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20 March 2024

QUALICHEM (PTY) LTD - BBBEE STATUS

Dear Valued Customer,

As a valued customer of Qualichem (Pty) Ltd I am responding to a number of requests that we have received regarding our BBBEE status; and therefore, wish to provide an update on our status.

During 2018 the Company embarked on a detailed BBBEE Action Plan with the aim of Qualichem (Pty) Ltd obtaining a valid BBBEE Certificate for the financial period ending December 2018. The Company embarked on a number of extensive initiatives particularly in relation to the Skills Development and Socio-Economic Elements. However, it has since become evident that the Company will remain non-compliant in which we attribute this to the following reasons:

1. Ownership - The Company was established in 1983 as a family run business and a strategic decision was made that we chose not to look for BBBEE partners to comply with the Ownership element.
2. Management Control - The current management structure makes it difficult for us to obtain substantial points in this element, especially as the codes are now weighted according to the Economic Active Population figures. The Company does have an Equity Plan to address this, but this will only change in time as we do not anticipate a growth in headcount in the near future and our staff turnover is low.
3. Procurement - This is one of the biggest reasons that we remain as non-compliant, 120 of our 276 suppliers have no BBBEE certificate / affidavit or are non-compliant. This includes 4 of our biggest suppliers of which we cannot source alternative suppliers as they are the only companies within South Africa that are able to supply their products to us.

Although we currently have no BBBEE certificate, we will continue to enter into the spirit of BBBEE and will focus on providing the quality products and service that we are known for to our loyal customers.

If you require any further information, please do not hesitate to contact me.

Yours Faithfully,

Kendall Perry
Chief Operating Officer

