

## **The Ince B-BBEE Journey**

The current shareholders of Ince are The Alban George Atkinson Trust which owns 74% and Caxtons Limited which owns 26%.

In 1990, Ince and the Communications Workers Investment Company, CWIC formed a joint venture company called CWINCE (Pty) Limited. This was long before the new South African Constitution was incorporated and before B-BBEE was legislated. Today, under the current legislation, CWINCE would be viewed as an Enterprise Development company, but at the time, it was seen as a front, and when the new legislation came in, we unwound the structure and partnered with Siyavuka Media (Pty) Limited which was majority owned by the SADTU investment company. Siyavuka acquired 25.1% in Ince.

In both our Western Cape and KZN branches we initiated two Enterprise Development companies whereby Staff from the two regions acquired the printing plant and equipment from Ince and two new ventures were born, Inyosi Printers and Impressum Print Solutions.

Siyavuka, our 25.1% BEE Shareholders of eleven years, found themselves in a situation whereby they were unable to meet their funding obligations for the shares they held despite a three-year extension having run its course. They requested an exit from their shareholding and obligations and following a valuation, the original Vendors were obliged to buy back the shares at a premium to facilitate this particular transaction. In addition, their three representatives also had to resign their Non-Executive positions from our Board of Directors.

Having initiated two equity transformation transactions over 28 years as well as three enterprise development ventures, Ince has demonstrated its commitment to the transformation of the South African business landscape and has demonstrated its belief in this process by investing in 1990, long before the new SA came into being.

Many lessons have also been learnt during this time and in 2016, we embarked on what we believe was a more sustainable transaction with qualifying Ince Staff who had over 5 years' service with the company and together we formed a trading company, IsiQhingi (Pty) Limited who would focus on reporting in the Public Sector for State Owned Entities and other such public sector organisations.

The Shareholders of IsiQhingi are funding their individual shareholding investments and the company specialises in stakeholder communications in the Public Sector. Ince specialises in stakeholder communications in the Public Listed Company Sector.

IsiQhingi was given an irrevocable right to acquire a 25.1% shareholding in Ince subject to the first 12 months of trading results.

In March 2018, the Ince Board evaluated the trading results of IsiQhingi and although progress had been made, it was decided to rather build the Ince brand in the Public Sector and to convert IsiQhingi to a holding company to hold its stake in Ince.

At this time, Caxtons advised the Ince Board that it was creating a Private Equity Media Fund that would be managed by Sigma Capital, a Black owned Private Equity company and it was placing its 26% shareholding in Ince, plus other investments into this fund and as a result this 26% shareholding would in future be classified as Black owned.

Ince operates in the ICT Sector and the ICT Charter sets a 30% Black owned target for shareholding. The Alban George Atkinson Trust has sold a 4% stake in Ince to IsiQhingi and together with the 26% stake managed by Sigma Capital, Ince will have reached the ICT Sector target of 30% Black shareholding. The IsiQhingi shareholding transaction has been completed and Caxtons are in the process of finalising this transaction which is anticipated will be completed by 31 January 2019. Please see attached letter from Paul Jenkins the Non-Executive Chairman of Caxtons confirming this transaction.

Currently Ince hold a Level 8 BBBEE certificate. Ince achieved a Level 7 score in the latest rating, but due to the fact that the ownership transactions had not taken place at the time of rating, our Level was automatically downgraded in terms of the Code to a Level 8.

After the completion of the Caxtons and IsiQhingi transactions we anticipate achieving a Level 5 rating. In terms of the code we can apply for a re-rating as soon as this transaction is complete and we will apply for this in February 2019.

The area in the Code that we are working hard at to improve our score is in Management Control. To this effect we have subscribed to the Yes4Youth initiative launched by the President earlier this year and recently gazetted regulations in the Government Gazette. In February 2019, 9 Black Management Graduates are joining Ince to create the pipeline for candidates for appointment into Management positions that will over time assist in improving our Management Control scoring. In terms of the Yes4Youth code, a subscribing company who meets the criteria will automatically increase its rating by one level. At the time of our next rating in September 2019 we will achieve a Level 4 score.