

- 8.6 Black people, women and designated groups 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 principle.
- 8.9 The parties to the charter commit to devise mechanisms to unlock 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:
- 8.9.1 Address administrative and legal constraints to ownership, in partnership with the relevant government departments at national, provincial and local level;
- 8.9.2 Design partnerships with the financial sector and government to enhance access to finance for property ownership and property development initiatives;
- 8.9.3 Meet asset disposal targets as outlined in the economic development section of the Sector Charter
- 8.10 Treatment of indirect ownership: the Property Charter will follow and apply the DTI Codes of Good Practice in this regard. If there is any matter relating to score cards and/or measuring of enterprises in the Property Sector Charter, the generic DTI Codes of Good Practice, shall take precedence over the charter code 100.
- 8.11 Only in property owning companies the adjusted ownership code will be applied as indicated in the table below. All other transactions should apply the ownership Code 100 of the Codes of Good Practice.

CODE 100: OWNERSHIP SCORECARD

9 MANAGEMENT CONTROL

CATEGORY	OWNERSHIP INDICATOR	WEIGHTING POINTS		COMPLIANCE TARGET (5Years)	
		Property Owning companies	All other transactions	Property owning companies	All other transactions
Voting Rights	Exercisable Voting Rights in the Enterprise in the hands of black people	5	3	25%+1vote	25% +1 vote
	Exercisable Voting Rights in the Enterprise in the hands of black women	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 people 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	Year1 – 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% Year10- 50%	Annexure C paragraph 4 of the of codes of Good Practice
Bonus points	Involvement in the ownership of the Enterprise of black new entrants;	2	2	10%	10%
	Involvement in the ownership of the Enterprise of Black participants: 1. in Employment Ownership schemes 2. of Broad-based ownership Scheme; 3. Co-operatives	1	1	10%	10%

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 of 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.

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 to 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, No. 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 2% Black disabled employees as percentage of all employees;

- 10.3.2 43% Black senior management employees as a percentage of all employees using the adjusted recognition for gender;
- 10.3.3 63% Black employees in middle management as a percentage of all employees using the adjusted recognition for gender;
- 10.3.4 68% 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 within five years from the effective date of the charter.
- 10.4.1 37.5% Black practitioners as % of total practitioners using the adjusted recognition for gender;
- 10.4.2 30% Black people in management as % of total Management using the adjusted recognition for gender.
- 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.
- 10.5.3 Entities should take into consideration that the ultimate ten years targets under this element which they are expected to achieve are contained in Code 300 of the Codes of Good Practice.

CODE 300: EMPLOYMENT EQUITY SCORECARD

CATEGORY	EMPLOYMENT EQUITY INDICATOR	WEIGHTING POINTS	COMPLIANCE TARGET Years 0-5
Disabled	Black disabled employees as a percentage of all employees	2	2%
Senior Management	Black senior management employees as a percentage of all employees using the adjusted recognition for gender	5	43%
Middle Management	Black employees in middle management as a percentage of all employees using the adjusted recognition for gender	4	63%

Junior Management	Black employees in junior management as a percentage of all employees using the adjusted recognition for gender	4	68%
Bonus Points	Bonus point for meeting or exceeding the EAP targets in each category (Snr=1, Middle=1 & Junior =1 point)	3	
Property brokers/ Estate agents	Black practitioners as % of total practitioners using the adjusted recognition for gender	7	37.5%
	Black people in management as % of total Management using the adjusted recognition for gender	7	30%
	Black women in Management as % of total Management	1	15%
Bonus Points: (Property brokers/Estate agents)	Black practitioners as % of total practitioners using the adjusted recognition for gender	1	40%
	Black people in management as % of total practitioners using the adjusted recognition for gender	1	40%
	Black women in Management as % of total Management	1	20%

11 SKILLS DEVELOPMENT

- 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 that within one year of the effective date of the charter a programme which outlines key actions to address the backlog in structured skills development for the sector will be developed. This programme will be designed in partnership with the sector, the SETA, the Estate Agency Affairs Board (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 1.5% of skill development expenditure of learning programmes, specified in the learning matrix for black employees as a percentage of leviabale amount using the adjusted recognition for gender, in addition to the skills development levy;
- 11.3.2 2.5% of number of blacks participating in learnerships or Category B, C, D programme as a percentage of total employees using the adjusted recognition for gender;

- 11.3.3 0.3% skill development expenditure on learning programmes, specified in the learning matrix for black people 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 whereby academically qualified individuals are working 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 Each enterprise will submit, in compliance with the Skills Development Act No. 97 of 1998, a workplace skills plan.

CODE 400: SKILLS DEVELOPMENT SCORECARD

CATEGORY	SKILL 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	1.5%
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	2.5%

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 within five years from the effective date of the sector charter:
- 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 10% of procurement spend from Qualifying Small Enterprises (QSE) or Exempted Micro-Enterprises (EME) based on the applicable BEE procurement recognition levels as a percentage of total measured procurement spend;
- 12.1.3 15% 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 50% black women owned (2 out of 5 points)
- 12.1.4 40% spend property service Enterprises (level 1-4) of total property Services spend
- 12.1.5 Entities should take into consideration that the ultimate ten years targets under this element which they are expected to achieve are contained in Code 500 of the 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	10%
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	15%

% spend property services Enterprises (Level 1-4) of total property services spend	3	40%
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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, through the implementation of comprehensive enterprise development programmes
- 13.3 Consequently each enterprise in the sector commits to achieve the following targets over five (5) years:
- 13.3.1 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

CODE 600: ENTERPRISE DEVELOPMENT SCORECARD

CRITERIA	WEIGHTING POINTS	COMPLIANCE TARGET
Average Annual 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 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.
- 13.6 Enterprises to be targeted for enterprise development will be determined in accordance with the BBBEE status matrix in this charter.

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 net profit after tax (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
Average annual 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; programmes at secondary and tertiary education level which promote the sector; bursaries and scholarships, which are oriented towards property related professions;
 - 14.7.2 Consumer education and information on property ownership and property practice ;
 - 14.7.3 Training: community *training*; building related trades and skills development for unemployed school leavers; adult basic education and *training* in communities;
 - 14.7.4 Development Programmes for *black youth* and other *black designated groups*;
 - 14.7.5 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;
 - 14.7.6 Arts & Culture: support of development programmes for new talent and provision of more public culture centres;
 - 14.7.7 Health: HIV and AIDS awareness, support of community clinics and access to health care;
 - 14.7.8 Sport: support of developmental programmes; and
 - 14.7.9 Job creation.
- 14.8 Contributions in kind (e.g. employee time spent on *Socio Economic Development* projects) will be recognised in the calculation of *Socio Economic Development spend*.

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, empower micro and small enterprises and contribute towards equitable access to economic resources in under-resourced areas.
- 15.3 The sector Charter Council will set guidelines that meet the above objectives, against which property sector investments will be measured, within six months after signing the charter.

- 15.4 *Enterprises* in the sector consequently commit to spend 10% of their total new annual acquisition of property or new property development in property development or transformational infrastructure cumulatively over a five-year period in under-resourced areas.
- 15.5 There has been limited support by the sector of entrepreneurial development and both public and private sector disposal strategies have in general inadequately incorporated BBBEE objectives
- 15.6 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, enterprises in the sector commit to target 35% of disposals to Level One (1) to Level Three (3) BBBEE enterprises over a five year period from the effective date of the Sector Charter.
- 15.7 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 1-4) as a % of total asset disposal (private)	8	35%
Development Investment in under-resourced areas as a % of total annual investment	7	10%

- 15.8 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.
- 15.9 National, provincial and local government will identify *property* for development purposes in line with integrated development plans and combine zoning rights with development requirements.
- 15.10 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 it will calculate its overall performance based on 100 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.

COMPLEX STRUCTURE TABLE

	PUTS Property Unit Trusts	PLSA Property Loans Stocks	Asset Manage ment	Property Owners	Property Managers
Ownership	X	X	X	X	X
Control	X	X	X	X	X
Employment Equity			X		X
Skill Development			X		X
Procurement	X	X	X	X	X
Enterprise Development		X	X	X	X
Socio-Economic Development		X	X	X	X
Economic Development	X	X		X	

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 BBBEE 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 issued under the BBBEE Act will govern the measurement of BBBEE. 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 charter, the measurement principles in the Codes of Good Practice, will take precedence over the content of this charter.
- 18.2 To the extent that any of the Codes of Good Practice specify further measurable elements of BBBEE, the stakeholders commit to apply the utmost good faith in seeking to ensure that such elements are integrated into this charter.
- 18.3 The parties to the charter commit to review on an ongoing basis any legislation, policy and standards, which may have a direct impact on the empowerment outcomes of the charter and any sector code gazetted pursuant to this charter, to ensure that the *property sector* remains committed to the attainment of the national BBBEE 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 BBBEE 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: