



THE BIDVEST CHARTER

Introduction

BEE at Bidvest is about sustainable transformation and genuine BEE influence. By broadening the economic wealth base of South Africa, through job creation, skills development, and the increased participation of black people, both within the economy of the country and internationally, a more stable economic environment and a larger market within which to do business, will be created.

We are committed to working in consultation with government, the private and public sectors and civil society to achieve these broad socio-economic objectives.

Bidvest believes that:

- BEE is a national, social, economic and business imperative;
- all stakeholders in South Africa should voluntarily adopt BEE processes in order to ensure social and economic transformation in South Africa and, consequently, greater economic growth and stability for all; and
- empowerment should not be determined by percentages alone. Rather it should be measured on the rand value of projects and wealth created, educational initiatives and skills development.

The current charter and scorecard initiatives occur within the formal sectors of the South African economy. Ultimately, BEE and economic transformation cannot be confined to the formal sector only. Sustainable economic transformation needs to ensure that policies are developed that also address the needs of the informal sector.

This charter is a dynamic guiding document to implement transformational activities at Bidvest. We will continue to update and review our position as dynamics on the regulatory front and external environment dictate.

Framework

In November 2003, Bidvest, together with its BEE partner, Dinatla Investment Holdings (Dinatla), began a process towards the development of *The Bidvest Charter* and the BEE Implementation strategy for the Group. "The Group" within the context of the charter refers to the South African operations only.

The Bidvest Charter reflects Bidvest's vision for BEE over the next five to ten years, as well as the signatories' undertakings and commitments to the seven key indicators of government's broad-based BEE strategy as contained in the Broad-Based Black Economic Empowerment Act and the Balanced Scorecard. The signatories to *The Bidvest Charter* represent the members of the Bidvest board of directors, the executives of Bidvest, and the management of Bidvest subsidiaries.

The Bidvest Charter constitutes an enterprise-based charter, which Bidvest has defined and adopted voluntarily because of a commitment to BEE and to sustainable economic and social transformation. Whilst certain Bidvest subsidiaries fall within sectors for which BEE charters are currently being defined, the Group represents a significant number of business units that operate within many different industrial and economic sectors.

Bidvest wishes to define a vision and an overall commitment to BEE and economic transformation to which all of its subsidiaries and internal stakeholders could commit, in addition to their adherence to sector specific BEE charters.

The Bidvest Charter was formulated after consultation with government.

Commitment to BEE

Bidvest is committed to achieving the following transformation objectives:

Direct empowerment

Bidvest is committed to achieving meaningful BEE equity ownership that will result in significant and genuine BEE influence and participation, and will strive to increase black representation at board level, within senior management and throughout the Group.

Equity ownership

The broad-based Dinatla consortium holds a 15% equity ownership in Bidvest, constituting significant influence and value for BEE. Dinatla is the single largest shareholder. At the time of the transaction the shareholding had a value of approximately R21 billion.

Given the size of Bidvest and the number of sectors in which Bidvest operates, both locally and internationally and over which the BEE partners would have influence, we believe that the 15% equity ownership, both in terms of value and influence, has significantly more reach than would be the case in many smaller BEE transactions, where percentage equity ownership may be greater.

The BEE transaction is at the holding company level, including both the local and offshore operations of Bidvest. If the Dinatla BEE consortium had bought into the South African operations only, at the same transaction value, the total percentage BEE direct and indirect ownership would be in excess of 50%.

Regional BEE companies whose activities cover South Africa, form part of the Dinatla consortium. All engage operationally on the ground with Bidvest subsidiaries to pursue business opportunities.

Due to the broad-based nature of Dinatla's shareholders, the equity ownership in Bidvest and the economic benefits that arise out of the partnership will realise value for a large number of HDIs, small businesses and communities.

Boards and management

Bidvest believes that black representation at both board level and within senior management is vital to ensure that HDI executives form part of both the strategic and operational decision-making processes within the Group. The Bidvest Dinatla BEE partnership is structured in such a way that Dinatla has immediate voting rights and corresponding board representation. As part of the partnership with Dinatla, eight key HDI executive positions have been identified. These positions involve operational and strategic decision-making functions, which further extend BEE operational involvement and influence.

Bidvest commits to increasing the number of black individuals on our boards, board committees and top management.

Human resources development and employment equity

Employment equity

Bidvest commits to increase the representation of black people across the management, technical and professional categories. We have a strong commitment to ensuring that the Group becomes demographically representative of South Africa at all levels within the organisation. In order to achieve this, we are committed to the effective rollout of successful and integrated employment equity and skills development programmes that will result in greater participation by black staff throughout the Group.

We are committed to continuing to recruit black candidates throughout the organisational structures in compliance with our statutory employment equity plans.

We commit to increasing the representation of black people and women across the management, technical and professional categories within the Group, as separate from the top management targets.

Skills development

As part of the partnership with the Dinatla consortium, The Bidvest Dinatla Trust has been established to benefit Bidvest employees, particularly black staff and their dependants.

In addition, Bidvest will:

- continue to comply with the targets outlined in our statutory skills development plans;
- identify black talent and develop fast-tracking programmes for their benefit;
- implement succession planning strategies to ensure the movement of black candidates into management positions;
- implement retention strategies for black employees;
- develop mentorship programmes for the benefit of black employees;
- set targets for black representation at all levels within the Group; and
- ensure that sufficient funds are invested in skills development within the next five years

Indirect empowerment

Preferential procurement

We are committed to ensuring that our business units pursue policies to utilise black-owned and black-empowered enterprises, wherever practicable. As such we commit to increase procurement from BEE companies (with Dinatla constituents as first choice, wherever feasible).

Enterprise development

Bidvest is committed to encouraging enterprise development for BEE entities. Progress on enterprise development will be measured by calculating the value of the enterprises as a percentage of funds employed.

As part of Bidvest's commitment to promoting enterprise development, we subscribe to:

- engaging with financial institutions to negotiate favourable financing terms for our small BEE suppliers;
- providing BEE suppliers with favourable credit and payment terms;
- where feasible, offering mentorship and advice to small BEE suppliers to ensure effective skills transfer and sustainability;
- developing BEE supplier databases to assist with the marketing of their goods and services; and
- jointly contracting, where applicable, with BEE enterprises for certain projects.

Enterprise specific initiatives

Corporate social investment (CSI)

Our aim is to support the communities in which we operate and to assist in the upliftment of black individuals and/or groups in those communities. The allocation of CSI will be closely aligned to business strategy and, in addition to our annual spend target, the success of our CSI projects will be measured in terms of their sustainability and their mutually beneficial impact for both the Group and the communities within which we operate.

The Bidvest Dinatla Trust

The Bidvest Dinatla Trust has been founded to serve the educational and social needs of Bidvest employees, their dependants and their communities. The Trust will have a strong black focus. Initiatives may include, but will not be limited to: skills development, educational support, family support, health interventions and community development. Bidvest will provide initial funding of R1 million per annum to facilitate Trust initiatives until the Trust itself produces income. Progress will be measured on the number of accredited learnerships achieved by beneficiaries in any given year. The Bidvest Dinatla Trust forms part of our CSI programme where our targeted investment is 1% of pre-tax profits.

Implementation, monitoring and evaluation

In order to monitor and measure progress in terms of *The Bidvest Charter*, the Board, the executives and management of Bidvest have committed to:

- using the scorecard approach to monitor the performance of all Bidvest subsidiaries;
- making BEE targets defined by subsidiaries an integral part of performance evaluation for all line managers;
- conducting a survey of the BEE profiles of our client and supplier networks using the scorecard approach;
- developing a common format for reporting on BEE progress for all line management within Bidvest. These reports from management will be submitted semi-annually, providing a retrospective assessment against targets together with detailed implementation strategies to achieve targets for the following period;
- ensuring that the transformation committee consisting of both executive and non-executive board members monitor and report on progress of BEE within the Group;
- ensuring that the management working committee, consisting of senior management representatives from all key Bidvest divisions, ensures effective communication of and execution of BEE policies within the Group to the Board;
- commissioning an external BEE ratings agency to conduct BEE ratings of all major Bidvest business units to ensure transparency, consistency and conformity;
- commissioning an external impact assessment survey on the sustainability of SMEs benefiting from enterprise development;
- devising an effective communications strategy for the benefit of both internal and external stakeholders to inform them of *The Bidvest Charter* and BEE policies as well as progress in the implementation of these policies;
- producing and distributing documentation for use by Bidvest staff that outlines *The Bidvest Charter* and Bidvest BEE policies; and
- identifying and acquiring appropriate technology to streamline the tracking and measurement of BEE progress across the organisation.

Notwithstanding the targets set for the Group as a whole, each business unit will use its existing BEE position as a base from which to monitor improvements.