

**NOTICE 1578 OF 2008****DEPARTMENT OF TRADE AND INDUSTRY**

I, **Mandisi Mpahlwa**, Minister of Trade and Industry, hereby :

- (a) Issue the following AVIATION SUB-SECTOR CHARTER under **Section 12** of the Broad-Based Black Economic Empowerment (Act No. 53 of 2003); and
- (b) Determine that this charter will come into operation on the date of this publication



**MANDISI MPAHLWA**  
MINISTER OF TRADE AND INDUSTRY  
DATE: 11-12-2008

## **Aviation Sub-Sector Deviations**

### **Notes on the Foreign Airline Scorecard**

Below are notes explaining deviations from the Codes of Good Practice.

#### **Equity Ownership principles**

The types of interventions suggested by the COGP, ASGISA and JIPSA may be considered and these include but are not limited to:

- Placement of unemployed graduates (temporary and/or permanent), possibly coupled with a stipend;
- Work orientation and life skills programmes;
- Training overseas;
- Bursaries and loans (over and above that already provided for under Skills Development – Learnerships in particular);
- A language programme training (could possibly include the sponsorship of airline tickets for selected and agreed interventions); and
- Training of SMME's (over and above that provided for under Enterprise Development indicator).

**N.B** The DoT has not endorsed this proposal; it is subject to approval from the **dti**

#### **Employment Equity principles**

- "A designated airline of a Contracting Party shall be allowed to bring in and maintain in the territory of the other Contracting Party its managerial, commercial, operational and technical staff as it may require in connection with the provision of air transportation. These staff requirements may, at the option of a designated airline, be satisfied by its own personnel or by using the services of any other organisation, company or airline operating in the territory of the other Contracting Party, and authorised to perform such services in the territory of that Contracting Party.

#### **Skills Development principles**

- Expenditure allocated for Black Women is part of the total expenditure e.g. 3.5% allocated to skills development of which 1.75% shall be allocated to Black Women.
- Recognising the unique skills required by the industry and well developed training programmes offered by the various airlines, the type of training programmes to be recognised under learning programming B, C, and D as per the Learning Programme Matrix, will not be required to be accredited in South Africa. If the measured entity can provide evidence that the type of training

offered was benchmarked against international standards and that it meets the definition of either category B, C or D, then it will be recognised as part of skills development. This would exclude Learnerships which, by default must be accredited in South Africa.

The establishment of a mechanism to facilitate the benchmarking against international standards after consultation and agreement of the process with BARSA.

#### **Preferential Procurement principles**

- Procurement targets to be based on discretionary spend only i.e. excludes global contracts or decisions regarding spend concluded by the airline head office in the home country, excludes spend on service providers governed by state owned enterprises or local monopoly's in South Africa and excludes salaries and taxes as per the Code of Good Practice. Discretionary spend is limited o decisions regarding that can be made by the manager based in South Africa.

#### **Enterprise Development principles**

The types of interventions suggested by the COGP and ASGISA may be considered and these include but are not limited to:

- Language programme training (could possibly include the sponsorship of airline tickets for selected and agreed interventions);
- Training of SMME's on basic business principles

Training programmes for individuals and bursaries are recognisable under skills development and socio-economic development respectively.

#### **Socio-Economic Development principles**

The types of interventions suggested by the COGP, ASGISA and JIPSA may be considered and these include, but are not limited to:

- Placement of unemployed graduates (temporary and/or permanent), possibly coupled with a stipend;
- Work orientation and/or life skills programmes;
- Work experiential placements for learners who have received private tuition with higher education institutions, but who need work experience that will complement their theoretical knowledge as a requisite when seeking employment;
- The funding of feeding schemes in schools;
- Purchase of computers, equipment, stationery for schools/businesses in disadvantaged areas/owned by disadvantaged individuals;
- Sponsoring of school children to visit tourist destinations locally or internationally to create awareness and access to the tourism product;
- The funding for the development of curriculum and/or learning materials for the Tourism school subject at schools (formal).

## ALIGNED B-BBEE CHARTER – AVIATION SUB-SECTOR



REPUBLIC OF SOUTH AFRICA  
REPUBLIEK VAN SUID AFRIKA

DEPARTMENT OF TRANSPORT

DRAFT

AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CHARTER

CONFIDENTIAL

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## ALIGNED B-BBEE CHARTER – AVIATION SUB-SECTOR

### ABBREVIATIONS

	<b>DEFINITION</b>
<b>ACSA</b>	Airports Company of South Africa
<b>ABET</b>	Adult Basic Education and Training
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>BCEA</b>	Basic Conditions of Employment Act
<b>BEE</b>	Black Economic Empowerment
<b>CAA</b>	Civil Aviation Authority
<b>CIPRO</b>	Company Intellectual Property and Registration Organisation
<b>DBSA</b>	Development Bank of Southern Africa
<b>DOL</b>	Department of Labour
<b>DOT</b>	Department of Transport
<b>DPE</b>	Department of Public Enterprises
<b>DTI</b>	Department of Trade and Industry
<b>EE</b>	Employment Equity
<b>EMEs</b>	Exempted Micro Enterprises
<b>GDP</b>	Gross Domestic Product
<b>GDS</b>	Growth and Development Summit
<b>HDSA</b>	Historically Disadvantaged South Africans
<b>IDC</b>	Industrial Development Corporation
<b>JSE</b>	Johannesburg Securities Exchange
<b>KPI</b>	Key Performance Indicators
<b>MSA</b>	Moving South Africa
<b>NEF</b>	National Empowerment Fund
<b>NEPAD</b>	New Partnership for Africa's Development
<b>NPAT</b>	Net Profit After Tax
<b>NSF</b>	National Skills Fund
<b>PIC</b>	Public Investment Corporation
<b>PIPO</b>	Public Industry Port Operations
<b>PLWDs</b>	People Living with Disabilities
<b>PPPFA</b>	Preferential Procurement Policy Framework Act
<b>PSA</b>	Proudly South African
<b>QSEs</b>	Qualifying Small Enterprises
<b>RDP</b>	Reconstruction and Development Programmes
<b>SANAS</b>	South African National Accreditation System
<b>SATAWU</b>	South African Transport and Allied Workers Union
<b>SC</b>	Steering Committee
<b>SETAs</b>	Sector Education and Training Authorities
<b>SMMEs</b>	Small Micro Medium Enterprises
<b>TEO</b>	The Enterprise Organisation
<b>TETA</b>	Transport Education and Training Authority
<b>THETA</b>	Tourism, Hospitality, Sport Education & Training Authority
<b>WSP</b>	Workplace Skills Plan

## ALIGNED B-BBEE CHARTER – AVIATION SUB-SECTOR

### 1. **SCOPE**

1.1 The scope of the Broad-Based Black Economic Empowerment (B-BBEE) charter (the "Charter") is limited to the Aviation Industry inter alia: -

#### 1.1.1 **Civil Aviation;**

1.1.2 Scheduled and non-scheduled airline operations, including passenger, freight, charter and general aviation;

1.1.3 Aircraft maintenance, including engine and component overhauls and spare parts;

1.1.4 Airline Service Providers (as defined in Annexure B);

1.1.5 Ramp handlers;

1.1.6 Airside operators;

1.1.7 Airport facilities and services such as Airports Company of South Africa (ACSA), Handling Agents, etc; and

1.1.8 Navigation and technical service providers.

1.2 This Charter will have an impact on other sectors of the economy that are not aviation specific, for example, general services such as catering, retail and other services. The empowerment requirements for non South African domiciled airlines differ to those for Aviation in general and are captured in the Foreign Owned Airlines B-BBEE Scorecard in Section 6.

### 2. **VISION**

#### 2.1 **Overarching Vision**

2.1.1 The overarching vision of this sub-sector is to continually develop and maintain a world-class industry that adheres to international safety standards and delivers quality and affordable services to all our customers. We seek to develop an industry that grows in size, contributes towards the economic and social growth of our country and facilitates the economic viability of the region, and substantially increases black participation in business entities 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 a reality will require a strategy to increase access to skills development, training, investment in capacity development, capital and economic opportunities. This will require that all stakeholders develop existing black employees and recruit as well as improve the skills of new black people into the industry. This includes an increase of skills (for new and existing employees) to best-practice international levels, while creating a supportive culture for their talents to thrive. It will also require that all stakeholders facilitate the creation of new black entrepreneurs who can participate in economic opportunities throughout the aviation industry value chain and other sectors of the economy.

2.1.3 The signatories to this document are of the view that every company in South Africa should embrace B-BBEE, recognising

## ALIGNED B-BBEE CHARTER – AVIATION SUB-SECTOR

that it is a constitutional and economic imperative to secure a prosperous future for all our country's citizens and therefore act as a catalyst for economic growth. Accordingly, we commit to communicating the contents of this Charter to every business entity within the industry to facilitate maximum participation by all stakeholders.

- 2.1.4 Accordingly, all Private Sector Stakeholders committing themselves to this Charter agree to have their B-BBEE achievements measured against the indicators in the scorecard and verified by an independent B-BBEE verification agency/company that is accredited by the South African National Accreditation System (SANAS) on behalf of the Department of Trade and Industry (DTI). The B-BBEE achievements of Public Sector Organisations is measured, monitored and rated in a separate process. Independent B-BBEE rating companies will rate the suppliers of public sector organisations that do not have such capacity, using the same criteria. The independent B-BBEE verification will go a long way towards eliminating fronting in the industry.

### 2.2 Government undertakings (to achieve the vision)

- 2.2.1 Government is an important participant in the industry as it owns a major share of aviation assets and employs large numbers of workers. As such, government policies will be one of the most important factors that contribute towards growth in the industry. Accordingly, government will commit to:
- 2.2.1.1 Pursuing policies that will contribute to economic growth, especially foreign trade and tourism, which impact on the growth of the industry.
- 2.2.1.2 Develop structures that will ensure inter-governmental co-ordination between government departments to align their programmes with the Transport and Aviation Sector B-BBEE Charter processes. Examples of cross-cutting issues that require interventions across government departments and agencies include:
- 2.2.1.2.1 The current shortage of black matriculants with maths and science at higher grade;
- 2.2.1.2.2 The current shortage of engineers and artisans across all disciplines;
- 2.2.1.2.3 The industrial strategy to develop the country's aerospace components manufacturing industry;
- 2.2.1.2.4 Increasing awareness over the transport sector about available government investment incentives; and
- 2.2.1.2.5 Monitoring of stakeholder achievements against the indicators in the Scorecard, together with other stakeholders in the proposed Transport Sector B-BBEE Charter Council.
- 2.2.1.3 Encouraging and monitoring compliance with existing legislation that may impact on B-BBEE such as the Employment Equity, Skills Development and Competition Acts.
- 2.2.1.4 Working together with other stakeholders, to achieve the Transport White Paper's objective of providing affordable transport services. These policies will be informed by an in-



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- depth review of the legislation that impacts on the cost base and/or competitiveness of the aviation industry.
- 2.2.1.5 Reviewing the current policy of limiting foreign ownership in SA Domiciled Airlines (in line with current policy) in order to facilitate increased investment and job creation in the industry.
- 2.2.1.6 Designing an overall framework that will provide that State Owned Enterprises (SOEs) bind foreign suppliers of technology-intensive products and services to a set of B-BBEE obligations, including ownership, skills development and enterprise development. This will require an extension of the offset principle currently used in defence and commercial contracts.
- 2.2.1.7 Ensuring that the restructuring of aviation assets to effect new institutional arrangements proceeds in a manner that results in an increase in black participation at all levels – including shareholding, employment and the procurement of services and goods.
- 2.2.1.8 Ensure that all SOEs submit an annual B-BBEE report (over and above their annual reports) that covers achievements in meeting B-BBEE targets. The report should also include information on jobs created/lost.
- 2.2.1.9 Consolidating reports and information from all stakeholders and publish an annual report on B-BBEE achievements and job creation across the aviation industry. Stakeholders will be encouraged to use this report to review progress at an annual Transport Industry B-BBEE Forum.
- 2.3 Labour Undertakings (to achieve this vision)**
- 2.3.1 Labour is an important participant in the Industry as it represents a large percentage of the work force employed in the Industry. As such, Labour's support and participation is vital to growth and stability and transformation within the Industry. Accordingly, Labour commits to:
- 2.3.1.1 Encouraging trade union-controlled pension and provident schemes and investment companies to make investments in the industry to help achieve the ownership targets.
- 2.3.1.2 Investigating opportunities to establish collective investment vehicles that will invest in the industry.
- 2.3.1.3 Mobilising members to monitor compliance with existing legislation relevant to B-BBEE participation within the industry, e.g. the Employment Equity and Skills Development Acts. Non-compliant business entities to be reported to the Transport Sector B-BBEE Charter Council and the Department of Labour or other relevant authority.
- 2.3.1.4 Mobilising 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 (PSA) campaign.
- 2.3.1.5 Monitor the impact of procurement/outsourcing on job creation and if appropriate report findings to the Transport Sector B-BBEE Charter Council.

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The signatories of this Charter are of the view that the industry should endeavour to facilitate the realisation of these commitments through monitoring of contributions to B-BBEE.

### 3. INDICATORS OF EMPOWERMENT

- 3.1 This Charter seeks to encourage all stakeholders to commit and pursue a firm and progressive transformation agenda in line with the broad guidelines set out in the National Strategy and the scorecard. It is necessary to set different targets and timeframes for the Public Sector Organisations and Private Sector Stakeholders as 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 BBEE 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 5<sup>th</sup> year after its gazetting and despite the aforementioned, it shall be reviewed on an annual basis for monitoring purpose.

### 3.2 Equity Ownership

- 3.2.1 Our vision is to achieve significant black ownership, management control and operational involvement throughout the industry value chain. We recognise the unique nature of the industry, the high levels of risk and the capital-intensive nature of the business. However, we will collectively strive to overcome these obstacles by developing unique funding and equity participation initiatives. Our challenge is to identify opportunities across the public and private sectors to accelerate black ownership.

#### 3.2.2 Stakeholders Commit to:

- 3.2.2.1 The principal and long-term strategy is to grow the number of SA Domiciled Airlines and the number of international airlines operating in South Africa, while ensuring that B-BBEE does not become a zero-sum game. The black ownership target set is specifically aimed at the SA domiciled airlines and Airline Service Providers.

- 3.2.2.2 We, the stakeholders commit to increase black participation across the entire spectrum of the domestic aviation value chain in ownership, management control and operational involvement and design economically appropriate funding mechanisms to facilitate the process.

#### 3.2.3 Foreign Owned Entities

- 3.2.3.1 With regard to foreign ownership: foreign owned companies with local operations in sales, marketing, etc commit to implement B-BBEE strategies, in line with the guidelines

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provided by the Aviation Charter and the relevant B-BBEE scorecard.

- 3.2.3.2 With respect to Government procurement, all entities, local and foreign will be required to comply with all the indicators of the relevant scorecard, although the Equity Equivalence Principle will be used to measure the ownership contributions in the case of foreign owned entities and the measurement principles are outlined in the relevant scorecard.

### **3.2.4 Government as a driver of B-BBEE, shareholder of SOEs and regulator of the national economy undertakes to:**

- 3.2.4.1 Use the process of restructuring of SOEs to promote creative employee and B-BBEE consortia share ownership schemes. Also, it will investigate the awarding of economically viable concession opportunities for provincial and local airports to B-BBEE companies and local communities in the context of a coherent airport master development plan that identifies opportunities to grow the Industry.

- 3.2.4.2 Engage public and private sector funding agencies to develop innovative funding mechanisms for B-BBEE business entities seeking to invest in the sector. This will require high-level discussions and workshops with these agencies to inform them about opportunities available in the industry.

- 3.2.4.3 Increase awareness among B-BBEE business entities wishing to participate in the industry about available investments, grants and tax allowances, and link these grants/allowances to other incentives that are provided by the DTI's Enterprise Organisation.

- 3.2.4.4 Ensure that the industry remains internationally competitive and to undertake that SOEs meaningfully participate in the development and training of skilled personnel required transforming the skills base across the industry.

### **3.2.5 Private Sector Stakeholders as important participants in the industry undertake to:**

- 3.2.5.1 Pro-actively seek opportunities to broaden the ownership base of their business entities.

- 3.2.5.2 Ensure that least 25%+1 of the voting rights is held by black people over the next 5 years.

- 3.2.5.3 Ensure that 10% of the voting rights are held by black women over the next 5 years.

- 3.2.5.4 Ensure that 25% of the economic interest in the measured entities is enjoyed by black people over the next 5 years.

- 3.2.5.5 Ensure that 10% of the economic interest is enjoyed by black women over the next 5 years.

- 3.2.5.6 Ensure that 2.5% of the equity shareholding is in the hands of Black Designated Groups, Employees Share Ownership Schemes, or Broad Based Schemes over 5 years.

- 3.2.5.7 Ensure that at least 60% of the equity in black hands is fully paid over the next 5 years.

- 3.2.5.8 Develop creative financing mechanisms to facilitate funding for BEE companies.

- 3.2.5.9 Foreign owned business entities and airlines are not required to sell equity to locals and in this instance, they will formulate

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and participate in Equity Equivalent Programmes approved by the Department of Transport as articulated in the Code 103 of the DTI's Codes of Good Practice using 1.5% target of payroll of SA based staff .

### **3.2.6 Measurement Principles and Application of the Charter unless otherwise indicated on the relevant scorecard**

- 3.2.6.1 Measurement principles associated with the ownership element are contained in Statement 100 of Code 100 of the Generic Codes of Good Practice.
- 3.2.6.2 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 Codes of Good Practice.
- 3.2.6.3 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 Codes of Good Practice. The target contained in the ownership element of this Charter will apply.
- 3.2.6.4 The recognition of the equity equivalent programmes for multinationals has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Generic Codes of Good Practice.
- 3.2.6.5 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 Codes of Good Practice.
- 3.2.6.6 Measurement principles relating to the ownership element for Qualifying Small Enterprises (QSEs) are contained in Statement 801 of Code 800 of the Generic Codes of Good Practice.

### **3.3 Management Control**

#### **3.3.1 Private Sector commits to:**

- 3.3.1.1 Increasing the total number of black board members such that at least 33% of all such board members are blacks over the next 5 years.
- 3.3.1.2 Increasing the total number of black women board members such that 16.5% of all such board members are black women over the next 5 years.
- 3.3.1.3. Increasing the total number of black executive directors such that 33% of all such directors are blacks over the next 5 years.
- 3.3.1.4 Increasing the number of black women executive directors such that 16.5% of all executive board members are women over the next 5 years.
- 3.3.1.5. Increasing the number of black senior top managers such that 26% of all such managers are blacks over the next 5 years.
- 3.3.1.6 Increasing the number of black women senior top managers such that 13% of all such managers are blacks over the next 5 years.
- 3.3.1.7 Increasing the number of black other top managers such that 26% of all such managers are black over the next 5 years.

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- 3.3.1.8 Increasing the number of black women other top managers such that 13% of all such managers are blacks over the next 5 years.
- 3.3.1.9 Ensure that the number of black people living with disabilities under management increases to 3% over the next 5 years.
- 3.3.1.10 For QSEs as defined in this charter is to reach a target of 33% of total Black top management representation over the next 5 years.
- 3.3.1.11 Foreign owned airlines are excluded from complying with the management control element of the scorecard as the nature of their business precludes them from having local boards and top management structures.
- 3.3.2 Measurement Principles and Application of the Charter unless otherwise indicated on the relevant scorecard**
- 3.3.2.1 Measurement principles associated with the management control element are contained in Statement 200 of Code 200 of the Generic Codes of Good Practice.
- 3.3.2.3 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 Codes of Good Practice. The Adjustment Recognition for Gender found in Annexure 200 (A)-A will not apply.
- 3.3.2.4 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 100, of the Generic Codes of Good Practice.
- 3.4 Employment Equity**
- 3.4.1 Our vision is to increase the participation of black people in top management, senior management and professional and technical occupations in the aviation industry to create a workforce that truly represents the racial, ethnic and gender diversity of our country. This will require that all stakeholders create a supportive culture within their organizations to attract new talent, facilitate the development of existing employees, and accelerate their progress into key positions in the industry.
- 3.4.2 Government commits to:**
- 3.4.2.1 Ensuring that the Civil Aviation Authority (CAA), in conjunction with the Transport Sector BEE Council, collects and publishes statistics on licensed personnel according to race and gender.
- 3.4.2.2 Engaging Transport Education and Training Authority (TETA) and the Tourism, Hospitality and Sport Education and Training Authority (THETA) in the case of foreign owned airlines to ensure that they play a significant role in monitoring stakeholder progress in implementing Skills Development initiatives that contribute towards Employment Equity (EE) targets.

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- 3.4.3 Private Sector commits to:**
- 3.4.3.1 Increasing the representation of blacks in senior management to at least 43% of all such employees over the next 5 years. Foreign owned airlines will be measured against the other occupational categories excluding top and senior management.
- 3.4.3.2 Increasing black women representation in senior management to at least 21.5% of all such employees over the next 5 years.
- 3.4.3.3 Increasing the number of Black people who occupy middle management positions to at least 63% and 50% of all such employees over the next 5 years for domestic aviation and foreign owned airlines respectively.
- 3.4.3.4 Increasing the number of Black women who occupy middle management to 31.5% and 25% of all such employees over the next 5 years for domestic aviation and foreign owned airlines, respectively.
- 3.4.3.5 Increasing the number of black people who occupy junior management to 68% and 50% of all such employees over the next 5 years for domestic aviation and foreign owned airlines, respectively.
- 3.4.3.6 Increasing the number of black women who occupy junior management positions to 34% and 25% of all such employees over the next 5 years for domestic aviation and foreign owned airlines, respectively.
- 3.4.3.7 Ensure that 2% of black people living with disabilities and 1% for black women living with disabilities is achieved in 5 years for domestic aviation and foreign owned airlines respectively.
- 3.4.3.8 Furthermore, the SA domiciled airlines commit to:
- 3.4.3.8.1 Increasing the number of black people employed as pilots such that black people make up 8% of all such employees over the next 5 years.
- 3.4.3.8.2 Increasing the number of black women employed as pilots such that black people make up 3% of all such employees over the next 5 years.
- 3.4.3.8.3 Increasing the number of black people employed as technicians such that black people make up 25% of all such employees over the next 5 years.
- 3.4.3.8.4 Increasing the number of black women employed as technicians such that black people make up 3% of all such employees over the next 5 years.
- 3.4.3.8.5 Ensuring that Black disabled people comprise 2% of the total work force. This target is subject to the ability to place people in suitable posts in the operating environment without compromising safety or the travelling public.
- 3.4.3.9 Foreign owned airlines commit to:
- 3.4.3.9.1 Increasing the representation of blacks across all standard Occupational Categories as per the EEA2 Report (excluding Top and Senior Management) in foreign owned airlines to at least 50% over the next five years and to create a supportive culture for their advancement. The rate of natural attrition in

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- this sector is extremely low and achievement of this target will be monitored and measured with this in mind.
- 3.4.3.9.2 Ensuring high levels of inclusiveness and advancement of women and achieve 25% (of the total) participation by black women in all Standard Occupational Categories, excluding Top and Senior management.
- 3.4.3.9.3 Ensuring that 1.5% of the total workforce for black people living with disabilities in foreign owned airlines participate in all Standard Occupational Categories with 0.75% of black women living with disabilities, excluding Top and senior management over the next five years. The target established for PLWDs is subject to the ability to place people in suitable posts in the operating environment without compromising safety or the travelling public.
- 3.4.3.10 For QSEs as defined in this charter, the following criteria and targets shall apply:
- 3.4.3.10.1 Total Black management representation, for which the target will be 40% of all management positions;
- 3.4.3.10.2 Total Black women management representation, for which the target will be 20% of all management positions;
- 3.4.3.10.3 Total Black representation, for which the target will be 60% of all employees; and
- 3.4.3.10.4 Total Black women representation, for which the target will be 30% of all employees.
- 3.4.4 TETA/THETA commits to:**
- 3.4.4.1 Participate meaningfully in monitoring and supporting stakeholders in meeting their targets.
- 3.4.5 Measurement Principles and Application of the Charter unless otherwise indicated in the relevant scorecard**
- 3.4.5.1 Measurement principles on the employment equity element are contained in Statement 300 of Code 300 of the Generic Codes of Good Practice.
- 3.4.5.2 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 Codes of Good Practice. The formula for the determination of the Adjusted Recognition for Gender found in Annexure 300 (A)-A, will not apply.
- 3.4.5.3 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 Our vision is to substantially increase the economic value added of every employee in the aviation industry through the application of best-practice Human Resource and Skills Development policies and an increase in the scale of initiatives aimed at developing black professionals and technical experts.

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### 3.5.2 Government Commits to:

- 3.5.2.1 Designing and funding 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.
- 3.5.2.2 Engaging the National Students Financial Aid Scheme with the aim of securing its commitment to provide loans to students interested in pursuing high cost training programmes, for example pilots and aviation engineers.

### 3.5.3 All stakeholders commit to:

- 3.5.3.1 Investing at least 3% of the leviable amount on learning programmes as identified in the Learning Programme Matrix in statement 400 of the Codes of Good Practice, the beneficiaries of which will all be black people. Foreign owned airlines commit to investing at least 3.5% of the leviable amount on learning programmes listed in statement 400 of the Good of Practice of which the beneficiaries are black people.
- 3.5.3.2 Investing at least 1.5% of the leviable amount on learning programmes and 1.75% from foreign owned airlines as identified in the Learning Programme Matrix in statement 400 of the Codes of Good Practice, the beneficiaries of which will all be Black women.
- 3.5.3.3 For QSEs as defined in this charter, the following criteria and targets shall apply:
- 3.5.3.3.1 Black skills development expenditure on learning programmes as a percentage of the leviable amount (whichever is applicable), for which the target will be 2%; and
- 3.5.3.3.2.1 Black women skills development expenditure on learning programmes as a percentage of the leviable amount (whichever is applicable), for which the target will be 1%.
- 3.5.3.4 Ensuring that a minimum of 5% and 2% of all employees as a percentage of total employees enrolled in Learnerships for domestic aviation and foreign owned airlines, respectively or Category B, C, or D learning programmes as identified in the Learning Programme Matrix contained in Code 400 of the Codes of Good Practice are black people. For foreign owned airlines, SA accreditation for Category B, C and D learning programmes is not required subject to the provisions highlighted in the relevant scorecard.
- 3.5.3.5 Ensuring that a minimum of 2.5% of all employees as a percentage of the total employees enrolled in Learnerships and 1% by foreign owned airlines, Category B, C or D learning programmes as identified in the Learning Programme Matrix contained in Code 400 of the Codes of Good Practice are black women. For foreign owned airlines, SA accreditation for Category B, C and D learning programmes is not required subject to the provisions highlighted in the relevant scorecard.



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- 3.5.3.6 Working together with stakeholders in the BEE Charter Council, especially the SETA's (TETA and THETA), to develop over one year a funding proposal and strategy with related targets to address the current low representation of black people with technical skills in the industry, including pilots and engineers.
- 3.5.3.7 Identifying appropriate institutions that can increase the scale of their activities and help the industry meet their targets established in the scorecard.
- 3.5.4 The Private Sector Commits to:**
- 3.5.4.1 Identifying over and outside their entities, talent pools of black people for accelerated development through:
- 3.5.4.1.1 International and domestic assignments that provide high-quality operational and managerial workplace exposure;
- 3.5.4.1.2 Mentorship programmes;
- 3.5.4.1.3 Learnership programmes;
- 3.5.4.1.4 Intra-industry exchange and internship programmes; and
- 3.5.4.1.5 Higher Education and Training.
- 3.5.5 TETA, in consultation with THETA Commits to:**
- 3.5.5.1 Complete a detailed skills audit to identify the management, professional and technical skills that the industry will require over the next decade and map out future demand/supply scenarios that will guide and inform stakeholders in implementing their EE targets.
- 3.5.5.2 Introducing, 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.
- 3.5.5.3 In consultation with the Transport Sector B-BBEE Charter Council and other stakeholders, set targets over one year to substantially increase the number of relevant and sustainable learnerships at all levels in the industry.
- 3.5.5.4 Collect and publish detailed and aggregated statistics on the EE profile of the industry according to occupational level and occupational category. Also, using the information gleaned from Workplace Skills Plans (WSPs), 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.
- 3.5.6 Measurement Principles and the Application of the Charter unless otherwise indicated in the relevant scorecard**
- 3.5.6.1 Measurement principles associated with the skills development element are contained in Statement 400 of Code 400 of the Generic Codes of Good Practice.
- 3.5.6.2 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

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- Recognition for Gender found in Annexure 400 (A)-A, will not apply.
- 3.5.6.3 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 Our vision is to grow South Africa's aviation industry in order to stimulate and facilitate economic growth. We commit to increase procurement from black-owned and empowered enterprises and implement best-practice supplier development policies.
- 3.6.2 Private Sector Commits to:**
- 3.6.2.1 Commissioning, together with other stakeholders, a study to establish current levels of procurement from B-BBEE companies and identify areas where they can achieve "quick wins" to accelerate B-BBEE.
- 3.6.2.2 Increasing procurement<sup>1</sup> from B-BBEE compliant entities to at least 50% of total measurable procurement for both domestic and foreign owned airlines and general aviation businesses.
- 3.6.2.3 Increasing procurement from QSEs and Exempted Micro Enterprises (EMEs) to 10%, over the next 5 years for both domestic aviation and foreign owned airlines.
- 3.6.2.4 Increasing procurement from 50% Black Owned and 30% Black Women Owned enterprises such that 15% of procurement is sourced from these enterprises, with foreign owned airlines and suppliers sourcing 8% and 6% from black owned and black women owned enterprises, respectively.
- 3.6.2.5 Procurement decisions for foreign owned airlines are limited and are often subject to global practices and concluded at Head Office level in the country of origin. Procurement spend is therefore limited to decisions regarding procurement spend that can be made locally by the manager based in South Africa.
- 3.6.2.6 QSEs within this sub-sector commit to procuring a minimum of 40% of total procurement from B-BBEE compliant suppliers.
- 3.6.3 Measurement Principles and Application of the Charter unless otherwise indicated in the relevant scorecard and subject to exclusions listed in Annexure A**
- 3.6.3.1 Measurement principles associated with the preferential procurement element are contained in Statement 500 of Code 500 of the Generic Codes of Good Practice.
- 3.6.3.2 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 Codes of Good Practice.

<sup>1</sup> Annexure A provides a list of inclusions and exclusions when determining total measurable procurement

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- 3.6.3.3 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

### **3.7 Enterprise Development**

- 3.7.1 Our vision is to create and nurture new B-BBEE enterprises across the industry. This will require all stakeholders to devise strategies to develop and/or support new B-BBEE enterprises.

#### **3.7.2 Government Commits to:**

- 3.7.2.1 Ensuring that SOEs use their procurement policies to stimulate the development and support of new B-BBEE enterprises in the sector.

#### **3.7.3 The Private Industry Commits to:**

- 3.7.3.1 Pro-actively seek opportunities to enter into joint ventures (and other forms of alliances) or to make direct investments in BEE companies.
- 3.7.3.2 Commit at least 3% of Net Profit After Tax (NPAT) on Enterprise Development initiatives (general aviation businesses). 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.
- 3.7.3.3 Foreign owned airlines undertake to capacitate and develop QSEs and EMEs by providing, for example, training in basic business and life skills determined at 1% of total payroll of SA based staff.

#### **3.7.4 Measurement Principles and Application of the Charter unless otherwise indicated in the relevant scorecard**

- 3.7.4.1 Measurement principles associated with the enterprise development element are contained in Statement 600 of Code 600 of the Generic Codes 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 Codes of Good Practice.
- 3.7.4.4 Measurement principles required in evaluating the enterprise development contributions made by QSEs over this sector are contained in Statement 806 of Code 800 of the Generic Codes of Good Practice

### **3.8 Socio-economic Development**

#### **3.8.1 All Stakeholders commit to:**

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- 3.8.1.1 Locally owned businesses to invest at least 1% of NPAT on socio-economic development projects, which can include HIV/AIDS treatment and prevention, education and community development. QSEs within this sub-sector contributing a minimum of 1% of NPAT evaluated annually to socio-economic development initiatives over the next 5 years will achieve maximum points.
- 3.8.1.2 The rand value of socio-economic development contributions in following areas will be enhanced by a factor 1.25:
- 3.8.1.2.1 HIV/AIDS Programmes;
- 3.8.1.2.2 Education; and
- 3.8.1.2.3 Community Development and poverty alleviation
- 3.8.1.3 Foreign owned airlines should invest at least 0.5% of payroll or the equivalent % of management time to socio-economic development projects, which can include HIV/AIDS treatment and prevention, education, community development, Aviation/Tourism General Awareness Campaign. The enhancement factor referred to in 3.8.1.2 above for the application of programmes listed will also apply.
- 3.8.2 Measurement Principles and Application of the Charter unless otherwise indicated in the relevant scorecard**
- 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 score 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 over this sector are contained in Statement 807 of Code 800 of the Generic Codes of Good Practice.

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### 4. DOMESTIC AVIATION DRAFT BEE SCORECARD - TARGETS AND TIMEFRAMES<sup>2</sup>

Element	Criteria	Weightings	Private Sector target- 5 years	
<b>Ownership</b>	Exercisable voting rights in the hands of Black people	3	25.1%	
	Exercisable voting rights in the hands of Black women	2	10%	
	Economic interest of Black people	4	25%	
	Economic interest of Black women	2	10%	
	Economic interest 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 co-operatives	2	2.5%	
	Net value	7	Same as net value targets in "the Codes".	
	<b>Bonus points:</b> Involvement in the ownership of the Enterprise of Black new entrants.	2	10%	
	<b>Bonus points:</b> Involvement in the ownership of the Enterprise of Black participants in: 1. Employee Ownership Schemes 2. Broad-Based Ownership Schemes 3. Co-operatives	1	10%	
	<b>Management</b>	Exercisable voting rights of Black Board members.	1.5	33%
		Exercisable voting rights of Black women Board members.	1.5	16.5%
Black Executive Directors		1	33%	
Black Women Executive Directors		1	16.5%	
Black Senior Top management		1	26%	
Black Women Senior Top management		1	13%	

<sup>2</sup> These proposed timeframes and weightings will be reviewed at every 2 and half years and subject to change by the Transport Charter B-BEE Council.

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Element	Criteria	Weightings	Private Sector target-5 years
	Black other top management	1	26%
	Black Women Other Top management	1	13%
	Black people living with disabilities	1	3%
	<b>Bonus points:</b> Black independent non-executive board members	1	26%
<b>Employment Equity</b>	Black employees in senior management	3	43%
	Black Women employees in senior management	2	21.5%
	Black employees in middle management	1	63%
	Black Women employees in middle management	1	31.5%
	Black employees in junior management	1	68%
	Black Women employees in junior management	1	34%
	Black people living with disabilities	1	2%
	Black Women living with disabilities	1	1%
	Black Pilots	1	8%
	Black Women Pilots	1	3%
	Black Technicians	1	25%
	Black Women Technicians	1	3%
	<b>Bonus points:</b> for meeting or exceeding the EAP targets	3	
<b>Skills Development</b>	Black skills development expenditure on learning programmes specified in Learning Matrix as percentage of Leivable amount	3	3%
	Black Women skills development expenditure on learning programmes specified in Learning Matrix as percentage of Leivable amount	3	1.5%
	Number of Black employees participating in Learnerships or category B, C, D programmes as percentage of total employees	3	5%
	Number of Black Women employees participating in Learnerships or category B, C, D programmes as percentage of total employees.	3	2.5%

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Element	Criteria	Weightings	Private Sector target-5 years
	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black Employees with disabilities as a percentage of Leivable Amount	1.5	0.3%
	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black Women Employees with disabilities as a percentage of Leivable Amount	1.5	0.15
<b>Preferential Procurement</b>	Procurement spend from all suppliers based on recognition levels as percentage of total measured procurement spend.	12	50%
	Procurement spend from QSE's and EME's based on recognition levels as percentage of total measured procurement spend.	3	10%
	B-BBEE Procurement Spend from any of the following Suppliers as a percentage of Total Measured Procurement Spend:	5	15%
	Suppliers that are 50% black owned (3 out of 5) or		
	Suppliers that are 30% black women owned. (2 out of 5)		
<b>Enterprise Development</b>	Investment in black-owned and empowered enterprises as identified in the "Benefit Factor Matrix" (Annexure 600A) as a percentage of net profit after tax.	15	3% of NPAT
<b>Socio-economic Development</b>	Socio-economic development contributions as identified in the "Benefit Factor Matrix" (Annexure 700A) as a percentage of net profit after tax.	5	1% of NPAT
<b>Total</b>		<b>100</b>	

NB: Targets for Pilots and Technicians will be subjected to annual review.

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### 5. QUALIFYING SMALL ENTERPRISES B-BBEE SCORECARD - DOMESTIC AVIATION

B-BBEE Element	Indicators of Empowerment	Private Sector 5 year target	Private Sector Weightings
<b>Ownership</b>	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
	<b>Bonus Points:</b> Involvement in the ownership of the Enterprise by black women	10%	2
	<b>Bonus Points:</b> Involvement in the ownership of the Enterprise by black participants in Employee Share Schemes, Co-operatives or Broad Based Ownership Schemes	10%	1
<b>Management Control</b>	Black Representation at Top Management level	33%	25
	<b>Bonus Points:</b> Black women representation at Top-Management	25%	2
<b>Employment Equity</b>	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
	<b>Bonus points:</b> meeting or exceeding the EAP targets in each category		2
<b>Skills Development</b>	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



**ALIGNED B-BBEE CHARTER – AVIATION SUB-SECTOR**

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

A QSEs may select any four of the above seven elements for the purposes of measurement.

## ALIGNED B-BBEE CHARTER – AVIATION SUB-SECTOR

### 6. FOREIGN OWNED AIRLINES B-BBEE SCORECARD

(See notes on the foreign airlines B-BBEE scorecard below)

Core Components	Indicators of Empowerment	% Weight	0-5 years	6-10 years
<b>Equity Ownership</b>	Contribution equivalent to a percentage of payroll of SA based staff (excluding expatriates). Calculations may include the cost of the intervention or the conversion to a ZAR value of time allocated to an intervention as a percentage of payrolls of SA based staff.	20	1.5% of payroll of SA based staff	3% of payroll of SA based staff
<b>Management Control</b>	Foreign airlines do not have a Board of Directors in South Africa. With a few exceptions, executive management consists of expatriate posted employees. These postings are permitted in terms of the Bilateral Air Services Agreements.	N/A	N/A	N/A
Core Components	Indicators of Empowerment	% Weight	0-5 years	6-10 years
<b>Employment Equity</b>	Black employees in middle management	4	50%	65%
	Black female employees in middle management	4	25%	32%
	Black employees in junior management	2	50%	65%
	Black female employees in junior management	2	25%	32%
	Black PLWD as a percentage of total workforce	2	1.5%	3%
	Black Female PLWD as a percentage of total workforce	1	0.75%	1.5%
<b>Skills Development</b>	Black skills development expenditure on learning programmes specified in Learning Matrix as percentage of Leviale amount.	3	3.5%	5%
	Female Black skills development expenditure on learning programmes specified in Learning Matrix as percentage of Leviale amount.	3	1.75%	2.5%
	Number of Black employees participating in Learnerships or category B, C, D programmes as percentage of total employees.	3	2%	5%

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	Number of female Black employees participating in Learnerships or category B, C, D programmes as percentage of total employees.	3	1.0%	2.5%
	Expenditure on skills development for Black PLWD learning programmes specified in Learning Matrix as percentage of Leviaible amount.	1.5	0.15%	0.3%
	Expenditure on skills development for Black Female PLWD learning programmes specified in Learning Matrix as percentage of Leviaible amount.	1.5	0.08%	0.15%
<b>Preferential Procurement</b>	Procurement from all B-BBEE Compliant Enterprises as defined by the B-BBEE Recognition Levels as a % of discretionary spend	12	50%	70%
	Procurement spend from QSE's and EME's based on recognition levels as percentage of total discretionary procurement spend.	3	10%	15%
	B-BBEE Procurement Spend from any of the following suppliers as a percentage of total discretionary procurement spend:	3	8%	12%
	Suppliers that are 50% black owned (3 out of 5) or Suppliers that are 30% black women owned. (2 out of 5)	2	6%	8%
<b>Enterprise Development</b>	Contribution equivalent to a percentage of payroll of SA based staff (excluding expatriates). Calculations may include the cost of the intervention or the conversion to a ZAR value of time allocated to an intervention as a percentage of payroll of SA based staff	20	1%	3%
<b>Socio-Economic Development</b>	Contribution equivalent to a percentage of payroll of SA based staff (excluding expatriates). Calculations may include the cost of the intervention or the conversion to a ZAR value of time allocated to an intervention as a percentage of payroll of SA based staff	10	0.5%	1%

**ALIGNED B-BBEE CHARTER – AVIATION SUB-SECTOR**

<b>APPENDIX A: PROCUREMENT LIST: INCLUSIONS &amp; EXCLUSIONS</b>			
<b>Operating Expense</b>	<b>Description</b>	<b>Procurement Inclusions</b>	<b>Procurement Exclusions</b>
<b>Aircraft Fixed Costs</b>	Lease Costs		<b>X</b>
	Spares Lease Costs		<b>X</b>
	Aircraft Finance Costs		<b>X</b>
	Aircraft Hire Charges		<b>X</b>
	Aircraft Insurance		<b>X</b>
	Depreciation		<b>X</b>
	Crew Salaries & Subsistence All		<b>X</b>
	Crew Positioning & Accommodation	<b>X</b>	
	Crew Training Costs	<b>X</b>	
	Fuel	<b>X</b>	
<b>Aircraft Variable Costs</b>	Landing Fees	<b>X</b> (If landing in privately owned airports)	<b>X</b> (If landing in ACSA airports)
	Navigation Charges		<b>X</b>
	Weather Services		<b>X</b>
			<b>ADDITIONAL NOTES</b>
			To be excluded - International leases are the norm – difficult to enforce local leasing arrangements.
			To be excluded - International leases are the norm – difficult to enforce local leasing arrangements
			Hotel accommodation only incurred within South Africa – no over border.
			Training consumables only for training incurred within South Africa.
			For procurement of jet fuel in South Africa only – as oil companies comply with BEE in terms of Liquid Fuels Charter, include in numerator and denominator of calculation
			ACSA is a regulated monopoly and as such it is excluded as per the Codes.

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Operating Expense	Description	Procurement Inclusions	Procurement Exclusions	ADDITIONAL NOTES
	Maintenance Materials and Repairs	X		Inclusion of maintenance and materials for repairs undertaken in South Africa only – inclusion in numerator and denominator as AMO's are BEE compliant.
	Maintenance Staff		X	
	Head Office AMO		X	
	Maintenance-Depreciation on capitalised assets		X	
	Maintenance Engine Hire		X	To be excluded due to nature of aircraft operations and maintenance requirements, engines for hire have to be sourced from over border suppliers and it is not possible to include BEE considerations as part of this process which is often of an urgent nature to keep aircraft operations going.
	Commission Agents		X	
	Commission - Interline		X	To be excluded – interlining is dependent on passenger choices for travel and cannot be included as a BEE consideration for airlines.
	Commission-Credit Cards		X	
Passenger Variable Costs	Catering	X		Only for locally sourced catering requirements. The guidelines provided by the dti Codes will apply with regards to imports.

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Operating Expense	Description	Procurement Inclusions	Procurement Exclusions	ADDITIONAL NOTES
	Airport Handling fees	X (for ACSA airports)		Included for ACSA airports on the basis and understanding that ACSA and their appointed Ground handlers are BEE compliant and can be included in numerator and denominator. These should be included regardless of the ACSA's and Ground handlers BEE status..
	Passenger Services Charges		X	
	Passenger Revenue Accounting		X	
	Insurance ANV & CSL		X	
	CRS Charges		X	
	Airline Loyalty programs		X	
<b>Station Costs</b>	Station Salaries		X	
	Station Overheads	X		Only in respect of consumables (i.e. day-to-day operational expenses and excludes overheads/capex) for offices in South Africa. The dti guidelines with regards to the importation of goods and services will be applicable if any of the consumables are imported.

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Operating Expense	Description	Procurement Inclusions	Procurement Exclusions	ADDITIONAL NOTES
Head Office	Salaries		X	
	HO Overheads	X		Only in respect of consumables (i.e. day-to-day operational expenses and excludes overheads/capex) for Head Office operations in South Africa. The principle discussed above with regards to station overheads will be applicable.
	Finance Charges-Net		X	
	Franchise Fees		X	To be excluded as this is a global strategy determined by the airline, which could involve a franchise with an international airline or a local airline. Airlines cannot be judged on a BEE basis for franchise arrangements.
	Marketing expenses	X		Only in respect of local marketing spend. Excluded for foreign owned airlines where marketing decisions are linked to global contracts.
	Diversions	X		Only in respect of accommodation and meal arrangements and expenses incurred for passengers in S.A. Excluded for foreign owned airlines where marketing decisions are linked to global contracts.
	Loss on sale of assets (profit)		X	
	Depreciation		X	

NB. This procurement list is subject to annual review.

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### APPENDIX B: DEFINITIONS

For purposes of clarification and for avoidance of ambiguity the following terms apply to the Aviation Sector Black Economic Empowerment (B-BBEE) Charter:

TERM	DEFINITION
<b>Airline Service Providers</b>	are those service providers that give services to airlines companies e.g catering services, travel news magazines etc
<b>Black designated groups</b>	(a) means unemployed black people not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution. (b) Black people who are youth as defined in the National Youth Commission Act of 1996. (c) Black people who are persons with disabilities as defined in the Code of Good Practise on employment of people with disabilities issued under the Employment Equity Act. (d) Black people living in rural and under-developed areas.
<b>Black Enterprise</b>	Is one that is 50,1% owned by black persons and where there is substantial management control.
<b>Black Empowered Enterprise</b>	Is one that is at least 25.1% owned by black persons and where there is substantial management control.
<b>Black People</b>	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.
<b>Black Women-Owned Enterprise</b>	is one with a minimum of 30% representation of black women in the ownership structure, which includes related economic interest and exercisable voting rights.
<b>Broad Based Black Economic Empowerment (B-BBEE)</b>	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

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TERM	DEFINITION
	procurement, as well as investment, ownership and control of enterprises and economic assets.
<b>Community or broad based enterprise</b>	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.
<b>Control</b>	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.
<b>Co-operative or Collective Enterprise</b>	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.
<b>Direct Empowerment</b>	The process of BEE should/may result in an increase in the ownership and control of the economy by black persons. This means that a significant portion of a black persons 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 Charter, 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.
<b>Disabled employees</b>	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 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.
<b>Enterprise Development ventures</b>	Includes business ventures such as sub-contracting, joint ventures, driver owner schemes, twinning, etc, which involves the development or setting up of business ventures which involves black operators, suppliers and especially or black SMME's (small, medium and micro enterprises).

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TERM	DEFINITION
<b>Exclusions from Total Measured Procurement</b>	Generally has the same meaning as that contained in the Codes of Goods Practice gazetted on the 9 February 2007 and as amended however the list of inclusions/exclusions as per Annexure A of this Charter takes precedence.
<b>Executive Management</b>	Means the most senior position in the organisation as well as the overall heads of major divisions or functions (e.g. finance, engineering, operations, human resources etc.) responsible for planning, policymaking and directing of such functions.
<b>Fronting</b>	The deliberate misrepresentation of information in order to gain an advantage over another individual or entity. In addition, it includes the use of questionable ownership structures in order to unjustifiably gain points to get preference points in any business/tender adjudication process.
<b>Managerial or Supervisory Employees</b>	Means employees who are working in supervisory or managerial positions i.e. those who have other employees reporting to them and who are responsible to oversee and supervise subordinates and/or processes.
<b>Indirect Empowerment</b>	a core component of this BEE Strategy is the creation and nurturing of new enterprises established or owned 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: <ul style="list-style-type: none"> <li>• Investment in black owned and black empowered enterprises.</li> <li>• Joint Ventures with black owned and black empowered enterprises that result in substantive skills transfers.</li> </ul>
<b>Indirect ownership</b>	Occurs where a company or any other institution owns equity in a company on behalf of beneficiaries and there is no direct participation by the beneficiaries in the voting rights.
<b>Job Creation</b>	Refers to the creation of opportunities for sustainable permanent employment.
<b>Learners</b>	Refers to the people participating in learnerships or other learning interventions.
<b>Leviable Amount</b>	Bears the meaning as defined in the Skills Development Levies Act of 1999 as determined using the Fourth Schedule to the Income Tax Act.
<b>Management</b>	Refers to the effective control of economic activities and resources. This involves the power to determine policies as well as the

## ALIGNED B-BBEE CHARTER – AVIATION SUB-SECTOR

TERM	DEFINITION
	direction of economic activities and resources. Management control measures black representation at board of directors' level and executive management level.
<b>Net Value</b>	This is the portion of equity in the hands of black shareholders that is fully paid up. Essentially it is the value of the shareholding, less the outstanding amounts owed by that shareholder to third party funders or the principle entity in which the stake was acquired.
<b>Ownership</b>	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.
<b>Scorecard</b>	means the standard B-BBEE scorecard used by the transport sector.
<b>Skills Development</b>	Refers to all expenditure on Black skills development; education and training (including the Skills Development Levy). 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.
<b>Socio-economic Development</b>	Specifically aimed at targeted socio-economic development projects or initiatives. Organisations are encouraged to support, develop and invest in targeted community projects – this includes e.g. poverty alleviation initiatives, HIV/ Aids programmes, study bursaries, programmes or projects for the disabled, occupational health programmes, youth camps, crime prevention programmes, alcohol and drug awareness, and internships.

### ALIGNED B-BBEE CHARTER – AVIATION SUB-SECTOR

<b>TERM</b>	<b>DEFINITION</b>
<b>Stakeholders</b>	Refers to a range of interest groups 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.
<b>Total Measured Procurement Spend</b>	Generally has the same meaning as that contained in the Codes of Good Practice gazetted on 9 February 2007 and as amended however the list of exclusions as per Annexure A of this Charter takes precedence.

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