



1ST VERIFICATION NETWORKX PRINCIPLES

IMPARTIALITY

1st Verification Networkx will be impartial, and all its staff and associates will act in such a way that they will be observed to be impartial. 1st Verification Networkx recognizes that the source of revenue for 1st Verification Networkx is the client paying for its service and that this is a potential threat to impartiality. In order to obtain and maintain confidence, 1st Verification Networkx will always demonstrate that its decisions are based on objective evidence and that its decisions are not improperly influenced by other interests or by other parties. This will be in line with company's core values and mission.

Similarly, 1st Verification Networkx acknowledges that industry relationships may be formed, either in an informal (verbal agreement) or formal (referral and/or associate agreement) capacity which too may pose a threat to impartiality. Where such relationships are formed, all parties to the agreement will acknowledge that in no way, by making use of each other services, will there be a direct or indirect suggestion that the verification process (or any service relating thereto) would be simpler, faster or less expensive. In mitigating this risk, 1st Verification Networkx will adhere strictly to its policies and procedures and subject all clients to the same verification process without exception. Furthermore, in the event of such a relationship being identified as a risk to impartiality, 1st Verification Networkx will document how it eliminates or minimizes such risk. Where an relationship exists that 1st Verification Networkx cannot eliminate or manage identified risks, said relationship will either not be entered into or ended immediately. To mitigate impartiality through self-interest and/or self-review, 1st Verification Networkx will not perform the verification of any related party mentioned in clause 3 above. The board of 1st Verification Networkx will require all shareholders to declare on an annual basis any further interests that they might have acquired over and above those declared in clause 3 above.

1st Verification Networkx will demonstrate commitment to impartiality in its BEE Verification activities especially through its top management structures. 1st Verification Networkx will have a publicly available statement regarding the importance of impartiality when managing conflict of interest and that ensures objectivity when carrying out its activities.



1st Verification Networkx will ensure that activities of other bodies do not affect the confidentiality, objectivity and impartiality of its activities. 1st Verification Networkx will avoid any situation that would create a conflict of interests arising from the activity of any other body. All 1st Verification Networkx personnel, either internal or external, or committees, which could influence the verification activities, will act impartially and will not allow commercial, financial or other pressures to compromise impartiality.

1st Verification Networkx will require personnel, internal and external, to declare any situation known to them that may present them or 1st Verification Networkx with a conflict of interest. 1st Verification Networkx will use this information as input to identifying threats to impartiality raised by the activities of such personnel or by the organisations that employ them and will not use such personnel, internal or external, unless they can demonstrate that there is no conflict of interests.

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 client, the self-interest threat created would be so significant the only safeguards available to eliminate the threat or reduce it to an acceptable level would be to:

- a) Dispose of the direct financial interest prior to the individual becoming a member of the verification team;
- b) Dispose of the indirect financial interest in total or dispose of a sufficient amount of it so that the remaining interest is no longer material prior to the individual becoming a member of the verification team; or
- c) Remove the member of the verification team from the verification engagement.

1st Verification Networkx recognizes the following potential threats to impartiality and will continuously design and implement procedures to manage the risk involved:

- Self-interest threats - threats that arise from person or enterprise acting in their own interest, for example financial self-interest.
- Self-review threats - threats that arise from a person or enterprise reviewing the work done by them.
- 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

- 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.

Any threat to impartiality e.g. intimidation threats, commercial or financial threats, that arises after the verification team has made an original declaration of impartiality as per F 10 and after having been appointed to the verification team, must immediately be reported to the Managing Director or General Manager of the 1st Verification Network. The verification team member must report the threat telephonically, followed by a written report via e-mail. This report must be filed on the measured entity file. The verification team member involved will stop all work on the measured entity file immediately and leave the premises of the measured entity where applicable, until the Managing Director or General Manager have resolved the threat by either:

- Addressing the matter with the measured entity and having subsequently removed the individual or circumstances that have created the threat to impartiality.
- Replaced the verification team member.
- Cancelled the verification engagement as per 1st Verification Network standard terms and conditions.

The independent approval of all verification shall be done by the Technical Signatory. The Technical Signatory, as the person making the final verification decision, must be independent from the verification that is performed and may therefore not be an analyst on the same verification in which it acts as Technical Signatory or *vice versa*. 1st Verification Network staff will report any impartiality or conflict of interest issue to the Managing Director or General Manager, Operations Manager or Technical Signatory depending on the phase of the verification.