

PepsiCo sub-Saharan Africa launches R1.6bn BBBEE employee share ownership scheme

Food and beverage company PepsiCo sub-Saharan Africa has launched The Bašumi Trust, its BBBEE employee share ownership plan (ESOP). The trust paid out its maiden dividend to beneficiaries at launch.



Source: Supplied

The establishment of the trust forms part of the public interest commitments made to the South African government at the time of PepsiCo's [acquisition of local Pioneer Foods](#) in 2020. PepsiCo owns global brands including Pepsi, Lay's and Doritos, while Pioneer Foods is best known for brands such as [Bokomo](#), Liqui-Fruit, Ceres Fruit Juice, Sasko and Spekko.

"We are committed to supporting the broad socio-economic imperatives of employment, empowerment and talent development, through this R1.655bn ESOP," says PepsiCo SSA CEO Tertius Carstens.

He adds, "This is truly an exciting milestone and sees the culmination of months of planning, financial modelling and engagement with many stakeholders. We believe this marks the beginning of what will be a fruitful journey for all our qualifying employees."

"Our brands are the heart of [@PepsiCo](#). That's why I'm thrilled to spotlight a few from [@PioneerFoodsSA](#), helping us bring more smiles to our consumers in South Africa with every sip and every bite. [pic.twitter.com/utUMDz30N0](#)— Ramon Laguarta ([@ramonlaguarta](#)) [January 5, 2022](#)"

The launch of the Bašumi Trust follows closely behind the launch of the Kgodiso Development Fund which aims to benefit local suppliers (SMMEs) and emerging farmers through a R600m investment in programmes to promote opportunity and growth in SA.

"The Kgodiso Fund is focused on industry empowerment while our Bašumi ESOP is focused on employee empowerment," says Carstens.



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Meaningful financial inclusion for workers

According to PepsiCo SSA, The Bašumi Trust was specifically designed to create the most beneficial outcome, maximising the long-term economic benefit to the approximately 11,000 beneficiaries. Participation is unencumbered and each beneficiary will immediately earn dividends, (such as the maiden one just paid) which will provide additional income for households.

Carstens elaborates on the structure of the Bašumi Trust, “It became clear during the initial stages of design, that what we were attempting to implement with this trust was something novel and unprecedented in terms of an ESOP. We believe that this ownership plan meets both the letter and the spirit of South Africa’s Competition Act (in so far as it relates to public interest commitments) and the overall requirement for meaningful financial participation and inclusion for workers.”

How the trust works

The trust is independent and is governed by a board of trustees made up of three union-appointed trustees, one trustee representing non-union employees, and one employer-appointed trustee, with external partners fulfilling the trust administration, banking and auditing roles.

Chair of the trust, Melissa-Joy Golden provides a basic overview of how it works: “The Bašumi Trust purchased common stock in PepsiCo Inc to the value of R1.655bn shares in PepsiCo Inc. (which is listed on the Nasdaq in the US). Each participant is allocated one unit in the trust, and they receive proceeds from the shares in the form of annual dividends and milestone distributions.”

She explains further: “Milestone distributions are paid after four years’ participation in the scheme, and thereafter, after every five years of completed participation.”



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As part of the structure of the trust, one of the trustees, Tumi Seitshiro (a frontline employee based at the Isando plant) has been appointed to the Board of Pioneer Food Group (Pty) Ltd as a non-executive director.

The trust will remain active for as long as it holds shares. “Unlike a typical ESOP structured to distribute lumpsum payouts after a set vesting period, the Bašumi Trust, uniquely offers our employees the immediate financial benefit of a dividend together with the surety of future milestone distributions. Both of which have the potential to positively impact the lives of employees and the households they support,” Carstens adds.

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