

## Impartiality & Confidentiality

*This document applies to IZALA VERIFICATORS SA (PTY) LTD personnel, independent contractors and B-BBEE experts working with IZALA VERIFICATORS SA (PTY) LTD providing B-BBEE verification services.*

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### 1. Scope

- 1.1 This procedure applies to all individuals and entities involved in the provision of B-BBEE verification services (Verification Team, consisting of Izala Verificators SA staff & independent contractors working for Izala Verificators SA). The Verification Team consists of Verification Analysts, a Verification Manager, any entity or legal entity that is engaged to assist with such work, outside experts or any outsourced resources as well as the Verification Partner.
- 1.2 The Procedure implements Impartiality and Confidentiality Policy (**PoI 001-IZA**).

### 2. Purpose of the Procedures

- 2.1 The purpose of these procedures is to:
- 2.1.1 Implement Izala Verificators SA policy to undertake all B-BBEE activities without conflict of interest, bias or partiality ensuring independence and objectivity in every element of the business thereby inspiring confidence in BEE analysis and verification findings;

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2.1.2 Cover all data and information that is given to Izala Verificators SA in preparation for, or during a B-BBEE verification or thereafter by any Measured Entity (ME) or by any third party.

### 3. Impartiality

3.1 Izala Verificators SA has the following publicly available Impartiality statement on our website [www.izala.co.za](http://www.izala.co.za):

*“Izala Verificators SA will not provide any B-BBEE consulting services or engage in any other service that could impact the confidentiality, objectivity or impartiality of its verification activities. Impartiality is the actual and perceived presence of objectivity” SANAS R47-03.*

3.2 The Verification Manager is responsible for ensuring that the policy statement contained above is available on the website. The statement is reviewed in the last annual management review meeting by the committee of every year.

### 4. Conflict of interest

4.1 A conflict of interest or any impartiality threat in respect of any member of the Verification Team or manager or any external resource being deployed or involved in a verification will be avoided by the following rules: -

4.1.1 No member of the Verification Team can have provided B-BBEE Consultancy services to the Measured Entity within the past 4 (four) years.

4.1.2 No member of the Verification Team can be related by family ties to the Measured Entity, hold any share or interest in the Measured Entity’s business or have conducted, or quoted for any, B-BBEE Consulting with the client in the past 4 (four) years. At the commencement of employment, each employee, including those in management positions, are required to sign a Declaration of External Interests. Employees are advised that should their interests change in anyway, that the Verification Manager must be informed in writing within 7 (seven) days of the change and a new Declaration completed and signed by the employee. On receipt of the declaration, Employees external interests are then recorded by the Verification Manager on the Employee. Impartiality declaration completed for each verification acts a safety measure to ensure up to date risk mitigation.

4.1.3 HR shall extend to any outside expert who is brought in to provide specialist assistance.

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- 4.1.4 If a Partner, Director or senior manager of Izala Verificators SA or of an entity involved in the provision of verification services has any family ties, business interests or has undertaken or quoted for business with a potential Measured Entity, it will prevent Izala Verificators SA from undertaking verification services to that Measured Entity. These rules will extend to Members, Partners, Directors of any entity forming a joint venture or consortium to provide BEE Verification services to a potential Measured Entity.
- 4.1.5 A Declaration of Impartiality (**Doc 001-IZA**) enshrining the above rules will be signed by every member of the Verification Team, or outside expert, and prior to commencing any verification work with a Measured Entity. This will be filed on the Measured Entity's B-BBEE File and in the client file on Izala Verificators SA IT server.
- 4.1.6 If it transpires that a member of the Verification Team subsequently discovers a previously unknown relationship with the Measured Entity that conflicts with the above rules, he/she will recuse themselves from any further verification activity by email to the Managing Director and the Measured Entity will be informed in writing by email of the reasons for the change in the Verification Team within 24 hours.
- 4.1.7 It is ensured that all members selected for committees are impartial and that a balance of interest exists. Committee members must each sign a declaration of Impartiality for the specific purpose of the committee (see Committee Procedure).
- 4.1.8 Measured Entities are advised of Izala Verificators SA commitment to Impartiality in the Verification Agreement. Any measured entity that has requested verification and that has been rejected on the basis of any conflict or potential conflict of interest will have the conflict by the Verification Manager
- 4.1.9 Izala Verificators SA will not state or imply that B-BBEE Verification will be simpler, faster, or less expensive if a specified B-BBEE Verification Agency or Consultancy is used. Procedures to prevent this are as follows:
- 4.1.9.1 All marketing material is reviewed by the Verification Manager prior to publication and authorized in writing by email by the Verification Manager.
- 4.1.9.2 The Management Review Committee to ensure impartiality and operational independence policy and procedures are not threatened by any change in circumstance, procedure or relationship.

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### 5. Information Classification

5.1 All client information will be classified as Confidential.

5.2 All client information will be available to Verification Team individuals only:

5.2.1 Analysts

5.2.2 Verification Manager

5.2.3 Other Management

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### 6. Confidentiality

- 6.1 Izala Verificators SA requires that the Verification Team and all administrative employees understand and are committed to maintaining client and company information confidential. This will be achieved by legally enforceable commitments. They sign a confidentiality declaration along with confidentiality memorandum when they are employed.
- 6.2 Izala Verificators SA will ensure that all client records and information obtained and or created during all verification activities will be safeguarded through the management systems procedures, secure technology, employee agreements and internal training programmes; and treated as confidential at all times, backed up on servers.
- 6.3 All employees, including those in management positions, are required to sign a Confidentiality/ Non-disclosure Agreement (**Doc 007-IZA**) at the commencement of employment together with their Employment contract. This agreement serves to cover all measured entities verified by Izala Verificators SA. The signed agreement is kept with the employee records by the Verification Manager.
- 6.4 All external resources such as experts and contracted analysts are required to sign a Confidentiality/ Non-disclosure Agreement (**Doc 007-IZA**) prior to the commencement of any activity with Izala Verificators SA. The signed agreement is kept in their file (similar to an employee file).
- 6.5 Committee members are required to sign a specific Confidentiality Agreement (**Doc 008-IZA**) for each committee, which they are selected for. This will be sent to each committee member by the Verification Manager who will file the signed copy with the Employee records.
- 6.6 The verification agreement includes a clause stipulating Izala Verificators SA's commitment to the confidentiality of all documents, records and information that it may gather or create with regards to the measured entity and their business.

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- 6.7 All records are kept in a locked fireproof cabinet and access to records are controlled as per the Record Management procedures.
- 6.8 Records are archived in a separate locked cabinet (fireproof) if paper file
- 6.9 Electronic copies are stored in a secure environment as per the IT policy.
- 6.10 Laptops and client files, when transported, must be done in the locked boot of a vehicle.
- 6.11 No individual, including temporary employees, may have access to any client information without this confidentiality contract being signed.
- 6.12 A confidentiality module will be included in the basic training or induction of new analysts, managers or administrative staff.
- 6.13 No member of the Verification Team or administrative team should tell anyone who Izala Verificators SA clients are or indeed where they are going when undertaking an on-site visit. Any information regarding Izala Verificators SA clients is confidential.
- 6.14 Information given verbally, and knowledge gained during interaction with the measured entity requires discretion by the Verification Team and the rule is that information acquired about the measured entities business and employees is confidential, must be treated as such and not be disclosed to any outside party under any circumstances.
- 6.15 Any breach of confidentiality will result in penalties being implemented, which will include cancellation of B-BBEE Authorisation for that member of the Verification Team.

## 7. No Consultancy

- 7.1 '**Consultancy**' means the provision of any service that assists a measured entity to implement a B-BBEE Strategy or any element of a B-BBEE Strategy. This includes implementation not limiting to Ownership, Management Control, Skills Development, Enterprise and Supplier Development and Socio-Economic development or any element prescribed in terms of a B-BBEE Sector Code of Good Practice. With reference to avoidance of conflicts of interest, any service of a consulting body / or consultancy performed by any personnel of the B-BBEE Rating Agency that were provided to the

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measured entity, and the same measured entity is verified by the B-BBEE Rating Agency would be considered a contravention of the requirements of this document. Consultancy includes but is not limited to specific solutions and assisting the measured entity to implement the proposed solutions.

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- 7.2 With reference to avoidance of conflicts of interest, the service would be considered to be consultancy if the any member of the Verification Team had provided specific solutions and assisted the ME to implement any proposed solutions.
- 7.3 Izala Verificators SA does not perform any B-BBEE Consulting services or any other services thereby ensuring no compromise of confidentiality, objectivity or impartiality. Activities are limited as per the scope in and in accordance with **SANAS R47-03 (5.4)**. The Verification Agreement details the services that are provided and states that Izala Verificators SA does not provide B-BBEE consulting services.
- 7.4 Employees are given training during Induction on what duties may be carried out in accordance with their roles and as employees of Izala Verificators SA as per the above and **SANAS R47-03 (5.4)** and specifically what would constitute consulting services. An attendance register of training provided at Induction is signed. Employees are monitored during onsite assessments to ensure that an understanding of the above translates to practice, and that therefore at no times will employees create a conflict of interest by engaging with the Measured Entity in what could be misconstrued as a consulting role at any times including while performing verification tasks/ and onsite visit. This is documented by the evaluator using the onsite assessment form
- 7.5 No employee of Izala Verificators SA, including those in management, are allocated to a verification if they have provided B-BBEE consulting to that measured entity within the last 4 years. This is ensured by the Verification Manager during the team selection process by reviewing the employee file (Declarations of Impartiality) and reviewing the Employees business interests on the Employee Information tab of the Skills Management Toolkit. Employees are required to disclose prior association through the Declaration of Impartiality for each measured entity.
- 7.6 The Verification Manager will send an email with a declaration of Impartiality with the measured Entity name in the email title. All employees are required to complete and sign the form and return to the Verification Manager within 24 hours of receipt. Any type of relationship must be disclosed.



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### 8. Permitted Activities not defined as Consultancy.

8.1 The following activities may be carried out without their being considered consultancy or creating a conflict of interest:

8.1.1 Information meetings, planning meetings, examination of documents and follow-up of non-conformities.

8.1.2 Arranging training and participating as a trainer – this is not considered to be consultancy work provided that, where training relates to the B-BBEE process, it shall be confined to providing generic information and advice that is freely available in the public domain, i.e. the trainer should not provide specific solutions; giving guidelines to the measured entity as to what they need to comply with is not considered consultancy

8.1.3 Making available or publishing on request, information on the basis of the Verification Agency's interpretation of the requirements of the Verification Standard

8.1.4 Activities prior to verification aimed solely at determining readiness for verification; however, such activities should not result in the provision of recommendations or advice that would contravene the above examples of consultancy and Izala Verificators SA should be able to confirm that such activities do not contravene these provisions and that they are not used to justify a reduction in the eventual duration of the verification process

8.2 Adding value during verification visits, e.g. by identifying opportunities for improvement, as they become evident during the verification, without recommending specific solutions. This activity can be formalized as Scenario Planning during a separate activity before or after a B-BBEE verification.

### 9. Threats to impartiality (Doc 044-IZA)

Potential threats	Description	Preventative Action
<b>Self-interest threats</b>	Includes Financial self-interest and holding interests in a Measured Entity	Declaration of Impartiality, Related bodies analysis and prior association checks are performed.
<b>Self-review</b>	Analysis, review and certificate	Clear roles & responsibilities,

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<b>threats</b>	signoff is performed by same person	segregation of duties
<b>Familiarity threats</b>	Threat that verification employees are familiar with the Measured Entity	Declaration of Impartiality, Related bodies analysis and prior association checks are performed
<b>Intimidation threats</b>	Threats that there may be intimidation during verification (can be internal/ external)	Employee training is provided on procedures to use to deal with and report this.
<b>Inducement</b>	Threat of bribes/ any benefit or reward for favourable treatment by an ME or potential ME	Policy/ procedure, staff training, clear escalation procedure. Noted in the Verification Agreement

**10. Related Bodies**

10.1 Any entity or individual who has the capacity to exert influence such as a customer, landlord, service supplier or friend must be identified and evaluated in terms of the Impartiality Policy. i.e. a related party.

**Definition:** A “**related party**” means a party that is linked to the B-BBEE Rating Agency by common ownership or directors / management, contractual arrangement, common elements in the name, informal understanding or the means such that the related party has a vested interest, (Vested interest includes however, is not limited to the following; special interest concern, stake, investment, agenda, stakeholder, supporter, skills development partners, third party facilitators of Enterprise & Supplier Development, relationships / agreements in referral of clients etc.) in the outcome of an assessment or has a potential ability to influence the outcome of an assessment”

**SANAS R47-03 5.10**

10.2 Izala Verificators SA will evaluate and analyse all relationships with entities that could be defined as a related body to determine if a conflict of interest is present or if the relationship poses any threat to confidentiality by use of external interest declarations and impartiality declarations.

10.3 All external business interests held by all employees and businesses with a contractual agreement with Izala Verificators SA must be evaluated by the Verification Manager.

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10.4 Related bodies may have a common ownership element, or another element of commonality and each relationship must be evaluated in terms of the services that are provided and whether those services may impact the confidentiality or impartiality of Izala Verificators SA. The Verification Manager is responsible for the evaluation of all entities which may be related and at the starting point whenever a new contract is entered into by Izala Verificators SA.

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- 10.5 Related Bodies/Parties will for Izala Verificators SA will be logged on the related bodies register.
- 10.6 Services provided by Izala Verificators SA, and its related bodies must not affect confidentiality, objectivity or impartiality. Each service is to be re-evaluated annually by the Management Review Committee to identify output of the service and whether that output may pose a threat in any way to each of the threats contained within the threat definitions table detailed above in this document. In the event the service has been identified as a potential threat to Impartiality the Verification Manager will advise the Measured Entity of the rejection of the request for verification stating the potential for conflict of interests and threat to impartiality.
- 10.7 If a member of the verification team, or their immediate family member, has a direct financial interest, or a material indirect financial interest, in the measured entity, this creates a self-interest threat and the actions to be taken would be one of the following:
- 10.7.1 Dispose of the direct financial interest prior to the individual being selected for the verification.
  - 10.7.2 Dispose of the indirect financial interest in total or dispose of an amount of the interest to ensure that the remaining interest is no longer material prior to the individual selected for the verification; or
  - 10.7.3 Advise the individual that they will not be selected for this verification.
- 10.8 Izala Verificators SA will not market any other service together with B-BBEE – this is ensured by the Verification Manager who will review all marketing material prior to publication for any such reference. Related bodies are advised in writing by the Verification Manager that they are prohibited from marketing Izala Verificators SA together with any services which they may provide.

## **11. Verification Team Impartiality**

Impartiality will be a primary determinate in assembling the Verification Team including external resources and managers. Impartiality checks will be conducted in the assignment of a lead and in the allocation of verification resources including outside resources (Verification Team) once a quotation is accepted.

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<b>Impartiality Evaluation Guide</b>	<b>Can do B-BBEE Verification</b>
Have done B-BBEE Verification before	Yes
Have undertaken Verification work before	Yes
Have undertaken other business with the client <R2,000 in the past	Yes
Have undertaken other business in the past or is proposing business currently > R2,000	No
Client is a major supplier of services	No
Have provided BEE consultancy services in the past 4 (four) years	No
Any owner, partner or director of the IZALA VERIFICATORS SA is related to, has family ties with or has business associations or financial interests in the prospective Measured Entity or its owners or officers.	No
Any individual who is participating as a Verification Clerk or Verification Manager who is related to, has family ties with, has a past association with or has a current business associations or financial interests in the prospective Measured Entity or its owners.	No
There has been a long association with this Client that could impair, or be perceived to impair IZALA VERIFICATORS SA's independence in respect the prospective Measured Entity	No
There is a potential personal or financial interest in the outcome of the Verification Exercise with the prospective Measured Entity	No
Exercising the planned role in the Verification Exercise with the prospective Measured Entity will entail reviewing past work undertaken or in which there has been input or an interest.	No
Self-review threats - threats that arise from a person or enterprise reviewing the work done by them.	No
Familiarity (or trust) threats - threats that arise from a person or body being too familiar or trusting of another person instead of seeking evaluation evidence to base the verification conclusion on.	No

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Intimidation threats - threats that arise from a person or enterprise having a perception of being coerced openly or secretly, such as a threat to be replaced or reported to a supervisor.	No
Advocacy threat - The threat that arises when a verification analyst acts as an advocate for or against the verified company's position or opinion rather than as an unbiased attester.	No
Verification vs. Consultancy - The Manager is responsible for ensuring that the verification agency, never offers nor provides any B-BBEE consulting.	No

## 12. References to related policies, other procedures and documents:

SANAS R47-03, Clause 12.2.1, 12.2.2, 12.2.3, 13,6, 12.1.1, 12.1.2, 12.1.3, 9.1, 3e, 16
Impartiality & Confidentiality Declaration: (Doc 001-IZA)
Management Review: (Proc 020-IZA)
Impartiality & Confidentiality Policy: (Pol 001-IZA)
General Policy: (Pol 000-IZA)
Standard Terms and Conditions: (Doc 007-IZA)
Confidentiality Agreement: (Doc 007-IZA)