

Ownership

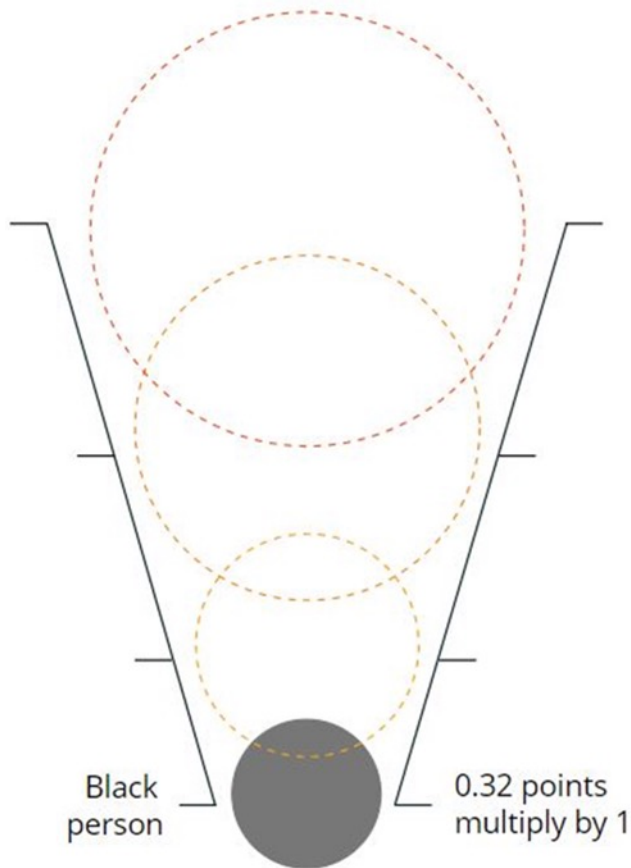


- Quiver Tree Capital, founded in 2013, is a Johannesburg based structuring and advisory firm
- We have a specific focus on the provision of empowerment related solutions for our corporate clients, which include:
 - Multinationals
 - Family owned; and
 - Privately held businesses
- Our solutions, encompassing Ownership and ESD, are commercially driven and efficient
- Quiver Tree is a Majority Black, more than 30% Black Woman Owned, Level 2, Qualifying Small Enterprise

Ownership (Generic Scorecard)

Indicator	Description	Target	Points
Voting Rights	Black person	25%	4
	Black woman	10%	2
Economic Interest	Black person	25%	4
	Black woman	10%	2
	Designated Group	3%	3
	New Entrant	2%	2
Net Value Transfer	Realisation points	100%	8
Total Points			25

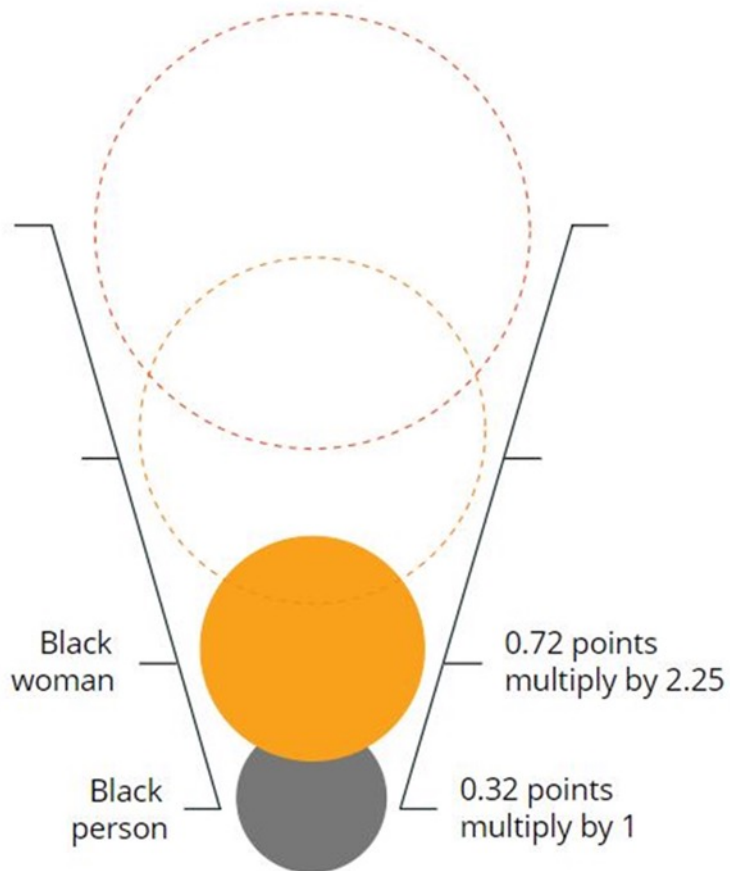
1% of equity held by a Black person



Indicator	Description	Target	Points
Voting Rights	Black person	25%	0.16
	Black woman	10%	
Economic Interest	Black person	25%	0.16
	Black woman	10%	
	Designated Group	3%	
	New Entrant	2%	
Net Value Transfer	Realisation points	100%	0
Total Points			0.32

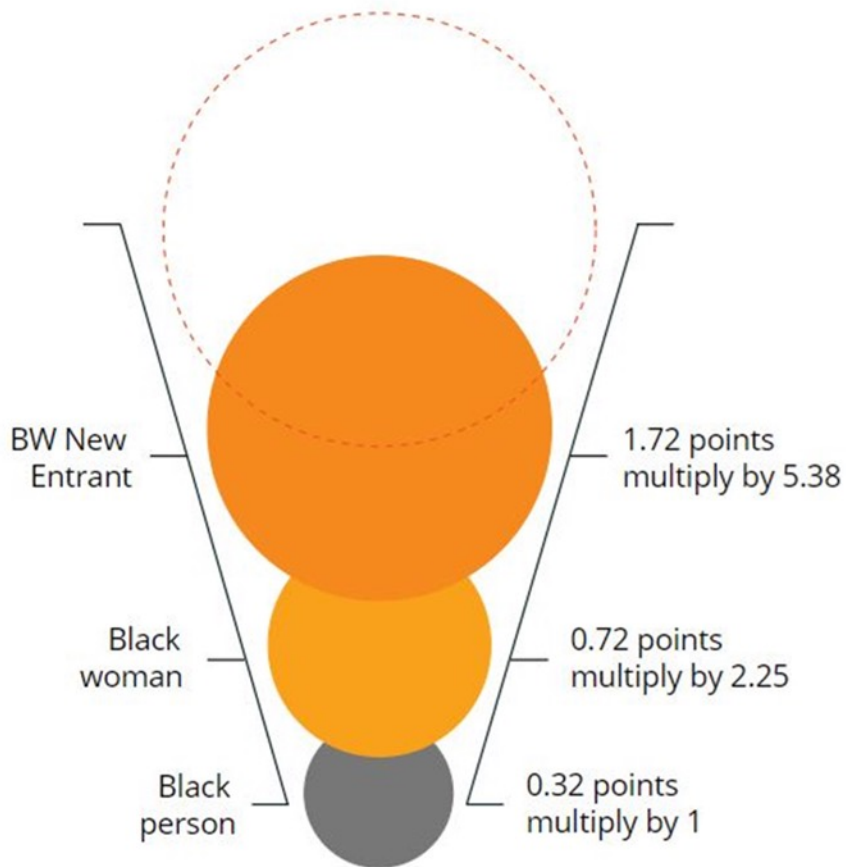
* The definition of a Black person does not entail recognition under any other descriptor. Here it means a Black man who does not qualify for recognition under any other Ownership category.

1% of equity held by a Black woman



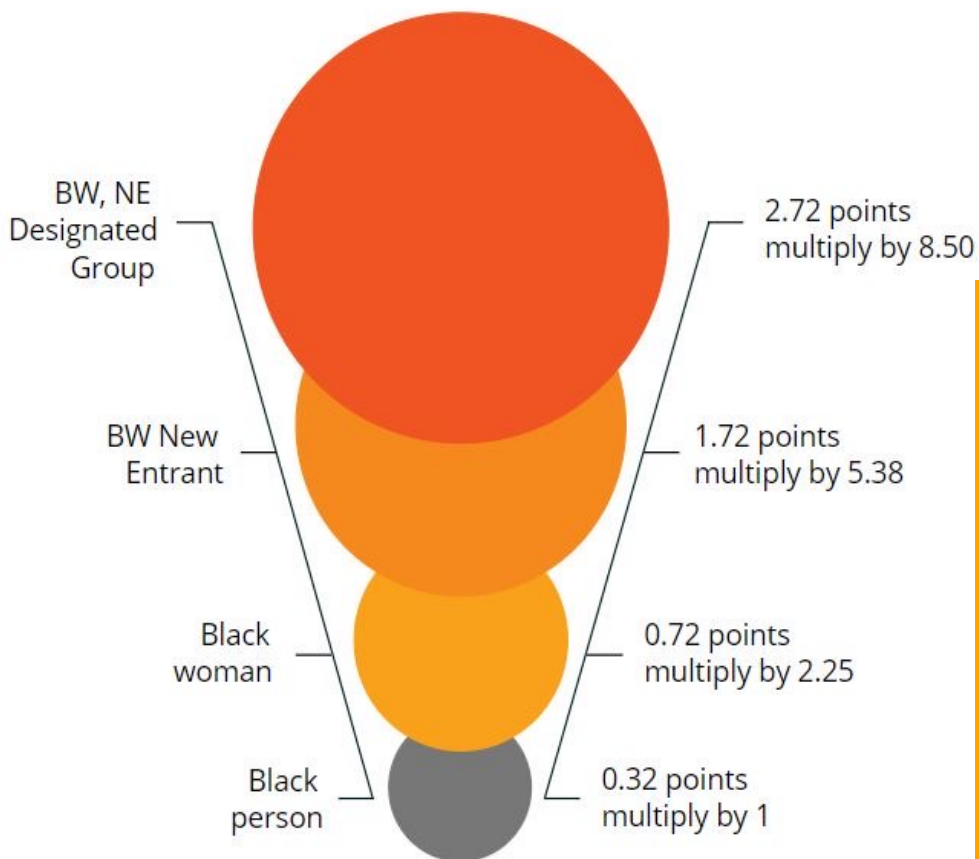
Indicator	Description	Target	Points
Voting Rights	Black person	25%	0.16
	Black woman	10%	0.20
Economic Interest	Black person	25%	0.16
	Black woman	10%	0.20
	Designated Group	3%	
	New Entrant	2%	
Net Value Transfer	Realisation points	100%	0
Total Points			0.72

1% of equity held by a Black woman, New Entrant



Indicator	Description	Target	Points
Voting Rights	Black person	25%	0.16
	Black woman	10%	0.20
Economic Interest	Black person	25%	0.16
	Black woman	10%	0.20
	Designated Group	3%	
	New Entrant	2%	1.00
Net Value Transfer	Realisation points	100%	0
Total Points			1.72

1% of equity held by a Black woman, New Entrant from a Designated Group



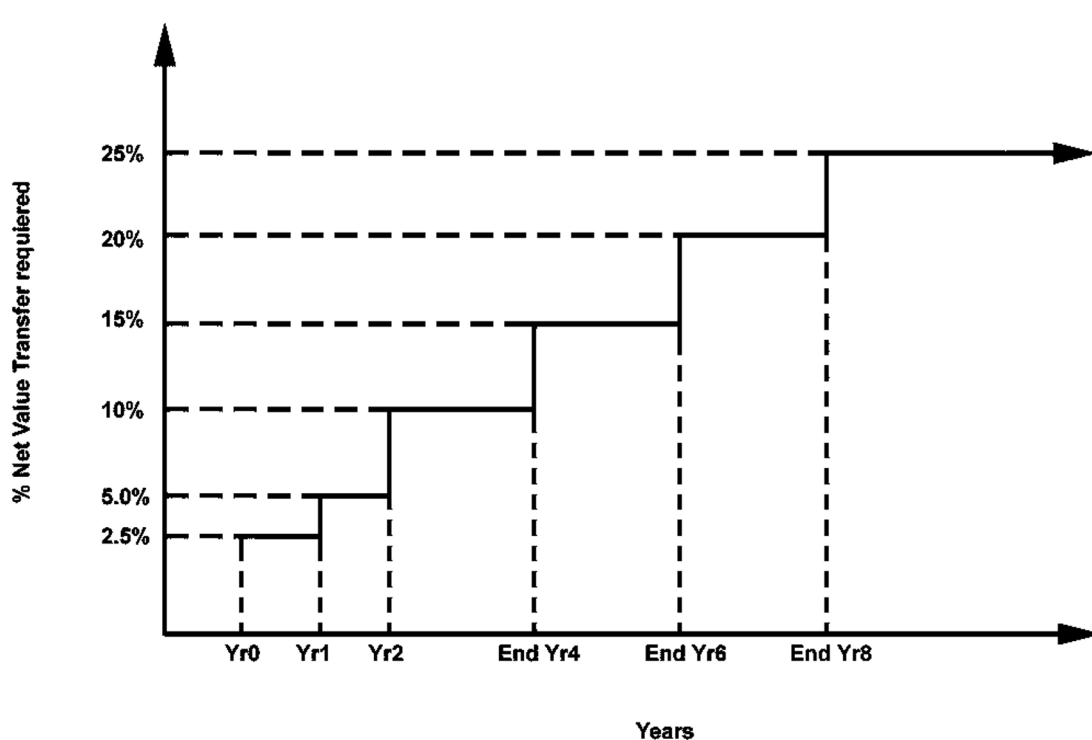
Indicator	Description	Target	Points
Voting Rights	Black person	25%	0.16
	Black woman	10%	0.20
Economic Interest	Black person	25%	0.16
	Black woman	10%	0.20
	Designated Group	3%	1.00
	New Entrant	2%	1.00
Net Value Transfer	Realisation points	100%	0
Total Points			2.72

Net Value Transfer (“NVT”)

- NVT is the Priority Element of the Ownership component and if the 40% sub minimum is not met then the entity is discounted an empowerment level
- NVT is measured according to the lower of two formulae, Formula A and Formula B.
- Formula B requires companies to transfer a targeted portion of their Equity Value of the Black shareholders as a percentage of the ultimate target.
 - This target is 25% for companies subject to the Generic Scorecard
 - The target applies from the inception of the Ownership transaction

Net Value Transfer (“NVT”) step function

- Formula A requires companies to transfer a targeted portion of their Equity Value to the Black shareholders unencumbered and free of debt over a period of eight years:
 - This is known as Deemed Value
 - The target for Deemed Value is a stepped function increasing annually over the eight-year period (Time-Based Graduation Factor)
 - As per the diagram below



Ownership features in two places

- Ownership features in the Ownership element of the Codes
 - Target percentages of Voting and Economic rights are assigned to different groups
 - Points are awarded in proportion to the percentage of the target achieved
- Ownership also features in the Preferential Procurement element of the Codes
 - A sub-section of Enterprise and Supplier Development (Statement 400)
- Preferential Procurement is the currency of B-BBEE and how it ripples through the economy, interestingly Ownership also features in this Priority Element
- The Preferential Procurement table stipulates that we need to trade with companies that have certain Ownership attributes
- A target spend is provided, as a function of Total Measured Procurement Spend (“TMPS”), and points are allocated as a proportion of spend achieved (please refer to following procurement table)

Preferential Procurement & Ownership

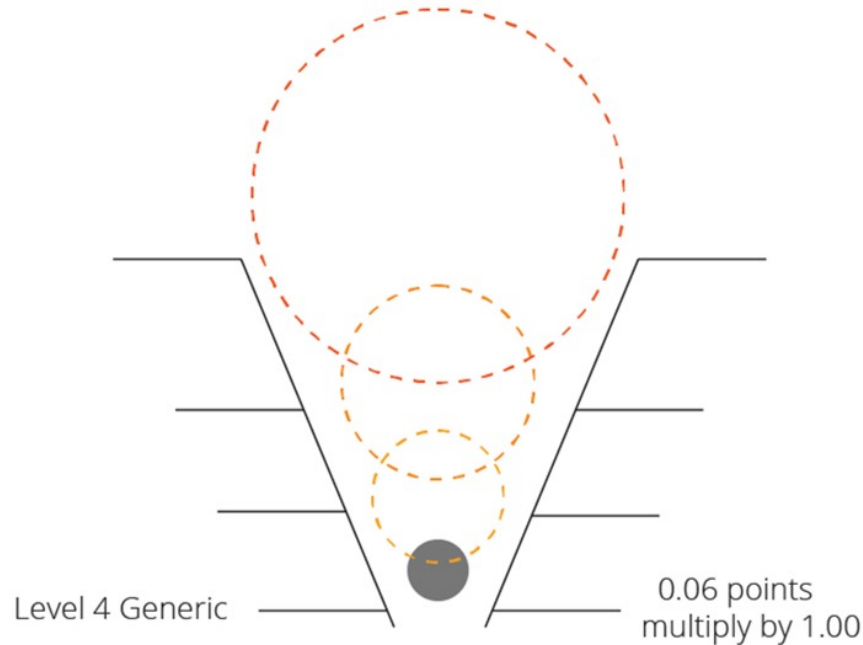
Criteria	Target Spend	Points
Empowering Supplier	80%	5
Qualifying Small Enterprise	15%	3
Exempted Micro Enterprise	15%	4
≥51% Black Owned	50%	11
≥ 30% Black Woman Owned	12%	4
≥ 51% Designated Group* Owned (Bonus Points)	2%	2
Total Points		29

Points Calculation: Spend Recognition x (% TMPS Spent / Target Spend x Points) = Points earned

* Designated Group includes Underdeveloped Rural, Unemployed, Disabled, Youth and Military Veterans

- A company with an optimal ownership composition will deliver maximum Preferential Procurement points to its clients
- A company that is Majority Black Owned of which more than 30% is Black Woman Owned will deliver almost 12 times more Preferential Procurement points than a competitor of the same level that is 26% Black Owned

1% of spend with a Level 4 Empowering Supplier

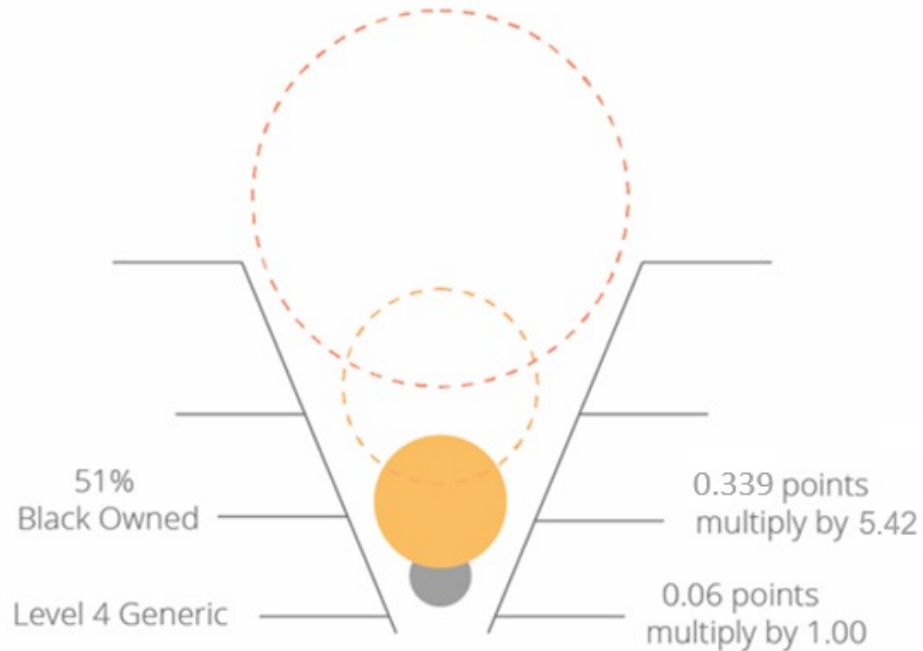


$$1\% \times 100\% / 80\% \times 5 = 0.0625$$

Total points: 0.0625

Criteria	Target	Points
Empowering Supplier	80%	0.0625
Qualifying Small Enterprise	15%	
Exempted Micro Enterprise	15%	
≥ 51% Black Owned	50%	
≥ 30% Black woman Owned	12%	
≥ 51% Designated Group Owned (BP)	2%	
Total Points		0.06

1% of spend with a Level 4 Majority Black Owned Empowering Supplier



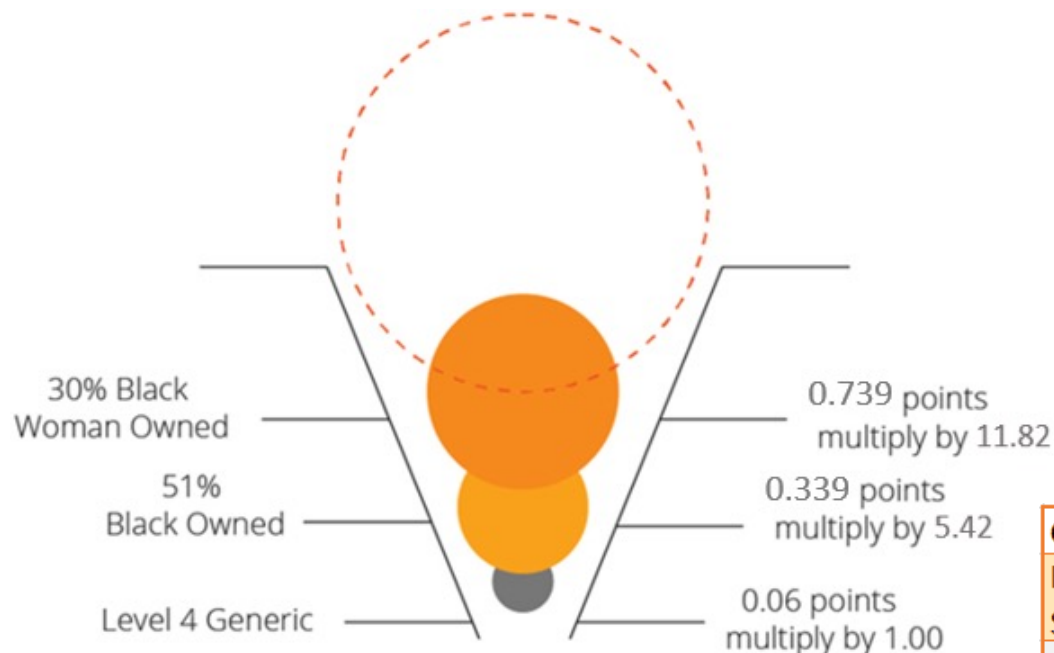
$$1\% \times 1.2 \times 100\% / 80\% \times 5 = 0.075$$

$$1\% \times 1.2 \times 100\% / 50\% \times 11 = 0.264$$

Total points: 0.339

Criteria	Target	Points	Factor of 1.2
Empowering Supplier	80%	0.0625	0.075
Qualifying Small Enterprise	15%		
Exempted Micro Enterprise	15%		
≥ 51% Black Owned	50%	0.22	0.264
≥ 30% Black woman Owned	12%		
≥ 51% Designated Group Owned (BP)	2%		
Total Points		0.2825	0.339

1% of spend with a Majority Black Owned, ≥ 30% Black woman Owned Empowering Supplier



$$1\% \times 1.2 \times 100\% / 80\% \times 5 = 0.075$$

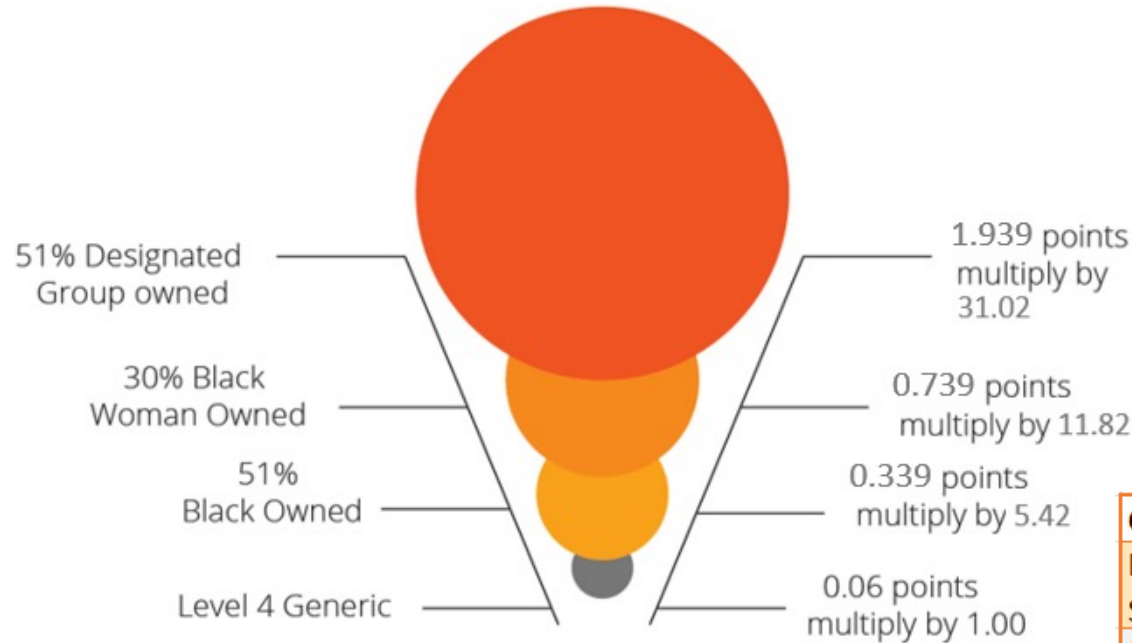
$$1\% \times 1.2 \times 100\% / 50\% \times 11 = 0.264$$

$$1\% \times 1.2 \times 100\% / 12\% \times 4 = 0.4$$

Total points: 0.739

Criteria	Target	Points	Factor of 1.2
Empowering Supplier	80%	0.0625	0.075
Qualifying Small Enterprise	15%		
Exempted Micro Enterprise	15%		
≥ 51% Black Owned	50%	0.22	0.264
≥ 30% Black woman Owned	12%	0.33	0.4
≥ 51% Designated Group Owned (BP)	2%		
Total Points		0.6125	0.739

1% of spend with a Majority Black Designated Group Owned, ≥ 30% Black woman Owned, Empowering Supplier



$$\begin{aligned}
 &1\% \times 1.2 \times 100\% / 80\% \times 5 = 0.075 \\
 &1\% \times 1.2 \times 100\% / 50\% \times 11 = 0.264 \\
 &1\% \times 1.2 \times 100\% / 12\% \times 4 = 0.4 \\
 &1\% \times 1.2 \times 100\% / 2\% \times 2 = 1.2 \\
 &\text{Total points:} \quad 1.939
 \end{aligned}$$

Criteria	Target	Points	Factor of 1.2
Empowering Supplier	80%	0.0625	0.075
Qualifying Small Enterprise	15%		
Exempted Micro Enterprise	15%		
≥ 51% Black Owned	50%	0.22	0.264
≥ 30% Black woman Owned	12%	0.33	0.4
≥ 51% Designated Group Owned (BP)	2%	1.00	1.2
Total Points		1.6125	1.939

The Power of Ownership

- As mentioned, a company with an optimal Ownership composition (Majority Black, of which 30%+ is Black Woman, Owned) delivers
 - Almost 12 times (1,200%) the number of Preferential Procurement points than a competitor of the same level that is 26% Black Owned
 - Compare this to the 35% pick up between a Level 1 and a Level 4
- A Level 8 company with optimal Ownership composition delivers more than a 26% Black Owned Level 4 contributor
- Level is insignificant when compared to Ownership composition

What commercial imperative is addressed?

- Compliance with the Ownership element alone primarily impacts Level
 - Which has an impact on procurement spend recognition %
 - Level 8 to Level 4 equates to a 10x pick up (10%-100%)
- An optimal Ownership composition delivers a further 12x pick up at the same Level
 - This is a **120x** pick up from the starting point of a Level 8 vs Level 4
- A suppliers Level is relatively un-important, its Ownership composition is fundamental
- This is more significant when evaluating the competitive Landscape

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