

- 19.2.1 Elements: The core elements of the charter, derived from the BBBEE Act and Codes of Good Practice issued in terms of the Act
- 19.2.2 Indicators: The area of measurement pertaining to an element of BBBEE;
- 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 BBBEE 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 Signed

South African Institute of Black Property Practitioners (SAIBPP)

South African Property Owners Association (SAPOA)

Association of Property Unit Trust Management Companies (APUTMC)

Property Loan Stock Association (PLSA)

Women's Property Network (WPN)

Association of Women in Property (AWIP)

Estate Agencies Affairs Board (EAAB)

South African Black Technical and Allied Career Organisation (SABTACO)

SA Council of Shopping Centres (SACSC)

Institute of Estate Agents of South Africa (IEASA)

South African Forum of Real Estate (SAFRE)

SA Facilities Managers Association (SAFMA)

National Department of Public Works (NDPW)

National Economic Development and Labour council (NEDLAC)

SA Council of Property Valuers Professionals (SACPVP)

Black Professional Valuers Association (BPVA)

Black Estate Agents Forum of SA (BEAFSA)

21 PROPERTY SECTOR CHARTER SCORECARD

ELEMENT	INDICATORS	WEIGHTING		5 YEAR TARGET
		Property Owning companies	All Other	
OWNERSHIP (20 points)				
Voting Rights	<i>Exercising voting Rights in the enterprise in the hands of black people</i>	5	3	25% plus 1vote
	<i>Exercising voting Rights in the enterprise in the hands of black women</i>	2	2	10%
Economic interest	<i>Economic interest of black people in enterprise</i>	5	4	25%
	<i>Economic interest of black women in enterprise</i>	2	2	10%
	<i>Economic interest of the following black natural people in the enterprise:</i> 1. <i>Black designated groups</i> 2. <i>Black participants in employee ownership schemes</i> 3. <i>Black beneficiaries of Broad based Ownership schemes</i> 4. <i>Black participants in co-operatives</i>	1	1	2.5%
Realisation points	<i>Ownership fulfillment</i>	1	1	No restriction for Property Owning companies Refer to paragraph 10.1 of Code Series 100 of the Codes of Good Practice for all other Property entities
	<i>Net equity value</i>	4	7	The following calculation apply 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%
	<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%
CONTROL (10 points)				
<i>Board participation</i>	<i>Exercisable Voting Rights of black Board members who are black using the Adjusted Recognition for Gender</i>	3		50%
<i>Top management</i>	<i>Black Executive Directors using the Adjusted Recognition to gender</i>	2		50%
	<i>Black Senior Top Management using the Adjusted Recognition for genders</i>	3		40%
	<i>Black Other Top Management using the Adjusted Recognition for genders</i>	2		40%
<i>Bonus</i>	<i>Black Independent Non-Executive Board Member</i>	1		40%
EMPLOYMENT EQUITY (15 points)				
<i>Disabled</i>	<i>Black disabled employees as a percentage of all employees</i>	2		2%
<i>Senior Management</i>	<i>Black Senior Management employees as % of all employees using the adjusted recognition for gender</i>	5		43%
<i>Middle Management</i>	<i>Black employees in middle management as a percentage of all employees using the adjusted recognition for gender</i>	4		63%
<i>Junior Management</i>	<i>Black employees in junior management as a percentage of all employees using the adjusted recognition for gender</i>	4		68%
<i>Bonus Points</i>	<i>Bonus point for meeting or exceeding the EAP targets in each category (Senior=1, Middle=1 & Junior =1 point)</i>	3		
<i>property brokers/estate agents</i>	<i>Black practitioners as % of total practitioners using adjusted recognition for gender</i>	7		37.5%
	<i>Black people in Management as % of total Management</i>	7		30%

	<i>Black women in Management as % of total Management</i>	1	15%
Bonus points	<i>Black practitioners as % of total practitioners using adjusted recognition for gender</i>	1	40%
	<i>Black people in Management as % of total Management</i>	1	40%
	<i>Black women in Management as % of total Management</i>	1	20%
SKILLS DEVELOPMENT (15 points)			
	<i>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</i>	6	1.5 %
	<i>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</i>	3	0.3 %
	<i>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</i>	6	2.5%
PREFERENTIAL PROCUREMENT(20 points)			
	<i>BEE Procurement Spend from all Suppliers based on the BEE Procurement Recognition Levels as a percentage of total measured procurement spend</i>	10	70%
	<i>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</i>	2	10%
	<i>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).</i>	5	15%
	<i>% spend property services Enterprises (Level 1-4) of total property services spend</i>	3	40%
ENTERPRISE DEVELOPMENT (10 points)			
	<i>Average Annual value of all Enterprise Development contributions and sector specific programmes made by the measured entity as a percentage of the target</i>	10	3% NPAT
SOCIO-ECONOMIC DEVELOPMENT (2 points)			
	<i>Average annual value of all socio-economic development contributions made by the measured entity as a percentage of the target</i>	2	1%NPAT

ECONOMIC DEVELOPMENT (15 points)		
<i>Disposal of assets to B-BBEE enterprise (Level 1-3) as a % of total asset disposal (private)</i>	8	35%
<i>Development Investment in under-resourced areas as a % of total annual investment</i>	7	10%
Total	107 points	

22 Definitions

<i>Acceptable Valuation Standard</i>	<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>
<i>Accredited BEE Verification Agencies</i>	<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>
<i>BBBEE enterprises</i>	<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>
<i>Benefit scheme</i>	<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>
<i>Black Aged People</i>	<i>Black people who are also aged people as defined in the Aged Persons Act 81 of 1967, as amended or substituted.</i>
<i>Black disabled people</i>	<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>Broad-based ownership scheme</i>	<i>A collective ownership scheme constituted with the view to facilitating the participation of specified natural persons in the benefits flowing from the ownership by that scheme or by its fiduciaries of an Equity Interest in an Enterprise</i>
<i>Commissioned agent</i>	<i>A person who only earns commission, receives no salary.</i>
<i>Corporate Social Investment (CSI)</i>	<i>CSI means projects aimed primarily at black groups, communities and individuals that contribute towards transformation.</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>
<i>Distribution scheme</i>	<i>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.</i>
<i>Economic Interest</i>	<i>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: - not arms-length; - not market-related; - mala fide; or - without a commercial rationale; or - intended to circumvent the provisions of this statement or the objectives of the Act.</i>
<i>Effective Date</i>	<i>The date on which this charter is gazetted as a sector charter</i>
<i>Element</i>	<i>The measurable quantitative or qualitative elements of BEE compliance specified in Code 000, Statement 000 of the DTI Codes of Good Practice</i>

<i>Eligible Procurement</i>	<i>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.</i>
<i>Employee scheme</i>	<i>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.</i>
<i>Employment Equity</i>	<i>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).</i>
<i>Enterprise</i>	<i>The person(s) conducting a business, trade or profession in the Republic of South Africa</i>
<i>Enterprise development</i>	<i>Monetary and non-monetary support to develop and foster new or existing small and micro enterprises with a BBBEE status level of One to Four.</i>
<i>Equity Interest</i>	<i>The entitlement of a participant to receive an economic interest and to exercise a voting right in an Enterprise.</i>
<i>Exempted Micro Enterprises</i>	<i>Are as defined in the Broad Based Black Economic Empowerment Codes of Good Practice</i>
<i>Exercisable Voting Right</i>	<i>A voting right of a participant that is not subject to any limitation.</i>
<i>Fronting</i>	<i>Any entity, mechanism or structure established in order to circumvent the BEE requirements as required under various policy instruments. Fronting structures generally claim a higher BBBEE status than the actual substantive economic benefits flowing to black beneficiaries would suggest.</i>
<i>Generic Scorecard</i>	<i>The balanced BEE scorecard included in the DTI Code 000 Statement 000.</i>
<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>Net profit before taxation</i>	<i>Net Profit before tax according to Generally Accepted Accounting Practice but which Shall exclude : *Interest distributions paid to "linked" unit holders *Adjustments to arrive at the fair value of financial or hedging instruments *Adjustments to arrive at the fair value of property assets *Adjustments arising from the straight-lining of lease rentals in terms of International Accounting Standard IAS 17</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>Learnership</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>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>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>Net Profit After Taxation</i>	<i>Net Profit as defined after normal taxation but before deferred taxation.</i>
<i>Payroll</i>	<i>Means salary & 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>Facilities management, Property management, Asset Management, Valuers, Conveyancers and other professional service providers in the property sector</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>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. Includes rural areas and those areas that were previously referred to as "homelands", and "black townships".</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>Voting right</i>	<i>A voting right attaching to an instrument owned by or held on behalf of a Participant, that may be exercised at a general meeting of the shareholders of a company having share capital or any similar rights in any other form of Enterprise measured in accordance with the Flow-Through Principle or the Control Principle.</i>

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