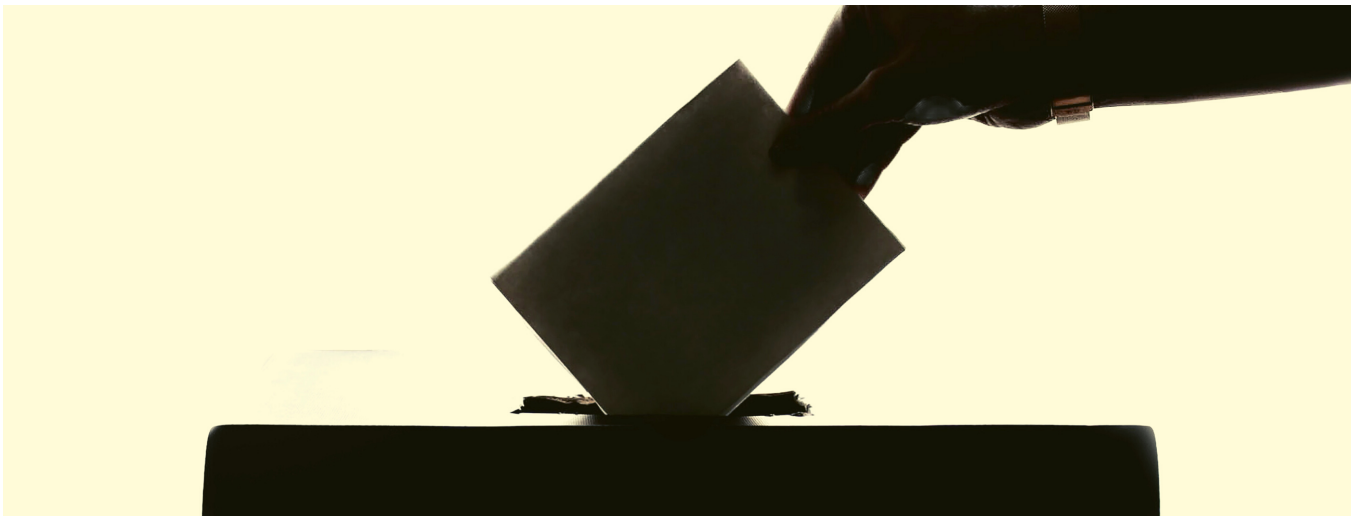




# BEECOMING OWNERSHIP COMPLIANT: ECONOMIC INTEREST

A SERIES OF WEEKLY ARTICLES COVERING B-BBEE OWNERSHIP



## OTHER TOPICS INSIDE THIS ISSUE:

*Ownership Scorecard*

## Economic Interest Explained

*Written by Inge Mager, Senior Legal Advisor*



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Email

[info@npiconsulting.co.za](mailto:info@npiconsulting.co.za)

[www.npiconsulting.co.za](http://www.npiconsulting.co.za)

The Ownership element counts for 25 points on the BEE scorecard. Economic interest counts for 11 of the 25 ownership points and is broken down as follows: 4 points for an economic interest held in the hands of Black people, 2 points for an economic interest held in the hands of Black women, 3 points for an economic interest held in the hands of Broad-Based participants (designated groups, employee schemes, broad-based ownership schemes, and co-operatives) and 2 points for an economic interest held by Black New Entrants



Economic Interest means a claim against a company representing a return on ownership and is similar to a dividend right. Economic interest is measured using the Flow-Through and, where applicable, the Modified Through Principles. These principles will be elaborated on in another article.

There is some debate on the interpretation of the definition of Economic Interest and whether it includes the capital value in addition to rights akin to dividends. The Mining Charter, 2018, for example, includes the capital value in shares in the definition of Economic Interest as well as a right to dividends – some argue that capital value is addressed in Net Value and others say it must also be included in Economic Interest.

INDICATOR	DESCRIPTION	WEIGHING POINTS	COMPLIANCE TARGET
VOTING RIGHTS	Voting for Black People	4	25% + 1 VOTE
	Voting for Black Women	2	10%
ECONOMIC INTEREST	Economic Interest to Black People	4	25%
	Economic Interest to Black Women	2	10%
	Black Designated Groups Black People in ESOP Black People in Broad-Based Schemes Black participants in Co-operatives	3	3%
	New "Black" Entrants	2	2%
REALISATION POINTS	Net Value	8	
<b>TOTAL</b>		<b>25</b>	

### Ownership scorecard

NPI Governance Consulting is an established ISO9001 accredited B-BBEE Advisory firm offering and delivering end-to-end B-BBEE services to all market sectors.

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Contact details: IQ Business Park, Block Q5, No. 3 3rd Avenue, Rivonia, Johannesburg, Republic of South Africa  
tel: (+27) 011 259 4018 email: [info@npiconsulting.co.za](mailto:info@npiconsulting.co.za) website: [www.npiconsulting.co.za](http://www.npiconsulting.co.za)