SMARTCOMMUTE™ — COMMUTER RESILIENCE PARTNERSHIP | THIRD PARTY INFORMATION NOTICE

CRP/COVNOTE-IG/2026/001 v5.6 | 3 June 2026 | CONFIDENTIAL

[Date]

[Organisation / Union / Verification Agency / Payroll Provider]
[Attention: [Name and Designation]]
[Address]

Dear [Name]

This notice is provided to [Organisation Name] in its capacity as [union / B-BBEE verification agency / payroll service provider / interested party] in connection with the SmartCommute™ Commuter Resilience Partnership programme being implemented by [Company Name] (the Participating Employer). It sets out the full legal and structural architecture of the programme for your records and due diligence.

SmartCommute™ was designed as a direct response to sustained cost-of-living pressure — including the April 2026 petrol price increase and the July 2026 fuel levy cliff — which triggered immediate upward pressure on food prices, transport costs, and the general cost of living for lower-income households. The programme is not an ongoing support measure. It is a time-limited, stand-alone, **three-month** intervention designed to absorb the impact of that shock. Petrol prices fluctuate in response to global oil markets and exchange rates, and downward price movements do not reliably translate into corresponding reductions in transport costs for commuters — taxi and minibus fares in particular showed no material reduction during the period of declining petrol prices between July 2025 and February 2026. SmartCommute™ is therefore a once-off, three-month measure. It is not a precedent, a commitment, or a recurring programme. Its fixed sunset on **30 September 2026** is structural. Extension beyond this date is at employer/investor discretion via PPA Schedule 1 amendment.

1. PROGRAMME OVERVIEW

The SmartCommute™ Commuter Resilience Partnership (CRP) is administered by Community Development Initiatives International NPC (CDII), a registered B-BBEE Level 1 Non-Profit Company and approved Public Benefit Organisation (PBO 930 041 456). CDII acts as the independent Programme Principal. The Participating Employer acts as Disbursement Agent — not as Programme Principal, agent, or trustee.

The programme delivers a monthly **Social Ex Gratia Payment of R250–R500** (tiered by verified commuting distance and cost) to qualifying participants for the period **1 July 2026 to 30 September 2026**. The programme ends automatically on 30 September 2026 or on declaration of Essential Services Travel Permits by a competent government authority — whichever is earlier.

R250/mth	R400/mth	R500/mth
Tier 1	**Tier 2**	**Tier 3**
≤20km / ≤40l/mth (~60%)	*20–40km / outer suburb (~30%)*	*40km+ / NMW / rural (~10%)*

2. LEGAL CHARACTER OF THE PAYMENT

- **Ex gratia** — a goodwill gesture, not a contractual obligation
- **Non-contractual** — does not form part of any contract of employment or collective agreement
- **Non-recurring** — does not create a right, expectation, or precedent of future payment
- **Not remuneration** — does not constitute remuneration under s213 LRA 66 of 1995 or s35 BCEA 75 of 1997
- **Fixed-term** — the automatic 30 September 2026 sunset addresses the s187(1)(f) LRA risk

SARS Income Code **3601** (Gross Remuneration — Ex Gratia) applies. PAYE is withheld at the employee's marginal rate. UIF and SDL do not apply — the payment falls outside the applicable statutory definitions (see Section 6 below for full details). Codes 3702 and 3703 are inapplicable — commuting is private travel under s8(1) of the Income Tax Act 58 of 1962, not reimbursive business travel.

3. STRUCTURAL SAFEGUARDS

Element	Detail
Commuter Resilience Fund	Employer contributions held in a dedicated, separate CDII bank account. Pooled, no earmarking. CDII deploys at its independent discretion. This breaks the bilateral conduit structure that would otherwise create a circularity risk for Section 18A purposes.
Programme Participation Agreement	CDII as independent Programme Principal. Employer as Disbursement Agent. Disbursement Notice mechanism ensures CDII initiates every payment. Website precondition (clause 5.5) ensures programme is publicly open before first Disbursement Notice.
Two-track eligibility	Track 2 (CDII direct to non-employee participants) broadens the Fund's beneficiary base beyond any single employer's workforce.
Disbursement Notice mechanism	CDII issues every Disbursement Notice in writing. Employer has no discretion to vary, withhold, or override.
Separate payroll run	At least 5 business days before salary. Bank reference "Social Ex Gratia Payment". Separate payslip line.
Language discipline	"Social Ex Gratia Payment" throughout all documents. No "allowance", "benefit", "grant", or "non-taxable" language anywhere in the document suite.

POPIA compliance	CDII IR Reg. 2025-008244. Employee numbers only — no names or ID numbers transmitted. Data used solely for programme administration.

4. NOTE FOR TRADE UNIONS AND EMPLOYEE REPRESENTATIVES

This programme does not vary any employee's contract of employment, terms and conditions, or any applicable collective bargaining agreement. Participation does not constitute a wage increase, a change to the wage structure, or a precedent for future payments. The automatic fixed-term sunset on **30 September 2026** is a structural protection that prevents any argument that the payment has become an "existing right or privilege" under s187(1)(f) of the Labour Relations Act.

The Board Resolution authorising participation expressly records the ex gratia, non-contractual, and non-recurring character of the payment. All employees receive the Employee Information Notice and sign an Employee Acceptance Form (EAF v6.3) before their first payment. CDII is available to meet with union representatives to explain the programme structure.

5. NOTE FOR B-BBEE VERIFICATION AGENCIES

CDII is B-BBEE Level 1 (verified). Employer contributions qualify as Socio-Economic Development spend under Statement 500 (Generic Scorecard) or Statement 605 (QSE Scorecard). A B-BBEE SED confirmation letter is issued by CDII to the Participating Employer monthly. The programme includes both Track 1 (employed participants) and Track 2 (non-employed participants), which broadens the beneficiary base relevant to the 75% Black beneficiary threshold assessment for SED spend. B-BBEE SED qualification is unconditional and independent of the employer's elected tax treatment.

6. NOTE FOR PAYROLL SERVICE PROVIDERS

Item	Instruction
SARS Income Code	Code **3601** (Gross Remuneration — Ex Gratia). Never Code 3702 or 3703.
Payslip line descriptor	"Social Ex Gratia Payment" (exact wording)
Payment range	R250–R500 per employee per month (Tier 1: R250 / Tier 2: R400 / Tier 3: R500 — per CDII Disbursement Notice)
Pay run timing	Separate pay run — at least 5 business days before standard salary date
UIF and SDL	**DO NOT APPLY** — the payment is not remuneration in respect of services rendered (UI Act); falls outside the Fourth Schedule remuneration definition (SDL Act). Configure exclusion before the first run.
COIDA	**DOES NOT APPLY** — excluded by Minister's Notice (April 2025) as a voluntary ex gratia payment made without legal obligation.
PAYE	**APPLIES** at marginal rate under Code 3601. Nil PAYE for employees below R99,000 p.a. (arithmetic result — IRP5 and EMP201 entries still required).
Reporting	IRP5 annually. EMP201 monthly (PAYE only — no UIF or SDL amounts).
CTC/pension	Do NOT include in CTC or pension/provident fund calculations — not remuneration.
Sub-threshold employees	Employees below R99,000 p.a. attract zero PAYE arithmetically — IRP5 and EMP201 entries still required.
IRP3(c) directives	If SARS issues a valid IRP3(c) directive, the employer MUST apply it. Notify CDII within 2 business days.

7. CONTACT AND FURTHER INFORMATION

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Website	www.wemindfoundation.co.za

Yours faithfully,

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