Ref : R47_02 Section 5.4, 12.2, 13.6, and 9.1 **Doc No: M30**

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EmpowerLogic Impartiality Policy

EmpowerLogic shall ensure a high level of both actual and perceived impartiality in its BBBEE verification activities. EmpowerLogic shall not provide BEE verification to an enterprise that has received BEE consultancy nor shall it provide any other services to a measured entity which could compromise confidentiality, objectivity or impartiality. A minimum period of 2 years shall elapse following the end of BEE consultancy before such an entity may be considered for verification. EmpowerLogic shall not state or imply that BEE verification would be simpler, faster or less expensive if a specified consultancy body is used. The company shall have a publicly available statement that it understands the importance of impartiality and objectivity when carrying out its activities so that no single interest predominates. This statement will be made publicly available on the EmpowerLogic Website (www.empowerlogic.co.za).

Impartiality relates to:

- independence
- objectivity
- absence of conflict of interest
- lack of prejudice
- being unbiased

EmpowerLogic shall implement procedures to prevent, identify and resolve conflicts of interest including self-interest threats, self-review threats, familiarity threats and intimidation threats.

Issued by : L Majija

Approved by : E Ackroyd duly authorised by the Executive Committee

EmpowerLogic Impartiality Procedure

Impartiality instances defined

A conflict of interest or partiality may be found in the following circumstances:

1) Relationships

- External Relationships

  - Where the company, its employees or immediate family members of its employees have a direct or material indirect financial interest or ownership of equity in the measured entity
  - Where the company, its employees or immediate family members of its employees have entered into a debt-creating agreement between itself and the measured entity to be verified, where such an agreement encumbers or is perceived to encumber the company or person(s) in the execution of it's/his/her discretion and objectivity towards the BEE assessment of the client.
  - Where an employee is a director of the measured entity
  - Where an employee of the company is an ex-employee of the measured entity
  - Where relatives of the company's employees are employed by the measured entity

- Internal Relationships

  - Where the activities of related bodies (e.g. Sales Department, Verification Committee, other Committees) affect the objectivity, impartiality and capability of another Departments (e.g. Verification Department) or its staff members, or vice versa

2) Services

  - Where familiarity threats arise due to employees being too familiar or trusting towards the client and not seeking adequate and sufficient verification evidence
  - Where intimidation threats arise when an employee of EmpowerLogic is being coerced to give a better score or an advantage to the measured entity. Such threats may include a threat such as getting another verification agency or withdrawing the project.
  - Where the client wants to engage EmpowerLogic on Consultancy as well as Verification work, and EmpowerLogic has to implement as well as verify.

3) Related bodies (external)

- Where EmpowerLogic does Verification or Consulting work for its own suppliers.

Procedures

1) Relationships

- External Relationships

All employees shall, once a year declare and disclose in the Conflicts Register, M300505, the names of all companies to whom they have a relationship such as described above that would present a conflict of interest to EmpowerLogic. Sales shall maintain the Conflicts Register, and will ensure that any conflicts arising due to relationships with companies listed there are avoided. This will be accomplished by:

- All employees are to review the Conflicts Register and sign to this effect on an annual basis. The Sales Co-ordinator will half yearly confirm the contents of the register with the analyst.
- If a prospective client that might present a conflict contacts EmpowerLogic, then the sales person / employee will present the issue to the Verification Committee.
- The Committee will review the conflict and will suggest a course of action that will minimize or eliminate the risk of partiality.
- These actions will include not taking the project, or allocating the project to an analyst that has no conflict with the prospective client.

All EmpowerLogic employees and management shall at any point during the verification process declare any partiality that has arisen to the Verification Manager, and then update the Conflicts Register. In such instances the Verification Manager will assess the impact of the conflict and take corrective actions as stated above.

All employees shall sign the Annual Compliance Declaration, M200505, which indicates that the employee has seen, and will comply with all the company policies and procedures which include the Impartiality and Disclosure of conflicts of interest policy and procedure.

During induction all employees will read and be briefed on all company policies and procedures, and will sign the Annual Compliance Declaration M200505.

EmpowerLogic Impartiality Procedure

The Impartiality Policy will be made accessible to all EmpowerLogic employees on the network, and a statement covering impartiality will be made available to the public on the Website.

- Internal Relationships

If an issue arises among departments or between a department and a committee or between a department and an employee that relates to or impacts on objectivity, impartiality and capability, the individual will report that issue to his direct report either verbally or in writing. The manager will report it at the next Exco meeting where it will be discussed and minuted, and a course of action taken to eliminate the conflict.

2) Services

The Sales Department, as the first point of contact with a prospective client, will review the Conflicts register to establish any conflict that might exist with that client. If not the process will continue. If a conflict exists, the Internal Relationships procedure above is followed.

Projects won are allocated by a Verification Committee member. During this process consideration is given to any potential conflicts, including relationship conflicts, staff load, competencies, etc

At the on-site kick off meeting, the verification team and the client shall complete and sign annexure B of the Verification Service Agreement, V100520 which deals with Conflict of interest. In the event of partiality arising at this point, the following procedure shall be followed:

- Both Employees of the client company and EmpowerLogic will make a declaration of their interests.
- The responsible supervisor will assess the level of partiality, document it and present to the Verification Committee.
- The Committee will suggest measures that will then be taken to eliminate the conflict. These may include of the re-assignment of the conflicted team member (s) from the verification team, or the company withdrawing from the project.
- Should the conflict be resolved, or no conflict exists, both parties will sign the Verification Service Agreement, and the project will continue.

EmpowerLogic Impartiality Procedure

All projects taken on are allocated with due consideration to the conflict declarations preventing a conflict of interest. Projects are rotated among the staff members to prevent too much familiarity.

EmpowerLogic shall ensure that **verification and consultancy** services (see M300510) or any other services which could compromise objectivity or impartiality are not rendered to the same measured entity. The following procedures shall be implemented to prevent any conflict arising from providing both verification and consulting or any other services presenting a conflict of interest risk to the same client:

Preventative Procedures

- All projects are recorded in the CRM system and the Sales Administrator is in charge thereof. In the system it is indicated whether the project is a Verification Project or a Consultancy Project. The Sales Administrator will ensure that at least 2 years have elapsed between the dates of performing a verification and consulting (or vice versa)
- All tailored proposals relating to consultancy (as opposed to standard) are to be approved by an Exco member after due consideration to any potential conflict.

Detective Procedures

- Exco reviews the CRM system as part of its standing agenda, to ensure that at least 2 years have elapsed between the dates of performing a verification and consulting (or vice versa), and that all consultancy projects have been duly approved.
- All projects are recorded in the Project Status system as either Verification or Ad Hoc projects. All these projects are reviewed by the Verification Committee with due consideration to preventing a conflict of interest.

3) Related bodies (external)

In order to avoid a conflict of interest with suppliers where EmpowerLogic has done or will still conduct Verifications for, EmpowerLogic will not choose Preferential Procurement as one of the elements for the calculation of its Scorecard.

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