



INFORMATION ON THE VERIFICATION PROCESS

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Issued by: AQRATE

Approved by: Chief Executive Officer

1. Purpose and Scope

This document provides necessary information on the AQRATE Verification process to enable applicants to apply for a BEE verification. This document should be read in full prior to submitting a formal application for BEE verification.

2. Verification

AQRATE verification is official recognition that an organisation is in compliance with the Broad-Based Black Economic Empowerment Act. AQRATE's verification is an independent and in-depth audit and verification process aimed at establishing the BEE status of companies, closed corporations and economic entities. A verified entity (client) will have demonstrated through formal verification that it is in compliance with the BEE Act and the BEE Codes of Good Practice.

3. Application Process

The verification process is described in **Appendix 1** (last page) together with the approximate times required to complete each action in the process. All applications are processed internally in accordance with the process outlined in the AQRATE Administration Process (**P02**). When an enquiry pertains to an organisation seeking verification, **AQRATE** will forward the verification guide to the potential applicant OR alternatively, the potential applicant can download the verification guide from our website www.aqrate.co.za

The verification guide shall include the following documents:

- ◆ Information on the Verification Process (**A02**)
- ◆ Application Form and Standard Terms and Conditions (**F04**)

An application will not be processed until the **Completed application form, signed standard terms and conditions, and the appropriate application fee** has been received by **AQRATE**. Upon receipt of the aforementioned documentation and payment the administrator will process the application by opening of a file for the applicant, acknowledging receipt of application and by sending the notification letter to the client.

4. The Application Form

Applicants are advised to read the relevant **AQRATE** documents in the verification guide prior to completing and submitting the **AQRATE** application form. When the applicant is confident that the organisation satisfies these requirements then the **AQRATE Application form (F04)** should be completed.

5. Verification Manual

5.1 Once AQRATE received the above-mentioned documents the Client Liason and Administration Manager or delegated authority will send the client an acknowledgement of receipt. The CEO or delegated authority will allocate the file to a verification team and send the client an allocation notice via email which includes an abridged CV of the verification team members. The client has 7 days to object the appointment of any team member/s.

5.2 The lead analyst will as soon as allocated to the file arrange an information session to be held with the client as per Information Session Procedure P31. During the information session a verification plan will be agreed with the client. Upon finalisation of the information session the **verification plan (F70)** will be forwarded to the client, detailing the responsibilities of each member of the verification team and that of the client. By signing the verification plan, the client commits to adhere to the timelines indicated therein and acknowledge that continuous delays will result in a backlog of work and will create undue pressure on the part of AQRate. Where the Measured Entity fails to adhere to the agreed timelines an amended verification plan containing an extended issue date will be issued by AQRate. AQRate also maintains the right to charge an additional administration fee

should the verification plan be delayed more than 3 (three) times by the Measured Entity. Also note that the date of invoice for and payment of the final 50% of the fees are static dates on the verification plan. They will not be rescheduled due to delays with respect to the rest of the verification plan.

- 5.3 The Verification Analyst will send the relevant input sheet after the information session has been conducted. The input sheets must be completed and returned to AQRATE within 15 days of receipt thereof.
- 5.4 Although the collection of evidentiary documentation that is requested is the responsibility of the Applicant, AQRATE will on request assist the applicant with the interpretation of the input sheets during the information session.
- 5.5 In circumstances where the sheer volumes of evidentiary documentation or other relevant circumstances, will make forwarding them to AQRATE impractical, the applicant must complete the input sheets and gather all the relevant evidentiary documentation and arrange a pre-onsite visit at the applicants premises where AQRATE's allocated Verification Analyst will perform the document review (See paragraph 6 below). The allocated Verification Analyst will be allowed should it deem it necessary, to remove any of the documentation presented to it for review from the premises of the applicant.

6. Document Review

The Verification analyst, will once **AQRATE** receive the relevant **input sheets** with all the required evidentiary documents or at the pre-onsite visit (See paragraph 5 above) should the circumstances warrant it, perform a document review. During the document review, samples are selected from the information provided. The client will be asked to provide more evidence based on the sample selected.

7. On-site Verification

Unless otherwise agreed, the dates for the on site verification will be such that the applicant shall be given at least 7 days notice of the onsite visit. Where the circumstances demands shorter notice, same will be agreed with the client. A Site Visit Agenda (F11) shall be forwarded to the client prior to the onsite visit and will identify the BEE elements to be assessed, verified and evaluated. The verification shall be performed at the applicant's premises. During the site visit all information supplied to AQRATE will be verified by means of interview, verifying original documentation, etc...

On completion of the on site verification, and only if possible, the verification analyst / team shall make one of the following recommendations by means of a Site Visit **Recommendation Report (F 02)** regarding the applicants BEE status:

| Contribution Level | 2007 Codes | 2013 Codes | Recognition Level |
|---------------------------|------------------------------|------------------------------|--------------------------|
| Level 1 | ≥ 100 points | ≥ 100 points | 135% |
| Level 2 | ≥ 85 points but < 100 points | ≥ 95 points but < 100 points | 125% |
| Level 3 | ≥ 75 points but < 85 points | ≥ 90 points but < 95 points | 110% |
| Level 4 | ≥ 65 points but < 75 points | ≥ 80 points but < 90 points | 100% |
| Level 5 | ≥ 55 points but < 65 points | ≥ 75 points but < 80 points | 80% |
| Level 6 | ≥ 45 points but < 55 points | ≥ 70 points but < 75 points | 60% |
| Level 7 | ≥ 40 points but < 45 points | ≥ 55 points but < 70 points | 50% |
| Level 8 | ≥ 30 points but < 40 points | ≥ 40 points but < 55 points | 10% |
| Non-compliant | < 30 points | < 40 points | 0% |

8. The Approval

The AQRATE Technical Signatory will evaluate the findings as presented by the verification analyst/team that did the on-site visit and makes the final approval on behalf of the **AQRATE** Board. The Technical Signatory shall review all documentation associated with the verification to ensure that all **AQRATE's** verification requirements have been met and applied and that the documentation can demonstrate this.

AQRATE shall notify the client in writing of the outcome of the Technical Signatory's decision with respect to their verification. A client cannot claim to be BEE verified until they have received the official notification (i.e. a verification certificate) of the Technical Signatory decision. This can be done electronically.

It is possible that the Technical Signatory may make recommendations and/or decisions that are different to those made by the verification team or that he/she may request additional supporting evidence. In these instances, **AQRATE** will inform the client immediately and depending on the nature of the difference implement the appropriate actions.

9. Complaints, Appeals and Disputes

Should an organisation wish to lodge a complaint, appeal or dispute, they should immediately contact the CEO or nominated representative to lodge a complaint, appeal or dispute. This procedure can be downloaded from our website (www.aqrata.co.za). A complaint, appeal or dispute must be lodged with **AQRATE** within 1 month of the incident.

10. Confidentiality

All information submitted to **AQRATE** in support of the application form shall be treated in confidence. All evaluators used by **AQRATE** are required to sign confidentiality agreements and contracts. Any breaches of confidentiality are treated extremely seriously. **AQRATE** will request written permission from all applicants prior to releasing any information to a third party. **AQRATE** may be required to release confidential information in compliance with the law or in response to the regulators.

In addition to the above each **AQRATE** evaluator is required to sign a confidentiality form specific for each verification. These are maintained on file in the company's file.

11. Time scale for verification Process

AQRATE makes every effort to ensure that all applications are processed as efficiently as possible. The time taken to process an application depends on a number of factors, some of which are outside the control of AQRATE. The timing is dependent on:

11.1 The quality of the applicant's documentation and the extent to which it complies with **AQRATE's** requirements.

11.2 The availability of the resources within **AQRATE**.

Generally, verification takes between 4 - 7 weeks from receipt of the application form to the issuing of the verification certificate. See Appendix 1 for an indication of the specific time expectations for each stage of the verification process.

12 AQRATE Verification Logo

No organisation is permitted to use the AQRATE verification logo until they have received permission to do so in writing from AQRATE's CEO or delegated authority. Organisations that receive written confirmation that they have been verified can use the AQRATE verification logo. A verified organisation should consult AQRATE document number (**R 02**) entitled **Conditions for use of AQRATE Verified Logo**, prior to preparing any organisational material which makes any reference to the verification or the logo.

Appendix 1

| | ACTION ITEM | GUIDED TIMELINES |
|-----|---|-------------------------|
| 1. | Compulsory Information Session | 1 Day |
| 2. | Submission of completed Input Sheets and Phase 1 evidence to AQRate (see Evidence Checklist) | 15 Days |
| 3. | AQRate to provide selected samples and preliminary Document Review to Measured Entity | 1 - 7 Days |
| 4. | Measured Entity to provide all evidence to support samples selected | 1 - 7 Days |
| 5. | AQRate to provide detailed Document Review | 1 - 7 Days |
| 6. | AQRATE SITE VISITS / INTERVIEWS (sampled evidence to be submitted on/before this date) | 1 – 3 Days |
| 7. | AQRate to issue final 50% invoice to Measured Entity (PLEASE NOTE THAT THIS DATE MAY NOT BE MOVED) | n/a |
| 8. | Measured Entity to submit all outstanding evidence to AQRate | 1 - 7 Days |
| 9. | AQRate to prepare and submit file for preliminary review | 1 - 5 Days |
| 10. | AQRate to report all queries raised by the Internal Reviewer to the Measured Entity | 1 Day |
| 11. | Measured Entity to submit final evidence to clear all queries raised by the Internal Review | 1 - 3 Days |
| 12. | AQRate to prepare and submit file to Technical Signatory for final review | 1 - 7 Days |
| 13. | AQRate to report all queries raised by the Technical Signatory to the Measured Entity | 1 – 2 Day |
| 14. | Measured Entity to submit final evidence to clear all queries raised by the Technical Signatory | 1 - 5 Days |
| 15. | Prepare and submit file to Technical Signatory for final review | 2 – 5 Days |
| 16. | Final Review by Technical Signatory | 1 - 3 Days |
| 17. | AQRate to issue draft certificate and scorecard report to the Measured Entity and Measured entity to approve before final issue | 1 – 2 Days |
| 18. | Measured Entity to make final 50% payment and AQRate to process final payment | 1 – 3 Days |

| | | |
|-----|--|---------------------------|
| 19. | AQRate: Final Administration checks | 1 Day |
| 20. | Issue final B-BBEE Certificate & Scorecard | 1 – 2 Days |
| 21. | AQRate to issue Management Report to Measured Entity | As agreed and if required |

Please note that the above timelines are approximate indications and the verification analyst will agree exact timelines with the client in accordance with the written verification plan (F70).