises as defined by the B-BBEE Recognition Levels as a % of discretionary spend	70%	12
	Procurement from B-BBEE Compliant QSEs and EME as defined by the B-BBEE Recognition Levels as a % of Total Measurable Spend	15%	3
	Procurement from 50% Black-Owned as a % of Total Measured Procurement Spend	12%	3
	Procurement from 30% Black Women-Owned Enterprises as a % of Total Measured Procurement Spend	8%	2
Enterprise Development	Expenditure on supplier development initiatives as a % of NPAT	3% NPAT	15
Socio-Economic Development	Expenditure on social development programmes as a % of NPAT	1% of NPAT	5
Total			100

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5. QUALIFYING SMALL ENTERPRISES B-BBEE SCORECARD

B-BBEE Element	Indicators of Empowerment	Private Sector 5 year target	Private Sector Weightings
Ownership	Exercisable voting rights in hands of black people	25% + 1 Vote	6
	Economic Interest of black people in the Enterprise	25%	9
	Realisation Points:		
	Ownership fulfilment		1
	Net Value	25% graduated over 10 years as per the Codes (Year 5 at 60%)	9
	Bonus Points:		
	Involvement in the ownership of the Enterprise by black women	10%	2
	Involvement in the ownership of the Enterprise by black participants in Employee Share Schemes, Co-operatives or Broad Based Ownership Schemes	10%	1
Management Control	Black Representation at Top Management level	50.1%	25
	Bonus Points: Black women representation at Top-Management	25%	2
Employment Equity	Black Employees of the Measured Entity who are Management	40%	7.5
	Black Women Employees of the Measured Entity who are management	20%	7.5
	Black employees of the Measured Entity as a percentage of total employees	60%	5
	Black Women employees of the Measured Entity as a percentage of total employees	30%	5
	Bonus points for meeting or exceeding the EAP targets in each category		2
Skills Development	Skills Development spend on learning programmes for black employees as a percentage of the leviable/payroll	2%	12.5
	Skills Development spend on learning programmes for black women employees as a percentage of the leviable/payroll	1%	12.5

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B-BBEE Element	Indicators of Empowerment	Private Sector 5 year target	Private Sector Weightings
Preferential Procurement	BEE Procurement Spend from all suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	40%	25
Enterprise Development Spend	Average annual value of Qualifying Contributions made by the Measured Entity as a percentage of the target	2% of NPAT	25
Socio-Economic Development	Average annual value of Qualifying Contributions made by the Measured Entity as a percentage of the target	1% of NPAT	25
TOTAL			175

A QSE must select any four of the above seven elements for the purposes of measurement. If a QSE does not make a selection, its four best element scores will be used for the purposes of measurement.

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APPENDIX A: DEFINITIONS

	DEFINITION
Broad-Based Black Empowerment	Accordingly, government defines B-BBEE as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities. Thus the B-BBEE process will include elements of human resource development, employment equity, enterprise development, preferential procurement, as well as investment, ownership and control of enterprises and economic assets.
Black People	Has the meaning defined in the Act qualified as including only natural persons who are citizens of the Republic of South Africa by birth or descent; or are citizens of the republic of South Africa by naturalisation
Black-Owned Enterprise	Is an enterprise where a minimum of 50,1% of the enterprise is owned by black persons. Ownership refers to economic interest and exercisable voting rights
Community Or Broad Based Enterprise	Has an empowerment shareholder who represents a broad base of members such as a local community or where the benefits support a target group, for example black women, people living with disabilities, the youth and workers
Control	Of a business entity can be achieved in a number of ways a) a majority shareholding position i.e. 50% + 1 share, b) an effective controlling shareholding; c) a majority of a board of directors; and/or d) a shareholders' agreement
Co-Operative Or Collective Enterprise	Is an autonomous association of persons who voluntarily join together to meet their economic, social and cultural needs and aspirations through the formation of a jointly - owned enterprise and democratically controlled enterprise.
Development	Includes but not limited to Joint Ventures, sub-contracting, and supplier development initiatives. It also includes but not limited to the facilitation provided by established company to its B-BBEE partners e.g. discounts, access to cash flow, guarantees or put options deferred payments, and other vendor financing models.
Direct Empowerment	Is the process of B-BBEE must result in an increase in the ownership rights and management control of the economy by black persons. This means that a significant portion of black people's ownership of assets and enterprises must be a controlling interest, reflecting genuine participation in decision making at board executive management and operational levels, and the assumption of real risk. In this MT & SI scorecard, direct empowerment focuses on ownership of enterprises and assets through shares and other instruments that provide the holder thereof with voting rights and economic benefits such as dividends or interest payments
Disabled Employees	For the purpose of this Charter, the definition of employees with disabilities as contained in the Employment Equity Act is used. It means employees who have a long-term or recurring physical or mental impairment, which substantially historically limits their prospects of entry into or advancement in employment. The total number of employees with disabilities (irrespective of race or gender) is expressed as a percentage of the total number of employees (irrespective of race or gender) in all levels of the organisation
Exempted	These are enterprises with a turnover of R5 million or less for the

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	DEFINITION
Micro Enterprises	purposes of this charter. They have an automatic recognition level of Level 4 in the B-BBEE Recognition Levels in the B-BBEE Codes of Good Practice. This affords companies procuring from these entities 100% B-BBEE recognition of the spend.
Fronting	The deliberate misrepresentation of information in order to gain an advantage over another individual / entity. In addition the use of questionable ownership structures in order to unjustifiably gain points to get preference points in any business/ tender adjudication process
Growth	Relates to the National Economic Growth, Industry Growth as well as Enterprise Development growth
Indirect Empowerment	A core component of this B-BBEE Strategy is the creation and nurturing of new enterprises by black people, preferential procurement by the State, Parastatals and the private sector is an effective and efficient instrument to drive B-BBEE. A second element of indirect empowerment is enterprise development. This can take two forms: Investment in black-owned and black-empowered enterprises. Joint Ventures with black owned and black empowered enterprises that result in substantive skills transfers
Job Creation	Refers to the creation of opportunities for ongoing permanent employment.
Learners	Refers to the people participating in the learnership and other similar programmes
Leviable Amount	Has the same meaning as contained in the Skills Development Act.
Net Asset Value	Within the context of this Charter this term refers to Total Asset less Liabilities.
Net Economic Interest	Is the percentage of the shareholding by black shareholders that is unencumbered by any financial obligations to third parties or to the principle company in which the stake is held.
Non-Discretionary Spend	Refers to all commodities and services were organisations have no option but to procure from companies (exports, water and electricity, rates and taxes, telephone etc).
Ownership	Refers to equity participation and the ability to exercise rights and obligations that accrue under such ownership. These rights and obligations include the right the economic interest flowing from the shareholding and the right to exercisable voting rights in proportion to that shareholding. It also refers to the net economic interest, in other words paid up capital. The parties to this Charter agree that the measurement of the extent of the achievement of this target of the aggregate value of the equity will be based on the asset values per the audited accounts of the entities concerned and that the net economic interest will be calculated according to the market value of the shareholding less the outstanding amounts owing to third parties or the principle company by the black shareholders.
Qualifying Small Enterprises (QSEs)	These re enterprises with an annual turnover of between R35 million and R5 million for the purposes of this Charter. Their B-BBEE status is referenced by their contributor level on the B-BBEE Recognition Levels in the B-BBEE Codes of Good Practice.
Stakeholders	Refers to a range of interest groups within the Maritime Transport & Services Industry who directly and indirectly participated in this process. These groups included Government, Private Industry, Parastatals, Agencies, Financial Institutions (Private and Public),

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	DEFINITION
	Organised Labour, Civil Society Associations, B-BBEE operators, suppliers, SMME's as well as individuals.
South African Ship	A South African ship refers to a South African owned ship - small vessels, other than fishing vessels that are: Wholly owned by South African residents or South African nationals; or operated solely by South African residents or South African nationals or both such residents and nationals; and, ships on bareboat charter to South African nationals. Therefore South African ships does not and should not necessarily refer only to South African registered ships only, nor ships flying the SA flag.
TETA	Refers to the Maritime Chamber, Forwarding and Clearing as well as the Freight Handling Chamber.

Definitions of terms and concepts not captured in this Charter are contained in the Codes of Good Practice gazetted on 9 February 2007.

APPENDIX B: COMMITMENT EVALUATION MATRIX

This is an example of a matrix that will be used by this Charter to measure the commitments by stakeholders to the Charter. This matrix represents commitments to Skills Development made by TETA.

Action Undertaken	Input measurement	Output measurement	Quality Control
Conduct research to identify scarce skills	Money spent on research as a % of total discretionary funds	Progress Report on research to Steering Committee/Council	Charter Council
Conduct research on the supply side of the skills development equation	Money spent on research as a % of total discretionary funds	Progress Report on research to Steering Committee/Council	Charter Council
Introduce new categories of learnerships	Money spent on research as a % of total discretionary funds	Report to Steering Committee/Council on the number of new learnership categories introduced and accredited as a % of the number of new categories identified	TETA & Charter Council
Collect and publish detailed and aggregated statistics on the EE profile of the industry	Money spent on research as a % of total discretionary funds	Progress Report on research to Steering Committee/Council	Charter Council
Assist in unlocking the funds from the National Skills Fund	Money spent on assistance as a % of total discretionary funds	Report to Steering Committee/Council on value of funding unlocked as a % of total funds required to address learnership needs in the Maritime Sector	Charter Council

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Continuously benchmark training programmes against international best practice	Money spent on research as a % of total discretionary funds	Progress Report on research to Steering Committee/Council	SAMSA & Charter Council
Expand the number of learnerships available based on the sector's skills requirements	Number of new learnership categories introduced and accredited as a % of the number of new categories identified	Number of learners in initiated learnerships as a % of total skills required in each category	TETA & Charter Council
Facilitate easy access to finance learnerships and eliminate bottlenecks and bureaucratic procedures in accessing grants	Money spent on assistance as a % of total discretionary funds	Report to Steering Committee/Council on value of funding available as a % of total funds required to address learnership needs in the Maritime Sector	TETA & Charter Council

ALIGNED B-BBEE CHARTER – FORWARDING & CLEARING SUB-SECTOR



**REPUBLIC OF SOUTH AFRICA
REPUBLIEK VAN SUID AFRIKA**

DEPARTMENT OF TRANSPORT

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**FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK ECONOMIC
EMPOWERMENT CHARTER**

ALIGNED B-BBEE CHARTER – FORWARDING & CLEARING SUB-SECTOR**TABLE OF CONTENTS**

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ALIGNED B-BBEE CHARTER – FORWARDING & CLEARING SUB-SECTOR**ABBREVIATIONS**

B-BBEE	Broad-Based Black Economic Empowerment
ABET	Adult Basic Education and Training
DOL	Department of Labour
DOT	Department of Transport
DTI	Department of Trade and Industry
EE	Employment Equity
EMEs	Exempted Micro Enterprises
FET	Further Education and Training
F&C	Forwarding and Clearing
FIATA	Federation Internationale des Associations de Transitaires et Assimiles
GDS	Growth and Development Summit
NEPAD	New Partnership for Africa's Development
NSF	National Skills Fund
PSA	Proudly South African
QSEs	Qualifying Small Enterprises
SARS	South African Revenue Services
TEO	The Enterprise Organisation
TETA	Transport Education and Training Authority
TNPA	Transnet National Ports Authority
TPT	Transnet Port Terminals

1. SCOPE

- 1.1 The Forwarding & Clearing (F&C) Industry comprises of economic activities that relate to all imports and exports conducted in respect of goods entering or leaving South Africa as well as those transiting this country. It excludes importers and exporters whose core activity is not clearing and forwarding.
- 1.2 Thus, the F&C Industry serves as an input to every other industry in the National economy as well as many of those across South African borders. In addition cognisance is taken of the fact that the F&C Industry is a complex one, which involves various activities including freight management and supply chain logistics.
- 1.3 The F&C Industry is associated with all modes of transport that might be involved in the carriage of cargo as well as, service providers such as warehouses and transit sheds and the associated management of data.
- 1.4 The F&C Industry works closely with Governmental and parastatal Institutions such as SARS, the Department of Trade & Industry (DTI), the Department of Transport (DOT) and Port Authorities.

2. LONG TERM VISION**2.1. Overarching long-term vision**

- 2.1.1 The long-term vision is, through encouraging education and training and the promotion of life-long learning, develop the Industry so that all participants are able to compete, nationally and internationally, with the best in the world.

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- 2.1.2 Part of the vision is to develop South African owned forwarding and clearing multi-national companies wherever possible.
- 2.1.3 The South African F&C Industry is well positioned to make this vision a reality and craft a broader contribution towards regional development in line with the ideals of the New Partnership for Africa's Development (NEPAD).
- 2.2. Developing a World Class Industry**
- 2.2.1 Our vision is to develop a world-class industry based on seamless integration of all transport modes and multiple transport networks, which will grow in size, stimulate South Africa's economic growth and development, and facilitate trade whilst complying with international safety standards and delivering efficient, quality services to customers. Our industry will achieve a significant increase in black participation throughout the industry value chain. We will pursue a growth strategy that prioritises the retention and creation of quality jobs.
- 2.2.2 To make this vision a reality, will require a deliberate strategy to increase access to skills, capital and economic opportunities and, therefore raise the economic value added (or productivity) of every employee and enterprise in the industry. This will require all stakeholders to recruit new black people into the industry and increase their skills (and those of existing employees) to best-practice international levels, while creating a supportive culture for their talents to thrive. It will also require all stakeholders to facilitate the creation of new black entrepreneurs (and the development of existing ones) who can participate in economic opportunities throughout the logistics value chain.
- 2.2.3 We, the signatories to this document, believe that every company in South Africa should embrace Broad-Based Black Economic Empowerment (B-BBEE) voluntarily, recognising that it is a social and economic imperative to secure a prosperous future for all our country's citizens and, therefore, a larger market in which to trade. We commit ourselves to embark on a major communications and marketing campaign that will take this "Broad-Based BEE Charter for the F&C Industry" to every company to ensure maximum participation by all stakeholders.
- 2.2.4 Accordingly, all stakeholders commit themselves to this Charter agree to have their B-BBEE achievements (in terms of the indicators in the balanced scorecard) rated by an independent B-BBEE rating/verification company that is accredited by the relevant recognised body.
- 2.2.5 We commit ourselves to good corporate governance principles and the elimination of fronting in our industry. Accordingly, we will play an active role in instituting measures for monitoring, identifying and eradicating fronting.
- 2.3. Undertakings by all Stakeholders (to achieve this vision)**
- 2.3.1 To form collaborative relationships with organisations such as Proudly South Africa (PSA), Department of Trade and Industry (DTI) and other stakeholders and promote the economic benefits of utilising and growing Broad-Based Black Economic Empowerment compliant freight forwarding companies.

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- 2.4.1 To continue to create an environment that is conducive for the country to substantially increase trade with the rest of the world, since the level of trade is the main driver of growth and, therefore, job creation in our industry. Key elements of an enabling environment for trade include: trade promotion; enhancing feeder and inland transport connections; reducing costs of data transfer; improving the quality of available maritime infrastructure & superstructure and restructuring to ensure reliability and cost effectiveness of railway and port operations.
- 2.4.2 Resolve legislative and fiscal restrictions, which have a negative impact on the competitiveness of South Africa and ensure a level playing field for all companies¹.
- 2.4.3 Use its leverage in the industry to incentivise all stakeholders to achieve the objectives of this charter.
- 2.4.4 Demonstrate its commitment towards developing South Africa into a leading trading nation by adopting a more harmonised approach between its various departments and parastatal institutions. This will require the setting up of structures that will ensure inter-governmental co-ordination between departments to align their programmes with the Transport sector wide, and supply chain processes. Examples of crosscutting issues that require interventions across government departments and agencies include:
- 2.4.4.1 The DTI's Export incentives;
- 2.4.4.2 National Treasury, and South African Revenue Services (SARS);
- 2.4.4.3 Department of Foreign Affairs – Free Trade Agreements;
- 2.4.4.4 Increasing awareness within the transport sector about available government investment incentives and grants;
- 2.4.4.5 Engage public and private funding institutions to highlight opportunities in the sector;
- 2.4.4.6 Make proposals on financing mechanisms; and
- 2.4.4.7 Investigate, together with other stakeholders in other Transport sub-sectors, the feasibility of setting up a Transport Sector Bank.
- 2.4.5 Engage public and private sector funding agencies to develop innovative funding mechanisms for B-BBEE companies seeking to invest in the sector. This will require a high-level workshop with these agencies and major B-BBEE companies to inform them about opportunities that will emerge in the transport industry, including the F&C industry, following the adoption of this charter.
- 2.4.6 Increase awareness among B-BBEE companies in the transport sector about investment and matching grants, tax allowances and other incentives that are provided by the DTI's The Enterprise Organisation (TEO) and investigate the possibility of motivating for new products that take into account the unique nature of the F & C industry.
- 2.4.7 Enforce and monitor compliance with existing legislation that may impact B-BBEE such as the Employment Equity, Skills Development and Competition Acts.

¹ An example include the issue of small suppliers who are deemed as employees for personal tax purposes

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- 2.4.8 Ensure that government departments are focused and sensitised on the importance of customer care and relations. This will require enhanced training and education for officials in relevant government departments.
- 2.4.9 Assist stakeholders with analysis of the number of people in particular skills set (or job category) broken down by race, gender and people living with disability.
- 2.4.10 Publish an annual report on B-BBEE and job creation within the F&C industry that consolidates various reports and information from all stakeholders. Stakeholders will use this report to review progress at an annual Transport Industry B-BBEE Forum.
- 2.5. Labour Undertakings (to achieve this vision)**
 - 2.5.1 Investigate opportunities to establish collective investment vehicles that will make investments in the sector. These investment vehicles will ensure empowerment of the workers both directly and in partnerships with other stakeholders in relation to skills for ownership and management of companies.
 - 2.5.2 Ensure that workers are empowered by upgrading their skills base and creating opportunities to deploy them into management positions as well as participating in creative employee share ownership schemes.
 - 2.5.3 Labour should mobilise members to ensure compliance and understanding of existing legislation e.g. the employment equity, skills development, labour relations and basic conditions of employment acts. Companies that do not comply must be reported to the Transport Sector B-BBEE Council to take further action.
 - 2.5.4 Labour will mobilise members to identify companies who fail to implement this agreed F&C industry B-BBEE charter and report them to Transport Sector B-BBEE Council to take further action.
 - 2.5.5 Mobilise members to monitor the performance of their employers in implementing the Growth and Development Summit (GDS) agreement on promoting local content and/or procurement and supporting the Proudly South African campaign.
- 2.6 TETA undertakings (to achieve this vision)**
 - 2.6.1 Play a more interventionist role to influence training priorities in the F&C Chamber. Assist stakeholders with analysis of the number of people in a particular skills set (or job category) broken down by race, gender and people living with disability.
 - 2.6.2 Continuously conduct analysis and update statistics about the future demand and supply of critical skills sets.
 - 2.6.3 Continuously analyse the quantity, quality and nature of F&C training that companies are doing.
 - 2.6.4 Commit to this B-BBEE Charter and strive to achieve the targets set (where applicable) as per the indicators in the balanced scorecard both internally and with specific reference to service providers.

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- 2.6.5 Align its mission and vision with the imperatives of B-BBEE and assist with the provisioning of relevant B-BBEE data that will be key for the implementation and monitoring of this strategy.
- 2.6.6 Enable the achievement of the education and training objectives of this charter, without unnecessary bureaucratic impediments.
- 2.6.7 The signatories of this charter are of the view that the sector should endeavour to facilitate the realisation of these commitments by monitoring contributions to B-BBEE. The evaluation of these contributions should be conducted through an Evaluation Matrix provided in Appendix B.

3. INDICATORS OF EMPOWERMENT

This Broad-Based B-BBEE Charter for the F&C Industry seeks to encourage all stakeholders to pursue a transformation agenda according to the broad guidelines set out in the BEE National Strategy and B-BBEE Act 53 Of 2003. It is necessary to set different targets and timeframes for the public and private industry as well, because the two are at different stages of the transformation process.

DURATION OF THIS SUB-SECTOR CHARTER

This Charter shall remain in effect until amended, substituted and repealed under Section 9 of the BBBEE Act, or with the parties to this charter process agreeing to do so.

The Charter Council will review this Charter following the end of the 5th year after its gazetting and despite the aforementioned, it shall be reviewed on an annual basis for monitoring purpose.

3.1 Ownership**3.1.1 Vision**

- 3.1.1.1 Our vision is to achieve significant black ownership, management control and operational involvement throughout the F&C industry. We recognise the high degree of knowledge in both local and international legislation as well as conditions that will be required in order to achieve this and commit ourselves to identifying opportunities for promoting the necessary skills development.

3.1.2 Guiding Principles

- 3.1.2.1 This principle is linked to the long-term strategy of growing the domestic F&C Industry so as to ensure that B-BBEE does not become a zero-sum game. Ownership is broken down into foreign ownership and South African ownership.
- 3.1.2.2 The ownership target set is specifically aimed at the South African F&C Industry.
- 3.1.2.3 With regard to foreign ownership, foreign companies, with local representation, will implement B-BBEE strategies, according to the guidelines provided by the F&C Charter. They will be encouraged to sell

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equity in their local operations. However, foreign companies that are unable to sell equity in their local operations should consider using the Equity Equivalent guidelines provided in the Code 100 of the B-BBEE Codes of Good Practice and set off increased achievements in this regard against the ownership requirement.

3.1.3 Stakeholder Undertakings

3.1.3.1 Foreign Ownership Market Commits to:

3.1.3.1.1 Seek opportunities to sell equity to Black shareholders or participate in Equity Equivalent programmes approved by the Minister.

3.1.3.2 The Local Based Market Commits to:

3.1.3.2.1 Seek opportunities to broaden the ownership base of their companies and ensure that within the next 5 years at least black shareholders hold 25+1% of voting rights, with 10% of the voting rights held by black women.

3.1.3.2.2 25% of the economic interest accrues to black shareholders in the form of both voting rights and economic interest, with a minimum of 10% earmarked for black women.

3.1.3.2.3 3% is for black designated groups, which includes black people living with disabilities.

3.1.3.2.4 Ensure that the net economic interest of the black equity participants is 100% of their acquired share of the business within 5 years.

3.1.3.2.5 Qualifying Small Enterprises (QSEs) as defined in this charter also commit to:

3.1.3.2.5.1 Increase the ownership base of their companies and ensure that a minimum of 25% of economic interest is in the hands of black people;

3.1.3.2.5.2 25% +1 vote voting rights, or equivalent thereof, are in black hands; and

3.1.3.2.5.3 Ensure that the net economic interest of the black equity participants is 60% of their acquired share of the business within 5 years. If this is achieved, it will be deemed that Ownership Fulfilment has been achieved.

3.1.4 Government Commits to:

3.1.4.1 Facilitate means of funding the various B-BBEE initiatives that will enable Blacks, Black women and Black disabled persons to purchase the ownership stake proposed in this Charter.

3.1.5 Funding Mechanisms

3.1.5.1 All stakeholders commit to:

3.1.5.1.1 Facilitate through creative financing mechanisms, the acquisition of equity in their operations by Black shareholders.

3.1.5.1.2 Creating awareness about F & C Industry amongst the traditional banking institutions as well as Public Financing Institutions.

3.1.6 Measurement Principles and the Application of the Charter

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- 3.1.6.1 Measurement principles associated with the ownership element is contained in Statement 100 of Code 100 of the Generic Code of Good Practice.
- 3.1.6.2 The formulae required in the determination of the ownership score are contained in Annexure 100 (c) of Statement 100 of Code 100 of the Generic Code of Good Practice.
- 3.1.6.3 The recognition of the sale of assets under the ownership element has the same meaning as that contained in Statement 102 of Code 100 of the Generic Code of Good Practice. The targets as contained in the ownership element of this Charter will apply.
- 3.1.6.4 The recognition of the equity equivalent programmes for multinational has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Generic Code of Good Practice.
- 3.1.6.5 The formulae required in the determination of the ownership score based on equity equivalent contributions are contained in Annexure 103 (A) of Statement 103 of Code 100 of the Generic Code of Good Practice.
- 3.1.6.6 Measurement principles relating to the ownership element for QSEs are contained in Statement 801 of Code 800 of the Generic Codes of Good Practice.

3.2 Management Control**3.2.1 Guiding Principle**

- 3.2.1.1 Our guiding principle is to increase the participation of black people on F&C Industry company boards and similar governing structures to create decision-making structures that truly represent the racial and gender diversity of our country. The industry will be transparent, eliminate unscrupulous business practices including fronting, and adopt best-practice corporate governance policies as outlined in the King II report.

3.2.2 Stakeholder undertakings

- 3.2.2.1 Private Industry Commits to:
 - 3.2.2.1.1 Under normal circumstances, black ownership will be accompanied with an equal level of management control. Private industry, however, commits to a total black representation of 50% at the board level and a black women representation of 25% at the board level.
 - 3.2.2.1.2 Black people will occupy 50% of executive directors, while black women will occupy 25% of executive directors.
 - 3.2.2.1.3 Black people will also occupy 40% of senior top management, while black women will occupy 20% of senior top management.
 - 3.2.2.1.4 Private industry further commits to a black representation of 40% at other top management and black women representation of 20% at other top management.
 - 3.2.2.1.5 QSEs within the sector commit to recruiting black people at Top Management positions, where they should constitute 50.1% of total Top Management.

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- 3.2.2.1.6 QSEs within this sector commit to recruiting black women at Top Management level; where they should constitute 25% of total Top Management, which is a bonus point sub-element.

3.2.3 Measurement Principles and the application of the Charter

- 3.2.3.1 Measurement principles associated with the management control element are contained in Statement 200 of Code 200 of the Generic Code of Good Practice.

- 3.2.3.2 The formulae required in the determination of the management control score are contained in Annexure 200 (A)-B of Statement 200 of Code 200 of the Generic Code of Good Practice. The Adjustment Recognition for Gender will not apply Annexure 200 (A)-A.

- 3.2.3.3 Measurement principles needed for the application of the charter with regards to the management control element for QSEs are contained in statement 802, of Code 800, of the Generic Codes of Good Practice.

3.3 Employment Equity

3.3.1. Guiding Principle

- 3.3.1.1 Our principle is to increase the participation of black people in management, professional and technical occupations in the F&C Industry to create a workforce that truly represents the racial and gender diversity of our country.

- 3.3.1.2 Compliance with the Employment Equity (EE) Act, and presentation of accurate figures and statistics on EE to the Department of Labour (DoL) within the spirit of this Charter.

3.3.2. Private Industry commits to:

3.3.2.1 Private industry undertakes to achieve within FIVE years:

- 3.3.2.1.1 45% representation of black people in senior management and a 23% representation of black women in senior management.

- 3.3.2.1.2 63% representation of black people in middle management and a 32% representation of black women in middle management.

- 3.3.2.1.3 68% representation of black people in junior management and a 34% representation of black women in junior management.

- 3.3.2.1.4 2% representation of black disabled people throughout the measured entity and 50% of this will be black women.

- 3.3.2.1.5 Measured entities falling within the QSEs threshold commit that 40% of all management staff is black within 5 years. 50% of these positions should be earmarked for black women.

- 3.3.2.5.1 QSEs within this sector commit that 60% of all staff should be black within the 5 years. Black women should occupy 30% of all positions within 5 years.

3.3.2.2 Private industry undertakes to achieve within TEN years:

- 3.3.2.2.1 60% representation of black people in senior management and a 30% representation of black women in senior management.

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- 3.3.2.2.2 75% representation of black people in middle management and a 38% representation of black women in middle management.
- 3.3.2.2.3 80% representation of black people in junior management and a 40% representation of black women in junior management.
- 3.3.2.2.4 3% representation of black disabled people throughout the measured entity.
- 3.3.2.2.5 Points will only be awarded for employment equity once a minimum of 40% of the specific target has been achieved.
- 3.3.2.2.6 Measured entities falling within the QSEs threshold commit to 60% of all management staff is black within 5 years; 50% of these positions should be earmarked for black women.
- 3.3.2.2.6.1 QSEs within this sector commit to all 70% of all staff should be black within the 5 years. 35% of all positions should be occupied by black women within 5 years
- 3.3.2.2.7 An understanding that the 10 year targets stated above may be subject to change as a result of a revision of the Charter in 5 years from its inception.

3.3.3 Measurement Principles and the Application of the Charter

- 3.3.3.2 Measurement principles on the employment equity element is contained in Statement 300 of Code 300 of the Generic Code of Good Practice.
- 3.3.3.3 The formulae required in the determination of the employment equity score are contained in Annexure 300 (A)-B of Statement 300 of Code 300 of the Generic Code of Good Practice. The formula for the determination of the Adjusted Recognition for Gender – Annexure 300 (A)-A will not apply.
- 3.3.3.4 Measurement principles for the determination of the Employment Equity score for QSEs are contained in Statement 803 of Code 800 of the Generic Codes of Good Practice.

3.3.4 Government commits to:

- 3.3.4.1 Ensuring that the Department of Labour plays a significant role in monitoring and supporting stakeholders in meeting their EE targets.
- 3.3.4.2 Ensure that through the DOL will, in compliance with the EE Act, collect and publish detailed and aggregated statistics on the EE profile of the industry according to occupational level and occupational category by race. The department will also monitor the industry's progress in meeting its targets and publish an annual report on the EE Profile of the industry according to occupational level and category.

3.4 Skills Development

3.4.1 Guiding Principle

- 3.4.1.1 Our vision is to substantially increase the economic value added (or productivity) of every employee in the F&C Industry through best practice Human Resource and Skills Development policies and increase the scale of initiatives aimed at developing black professionals and technical experts.

3.4.2 Stakeholder Undertakings

3.4.2.1 Government Commits to:

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- 3.4.2.1.1 Design and fund a co-ordinated framework and programme for career awareness and training that leverages off and adds value to existing initiatives. The awareness programme will publicise and co-ordinate information regarding scholarships, training resources and careers in the industry. Other stakeholders will be encouraged to contribute towards the cost of this initiative.
- 3.4.2.2 Private Industry Commits to:**
- 3.4.2.2.1 Invest at least 3% of the leviable amount on skills development initiatives, which are directed at black employees. The Learning Programme Matrix contained in statement 400 code 400 Annexure 400 (A) of The B-BBEE Codes of Good Practice should guide these initiatives.
- 3.4.2.2.2 Invest at least 1.5% of the leviable amount on skills development initiatives (Over and above the current 1% skills development levy and associated costs) directed at black women employees. The Learning Programme Matrix contained in statement 400 code 400 Annexure 400 (A) of The B-BBEE Codes of Good Practice should guide these initiatives.
- 3.4.2.2.3 Ensure that black employees participating in learnerships or category B, C and D programmes as a percentage of total employees: who have been enrolled in Accredited Training Programmes as identified in the Learning Programme Matrix contained in statement 400 code 400 Annexure 400 (A) of the Codes of Good Practice, comprise 5% of the total work force.
- 3.4.2.2.4 Ensure that black women participating in learnerships or category B, C and D programmes as a percentage of total employees: who have been enrolled in Accredited Training Programmes as identified in the Learning Programme Matrix contained in statement 400 code 400 Annexure 400 (A) of The Codes of Good Practice, comprise 2.5% of the total number of employees.
- 3.4.2.2.5 Ensure that 0.3% of skills development expenditure is on learning programmes specified in the learning programme matrix for black people with disabilities. 0.15% of skills development should be directed to black women with disabilities.
- 3.4.2.2.6 QSEs within this sub-sector commit to invest a minimum of 3% of the leviable amount or payroll (whichever is applicable) on skills development spend on learning programmes for black people.
- 3.4.3 In addition, the Private Industry Commits to:**
- 3.4.3.1 Identify within and outside their companies a talent pool of black people for accelerated development through the following options:
- 3.4.3.2 International, regional or local assignments that provide high-quality operational and managerial exposure;
- 3.4.3.3 Job rotation and multi-skilling programmes;
- 3.4.3.4 Coaching and mentorship programmes;
- 3.4.3.5 Learnership and internship programmes;
- 3.4.3.6 Further Education and Training (FET);
- 3.4.3.7 Skills programmes;
- 3.4.3.8 Temporary placement of unemployed learners;

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- 3.4.3.9 Provision of Adult Basic Education and Training and other lifeskill training; and
- 3.4.3.10 Intra-industry exchange programmes, where feasible.
- 3.4.3.11 The costs associated with the implementation of the above Skills Development interventions include both direct and associated indirect costs.

3.4.4 TETA Commits to:

- 3.4.4.1 Conduct research to Identify scarce management (generic) and professional (F&C specific) skills that the industry will require over the next decade and map out future demand and supply scenarios in the detailed skills audit.
- 3.4.4.2 Conduct research on the supply side of the skills development equation—i.e. the institutions that will provide the required management, professional and technical skills. The research will determine whether the identified institutions have the capacity to meet the expected demand and whether their curricula meet the needs of industry. It will make proposals on how to increase the capacity and relevance of existing institutions and establish whether there is a need to establish a dedicated institution that will focus on developing skills for the Forwarding and Clearing Industry.
- 3.4.4.3 Introduce, after consulting stakeholders and completing the skills audit, new categories of learnerships - in management, technical and professional occupational categories - to help stakeholders achieve their employment equity targets.
- 3.4.4.4 Assist in unlocking funds from the National Skills Fund (NSF) for Management and Learnership Programmes in identified areas.
- 3.4.4.5 Together with the Federation Internationale des Associations de Transitaires et Assimiles (FIATA), continuously benchmark training programmes against international best practice.

3.4.5 Measurement Principles and the Application of the Charter

- 3.4.5.1 Measurement principles associated with the skills development element is contained in Statement 400 of Code 400 of the Generic Code of Good Practice.
- 3.4.5.2 The formulae required in the determination of the skills development score are contained in Annexure 400 (A)-B of Statement 400 of Code 400 of the Generic Code of Good Practice. The formula for the determination of the Adjusted Recognition for Gender – Annexure 400 (A)-A will not apply.
- 3.4.5.3 The measurement principles required in the determination of the skills development score for QSEs are contained in Statement 805 of Code 800 of the Generic Code of Good Practice.

3.5 PREFERENTIAL PROCUREMENT

3.5.1 Guiding Principle

Our principle is to accelerate procurement from black-owned and/or, empowered enterprises and/or good contributors to B-BBEE with the main objective of growing existing or emerging entrepreneurs to produce value-

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added goods and services for the industry and increase employment as well as allowing for the creation of new businesses

3.5.2 Stakeholder undertakings**3.5.2.1 Government Commits to:****3.5.2.1.1** Government departments, state-owned enterprises, and other public agencies will align their own procurement practices to this Charter when procuring goods and services from the F&C sub-sector. In particular, government will apply B-BBEE criteria, as set out in this Charter whenever it:

- 3.5.2.1.1.1 Grants a licence to engage in a specific regulated economic activity;
- 3.5.2.1.1.2 Grants a concession to a private enterprise to operate an asset or enterprise on behalf of the state;
- 3.5.2.1.1.3 Enters into a public-private partnership; and
- 3.5.2.1.1.4 Engages in any economic activity.

3.5.2.2 Private Industry Commits to:

- 3.5.2.2.1 Procure at least 50% of total measurable procurement spend from B-BBEE suppliers based on their recognition levels within the next 5 years and 70% of total measurable procurement from B-BBEE suppliers based on their recognition levels within the next 10 years.
- 3.5.2.2.2 Procure at least 10% of total measurable procurement from QSEs and EMEs in the next 5 years and 15% over 10 years.
- 3.5.2.2.3 Procure at least 9% of total measurable procurement from 50% black-owned and 6% of the total measurable procurement should be from the 30% black women-owned enterprises over the next 5 years. Procure at least 20% of total measurable procurement from 50% black-owned and 30% black women-owned enterprises over the next 10 years.
- 3.5.2.2.4 QSEs within this sub-sector commit to procuring a minimum of 40% of total procurement from B-BBEE compliant suppliers over the next 5 years and 50% over the next 10 years.
- 3.5.2.2.5 Adopt and customise the guidelines on Accounting for Affirmative Procurement that will be set by the Transport Sector B-BBEE Council, as specifically agreed by the F&C sub-sector stakeholders and signatories to this Charter.
- 3.5.2.2.6 An understanding that the 10 year targets stated above may be subject to change as a result of a revision of the Charter 5 years from its inception.
- 3.5.2.2.7 Recognising that a consolidation of invoices may be recognised as a single "invoice" in terms of the measurement principles of Statement 500 of the B-BBEE Codes of Good Practice.

3.5.3 Measurement Principles and the Application of the Charter

- 3.5.3.1 Measurement principles associated with the preferential procurement element is contained in Statement 500 of Code 500 of the Generic Code of Good Practice.

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3.5.3.2 The formulae required in the determination of the preferential procurement score for measured entities are contained in Annexure 500 (A) of Statement 500 of Code 500 of the Generic Code of Good Practice.

3.5.3.3 Measurement principles required in evaluating the preferential procurement contributions made by QSEs within this sector are contained in Statement 805 of Code 800 of the Generic Codes of Good Practice.

3.6 ENTERPRISE DEVELOPMENT**3.6.1 Guiding Principle**

3.6.1.1 Our principle objective is to help set up, and/or nurture and grow viable enterprises that are black-owned or black empowered, to service the F&C Industry. We aspire to increase investment in black-owned and empowered enterprises as a proportion of net profit after tax (NPAT).

3.6.1.2 In achievement of the principle objective above, the signatories to this Charter declare that they are opposed to the concept of fronting, as defined in this Charter.

3.6.2 Stakeholder undertakings**3.6.2.1 Private Industry Commits to:**

3.6.2.1.1 Pro-actively seek opportunities to enter into joint ventures (and other forms of alliances) and make direct investments in black owned or black empowered enterprises as defined in Enterprise Development below. To be valid, such initiatives and ventures must pass the "dominant impression" test indicated in Appendix C.

3.6.2.1.2 Progress will be measured by calculating the value of such investments as a percentage of the NPAT of the investing enterprise. The target is to achieve at least 3% for black owned companies and at least 1.5% for black women-owned companies.

3.6.2.1.3 QSEs within this subsector aspire to make contributions to enterprise development which will amount to 3% of NPAT evaluated annually over the next 5 years.

3.6.3 TETA Commits to:

3.6.3.1 Develop training programmes specifically designed for entrepreneurs in the F&C Industry.

3.6.4 Measurement Principles and the Application of the Charter

3.6.4.1 Measurement principles associated with the enterprise development element are contained in Statement 600 of Code 600 of the Generic Code of Good Practice.

3.6.4.2 Qualifying contributions for the enterprise development element are contained in Annexure 600 (A) – Benefit Factor Matrix of the Statement 600 of Code 600 of the Generic Codes of Good Practice.

3.6.4.3 The formulae required in the determination of the enterprise development score are contained in Annexure 600 (A) of Statement 600 of Code 600 of the Generic Code of Good Practice.

3.6.4.4 Measurement principles required in evaluating the enterprise development contributions made by QSEs within this sector are contained in Statement 806 of Code 800 of the Generic Codes of Good Practice

ALIGNED B-BBEE CHARTER – FORWARDING & CLEARING SUB-SECTOR**3.7 SOCIO-ECONOMIC DEVELOPMENT****3.7.1 Guiding Principle**

3.7.1.1 Individual companies will implement socio-economic development programmes in line with their corporate values.

3.7.2 All Stakeholders commit to:

3.7.2.1 Invest at least 1% of NPAT in social development programmes. Expenditure on programmes that address the following socio-economic interventions that will be sector designed which will be enhanced by a factor of 1.25:

3.7.2.1.1 HIV/AIDS,

3.7.2.1.2 Busarries,

3.7.2.1.3 Poverty alleviation; and

3.7.2.1.4 F&C industry awareness.

3.7.2.2 QSEs within this sub-sector will contribute a minimum of 1% of NPAT evaluated annually to socio-economic development initiatives over the next 5 years.

3.7.3 Awareness Campaign**3.7.3.1 Guiding Principle**

3.7.3.1.1 Given the lack of awareness about the impact and contribution of the Forwarding and Clearing Industry in our economy, it becomes imperative to embark on an awareness campaign.

3.7.3.2 Stakeholder undertakings

3.7.3.2.1 Develop an industry specific awareness campaign to showcase the F&C Industry and its interrelated activities and demonstrate its impact on the economy through facilitating trade, economic growth and development, B-BBEE and job creation.

3.7.3.2.2 The awareness campaign should target all South Africans, the African region as well as the international community. Targeted campaigns are to be spearheaded at Government Departments – Department of Finance, Department of Trade and Industry, Department of Transport, National Treasury and at schools, tertiary Institutions and financial Institutions.

3.7.4 Labour Standards**3.7.4.1 Guiding Principle**

Our guiding principle is to develop an industry that is characterised by stability and fair labour practices.

3.7.4.2 All Stakeholders Commit to:

Implement fair labour practices across the board in line with the requirements of labour legislation.

3.7.5 Measurement Principles and the Application of the Charter

3.7.5.1 Measurement principles associated with the socio-economic development element are contained in Statement 700 of Code 700 of the Generic Code of Good Practice.

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- 3.7.5.2 Qualifying contributions for the socio-economic development element are contained in Annexure 700 (A) – Benefit Factor Matrix of the Statement 700 of Code 700 of the Generic Codes of Good Practice.
- 3.7.5.3 The formulae required in the determination of the socio-economic development are contained in Annexure 700 (A) of Statement 700 of Code 700 of the Generic Code of Good Practice.
- 3.7.5.4 Measurement principles required in evaluating socio economic development contributions made by QSEs within this sector are contained in Statement 807 of Code 800 of the Generic Codes of Good Practice

4. FORWARDING & CLEARING B-BBEE SCORECARD

B-BBEE Element	Indicators of Empowerment	Targets – 5 years	Weightings
Foreign Ownership Provide evidence of a global practice against selling equity to locals in investee countries	Equity equivalent programmes approved by the line minister of the transport sector. N.B: Contributions toward these programmes are measured as actual contributions made using the general principles outlined in statement 600 and statement 700 of the Codes of Good Practice.	25% of the value of the South African operations of the Multinational, determined using a Standard Valuation OR 4% of Total Revenue from its South African operations annually over the period of continued measurement	20
Local Based Operations	Economic interest in the hands of Black people	25%	4
	Economic interest in the hands of Black Women	10%	2
	Exercisable voting rights in the hands of Black people	25%+1 vote	3
	Exercisable voting rights in the hands of Black Women	10%	2
	Economic Interest of following black natural people in the Enterprise: -black designated groups, -black participants in Employee Ownership Schemes, -black beneficiaries of Broad based Ownership Schemes ;or -black participants in Co-operatives	3%	1
	Net Economic Interest/Net value	25% graduated over 10 years as per the Codes (year 5 at 60%)	7
	Ownership fulfilment		1

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B-BBEE Element	Indicators of Empowerment	Targets – 5 years	Weightings
	Bonus points: Economic interest in the hands of black disabled people	2%	2
	Bonus points: Involvement in the ownership of the Enterprise of Black new entrants.	10%	1
	Bonus points: Involvement in the ownership of the Enterprise of Black participants in:	10%	1
	Employee Ownership Schemes		
	Broad-Based Ownership Schemes		
	Co-operatives		
Management	Exercisable voting rights of Black board members.	50%	1.5
	Exercisable voting rights of Black Women board members.	25%	1.5
	Black persons who are executive directors	50%	1
	Black women who are executive directors	25%	1
	Black senior top management	40%	1.5
	Black Women senior top management	20%	1.5
	Black other top management	40%	1
	Black Women other top management	20%	1
	Bonus point: Black Independent non-Executive Board Members	40%	1
Employment Equity	Black employees in senior management	45%	2
	Black Women employees in senior management	23%	1
	Black employees in middle management	63%	2
	Black Women employees in middle management	32%	1
	Black employees junior management	68%	2
	Black Women employees in junior management	34%	1
	Black people living with disabilities	2%	0.5
	Black Women living with disabilities	1%	0.5

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B-BBEE Element	Indicators of Empowerment	Targets - 5 years	Weightings
	Bonus Points: Meeting or exceeding the EAP Targets in each category of employment equity	-	3
Skills Development	Black skills development expenditure on learning programmes specified in Learning Matrix as percentage of Leviable amount.	3%	5
	Black Women skills development expenditure on learning programmes specified in Learning Matrix as percentage of Leviable amount.	1.5%	5
	Number of Black employees participating in Learnerships or category B, C, D programmes as percentage of total employees.	5%	4
	Number of Black Women employees participating in Learnerships or category B, C, D programmes as percentage of total employees.	2.5%	2
	Black People with Disability skills development expenditure on learning programmes specified in Learning Matrix as percentage of Leviable amount	0.3%	2
	Black Women with Disability skills development expenditure on learning programmes specified in Learning Matrix as percentage of Leviable amount	0.15%	2
Preferential Procurement	Procurement spend from all suppliers based on recognition levels as percentage of total measured procurement spend.	50%	12
	Procurement spend from QSE's and EME's based on recognition levels as percentage of total measured procurement spend.	10%	3

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B-BBEE Element	Indicators of Empowerment	Targets - 5 years	Weightings
	Procurement from 50% Black-Owned as a % of Total Procurement spend	9%	3
	Procurement from 30% Black Women-Owned Enterprises as a percentage of Total Procurement spend	6%	2
Enterprise Development	Investment in the Black-owned enterprises	3% of NPAT	10
	Investment in the Black Women-owned enterprises	1.5% of NPAT (i.e half of the target for contributions to black-owned enterprises)	5
Socio-economic Development	Expenditure on social development programmes as a % of NPAT. N.B: Enhanced recognition shall be awarded for contributions towards the following causes: <ul style="list-style-type: none"> o HIV/AIDS o Bursaries o Poverty alleviation o F&C industry awareness 	1% NPAT	5

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5. Forwarding and Clearing Qualifying Small Enterprises Scorecard

B-BBEE Element	Indicators of Empowerment	Private Sector 5 year target	Private Sector Weightings
Ownership	Exercisable voting rights in hands of of black people	25%+1 Vote	6
	Economic Interest of black people in the Enterprise	25%	9
	Realisation Points		
	Ownership fulfillment		1
	Net Value	25% graduated over 10 years as per the Codes (Year 5 at 60%)	9
	Bonus Points		
	Involvement in the ownership of the Enterprise by black women	10%	2
	Involvement in the ownership of the Enterprise by black participants in Employee Share Schemes, Co-operatives or Broad Based Ownership Schemes	10%	1
Management Control	Black Representation at Top Management level	50.1%	25
	Bonus Points: Black women representation at Top-Management	25%	2
Employment Equity	Black Employees of the Measured Entity who are Management	40%	7.5
	Black Women Employees of the Measured Entity who are management	20%	7.5
	Black employees of the Measured Entity as a percentage of total employees	60%	5
	Black women employees of the Measured Entity as a percentage of total employees	30%	5
	Bonus points: meeting or exceeding the EAP targets in each category		2
Skills Development	Skills Development spend on learning programmes for black employees as a percentage of the leviable/payroll	3%	12.5
	Skills Development spend on learning programmes for black women employees as a percentage of the leviable/payroll	1.5%	12.5

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B-BBEE Element	Indicators of Empowerment	Private Sector 5 year target	Private Sector Weightings
Preferential Procurement	BEE Procurement Spend from all suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	40%	25
Enterprise Development Spend	Average annual value of Qualifying Contributions made by the Measured Entity as a percentage of the target	3% NPAT	25
Socio-Economic Development	Average annual value of Qualifying Contributions made by the Measured Entity as a percentage of the target	1% NPAT	25
TOTAL			175

A QSE must select any four of the above seven elements for the purposes of measurement. If a QSE does not make a selection, its four best element scores will be used for the purposes of measurement.

6. APPENDIX A: DEFINITIONS

	DEFINITION
Broad-Based Black Empowerment	As per the Broad Based Black Economic Empowerment Act, 2003. Accordingly, government defines B-BBEE as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities. Thus the B-BBEE process will include elements of human resource development, employment equity, enterprise development, preferential procurement, as well as investment, ownership and control of enterprises and economic assets.
Black Empowered Enterprise	Is one that is at least 25.1% owned by black persons and where there is substantial management control
Black Enterprise	Is one that is 50,1% owned by black persons and where there is substantial management control.
Black-Owned Enterprise	Is an enterprise where a minimum of 50,1% of the enterprise is owned by black persons. Ownership refers to economic interest and exercisable voting rights
Black People	Has the meaning defined in the Act qualified as including only natural persons who are citizens of the Republic of South Africa by birth or descent; or are citizens of the republic of South Africa by naturalisation: (a) Occurring before the commencement date of the constitution of the Republic of South Africa Act of 1993; or (b) Occurring after the commencement date of the Constitution of the Republic of South Africa Act of 1993, but who, without the Apartheid policy would have qualified for naturalisation before then.
Community Or Broad Based Enterprise	Has an empowerment shareholder who represents a broad base of members such as a local community or where the benefits support a target group, for example black women, people living with disabilities, the youth and workers.
Control	Of a business entity can be achieved in a number of ways a) a

ALIGNED B-BBEE CHARTER – FORWARDING & CLEARING SUB-SECTOR

	DEFINITION
	majority shareholding position i.e. 50% + 1 share, b) an effective controlling shareholding; c) a majority of a board of directors; and/or d) a shareholders agreement.
Co-Operative Or Collective Enterprise'	Is an autonomous association of persons who voluntarily join together to meet their economic, social and cultural needs and aspirations through the formation of a jointly - owned enterprise and democratically controlled enterprise.
Direct Empowerment	The process of B-BBEE must result in an increase in the ownership and control of the economy by black persons. This means that a significant portion of black persons ownership of assets and enterprises must be a direct interest, reflecting genuine participation in decision making at board level and the [H1] assumption of real risk. In this F&C scorecard, direct empowerment focuses on ownership in enterprises and assets through shares and other instruments that provide the holder thereof with voting rights and economic benefits such as dividends or interest payments.
Direct Ownership	Where a flow of economic benefits and voting rights can be traced back - via intermediate holding structures if necessary - to black persons, and/or black enterprises and/or community/broad based enterprises and/or black trade union investments.
Enterprise Development	Includes but not limited to Joint Ventures, sub-contracting, and supplier development initiatives, transfer of management skills, guidance, advice and consultancy services. It also includes but not limited to the facilitation provided by an established company to its B-BBEE partners e.g. discounts, access to cash flow, guarantees or put options deferred payments, and other vendor financing models. Also refer to Appendix B 'Enterprise Development Definition' for a comprehensive description. (Subject to the "Dominant Impression test").
Exempted Micro Enterprises	These are enterprises with a turnover of R5 million or less for the purposes of this charter. They have an automatic recognition level of Level 4 in the B-BBEE Recognition Levels in the B-BBEE Codes of Good Practice. This affords companies procuring from these entities 100% B-BBEE recognition of the spend
Foreign-owned Enterprise	A commercial undertaking or business where the majority (greater than 50%) of shareholding is held beyond the borders of the Republic of South Africa.
Fronting	The deliberate misrepresentation of information in order to gain an advantage over another individual / entity. In addition the use of questionable ownership structures in order to unjustifiably gain points to get preference points in any business/ tender adjudication.
Indirect Empowerment	A core component of this B-BBEE Strategy is the creation and nurturing of new enterprises by black people. Preferential procurement by the State, Parastatals and the private sector is an effective and efficient instrument to drive BEE. A second element of indirect empowerment is enterprise development. This can take two forms: -Investment in black owned and black empowered enterprises. -Joint Ventures with black owned and black empowered enterprises that result in substantive skills transfers
Learnership	As per the Skills Development Act
Leviable Amount	Has the same meaning as that contained in the Skills Development Act.

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	DEFINITION
Locally-owned Enterprise	A commercial undertaking or business where 50% or more of shareholding is held within the borders of the Republic of South Africa.
Management	Refers to the effective control of economic activities and resources. This involves the power to determine policies as well as the direction of economic activities and resources. Management control measures black representation at board of directors' level and executive management level.
Net Asset Value	Within the context of this Charter this term refers to Total Assets less liability excluding inter-company loans and shareholder funding.
Ownership	Refers to equity participation and the ability to exercise rights and obligations that accrue under such ownership. These rights and obligations include the right the economic interest flowing from the shareholding and the right to exercisable voting rights in proportion to that shareholding. It also refers to the net economic interest, in other words paid up capital. The parties to this Charter agree that the measurement of the extent of the achievement of this target of the aggregate value of the equity will be based on the asset values per the audited accounts of the entities concerned and that the net economic interest will be calculated according to the market value of the shareholding less the outstanding amounts owing to third parties or the principle company by the black shareholders.
Qualifying Small Enterprises	These re enterprises with an annual turnover of between R35 million and R5 million for the purposes of this Charter. Their B-BBEE status is referenced by their contributor level on the B-BBEE Recognition Levels in the B-BBEE Codes of Good Practice.
Skills Development	Refers to all expenditure on Black skills development; education and training (including the Skills Development Levy) are considered. The actual expenditure on Black skills development, education and training that has been conducted during the last completed financial year to be used as a basis for the calculation. The total expenditure on Black skills development, education and training is expressed as a percentage of the total payroll costs. Total payroll costs include all remuneration related expenditure such as basic wages/salaries, overtime, and employment related company contributions.
TETA	Refers to the F & C Chamber of the Transport SETA.
Total Measured Procurement	It has the same meaning as that contained in section 5 of statement 500 as reflected in the Codes of Good Practice (gazetted on 9 February 2007). Exclusions from this amount are noted in section 6 of statement 500.
Turnover	In the context of this Charter, turnover means total billings less all VAT, customs payments and other disbursements.

Definitions of terms and concepts not captured in this Charter are contained in the Codes of Good Practice gazetted on 9 February 2007.

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7. APPENDIX B: COMMITMENT EVALUATION MATRICES

Ownership

Action Undertaken	Input measurement	Output measurement	Quality Control
Establish funding mechanisms for the purchasing of shares by black people.	Money spent on research as a % of total discretionary funds	Research report submitted to Steering Committee/Charter Council on details and feasibility of funding mechanisms.	Steering Committee/Charter Council
Creating awareness of the F&C industry amongst the traditional banking institutions as well as Public Financing Institutions.	Money spent on awareness campaign as a % of total discretionary funds	Report to Steering Committee/Charter Council on attendance at awareness campaigns.	Steering Committee/Charter Council

Employment Equity

Action Undertaken	Input measurement	Output measurement	Quality Control
Department of Labor to ensure that employment equity targets are met.	Money spent on research survey as a % of total discretionary funds	Assessment Report on employment equity targets for black people within the industry.	TETA & Steering Committee/Charter Council

Skills Development

Action Undertaken	Input measurement	Output measurement	Quality Control
Increasing awareness regarding scholarships, training resources and careers in the industry.	Money spent on awareness campaign as a % of total discretionary funds	Report to Steering Committee/Charter Council on attendance at awareness campaigns.	TETA & Steering Committee/Charter Council
Facilitate high quality training of black people through learnership, internship and mentorship programmes.	Money spent on skills development as a % of total discretionary funds	Assessment Report on skills of black people within the industry.	TETA & Steering Committee/Charter Council
Implement skills audit to identify management, professional and technical skills that will be required over	Money spent on research as a % of total discretionary funds	Analysis and forecasts to be presented to Steering Committee/Charter Council and TETA.	TETA & Steering Committee/Charter Council

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the next decade.			
Continuously benchmark training programmes against international best practice.	Money spent on gap analysis as a % of total discretionary funds	Research report submitted to Steering Committee/Charter Council on details of gap analysis and suggestions on how the problem can be alleviated.	TETA & Steering Committee/Charter Council

Preferential Procurement

Action Undertaken	Input measurement	Output measurement	Quality Control
Ensure that uniform accounting practices regarding preferential procurement are adopted by public sector agencies.	Money spent on research as a % of total discretionary funds	Assessment Report on accounting practices regarding preferential procurement submitted to Steering Committee/Charter Council.	Steering Committee/Charter Council

Enterprise Development

Action Undertaken	Input measurement	Output measurement	Quality Control
Create joint ventures with and invest directly in black owned enterprises.	Annex 600A (Benefit Factor Matrix) of the Codes shall apply	Report to Steering Committee on improvement (percentage change) in new entities created.	Steering Committee/Charter Council

Socio-economic Development

Action Undertaken	Input measurement	Output measurement	Quality Control
Facilitate access to finance and grants to improve participation in skills programmes.	Money spent on developing appropriate financial mechanisms as a % of total discretionary funds	Report to Steering Committee/Charter Council on the percentage and type of financial mechanisms used to finance skills programmes.	TETA & Steering Committee/Charter Council

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Develop awareness campaign to demonstrate the economic growth and development, B-BBEE and job creation aspects within the industry.	Money spent on awareness campaign as a % of total discretionary funds	Report to Steering Committee on attendance at awareness campaigns.	TETA & Steering Committee/Charter Council
Implement labour practices in line with labour legislation.	Money spent on awareness campaigns and legal and administrative fees as a % of total discretionary funds	Report to Steering Committee/Charter Council on adherence to labour legislation.	Steering Committee/Charter Council

8. APPENDIX C: DOMINANT IMPRESSION TEST FOR F&C OPERATOR

1. **Step 1:** Establish the claimed functionality and approximate claimed volumes of the enterprise, which claims to be an F&C operator.
2. **Step 2:** Determine whether the claimed functionality is sufficient to qualify the enterprise as an F&C operator rather than being a sales or marketing agent for another operator. If the answer is no, the enterprise is a front.
3. **Step 3:** Determine whether the staffing structure, numbers and skills profile is roughly in accordance via industry norms with the claimed functionality and volumes. If the answer is no, the enterprise is a front.
4. **Step 4.** If steps 2 and 3 are successfully passed the enterprise is not a front.
5. **Step 5.** As an exception to the above; if the enterprise is the result of an enterprise development initiative undertaken by an F&C operator and if additionally, that enterprise is within the first 24 months of its existence and is working in terms of an explicit, auditable programme of skills transfer which will render it fully functional and operationally independent of its F&C shareholder within the 24 months mentioned above, then partial reliance on skills from its F&C shareholder within the said 24 months period shall not constitute fronting as defined, provided that within the said 24 months the enterprise shall not sub-contract to its F&C shareholder.

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ALIGNED DRAFT B-BBEE CHARTER - RAIL SUB-SECTOR**



**REBULIC OF SOUTH AFRICA
REPUBLIEK VAN SUID AFRIKA**

DEPARTMENT OF TRANSPORT

DRAFT

**RAIL SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT
CHARTER**

DRAFT B-BBEE CHARTER RAIL SUB-SECTOR**TABLE OF CONTENTS**

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DRAFT B-BBEE CHARTER RAIL SUB-SECTOR**1. SCOPE**

- 1.1 The scope of this charter extends to the entire rail industry value chain. The key players are the state-owned operators and infrastructure companies.
- 1.2 However, the challenge is for these companies to use their purchasing power to drive the transformation of the entire rail industry value chain, including manufacturers, suppliers' consultants and maintenance companies.
- 1.3 The charter will also have an impact on other sectors of the economy that are not rail specific, for example, general services.

2. VISION**2.1 Overarching Vision**

- 2.1.1 Our overarching vision is to develop a world-class rail industry that will grow in size, stimulate economic growth and development, facilitate trade, comply with safety standards agreed with the Railway Safety Regulator (RSR) Act 16 of 2002. In addition deliver efficient and quality services to customers, and achieve a significant increase in black participation in ownership, management and employment in companies throughout the industry value chain. We will pursue a growth strategy that prioritises the retention and creation of quality jobs.
- 2.1.2 To make this vision become a reality will require a deliberate strategy to increase access to skills, capital and economic opportunities. This will require all stakeholders to recruit new black people into the industry and increase their skills (and those of existing employees) to best-practice international levels, while creating a supportive culture for their talents to thrive. It will also require all stakeholders to facilitate the creation of new black owned enterprises (and the development of existing ones) who can participate in economic opportunities throughout the rail industry value chain.
- 2.1.3 The signatories to this document believe that every company in South Africa must embrace Black Economic Empowerment (BEE) voluntarily, recognising that it is an economic imperative to secure a prosperous future for all our country's citizens. Accordingly, we commit ourselves to embark on a major communications and marketing campaign that will take this "Broad-Based Black Economic Empowerment (B-BBEE) Charter for the Rail Industry" to every organisation within our industry to ensure maximum participation by all stakeholders.
- 2.1.4 Accordingly, all private sector stakeholders committing themselves to this Charter will agree to have their B-BBEE achievements (in terms of the indicators in the balanced scorecard) rated by an independent accredited B-BBEE verification agencies or company that is accredited by the Department of Trade and Industry (DTI). Public sector organisations will be monitored and their contributions annually verified in a separate process that will be designed by the DoT and DPE. However, an independent B-BBEE verification agency/company will verify the B-BBEE contribution of their suppliers. The B-BBEE verification agencies will go a long way towards eliminating any form of misrepresentation and fraudulent

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practices within the industry. Other parties committed to this Charter will have their contributions assessed and verified as to their compliance to their undertakings.

2.2 National Government Undertakings (to achieve this vision)

- 2.2.1 Government is the most important player in the industry through its ownership of the majority of rail industry assets and operations and the employment of the majority of workers. Accordingly, Government commits to demonstrate the political will to revive the rail network.
- 2.2.2 Make decisive and direct interventions to enhance the competitiveness of rail as a mode of transport for freight and commuters. This will also require urgent action to improve the internal efficiencies of the state-owned operators.
- 2.2.3 Set up structures that will ensure inter-governmental co-ordination between departments to align their programmes with the Transport and Rail Sector BEE processes. Examples of cross-cutting issues that require interventions across government departments and agencies include:
 - 2.2.3.1 The countrywide shortage of matriculants with mathematics and science at higher grade.
 - 2.2.3.2 The countrywide shortage of engineers and artisans across all disciplines.
 - 2.2.3.3 Increasing awareness within the transport sector of available government investment incentives and grants.
 - 2.2.3.4 Monitoring of stakeholder achievements in terms of the indicators on the Rail Sub-sector Balanced B-BBEE Scorecard.
- 2.2.4 Accelerate its programme (together with the relevant parastatals) to increase investments in freight and passenger rail infrastructure to eliminate current backlogs and expand the network, where necessary.
- 2.2.5 Convene a multi-stakeholder forum to investigate the scale of B-BBEE opportunities at the edges of the main network – eg private sector operations, private sidings, shunting, industrial townships, mining, tourism – and reach agreement on the modalities of effecting the entry of black entrepreneurs into the industry.
- 2.2.6 Continue existing initiatives with Transnet Freight Rail (TFR) formally known as Spoornet, provincial governments, local communities and the business sector to revive branch lines.
- 2.2.7 Investigate (together with the relevant parastatals and labour) the possibility of introducing job-sharing programmes at TFR, Shosholoza Meyl and SARCC/Metrorail.
- 2.2.8 Ensure that the restructuring of rail assets to effect new institutional arrangements must proceed in a manner that results in an increase in black participation at all levels – in employment and the procurement of services and goods.
- 2.2.9 Enforce and monitor compliance with existing legislation that may impact on B-BBEE such as the Employment equity, Skills Development and Competition Acts.
- 2.2.10 Publish an annual report on B-BBEE and job creation within the Rail industry that consolidates reports and information from all stakeholders. Stakeholders will use this report to review progress at an annual Transport Industry BEE Forum.

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2.3 Labour Undertakings (to achieve this vision)

- 2.3.1 Encourage trade union controlled pension funds, where trade unions have significant influence, and trade union investment companies to make investments in the sector to help achieve the ownership targets.
- 2.3.2 Encourage employers to first look towards their own employees when considering options for achieving black equity participation.
- 2.3.4 Investigate opportunities to establish collective investment vehicles (including employee share ownership schemes) that will make investments in the sector. These investment vehicles must ensure the empowerment of workers to develop the skills required to own and manage companies in the industry. These initiatives need to be aligned to the tripartite report published in September 2003 and should be utilised in this regard.
- 2.3.5 Ensure that workers are empowered through skills development and create opportunities to deploy them into management positions.
- 2.3.6 Mobilise members to ensure compliance with existing legislation e.g. the Employment Equity (EE), Skills Development (SD), Labour Relations and Basic Conditions of Employment Acts. Non-complying companies must be reported to the Transport Sector B-BBEE Forum/Council to take further action by inspecting the causes for non-compliance and reviewing performance targets as necessary.
- 2.3.7 Mobilise members to monitor the performance of their employers in implementing the Growth and Development Summit (GDS) agreement on promoting local content and/or procurement and supporting the Proudly South African campaign.
- 2.3.8 Monitor the impact of procurement/outsourcing on job creation and report findings to the Transport Sector BEE Forum/Council

2.4 TETA Undertakings (to achieve this vision)

- 2.4.1 Play a more interventionist role to influence training priorities in the Rail Chamber.
- 2.4.2 Assist stakeholders with the analysis of people in a particular skills set (or job category) broken down by race and gender.
- 2.4.3 Continuously conduct analysis and update statistics about the future demand of critical skills sets and the supply side of the equation.
- 2.4.4 Continuously conduct an analysis of the quantity, quality and nature of training that organisations and companies are doing.
- 2.4.5 Commit to this B-BBEE Charter and strive to achieve the targets set (where applicable) as per the indicators (Management, Employment Equity, Skills Development, Preferential Procurement and Enterprise Development) in the balanced scorecard both internally and with specific reference to service providers.
- 2.4.6 Align its mission and vision with the imperatives of B-BBEE and assist with the implementation and monitoring of the B-BBEE Charter.

3 INDICATORS OF EMPOWERMENT

- 3.1 The B-BBEE Charter for the Rail Industry seeks to encourage all stakeholders to pursue an aggressive transformation agenda according to the broad guidelines set out in the National Strategy and BEE Balanced Scorecard. It is necessary to set different targets

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and timeframes for the public and private Industry's because the two are at different stages of the transformation process.

DURATION OF THIS SUB-SECTOR CHARTER

This Charter shall remain in effect until amended, substituted and repealed under Section 9 of the BBBEE Act, or with the parties to this charter process agreeing to do so.

The Charter Council will review this Charter following the end of the 5th year after its gazetting and despite the aforementioned, it shall be reviewed on an annual basis for monitoring purpose.

3.2 Ownership

3.2.1 Guiding Principle

- 3.2.1.1 Our guiding principle is to increase black ownership of assets, management control and operational involvement across the entire spectrum of the rail industry value chain and design appropriate funding mechanisms to facilitate the process.

3.2.2 The Private Industry Commits to:

- 3.2.2.1 Pro-actively seek opportunities to broaden the ownership base of their enterprises and ensure that a minimum of **25%+1** vote is the hands of **black people**;
- 3.2.2.2 Ensure that a minimum of **25%** of economic interest accrues to **black people**;
- 3.2.2.3 Ensure that a minimum of least **10%** voting rights is in the hands of **black women**;
- 3.2.2.4 Ensure that 10% of economic interest is in the hands of black women;
- 3.2.2.5 Ensure that **3%** is earmarked for black designated groups (including black people living with disabilities) and/or black participants in Employee Ownership Schemes, Broad based Ownership Schemes and Co-operatives within five years. This refers to **Black Natural People**;
- 3.2.2.6 If the ownership by black people living with disability is through a Non profit organisation or Public benefit organisation, the organisation will require to evidence that **85%** of the beneficiaries are black people living with disability as defined in the Employment Equity Act in order to realise maximum bonus points; and
- 3.2.2.7 **Qualifying Small Enterprises (QSEs)** as defined in this charter will commit to:
- 3.2.2.7.1 Increasing the ownership base of their companies and ensure that a minimum of **25%** of economic interest is in the hands of **black people**;
- 3.2.2.7.2 **25%+1** vote voting rights, or equivalent thereof, are in black hands; and
- 3.2.2.7.3 Ensure that the net economic interest of the black equity participants is 100% of their acquired share of the business within 5 years. If this is achieved, it will be deemed that Ownership Fulfilment has been achieved for both bigger entities (i.e. companies with turnover above R35 million) and Qualifying Small Enterprises (i.e. companies within R5 million and R35 million turnover threshold).

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3.2.3 Measurement Principles and Application of the Charter

- 3.2.3.1 Measurement principles associated with the ownership element is contained in Statement 100 of Code 100 of the Generic Code of Good Practice.
- 3.2.3.2 The formulae required in the determination of the ownership score is contained in Annexure 100 (c) of Statement 100 of Code 100 of the Generic Code of Good Practice.
- 3.2.3.3 The recognition of the sale of assets under the ownership element has the same meaning as that contained in Statement 102 of Code 100 of the Generic Code of Good Practice. The target contained in the ownership element of this Charter will apply.
- 3.2.3.4 The recognition of the equity equivalent programmes for multinational has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Generic Code of Good Practice.
- 3.2.3.5 The formulae required in the determination of the ownership score based on equity equivalent contributions are contained in Annexure 103 (A) of Statement 103 of Code 100 of the Generic Code of Good Practice.
- 3.2.3.6 Measurement principles relating to the ownership element for QSEs are contained in Statement 801 of Code 800 of the Generic Codes of Good Practice.

3.3 Management Control

3.3.1 Private Industry Commits to:

- 3.3.1.1 Ideally, an equal level of management control should accompany black ownership. Private industry will therefore aspire to the following 5-year targets regarding management control:
 - 3.3.1.1.1 **Board Members:** 33% of the exercisable voting rights in the hands of black people.
 - 3.3.1.1.2 **Women Board Members:** 16.5% of exercisable voting rights in the hands black women.
 - 3.3.1.1.3 **Executive Directors:** 33% of all executive director positions occupied by black people.
 - 3.3.1.1.4 **Women Executive Directors:** 16.5% of all executive positions occupied by black people.
 - 3.3.1.1.5 **Senior Top Management:** 40% of all top senior management positions occupied by black people.
 - 3.3.1.1.6 **Women Senior Top Management:** 20% of all top senior positions occupied by black women.
 - 3.3.1.1.7 **Other Top Management:** 40% of all other top management positions occupied by black people.
 - 3.3.1.1.8 **Women Other Top Management:** 20% of all other top management positions occupied by black women.
 - 3.3.1.1.9 QSEs within the sector commits to recruiting black people at Top Management positions, where they should constitute 50.1% of total Top Management.
 - 3.3.1.1.10 Recruiting black women at Top Management level; where they should constitute 25% of all such positions.

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3.3.2 Measurement Principles and Application of the Charter

- 3.3.2.1 Measurement principles associated with the management control element is contained in Statement 200 of Code 200 of the Generic Code of Good Practice.
- 3.3.2.2 The formulae required in the determination of the management control score are contained in Annexure 200 (A)-B of Statement 200 of Code 200 of the Generic Code of Good Practice. The Adjustment Recognition for Gender will not apply Annexure 200 (A)-A.
- 3.3.2.3 Measurement principles needed for the application of the charter with regards to the management control element for QSEs are contained in statement 802, of Code 800, of the Generic Codes of Good Practice.

3.4 Employment Equity

3.4.1 Guiding Principle

- 3.4.1.1 Our guiding principle is to increase the participation of black people in top management, senior management and professional and technical occupations in the rail industry to create a workforce that truly represents the racial, ethnic and gender diversity of our country.

3.4.2 Private Industry Commits to:

- 3.4.2.1 **Senior Management:** The minimum compliance level for total black representation is set at 60% and the minimum compliance level for black women representation is set at 30% of all senior management positions.
- 3.4.2.2 **Middle Management:** The minimum compliance level for total black representation is set at 75% of all middle management and the minimum compliance level for black women representation is set at 37% of all middle management positions.
- 3.4.2.3 **Junior Management:** The minimum compliance level for total black representation is set at 80% and the minimum compliance level for black women representation is set at 40% of all junior management positions.
- 3.4.2.4 **Black Disabled Employees** – The minimum compliance level for black disabled representation is set at 3% of total staff.
- 3.4.2.5 **Black Women Disabled Employees**–The minimum compliance level for black women disabled representation is set at 1.5% of total staff.
- 3.4.2.6 Measured entities falling within the QSEs threshold commit 40% of all management staff is black within 5 years. 50% of these positions should be earmarked for black women.
- 3.4.2.7 QSEs within this sub-sector commit to all 60% of all staff should be black within the next 5 years. Black women should occupy 30% of all positions within the next 5 years.

3.4.3 Measurement Principles and Application of the Charter

- 3.4.3.1 Measurement principles on the employment equity element, is contained in Statement 300 of Code 300 of the Generic Code of Good Practice.

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- 3.4.3.2 The formulae required in the determination of the employment equity score are contained in Annexure 300 (A)-B of Statement 300 of Code 300 of the Generic Code of Good Practice. The formula for the determination of the Adjusted Recognition for Gender – Annexure 300 (A)-A will not apply.
- 3.4.3.3 Measurement principles for the determination of the Employment Equity score for QSEs are contained in Statement 803 of Code 800 of the Generic Codes of Good Practice.

3.5 Skills Development**3.5.1 Guiding Principle**

- 3.5.1.1 Our guiding principle is to increase the economic value added of every employee in the rail sector through best-practice Human Resource Development, Skills Development, Employment Equity and Gender policies. A key element will be to identify the critical skills, retain and create quality employment in the sector.

3.5.2 Private Industry Commit to:

- 3.5.2.1 Investing a minimum of **3.5%** of the leviable amount on skills development expenditure on Learning programmes as per the Learning Matrix contained in the Codes, for black people. The target is inclusive of all associated costs and the current 1% skills development levy.
- 3.5.2.2 Investing a minimum of 1.5% of the leviable amount on skills development expenditure on Learning Programmes as per the Learning Matrix contained in the Codes for black women employees.
- 3.5.2.3 Investing a minimum of 0.3% of the leviable amount on skills development expenditure on Learning Programmes as per the Learning Matrix contained in the Codes for black disabled employees.
- 3.5.2.4 Investing a minimum of 0.15% of the leviable amount on skills development expenditure on Learning Programmes as per the Learning Matrix contained in the Codes for black women disabled employees.
- 3.5.2.5 The number of black employees participating in Learnerships or Category B, C or D as a percentage of total employees will be 5%.
- 3.5.2.6 The number of black women employees participating in Learnerships or Category B, C or D as a percentage of total employees will be 2%.
- 3.5.2.7 Measured entities qualifying as QSEs to invest 2% of the leviable or payroll whichever is applicable on skills development expenditure on learning programmes for black employees. 50% of this amount to be spend on learning programmes for black women employees.

3.5.3 TETA Commits to:

- 3.5.3.1 Expand the number of learnerships available based on the sector's skills requirements identified in the sector skills plan and the demands of the industry.
- 3.5.3.2 Facilitate easy access to finance learnerships and eliminate bottlenecks and bureaucratic procedures in accessing grants. This would entail streamlining processes and developing user-friendly

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- procedures that encourage companies to participate in learnerships programmes.
- 3.5.3.3 Introduce, after consulting stakeholders and completing the skills audit, new categories of learnerships-in management, technical and professional occupational categories-to help public and private sector organisations to achieve their employment equity targets.
 - 3.5.3.4 Conduct research to identify the management, professional and technical skills that the industry will require over the next decade and map out future demand/supply scenarios in a detailed skills audit that will guide and inform stakeholders in implementing their EE targets.
 - 3.5.3.5 Pay particular attention to the issue of addressing the current shortage of engineering professionals in the rail industry and make proposals on how to eliminate the skills deficit in the medium term. The proposal will quantify the financial resources that may be required to eliminate the skills deficit.
 - 3.5.3.6 Conduct research on the supply side of the skills development equation - i.e. the institutions that will provide the required management, professional and technical skills. The research will determine whether the identified institutions have the capacity to meet the expected demand and whether their curricula meet the needs of industry.
 - 3.5.3.7 Collect and publish detailed and aggregated statistics on the EE profile of the industry according to occupational level and occupational category.
 - 3.5.3.8 Assist in unlocking the funds from the National Skills Fund (NSF) for Management and Learnership Programmes in the identified areas.

3.5.4 Measurement Principles and Application of the Charter

- 3.5.4.1 Measurement principles associated with the skills development element, is contained in Statement 400 of Code 400 of the Generic Code of Good Practice.
- 3.5.4.2 The formulae required in the determination of the skills development score are contained in Annexure 400 (A)-B of Statement 400 of Code 400 of the Generic Code of Good Practice. The formula for the determination of the Adjusted Recognition for Gender - Annexure 400 (A)-A will not apply.
- 3.5.4.3 The measurement principles required in the determination of the skills development score for QSEs are contained in Statement 804 of Code 800 of the Generic Code of Good Practice

3.6 Preferential Procurement

3.6.1 Guiding Principle

- 3.6.1.1 Our guiding principle is to use the significant purchasing power of the rail parastatals to develop and support existing BEE companies in the sector and make deliberate attempts to identify new entrants, particularly in areas such heavy engineering and maintenance, which have traditionally excluded black people. A key area of focus will be to identify areas where there is relatively little procurement from black suppliers and develop strategies to rectify the situation. However, quality and specification issues have to be reflected under procurement in order to ensure compliance with safety standards.

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3.6.2 Private Industry Commits to:

- 3.6.2.1 B-BBEE Procurement: The Private Sector commits itself to procure a minimum of **50% of B-BBEE procurement** spend based on the Recognition levels (see Appendix B) as a percentage of Total Measured Procurement Spend.
- 3.6.2.2 B-BBEE Procurement-QSEs and EMEs: The Private Sector commits itself to procure a minimum of **10% of all B-BBEE procurement** spend from Qualifying Small Enterprises and EMEs.
- 3.6.2.3 Procurement from **50% Black-Owned Enterprises**: The Private Sector commits itself to procuring a minimum of 9% of B-BBEE procurement spend from 50% Black-Owned Enterprises.
- 3.6.2.4 Procurement from **30% Black Women-Owned Enterprises**: The Private Sector commits itself to procuring a minimum of 6% of B-BBEE procurement spend from **30% Black Women-Owned Enterprises**.
- 3.6.2.5 QSEs within this sub-sector commit to procuring a minimum of 50% of total procurement from B-BBEE compliant suppliers.
- 3.6.2.6 Adopt the guidelines on Accounting for Affirmative Procurement that will be set by the Transport Sector BEE Forum/Council.

3.6.3 All stakeholders commit to:

- 3.6.3.1 Ensure that companies and organisations develop uniform policies on Accounting for Affirmative Procurement and adopt the guidelines that will be set by the Transport Sector BEE Forum/Council.
- 3.6.3.2 Ensure that companies and organisations constantly explore possibilities to increase the amount of discretionary spending—for example by supporting local procurement and/or content in line with the agreements reached by stakeholders at the Growth and Development Summit (GDS) whilst at all times complying with their Safety Management System requirements.
- 3.6.3.3 This will require that companies and organisations state in their annual BEE reports the reasons for classifying an item of expenditure as "non-discretionary." This information should be disclosed in a detailed statement that reconciles discretionary and non-discretionary expenditure.
- 3.6.3.4 Companies and organisations should support the Proudly South African (PSA) campaign and note the agreement at the GDS that PSA is "an important means of taking the message of local content, fair labour standards, environmental sustainability and quality products and services to the nation."
- 3.6.3.5 As far as possible, companies and organisations should use local as opposed to foreign suppliers and state the reasons for using a foreign supplier. Where a foreign supplier must be used, companies and organisations must use the offset principle to secure the commitment of these companies to a set of BEE obligations.
- 3.6.3.6 As far as possible include early payment cycles, securities, guarantees etc when procuring from to Black owned enterprises, QSEs & EMEs.

3.6.4 Measurement Principles and Application of the Charter

- 3.6.4.1 Measurement principles associated with the preferential procurement element, is contained in Statement 500 of Code 500 of the Generic Code of Good Practice.

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- 3.6.4.2 The formulae required in the determination of the preferential procurement score are contained in Annexure 500 (A) of Statement 500 of Code 500 of the Generic Code of Good Practice.
- 3.6.4.3 Measurement principles required in evaluating the preferential procurement contributions made by QSEs within this sector are contained in Statement 805 of Code 800 of the Generic Codes of Good Practice.

3.7 Enterprise Development

3.7.1 Guiding Principle

- 3.7.1.1 Our guiding principle is to help set up, nurture and grow viable BEE enterprises in the rail sector that are majority-owned by black operators while developing existing companies.

3.7.2 The Private Industry Commits to:

- 3.7.2.1 Pro-actively seek opportunities to enter into joint ventures (and other forms of alliances) and make direct investments in BEE companies.
- 3.7.2.2 Facilitate the development of creative financial mechanisms to enable BEE companies and employees to purchase equity in their companies.
- 3.7.2.3 Enterprise development in the private sector will be measured as a percentage of Net Profit After Tax (NPAT) over a 5 year period. The private sector commits itself to an average annual value of Enterprise Development of 3% of NPAT.
- 3.7.2.4 QSEs within this sub-sector aspire to make contributions to enterprise development, which will amount to 2% of NPAT evaluated annually over the next 5 years.

3.7.3 TETA commits to:

- 3.7.3.1 To developing training programmes specifically designed for black entrepreneurs within the Rail Industry.
- 3.7.3.2 Contribute 10% of its allocation to developing training programmes specifically for entrepreneurs in this sector.
- 3.7.3.3 Having 50% of all Learners in such programmes being black people.

3.7.4 Measurement Principles and Application of the Charter

- 3.7.4.1 Measurement principles associated with the enterprise development element are contained in Statement 600 of Code 600 of the Generic Code of Good Practice.
- 3.7.4.2 Qualifying contributions for the enterprise development element are contained in Annexure 600 (A) – Benefit Factor Matrix of the Statement 600 of Code 600 of the Generic Codes of Good Practice.
- 3.7.4.3 The formulae required in the determination of the enterprise development score are contained in Annexure 600 (A) of Statement 600 of Code 600 of the Generic Code of Good Practice.
- 3.7.4.4 Measurement principles required in evaluating the enterprise development contributions made by QSEs within this subsector are contained in Statement 806 of Code 800 of the Generic Codes of Good Practice.

DRAFT B-BBEE CHARTER RAIL SUB-SECTOR**3.8 Social-economic Development****3.8.1 All Stakeholders commit to:**

- 3.8.1.1. A target of 1% of NPAT on social development projects as identified by the organisation/company with a specific focus on rural development, which may include HIV/AIDS treatment and prevention, education, etc.
- 3.8.1.2 QSEs within this sub-sector will contribute a minimum of 1% of NPAT evaluated annually to socio-economic development initiatives over the next 5 years.
- 3.8.1.3 The rand spend on contributions directed in the following programmes that will be Rail Sector specific and designed areas will be enhanced by a factor of 1.25:
 - 3.8.1.3.1 HIV Treatment and Prevention;
 - 3.8.1.3.2 Education; and
 - 3.8.1.3.3 Rural Development structures.

3.8.2 Measurement Principles and Application of the Charter

- 3.8.2.1 Measurement principles associated with the socio-economic development element are contained in Statement 700 of Code 700 of the Generic Code of Good Practice.
- 3.8.2.2 Qualifying contributions for the socio-economic development element are contained in Annexure 700 (A) – Benefit Factor Matrix of the Statement 700 of Code 700 of the Generic Codes of Good Practice.
- 3.8.2.3 The formulae required in the determination of the socio-economic development are contained in Annexure 700 (A) of Statement 700 of Code 700 of the Generic Code of Good Practice.
- 3.8.2.4 Measurement principles required in evaluating socio-economic development contributions made by QSEs within this sub-sector are contained in Statement 807 of Code 800 of the Generic Codes of Good Practice.

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4. RAIL SUB-SECTOR B-BBEE SCORECARD

B-BBEE Element	Indicators of Empowerment	Private Sector 5 Year Targets	Private Sector Weights
Ownership	Exercisable voting rights in the hands of black people	25%+1 vote	3
	Exercisable voting Rights in the hands of Black Women	10%	2
	Economic Interest in the hands of black people	25%	4
	Economic Interest in the hands of Black Women	10%	2
	Economic interest in the hands of black natural people in the enterprise: -Black designated groups; -Black participants in employee ownership schemes; -Black beneficiaries of broad-based ownership schemes or Black participants in cooperatives	3%	1
	Net Economic Interest/Net Value	25% graduated over 10 years as per the Codes (year 5 at 60%)	7
	Ownership Fulfilment	-	1
	Bonus Points:		
	Involvement in the ownership of the Enterprise black new entrants	10%	2
	Involvement in the ownership of the Enterprise of black participants in ESOPs, Broad-Based Schemes or Co-operatives	10%	1
	Economic Interest & exercisable voting rights in the hands of black disabled people	2%	2
Management	% of total exercisable voting rights in the hands of black board members	33%	1.5
	% of total exercisable voting rights in the hands of black women board members	16.5%	1.5
	% Black persons who are executive directors	33%	1

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B-BBEE Element	Indicators of Empowerment	Private Sector 5 Year Targets	Private Sector Weights
	% Black women who are executive directors	16.5%	1
	% of black people who hold senior top management positions	40%	1.5
	% of black women who hold senior top management positions	20%	1.5
	% of black people who hold other top management positions	40%	1
	% of black women who hold other top management positions	20%	1
	Bonus Point: Black Independent non-executive board members	40%	1
Employment Equity	% Black People in Senior Management	60%	3
	% Black Women in Senior Management	30%	2
	% Black People in Middle Management	75%	2
	% Black Women in Middle Management	37%	2
	% Black People in Junior Management	80%	2
	% Black Women in Junior Management	40%	2
	Black People living with disabilities as a % of all employees	3%	1
	Black Women living with disabilities as a % of all employees	1.5%	1
	% of Black Women in semi-skilled and unskilled positions	15%	2
	Bonus points: Meeting or exceeding the EAP target in each category of employment equity		3
Skills Development	Skills Development Spend on black employees as a % of Leviable amount total payroll	3.5%	7
	Skills Development Spend on black women employees as a % of total leviable amount/payroll	1.5%	3

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B-BBEE Element	Indicators of Empowerment	Private Sector 5 Year Targets	Private Sector Weights
	Number of black employees in Learnerships Programmes or Category B, C and D as a % of total workforce	5%	5
	Number of black women employees in Learnerships Programmes or Category B, C or D as a % of total workforce	2%	2
	Skills Spend on black employees living with disabilities as a % of total payroll	0.3%	1.5
	Skills Spend on black women employees living with disabilities as a % of total payroll	0.15%	1.5
Preferential Procurement	Procurement from all B-BBEE Compliant Enterprises as defined by the B-BBEE Recognition Levels as a % of Total Measured Procurement Spend	50%	10
	Procurement from B-BBEE Compliant QSEs and EMEs as defined by the B-BBEE Recognition Levels as a % of Total Measured Procurement Spend	10%	3
	Procurement from 50% Black-Owned as a % of discretionary spend	9%	3
	Procurement from 30% Black Women-Owned Enterprises as a % of discretionary spend	6%	2
Enterprise Development	Expenditure on supplier development initiatives as a proportion of NPAT	3% of NPAT	10
Socio-economic Development	Expenditure on social development programmes as a % of NPAT	1% of NPAT	5
TOTAL			100

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5. QUALIFYING SMALL ENTERPRISES B-BBEE SCORECARD

B-BBEE Element	Indicators of Empowerment	Private Sector 5 year target	Private Sector Weightings
Ownership	Exercisable voting rights in hands of black people	25%+1 Vote	6
	Economic Interest of black people in the Enterprise	25%	9
	Realisation Points:		
	Ownership fulfilment		1
	Net Value	25% graduated over 10 years as per the Codes (Year 5 at 60%)	9
	Bonus Points: Involvement in the ownership of the Enterprise by black women	10%	2
	Bonus Points: Involvement in the ownership of the Enterprise by black participants in Employee Share Schemes, Co-operatives or Broad Based Ownership Schemes	10%	1
Management Control	Black Representation at Top Management level	50.1%	25
	Bonus Points: Black women representation at Top-Management	25%	2
Employment Equity	Black Employees of the Measured Entity who are Management as a % of all Management	40%	7.5
	Black Women Employees of the Measured Entity who are management as a % of all Management	20%	7.5
	Black employees of the Measured Entity as a percentage of total employees	60%	5
	Black women employees of the Measured Entity as a percentage of total employees	30%	5
	Bonus points: meeting or exceeding the EAP targets in each category		2
Skills Development	Skills Development spend on learning programmes for Black employees as a percentage of the leviable/payroll	2%	12.5
	Skills Development spend on learning programmes for Black Women employees as a percentage of the leviable/payroll	1%	12.5

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B-BBEE Element	Indicators of Empowerment	Private Sector 5 year target	Private Sector Weightings
Preferential Procurement	BEE Procurement Spend from all suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	50%	25
Enterprise Development Spend	Average annual value of Qualifying Contributions made by the Measured Entity as a percentage of the target	2% of NPAT	25
Socio-Economic Development	Average annual value of Qualifying Contributions made by the Measured Entity as a percentage of the target	1% of NPAT	25
TOTAL			175

A QSE must select any four of the above seven elements for the purposes of measurement. If a QSE does not make a selection, its four best element scores will be used for the purposes of measurement.

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6. APPENDIX A: DEFINITIONS

	DEFINITION
Broad-Based Black Empowerment	Accordingly, government defines B-BBEE as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities. Thus the B-BBEE process will include elements of human resource development, employment equity, enterprise development, preferential procurement, as well as investment, ownership and control of enterprises and economic assets.
Black-Owned Enterprise	Is an enterprise where a minimum of 50,1% of the enterprise is owned by black persons. Ownership refers to economic interest and exercisable voting rights.
Black People	Has the meaning defined in the Act qualified as including only natural persons who are citizens of the Republic of South Africa by birth or descent; or are citizens of the republic of South Africa by naturalisation: (a) Occurring before the commencement date of the constitution of the Republic of South Africa Act of 1993; or (b) Occurring after the commencement date of the Constitution of the Republic of South Africa Act of 1993, but who, without the Apartheid policy would have qualified for naturalisation before then.
Community Or Broad Based Enterprise	Has an empowerment shareholder who represents a broad base of members such as a local community or where the benefits support a target group, for example black women, people living with disabilities, the youth and workers
Control	Of a business entity can be achieved in a number of ways a) a majority shareholding position i.e. 50% + 1 share, b) an effective controlling shareholding; c) a majority of a board of directors; and/or d) a shareholders' agreement
Co-Operative Or Collective Enterprise	Is an autonomous association of persons who voluntarily join together to meet their economic, social and cultural needs and aspirations through the formation of a jointly - owned enterprise and democratically controlled enterprise.
Development	Includes but not limited to Joint Ventures, sub-contracting, and supplier development initiatives. It also includes but not limited to the facilitation provided by established company to its B-BBEE partners e.g. discounts, access to cash flow, guarantees or put options deferred payments, and other vendor financing models.
Direct Empowerment	Is the process of B-BBEE must result in an increase in the ownership rights and management control of the economy by black persons. This means that a significant portion of black people's ownership of assets and enterprises must be a controlling interest, reflecting genuine participation in decision making at board executive management and operational levels, and the assumption of real risk. In the rail sub-sector scorecards, direct empowerment focuses on ownership of enterprises and assets through shares and other instruments that provide the holder thereof with voting rights and economic benefits such as dividends or interest payments
Disabled Employees	For the purpose of this Charter, the definition of employees with disabilities contained in the Employment Equity Act is used. It means employees who have a long-term or recurring physical or mental

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	DEFINITION
	impairment, which substantially historically limits their prospects of entry into or advancement in employment. The total number of employees with disabilities (irrespective of race or gender) is expressed as a percentage of the total number of employees (irrespective of race or gender) in all levels of the organisation
Exempted Micro Enterprises (EMEs)	Are enterprises with a turnover of R5 million or less for the purposes of this charter. They have an automatic recognition level of Level 4 in the B-BBEE Recognition Levels in the B-BBEE Codes of Good Practice. This affords companies procuring from these entities 100% B-BBEE recognition of the spend.
Fronting	The deliberate misrepresentation of information in order to gain an advantage over another individual/entity. In addition the use of questionable ownership structures in order to unjustifiably gain points to get preference points in any business/tender adjudication process
Growth	Relates to the National Economic Growth, Industry Growth as well as Enterprise Development growth
Indirect Empowerment	A core component of this B-BBEE Strategy is the creation and nurturing of new enterprises by black people, preferential procurement by the State, parastatals and the private sector is an effective and efficient instrument to drive B-BBEE. A second element of indirect empowerment is enterprise development. This can take two forms: Investment in black-owned and black-empowered enterprises. Joint Ventures with black owned and black empowered enterprises that result in substantive skills transfers.
Job Creation	Refers to the creation of opportunities for ongoing permanent employment.
Learners	Refers to the people participating in the learnerships and other similar programmes
Leviable Amount	Has the same meaning as contained in the Skills Development Act.
Net Asset Value	Within the context of this Charter this term refers to Total Asset less Liabilities.
Net Economic Interest	Is the percentage of the shareholding by black shareholders that is unencumbered by any financial obligations to third parties or to the principle company in which the stake is held.
Non-Discretionary Spend	Refers to all commodities and services where organisations have no option but to procure from companies (exports, water and electricity, rates and taxes, telephone etc).
Ownership	Refers to equity participation and the ability to exercise rights and obligations that accrue under such ownership. These rights and obligations include the right the economic interest flowing from the shareholding and the right to exercisable voting rights in proportion to that shareholding. It also refers to the net economic interest, in other words paid up capital. The parties to this Charter agree that the measurement of the extent of the achievement of this target of the aggregate value of the equity will be based on the asset values per the audited accounts of the entities concerned and that the net economic interest will be calculated according to the market value of the shareholding less the outstanding amounts owing to third parties or the principle company by the black shareholders.
Qualifying Small Enterprises (QSEs)	Are enterprises with an annual turnover of between R35 million and R5 million for the purposes of this Charter. Their B-BBEE status is referenced by their contributor level on the B-BBEE Recognition Levels in the B-BBEE Codes of Good Practice.

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	DEFINITION
Stakeholders	Refers to a range of interest groups within the Rail Industry who directly and indirectly participated in this process. These groups included Government, Private Industry, Parastatals, Agencies, Financial Institutions (Private and Public), Organised Labour, Civil Society Associations, B-BBEE operators, suppliers, SMME's as well as individuals.
TETA	Refers to the Rail and Freight Handling Chambers

7. APPENDIX B: COMMITMENT EVALUATION MATRICES**Skills Development**

Action Undertaken	Input measurement	Output measurement	Quality Control
Prioritise the training of high school learners in mathematics and science at higher grade	Money spend on mathematics and science programmes for high school learners	Annual Report on Progress made in implementing B-BBEE within the Rail Industry and annual B-BBEE report	Steering Committee/Charter Council & DoT
Prioritise the implementation of bursary schemes and education grants for science and engineering students in South African Universities and Technikons	Money spent on research as a % of total discretionary funds	Number of information session programmes and number of beneficiary enterprises benefiting from government programmes	Steering Committee/Charter Council & DoT
Ensure and monitor compliance within existing legislation that might be linked to the B-BEE such as Employment Equity, Skills Development, Competition Act, etc.	Money spent on awareness campaigns as a % of total discretionary funds	Annual Report on Progress made in implementing B-BBEE within the Rail Industry and annual B-BBEE report	SC, DoT, DoL, TETA and dti
Increase awareness programmes that will publicise information regarding scholarships and training resources.	Money spent on awareness campaigns as a % of total discretionary funds	Report to Steering Committee on number of new attendees at awareness campaigns.	TETA & Steering Committee/Charter Council
Implement funding strategy to facilitate the improvement of technical skills of black people within the industry.	Amount of funding as a % of total discretionary funds.	Assessment Report on technical skills of black people within the industry.	TETA & Steering Committee/Charter Council
Facilitate high quality training of black people through mentorship programmes.	Money spent on skills development as a % of total	Assessment Report on skills of black people	TETA & Steering Committee/Charter Council