



# Government Gazette Staatskoerant

REPUBLIC OF SOUTH AFRICA  
REPUBLIEK VAN SUID-AFRIKA

Vol. 530

Pretoria, 21 August  
Augustus 2009

No. 32511

*N.B. The Government Printing Works will not be held responsible for the quality of "Hard Copies" or "Electronic Files" submitted for publication purposes*



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**FORWARDING AND CLEARING SUB-SECTOR CODE  
FOR BBBEE**



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

**DEPARTMENT OF TRANSPORT**

**FORWARDING AND CLEARING SUB-SECTOR CODE  
FOR BBBEE**

## **FORWARDING AND CLEARING SUB-SECTOR CODE FOR BBBEE**

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## FORWARDING AND CLEARING SUB-SECTOR CODE FOR BBEE

### ABBREVIATIONS

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

### 1. SCOPE OF APPLICATION

- 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 Sub-Sector Code 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 Sub-Sector Code 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.
- 2.4. National Government undertakings (to achieve the vision)**
- 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;

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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 companies<sup>1</sup>.
- 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.
- 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.

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

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- 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 Sub-Sector Code 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 Sub-Sector Code 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.
- 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.

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- 2.6.7 The signatories of this Sub-Sector Code 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 Sub-Sector Code 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.

This Sub-Sector Code shall remain in effect until amended, substituted and repealed under Section 9 of the BBEE Act, or with the parties to this Sub-Sector Code process agreeing to do so.

The Transport Charter Council that will be established pursuant to this gazette will review this Sub-Sector Code 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.

#### **3.1 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. Stakeholders 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 Sub-Sector Code. They will be encouraged to sell 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.



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- 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 Equavelnt 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 Sub-Sector Code 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**
- 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.

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- 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 Sub-Sector Codewill 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 Sub-Sector Code 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.
- 3.3.2.2.2 75% representation of black people in middle management and a 38% representation of black women in middle management.

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- 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 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 Sub-Sector Code in 5 years from its inception.

### **3.3.3 Measurement Principles and the Application of the CODES**

- 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:**

- 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

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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;

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.

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

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- 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 Sub-Sector Code when procuring goods and services from the F&C sub-sector. In particular, government will apply B-BBEE criteria, as set out in this Sub-Sector Code 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 Sub-Sector Code 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 Sub-Sector Code**
- 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 Sub-Sector Code 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 Sub-Sector Code**
- 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



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- 3.7            SocioEconomic 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            Bursaries,
- 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.

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- 3.7.5 Measurement Principles and the Application of the Sub-Sector Code**
- 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.
- 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 |
|--|---|---|------------|
| <b>Foreign Ownership</b><br>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.<br>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         |
| <b>Local Based Operations</b>  | 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:<br>-black designated groups,<br>-black participants in Employee Ownership Schemes,<br>-black beneficiaries of Broad based Ownership Schemes ;or<br>-black participants in Co-operatives                      | 3%  | 1          |

## FORWARDING AND CLEARING SUB-SECTOR CODE FOR BBEE

| B-BBEE Element           | Indicators of Empowerment   | Targets - 5 years  | Weightings |
|--------------------------|---|--|------------|
|                          | Net Economic Interest/Net value   | 25% graduated over 10 years as per the Codes (year 5 at 60%) | 7          |
|                          | Ownership fulfilment  |  | 1          |
|                          | <b>Bonus points:</b> Economic interest in the hands of black disabled people                  | 2%   | 2          |
|                          | <b>Bonus points:</b> Involvement in the ownership of the Enterprise of Black new entrants.    | 10%  | 1          |
|                          | <b>Bonus points:</b> Involvement in the ownership of the Enterprise of Black participants in: | 10%  | 1          |
|                          | Employee Ownership Schemes  |  |            |
|                          | Broad-Based Ownership Schemes   |  |            |
|                          | Co-operatives   |  |            |
| <b>Management</b>        | 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          |
|                          | <b>Bonus point:</b> Black Independent non-Executive Board Members                             | 40%  | 1          |
| <b>Employment Equity</b> | Black employees in senior management  | 45%  | 2          |
|                          | Black Women employees in senior management  | 23%  | 1          |
|                          | Black employees in middle management  | 63%  | 2          |

## FORWARDING AND CLEARING SUB-SECTOR CODE FOR BBEE

| B-BBEE Element            | Indicators of Empowerment  | Targets - 5 years | Weightings |
|---------------------------|--|-------------------|------------|
|                           | 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        |
|                           | <b>Bonus Points:</b> Meeting or exceeding the EAP Targets in each category of employment equity  | -                 | 3          |
| <b>Skills Development</b> | Black skills development expenditure on learning programmes specified in Learning Matrix as percentage of Leivable amount.                       | 3%                | 5          |
|                           | Black Women skills development expenditure on learning programmes specified in Learning Matrix as percentage of Leivable 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 Leivable amount | 0.3%              | 2          |
|                           | Black Women with Disability skills development expenditure on learning programmes specified in Learning Matrix as percentage of Leivable amount  | 0.15%             | 2          |

## FORWARDING AND CLEARING SUB-SECTOR CODE FOR BBEE

| B-BBEE Element                    | Indicators of Empowerment   | Targets - 5 years  | Weightings |
|-----------------------------------|---|--|------------|
| <b>Preferential Procurement</b>   | 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          |
|                                   | 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          |
| <b>Enterprise Development</b>     | 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          |
| <b>Socio-economic Development</b> | Expenditure on social development programmes as a % of NPAT.<br>N.B: Enhanced recognition shall be awarded for contributions towards the following causes: <ul style="list-style-type: none"> <li>○ HIV/AIDS</li> <li>○ Bursaries</li> <li>○ Poverty alleviation</li> <li>○ F&amp;C industry awareness</li> </ul> | 1% NPAT  | 5          |

## FORWARDING AND CLEARING SUB-SECTOR CODE FOR BBEE

### 5. FOWARDING AND CLEARING QUALIFYING SMALL ENTERPRISES SCORECARD

| B-BBEE Element            | Indicators of Empowerment  | Private Sector 5 year target                                 | Private Sector Weightings |
|---------------------------|--|--|---------------------------|
| <b>Ownership</b>          | 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                         |
|                           | <b>Bonus Points</b>  |  |                           |
|                           | Involvement in the owership 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                         |
| <b>Management Control</b> | Black Representation at Top Management level   | 50.1%  | 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  | 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                         |
|                           | <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 leviabale/payroll                                   | 3%   | 12.5                      |
|                           | Skills Development spend on learning programmes for black women employees as a percentage of the leviabale/payroll                             | 1.5%   | 12.5                      |

## FORWARDING AND CLEARING SUB-SECTOR CODE FOR BBEE

| 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                        |
| <b>TOTAL</b>                 |   |                              | <b>175</b>                |

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 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/ Transport Charter Council on details and feasibility of funding mechanisms. | Steering Committee/ Transport 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/ Transport Charter Council on attendance at awareness campaigns.                                | Steering Committee/ Transport 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/ Transport Charter Council |

## FORWARDING AND CLEARING SUB-SECTOR CODE FOR BBEE

### 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/ Transport Charter Council on attendance at awareness campaigns.  | TETA & Steering Committee/ Transport 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/ Transport Charter Council |
| Implement skills audit to identify management, professional and technical skills that will be required over the next decade. | Money spent on research as a % of total discretionary funds           | Analysis and forecasts to be presented to Steering Committee/ Transport Charter Council and TETA.  | TETA & Steering Committee/Transport Charter Council  |
| Continuously benchmark training programmes against best international practice.  | Money spent on gap analysis as a % of total discretionary funds       | Research report submitted to Steering Committee/Sub-Sector Code Council on details of gap analysis and suggestions on how the problem can be alleviated. | TETA & Steering Committee/ Transport 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/ Transport Charter Council. | Steering Committee/ Transport Charter Council |



## FORWARDING AND CLEARING SUB-SECTOR CODE FOR BBEE

### 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/ Transport 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/ Transport Charter Council on the percentage and type of financial mechanisms used to finance skills programmes. | TETA & Steering Committee/ Transport Charter Council |
| 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/ Transport 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/ Transport Charter Council on adherence to labour legislation.   | Steering Committee/ Transport Charter Council        |