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## GENERAL NOTICE

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### NOTICE 450 OF 2012

Issued in terms of Section 9(1) of the B-BBEE Act 53, 2003

(DEPARTMENT OF TRADE AND INDUSTRY)

#### CODES OF GOOD PRACTICE ON BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Whereas I, **Dr Rob Davies**, Minister of Trade and Industry:

- (a) Having issued the Property Sector Code for public comment in terms of Section 9(5) of the Broad Based Black Economic Empowerment Act (Act No. 53 of 2003) on **15 October 2011** in terms of which;
- (b) The public and interested parties were invited to comment on the Draft Sector Code for **60 days** from the date on which the Draft Sector Code was published,
- (c) Now publish the Property Sector Charter as a Sector Code on Black Economic Empowerment in terms of Section 9(1) of the Broad Based Black Economic Empowerment Act (Act No. 53 of 2003).

This notice is effective from the date of publishing and means that the Property Sector Code is binding on all stakeholders operating in the Property Sector.



**Dr Rob Davies, MP**  
**Minister of Trade and Industry**  
**5/5/2012**

**PROPERTY SECTOR  
CODE**

**1. PREAMBLE**

- 1.1 The property sector commits itself to the implementation of a Transformation Charter within the property sector. This commitment was made noting that:
- 1.1.1 Despite significant progress since the establishment of a democratic government in 1994, South African society, including the property sector, remains characterised by racially based income and social services inequalities. This is not only unjust but inhibits South Africa's ability to achieve its full economic potential;
- 1.1.2 The property sector believes that a positive and proactive response through the implementation of the principles enshrined in the Property Sector Code would address inequalities in the sector, unlock the sector's potential, and enhance growth.
- 1.1.3 The Constitution of the Republic of South Africa, 1996, in particular section 9 thereof, (relating to equality and unfair discrimination), states the imperative of redressing historical and social inequalities; and
- 1.1.4 B-BBEE is a mechanism aimed at addressing inequalities and mobilizing the potential of all South Africans. It will contribute towards sustained economic growth, development and social transformation in South Africa.
- 1.2 This Property Sector Code (*"this sector code"*) supports the commitment of all the stakeholders within the property sector that strive for transformed property relations in South Africa and to promote a vibrant and growing property sector that reflects the South African nation as a whole. It contributes towards development and the establishment of an equitable society.
- 1.3 This sector code:
- 1.3.1 Constitutes a framework and establishes the principles upon which B-BBEE will be implemented in the property sector;
- 1.3.2 Is a transformation charter as contemplated in the Broad-Based Black Empowerment Act, 53 of 2003 (*"the BBBEE Act"*) and the Department

of Trade and Industry's Codes of Good Practice on BBBEE ("the DTI Codes") and lays the basis for the development of a code of good practice for the property sector, as envisioned in section 9(1) of the BBBEE Act;

1.3.3 Establishes targets and qualitative undertakings in respect of each element of B-BBEE; and

1.3.4 Outlines processes for implementing the commitments contained in the Sector code, as well as mechanisms to monitor and report on progress.

## **2. THE CHALLENGES FACING THE PROPERTY SECTOR**

2.1 Immovable property ("*property*") ownership and the complex system that has evolved around it is the foundation of wealth creation in the world today. Historically, property has been viewed as a right. In South Africa, however, black people were denied access to productive land through the Native Land Act, 27 of 1913, and subsequent discriminatory policy and legislation.

2.2 Black people could not own property nor could they effectively trade in the same. In many cases land was held by the Government in trust for the various tribes, which precluded people living on tribal land from obtaining title deeds. These laws affected the ability of black people to create or accumulate wealth.

2.3 Consequently, significant numbers of South Africans have never in the history of their families experienced formal property ownership and its wealth creation benefits. This has had a fundamental impact on the economic potential of South Africa and black people in particular.

2.4 Despite legislative and policy interventions to eradicate these inequalities, in practice skewed patterns of ownership, participation and benefit remain.

2.5 Black people continue to be significantly under-represented in the ownership of property, whilst administrative, and financial constraints restrict the ability of black people to participate in the property market.

2.6 Commercially, direct property ownership is dominated by institutional investors, large private owners, collective investment schemes, property

- loan stocks and listed property entities, with Government being the largest commercial player. There is limited participation of black people, particularly women, in ownership and control of these entities. The ownership of commercially driven activities surrounding property, including development, management and sales, rests largely in white hands.
- 2.7 Enterprises in the sector have inadequately addressed employment equity, with the result that the sector continues to be under-represented in terms of race and gender.
- 2.8 There is little investment in skills development and limited commitment to workplace training.
- 2.9 At tertiary education level, property is inadequately supported as a profession, combined with a lack of appreciation of property as a career.
- 2.10 Preferential procurement has been implemented insufficiently with few enterprises being able to demonstrate any progress in increasing spend from targeted suppliers or implementing preferential procurement policies.
- 2.11 The sector has not effectively addressed gender equality and black women are particularly under-represented in ownership, control, management and in professional skills in the sector.
- 2.12 The sector does little to promote the growth of sustainable enterprises and there is almost no enterprise development support.
- 2.13 There is a lack of investment and property development in under-resourced areas, perpetuating service inequalities, exacerbating the limited tradability of these properties and consequently the wealth and capital creation potential of properties. When investments are made especially shopping centres, local people in those areas are excluded, including those who would like to participate as tenants.
- 2.14 There is insufficient financing available to address the skewed patterns of ownership. This situation is exacerbated by legal and administrative obstacles to property ownership

**3. OBJECTIVES OF THE PROPERTY SECTOR CHARTER**

- 3.1 This sector code aims to promote the objectives contained in section 2 of the B-BBEE Act as these relate to the property sector and, in particular, but without limitation:
- 3.1.1 Promote economic transformation in the property sector in order to enable meaningful participation of black people including women, the youth and people with disabilities;
- 3.1.2 Unlock obstacles to property ownership and participation in the property market by black people;
- 3.1.3 Promote property development and investment in under-resourced areas which enhances basic infrastructure, encourages investment and supports micro and small enterprises;
- 3.1.4 Achieve a substantial change in the racial and gender composition of ownership, control and management and enhance the participation of black people (including black women) and designated groups in the property sector;
- 3.1.5 Promote the effective advancement of employment equity in the property sector and encourage diverse organisational cultures;
- 3.1.6 Increase the pool of intellectual capital amongst black people, particularly black women, in the sector by focusing on attracting new entrants and developing appropriate curricula;
- 3.1.7 Address skills development in a manner that accelerates the advancement of black people (especially black women and black employees with disabilities) with increased investment in the skills development and training of new entrants;
- 3.1.8 Enhance entrepreneurial development and increase the number of B-BBEE firms and SMMEs providing services and products to the sector whilst promoting sustainable growth of such firms;
- 3.1.9 Increase the procurement of goods and services from B-BBEE suppliers;

- 3.1.10 Facilitate the accessibility of finance for property ownership and property development;
- 3.1.11 Encourage good corporate citizenship amongst enterprises in the sector, including participation in corporate social investment projects and adherence to triple bottom line accountability;
- 3.1.12 Promote investment in and contribute to growth of the sector; and
- 3.1.13 Enhance uniformity and consistency in the application of the principles contained in the charter.

#### **4. SCOPE OF APPLICATION**

- 4.1 This sector code (including the scorecard incorporated herein) applies to all privately owned and public enterprises within the property sector. In addition it is binding to all organs of state and public entities, organized labour and communities involved with or interested in the Property Sector.
- 4.2 The scope of this sector code is applicable but not limited to commercial activities in the following industries:
  - 4.2.1 Residential property industry, which includes:
    - 4.2.1.1 Houses;
    - 4.2.1.2 Community schemes; and
    - 4.2.1.3 Land zoned for development.
  - 4.2.2 Commercial property industry, which includes:
    - 4.2.2.1 Office property industry;
    - 4.2.2.2 Industrial property industry;
    - 4.2.2.3 Leisure property industry;
    - 4.2.2.4 Retail property industry; and
    - 4.2.2.5 Land zoned for development.

- 4.2.3 Including other Property Services in the Property Sector (but not limited to):
- 4.2.3.1 Property ownership
  - 4.2.3.2 Property Letting
  - 4.2.3.3 Property Management
  - 4.2.3.4 Property Sales
  - 4.2.3.5 Property Valuation

## **5. FOCUS OF APPLICATION**

- 5.1 This sector code applies to the South African property sector, and in particular to all enterprises engaged in property ownership or the provision of property services, and includes without limitation, practitioners and enterprises engaging in property development. It does not include any property enterprise outside the borders of Republic of South Africa.
- 5.2 The stakeholders all acknowledge that the scope defined in this paragraph 5.1 represents a basis for delineation of the property sector based upon common commercial characteristics.
- 5.3 Subject to any provisions to the contrary contained in any provision of the codes of good practice issued under the B-BBEE Act:
- 5.3.1 This sector code will be applicable to a subsidiary of a holding company or a division or business unit of a company if the primary business of the subsidiary, division or business unit of that company ("the entity") is dealing in property or providing property services ("the services"), even if the company or holding company has to comply with provisions of another charter or code issued in terms of Section 9(1) of the B-BBEE Act. Notwithstanding the above, where a company or holding company has to comply with the provisions of another charter or code issued in terms of Section 9(1) of the B-BBEE Act and the entity of such company or holding company provides the Services, this charter shall not apply to such entity if the Services provided by such entity:
- 5.3.1.1 relate to the internal business requirements of such entity, company or holding company;
  - 5.3.1.2 relate to an in-house function of such entity, company or holding company; and
  - 5.3.1.3 do not compete in the open market with services provided by entities to which this charter applies.



- 5.3.2 For the avoidance of doubt this charter shall, among other, not apply to the following activities undertaken by entities such as but not limited to: mortgage loans, securitisation of mortgage loans, properties in possession of banks, properties owned, leased or otherwise used for the conducting of the business of the company or holding company and in-house property management services.
- 5.3.3 Exempted Micro Enterprises ("EMEs") will be exempt from obtaining a B-BBEE verification certificate and will automatically be awarded a B-BBEE recognition level of 4. In the event that their black ownership exceeds 50%, they will be awarded a B-BBEE recognition level of 3. Exempted Micro Enterprises are allowed to be measured in terms of the Qualifying Small Enterprise ("QSE") scorecard should they wish to maximize their points and move to the next procurement recognition level.
- 5.4 (CODE 800): Measurement of B-BBEE in Qualifying Enterprises for the below mentioned property segments, will apply as shown in the table below.

Qualifying Small Enterprises		ASSET BASED	SERVICE BASED	ESTATE AGENTS/ BROKERS
	Net Assets	R 30 M – R280M		
Turnover		R5M-R35M	R2.5M- R35M	

- 5.5 A QSE must select any four of the eight (8) elements of B-BBEE for the purpose of measurement under the QSE Scorecard contained in this sector code. The threshold of the QSE is as per the table under paragraph 5.4 above.
- 5.6 The exempted Micro Enterprises that qualify for exemption using the above table under 5.4. above.

5.7 The sector code scorecard element weighting is as follows:

ELEMENT	CODE NUMBERS	WEIGHTING
<b>PROPERTY SECTOR CHARTER</b>		
Ownership	Code 100	20 points
Management Control	Code 200	10 points
Employment Equity	Code 300	15 points
Skills Development	Code 400	15 points
Preferential Procurement	Code 500	20 points
Enterprise Development	Code 600	10 points
Socio-Economic Development	Code 700	2 points
Economic Development		15 points
<b>TOTAL</b>		<b>107 points</b>

5.8 All bonus points to be must be added in the numerator whilst the denominator remains 107

5.9 The B-BBEE recognition level of a property sector enterprise will be recognised based on the status as indicated in the DTI Codes, Code 000: BEE Status.

## 6. ROLE OF COUNCIL

6.1 The Property Sector Charter Council (*the Charter Council*) represents all stakeholders in the sector. The mandate of the Charter Council includes:

6.1.1 To constitute an executive structure with adequate capacity;

6.1.2 To oversee and monitor the implementation of the sector code;

6.1.3 To receive, consider and approve annual enterprise B-BBEE reports;

6.1.4 To issue guidance notes on the interpretation and application of the sector code;

6.1.5 To prepare annual reports on progress in implementing the sector code; and

- 6.1.6 To liaise with and report to the Black Empowerment Advisory Council (*"the BEE Advisory Council"*) on transformation of the property sector.

## **7. MONITORING AND REPORTING**

- 7.1 Each enterprise will submit a B-BBEE report annually to the Charter Council. The report, which will be publicly accessible, must contain the enterprise's scorecard, verified by an accredited BEE verification agency and an account of progress in achieving the qualitative undertakings outlined in the charter.
- 7.2 The first annual report will be for the enterprise's first full financial year after the effective date of the charter and must be submitted to the sector charter council within three months after the end of such financial year.
- 7.3 Once gazetted, the sector code will be binding and enforceable and the verification certificate acquired before the gazetting of the Property Sector Code will remain valid for 12 months.
- 7.4 The Sector Charter Council will comprehensively review progress on the implementation of the sector code after three (3) years from the effective date of this sector code.
- 7.5 The targets contained in the DTI codes will be valid for ten years. After five years a comprehensive review will be undertaken and further targets will be set.
- 7.6 Subject to any provisions to the contrary contained in the DTI Codes, the performance of small enterprises will be measured out of 107 points on the property sector charter scorecard.

## **8. OWNERSHIP**

- 8.1 To date the commercial activities surrounding property continue to reflect inequalities in ownership, with little transformation having taken place. The situation is further exacerbated by skewed ownership patterns of property in general.

- 8.2 This charter aims to address the low levels of black ownership in property enterprises (including property services enterprises), as well as deal with obstacles to ownership by black people of property assets.
- 8.3 Each property sector enterprise commits to achieve the following targets within five years:
- 8.3.1 at least 25% ownership and economic interest held by black people and 25% plus one vote exercisable by black people in such enterprises;
- 8.3.2 at least 10% ownership and economic interest held by black women and 10% votes exercisable by black women in such enterprises; and
- 8.3.3 at least 2.5% participation in ownership and economic interest held by broad-based ownership schemes and/or designated groups.
- 8.4 for property owning companies only, the following measurement of net equity (realization points) will be applied as indicated in the table below, whilst for the other areas in the property sector the measurement of net equity (realisation points) as indicated in the DTI Codes will apply.

Year	Percentage
Year 1	3%
Year 2	7%
Year 3	10%
Year 4	15%
Year 5	19%
Year 6	24%
Year 7	30%
Year 8	36%
Year 9	43%
Year 10	50%

- 8.5 Given that the majority of the listed share register have a mandated investments that are far beyond 40%, a special consent is given for only property listed companies and property unit trusts to cap the mandated investment at 70%. Despite this provision, the cap shall be 40% as in the Generic Codes for those listed companies and property unit trusts, unless there is consistent evidence of 60% or more of the mandated ownership three years prior to being verified of their B-BBEE status.

- Peculiar cases will be reviewed and assessed on a case to case basis via an application to the Sector Charter Council office and the DTI (BEE Unit). The application would have to provide detailed and full justification that warrants a special concession.
- 8.6 Black people and designated groups including black women, black youth, black people with disabilities and black people living in rural areas who are already involved in the sector should be given preference in case of any competitive bids for equity ownership opportunities in enterprises within the property sector.
- 8.7 The funding structures should facilitate the transfer of full economic interest to the black partners and longer term shareholder-type relationships.
- 8.8 Any provisions in Code 100 relating to the recognition of ownership contributions arising from the sale of shares, businesses or assets by enterprises, shall apply to enterprises in the property sector, provided that the sale itself is not counted under enterprise development.
- 8.9 The parties to the charter commit to devise mechanisms to remove the obstacles that restrict the ability of black people to own property and to participate in the property market. These would include but not be limited to the following:
- 8.10 Address administrative and other constraints to ownership, in partnership with the relevant government departments at national, provincial and local level;
- 8.11 Design partnerships with the financial sector and government to enhance access to finance for property ownership and property development initiatives;
- 8.12 Meet asset disposal targets as outlined in the Economic Development section of the Sector Code
- 8.13 The Charter Council will follow and apply the DTI Codes regarding indirect ownership. If there is any matter relating to score cards and/or measuring of enterprises in this charter, the generic DTI Codes shall take precedence over the charter code 100.
- 8.14 The Charter Council will follow and apply the DTI Codes regarding indirect ownership. If there is any matter relating to score cards and/or measuring of enterprises in this charter, the generic DTI Codes shall take precedence over the charter code 100.

## CODE 100: OWNERSHIP SCORECARD

CATEGORY	OWNERSHIP INDICATOR	WEIGHTING POINTS		COMPLIANCE TARGET (5Years)	
		Property Owning companies	All other companies	Property Owning Companies	All other companies
Voting Rights	Exercisable Voting Rights in the Enterprise in the hands of black people	5	3	25%+1 vote	25% +1 vote
	Exercisable Voting Rights in the Enterprise in the hands of black people in the Enterprise	2	2	10%	10%
Economic Interest	Economic Interest of black people in the Enterprise	5	4	25%	25%
	Economic Interest of black women in the Enterprise	2	2	10%	10%
	Economic interest of the following black natural persons in the enterprise: 1. black designated groups; 2. black participants in Employee Ownership Schemes; 3. black beneficiaries of Broad based Ownership Schemes; or 4. black participants in Co-operatives	1	1	2.5%	2.5%
Realization points	Ownership fulfilment	1	1	1	Refer to paragraph 10.1 of Codes of Good Practice
	Net equity Value	4	7	Year 1 – 3% Year 2 – 7% Year 3 – 10% Year 4 – 15% Year 5 – 19% Year 6 – 24% Year 7 – 30% Year 8 – 36% Year 9 – 43% Year 10 50%	Annexure C paragraph 4 of the codes of good Practice
Bonus points	Involvement in the ownership of the Enterprise of new black entrants;	2	2	10%	10%
	Involvement in the ownership of the Enterprise of Black participants:	1	1	10%	10%
	1. in Employment Ownership schemes				
	2. of broad-based Ownership schemes				
3. Co-operatives					

**9. MANAGEMENT CONTROL**

- 9.1 Black people, black women and designated groups continue to be under-represented at board level and in executive management in the sector.
- 9.2 Enterprises in the sector therefore commit to achieve the following minimum targets over ten years:
- 9.2.1 50% of voting rights for black people at board level, using adjusted recognition for gender;
- 9.2.2 50% black executive directors, using adjusted recognition for gender;
- 9.2.3 40% black Senior Top management level, using adjusted recognition for gender;
- 9.2.4 40% black other Top management level, using adjusted recognition for gender.
- 9.3 Recognising that residential estate agencies do not differentiate various board level participation, residential estate agents in the sector commit to achieve the Board participation targets only in line with the Code 200 below.

**CODE 200: MANAGEMENT CONTROL SCORECARD**

CATEGORY	MANAGEMENT CONTROL INDICATOR	WEIGHTING POINTS	COMPLIANCE TARGET
Board participation	Exercisable Voting Rights of black Board members who are black using the Adjusted Recognition for Gender	3	50%
	Black Executive Directors using the Adjusted Recognition for gender	2	50%
Top Management	Black Senior Top Management using the Adjusted Recognition for genders	3	40%
	Black Other Top Management using the Adjusted Recognition for genders	2	40%
Bonus	Black Independent Non-Executive Board Member	1	40%

**10. EMPLOYMENT EQUITY**

- 10.1 Despite the introduction of the Employment Equity Act, 55 of 1998, racial and gender representivity in the property sector, especially in the various management categories, is not representative of the demographics of the country.
- 10.2 Consequently, each property sector enterprise undertakes to:
- 10.2.1 Implement transformation programmes in its workplace and eradicate inequalities and disparities;
- 10.2.2 Promote a non-racial, non-sexist environment and enhance cultural diversity and gender sensitivity; and
- 10.2.3 Ensure reasonable accommodation and access for applicants of employment and employees with disabilities within the sector.
- 10.3 In addition to obligations in terms of employment equity, enterprises in the sector commit to achieve the following targets within five years from the effective date of the sector charter:
- 10.3.1 3% Black disabled employees as percentage of all employees;
- 10.3.2 60% Black senior management employees as a percentage of all employees using the adjusted recognition for gender;
- 10.3.3 75% Black employees in middle management as a percentage of all employees using the adjusted recognition for gender;
- 10.3.4 80% Black employees in junior management as a percentage of all employees using the adjusted recognition for gender;
- 10.4 Recognising that property brokerages and residential estate agencies do not differentiate various management levels, property brokers and residential estate agents in the sector commit to achieve the following targets from the effective date of the sector code.
- 10.4.1 50% Black practitioners as a percentage of total practitioners using the adjusted recognition for gender;
- 10.4.2 35% Black people in management as a percentage of total Management using the adjusted recognition for gender.



- 10.4.3 18% Black women in management as a percentage of total Management
- 10.5 The stakeholders acknowledge that, on the issuing of the Code of Good Practice 300 on Employment Equity, the charter council has:
- 10.5.1 Considered the extent to which the targets or weightings in respect of employment equity in Code 300 exceed those specified in this charter, and accordingly the lower targets and/or weightings in this charter have been aligned on the basis of sound economic principles; and
- 10.5.2 Considered the extent that the targets or weightings in respect of employment equity in Code 300 do not exceed those specified in this charter, and accordingly the higher targets and/or weightings in this charter represent the consensus of all stakeholders.

**CODE 300: EMPLOYMENT EQUITY SCORECARD**

CATEGORY	EMPLOYMENT EQUITY INDICATOR	WEIGHTING POINTS	COMPLIANCE TARGET
Disabled	Black disabled employees as a percentage of all employees using the adjusted recognition for gender	2	3%
Senior Management	Black employees in senior management as a percentage of all such employees using the adjusted recognition for gender	5	60%
Middle Management	Black employees in middle management as a percentage of all employees using the adjusted recognition for gender	4	75%
Junior Management	Black employees in junior management as a percentage of all employees using the adjusted recognition for gender	4	80%
Bonus Points	Bonus point for meeting or exceeding the EAP targets in each category (Snr=1, Middle=1 & Junior =1 point)	3	

**CODE 300: EMPLOYMENT EQUITY SCORECARD****(For Property Brokers and Estate Agents ONLY)**

CATEGORY	EMPLOYMENT EQUITY INDICATOR	WEIGHTING POINTS	COMPLIANCE TARGET
Property brokers/ Estate agents	Black practitioners as a % of total practitioners using the adjusted recognition for gender	7	50%
	Black people in management as a % of total Management using the adjusted recognition for gender	7	35%
	Black women in Management as a % of total Management	1	18%
Bonus Points: (Property brokers/Estate agents)	Black practitioners as a % of total practitioners using the adjusted recognition for gender	1	60%
	Black people in management as a % of total practitioners using the adjusted recognition for gender	1	40%
	Black women in Management as a % of total Management	1	30%

- 11.1 Enterprises in the sector are not adequately investing in skills development and consequently there are limited levels of workplace development and continued professional training. There are also an insufficient number of structured and accredited training programmes or curricula in property related professions.
- 11.2 The parties to the charter commit from gazetting of the sector code to address the backlog in structured skills development. This programme will be designed in partnership with the sector, the SETA, the Estate Agency Affairs Board (*the EAAB*) and any other sector regulatory body, academic institutions and government.
- 11.3 Enterprises in the sector commit to achieve the following targets:
- 11.3.1 3% of skills development expenditure of learning programmes, specified in the learning matrix for black employees as a percentage of leviable amount using the adjusted recognition for gender, in addition to the skills development levy;

- 11.3.2 5% of black employees participating in learnerships or Category B, C, D programme as a percentage of total employees using the adjusted recognition for gender; and
- 11.3.3 0.3% skills development expenditure on learning programmes, specified in the learning matrix for black employees with disabilities as a percentage of leviabale amount using the adjusted recognition for gender.
- 11.4 In addition to the above, enterprises in the sector will:
- 11.4.1 Implement internships in terms of which academically qualified individuals work under supervision of qualified professionals to upgrade the professionalism in the sector;
- 11.4.2 Focus on recognition of prior learning to determine the level of competency in the sector and promote further development and training to improve the level of competency in the sector; and
- 11.4.3 Promote continuous professional development in the sector.
- 11.5 Comply with key principle measurement principles in the Codes of Good Practice.CODE 400: SKILLS DEVELOPMENT SCORECARD

CATEGORY	SKILLS DEVELOPMENT ELEMENT	WEIGHTING POINTS	COMPLIANCE TARGET
Matrix	Skills Development Expenditure on Learning Programmes, specified in the Learning Programme Matrix for black employees as a percentage of Leviabale Amount using the adjusted recognition for gender	6	3%
Matrix	Skills Development Expenditure on Learning Programmes, specified in the Learning Programme Matrix for black employees with disabilities as a percentage of Leviabale Amount using the adjusted recognition for gender	3	0.3%
Learnerships	Number of black employees participating in learnerships or category B,C and D programme as a percentage of total employees using the adjusted recognition for gender	6	5%

Refer to Annexe 400A- Learning programme Matrix

**12. PREFERENTIAL PROCUREMENT**

- 12.1 To date there has been limited implementation of preferential procurement practices in the sector. The parties to the charter therefore commit to achieve the following targets:
- 12.1.1 70% of procurement spend from all suppliers based on the BEE procurement recognition levels as a percentage of the total measured procurement spend;
- 12.1.2 15% of procurement spend from QSE's or EMEs based on the applicable BEE procurement recognition levels as a percentage of total measured procurement spend;
- 12.1.3 20% of procurement spend from any of the following suppliers (regardless of their BEE procurement recognition level) as a percentage of total measured procurement spend:
- 12.1.3.1 Suppliers that are more than 50% black owned (3 out of 5 points);
  - 12.1.3.2 Suppliers that are more than 30% black women owned (2 out of 5 points)
- 12.1.4 40% of procurement spend property service Enterprises (level 1-4) as a percentage of total property Services spend.
- 12.1.5 40% procurement spend in property services Enterprise element, applies to property owners. The Property services comply with code 500 of codes of good practice.

**CODE 500: PREFERENTIAL PROCUREMENT SCORECARD**

CRITERIA	WEIGHTING POINTS	COMPLIANCE TARGET
BEE Procurement Spend from all Suppliers based on the BEE Procurement Recognition Levels as a percentage of total measured procurement spend	10	70%
BEE procurement spend from Qualifying Small Enterprises or Exempted Micro-Enterprises based on the applicable BEE procurement recognition levels as a percentage of total measured procurement spend	2	15%
BEE procurement spend from any of the following Suppliers (regardless of their BEE procurement recognition Level) as a percentage of total measured procurement spend: 1. Suppliers that are more than 50% black owned (3 out of 5 points); and, 2. Suppliers that are more than 30% black women owned (2 out of 5 points).	5	20% (12%) (8%)
% of procurement spend with Black owned enterprises (Level 1-4) as a percentage of total property services spend	3	40%

**13. ENTERPRISE DEVELOPMENT**

- 13.1 There are numerous micro and small businesses in the sector; however few of these have significant levels of black ownership and control.
- 13.2 The property sector commits itself to invest in, support, facilitate and foster new and existing small and micro enterprises possessing Level One (1) to Level Four (4) *BBBEE* status and that are Black owned, through the implementation of comprehensive enterprise development programmes
- 13.3 Consequently each enterprise in the sector commits to achieve a target of 3% of net profit after tax (NPAT) as an average annual value of all enterprise development contributions and sector specific programmes made by the measured entity as percentage of the target over five (5) years.

**CODE 600: ENTERPRISE DEVELOPMENT SCORECARD**

CRITERIA	WEIGHTING POINTS	COMPLIANCE TARGET
Value of all Enterprise Development contributions and sector specific programmes made by the measured entity as a percentage of the target	10	3% of NPAT

- 13.4 Enterprise development programmes may include but are not limited to the following
- 13.4.1 Management, business development and technical skills transfer;
- 13.4.2 Technology transfer, establishment of administrative systems, cost control systems and infrastructure support;
- 13.4.3 Development of entity credit resources with suppliers; and
- 13.4.4 Development of entity financial capacity and/or financial assistance.
- 13.5 Enterprise development plans should promote sustainability and must provide for the measurement of enterprise growth.

**14. SOCIO-ECONOMIC DEVELOPMENT**

- 14.1 The property sector has to date not effectively implemented socio economic development initiatives.
- 14.2 The parties to this charter commit to utilising the resources at their disposal to initiate and contribute to socio economic development projects that benefit black groups, communities and individuals and that promote transformation and development.
- 14.3 In the planning of socio economic development projects, the parties undertake to consult with beneficiary communities to ensure that their developmental needs will be met.
- 14.4 The parties commit to ensuring that projects go beyond the financial contribution by including monitoring and evaluation of impact in their socio economic development.

- 14.5 The parties undertake to form partnerships with appropriate private sector organisations, within and outside the property sector, and with government structures to enhance assistance and support to communities.
- 14.6 Parties to this charter will commit a target of 1% of NPAT of average annual value of all socio-economic development contributions made by the measured entity as a percentage of the target.

**Code 700: SOCIO-ECONOMIC DEVELOPMENT SCORECARD**

CRITERIA	WEIGHTING POINTS	COMPLIANCE TARGET
Value of all socio-economic development contributions made by the measured entity as a percentage of the target	2	1% of NPAT

- 14.7 Socio economic development projects may include but will not be limited to:
- 14.7.1 Support for community education facilities;
- 14.7.2 Programmes at secondary and tertiary education level which promote the sector;
- 14.7.3 Bursaries and scholarships which are oriented towards property related professions;
- 14.7.4 Consumer education and information on property ownership and property practice;
- 14.7.5 Training: community training; building related trades and skills development for unemployed school leavers; adult basic education and training in communities;
- 14.7.6 Development programmes for black youth and other black designated groups;
- 14.7.7 Environment: support of conservation projects, community clean up projects, urban agriculture and food security, garden initiatives; environmental preservation of flora and fauna in areas where the biodiversity is put at risk due to property development;

- 14.7.8 Arts & culture: support of development programmes for new talent and provision of more public culture centres;
- 14.7.9 Health: HIV and AIDS awareness, support of community clinics and access to health care;
- 14.7.10 Sport: support of developmental programmes; and
- 14.7.11 Job creation.

## **15 ECONOMIC DEVELOPMENT**

- 15.1 There is a lack of investment and property development in under-resourced areas, perpetuating service inequalities and exacerbating the limited tradability of properties in these areas.
- 15.2 The parties to the charter acknowledge their role in directing investment into under-resourced areas. Consequently, property enterprises will participate in property development and transformational infrastructure projects that support development, and empowerment of micro and small enterprises and contribute towards equitable access to economic resources in under-resourced areas.
- 15.3 An enterprise that engages in property development commits to spend 10% of its total new property development in under-resourced areas (Transformational Infrastructure as referred to in the Financial Sector Charter (FSC)) over a five-year period in under-resourced areas. Regarding timing (cumulative vs. annual refer to the principle as defined in the Codes of Good practice.
- 15.4 There has been limited support by the sector of entrepreneurial development and both public and private sector disposal strategies have in general inadequately incorporated B-BBEE objectives
- 15.5 The sector commits to utilise property disposals to increase property ownership amongst black people and to contribute towards the growth of sustainable enterprises. In pursuit of this commitment, when an enterprise engages in the above activity in the sector, it commits to target 35% of disposals to Level One (1) to Level Three (3) B-BBEE enterprises which are black owned over a five year period from the effective date of this charter. The enterprises should be independent



from the Measured Entity and the disposed assets must result in the creation of sustainable businesses or business opportunities in the hands of black people as well as the transfer of specialised skills or productive capacity to black people. A sale of fixed property as contemplated in paragraph 15.5 may not be simultaneously counted towards the ownership score, regardless of the fact that an actual business unit may have been sold.

#### PROPERTY CODE: ECONOMIC DEVELOPMENT SCORECARD

CRITERIA	WEIGHTING POINTS	COMPLIANCE TARGET
Disposal of assets to B-BBEE enterprise (Level 1-3) as a % of total asset disposal (private) which are black owned	8	35%
Development Investment in under-resourced areas as a % of total annual investment	7	10%

- 15.6 As part of the process, the parties will design appropriate risk mitigating measures and risk sharing arrangements with Government and its development finance institutions and the Financial Sector Charter Council.
- 15.7 National, provincial and local government will identify property for development purposes in line with integrated development plans and combine zoning rights with development requirements.
- 15.8 Noting that not all property sector enterprises participate in investment, the charter council will, within one year, formulate mechanisms to measure the participation and contribution of all property sector enterprises in development.

#### 16. COMPLEX STRUCTURE

- 16.1 Where an enterprise is exempt from an indicator in the scorecard because of the nature of its trade it will calculate its overall performance based on total maximum points minus the weighting allocated to the indicator from which it is exempt. For example any enterprise that does not own properties which it could dispose of or make investments in property related developments will be exempt from performing under

those categories of the scorecard and consequently scored out of commensurately less. This is illustrated on the table below.

- 16.2 Each tick represents an indicator of the scorecard that an enterprise needs to comply with.

#### COMPLEX STRUCTURE TABLE

	PUTS Property Unit Trust	PLSA property Loans Stock	Asset Management	Property Owners	Property Managers Services	Internal Management with PLSA	Unlisted Public Mandated Collective Investment	Estate Agents
Ownership	✓	✓	✓	✓	✓	✓		✓
Management Control	✓	✓	✓	✓	✓	✓	✓	✓
Employment Equity			✓		✓	✓	✓	✓
Skill Development			✓		✓	✓	✓	✓
Preferential Procurement	✓	✓	✓	✓	✓	✓	✓	✓
Enterprise Development		✓	✓	✓	✓	✓	✓	✓
Socio-Economic Development		✓	✓	✓	✓	✓	✓	✓
Economic Development	✓	✓		✓		✓	✓	

### 17. GENDER TRANSFORMATION

- 17.1 The sector continues to reflect vast inequalities in representation of women in general and black women in particular in ownership, control, management and in skilled professions in the sector.
- 17.2 In acknowledging the cross-cutting nature of gender across all elements of B-BBEE and its integral nature to transformation of the sector, the parties to this charter commit to:
- 17.2.1 Enhance gender awareness in the workplace and promote a conducive and empowering environment for women in general;

- 17.2.2 Strengthen gender equality training, gender-based violence awareness and the dissemination of gender-disaggregated and gender-relevant information;
- 17.2.3 Target skills development and employment equity for women particularly in areas that are presently male dominated;
- 17.2.4 Design targeted procurement and enterprise development programmes which increase the participation of women as owners of property assets and business in the sector;
- 17.2.5 Identify barriers for black women advancement and design targeted programmes to increase the representivity and the empowerment of black women in the sector as outlined in all elements of this charter; and
- 17.2.6 Devise policies on gender that address the above objectives and submit the policies together with a report of progress in implementing the policies annually to the Charter Council.

## **18. REGULATORY ISSUES**

- 18.1 It is acknowledged that the Codes of Good Practice will govern the measurement of B-BBEE. In this regard the stakeholders acknowledge that to the extent that the measurement principles contained in the Codes of Good Practice differ materially from those in the Sector code, the measurement principles in the Codes of Good Practice, will take precedence over the content of this Sector code.
- 18.2 To the extent that any of the codes of Good Practice specify further measurable elements of B-BBEE, the stakeholders commit to apply the utmost good faith in seeking to ensure that such elements are integrated into this Sector Code.
- 18.3 The parties to the Sector code commit to review on an ongoing basis any legislation, policy and standards which may have a direct impact on the empowerment outcomes of the Sector Code and any sector code gazetted pursuant to this charter to ensure that the property sector remains committed to the attainment of the national B-BBEE objectives and priorities.

- 18.4 This could include, but would not be limited to, government's regulatory framework in respect of property transactions where and whenever they have to apply for rights or ask for consent from government, including access to development land and rights and zoning rights and transactions.

## 19. THE SCORECARD

- 19.1 The scorecard provides an objective and broad-based set of measurement indicators for purposes of measuring B-BBEE progress in and between property enterprises, in different sub-sectors and in the property sector as a whole.
- 19.2 The scorecard contains the following:
- 19.2.1 Elements: The core elements of the sector code, derived from the B-BBEE Act and DTI Codes;
- 19.2.2 Indicators: The area of measurement pertaining to an element of B-BBEE;
- 19.2.3 Targets: Quantifiable measurement of transformational initiatives;
- 19.2.4 Weightings: A number on the scorecard against which an enterprise's performance in terms of a particular target will be calculated; and
- 19.2.5 Bonus points: It is possible to earn bonus points. In all instances these bonus points are aimed at incentivising enterprises to broaden the effect of their transformation programmes.
- 19.3 The B-BBEE status of a property sector enterprise, after calculating its score in terms of this scorecard, will be classified as per the BEE status matrix in this charter

**20 MEMBERS OF THE PROPERTY CHARTER COUNCIL ARE:**

1. Association of Property Unit Trust Management Companies (APUTMC);
2. Association of Women in Property (AWIP);
3. Black Estate Agents Forum of South Africa (BEAFSA);
4. Black Professional Valuers Association (BPVA);
5. Estate Agencies Affairs Board (EAAB);
6. Institute of Estate Agents of South Africa (IEASA);
7. National Economic Development and Labour Council (NEDLAC);
8. National Department of Public Works (NDPW);
9. National Property Forum (NPF)
10. South African Black Technical and Allied Career Organisation (SABTACO);
11. South African Council of Property Valuers Profession (SACPVP);
12. South African Council of Shopping Centres (SACSC);
13. South African Facilities Managers Association (SAFMA);
14. South African Forum of Real Estate (SAFRE);
15. South African Institute of Black Property Practitioners (SAIBPP);
16. Property Loan Stock Association (PLSA);
17. South African Property Owners Association (SAPOA); and
18. Women's Property Network (WPN).

## 21. PROPERTY SECTOR CHARTER SCORECARD

<b>OWNERSHIP (20 points)</b>		<b>Property Owning Companies</b>	<b>All Other Companies</b>	<b>Property Owning companies</b>	<b>All Other Companies</b>
Voting Rights	<i>Exercising voting Rights in the enterprise in the hands of black people</i>	5	3	25%+ 1vote	25%+1Vote
	<i>Exercising voting Rights in the enterprise in the hands of black women</i>	2	2	10%	10%
Economic interest	<i>Economic interest of black people in enterprise</i>	5	4	25%	25%
	<i>Economic interest of black women in enterprise</i>	2	2	10%	10%
	<i>Economic interest of the following black natural persons in the enterprise: 1. Black designated groups 2. Black participants in employee ownership schemes 3. Black beneficiaries of Broad based Ownership schemes 4. Black participants in co-operatives</i>	1	1	2.5%	2.5%
Realisation points	<i>Ownership fulfillment</i>	1	1	<i>No restriction for Property Owning companies</i>  <i>Refer to paragraph 10.1 of Code Series 100 of the Codes of Good Practice for all other Property entities</i>	
	<i>Net equity value</i>	4	7	The following calculation applies to Property owning companies only: year 1 – 3% year 2 – 7% year 3_ 10% year 4 – 15% year 5 – 19% year 6 – 24% year 7 – 30% year 8 – 36% year 9 – 43% year 10 – 50%  For other property entities Refer to Annexure C paragraph 4 of Codes Series 100 of	

				the Codes of Good Practice
Bonus Points	<i>Involvement in the ownership of the Enterprise of black new entrants;</i>	2	2	10% 10%
	<i>Involvement in the ownership of the Enterprise of Black participants: 1. in Employment Ownership schemes 2. of Broad-based ownership Scheme; Co-operatives</i>	1	1	10% 10%
<b>CONTROL (10 points)</b>				
Board participation	<i>Exercisable Voting Rights of black Board members using the Adjusted Recognition for Gender</i>	3		50%
	<i>Black Executive Directors using the Adjusted Recognition for gender</i>	2		50%
Top management	<i>Black Senior Top Management using the Adjusted Recognition for genders</i>	3		40%
	<i>Black Other Top Management using the Adjusted Recognition for gender</i>	2		40%
Bonus	<i>Black Independent Non-Executive Board Member</i>	1		40%
<b>EMPLOYMENT EQUITY (15 points)</b>				
Disabled	<i>Black disabled employees as a percentage of all employees using the adjusted recognition for gender</i>	2		3%
Senior Management	<i>Black employees in Senior Management as % of all such employees using the adjusted recognition for gender</i>	5		60%
Middle Management	<i>Black employees in middle management as a percentage of all employees using the adjusted recognition for gender</i>	4		75%
Junior Management	<i>Black employees in junior management as a percentage of all employees using the adjusted recognition for gender</i>	4		80%
Bonus Points	<i>Bonus point for meeting or exceeding the EAP targets in each category (Senior=1, Middle=1 &amp; Junior =1 point)</i>	3		

property brokers/estate agents	Black practitioners as % of total practitioners using adjusted recognition for gender	7	75%
	Black people in Management as % of total Management	7	50%
	Black women in Management as % of total Management	1	15%
Bonus points	Black practitioners as % of total practitioners using adjusted recognition for gender	1	80%
	Black people in Management as % of total Management	1	60%
	Black women in Management as % of total Management	1	20%
<b>SKILLS DEVELOPMENT (15 points)</b>			
<b>INDICATORS</b>		<b>WEIGHTING</b>	<b>COMPLIANCE TARGET</b>
Skills Development Expenditure on Learning Programmes, specified in the Learning Programme Matrix for black employees as a percentage of Leivable Amount using the adjusted recognition for gender		6	3 %
Skills Development Expenditure on Learning Programmes, specified in the Learning Programme Matrix for black employees with disabilities as a percentage of Leivable Amount using the adjusted recognition for gender		3	0.3 %
Number of black employees participating in learnerships or category B, C and D programme as a percentage of total employees using the adjusted recognition for gender		6	5%
<b>PREFERENTIAL PROCUREMENT(20 points )</b>			
BEE Procurement Spend from all Suppliers based on the BEE Procurement Recognition Levels as a percentage of total measured procurement spend		10	70%
BEE procurement spend from Qualifying Small Enterprises or Exempted Micro-Enterprises based on the applicable BEE procurement recognition levels as a percentage of total measured procurement spend		2	15%
BEE procurement spend from any of the following Suppliers (regardless of their BEE procurement recognition Level) as a percentage of total measured procurement spend: 1. Suppliers that are more than 50% black owned (3 out of 5 points); and, 2. Suppliers that are more than 50% black women owned (2 out of 5 points).		5	20%  (12%)  (8%)
% spend property services Enterprises (Level 1-4) of total property services spend		3	40%



<b>ENTERPRISE DEVELOPMENT (10 points)</b>		
<b>INDICATORS</b>	<b>WEIGHTING</b>	<b>COMPLIANCE TARGET</b>
<b>SOCIO-ECONOMIC DEVELOPMENT (2 points)</b>		
Average annual value of all socio-economic development contributions made by the measured entity as a percentage of the target	2	1%NPAT
<b>ECONOMIC DEVELOPMENT (15 points)</b>		
Disposal of assets to B-BBEE enterprise (Level 1-3) as a % of total asset disposal (private) which are black owned	8	35%
Development Investment in under-resourced areas as a % of total annual investment	7	10%

## 22. DEFINITIONS

<b>Acceptable Valuation Standard</b>	<i>Valuation of an asset, an economic interest, an enterprise or any other instrument or right relevant to measurement under Statement 100 of the Codes. All such valuations shall be undertaken in accordance with normal valuation methods that represent standard market practice.</i>
<b>Accredited BEE Verification Agencies</b>	<i>An enterprise that has been accredited by SANAS, or any other body authorised by the Minister to undertake accreditation of verification agencies, on behalf of the DTI, who meet the minimum technical and black economic empowerment criteria for rating agencies and whose main role is to provide an independent opinion on the BBBEE status of an enterprise.</i>
<b>BBBEE enterprises</b>	<i>Enterprises whose BBBEE score in terms of a sector scorecard which has been issued as a code of practice or in terms of the DTI's generic scorecard is greater than or equal to 30% and has been verified by an accredited verification agency.</i>
<b>Benefit scheme</b>	<i>A Broad-Based Ownership Scheme in which more than 50 natural persons: -are intended to benefit from an Economic Interest received by the scheme or by the fiduciaries of the scheme; and - the economic benefits paid from the Economic Interest received is not distributed but rather applied to the benefit of the scheme's Deemed Participants.</i>
<b>Black Aged People</b>	<i>Black people who are also aged people as defined in the Aged Persons Act 81 of 1967, as amended or substituted.</i>
<b>Black disabled people</b>	<i>Black people who also satisfy the criteria in the definition of 'persons with disabilities' set forth in paragraph 5.1 of the "code of good practice on the employment of people with disabilities" (as amended or substituted from time to time) issued in terms of section 54(1)(a) of the Employment Equity Act, 1998;</i>

<i>Black people / Blacks</i>	<i>Africans, Coloureds and Indians in terms of the BBBEE Act, 53 of 2003. In terms of the DTI Codes of Good Practice persons who are also: Citizens of the Republic of South Africa by birth or descent; or Citizens of the Republic of South Africa by naturalisation before the commencement date of the Constitution of the Republic of South Act of 1993; or became citizens of the Republic of South Africa after the commencement date of the Constitution of the Republic of South Africa Act of 1993, but who, but for the apartheid policy that had been in place prior to that date, would have been entitled to acquire citizenship by naturalisation prior to that date.</i>
<i>Black Designated Groups</i>	<i>Black workers, black unemployed people, black youth, black aged people, black disabled people and black people living in rural areas.</i>
<i>Black New Entrant</i>	<i>A black participant(s) (which includes without limitation, black participants in broad-based ownership schemes) holding in aggregate in excess of 5% of the total voting rights and economic interest in a measured enterprises who has not, prior to their acquisition of their equity interest in a measured enterprise, concluded similar transactions in respect of any other enterprise, which in aggregate have a cumulative value of R20 million measured in accordance with an acceptable valuation standard.</i>
<i>Black Unemployed People</i>	<i>Black people who are unemployed are not attending or are not required by law to attend an educational institution and who are not awaiting admission to an educational institution.</i>
<i>Black Women</i>	<i>Black people who are women.</i>
<i>Black Youth</i>	<i>Black persons who are also youth as defined in the National Youth Development Agency Act 54 of 2008, as amended or substituted from time to time;</i>
<i>Broad-based Black Economic Empowerment</i>	<i>The economic empowerment of all black people including women, workers, Youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to – -Increasing the number of black people that manage, own and control enterprises and productive assets; - Facilitating Ownership and management of enterprises and productive assets by communities, workers, co-operatives and other collective enterprises; - Targeted procurement; and investment in enterprises that are owned or managed by black people; - Human resources and skills development; - Achieving equitable representation in all occupational categories and levels in the workforce; - Facilitating the provision of additional skills to black employees at all levels in the workforce.</i>
<i>Commissioned agent</i>	<i>A person who only earns commission, receives no salary.</i>
<i>Community Scheme</i>	<i>Any scheme or arrangement in terms of which the shared use of and responsibility for part of land and building, including but not limited to sectional title development scheme, share block company, home owners association and a housing scheme for retired persons. And scheme has the same meaning.</i>
<i>Deemed current value</i>	<i>The result of the formula in paragraph 17.6 of DTI Code 100, Statement 100. The formula is: the value of the instrument(s) to which a black Participant's Economic Interest attaches minus the carrying value of any third party rights or claims that may exist against that black Participant as a result of the financing of the acquisition of the instrument(s) divided by the current value of the Measured Enterprise. All values to be upon the date of measurement.</i>
<i>Deemed participant</i>	<i>A natural person entitled to receive a distribution or benefit from a broad-based ownership scheme.</i>

Designated groups	<p>a) Means unemployment black people not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution</p> <p>b) Black people who are youth as defined in the National Youth Commission Act of 1996;</p> <p>c) Black people who are persons with disabilities as defined in the Codes of Good Practice on employment of people with disability issued under Employment Equity Act;</p> <p>d) Black people living in rural and under-developed areas.</p>
Development in under resourced areas	Only new stock is considered in this case as development excluding any upgrades, any improvements and/or extensions of existing stock
Distribution scheme	A Broad-Based Ownership Scheme in which more than 50 natural persons are intended to receive distributions from the scheme that are payable from the Economic Interest received by the scheme or by the fiduciaries of the scheme.
Economic Interest	<p>A Participant's Claim against the Enterprise representing a return on ownership of the Enterprise, measured in accordance with the Flow-Through and Modified Flow-Through Principles. In this regard, a Participant's entitlement to receive any payment or part payment on the Participant's Claim from a Measured Enterprise that is not in the nature of a return on ownership in that Measured Enterprise, will be treated as an Economic Interest if such payment is:</p> <ul style="list-style-type: none"> <li>- not arms-length;</li> <li>- not market-related;</li> <li>- mala fide; or</li> <li>- without a commercial rationale; or</li> <li>- intended to circumvent the provisions of this statement or the objectives of the Act.</li> </ul>
Effective Date	The date on which this charter is gazetted as a sector charter
Eligible Procurement	All expenditure to acquire goods and/or services, including capital expenditure, but excluding: procurement spending where there is a monopoly as a result of government regulation; all salaries and wages; investments in or loans to enterprises supported in terms of enterprise development initiatives claimed in a BBBEE scorecard; donation through initiatives measured in terms of the residual element of the scorecard; and importation of all goods and services, including capital goods, provided that it can be demonstrated there is no local production of the specific imported goods or services.
Employee scheme	A Broad-Based Ownership Scheme in which a group of employees representing more than 90% of the employees of an Enterprise or 90% of the employees in a particular occupational category(ies) (as referred to in form EEA9 the Employment Equity Act) within an Enterprise. Employee Schemes may have the characteristics of Benefits Schemes or Distribution Schemes or hybrids of both.
Employment Equity	As defined in the Employment Equity Act 1998 means to promote equal opportunity and fair treatment in employment through the elimination of unfair discrimination and the implementation of affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels of the workforce. It obliges employers with over 50 employees to prepare Employment Equity plans and report on a yearly or bi-yearly basis to the Department of Labour (DoL).
Enterprise	The person(s) conducting a business, trade or profession in the Republic of South Africa
Equity Interest	The entitlement of a participant to receive an economic interest and to exercise a voting right in an Enterprise.
Generic Scorecard	The balanced BEE scorecard included in the DTI Code 000 Statement 000.

<i>Global Policy</i>	<i>Globally applied restriction or regulation to which an enterprise is bound, which inhibits the enterprise from selling equity.</i>
<i>Internships</i>	<i>A process whereby an academically qualified individual performs work for a specified period under the supervision of a qualified professional, with the end result of qualifying as a professional</i>
<i>Joint venture</i>	<i>Normally, unincorporated bodies, regarded in law as partnerships in which the partners are jointly and severally liable for the acts, neglects and omissions of the partnership. A Joint venture is a venture normally formed ad-hoc for a specific project, in which two or more parties share obligations, risks and rewards. Joint ventures in the Procurement context are formed to realise commercial opportunities made available through the award of contracts</i>
<i>Learnship</i>	<i>As defined in the Skills Development Act, a structured learning component which: includes practical work experience of a specified nature and duration; would lead to a qualification registered by the South African Qualifications Authority and related to an occupation; and would be registered with the Director-General in the prescribed manner.</i>
<i>Listed property</i>	<i>A listed property fund is a company that derives its income from property and property related sources. A listed property fund is an income fund because it pays out almost all its income, while normal listed companies retain anything up to 80% of their income.</i>
<i>Management (estate agencies only)</i>	<i>For the purposes of this charter, in the case of estate agencies, anyone earning more than R360,000 a year and possessing a level of authority. This salary threshold will be increased in line with the consumer price index ("CPIX") on the first day of January each year.</i>
<i>Top Management</i>	<i>Managers who have a significant leadership role in the enterprises, have control over day-to-day operations, have decision-making powers and report directly to the Chief Executive Officer and/or equivalent or the board of directors. The CEO and board members in an executive role form part of Executive Management.</i>
<i>Senior Management</i>	<i>Managers who plan, direct and co-ordinate the activities of a business and who have the authority to hire, discipline and dismiss employees and have a cost to company package (excluding bonuses) to the employer of R400,000 per annum or more, but excludes all employees who fall within the definition of Executive Management. The salary bands will be increased in line with the consumer price index ("CPIX") on the first day of January each year.</i>
<i>Senior Top Manager</i>	<i>Employees of a measured entity who are: a) members of the occupation category of "top management" as determined using the EE Regulations as qualified in the sector code b) appointed by or on the authority of the Board to undertake the day-to-day management of that measured entity and who: c) have individual responsibility for the overall management and for the financial management of that measured entity; and d) actively involved in developing and implementing the measured entity's overall strategy.</i>
<i>Middle Management</i>	<i>The level of management below Senior Management and includes people who possess a high level of professional knowledge and experience in their chosen field with a cost to company package (excluding bonuses) to the employer of between R200,000 and R399,000 per annum. The salary bands will be increased in line with the consumer price index ("CPIX") on the first day of January each year.</i>

<i>Junior Management</i>	<i>The level of management below Middle Management and includes academically qualified workers who possess technical knowledge and experience in their chosen field and have a cost to company package (excluding bonuses) to the employer of between R150,000 and R199,000 per annum. The salary bands will be increased in line with the consumer price index ("CPIX") on the first day of January each year.</i>
<i>Mentorship</i>	<i>The process of assisting others to gain further knowledge, experience and skills. It is an activity that can be successfully used where senior employees develop people within a company to enhance their job development.</i>
<i>Net equity interest</i>	<i>The result of formula A or B in paragraph 17.1 of DTI Code 100, Statement 100 whichever is the lower. Formula A is "deemed current value" of instruments held by black people multiplied by (1 divided by 25% of the graduation factor) multiplied by 7. Formula B is the percentage economic interest of black participants divided by the target for economic interest of black participants multiplied by 7.</i>
<i>Payroll</i>	<i>Means salary and wages or similar remuneration payable by an employer to an employee, but does not include any bonus, incentive or commission.</i>
<i>Practitioners</i>	<i>Practicing commercial property brokers /estate agents</i>
<i>Property</i>	<i>Land and/or improvements</i>
<i>Property brokerages</i>	<i>Enterprises participating in the sale and leasing of commercial property.</i>
<i>Property development</i>	<i>Development of commercial or residential property.</i>
<i>Property ownership</i>	<i>A right or title, in part or whole, either in the form of a unit, land or building, where the owner derives economic benefit. It may include, but is not limited to, freehold title, sectional title, shares, leasehold property.</i>
<i>Property sector</i>	<i>For the purposes of this charter the property sector refers to all enterprises that participate in property ownership including but not limited to all property owning enterprises (and/or the assets themselves), property services enterprises and residential property enterprises.</i>
<i>Property services enterprises</i>	<i>Includes but not limited to: Facilities management, Property management, Asset Management, Valuers, Conveyancers and other professional service providers in the property sector</i>
<i>Property Unit Trust</i>	<i>Property Unit Trust, a collective investment scheme in property which invests in a portfolio of investment grade properties that is held for its rental income and capital appreciation.</i>
<i>Residential property enterprises</i>	<i>Any enterprise involved in facilitating the selling, renting or managing of residential property.</i>
<i>SETA</i>	<i>Means a Sector Education and Training Authority established in terms of section 9(1) of the Skills Development Act 97 of 1998.</i>
<i>Share register</i>	<i>A Share registry is an entity that provide the following services to the shareholders on behalf of the listed companies: Share register maintenance, receiving, validating and processing of share transfers, Dividend distribution by all modes. Registration of new shareholders, handling general enquiries and handling IPO's.</i>

<i>Skills Development</i>	<i>The transfer or gaining of technical knowledge, related skills, values and attitudes in order to develop proficiency and to develop a person's natural aptitudes and other abilities to improve his/her capabilities as a worker. Training, which generally takes place outside formal educational institutions, is more often than not directed towards the needs of a specific employer or group of employers. Skills development spend refers to the direct cost, excluding peripheral costs, incurred by a company for accredited or sector acknowledged training and development including costs related to learnerships and bursaries and excluding the skills levy as per the skills development legislation.</i>
<i>SOE</i>	<i>State-owned enterprise, being an enterprise, owned or controlled by government.</i>
<i>Spend</i>	<i>The previous 12 months orders at the time of measurement. All expenditure should be counted at the time of invoicing.</i>
<i>Staff</i>	<i>Includes all employees and for the purposes of this charter commissioned agents.</i>
<i>Subsidiary</i>	<i>A company controlled by another usually a large corporation. When that control or ownership is not shared, it is termed a wholly-owned subsidiary. Subsidiaries are distinct legal entities for purposes of taxation and other forms of regulation.</i>
<i>Superannuation scheme</i>	<i>A "provident fund", a "pension fund" and a "retirement annuity fund" as defined in Schedule 2 of the Tax Act 58 of 1962.</i>
<i>Under-resourced areas</i>	<i>Areas, which did not receive adequate infrastructure development investment or attention from the previous dispensation or the private sector. As defined in the Transformational Infrastructure document by Financial Sector Charter).</i>
<i>Unlisted public mandate collective investment schemes</i>	<i>Unlisted public company wholly owned by mandated investments and public entities</i>
<i>Transformational infrastructure</i>	<i>Projects that support economic development in under-resourced areas and contribute towards equitable access to economic resources. Such infrastructure projects could be in the following sectors: transport; telecommunications; water, waste water and solid waste; energy; social infrastructure such as health, education, and correctional services facilities; and municipal infrastructure and services</i>
<i>Triple bottom line</i>	<i>A business concept that refers to corporate attainment of balanced and integrated economic, social and environmental performance.</i>
<i>Value of Enterprise</i>	<i>As Average Annual or such other mechanism as defined in Codes of Good Practice</i>

**COMPLEX STRUCTURE CALCULATION MATRIX**

	Generic Codes Qualification	Property Sector Charter	PUTS Property Unit Trust	PLSA property loan stock	Assest Management	Property Owners	Property Management Services	PLSA Internal Management	Unlisted Public Mandate collective Investment Scheme	Estate Agents
<b>Ownership</b>	20	20	20	20	20	20	20	20		20
<b>Management Control</b>	10	10	10	10	10	10	10	10	10	10
<b>Employment Equity</b>	15	15			15		15	15	15	15
<b>Skill Development</b>	15	15			15		15	15	15	15
<b>Prefereantial Procurement</b>	20	20	20	20	20	20	20	20	20	20
<b>Enterprise Development</b>	15	10		10	10	10	10	10	10	10
<b>Socio-economic Development</b>	5	2		2	2	2	2	2	2	2
<b>Economic Development</b>		15	15	15		15		15	15	
<b>TOTAL</b>	<b>100</b>	<b>107</b>	<b>65</b>	<b>77</b>	<b>92</b>	<b>77</b>	<b>92</b>	<b>107</b>	<b>87</b>	<b>92</b>