

IMPARTIALITY PROCEDURE

1. INTRODUCTION

This document covers the procedures which have been implemented relative to the impartiality requirement contained in SANAS R47-02.

2. PURPOSE

The purpose of this procedure is to ensure all Harvest BEE Verifications personnel perform their verification functions impartially.

3. RESPONSIBILITY AD AUTHORITY

The Managing Director shall ensure that all Harvest BEE Verifications' personnel perform their verification functions impartially.

4 PROCEDURE

4.1 Code of Conduct and Declarations

Harvest BEE Verifications Directors, support staff, analysts and verification manager/s shall be required to sign a declaration undertaking to abide by Harvest BEE Verifications Code of Conduct which shall contain clauses applicable to the impartiality requirement.

4.2 Legally Enforceable Agreements

Clauses applicable to impartiality and conflict of interest shall be contained in the contracts of employment of Harvest BEE Verifications.

4.3 Identification of Threats to Impartiality

4.3.1 Analysts and Verification Managers

4.3.1.1 In the Request for BEE Verification Information, clients will be required to identify analysts and the Verification Manager/s that may pose a threat to impartiality .

4.3.1.2 In reviewing the request, Harvest BEE Verifications will exclude those analysts and the Verification Manager from participating in that particular verification exercise.

4.3.1.3 Harvest BEE Verifications will submit other analysts and the Verification Manager/s for the potential clients' consideration.

4.3.2 Ownership

4.3.2.1 In the Request for BEE Verification Information, clients will be required to identify directors and shareholders of Harvest BEE Verifications who hold equity shares in the entity to be rated or have any voting rights in the entity.

4.3.2.2 Should any of Harvest BEE Verifications directors or shareholders be so identified, Harvest BEE Verifications will not accept appointment to conduct the BEE verification exercise in respect of that client.

Harvest BEE Verifications/ Verification Management System/HBVPROC007_Impartiality Procedure

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4.3.3 Investment through another equity and/or debt creating instrument

4.3.3.1 When reviewing the request for information from client, Harvest BEE Verifications shall ascertain whether it is a party to any debt-creating agreement between itself and the client and, if so, whether such agreement is not the normal business of the client to provide such services and is entered into under conditions more favourable than those provided to the general public at large. If so, Harvest BEE Verifications will not accept appointment to conduct the verification exercise in respect of that client.

4.3.4 Relationship with ‘Related Bodies’

4.3.4.1 Harvest BEE Verifications is an independent Verification Agency. It has no relationship with other bodies through Directorship/Ownership.

4.3.4.2 Harvest BEE Verifications shall, in all its promotional material, display the following statement.

Harvest BEE Verifications is one of many B-BBEE Verification Agencies offering BEE verification services and does not necessarily provide the most simple, fastest or cheapest service. We detach ourselves and do not support any claim made by any person or body that we are the fastest or cheapest service.

4.3.4.3 Harvest BEE Verifications recognises that its dealings with related bodies could pose actual or perceived threats to our impartiality if they are not properly managed. For the purpose of this clause, a “related body” includes our service providers and individuals who provide regular or occasional services to Harvest BEE Verifications, examples include our stationery suppliers and IT and accounting service providers.

4.3.4.4 We will conduct an analysis of our current and future related bodies, which will include an examination of whether: -

- (a) any owner, director or employee of the related body is related to, or has a social relationship with any member of the Harvest BEE Verifications staff;
- (b) the fees for the services which the related body provides are market related and thus unlikely to raise suspicion that the fees are discounted in exchange for a favourable rating from Harvest BEE Verifications;

4.3.4.5 Harvest BEE Verifications will implement the following measures to protect any risks to its objectivity and impartiality when dealing with its related bodies: -

- (a) We will require the related body to declare any family or social relationship which may exist between Harvest BEE Verifications staff and any of its owners, directors and staff. We will require Harvest BEE Verifications staff to make the same declaration.
- (b) If a relationship is declared, the Managing Director will assess whether it poses any potential risk to Harvest BEE Verifications impartiality and determine what action, if any,

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should be taken to protect Harvest BEE Verifications objectivity. Such action could include declining to conduct verification for the service provider concerned.

- (c) A related bodies register/declaration will be kept and will be checked against every verification assignment undertaken to ensure that no conflict of interest exist that could influence Harvest BEE Verifications independence and objectivity. All persons involved in the verifications process will be required to sign a declaration of conflict of interest with any related body.

4.3.4.6 For the purposes of 4.3.4.5 above, a conflict of interest and/or a threat to independence is likely to occur if:

- ✓ Harvest BEE Verifications - including any member of the verification team - or any related party has, during the previous two-year period, provided consultancy services to the measured entity. Therefore, there must elapse a minimum period of 2 years before BEE verification may be conducted for the client (definition for consulting is as follows:
‘consultancy’ means the provision of any service that assists a measured entity to implement a BEE Strategy or any element of a BEE Strategy. This includes implementation in ownership, management control, employment equity, skills development, preferential procurement, enterprise development and corporate social investment. With reference to avoidance of conflicts of interest, the service would be considered to be consultancy if the company had provided specific solutions and assisted the measured entity to implement the proposed solutions. Examples of consultancy include, but are not limited to, the following:
 - (a) coaching or facilitating the BEE process on behalf of the measured entity towards the development and implementation of activities leading to BEE compliance;
 - (b) preparing or producing manuals, handbooks or procedures;
 - (c) participating in the decision-making process regarding the management system;
 - (d) giving specific advice on the development and implementation of the management system for eventual verification.” – R47-02);
- ✓ Harvest BEE Verifications provides both consultancy services and verification to the same measured entity;
- ✓ any member or immediate family of Harvest BEE Verifications (including employees and external personnel and members of any committees) allows commercial, financial or other pressures to compromise their impartiality (as stated in the Related Body declaration);
- ✓ any situation which may be perceived to constitute a conflict of interest exists.
- ✓ Any suppliers of Harvest BEE Verifications.

4.6 The Managing Director will print an updated supplier list the 1st week of every month and use it when he assesses the Request for Verifications for engagement acceptance, he will check the list to ensure that they are not one of our suppliers.

4.7 Should a conflict of interest or threat to impartiality arise, Harvest BEE Verifications will,

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depending on the nature of the threat, either reject the assignment or employ other analysts to conduct the verification. Where a conflict of interest arises with a particular member of the verification team, that member shall be excluded from the assigned verification. In the case where one of the Verification Analysts/ Internal Auditors provided BEE Consultancy for the measured entity, the Verification Analyst/Internal Auditor will be excluded from the verification team for a period of two years after the consultancy took place.

Related Policies, Procedures and Forms:

SANAS R47-02 Clauses 10.2.2, 10.2.3, 12.1.4, 12.2 and 13.6

HBVPolo12 – Impartiality Policy

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