

MEDIA RELEASE: RESPONSE OF BROAD BASED ORGANISATIONS TO THE B-BBEE PRACTICE NOTE ISSUED BY MINISTER OF TRADE, INDUSTRY AND COMPETITION**19 May 2021**

The collective of Broad Based BEE organisations welcomes the Practice Note: B-BBEE Act Rules for Discretionary Collective Enterprises (incorporating Broad-Based Schemes, Employee Share Ownership Programmes, Trade Unions, Not for Profit Companies, Co-operatives and Trusts) published by the Minister of Trade, Industry and Competition. Mr Ebrahim Patel, on 18 May 2021.

For some years now the B-BBEE Commissioner has taken the view that Discretionary Collective Enterprises are not entitled to be considered as Black owners. Based on this stance she has made negative findings regarding our entities and even made accusations of fronting.

It is our view that our organisations are the very embodiment of Broad-Based Black Economic Empowerment. We have ensured that we comply with BEE legislation and we have used the opportunities associated with BEE to ensure that dividends from our investee companies are used to support and empower large numbers of Black South Africans. In addition, many of us are active shareholders, impacting on the nature and policies of the companies in which we invest. We have always felt that the B-BBEE Commissioner should regard us as champions and forerunners of the movement for BEE and as her natural allies.

We accept however that there may have been a lack of clarity on certain aspects of the provisions of the Code of Good Practice. The publication of the Practice Note is therefore a crucial milestone and provides absolute clarity on the matter, and provides a sense of certainty for the more than 1.27 million beneficiaries who form a crucial part of our business .

This Note makes it clear that Discretionary Collective Enterprises are not only tolerated but actively encouraged and that -- so long as they are correctly structured -- they are important vehicles for Black Economic Empowerment. We offer our thanks to the Minister of Trade, Industry and Competition for providing this much needed clarification and we trust that the B-BBEE Commissioner will take hands with us and will be guided by the Note in all her actions and determinations.

Kagiso Trust trustee Rev Frank Chikane stated:

“We thank the Minister for understanding that organisations such as ourselves are an important and critical partner, along with government, private sector and society, in eradicating poverty. For many years Kagiso Trust has been resolute in our drive to overcome poverty through quality education for all and economic transformation. It is for this reason that we have deliberately chosen to work with, and in rural, under-resourced communities.”

MIC CEO, Mary Bomela stated:

“We have engaged extensively with the DTIC, Minister Patel and the BEE Commission over the past two years to resolve the impasse that the interpretation of the BEE Codes has created for trusts such as ours with respect to their black ownership status. I would like to thank the Minister and his team for their engagement and support, and strongly believe that the practice note will put to rest any uncertainty as to the black ownership credentials of such BBOS – allowing the BEE Commission to focus on fighting the real scourge of fronting. MIC looks forward to being able to focus on our core

business of transacting and continue building the asset based that has allowed the MIT to economically empower thousands of beneficiaries over the past 26 years.”

Ditikeni Chairperson Sahra Ryklief says:

“We are very pleased with the practice note on broad based empowerment issued yesterday. This will surely put to rest any reservations about the status of genuine broad based entities such as Ditikeni. I am sure our investment partners and potential partners will also welcome this clarity. We are grateful to both the Minister and the DTIC itself for their progressive response on this matter.”

Issued by:

- Ditikeni
- Mineworkers Investment Corporation
- Kagiso Trust
- WDB Investment Holdings
- Women Investment Portfolio Holdings (Wiphold)