

SCOPE

This procedure covers the R47-03 clauses 12.2 and 13.6 on the requirements of impartiality.

PURPOSE

The purpose of this procedure is to ensure that Magna BEE Ratings (Pty) Ltd management and staff (internal and external) adhere to policy number **MAN006**.

RESPONSIBILITY AND AUTHORITY

The responsibility lies with the Verification Manager of Magna BEE Ratings (Pty) Ltd to ensure that all staff (internal and external) is objective and should any conflict of interest exist it is dealt with immediately in the correct way.

It is the responsibility of each and every employee of Magna BEE Ratings (Pty) Ltd to ensure that this procedure is followed at all times.

REFERENCES

- R47-03 Clauses 12.2 and 13.6



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PROCEDURES

A. General

Magna BEE Ratings (Pty) Ltd is committed to impartiality and have a public statement on impartiality on its website demonstrating the importance of impartiality when dealing with conflicts of interest. Website address is www.magnaratings.co.za.

This public statement of impartiality will include amongst others a statement confirming that the Verification agency shall not provide any other services which could compromise **confidentiality, objectivity or impartiality**.

Magna BEE Ratings (Pty) Ltd shall in no way provide a verification that is **simpler, faster or less expensive** to the entity as a result of the entity making use of a specific consultancy agency.

1. In line with procedure CORE001 P01 the request received from the customer to be rated will be perused by the verification manager for authorization and assignment of the verification team. This request is in the form of an application form (CORE001 F05 Application Form & Assignment and Declaration) completed by the customer (Measured Entity) and includes in paragraph 4 & 5 a section for where the Measured Entity must have divulged who provided them with consultancy and audit services.
2. The verification manager will then select the team who will conduct the verification ensuring that Magna BEE Ratings (Pty) Ltd remains impartial and the Verification Manager will not assign an Analyst who has previously worked for or is currently related to any entities listed in Paragraph 4 & 5 of the Application form or the Measured Entity.
3. Each team member including the Verification Manager will disclose any reason or information that may cause conflict of interest to the person who did the assignment immediately. The following reasons applies to all employees always but is not limited to with regards to impartiality and conflict of interest:
 - Immediate family
 - Financial interests
 - Friends
 - BEE consulting provided to particular entity (in the last 4 years)
 - Any links or services to entities listed in Paragraph 4 & 5 of the Application form
 - Any prior association
4. Should the analyst have disclosed any reasons or any known links to the entities listed in Paragraph 4 & 5 of the Application form or to the Measured Entity they will not complete the declaration or

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assignment form and bring this to the attention of the Verification Manager who assigned them. The Verification Manager will review this information and re-assign another Analyst (CORE 001 F05 Application Form & Assignment and Declaration).

5. Should the employee choose not to disclose any information that may cause conflict of interest and it gets revealed after or during the verification, the employee must undergo a disciplinary enquiry which may lead to dismissal.
6. The customer who was rated will then be informed by the verification manager of the situation and the customer must be re-verified with a completely new verification team.
7. Steps 1 – 4 will then be followed again.
8. The administrator will send the customer the CORE 001 F03 Quote & Terms and Conditions, whereby the customer has the duty to inform Magna BEE Ratings (Pty) Ltd of any possible conflict of interest.
9. Should there be any conflict of interests raised by the customer, the verification manager will review this and a decision will be taken.
10. If the conflict of interest can be resolved by selecting another member or team, the verification can go ahead.
11. If the conflict of interest cannot be resolved at all, the verification manager will inform the customer of the decision and the reasons.
12. Magna BEE Ratings (Pty) Ltd shall not market in any way for any related body to ensure that the activities of related bodies are not marketed together or to ensure that that the impression is not created that the two activities are linked in any way. Vice versa applies in that no related body shall market for Magna BEE Ratings (Pty) Ltd. Magna BEE Ratings (Pty) Ltd shall only market their own activities and services on their website and future marketing tools.

RELATED BODIES

13. Conflict of interest could result from relationships with related bodies. In order to ensure that the related bodies are always current the updating of related bodies will be included in the Management Review Agenda as an item. The following **related bodies** were identified and the relationship and possible conflict of interest analyzed:

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13.1 Related Party (referrals)

Related Body	Relationship
Arno Wagener & Riaan van der Westhuizen	Refer clients
Maxine & Samantha Koekemoer	Refer clients
Debbie Kennedy	Refer clients
Tanya de Roos	Refer clients
Lisa van der Vyver	Refer clients
Gavin Borrageiro	Refer clients

Relationship:

Related party by referring clients for B-BBEE verification to Magna BEE Ratings (Pty) Ltd.

Possible conflict of interests:

- A related party could exercise undue pressure on the Verification Agency for specific results because the Verification Agent could be financially dependent.
- The Verification Agent could be seen as not being impartial.
- The related party could advertise the service of the Verification Agent with related service, i.e. BEE Consultancy, Audit Service, Bookkeeping or any type of Consultancy Services linked to BEE activities measured.

Minimizing the Risk to ensure confidentiality, objectivity and impartiality of activities:

- The Verification Agent will ensure that they are not financially dependent on the referral of a specific related party.
- The related party will sign a Related Body Disclosure form (SUP 001 F18 Related Body Disclosure) where they confirm that they will not state or imply to our clients that BEE verification would be simpler, faster or less expensive if the BEE Verification Agency is used. They will not market the services of the BEE Verification Agency with any related service, i.e. BEE Consultancy, Audit Service, Bookkeeping or any type of Consultancy Services linked to BEE activities measured.

13.2 Verification Analysts

Relationship:

Analysts provide BEE verifications including a BEE Report and Scorecard to the Measured Entity which is reviewed and signed off (Certificate) by the Verification Manager. BEE verifications include an on-site

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verification visit at the site of the Measured Entity. The Analyst has direct contact with the Representative of the Measured Entity and employees selected from the sample thereof.

Possible conflict of interests:

- Analysts could be offered bribes or other benefits by representatives or employees of the Measured Entity to influence verification results.
- Analysts could further be involved in the verification of Measured Entities in which they have a financial interest or family relations.
- Analysts could have previously provided other services to the Measured Entity such as consultancy.

Minimizing the Risk to ensure confidentiality, objectivity and impartiality of activities:

- Training will be provided on impartiality and conflicts of interest to candidate analysts (specifically MAN 006 and MAN006 P01).
- All Analysts will complete a declaration form disclosing any reason or information that may cause conflict of interest. The authorised form to be completed in this regard is CORE001 F03 and the procedure which determines this is MAN006 P01.
- All Analysts shall sign an employment contract (SUP001 F02) before they commence employment which stipulates that the employee shall not during their employment be engaged in any business firm or undertaking of any nature other than their employment with the agency.
- When candidate analysts apply for a position at the agency, they are specifically asked in written form to disclose previous employment and whether they have provided consulting and details thereof (SUP001 F01).

13.3 Verification Managers

Relationship:

The responsibility making decision in respect of the BEE status level of a measured entity lies directly with the Verification Manager once the analyst has finalized the recommended report and scorecard.

The Verification Manager is responsible for drafting an implementing policies and procedures.

Possible conflict of interests:

- Verification Managers could be offered bribes or other benefits by representatives or employees of the Measured Entity to influence verification results.
- Verification Managers could further be involved in the verification of Measured Entities in which they have a financial interest or family relations.

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- Verification Managers could have previously provided other services to the Measured Entity such as consultancy.

Minimizing the Risk to ensure confidentiality, objectivity and impartiality of activities:

- All Verification Managers will be trained on specifically the duties and responsibilities of Verification Managers, impartiality and SANAS rules to fully understand the risk of impartiality when involved in the decision-making process.
- All Verification Managers will complete a declaration form disclosing any reason or information that may cause conflict of interest. The authorised form to be completed in this regard is CORE001 F03 and the procedure which determines this is MAN006 P01.
- All Verification Managers shall sign an employment contract (SUP001 F02) before they commence employment which stipulates that the employee shall not during their employment be engaged in any business firm or undertaking of any nature other than their employment with the agency.
- When Verification Managers apply for a position at the agency, they are specifically asked in written form to disclose previous employment and whether they have provided consulting and details thereof (SUP001 F01).

13.4 SANAS

Relationship:

Verification agencies must apply to SANAS for accreditation to provide BEE verifications. Accreditation is provided by SANAS based on the agency's compliance to the R47-03 amongst other SANAS Rules and implementation of the Codes of Good Practice and related legislation.

Possible conflict of interests:

- The SANAS assessor and/or representatives could have family relatives with personnel of the verification agency.
- The SANAS assessor and/or representatives could have vested interests in the Measured Entity.
- The SANAS assessor and/or representatives could solicit bribes from the verification agency.

Minimizing the Risk to ensure confidentiality, objectivity and impartiality of activities:

- Should any of the above conflict of interests come to the attention of any of the verification agency's personnel, it should immediately be reported to the Nominated Representative who in turn has the responsibility and duty to report it to the Senior Manager of the area of SANAS.

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13.5 Suppliers

Related Body	Relationship
BEETrax	Software supplier
Ryanburg & Associates (Pty) Ltd	Landlord
Netcad Group (Pty) Ltd	IT support
Nashua	Equipment rental

Relationship:

Any corporates or individuals providing services or goods to the verification agency in normal business activities.

Possible conflict of interests:

Circumstances where the supplier requests a BEE rating from the verification agency in return for favorable services or rates.

Minimizing the Risk to ensure confidentiality, objectivity and impartiality of activities:

- It is the policy of Magna BEE Ratings (Pty) Ltd not to provide BEE verifications to any suppliers of related bodies (MAN006).
- The related party will sign a Related Body Disclosure form (SUP001 F18 Related Body Disclosure) where they will not market the services of the BEE Verification Agency with any related service, i.e. BEE Consultancy, Audit Service, Bookkeeping or any type of Consultancy Services linked to BEE activities measured.

13.6 External Verification Analysts

Relationship:

External Analysts provide BEE verifications including a BEE Report and Scorecard to the Measured Entity which is reviewed and signed off (Certificate) by the Verification Manager. BEE verifications include an on-site verification visit at the site of the Measured Entity. The External Analyst has direct contact with the Representative of the Measured Entity and employees selected from the sample thereof.

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Possible conflict of interests:

- External Analysts could be offered bribes or other benefits by representatives or employees of the Measured Entity to influence verification results.
- External Analysts could further be involved in the verification of Measured Entities in which they have a financial interest or family relations.
- External Analysts could have previously provided other services to the Measured Entity such as consultancy.
- External Analyst could have previously provided or currently provide services to the Measured Entity such as consultancy, auditing or bookkeeping in any form.

Minimizing the Risk to ensure confidentiality, objectivity, and impartiality of activities:

- Training will be provided on impartiality and conflicts of interest to candidate External analysts (specifically MAN006 and MAN006 P01).
- All External Analysts will complete a declaration form on all measured entities assigned to them disclosing any reason or information that may cause conflict of interest. The authorised form to be completed in this regard is CORE001 F05 Application Form & Assignment and Declaration and the procedure which determines this is MAN006 P01.
- All External Analysts shall sign an External Analyst Contract SUP001 F16 before they commence employment which stipulates that the employee shall not during their employment be engaged in any business firm or undertaking of any nature other than their employment with the agency.
- When candidate external analysts apply for a position at the agency and thereafter annually, they are specifically asked in written form to disclose previous employment and whether they have provided consulting, auditing or bookkeeping and details thereof (SUP001 F12 External Analyst Disclosure).
- Before the External Analyst is contracted to Magna BEE Ratings (Pty) Ltd the following information will be considered and obtained from the Analyst to ensure impartiality:
 - Any contracts of current employment or services provided to any other entities in the last 4 years.
 - Organogram of any entities mentioned above / SUP001 F12 External Analyst Disclosure.
 - Curriculum Vitae.

13.7 Beetrax

Relationship:

Beetrax provides the electronic scorecard calculator to Magna BEE Ratings (Pty) Ltd.

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Possible conflict of interests:

- Possible commercial risk at Beetrax have access to all Magna BEE Ratings (Pty) Ltd client’s data.
- Possible confidentiality risk as Beetrax have access to all Magna BEE Ratings (Pty) Ltd clients reports and scorecards.

Minimizing the Risk to ensure confidentiality, objectivity and impartiality of activities:

- CORE 003 P01 par E details the procedure for safeguarding data on Beetrax.
- A Non-Disclosure Agreement was signed with Beetrax.

14 Magna Bee Ratings (Pty) Ltd shall not provide both BEE Verification and BEE Consultancy to the same entity and this will also be stated in the Magna BEE Ratings (Pty) Ltd’s Public Statement on Impartiality. Related Parties (External Verification Analysts) who provide BEE Verification and Consultancy Services will provide a list of clients consulted and will sign the declaration of impartiality (application form) on each measured entity they provide BEE Verification services for. In addition, all External Verification Analysts will sign a SUP 001 F16 External Analyst Contract & SUP001 F12 External Analyst Disclosure, to ensure impartiality.

RECORDS

MAN005 AND MAN006	Policy on General Requirements and Policy on Impartiality
MAN005 P01	General Requirements procedure
CORE001 F05	Application Form & Assignment and Declaration
CORE001 F03	Quote & Terms and Conditions
MAN006 F01	Public statement and policy on impartiality
SUP001 F01	Application Form
SUP001 F16	External Analyst Contract
SUP001 F12	External Analyst Disclosure



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