

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK
ECONOMIC EMPOWERMENT CODES**

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ECONOMIC EMPOWERMENT CODES**

**PUBLISHED IN THE GOVERNMENT GAZETTE IN TERMS OF SECTION 9(5) OF THE
B-BBEE ACT NO. 53 OF 2003 AS AMENDED BY THE B-BBEE ACT OF 2013**

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK
ECONOMIC EMPOWERMENT CODES**

**DRAFT AMENDED CODE SERIES RFSC000: FRAMEWORK FOR MEASURING BROAD-BASED
BLACK ECONOMIC EMPOWERMENT IN ROAD FREIGHT TRANSPORT SECTOR**

STATEMENT RFSC000: GENERAL PRINCIPLES AND THE LARGE ENTERPRISES SCORECARD

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 OF 2003 as
amended by B-BBEE Act 46 of 2013

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1. PREAMBLE

- 6.1. We, the stakeholders of the Road Freight Transport and Logistics (Road Freight Transport) Sector, recognise that it is a constitutional and economic imperative to secure a prosperous future for all our country's citizens and, therefore, a larger market in which to trade through internal and external markets to realise the full economic potential of our country, region and continent.
- 6.2. We, the stakeholders of the Road Freight Transport Sector, organised as Government, industry and interest groups, commit ourselves to actively promote a transformed, vibrant, and globally competitive sector that reflects the demographics of South Africa, and contribute to the establishment of an equitable society by effectively providing accessible services to all South Africans, particularly Black People and their participation in the industry.
- 6.3. We, the stakeholders of the Road Freight Transport Sector, take opportunity to state our commitment to align the Draft Amended Road Freight Transport B-BBEE Sub-Sector Code with the Amended Generic Codes of Good Practice for B-BBEE..
- 6.4. The Road Freight Transport Sub-Sector Code expresses the commitments of all stakeholders in the Road Freight Transport Sector to the empowerment and transformation of the Sector. All the stakeholders of the Road Freight Transport Sub-Sector Code share common commercial and other characteristics and made it feasible to formulate a transformation charter subject to the proposed Sector Code.
- 6.5. We, the stakeholders of the Road Freight Transport Sector, will submit to **the dti** to publish the Amended Road Freight Transport B-BBEE Codes as a final code in terms of the Broad – Based Black Economic Empowerment Act No. 53 of 2003 as amended. We will ensure that the Road Freight Transport B-BBEE Codes fulfils the requirements set out under section 9 for publishing in the Government gazette as a sector code, namely that it:
 - 6.5.1.1. Has no deviations from **the dti** Amended B-BBEE Codes definitions and principles;
 - 6.5.1.2. The calculation methodologies to measure compliance are those used in **the dti** Amended B-BBEE Codes; and
 - 6.5.1.3. Is sufficiently comparable to the codes in the order of elements, targets and weightings.

7. OBJECTIVES OF THIS STATEMENT

7.1. OBJECTIVES OF THE ROAD FREIGHT TRANSPORT SECTOR CODES

- 7.1.1. The Road Freight Transport B-BBEE Sub-Sector Code have been developed to advance the objectives of the Broad Based Black Economic Empowerment Amendment Act No. 46 of 2013;
- 7.1.2. The Code also constitute a framework and establish the principles upon which B-BBEE will be implemented in the Road Freight Transport Sector;
- 7.1.3. To create economic growth through ownership, management control, enterprise and supplier development in the Road Freight Transport Sector;
- 7.1.4. To ensure the entry of women, youth and people living in rural areas at all levels of the industry so as to break the stranglehold of the industry by urban-based males; and

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7.1.5. Provide the basis for the sector's engagement with other stakeholders including government and labour.

7.2. OBJECTIVES OF THIS STATEMENT RFSC000

7.2.1. Specify the measurement principles and industry specific principles of Broad-Based Black Economic Empowerment (B-BBEE) within the Road Freight Transport Sector;

7.2.2. Specify the application of the Road Freight Transport Sub-Sector Code and the basis for measurement under the Road Freight Transport Sub-Sector Code;

7.2.3. Indicate the qualifying threshold for a Measured Entity to qualify as an Exempted Micro-Enterprise (EME) or Qualifying Small Enterprise (QSE) within the Road Freight Transport Sector;

7.2.4. Specify the method of measuring Start-Up Enterprises;

7.2.5. Specify the elements of B-BBEE for all Enterprises Scorecard of the Road Freight Transport Sector Codes;

7.2.6. Specify the basis for determining compliance by Entities with the Road Freight Transport Sector Codes; and

7.2.7. Provide for the Effective Date of the Road Freight Transport Sub-Sector Code.

8. LONG-TERM VISION AND OVERARCHING UNDERTAKINGS BY ALL STAKEHOLDERS

8.1. OVERARCHING LONG-TERM VISION

8.1.1. Our overarching vision is to develop a world-class industry, based on seamless integration of all modes and multiple networks, that will grow in size, stimulate economic growth and development, facilitate trade, comply with international safety standards, and deliver efficient and quality services to customers. Our industry will also achieve a significant increase in black participation in ownership, management and employment in companies throughout the industry value chain. We will pursue a growth strategy that prioritises the retention and creation of quality jobs.

8.1.2. To make this vision a reality will require a deliberate strategy to increase access to skills, capital and 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 stakeholders to facilitate the creation of new black entrepreneurs (and the development of existing ones) who can participate in economic opportunities throughout the industry value chain.

8.1.3. We, the signatories to this document, believe that every company in South Africa must embrace B-BBEE voluntarily, recognising that it is an 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

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“Broad-Based BEE Sector Code” for the Road Freight Industry” to every organisation within our industry to ensure maximum participation by all stakeholders.

- 8.1.4. Accordingly, all private sector stakeholders who commit themselves to this agree to have their B-BBEE achievements (in terms of the indicators in the Balanced B-BBEE Scorecard for the Road Freight Industry) rated by an independent B-BBEE Verification Professionals or company that is accredited. This is in line with the Accelerated and Shared Growth initiative for South Africa (ASGISA), which aims to improve the level of procurement from black enterprises by supporting the use of the B-BBEE Codes of Good Practice. The independent B-BBEE verification of entities involved in the Road Freight industry will go a long way towards eliminating misrepresentation or fraudulent practices in the industry.

8.2. OVERARCHING UNDERTAKINGS BY ALL STAKEHOLDERS

3.2.1. NATIONAL GOVERNMENT UNDERTAKINGS

- 3.2.1.1. Develop and implement a programme to substantially increase investments in road infrastructure to eliminate current backlogs over the next decade with funds from the fiscus, parastatals, road users and the financial Industry.
- 3.2.1.2. To engage industry and reach consensus on setting up a dedicated road infrastructure fund to finance the road component of these investments and ensure that the National Roads Agency (NRA) and provincial government departments maximise employment opportunities through the use of labour-intensive methods in the maintenance and expansion of road infrastructure. This is reflective of the labour-absorbing projects promoted in ASGISA.
- 3.2.1.3. Commit to facilitate growth by ensuring that the industry is attractive to investors and free of unnecessary regulation and ensure that over-regulation does not impede B-BBEE initiatives in the industry.
- 3.2.1.4. Collaborate with all stakeholders to develop a strategy to grow the industry and create quality jobs by promoting the outsourcing of non-core transport and logistics operations of businesses. Businesses should give preferences to their own employees in the event of such activities/transactions.
- 3.2.1.5. Engage relevant governmental departments such as the dti and South African Revenue Services (SARS) and review the current tax laws (Fiscal policy), which make it difficult for small Black operators to enter the industry.
- 3.2.1.6. Enforce and monitor compliance with existing legislation that may impact on BEE such as the Employment Equity (EE), Skills Development and Competition Acts.
- 3.2.1.7. Ensure that all parastatals and public sector agencies submit an annual B-BBEE report (within their annual reports) that covers achievements in meeting B-BBEE targets. The report should also include information on jobs created/lost.
- 3.2.1.8. Publish an annual report on B-BBEE and job creation within the Road Freight Transport industry that consolidates reports, B-BBEE verification and other information from all stakeholders.

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3.2.1.9. Publish an annual report on the jobs created through the labour-intensive road construction programme.

3.2.2. ROAD FREIGHT TRANSPORT AND LOGISTICS SECTOR INDUSTRY UNDERTAKINGS

3.2.2.1. To form collaborative relationships with organisations such as **the dti** and other stakeholders as well as to promote the economic benefits of utilising and growing Black Economic Empowerment (BEE) compliant by the Road Freight Transport Industry companies.

7. SCOPE OF APPLICATION

4.1. The scope of this Draft Amended Broad-Based Black Economic Empowerment (B-BBEE) Sub-Sector Code is limited to the Road Freight Transport and Logistics Industry and includes inter alia:

- 4.1.1. Supply Chain Management Companies;
- 4.1.2. Logistics companies;
- 4.1.3. Trucking companies;
- 4.1.4. Transport Management companies;
- 4.1.5. Transport Brokers;
- 4.1.6. Associated Labour Brokers;
- 4.1.7. BEE Operators;
- 4.1.8. Management Companies for Owner Drivers;
- 4.1.9. South African registered Cross Border Operators;
- 4.1.10. Parcel Delivery Services;
- 4.1.11. Motor ferry Companies; and
- 4.1.12. Cash In transit Companies.

11. DEVELOPMENT OF THE ROAD FREIGHT TRANSPORT SUB-SECTOR SCORECARDS

- 11.1. The Department of Transport embarked on a nationwide consultative process to solicit views and inputs in the sector to align the Road Freight Transport Sector Codes to the Amended B-BBEE Codes of Good Practice by **the dti**. The Road Freight Transport Codes, once approved and published, will be the only basis for the application and recognition of B-BBEE initiatives undertaken by the Road Freight Transport Sector.
- 11.2. The participation of all major stakeholders was encouraged and submissions were obtained from various constituencies.
- 11.3. The Minister of Transport was involved and consulted in the drafting of the sector code and will provide continuous support for the codes going forward.
- 11.4. The Codes as published will be based on the definitions, principles and methodologies of transformation outlined in the B-BBEE Act and the B-BBEE Codes of Good Practice issued by **the dti**. Where there is any conflict the Codes of Practice takes precedence.

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11.5. Sector specific sub-elements will be clearly defined in the Road Freight Transport Codes.

6. ROAD FREIGHT TRANSPORT SUB-SECTOR B-BBEE SCORECARDS

6.1. BROAD-BASED BLACK ECONOMIC EMPOWERMENT ELEMENTS

6.1.1 This Draft Amended Broad-Based Black Economic Empowerment Sub-Sector Code for the Road Freight Transport Sector 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. It is a measurement of the B-BBEE elements that determine the level of B-BBEE contribution by the measured enterprise. There are five basic elements, namely:

- **Ownership**
- **Management Control**
- **Skills Development**
- **Enterprise and Supplier Development**
- **Socio-Economic Development**

6.1.2. PRIORITY ELEMENTS, SUBMINIMUM AND DISCOUNTING PRINCIPLE

6.1.2.1. The priority Elements are as follows:

6.1.2.1.1. Ownership:

The sub-minimum requirement for Ownership is 40% of Net Value (40% of the 8 points) based on the Time Based Graduation Factor provided in Code 100.

6.1.2.1.7 Skills Development:

The sub-minimum requirements for Skills Development is 40% of the total weighting points (excluding bonus points) for Skills Development.

6.1.3.1.6. Enterprise and Supplier Development:

The sub-minimum for Enterprise and Supplier Development is 40% of the total weighting points (excluding bonus points) of each of the three broad categories, within the Enterprise and Supplier Development element, namely Preferential Procurement; Supplier Development and Enterprise Development. To remove any ambiguity this means that the Measured Entity must achieve at least:

- 10 points under the Preferential Procurement category;
- 4 points under the Supplier Development category; and
- 2 points under the Enterprise Development category.

6.1.3. COMPLIANCE TO PRIORITY ELEMENTS

6.9.3.1 A Large Enterprise is required to comply with all the Priority Elements; and

6.9.3.2 A Qualifying Small Enterprise is required to comply with Ownership as a compulsory element, and either Skills Development or Enterprise and Supplier Development.

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6.10 DISCOUNTING PRINCIPLE EFFECTS

6.2.1 Non-compliance with the 40% sub-minimum requirements of any of the priority elements, as per paragraph 6.1.2 above, will result in the following outcomes for both Large Enterprises and Qualifying Small Enterprises:

6.2.1.1 Only the discounted level of the Measured Entity will be recognised by the Verification Professional ("the B-BBEE Status Level").

6.3. WEIGHTINGS

6.3.1 The weighting of each element reflects the relative importance that the sector places thereon. Weightings are measured in percentage and the five elements of B-BBEE are weighted according to para 6.10.1, 6.10.2. and 6.10.3 below.

6.4. TARGETS

6.4.1 The target represents the ideal scenario at which measured entities will score full points for the respective indicator. Road Freight Transport enterprises under measurement will score proportional points on each indicator, according to the proportion of the relevant target achieved for that particular indicator. The milestone set for each indicator varies in order to drive an active transformation of the sector towards greater localisation and development of black owned enterprises.

6.5. ELIGIBILITY AS AN EXEMPTED MICRO ENTERPRISE (EME)

6.29.5. Any enterprise within the scope of application para 4 with a total annual Revenue of R 10 Million or less qualifies as an Exempted Micro-Enterprise.

6.29.6. An Exempted Micro-Enterprise is deemed to have a B-BBEE Status of "Level Four Contributor" having a B-BBEE recognition level of 100%.

6.29.7. Enhanced B-BBEE recognition level for an Exempted Micro-Enterprise:

6.29.7.1. Despite paragraphs 6.5.2 an EME which is 100% Black Owned qualifies for elevation to "Level One Contributor" having a B-BBEE recognition level of 135%.

6.29.7.2. Despite paragraph 6.5.2 and 6.5.3.1, an EME which is at least 51% Black Owned qualifies for elevation to "Level Two Contributor" having a B-BBEE recognition level of 125%.

6.29.7.3. Despite paragraphs 6.5.2 and 6.5.3.1, an EME is allowed to be measured in terms of the QSE scorecard should they wish to maximise their points and move to a higher B-BBEE recognition level.

6.29.8. An EME is only required to obtain a sworn affidavit or Certificate issued by Companies and Intellectual Property Commission(CIPC) on an annual basis, confirming the following:

6.29.8.1.1. Total annual Revenue of R 10 Million or less; and

6.29.8.1.2. Level of Black ownership.

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6.29.9. Any misrepresentation in terms of Para 6.5.4 above constitutes a criminal offence as set out in the B-BBEE Act as Amended.

6.30. ELIGIBILITY AS QUALIFYING SMALL ENTERPRISES (QSE)

6.30.1. Any enterprise within the scope of application para 4 with a total annual Revenue of R 10 Million or less than R50 Million qualifies as a Qualifying Small Enterprise.

6.30.2. A QSE must comply with all of the elements of the Road Freight Transport Sector Qualifying Small Enterprise Scorecard (Code RFSC 600) for the purposes of measurement.

6.30.3. Enhanced B-BBEE recognition level for QSE:

6.30.3.1. A Qualifying Small Enterprise which is 100% Black Owned qualifies for Level One B-BBEE recognition.

6.30.3.2. A QSE which is at least 51% Black Owned qualifies for a Level Two B-BBEE recognition level.

6.30.3.3. A QSE that is 51% Black owned or 100% Black owned is only required to obtain a sworn affidavit or CIPC issued certificate on an annual basis, confirming the following:

6.30.3.3.1. Total annual Revenue of more than R 10 Million but less than R50 Million; and

6.30.3.3.2. Level of Black ownership; and

6.30.3.3.3. Empowering Supplier status.

6.30.4. Any misrepresentation in terms of Para 6.6.3.3. above constitutes a criminal offence as set out in the B-BBEE Act as Amended.

6.30.5. For the avoidance of doubt, all QSE's other than those referred to in paragraph 6.6.3. will be required to obtain a verification certificate to substantiate their B-BBEE status.

6.31. ELIGIBILITY AS A LARGE ENTERPRISE

6.31.1. Any enterprise within the scope of application para 4 with a total annual Revenue of above R50 Million qualifies as a Large Enterprise.

6.31.2. The Code complies with all principles and methodologies enshrined in Statement 000 issued for measuring a Large Enterprise.

6.32. START-UP ENTERPRISES

6.32.1. A Start-Up Enterprise must be measured as an Exempted Micro-Enterprise under this statement for the first year following the commencement of its operations. This provision applies regardless of the expected total Revenue of the Start-Up Enterprise.

6.32.2. A Start-up Enterprise is deemed to have the qualifying B-BBEE Status in accordance with the principles of paragraph 6.5 of this Statement.

6.32.3. In order to qualify as a Start-up Enterprise, the enterprise must provide confirmation of its status in accordance with paragraph 6.5.

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6.32.4. Despite paragraph 6.8.1 and 6.8.2, a Start-up Enterprise must submit a QSE scorecard when tendering for any contract, or seeking any other economic activity covered by Section 10 of the Act, with a value higher than R 10 Million but less than R50 Million. For contracts of R50 Million or more they should submit the Large Enterprises scorecard. The preparation of such scorecards must use annualised data.

6.33. ELIGIBILITY AS A BLACK NEW ENTRANT

6.33.1. A Black New Entrant is a Black participant who holds rights of ownership in a measured Entity and who, before holding the Equity Instrument in the measured entity, has not held Equity instruments in other Entities which has a total cumulative value of more than R 50 million, measured using a standard valuation method.

6.13. DURATION OF THE ROAD FREIGHT TRANSPORT SUB-SECTOR CODE

6.13.1. An Road Freight Transport Sub-Sector Code remains in effect until expressly amended, substituted or repealed under Section 9 of the B-BBEE Amendment Act.

6.13.2. This Draft Amended sub-sector code will be reviewed every 2.5 years with the assistance of Industry and the Transport Sector Charter Council and revised every 5 years.

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DRAFT AMENDED CODE SERIES RFSC100: MEASUREMENT OF THE OWNERSHIP ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT IN THE ROAD FREIGHT TRANSPORT SECTOR

STATEMENT RFSC100: THE GENERAL PRINCIPLES FOR MEASURING OWNERSHIP

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No. 53 of 2003 as amended by B-BBEE Act 46 of 2013

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25. OBJECTIVES OF THIS STATEMENT

- 25.1. Specify the scorecard for measuring the Ownership Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 25.2. Define the key measurement and guiding principles;
- 25.3. Specify the stakeholder undertakings; and
- 25.4. Specify the specific measurement principles applicable to various types of Entities.

26. THE OWNERSHIP SCORECARD

The following table represents the criteria used for deriving a score for Ownership under this statement:

Element	Indicators of Empowerment	Weightings	Targets
2.1 Foreign Ownership Provide evidence of a global practice against selling equity to locals in investee countries	Equity equivalent programmes supported by the line minister of the transport sector and approved by the Minister of Trade and Industry. N.B. Contributions toward these programmes re measured as the actual contributions made using the general principles set out in Statement 103, code series 400 and 500 of the Amended Codes of Good Practice.	25	Foreign Ownership Provide evidence of a global practice against selling equity to locals in investee countries
Ownership	2.2. Voting Rights		
	2.2.1. Exercisable voting rights in the hands of Black people	4	25% + 1 Vote
	2.2.1. Exercisable voting rights in the hands of Black Women	2	10%
	2.3. Economic Interest		
	2.3.1. Economic interest in the hands of Black people	4	25%
	2.3.2. Economic interest in the hands of Black Women	2	10%
	2.3.4. Economic interest of the following Black natural people in Enterprise: <ul style="list-style-type: none"> • Black designated groups Black; • Participation in Employee Ownership Schemes (ESOP); • Black beneficiaries of Broad based Ownership Schemes; • Black participants in Co-operatives 	3	3%

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	2.3.5. Involvement in the ownership by Black new Entrants	4	15%
	2.6. Realization Points		
	2.6.1. Net Value/Net Economic Interest	8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes

27. GUIDING PRINCIPLES

27.1. Our guiding principles are to increase black ownership, management control and operational involvement throughout the Road Freight Transport industry value chain and design appropriate funding mechanisms to facilitate the process. We recognise that ownership is a complex matter due to the large number of different ownership structures prevalent in the Road Freight Transport Industry. Businesses in this industry range from large corporate organisations to small family businesses and even owner-driver operations. However, we, the stakeholders, will collectively strive to address these challenges and develop innovative mechanisms to increase black ownership.

28. KEY MEASUREMENT PRINCIPLES

- 28.1. An Entity receives points for participation by Black People in its rights of Ownership, using the Ownership scorecard in paragraph 2. Black People may hold their rights of Ownership in a Measured Entity as direct Participants or as Participants through some form of Entity such as:
- 28.1.1. a Company as defined in the Companies Act of 2008 (as amended);
 - 28.1.2. a Close corporation;
 - 28.1.3. a Co-operative;
 - 28.1.4. a Trust;
 - 28.1.5. a Broad-Based Ownership Scheme;
 - 28.1.6. an Employee Share Ownership Programme;
 - 28.1.7. a partnership or other association of natural persons; and
 - 28.1.8. any form of juristic person recognised under South African law.
- 28.2. The Rights of Ownership held by black people in South African multinationals are measurable against the value of their South African operations only. The Exclusion Principle must be applied with reference to the value of the Measured Entity's foreign operations when calculating its ownership score.
- 28.3. Measurement principles associated with the ownership element are contained in Statement 100 of Code 100 of the Amended Codes of Good Practice.
- 28.4. The formulae required in the determination of the ownership score are contained in Annexure 100 (E) of Statement 100 of Code 100 of the Amended Codes of Good Practice.

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- 28.5. 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 Amended Codes of Good Practice. The targets as contained in the ownership element of this sub-sector code will apply.
- 28.6. The recognition of the equity equivalent programmes for multinational organisations has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Amended Codes of Good Practice.
- 28.7. 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 Amended Codes of Good Practice.

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**DRAFT AMENDED CODE SERIES RFSC200: MEASUREMENT OF THE MANAGEMENT CONTROL ELEMENT
OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT
STATEMENT RFSC200: THE GENERAL PRINCIPLES FOR MEASURING
MANAGEMENT CONTROL**

Issued under the Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No.
53 OF 2003 as amended by B-BBEE Act 46 of 2013

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19. OBJECTIVES OF THIS STATEMENT

- 7.6. Specify the scorecard for measuring the Management Control Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 7.7. Define the key measurement and guiding principles;
- 7.8. Specify the stakeholder undertakings; and
- 7.9. Specify the specific measurement principles applicable to various types of Entities.

20. THE MANAGEMENT CONTROL SCORECARD

The following table represents the criteria used for deriving a score for Management Control under this statement:

Element	Indicators of Empowerment	Weightings	Targets
Management Control	2.1. Board Participation		
	2.1.1. Exercisable voting rights of Black board members as a percentage of all board members	2	50%
	2.1.2. Exercisable voting rights of Black women as a percentage of all board members	1	25%
	2.1.3. Black Executive directors as a percentage of total number of executive directors	2	50%
	2.1.4. Black Women Executive directors as a percentage of total number of executive directors	1	25%
	2.2. Other Executive Management		
	2.2.1. Black Executive Management as a percentage of all executives management	2	60%
	2.2.2. Black Female Executive Management as a percentage of all executives management	1	30%
	2.3. Senior Management		
	2.3.1. Black employees in senior management as a percentage of all senior management	2	60%
	2.3.2. Black female employees in senior management as a percentage of all senior management	1	30%
	2.4. Middle Management		
	2.4.1. Black employees in middle management as a percentage of all middle management	2	75%
	2.4.2. Black female employees in middle management as a percentage of all middle management	1	38%
	2.5. Junior Management		
	2.5.1. Black employees in junior management as a percentage of all junior management	2	95%
	2.5.2. Black female employees in junior management	2	47%

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as a percentage of all junior management		
2.5.3. Black females in Semi skilled and unskilled positions as a percentage of all people in semi skilled and unskilled positions	2	15%
2.6. Black Youth Employees		
2.6.1. Black youth in technical/professional positions as a percentage of technical/professional employees	2	15%
2.7. Employees with disabilities		
2.7.1. Black employees with disabilities as a percentage of all employees	2	2% (office staff but not limited to)
2.7.2. Black female employees with disabilities as a percentage of all employees	1	1% (office staff but not limited to)

21. GUIDING PRINCIPLE

21.1. Our guiding principle is to increase the participation of black people in senior management, middle management; professional and technical occupations in the Road Freight 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 organisations to attract new talent, facilitate the development of existing employees, and accelerate their progress into key positions within the industry.

22. KEY MEASUREMENT PRINCIPLES

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

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK
ECONOMIC EMPOWERMENT CODES**

**DRAFT AMENDED CODE SERIES RFSC300: MEASUREMENT OF THE SKILLS DEVELOPMENT
ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

STATEMENT RFSC300: THE GENERAL PRINCIPLES FOR MEASURING SKILLS DEVELOPMENT

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 OF
2003 as amended by B-BBEE Act 46 of 2013

Arrangement of this statement:

Para	Subject	Pages
1.	Objectives of this Statement	19
2.	The Skills Development Scorecard	19
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4.	Mandatory Training	20

DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES

27. OBJECTIVES OF THIS STATEMENT

- 27.1. Specify the scorecard for measuring the Skills Development Element of B-BBEE;
 27.2. Define the key measurement principles associated with the Skills Development Element; and
 27.3. Indicate the formula for measuring the Skills Development Element

28. THE SKILLS DEVELOPMENT ELEMENT SCORECARD

The following table represents the criteria used for deriving a score for Skills Development under this statement:

Element	Indicators of Empowerment	Weightings	Targets
Skills Development	2.1. Skills Development Expenditure on any programme specified in the Learning Programmes Matrix for Black people as a percentage of the Leivable Amount		
	2.1.1. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leivable Amount	8	6%
	2.1.2. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people with disabilities as a percentage of the Leivable Amount	5	0,50% (office staff but limited to)
	2.2. Learnerships, Apprenticeships and Internships and Training		
	2.2.1. Number of Black Employees participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	5	3%
	2.2.2. Number of Black unemployed people participating in training specified in the learning programme matrix as a percentage of number of employees	4	2,5%
	2.3. Bonus Points		
	2.3.1. Number of black people absorbed by the measured and/or Industry entity at the end of the learnerships programme	5	100%

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK
ECONOMIC EMPOWERMENT CODES**

29. GUIDING PRINCIPLES

- 29.1. Our vision is to substantially increase the economic value add of every black employee in the Road Freight Transport 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. A key element will be to identify the critical skills, retain and create quality employment in the sector.

30. MANDATORY TRAINING

- 30.1. Mandatory sectoral training does not qualify as Skills Development contribution i.e. health and safety training except for the training listed in the non exhaustive list below.
- 30.2. NOTE: The Transport Sector Charter Council, Department of Transport together with Stakeholders will address the issue of the Mandatory Training list as well as Priority Skills during the 60 DAYS COMMENTARY PERIOD. Member of the public are also requested to give inputs with regard to this matter.

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK
ECONOMIC EMPOWERMENT CODES**

**DRAFT AMENDED CODE SERIES RFSC400: MEASUREMENT OF THE ENTERPRISE AND SUPPLIER
DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT RFSC400: THE GENERAL PRINCIPLES FOR MEASURING ENTERPRISE AND
SUPPLIER DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act
53 of 2003 as amended by B-BBEE Act. 46 of 2013

Arrangement of this statement:

Para	Subject	Page
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2.	Enterprise and Supplier Development Scorecard	22
3.	Guiding Principles	23

DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES

19. OBJECTIVES OF THIS STATEMENT

- 19.1.** Specify the scorecard for measuring Preferential Procurement and Qualifying Enterprise and Supplier Development Contributions;
- 19.2.** Specify the key measurement principles applicable to calculating Preferential Procurement contributions; Qualifying Enterprise Development and Supplier Development Contributions;
- 19.3.** Define the principles applicable when calculating B-BBEE Procurement Spend and Enterprise Development and Supplier Development Spend; and
- 19.4.** Indicate the formula for calculating the individual criteria specified in the Enterprise and Supplier Development scorecard.

20. ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD

The following table represents the criteria for deriving a score for Enterprise and Supplier Development under this statement.

Element	Indicators of Empowerment	Weightings	Targets
Enterprise and Supplier Development	2.1. PREFERENTIAL PROCUREMENT		
	2.1.1 B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	5	80%
	2.1.2. B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	3	15%
	2.1.3. B-BBEE Procurement Spend from Exempt Micro Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	4	15%
	2.1.4. B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	9	40%
	2.1.5 B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	4	12%
	Bonus Points		
	2.1.6 B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black Owned	2	2%
	2.2. SUPPLIER DEVELOPMENT		
	2.2.1. Annual value of all Supplier Development Contributions	10	2% of NPAT

DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES

made by the measured entity as a percentage of the target		
2.3. ENTERPRISE DEVELOPMENT		
2.3.1. Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT
2.4. BONUS POINTS		
2.4.1. Bonus point for the graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1	
2.4.2. Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured entity	1	

21. GUIDING PRINCIPLE

- 21.1.** To grow South Africa's Road Freight Transport industry in order to stimulate and facilitate economic growth, we commit to increase procurement from black-owned, black women owned and empowered enterprises and implement best practice supplier development policies.
- 21.2.** We commit to creating and nurturing new B-BBEE enterprises across the industry. This will require all stakeholders to devise strategies to develop and/or support new B-BBEE enterprises.
- 21.3.** To help set up, nurture and grow viable BEE enterprises in the Road Freight Transport sector that are majority-owned by black operators while developing existing companies.

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK
ECONOMIC EMPOWERMENT CODES**

**DRAFT AMENDED CODE SERIES RFSC500: MEASUREMENT OF THE SOCIO-ECONOMIC DEVELOPMENT
ELEMENTS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT RFSC500: THE GENERAL PRINCIPLES FOR MEASURING THE SOCIO- ECONOMIC
DEVELOPMENT ELEMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No. 53
of 2003 as amended by B-BBEE Act 46 of 2013

Arrangement of this statement:

Para	Subject	Page
1.	Objectives of this statement	25
2.	The Socio-Economic Development Scorecard	25
3.	Guiding Principles	25

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK
ECONOMIC EMPOWERMENT CODES**

10. OBJECTIVES OF THIS STATEMENT

The objectives of this statement are to specify:

- 12.6. The Socio-Economic Development (SED) and Sector Specific Contributions scorecard;
- 12.7. The key measurement principles applicable when calculating Qualifying Socio-Economic Contributions; and
- 12.8. The formula for calculating the individual criteria specified in the SED scorecard.

13. THE SED SCORECARD

The following table represents the criteria for deriving a score for Socio Economic Development under this statement.

Element	Indicators of Empowerment	Weightings	Targets
<u>Socio Economic Development</u>	2.1. Annual value of Socio Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT

14. GUIDING PRINCIPLES

- 14.1. Stakeholders to recognize their social responsibility by providing assistance to organizations requiring guidance and financial support in fulfilling their purpose and mandate.
- 14.2. Stakeholders agree to support community development and social projects. These projects include, study bursaries, job creation programmes and internships.

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK
ECONOMIC EMPOWERMENT CODES**

**DRAFT AMENDED CODE SERIES RFSC600: THE ROAD FREIGHT TRANSPORT SECTOR QUALIFYING SMALL
ENTERPRISE SCORECARD**

**STATEMENT RFSC600: THE ROAD FREIGHT TRANSPORT SECTOR QUALIFYING SMALL
ENTERPRISE SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act
53 of 2003 as amended by B-BBEE Act 46 of 2013

Arrangement of this statement:

Para	Subject	Page
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**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK
ECONOMIC EMPOWERMENT CODES**

STATEMENT RFSC 601 - OWNERSHIP FOR QSE

11. THE QSE OWNERSHIP SCORECARD

The following table represents the indicators and methods for calculating a score for Ownership under this statement:

Element	Indicators of Empowerment	Weightings	Targets
Ownership	1.1. Voting Rights		
	1.1.1. Exercisable voting rights in the hands of Black people	5	25% + 1 Vote
	1.1.2. Exercisable voting rights in the hands of Black Women	2	10%
	1.2. Economic Interest		
	1.2.1. Economic interest in the hands of Black people	5	25%
	1.2.2. Economic interest in the hands of Black Women	2	10%
	1.2.3. Black New Entrants or Black Designated Groups	3	2%
	1.3. Realization Points		
	1.3.1. Net Value/Net Economic Interest	8	10 year targets on lower result of Formula A and Formula B

12. MEASUREMENT OF QSE OWNERSHIP ELEMENT

- 12.1.** The measurement of the QSE Ownership Scorecard shall adhere to all principles, definitions, calculations and measurement methodologies contained in statement RFSC 100 for measuring of the Ownership element.
- 12.2.** Measurement principles relating to the ownership element for QSEs are contained in Statement 601 of Code 600 of the Amended Codes of Good Practice.

DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES

STATEMENT RFSC 602 – MANAGEMENT CONTROL FOR QSE

1 THE QSE MANAGEMENT CONTROL SCORECARD

The following table represents the indicators and methods for calculating a score for Management Control under this statement:

Element	Indicators of Empowerment	Weightings	Targets
Management Control	1.1. Executive Management		
	1.1.1. Black Executive Management as a percentage of all executives	5	50%
	1.1.2. Black Female Executive Management as a percentage of all executives	2	25%
	1.2. Non Executive Management		
	1.2.1. Black representation at non-executive management as a percentage of all non-executive management	6	60%
	1.2.2. Black female representation at non-executive management as a percentage of all non-executive management	2	30%
	1.3. Black Youth Employees		
	1.3.1. Black youth in technical/professional positions as a percentage of technical/professional employees	2	10%

2. KEY MEASUREMENT PRINCIPLES

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement RFSC 200 are applicable to this statement.
- 2.27 For the purpose of the QSE scorecard, executive management include other executive management as described under the general principles of statement RFSC 200.
- 2.28 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the calculation of scores under the QSE Scorecard.
- 2.29 Measurement principles needed for the application of the charter with regards to the management control element for QSEs are contained in statement 602, of Code 600, of the Amended Codes of Good Practice.
- 2.30 A measured entity must use the recent payroll data in calculating its score under the Management Control Scorecard.

DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES

STATEMENT RFSC 603 – SKILLS DEVELOPMENT FOR QSE

1. THE QSE SKILLS DEVELOPMENT SCORECARD

The following table represents the indicators and methods for calculating a score for Skills Development under this statement:

Element	Indicators of Empowerment	Weightings	Targets
Skills Development	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leivable Amount	20	3%
	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black females as a percentage of the Leivable Amount	5	1%

2. KEY MEASUREMENT PRINCIPLES

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement RFSC300 are applicable to this statement.
- 2.2 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the QSE Scorecard.
- 2.3 Where required by law, the following criteria must be fulfilled in order for the Measured Entity to receive points on the QSE Skills Development Element scorecard:
 - 2.3.1 Workplace Skills Plan, an Annual Training Report and Pivotal Report which are SETA approved; and
 - 2.3.2 Implementation of Priority Skills programme generally, and more specifically for Black People.
 - 2.3.3 The learning matrix under code series RFSC300 is applicable to this statement.
- 2.4 The requirements in paragraph 2.3 above is not applicable to businesses that are not required by law to comply with the Skills Development Act.
- 2.5 The measurement principles required in the determination of the Skills Development score for QSEs are contained in Statement 603 of code 600 of the Amended Codes of Good Practice.

DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES

STATEMENT RFSC 604 – ENTERPRISE AND SUPPLIER DEVELOPMENT FOR QSE

1. THE QSE ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD

The following table represents the indicators and methods for calculating a score for Enterprise and Supplier Development under this statement.

Element	Indicators of Empowerment	Weightings	Targets
	Preferential Procurement		
<u>Enterprise and Supplier Development</u>	B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	15	60%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	5	15%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	3	10%
	Supplier Development		
	Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	5	1% of NPAT
	Enterprise Development		
	Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT

2. KEY MEASUREMENT PRINCIPLES

- 2.1 The key measurement principles and sub-minimum requirements under statement RFSC400 are applicable to this statement.
- 2.16 Any interpretation or calculation of a QSE's score for Enterprise and Supplier Development must be made in accordance with statement RFSC400.
- 2.17 Measurement principles required in evaluating Enterprise and Supplier Development contributions made by QSEs with this sector are contained in Statement 604 of Code 600 of the Amended Codes of Good Practice.

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK
ECONOMIC EMPOWERMENT CODES**

STATEMENT RFSC 605 – SOCIO-ECONOMIC DEVELOPMENT FOR QSE

1. THE QSE SOCIO-ECONOMIC DEVELOPMENT SCORECARD

The following table represents the indicators and methods for calculating a score for Socio Economic Development under this statement.

Element	Indicators of Empowerment	Weightings	Targets
<u>Socio Economic Development</u>	Annual value of Socio Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT

2. KEY MEASUREMENT PRINCIPLES

- 2.1 The key measurement principles under statement RFSC500 are applicable to this statement.
- 2.2 Any interpretation or calculation of a QSE's score for Socio-Economic Development must be made in accordance with statement RFSC500.
- 2.3 Measurement principles required in evaluating contributions made by QSEs within this sector are contained in Statement 605 of Code 600 of the Amended Codes of Good Practice.

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK
ECONOMIC EMPOWERMENT CODES**

SCHEDULE 1

SECTOR SPECIFIC SUB-INDICATORS

3 OWNERSHIP

1.1 FOREIGN OWNERSHIP

- 13.1.6. Foreign Owned companies should seek opportunities to sell equity to Black shareholders or participate in Equity Equivalent programmes approved by the Minister of Trade and Industry.
- 13.1.7. Foreign companies, which have an asset base in South Africa, will implement B-BBEE strategies in accordance with the guidelines provided by this Draft Amended Sub-Sector Code. They will be encouraged to sell equity in their local operations.
- 13.1.8. The value of the contributions, measured against the value of the domestic asset or South African operations, using a standard valuation method, will be used to calculate the equivalency percentage and this will be applied to the stated targets for ownership in order to score points for ownership.
- 13.1.9. Ownership fulfilment will occur once the black equity participants are free from any third party financial obligations relating to the share acquisition as well as any financial obligations to the principle entity.
- 13.1.10. The Transport Charter Council may motivate and endorse Equity Equivalent programmes to the line Minister. The onus also lies on the dti to investigate and provide suitable evidence or documentation that collaborates with the applying measured entity's proof of a Global policy against selling equity to locals in investee countries.

4 MANAGEMENT CONTROL

- 2.1 The Road Freight Transport Sector have a strong drive and focus on Black Woman and Black Youth, thus the following sub indicators:
- 2.1.1 Black Woman in Semi Skilled and Unskilled Positions; and
- 2.1.2 Black youth in technical/professional positions.
- 2.2 Due to Legislative requirements the folloing elements are for office staff but not limited to:
- 2.2.1 Black employees with disabilities; and
- 2.2.2 Black female employees with disabilities.
- 2.3 People living with disabilities indicator will be calculated on office staff but not limited to, as this is a legislative requirement for all other employees not to be living with disabilities as per Barganing Council.

3 SKILLS DEVELOPMENT

- 3.1 The Skills Development Element contained in Statement 300 of Code 300 of the Amended Generic Codes of Good Practice excludes Mandatory training from the Skills development Expenditure. The mandatory training exclusion includes the cost of training from initiatives listed in the Mandatory Training list below, capped at the amount specified in said list.
- 3.2 The skills development expenditure will include the 1% Skills Development levy. This does not include the discretionary and mandatory grant.

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- 3.3** People living with disabilities indicator will be calculated on office staff but not limited to, as this is a legislative requirement for all other employees not to be living with disabilities per Bargaining Council.

RCSC400 (A)

Enterprise Development and Supplier Development Benefit Factor Matrix

Qualifying Contribution type	Contribution Amount	Benefit Factor
Grant and Related Contributions		
Grant Contribution	Full Grant Amount	100%
Direct Cost incurred in supporting Enterprise Development and Supplier Development	Verifiable Cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting Enterprise Development and Supplier Development	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting Enterprise Development and Supplier Development (including people appointed in Enterprise Development and Supplier Development)	Verifiable Costs (including both monetary and non-monetary)	70%
Loans and Related Contributions		
Interest-Free Loan with no security requirements supporting Enterprise Development and Supplier Development	Outstanding Loan Amount	70%
Standard Loan to Enterprise Development and Supplier Development Beneficiaries	Outstanding Loan Amount	50%
Guarantees provided on behalf of a Beneficiary entity	Guarantee Amount	3%
Lower Interest Rate	Outstanding loan amount	Prime Rate – Actual Rate
Equity Investments and Related Contributions		
Minority Investment in Enterprise Development and Supplier Development Beneficiaries	Investment Amount	70%
Enterprise Development and Supplier Development Investment with lower dividend to financier	Investment Amount	Dividend Rate of Ordinary Shareholders – Actual Dividend Rate of Contributor
Contribution towards a Sector Enterprise and Supplier Development Fund and or Suitably Qualified Third Party		
Enterprise Development and Supplier Development Investment into a fund that meets the defined criteria for the	Investment Amount	45% upon investment and comprehensive plan of how

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administration and execution/implementation of plan.		contribution will be spent 100% once contribution is spent and there is detailed specification of spent
Contributions made in the form of human resource capacity		
Professional services rendered at no cost and supporting Enterprise Development and Supplier Development	Commercial hourly rate of professional	60%
Professional services rendered at a discount and supporting Enterprise Development and Supplier Development	Value of discount based on commercial hourly rate of professional	60%
Time of employees of Measured Entity productively deployed in assisting beneficiaries	Monthly salary divided by 160	60%
Contributions made to the Transport Sector B-BBEE Charter Council		
Ensuring that the Charter Council executive (secretariat) is adequately resourced, capacitated and supported to fulfil its mandate as envisaged in the sub-sector charter.	Investment Amount	100%
Other Contributions		
Shorter payment periods for 2.2 of this statement (Supplier Development)	Percentage of invoiced amount multiplied by 15% (being an approximation of the cost of short term funding)	Percentage being 15 days less the number of days from invoice to payment Maximum points that can be scored is 15% of 10 points

5 SOCIO-ECONOMIC DEVELOPMENT

5.1 The spend on contributions directed in the following focus areas will be enhanced by a factor of 1.25:

- 6.1.1 HIV Treatment and Prevention;
- 6.1.2 Education; and
- 6.1.3 Rural Development structures.

DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES**SCHEDULE 2****IMPLEMENTATION AND MONITORING AND EVALUATION INTERVENTIONS****1. FUNDAMENTAL PRINCIPLES**

- 1.1. The Charter Council was established as an independent body with a mandate to oversee the implementation of the charter.
- 1.2. The Charter Council will address the issues of principle and, in particular
- 1.3. Conduct the reviews and take the decisions in consultation with stakeholders per sub-sector around the targets that will be applied from 1 November 2015 ('effective date').
- 1.4. Undertake a comprehensive mid-term review in 2, 5 years and make recommendations to the Minister decisions regarding improvements to the implementation of the charter and scorecard.
- 1.5. If there is a material change in the circumstances or the environment in which the charter has to be implemented, they will consider whether the targets and implementation strategies are still appropriate, and if not how they should be varied.
- 1.6. Recommendation decisions of the Charter Council will be formulated on a consensual basis. If, on any issue, the Charter Council is unable to achieve consensus, the Council will submit a majority and minority position to the Minister for his/her final decision. Will be a dispute-breaking mechanism in the Charter Council either by some agreed mechanism within the Charter Council, or by reference to arbitration or mediation.
- 1.7. The DoT shall provide secretarial support to the Council with respect to Charter Council and will establish an executive (secretariat) to attend to its routine work and specifically to:
 - 1.7.1 Receiving, and considering the latest B-BBEE Certificates submitted by and approve annual audits from each measured entity within the sub-sector;
 - 1.7.2. Recommending guidance notes on the interpretation and application of the sub-sector charter to the Minister;
 - 1.7.3 Preparing an annual review which outlines progress and evaluates new areas of intervention and recommending same to the Minister;
 - 1.7.4. Submit the annual review to the presidential B-BBEE Advisory Council for publication;
 - 1.7.5. Prepare interim reports at appropriate intervals;
 - 1.7.6. Undertake the reviews identified in terms of the sub-charter;
 - 1.7.7. Accredit agencies to perform audits; and
 - 1.7.8. Engage with Government, the public sector, the private sector, the Presidential B-BBEE Advisory Council and other regulatory agencies to promote the implementation of the charter.
- 1.8. When accrediting agencies to perform B-BBEE audits on Sector Codes will address the following requirements:
 - 1.8.1. The verification methodologies and procedures;
 - 1.8.2. More than 51% Black ownership;
 - 1.8.3. B-BBEE Certificate of the agency;
 - 1.8.4. SANAS / IRBA Accreditation;

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- 1.8.5. Completion of the dti MDP programmes;
- 1.8.6. Attendance of DoT Sector Code Training;
- 1.8.7. Demonstration of understanding of Sector Codes; and
- 1.8.8. Prior Experience in rating Sector enterprises.
- 1.9. The DoT and Private sector, through Government led and private sector driven initiatives need to ensure that the executive (secretariat) is adequately resourced capacitated and supported to fulfill its mandate as envisaged in the sub-sector charter. A business plan will be commissioned which will, amongst other things, outline a budget for the work of the Charter Council and the executive (secretariat).
- 1.10. Measured entities within the sub-sector charter will be encouraged to contribute towards funding the Charter Council in accordance with the budget and Annexe RFSC 400B – Enterprise Development and Supplier Development Benefit Factor Matrix.
- 1.11. All measured entities will publish, for general information, an annual BEE report. The BEE report will include the audited scorecard and an account of progress in discharging quantified responsibilities as per the sub-sector scorecard and commitments.
- 1.12. Each Measured entity within the sub-sector charter must annually submit a report to the Charter Council and a copy of its annual B-BBEE report together with a copy of its latest B-BBEE Verification Certificate and its progress in implementing the provisions of this sub-sector charter. If a Measured entity is a member of a group, it should report as part of the group in the South African holding company unless –
- 1.13. The Measured entity is a listed company; or
- 1.14. The Measured entity opts in. The first annual report will be for the Measured Entities measurement period for 2016, and must be submitted to by 31 March 2017.

2. REVIEW PERIOD

- 2.1. This sector code will be reviewed every 2.5 years with the assistance of industry and the Charter Council and revised every 5 years.

3. TETA LEVY AND B-BBEE IMPLEMENTATION

- 3.1. When a sector enterprise is measuring Skills Development, the 1% SDL can be included in the Skills Development spend towards achieving the 6% target. This however does not include any mandatory or discretionary grants the measured entity has received from TETA.

DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES

SCHEDULE 3

INTERPRETATION , ABBREVIATIONS AND DEFINITIONS

PART 1: INTERPRETATION

The Road Freight Transport Sub-Sector Codes must be interpreted according to the following provisions unless the context requires a different meaning:

- In interpreting the provisions of the Road Freight Transport Sub-Sector Codes any reasonable interpretation consistent with the objectives of the B-BBEE Amendment Act, the B-BBEE Strategy and Amended B-BBEE Codes of Good Practice must take precedence.
- Words importing persons shall where the context so requires or admits, include individuals, firms, partnerships, trusts, corporations, governmental bodies, authorities, agencies, unincorporated bodies of persons or associations and any organisation having legal capacity.
- The Transport B-BBEE Charter Council may from time to time issue best practice notes to clarify or explain some of the provisions contained in the Road Freight Transport Sector Codes. These practice notes may not contradict the terms it attempts to clarify. Neither may this mechanism be used to add new provisions to the existing Road Freight Transport Sector Code.

PART 2: ABBREVIATIONS

ASGISA	Accelerated and Shared Growth initiative for South Africa
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CODES	Codes of Good Practice under section 9 (1) of the Broad-Based Black Economic Empowerment Act, 2003 as amended
CDP	Continuing Professional Development
DoT	Department of Transport
dti	Department of Trade and Industry
EAP	Economically Active Population
EE	Employment Equity
EE Act	Employment Equity Act of 1998, as amended
EMEs	Exempted Micro Enterprises
ESD	Enterprise and Supplier Development
ESOP	Employee Share Ownership Plan
GDS	Growth and Development Summit
IPAP	Industrial Policy Action Plan
NBC	National Bargaining Council
NDP	National Development Plan
NRA	National Roads Agency
NPAT	Net Profit After Tax
PP	Preferential Procurement
SARS	South African Revenue Services
SATAWU	South African Transport and Allied Workers Union
SIPS	Strategic Integrated Projects

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PART 3: DEFINITIONS

In this Road Freight Transport Sub-Sector Codes unless the context otherwise requires:

- Expressions, definitions and qualifications used in the Road Freight Transport Sector Codes have the meaning assigned to them in the Road Freight Transport Sector Codes gazetted under section 9 (1) of the Broad-Based Black Economic Empowerment Amendment Act No. 46 of 2013, unless otherwise specified hereunder.

ABSORPTION	Means a measure of the Measured Entity's ability to successfully secure formal permanent or long-term contract employment for the Learner or to assist the Learner's proceed with further education and training.
ACQUISITION DEBT	Means the debt of: <ul style="list-style-type: none"> m. Black Participants incurred in financing their purchase of their equity instruments in the Measure Entity and n. Juristic persons or trusts found in the chain of ownership between the eventual Black Participants and the Measured Entity for the same purpose as those in (a)
APPRENTICESHIP	Means an agreement between an apprentice and an employer for a set period of time during which the apprentice works and receives training in the workplace.
BLACK DESIGNATED GROUPS	Means: <ul style="list-style-type: none"> kk. Unemployed black people not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution; ll. Black people who are youth as defined in the National Youth Commission Act of 1996; mm. Black people who are persons with disabilities as defined in the Code of Good Practice on employment of people with disabilities issued under the Employment Equity Act; nn. Black people living in rural and under developed areas; and oo. Black military veterans who qualify to be called a military veteran in terms of the Military Veterans Act 18 of 2011. pp. 100% Black Owned and Controlled Co-operatives
BLACK YOUTH	<ul style="list-style-type: none"> m. Black people who are youth as defined in the National Youth Commission Act of 1996; n. For purposes of Management Control it is Black people who are youth as defined in the National Youth Commission Act of 1996 who are skilled and/or unskilled between the ages of 18 – 35.
EMPOWERING SUPPLIER	An Empowering Supplier within a context of B-BBEE is a B-BBEE compliant entity, which is a good citizen South African entity, complies with all regulatory requirements of the country and should meet at least three, if it is a large enterprise, or one, if it is a

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	<p>QSE, of the following criteria:</p> <ul style="list-style-type: none"> ee. At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local supplier in SA, for service industry labour cost are included but capped to 15%. ff. Job creation - 50% of jobs created are for Black people provided that the number of Black employees since the immediate prior verified B-BBEE Measurement is maintained. gg. At least 25% transformation of raw material/beneficiation, which include manufacturing, production and/or assembly, and/or packaging. hh. Skills transfer - at least spend 12 days per annum of productivity deployed in assisting Black EMEs and QSEs beneficiaries to increase their operation or financial capacity ii. At least 85% of labour costs should be paid to South African employees by service industry entities
EXPERIENTIAL LEARNING	Means the process of learning through experience, and is specifically defined as 'learning through reflection or doing'. Experiential learning is concerned with more concrete issues related to the learner and the learning context.
GLOBAL PRACTICE	Means a globally and uniformly applied practice of a Multinational, restricting alienation of equity in or the sale of businesses in its regional operations. The practice must have existed before the promulgation of the Act.
INDUSTRY SPECIFIC INITIATIVES	Means the qualifying contributions that are unique to the industry in which enterprises operate. For the purposes of the Codes an industry may be grouped in major divisions in accordance with the Standard Industrial Classification Coding System used by Statistic South Africa.
LOCALLY-OWNED ENTERPRISE	A commercial undertaking or business where 50% or more of shareholding is held within the borders of the Republic of South Africa.
MANAGEMENT DEVELOPMENT PROGRAMMES	The Management Development Programme (MDP) aims to equip Black professionals to become effective managers pursuing the goals of excellence within their own organisations. The programme must be designed to maximum use of managers by providing them with the skills, training and resources necessary to move into higher-level positions within the measured entity.
MULTINATIONAL BUSINESS	Means a Measured Entity with a business in the Republic of South Africa and elsewhere, which maintains its international headquarters outside the Republic.
SPECIALISED POSITIONS	Positions held by persons who devotes himself or herself to one subject or to one particular branch of a subject or pursuit.
SUITABLE EVIDENCE OR DOCUMENTATION	Means, notwithstanding any provisions to the contrary in the Verification Manual (Gazetted 31255, 18 July 2008) as amended from time to time, evidence or documentation that includes without limiting the generality of the term: <ul style="list-style-type: none"> (g) representations by the Measured Entity regarding its B-BBEE Status that can be substantiated out of audited or reviewed financial statements, an independent Competent Person's report, other third party confirmation or where appropriate having regard to available evidence, in the absence of third party confirmation, a representation by management of the Measured Entity attesting to the facts.

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	<p>XIX. A verification professional considering aforementioned evidence or documentation in support of any representation must apply professional judgement in evaluating the appropriateness thereof;</p> <p>XX. cannot dissolve itself of its responsibility to conduct a thorough verification by relying only on this type of evidence or documentation where in fact other evidence, as is required by the Verification Manual, is readily available; and</p> <p>XXI. In evaluating the appropriateness of evidence it must achieve a reasonable level of comfort with respect to any conclusion it reaches.</p> <p>(b) in the case of 51% or 100% Black Owned Exempted Micro-Enterprise and 51% or 100% Black Owned Qualifying Small Enterprise an affidavit attesting to its B-BBEE status. This is the minimum level of evidence required for these entities.</p> <p>(c) in the case of Broad-Based Ownership Schemes, Employee Share Ownership Programmes and Trusts, Verification Professionals may rely on interviews with fiduciaries (where available, independent fiduciaries) of these schemes instead of the individual Participants of these schemes to achieve a reasonable level of comfort with regard to the Rights of Ownership that flow through them.</p>
TECHNICAL AND PROFESSIONAL POSITIONS	Technical and Professional positions refer to positions in the measured entity that fall within the academic disciplines of science, technology, engineering and mathematics (STEM positions).
THE ACT	Means the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by B-BBEE Act 46 of 2013
THE CODES	Means the Codes of Good Practice including all the statements as issued under section 9 of the Act.
THE GENERIC SCORECARD	Means the balanced B-BBEE scorecard as contained in statement 000 of the Codes.