



Client ref number

# BEE EMPOWERED

BEE RATING AGENCY

PROCEDURE MANUAL	Doc Ref No: BEE/CP/13/A2
Title: Verification Agreement	Revision No: 12
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Approver: A Kotze	Effective date: 13 February 2017

## VERIFICATION AGREEMENT

entered into between

**1 NET BEE EMPOWERED (PTY) LTD**

(REG. NO. 2016/401515/07)

(hereinafter referred to as “**BEE EMPOWERED**”)

and

Registration Number: \_\_\_\_\_

(hereinafter referred to as “the **CLIENT**”)

**WHEREAS BEE EMPOWERED** is a SANAS Accredited 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”);

**WHEREAS** the **CLIENT** wishes to engage the services of **BEE EMPOWERED** to perform its B-BBEE Verification; and

**WHEREAS BEE EMPOWERED** agrees to do the B-BBEE verification of the Client.

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

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## 1. DEFINITIONS

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

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

“B-BBEE Code of Good Practice” means the Code of Good Practice issued in terms of the Act and shall apply to all Sector Codes that are currently in place, in process or which 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 significantly decreases income inequalities;

“Black people” means African, Coloured, Indian and Chinese 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 B-BBEE Scorecard in the B-BBEE 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** will 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** will 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** 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



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empowerment of black people; this may include giving indicative ratings based on scenarios presented by the **CLIENT**.

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

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

**BEE EMPOWERED** will verify, evaluate and 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 and the Dti's Verification Manual;

**BEE EMPOWERED** will 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** will 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;

The **CLIENT** acknowledges that **BEE EMPOWERED** has to undergo assessments / observations by SANAS from time to time as part of its accreditation process. The Client further acknowledges that SANAS reviews **BEE EMPOWERED's CLIENTS'** files during such assessments / observations and therefore hereby consents that its file may be reviewed by SANAS during such assessments / observations.

**BEE EMPOWERED** will treat all information about the **CLIENT** received from the **CLIENT** and/or sources other than the **CLIENT** (e.g. complainant, regulators) as confidential;

**BEE EMPOWERED** will 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);

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**BEE EMPOWERED** will 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** will 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;

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

**BEE EMPOWERED** will 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, will keep all information obtained or created during the performance of the verification activities confidential;

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

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

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

**BEE EMPOWERED** will 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 of the **CLIENT**;

**BEE EMPOWERED** will retain authority and will be responsible for its decisions relating to the BEE rating of the **CLIENT**;

**BEE EMPOWERED** will, 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 of the **CLIENT**;

**BEE EMPOWERED** will first obtain the consent of the **CLIENT** should the evaluation of the **CLIENT** be outsourced to another body;

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

**BEE EMPOWERED** will ensure that the outsourced body uses individuals that conform to the applicable provisions of the B-BBEE Code of Good Practice and the Dti's Verification Manual, including competence, impartiality, confidentiality and BEE status;

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

**BEE EMPOWERED** will give the **CLIENT** due notice of any changes to its requirements for rating and shall verify that the **CLIENT** conforms to the new requirements;

**BEE EMPOWERED** will follow up on the re-rating of the **CLIENT**, 4 (four) months before expiry of its/his/her latest BEE Verification Certificate in order to ensure that the **CLIENT** source its/his/her BEE Certificate for the following year before expiry of the current BEE Certificate.

### **3. THE CLIENT'S OBLIGATIONS AND REQUIREMENTS OF THE B-BBEE VERIFICATION**

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

The **CLIENT** will make all necessary arrangements for the performance 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** will pay **BEE EMPOWERED'S** verification fee in full within 10 days after having received **BEE EMPOWERED'S** VAT invoice, in respect of its verification fee.

The **CLIENT** acknowledges that **BEE EMPOWERED** shall have the right to close its file and to issue it with a Notice of Non-Acceptance of Request for Verification should it fail to pay **BEE EMPOWERED'S** VAT invoice in full within the 10 day period referred to above: **PROVIDED THAT** in the event that the

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**CLIENT** wishes to proceed with the verification after the 30 (thirty) day period (fee quoted valid for 30 days) has lapsed, a new Request for Verification will have to be submitted by the **CLIENT**;

The **CLIENT** shall submit its duly completed BEE Compliance Questionnaire Template, copies of all the relevant documentation listed in the said BEE Compliance Questionnaire Template to **BEE EMPOWERED** within 60 days after having received its BEE Compliance Questionnaire Template to **BEE EMPOWERED** within the 60 day period referred to above;

In the event that the **CLIENT** fails to submit its duly completed BEE Questionnaire Template and all other supporting documents within the 60 (sixty) days referred to above, its file will be closed and in the event that the **CLIENT** requests a refund of the amount already paid, the **CLIENT** acknowledges that it is aware that 25% (twenty five percentum) of the amount paid will be retained as administrative fee, whilst the commission paid to the Sales Person will also be retained;

In the event that the **CLIENT** wishes to cancel the Request for Verification due to the fact that all documents are not yet ready, etc. the **CLIENT** can also request that **BEE EMPOWERED** retain the amount already paid until such time that the **CLIENT** is ready to submit all the required documents to **BEE EMPOWERED: PROVIDED THAT** all documents are or will at least be submitted to **BEE EMPOWERED** within 60 (sixty) days after expiry of the initial 60 (sixty) day period mentioned above.

In the event that the **CLIENT** requests that its verification be completed urgently, within 3 (three) to 5 (five) weeks after date of submission of all the required documents, an urgency fee of 20% (twenty percentum) of the cost of the verification fee quoted will have to be paid to **BEE EMPOWERED**;

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In the event that the **CLIENT** submits its completed BEE Questionnaire Template and all supporting documents within a period of 12 (twelve) months after its file has been closed, the **CLIENT** acknowledges that it will have to pay an additional re-activation fee equal to 25% (twenty five percentum) of the verification fee already paid in order to have its file re-opened.

In the event that the **CLIENT** submits the relevant documents after the lapse of 12 (twelve) months, after its file had been closed, the **CLIENT** will have to source a new proposal and will have to submit a new Request for Verification, and the **CLIENT** acknowledges that it/he/she is aware that in this instance all monies paid to **BEE EMPOWERED**, in respect of the initial Request for Verification will be forfeited to **BEE EMPOWERED**;

The **CLIENT** acknowledges that he/it/she is aware that the On-Site Verification will not take place until such time that BEE Empowered has received its duly completed BEE Compliance Questionnaire Template and all applicable support documentation;

The Client acknowledges that no further documentation will be accepted during or after the conclusion of the on-site Verification, save for those documents specified in the on-site Report which must be submitted within 15 working days after the on-site verification and that it must have available the original, alternatively certified copies of documentation submitted to BEE EMPOWERED during the On-Site Verification and that should same not be available, such evidence will not be considered.

The **CLIENT** will inform **BEE EMPOWERED** in writing, without delay, of matters that may affect its rated status;

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The **CLIENT** will conform to the requirements of **BEE EMPOWERED** when making reference to its B-BBEE status in communication media such as the internet, documents, brochures or advertising;

The **CLIENT** will not make or permit any misleading statements regarding its B-BBEE status;

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

The **CLIENT** will not use its B-BBEE status in such a manner that would bring **BEE EMPOWERED** into disrepute or result in **BEE EMPOWERED** losing its credibility in the market;

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 direct 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**. All claims of whatsoever nature against **BEE EMPOWERED** by the **CLIENT** and or any third party whatsoever, shall be limited to the verification fee paid or agreed upon and payable to **BEE EMPOWERED**.

The **CLIENT** acknowledges that it is aware that its mandatory for all Accredited Verification Agencies to populate the DTI BEE IT Portal with information underlying each Verification Certificate. (Ref: clause 6.4.4 of the Dti's Verification Manual). In order to gain access to the privileged information that is needed for **BEE EMPOWERED** to assess adequately the requirements for BEE Verification, **BEE EMPOWERED** needs to keep proprietary information about its **CLIENTS** confidential. The **CLIENT**



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however acknowledges that **BEE EMPOWERED** may disclose a measured entity's actual verification result without compromising the confidentiality of the information supporting the verification outcome. (Ref: Clause 6.5.1 of the Dti's Verification Manual).

The **CLIENT** acknowledges **BEE EMPOWERED'S** obligation towards the Dti to assess and to report any fronting risks by its measured entities to the Dti in terms of its Fronting Procedure (BEE/CP/19).

The **CLIENT** hereby gives **BEE EMPOWERED** permission to allow SANAS to review it's file during a SANAS assessment of **BEE EMPOWERED** as part of **BEE EMPOWERED'S** accreditation process.

The **CLIENT** hereby gives permission to **BEE EMPOWERED** to engage the services of Metrofile to store it's completed file(s) off-site.

#### 4. APPEALS

A **CLIENT** who is dissatisfied with a verification conducted by **BEE EMPOWERED'S** verification team, may appeal against the actual B-BBEE score/rating reached by following the prescribed Appeal Procedure (BEE/MP/8). A copy our Appeal Procedure is available on our website:

[www.bempowered.net](http://www.bempowered.net), alternatively, BEE EMPOWERED can furnish the **CLIENT** with a copy of same upon request

#### 5. COMPLAINTS



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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 available on our website: [www.bempowered.net](http://www.bempowered.net), alternatively, our **BEE EMPOWERED** can furnish the **CLIENT** with a copy of same upon request.

## 6. **BEE EMPOWERED'S RECORDS OF ITS MEASURED ENTERPRISES**

**BEE EMPOWERED** will maintain records of the audit and verification process of the **CLIENT**.

Records of the **CLIENT** will include:

the Request 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 decision;

record of B-BBEE Verification Certificate issued.

**BEE EMPOWERED** will keep the records of the **CLIENT** in accordance with its Control of Records Procedure (BEE/MP/22). **BEE EMPOWERED** has entered into an agreement with Metrofile in terms of which it is agreed that Metrofile will store its clients' files off site.



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7. **THE VERIFICATION PROCESS**

A summary of the Verification Process is available on our website: [www.bempowered.net](http://www.bempowered.net)

8. **PRO-FORMA FEE STRUCTURE**

A copy of our pro-forma fee structure is available upon request.

SIGNED and DATED at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

\_\_\_\_\_  
**BEE EMPOWERED**

\_\_\_\_\_  
**THE CLIENT**

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