



THE
TRANSFORMATION
LENS

Black Ownership on the JSE during the first three decades of democracy

Launch Presentation by Duma Gqubule

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Introduction

The genesis of the report

- In my first job, I interviewed New Africa Investment Limited (Nail) chairman Dr Nthato Motlana in a dingy office above a used car dealership in Eloff street. Nail was the first black controlled company to list on the JSE
- He had just sold some of Nail's MTN shares to finance the purchase of the Sowetan newspaper. I told him I did not think it was a great decision because the Sowetan was not a good newspaper. He said: "I tell Aggrey Klaaste that all the time." Klaaste was editor of the Sowetan. Later he was quoted saying "Sowetan makes profit now. The cellular networks will not make money for a long time."
- The last interview, just before he left, was in a posh office in Sloane street in Bryanston. Cyril Ramaphosa, Dikgang Moseneke and Zwelakhe Sisulu were in the office. I asked him where Jonty Sandler was
- I asked him: "Nail controls assets worth R20 billion but black people only have an economic interest of 2%. What will you do to narrow this gap. He replied: "That is an issue that the next generation will address."
- This early example of BEE shows that there is always been a difference between form and substance when it comes to BEE transactions. I have always been fascinated by this issue
- This report cuts through the smoke and mirrors of BEE deals.



Introduction

The genesis of the report

- South Africans have become confused by the dramatic differences between reported figures about black ownership on the JSE over the past decade
- From 2010 to 2013, the JSE published a report on black ownership that started an annual ritual of statistical mudslinging
- In his 2015 SONA, Jacob Zuma said: “The black majority still owns only 3% of the JSE.”
- The following day the JSE released its study. It said black people owned 23% of JSE, including 10% directly and 13% indirectly (through pension and provident funds).
- In a statement, Zuma said: “The President stands by his assertion, which was based on the measure used by the NEF to assess direct black ownership of the economy, using the JSE as a proxy.”
- The JSE responded: “Insofar as the direct investment we roughly concur that the holding is 3%. When direct and indirect holdings are included ...the figure is 23%.” The statement made no sense because the earlier one said 10%



Introduction

The genesis of the report

- In 2015, Intellidex found that there was black ownership of R209 billion within the JSE Top 100 companies at the end of December 2014. This was 1.9% of the JSE's market capitalisation
- In 2017, a report that was commissioned by National Treasury found that there was black ownership of 1% within the Top 25 JSE-listed companies at the end of December 2016.
- In 2022, the BEE Commission said JSE companies had black ownership of 39%. If one applies the finding to the JSE's market capitalisation of R20.5 trillion at the end of December 2021, it implies that black people owned assets worth R8 trillion which is impossible and should not be debated.
- Pick n Pay has never implemented a BEE transaction. Its 2025 BEE certificate shows that it had black ownership of 22.18%. Nedbank's 2024 annual report showed that it had 0.6% black ownership. Yet, its 2025 BEE certificate showed that it had black ownership of 36.59%.



Introduction

The genesis of the report

- Recently there has been a proliferation of **fake statistics and urban legends** about black ownership on the JSE that have polluted the national debate
 - R1 trillion was transferred to 100 politically-connected people by 2008 (Prof Gumede)
 - 46 politically connected people got 60% of BEE deals in mining by 2014 (Prof Gumede)
 - Solidarity said R1 trillion to R2 trillion had been transferred to black people since 1994



Objectives

Present the most comprehensive analysis of black ownership over 30 years

- Change the narrative about BEE
- Accurately document what happened during the first three decades of democracy
- Present accurate statistics of black ownership within the JSE Top 60 companies at the end of December 2024.
- Measure actual black ownership as disclosed by companies in their own annual reports at the end of December 2024
- Inform debates during the dtic's current review of BEE
- Make recommendations on the way forward and how to kickstart a fourth phase of transactions



Report overview

Comprehensive 90-page page report

- Introduction
- Historic overview from late 19th century discovery of minerals
- Post-1994 corporate restructuring
- BEE transactions from 1994 to 2024. The three phases of BEE transactions
- The measurement of black ownership
- Black ownership within the JSE Top 60 companies
- Conclusion and recommendations



Appendices

Further analysis of black ownership

- Market capitalisation of JSE Top 60 companies
- Value of SA assets of JSE Top 60 companies
- Black ownership within JSE Top 60 companies (level of listed companies)
- Black ownership within JSE Top 60 companies (level of unlisted companies)
- Black ownership within the mining sector (14 companies within JSE Top 60 companies)
- Black ownership within the finance sector (14 companies within JSE Top 60 companies)
- Black ownership by broad-based ownership schemes, ESOPs and strategic black partners
- PIC ownership within JSE Top 60 companies, the mining sector and the finance sector



The measurement of black ownership

Under the BEE Codes

- Measurement of black ownership on JSE has lost credibility owing to fatal policy design errors and political compromises the government made when drafting the BEE Codes and sector codes, especially in mining and finance. The government caved in to bullying by powerful companies in mining and finance.
- There is now a voodoo system of accounting for black ownership which provides companies with free BEE points even if they do not transform their ownership structures and inflates the scores of all JSE-listed companies.
- Companies can exclude mandated investments (by pension and provident funds) and state ownership up to a maximum of 40%. This creates effective target of 15% for listed companies, which choose to exclude mandated investments. Using both rules Telkom's 6% black ownership by the Elephant Consortium became 28%.
- DTIC never explained the rationale for this strange rule



The measurement of black ownership

Under the BEE Codes

- The BEE Codes allow companies, under certain conditions, to get a “competent person’s” report that estimates black indirect ownership in pension and provident funds
 - ✓ In practice Alternative Prosperity does many of these reports. VAs probably have no option but to accept these reports
 - ✓ Creates a “back door” route towards compliance
 - ✓ This is a black box in the BEE codes. Few people know how it is calculated. There is no code or measurement principles about what can and what cannot be counted.
 - ✓ Explains how BAT which has never done a BEE deal can get the full 20 points. Can calculate indirect ownership on its shares that were worth R1.6 trillion and apply the result to its South African assets that were worth R20 billion
 - ✓ Allowing passive indirect ownership to count is a betrayal of the principles of true empowerment, which is to encourage direct ownership by active black shareholders who can influence company strategies



The measurement of black ownership

Under the BEE Codes

- The farce of this policy concession, which explains the bizarre ownership scores of JSE-listed companies, becomes evident when one looks at the PIC, asset manager of GEPF and UIF. The PIC is the government's means of financing its obligations to pay pensions and unemployment benefits. The workers and unemployed do not own the shares.
- GEPF is a defined benefit fund. Workers do not lose money if Steinhoff collapses or make money if Tencent share price soars. Unlike normal shareholders, workers do not benefit from capital appreciation or dividends
- At UIF there is formula to calculate unemployment benefits that is not related to performance of the fund. Unlike real shareholders, GEPF and UIF beneficiaries do not have rights to capital appreciation or dividends
- PIC owned shares worth R1.1 trillion within top 60 JSE companies at end-December 2024, equivalent to 6.7% of the total market capitalisation of these companies
- BEE only applies to SA assets or operations of JSE-listed companies. We must exclude the value of non-South African assets, which were 78.5% of the market capitalisation of the top 60 JSE-listed companies
- PIC shares worth R1.1 trillion were equivalent to 31.2% of the value of South African assets worth R3.7 trillion. This is well above the 25% target in the BEE Codes



The measurement of black ownership

Under the BEE Codes

- If one adds the 31.2% PIC ownership to 6.9% finding in this paper the result is 38.1% for 2024, almost same as BEE Commission finding of 39% in 2022
- This means that companies can get free points and full compliance in many cases for doing nothing to transform their ownership structures
- Major contributor to inflated scores of listed companies, which have destroyed the credibility of BEE certificates and made the measurement of empowerment a joke.
- Back door route towards compliance rewards companies for doing nothing.
- Should not reward companies for the PIC's ever-increasing assets which doubled to R3.7 trillion in 2025 from R1.8 trillion in 2015. This may incorrectly signal an increased level of compliance.



The measurement of black ownership

Under the mining charter

- The once empowerment, always empowered principle in mining makes a mockery of transformation
 - Analogy to explain absurd principle is that companies can continue to recognise black directors in perpetuity after they have left a board. A “whites only” board can count as empowered
 - Lack of a rigorous measurement system and scorecard with clear definitions to reduce the possibility of different interpretations by companies
 - No mechanism to independently verify BEE contributions. Mining is only sector where companies do not have to produce BEE certificates. We have “glorified self assessments.”
 - No indicator to measure and monitor net value. Mining companies consider the signing of a BEE transaction as the achievement of the target. Under the Codes this is a 10-year process, not an event
 - The industry believes in a “voetstoots” sale of production to black shareholders with no obligations to ensure that they transfer net value as is case in rest of the economy



The measurement of black ownership

Under the financial sector charter

- 10% target for ownership, lower than the effective 15% target for JSE-listed companies, which choose to exclude mandated investments.
- Can meet their ownership target through direct ownership (10%) and indirect ownership (15%). Only sector that has explicit target for indirect ownership
- Have a “get out of jail card” that allows them to meet their ownership targets by providing black business growth funding. Odd target for a bank because its core business is to provide funding
- PIC owns shares worth R303 billion in the top 14 finance companies that are within the top 60 JSE-listed companies. This is equivalent to 19.5% of the value of South African assets within the top 14 finance companies
- This means that the average finance company gets full compliance for doing nothing



The measurement of black ownership

Weak incentives for companies to conclude replacement BEE transactions

- For the empowerment process to continue, companies should eventually conclude replacement BEE transactions after the exit of black shareholders. In this way there can be liquidity in empowerment finance and new beneficiaries
- According to continuing consequences principle, companies can retain up to 40% of their points after the exit of black shareholders. But since many transactions have long funding periods, they can retain points for a decade
- In mining, the “once empowered, always empowered principle” has shut the door on replacement transactions. Some companies who are committed to BEE implemented transactions. Exxaro, Impala Platinum and Northam
- In finance, companies can provide black business growth funding to meet their ownership shortfalls. There were replacement transactions at Old Mutual and ABSA. Firststrand, Sanlam and Capitec retained black ownership. But Standard Bank and Nedbank have less than 1% black ownership have not concluded transactions for a decade.
- Have been large replacement transactions in telecommunications where the law requires BEE.
- Dealflow activity reliant on a few companies that are committed to BEE and others who are compelled by the law



The measurement of black ownership

Fake statistics and urban legends

Prof Gumede said R1 trillion had been transferred to 100 politically connected people by 2008

- Means that 100 people received R10 billion, each which is obviously untrue
- Analysis of EY and Dealmakers databases show that there were transactions worth R346 billion between 1994 and 2008. There are four reasons why this is an overestimate
 - Gross (before considering debt) ownership statistics exaggerate black wealth
 - Big difference between gross and net value that accrues to black shareholders. Some transactions never transfer net value (Sasol two transactions worth R44 billion). Others transfer a fraction of net value
 - BEE dealflow statistics during the first phase (1994 to 2002) should be treated with caution because they refer to companies such as Nail and Real Africa that were not black-owned and were fronting for institutions
 - BEE dealflow statistics use an investment banking methodology and count transactions where black people buy shares and those where they sell shares resulting in a reversal of black ownership



The measurement of black ownership

Fake statistics and urban legends

Prof Gumede said 46 politically connected people had secured 60% of BEE deals in mining by 2014

- This was also a fabrication because he twisted the source data – a report by SNG Grant Thornton and RMB – had never made such a claim
- Anyone who has interrogated the data knows that BEE in mining consolidated around Patrice Motsepe's African Rainbow Minerals and Exploration, Siphosiso Nkomo's BE Holdco and Royal Bafokeng Holdings – which accounted for more than 60% of black ownership in 2014



Black Ownership on the JSE at end-Dec 2024

Table 1: The three phases of BEE transactions

	First Phase	Second Phase	Third Phase	1994 – 2024
	(1994 – 2002)	(2003 to 2008)	(2009 – 2024)	
Value of Transactions (Rbn)	73.9	272.4	352.1	698.4
Average Annual Value (Rbn)	10.4	45.4	22.0	25.5
Number of Transactions	359	414	291	1 064
Average Annual Number	51	69	18	39

Black Ownership on the JSE at end-Dec 2024

Table 2: JSE Top 60 market capitalisation

Company		Market Capitalisation	Percentage of market capitalisation	Cumulative percentage of market capitalisation
1	BHP Group	2 335.9	13.6	13.6
2	Prosus	1 863.1	10.9	24.5
3	AB Inbev	1 685.7	9.8	34.3
4	BAT	1 590.8	9.3	43.6
5	Richemont	1 492.3	8.7	52.3

JSE Top 60 companies were worth R17.1 trillion, equivalent to 93% of total JSE market capitalisation

Black Ownership on the JSE at end-Dec 2024

Table 3: JSE Top 60 value of SA assets

	Company	Market Capi (Rbn)	% SA Assets	Value of SA Assets (Rbn)	% of SA Assets	Cumulative % of SA Assets
1	Capitec Bank	363.9	100.0	363.9	9.8	9.8
2	FirstRand	426.1	78.7	335.3	9.1	18.9
3	Anglo American	738.1	32.5	239.9	6.5	25.4
4	Shoprite Holdings	174.1	91.5	159.3	4.3	29.7
5	Standard Bank	367.9	42.0	154.5	4.2	33.9

78.5% of the the value of SA assets are foreign. SA assets are worth R3.7 trillion or 21.5% of total market cap

Black Ownership on the JSE at end-Dec 2024

Table 4: BEE market capitalisation (at listed level)

Company		Market Capitalisation (Rbn)	BEE %	BEE Market Cap	% of BEE Market Cap	Cumulative % BEE Market Cap
1	FirstRand	426.1	7.5	32.0	15.9	15.9
2	Sanlam	183.9	13.8	25.4	12.7	28.6
3	Capitec Bank	363.9	6.6	24.0	12.0	40.6
4	African Rainbow Minerals	33.8	51.3	17.2	8.6	49.2
5	Exxaro	55.2	30.8	16.9	8.4	57.6

Black Ownership on the JSE at end-Dec 2024

Table 5: BEE market capitalisation at unlisted level

Company		Market cap or value (Rbn)	BEE %	BEE market cap or value (Rbn)	% of BEE Market cap or value	Cumulative % of BEE market cap or value
1	Sishen Iron Ore Company	139.4	10.5	14.6	26.8	26.8
2	Shoprite Checkers	159.3	6.9	11.0	20.2	47.0
3	Multichoice South Africa	31.1	25.0	7.8	14.3	61.3
4	Sasol South Africa	36.4	18.3	6.7	12.3	73.6

Black Ownership on the JSE at end-Dec 2024

Table 6: Ownership by broad-based ownership schemes

Company		Investments	Value of Investments (Rbn)
1	Royal Bafokeng Holdings	Firststrand, OUTsurance, Vodacom, Discovery, Northam Platinum and Dischem	36.5
2	Firststrand BEE partners	Firststrand (4.9%)	20.9
3	ABSA CSI Trust and ABSA eKhaya scheme	ABSA (7%)	11.9
4	Sanlam BBOS	Sanlam (6.2%)	11.4

Black Ownership on the JSE at end-Dec 2024

Table 7: Summary of Black ownership within the Top 60 JSE companies

	Value (Rbn)	Percentage of JSE Top 60	Percentage of South African Assets
Black Ownership (Listed)	200.7	1.2	5.4
Black Ownership (Unlisted)	54.5	0.3	1.5
TOTAL	255.2	1.5	6.9

Black Ownership on the JSE at end-Dec 2024

Table 8: Summary of Black ownership within the Top 60 JSE companies

	South African Assets (Rbn)	Percentage of Total	Black Ownership (Rbn)	Percentage of South African Assets	Percentage of Black Ownership
Mining	864.6	23.3	72.5	8.4	28.4
Finance	1 553.4	42.0	124.6	8.0	48.8
Mining and Finance	2 418.0	65.4	197.1	8.0	77.2
TOTAL	3 694.9	6.9	255.2		

Conclusion

Findings

- Though politicians such as Cyril Ramaphosa and Tokyo Sexwale participated in earlier transactions they never accounted for the majority of deal flow (Standard Bank transaction)
- Black ownership of R255bn, equivalent to 1.5% of the top 60 total and 6.9% of South African assets. 77% of black ownership was in mining and banks, which had 8.4% and 8% black ownership, respectively.
- Two-thirds of black ownership on JSE (worth R167.3 billion) was broad-based schemes, including 14 ESOPs worth R40.7 billion, community companies such as RBH (assets of R56 billion in 2024) and public retail schemes such as Phuthuma Nathi which has paid dividends of R19.6 billion since inception in 2006
- Assuming a 15% target, there is an ownership gap of R300 billion. Since it is a moving target the gap could increase significantly over the next decade
- PIC and IDC have provided limited funding for companies to purchase shares on the JSE. PIC provided R32 billion of which R16 billion went to one individual – Jayendra Naidoo – to buy shares in Steinhoff. IDC has funded black participation in Exxaro and Capitec.



Conclusion

Findings

- There are significant policy design failures and political compromises the government made during the drafting of the BEE Codes and sector charters, especially in mining and finance
- Recognition of indirect ownership means that companies get free points and full compliance in many cases even if they do nothing to transform their ownership structures.
- Cannot reward companies for the PIC's ever-increasing assets which doubled to R3.7 trillion in 2025 from R1.8 trillion in 2015. This may incorrectly signal an increased level of compliance.
- Major contributor towards inflated scores of JSE-listed companies. Back door route towards compliance rewards companies for doing nothing.
- Allowing passive indirect ownership to count is a betrayal of the spirit of true empowerment, which is to encourage direct ownership by active black shareholders who can influence company strategies.
- There are weak incentives for companies to get into replacement BEE transactions



Conclusion

Recommendations

- Must redefine BEE for a new era within a new vision and plan to fix a broken economy that is heading for two decades of declining average living standards
- New macroeconomic policy framework with targets for GDP growth and jobs
- There must be a fusion of racial, gender and structural transformation
- SARB, PIC and IDC should start talks on a super fund to finance purchases of shares on JSE
- Developmental targets for banks and non-bank-financial institutions
- Comprehensive review of BEE legislative and policy framework, including ownership



Conclusion

Recommendations

- Mining and finance charters must align with new BEE policy and law
- The review of the BEE Codes must abolish the exclusion of mandated investments, the back door route to compliance through indirect ownership and the modified flow-through principle. The scorecard must measure actual and effective direct black ownership.
- Companies should get recognition for past transactions on a sliding scale that falls to zero after three years to create liquidity in empowerment finance
- New scorecard should have separate sections that measure actual ownership and the continuing consequences of past transactions.
- There should be no confusion between the two measures – actual ownership and the sliding score - and they should not be added together.



Conclusion

Recommendations

- Anglo exit has shown that we should not allow mining companies to play monopoly with our natural resources. We must bring back our minerals and have target of 51% ownership by state, communities, workers and BEE companies
- With 23% PIC ownership and 8.4% black ownership we are not far. PIC could cede R200 billion mining portfolio to SWF. Mining royalties could go to community funds (50%), SWF (40%) and regulator (10%)
- State control and influence over finance is a defining feature of a developmental state. PIC could cede its R300 billion finance portfolio (19.5% pf SA assets) to a state holding company along the lines of Central Huijin in China. Consolidate shares in one bank and one insurer and state bank
- With an activist central bank and a seat at the table (state holding company) we can transform the financial sector

