



VERIFICATION AGREEMENT

entered into between

BEE EMPOWERED AND LABOUR CONSULTANCY CC

(REG. NO. 2005/011876/23)

(hereinafter referred to as "**BEE EMPOWERED**")

and

(hereinafter referred to as "the client")

WHEREAS BEE EMPOWERED is a Verification Agency as defined in terms of the B-BBEE Code of Good Practice issued in terms of section (9)(1) the Broad-Based Black Economic Empowerment Act, Act no. 53 of 2003 ("the Act");

AND WHEREAS the Client wishes to engage the services of **BEE EMPOWERED**;

NOW THEREFORE the parties wish to record the terms and conditions of their agreement hereunder:

1. DEFINITIONS

For the purpose of this Agreement, the following terms have the following meanings assigned to them:

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“The Act” means Broad-based Black Economic Empowerment Act, Act No. 53 of 2003;

“B-BBEE Code of Good Practice” means issued in terms of the Act and shall apply to all Sector Codes that are currently in place, in process or that will be contemplated in the future.

“BEE” means an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people that manage, own and controls the country’s economy, as well as significant decreases income inequalities;

“Black people” means African, Coloured and Indian persons who are South African citizens by birth or by descent or who were naturalized prior to the commencement of the constitution in 1993. In addition, the term also includes black people who became South African citizens after the constitution’s commencement but who would have been able to be naturalized prior to this, were it not for the Apartheid laws that prohibited naturalization of certain persons. This term does not include juristic persons or any form of enterprise other than a sole proprietor;

“B-BBEE Scorecard” means a scorecard for the measurement of broad-based black economic empowerment for a particular enterprise as set out in the B-BBEE Code of Good Practice issued in terms of the Act;

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“BEE status” means the Broad-based BEE status or progress of an economic entity as measured according to the BB-BEE Scorecard in the BB-BEE Code of Good Practice or in a gazetted Sector Code.

“Evaluation” means assess, verify and validate the B-BBEE status of entities;

“The dti” means The Department of Trade and Industry;

“SANAS” means the South African National Accreditation System.

2. BEE EMPOWERED’S OBLIGATIONS

BEE EMPOWERED shall assess, verify and validate both disclosed and undisclosed BEE related information of the Client in accordance with the principles contained in the B-BBEE Codes of Good Practice, as well as the relevant gazetted Sector Codes;

BEE EMPOWERED shall carry out a factual, thorough evaluation of the Client’s BEE status, and based on the result, grant a BEE rating and shall maintain its responsibility for granting a BEE rating;

BEE EMPOWERED shall evaluate the BEE transactions / scenarios to determine the effective creation and/or enhancement of economic wealth to black people. The evaluation shall be based on all the components of B-BBEE and shall ensure that the transactions / scenarios reflect the aims of these components in the empowerment of black people; this may include giving indicative ratings based on scenarios presented by the Client.

BEE EMPOWERED shall be responsible to identify and report to the Dti any material deviations from the reported and the actual benefits in a transaction.

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BEE EMPOWERED shall apply to SANAS for accreditation and undertake to update all previous verifications conducted by **BEE EMPOWERED** prior to its accreditation within a period of 6 months after its accreditation to reflect all principles and methodologies encapsulated in the B-BBEE Code of Good Practice;

BEE EMPOWERED shall at all times be impartial and shall be able to demonstrate that its decisions are based on objective evidence and that its decisions were not influenced by other interests and or by other parties;

BEE EMPOWERED shall verify, evaluate and validate to rate the Client based on the principles encapsulated in the B-BBEE Codes of Good Practice to include all elements of the B-BBEE Scorecard;

BEE EMPOWERED shall examine the structure, policies, processes, procedures and related documents (records) of the client relevant to the BEE requirements and shall determine that these contain sufficient information to support the B-BBEE rating;

BEE EMPOWERED shall provide the names and make available the background information of each member of the verification team, with sufficient time for the client to object to the appointment of any particular analyst or expert and **BEE EMPOWERED** shall reconstitute the verification team in response to any valid objection;

BEE EMPOWERED shall verify the information provided, in order to reach its opinion on the BEE status of the Client;

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BEE EMPOWERED shall provide public access to, or disclosure of, appropriate and timely information about the evaluation and verification process and about the rating status of its client in order to gain confidence in the integrity and credibility of the BEE rating;

BEE EMPOWERED shall inform the Client, in advance, of the information it intends to place in the public domain. All other information, save for the information that is made publicly available by the Client, shall be considered proprietary information and shall be regarded as confidential.

Where **BEE EMPOWERED** is required to disclose confidential information about a third party, it shall, unless prohibited by law, notify the client or individual concerned in advance of the information provided;

BEE EMPOWERED shall treat all information about the client received from sources other than the client (e.g. complainant, regulators) as confidential;

BEE EMPOWERED shall provide appropriate access or disclose to specific interested parties non-confidential and non-proprietary information about the results of specific evaluations (e.g. evaluations in response to complaints);

BEE EMPOWERED shall keep any proprietary information about the client confidential and shall disclose its client's actual rating result, without compromising the confidentiality of the information supporting the rating outcome;

BEE EMPOWERED shall investigate all complaints received, and if these are found to be valid, shall address these complaints appropriately and shall make a reasonable effort to resolve the complaint;

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BEE EMPOWERED shall avoid any circumstances that rise or may potentially give rise to a conflict of interest between itself and the client. Should such a circumstance arise, **BEE EMPOWERED** shall immediately disclose the full nature thereof to all parties involved and shall not undertake any further evaluation activities without the client's prior consent;

BEE EMPOWERED shall not hold a substantial equity share or any of the voting rights of the client, which might enable it to significantly influence any part of the decision-making process within the client's organization;

BEE EMPOWERED'S personnel, including committee members, contractors, personnel of external bodies or individuals acting on **BEE EMPOWERED'S** behalf, shall keep confidential all information obtained or created during the performance of the verification activities;

BEE EMPOWERED shall have available and use equipment/facilities that ensure the secure handling of confidential information (e.g. documents, records);

BEE EMPOWERED shall inform the client if confidential information must be made available to other bodies (e.g. the Dti, SANAS);

BEE EMPOWERED shall disclose to the Dti, in accordance with sound corporate governance principles, any material financial interest it may have in the rated enterprise;

BEE EMPOWERED shall not enter into any debt-creating agreement between itself and the client, where such an agreement factually encumbers or is perceived to encumber **BEE EMPOWERED** in the execution of its professional discretion and objectivity towards the BEE assessment for the client;

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BEE EMPOWERED shall retain authority and shall be responsible for its decisions relating to the BEE rating;

BEE EMPOWERED shall, irrespective of the use made of external or temporary resources, have as part of its own enterprise, personnel having sufficient competence for managing the BEE RATING;

BEE EMPOWERED shall first obtain the consent of the Client should the evaluation of the client be outsourced to another body;

BEE EMPOWERED shall take full responsibility for all evaluations outsourced to another body;

BEE EMPOWERED shall ensure that the outsourced body uses individuals that conform to the applicable provisions of the B-BBEE Code of Good Practice, including competence, impartiality, confidentiality and BEE status;

BEE EMPOWERED shall exercise proper control of ownership and take suitable action to identify and deal with incorrect references to BEE rated status;

BEE EMPOWERED shall give the Client due notice of any changes to its requirements for rating and shall verify that the Client confirms to the new requirements;

3. THE CLIENT'S OBLIGATIONS AND REQUIREMENTS OF THE BB-BEE VERIFICATION

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The Client shall conform to **BEE EMPOWERED'S** B-BBEE Verification requirements as set out herein.

The Client shall make all necessary arrangements for the conduct of the rating evaluations, including provision for examining documentation and the access to all areas, records and personnel for the purposes of rating and resolution of complaints;

The Client shall inform **BEE EMPOWERED**, without delay, of matters that may affect its rated status;

The Client shall confirm to the requirements of **BEE EMPOWERED** when making reference to it's B-BBEE status in communication media such as the internet, documents, brochures or advertising;

The Client shall not make or permit any misleading statement regarding its B-BBEE status;

The Client shall not use or permit the use of a B-BBEE verification certificate or any part thereof in a misleading manner;

The Client shall not use it's B-BBEE status in such a manner that would bring **BEE EMPOWERED** into disrepute or lose public trust;

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The Client acknowledges that for any claim to succeed against **BEE EMPOWERED**, the client will have to demonstrate that any losses incurred, were as a consequence of the negligence of **BEE EMPOWERED** in the performance of the B-BBEE verification engagement, since the verified scorecard and B-BBEE status reported by **BEE EMPOWERED** may be distributed to other unknown third parties who were not a party to the verification engagement and who have no contractual relationship with **BEE EMPOWERED**.

4. APPEALS

A Client who are dissatisfied with a verification conducted by **BEE EMPOWERED'S** verification team, may appeal against:

the verification procedure followed;

the actual B-BBEE score reached

by following the prescribed Appeal Procedure (BEE/MP/8). A copy our Appeal Procedure is available on our website: www.bempowered.net, alternatively, our Administration Manager can furnish you with a copy of same upon request.

5. COMPLIANTS

A Client who wishes to lodge a complaint against **BEE EMPOWERED** is entitled to make use of the Complaint Procedure (BEE/MP/9). A copy of our Complaint Procedure is

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available on our website: www.bempowered.net, alternatively, our Administrative Manager can furnish you with a copy of same upon request.

6. BEE EMPOWERED’S RECORDS OF IT’S MEASURED ENTERPRISES

BEE EMPOWERED shall maintain records on the audit and verification process of all its measured enterprises, including all enterprises that submitted a Request for Verification.

Records on measured enterprises shall include:

Requests for Verification;

justification for verification time determination;

records of complaints and appeals, and any subsequent correction or corrective actions;

deliberation and decisions, if applicable;

documentation of the decisions;

record of B-BBEE Verification Certificates issued.

BEE EMPOWERED shall keep the records on measured enterprises in accordance with its Control of Records Procedure (BEE/MP/22).

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7. **THE VERIFICATION PROCESS**

A summary of the Verification Process is available on our website: www.bempowered.net

8. **PRO-FORMA FEE STRUCTURE**

A copy of our pro-forma fee structure is available on our website: www.bempowered.net

SIGNED and DATED at _____ on this _____ day of _____ 200

for and on behalf of **BEE EMPOWERED
AND LABOUR CONSULTANCY CC**
duly authorized thereto

for and on behalf of the Client duly
authorised thereto.

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