

MAN03-A: TRANSFORMEX CODE OF CONDUCT

V01/R08/0225

1. Definitions

Analyst	Means all employees of Transformex, appointed in the capacity of trainee analyst, junior analyst, senior analyst or technical signatories.
Confidential Information	All information received by Transformex from clients and other stakeholders such as those appointed by clients during the course of the verification and used solely for verification purposes or documentation marked as confidential. Confidential information excludes any publicly available information, any information released to the public other than by Transformex, has been developed by Transformex, outside of any confidential information, has been bought from research agencies that did not use the confidential information provided by the client, all information approved by the client, any information required by law and a statutory act.
Manco	The management committee of Transformex
External analyst	An analyst (either trainee, junior or senior) employed by Transformex on a contractual basis.
Immediate Family	Refers to spouse, partner, child, sister, brother, step-family, guardians, or any party sharing the household of the employee and/or any entity by persons mentioned above.

Generic	Large company with a turnover of > R50m
QSE	Qualifying Small Enterprise with a turnover between R10m and R50m
EME	Exempt Micro Enterprise with a turnover of > R10m
Outsource Body	Any agent appointed by Transformex to perform verifications on behalf of Transformex or any part of a verification process.
Transformex	Transformex CC registration 2007/043419/23
Verification	The audit of a company by Transformex CC with regards to its B-BBEE credentials as per the Codes of Good Practice on B-BBEE
Technical signatory	The decision maker of each of the EME, QSE and Generic verifications, who have the authority to oversee and sign off on verifications of measured entities.

2. Executive Overview

Transformex fully understands the importance of impartiality in B-BBEE certification activities, and to this end is fully committed to identifying, analysing and managing conflicts of interest so as to safeguard the objectivity and impartiality of B-BBEE verification certification activities.

Annually Transformex identifies and analyses the conflict of interests, including the possibility of conflict arising from all kinds of relationships; when these relationships change, identification and analysis shall be conducted in a timely manner.

Transformex Management Commitment to Clients

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Transformex management issues its assurance to potential and existing clients and stakeholders that the verifications performed will be of an excellent standard, using as a framework the processes developed for verification and authorised by the Association of BEE Professionals (ABP) and the standards developed by the South African National Accreditation (SANAS) for the accreditation of verification agencies which resides in the document R47-03.

The Transformex verification is based on the latest version of the Codes of Good Practice on BEE released in October 2013 and all verifications undertaken by Transformex will be based on the latest current versions of such Codes.

Non-conformance by Transformex employees and stakeholders to this Code of Conduct will result in the following:

- ❖ Disciplinary action/and or termination of employment for all employees and external or contractual employees of Transformex
- ❖ A decision to refuse the client's request for verification
- ❖ A decision to suspend any verification activities

Conflict of Interest

A conflict of interest is any situation where the interests of Transformex differ from your own personal interests or those of your close relatives or of persons with whom you are in close personal or business contact. These situations must be avoided because they can influence your judgement, even without you noticing it.

Identification of and analysis of conflict of interest

This process enables Transformex to ensure all related bodies are identified as potential conflicts of interest.

Identification of related bodies

Related bodies identified include but are not limited to:

1. Direct or indirect ownership in client organisations;
2. Consultancy bodies: organisations providing B-BBEE verification consultancy services that request a verification service from Transformex.
3. Individuals:
 - a. analysts (internal or external);
 - b. verification managers;
 - c. verification decision-makers (Technical Signatories)
 - d. Members of Transformex committees
4. Marketing and sales personnel, either internal or external to Transformex;
5. Financial-related relationships
 - a. Loans
 - b. Donations
6. Contracts
7. Activities:
 - a. Management consultancy;
 - b. B-BBEE consultancy activities

To control and manage conflicts of interest, Transformex will do the following:

With respect to each related organisation (direct or indirect ownership):

- ❖ Transformex must identify all related organisations in its management system;
- ❖ Not accept applications for verification from organisations which had accepted consultancy of related organisations in the last four years
- ❖ Not provide verification services for related organisations.

With respect to consultancy bodies, Transformex will:

- ❖ establish a contractual relationship of cooperation with its B-BBEE consultant organisations
- ❖ not be related to consultancy fees by any B-BBEE verification consultancy
- ❖ Not outsource audits to any B-BBEE verification firms
- ❖ if any B-BBEE consultancy firms are found to claim or imply that certification will be cheaper, easier, faster or simpler by choosing Transformex, Transformex management will promptly meet with the

consultant and ensure this action is prevented in future and report to accreditation bodies

- ❖ not claim or imply that certification will be cheaper, easier, faster or simpler by choosing a certain consultancy firm
- ❖ not provide verification services to clients who have accepted consultancy by Transformex which influences the impartiality of Transformex
- ❖ Transformex will sign any agreements directly with the client

With regards to Individuals, Transformex will ensure:

- ❖ full-time personnel (including verification managers, verification decision makers and analysts) are not allowed, under any circumstances, to take part in B-BBEE consulting consultancy activities and verify the same client.
- ❖ not use persons, who have provided consultancy for the client's B-BBEE verification in the last four years, to take part in the verification process, either in the analysis, reviewing or decision-making of the B-BBEE verification score and certification
- ❖ all team members shall sign a Declaration of Impartiality before verification is undertaken, undertaking that they have not provided consultancy to the client or employed by it in the last four years;
- ❖ verification personnel are not allowed to accept gifts, money or any donation, nor attend entertainment activities arranged by the client;

With regards to marketing and sales, Transformex ensures the following:

- ❖ Marketing and sales personnel are not allowed to provide clients with discounts over and above normal company discounts without the permission of the Management Committee

With regards to activities of Transformex:

- ❖ Transformex provides B-BBEE Advisory services and does not verify the client that it consults. A list of firms that Transformex consults with, must be made available as well as all contracts signed with relevant entities.
- ❖ Verification personnel are trained to ensure that no consulting occurs during pre-site and site visits or during any meetings scheduled with clients.
- ❖ Transformex can extend its activities to training and development for clients
- ❖ In addition scenario planning /gap analysis is defined as consulting and cannot be conducted for any

Measured Entity which is being verified.

With regards to Quotations, Transformex will

- ❖ strictly follow the pricing policies defined by the management committee in the Transformex pricing matrix or quotations approved by management for complex structures and group verifications
- ❖ treat all clients equally and impartially by not offering high or low quotations for any reason unless for an economically viable reason
- ❖ not offer quotation for B-BBEE consulting services and if it does so, then the verification is performed by an independent verification agency

With regards to client contracts, Transformex requires

- ❖ An independent verification contract to be signed with its clients rather than consultancy contracts or contract packages of consultancy and certification

With regards to Finance, Transformex :

- ❖ Does not accept verification requests from a donating organisation
- ❖ Does not accept any donations from clients
- ❖ Does not accept verification requests from clients recommended by a donating organisation or individuals;
- ❖ Does not accept verification requests from an organisation which has a loan with Transformex
- ❖ Does not have a loan agreement with clients

3. The Verification Process

The Transformex verification process has been established to ensure the client a quality product which highlights, transparency, integrity, credibility and validity.

To ensure the above, Transformex performs verifications as follows:

- ❖ A suitably qualified verification team or individual analyst is assigned to each verification client. A team member will always have a backup analyst to ensure the flow of the verification process and that deadlines for each verification are met.
- ❖ The verification is based on a complete analysis of all known information provided by the verification client. This authenticity of the information provided by the client will remain the responsibility of the client. Transformex assumes all information to be true, correct and relevant to the verification process.
- ❖ A consistent approach in applying the Codes of Good Practice on B-BBEE is undertaken by all analysts in the verifications of all clients to ensure all verifications produced are of a standard, which is adopted by Transformex.
- ❖ All verifications shall follow the methodologies as per the Transformex Policies and Procedures Manual (available to all employees, electronically) in the decision-making and the production of a final verification score of a verification client.
- ❖ In the performance of verifications, all resources deemed necessary for the production of a verification service shall be available to ensure the quality of the verification service. In the event of insufficient resources, Transformex will have to refuse the potential verification client of a Transformex verification.
- ❖ A document control and records management policy and procedure dictates the manner in which client information is recorded, analysed and retained.
- ❖ Transformex ensures that only information permitted by the client to be made public will be publicised.
- ❖ All laws and guiding principles of the B-BBEE Strategy, ABP, SANAS and any laws applicable to Transformex will be followed in the provision of its services.
- ❖ No analysts will be assigned to a verification of a client where there is evidence that such an analyst, or verification team member has compromised the integrity, validity, impartiality or confidentiality of the clients' verification.
- ❖ All Transformex staff are bound by the provision of fairness and non-discrimination of any form in the performance of their duties as verification analysts or other staff members.
- ❖ No assurances shall be given by any of Transformex staff members regarding the verification score of a verification client, prior to the final verification approval of the Technical Signatory or the production of a final verification certificate.

- ❖ All employees who are aware of any deviations from the above conduct shall report such conduct which contravenes any of Transformex's policies and procedures or any employee guidelines (which is to be kept confidential by the recipient of such information until such time an investigation has been undertaken) to their applicable verification manager.
- ❖ No person who becomes aware of such information being divulged to Transformex management shall either reveal this to the person being investigated nor shall the investigated person react in any manner to any person who reports or investigates non-conformances to this code of conduct. Any violators of this specific clause will be subject to disciplinary action.
- ❖ All employees are to always display Ethical and Professional Behaviour – to comply with relevant laws and regulations and avoid any conduct that the B-BBEE verification professional knows or should know that might discredit the profession. This would include the following but not limited to:
 - Acting in good faith and with due care and diligence to B-BBEE Verifications.
 - Avoiding collusive or anticompetitive behaviour.
 - Promote a culture of fair and ethical behaviour, without prejudice against any party.
 - Refrain from debate and discussion that is disrespectful, threatening (mental or physical), or otherwise unprofessional in tone or which is offensive to other participants and damaging to SANAS and the overall process of achieving consensus
 - Treat all persons with respect and fairness and not offer or appear to offer preferential treatment to any person or group
 - Refrain from disseminating false or misleading information or from withholding information necessary for a full, fair, and complete consideration of the issues
 - Not harass, threaten, or coerce any participant in an effort to persuade or sway votes.

This does not preclude professional, respectful debate and exchange of views that contain information and/or present perspectives intended to persuade other participants to lend their support or opposition to issues, proposals, etc. in order to ultimately achieve consensus (PUB100397)

An appropriate balance between the principles of openness and confidentiality, including resolution of complaints is necessary in order to demonstrate integrity and credibility.

4. Confidentiality

- ❖ Written policies and procedures are established and maintained by Transformex in the avoidance of any confidentiality issues pertaining to the client's information. The Transformex staff must read, understand and implement these policies and procedures to ensure the confidentiality of client information is retained.
- ❖ No confidential information is to be revealed to any third party unless the written permission of the client is obtained.
- ❖ This preservation of confidentiality relates to any third party including SANAS in the accreditation process of Transformex.
- ❖ All staff involved in the verification process must sign a confidentiality agreement prior to being assigned to a verification
- ❖ Notwithstanding the above, Transformex is required by ABP to provide the information on the client's verification element and overall B-BBEE score and this permission will form part of the Transformex Verification agreement.
- ❖ In addition all clients are asked to sign a contract allowing Transformex to publish the verification certificate on the Transformex Website. If a client grants permission, this document can be made publicly available.

5. Impartiality and Independence

- ❖ Transformex reserves the right to refuse any verification services to clients where it deems the independence of Transformex of such a verification service may lead to the impartiality of either team members or associated companies, in the provision of the verification service.
- ❖ The reporting lines of the verification process are to be maintained to preserve the impartiality requirement of all agencies, analysts and staff of verification agencies.
- ❖ All verification decisions shall be based only on information received by the client for verification purposes.
- ❖ No verification decisions will be based on any relationships that may or may not exist with associated companies and other third-party entities of Transformex CC.
- ❖ Transformex will ensure that any existent relationships with consultants, associated companies and other such related parties are properly documented in policies and procedures to avoid any conflicts of interest.

- ❖ All analysts (and external as well outsourced bodies) are to sign a declaration of impartiality when appointed to a verification team or as an individual analyst to perform a verification of a client. This declaration ensures that no significant relationship, either familial or through debt, friendship, or equity, exists between the verification analysts and the verification client.
- ❖ Policies and procedures on impartiality and independence in the provision of verification services have been documented. This policy and procedure must be read, understood and implemented by all Transformex stakeholders.
- ❖ No fees will be discussed by an analyst. All fees are predetermined and no deviations can occur by any analyst unless authorised by the management committee. Fees will be revised at the discretion of the management committee.
- ❖ No analysts, managers or any staff member of Transformex is allowed to accept any gifts from any verification client, either potential or existent.
- ❖ No client shall engage in any attempt to offer employment to any Transformex staff or persons acting on behalf of Transformex.
- ❖ All staff are required to report issues of impartiality regarding any analyst or staff member of Transformex.
- ❖ Should such a non-conformance occur, the verification manager or a manager of Transformex, not involved in the verification will investigate the non-conformance.
- ❖ No staff member can be victimised for reporting such non-conformance to a manager of Transformex or any person involved in the investigation
- ❖ Any non-conformances to the above clause will result in disciplinary action and/or termination of employment for the violator of the clause.

6. Enforcement of the Code of Conduct

This code comes into effect immediately and all provisions of this code are to be implemented by all staff members.

Should Transformex be made aware of any non-conformances, an immediate investigation, by an independent party assigned by management, will be undertaken. The violator will be made aware of the

investigation and allowed to respond in an official forum. The results of the investigation will determine the severity of the consequences of non-conformity, to be decided by a discussion with all managers.

7. Availability of the Code of Conduct

This code is available on

- ❖ the Transformex Website:
www.transformex.co.za
- ❖ the Transformex server under policies and procedures (Management Process Policies and Procedures)
- ❖ Will be handed out to each new employee when a letter of appointment is signed.

C Naidoo

Executive Member

Received by:

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Name of employee	Date

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Position employed in	Employee Signature

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Witness Name	Signature