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IMPARTIALITY

7.1 MPowerRatings Impartiality

7.1.1 Impartiality is the actual and perceived presence of objectivity. Objectivity means that conflicts of interest do not exist or are resolved so as not to influence adversely the subsequent activities of MPowerRatings. Being impartial and being perceived to be impartial, is necessary for MPowerRatings to be able to deliver a verification that provides confidence.

7.1.2 The composition, terms of reference, duties, competencies, authorities and responsibilities of any personnel or committees involved in the verification process shall be formally documented and authorised by top management to ensure:

7.1.3 Representation of a balance of interests such that no single interest predominates;

7.1.4 Access to all the information necessary to enable it to fulfil its functions

7.1.5 MPowerRatings is committed to, and shall demonstrate its commitment to impartiality in its BBBEE verification activities, especially through its management structures

7.2 Public Statement

7.2.1 MPowerRatings is committed to, and shall demonstrate its commitment to impartiality in its BBBEE verification activities, especially in its top management structures.

7.2.2 MPowerRatings has a publicly available statement that it understands the importance of impartiality when managing conflicts of interest and that it ensures objectivity when carrying out its activities.

7.3 Conflict Disclosure

7.3.1 MPowerRatings and any related party shall not offer or provide both BBBEE verification and BBBEE consultancy to the same clients.

7.3.2 MPowerRatings shall not provide BBBEE verification to an enterprise that has received BBBEE consultancy from MPowerRatings or from any related party unless a minimum period of two years has elapsed following the end of such BBBEE consultancy.

- 7.3.3 MPowerRatings shall take measures to prevent a consultancy body, linked organization and/or any personell involved in the rating processs from stating or implying that BBBEE verification would be simpler, faster or less expensive if MPowerRatings is used. Similarly, MPowerRatings shall not state or imply that BBBEE verification would be simpler, faster or less expensive if a specified consultancy body is used.
- 7.3.4 MPowerRatings, its directors, shareholders, or staff may not hold an equity share in the measured entity to be rated or have any voting rights in the measured entity. When evaluating the type of financial interest, consideration shall be given to the fact that financial interests range from those where the individual has no control over the investment vehicle to those where the individual does indeed have some control over the financial interests or is able to influence investment decisions.
- The provisions of this document do not exclude the holding of a minority interest of listed share/s where the total shareholding does not constitute a substantial shareholding when compared with the total number of shares issued by the measured entity.
- The materiality of such a financial interest shall be evaluated to ensure that the independence of MPowerRatings is not impaired.
- 7.3.5 MPowerRatings shall not be a party to a debt-creating agreement between itself and the measure entity to be evaluated, where such an agreement factually encumbers or is perceived to encumber MPowerRatings in the execution of its professional discretion and objectivity towards the BBBEE assessment for the measured entity. The provision of this statement does not preclude MPowerRatings from entering into such agreements where it is the normal course of business of the measured entity to provide such services and it is entered into under conditions not more favourable than those provided to the general public at large.
- 7.3.6 MPowerRatings shall identify, analyse and document the possibilities for conflicts of interest arising from the provision of its services, including any conflicts arising from its relationships. It shall refrain from providing services which compromise confidentiality, objectivity or impartiality.
- 7.3.7 While having relationships does not necessarily present MPowerRatings with a conflict of interest, MPowerRatings will document all relationships in terms of their impact on the organization. However, if any relationship poses a risk to impartiality, MPowerRatings shall document how it has (or intends to) eliminated or minimized such a risk to an acceptable level. If MPowerRatings cannot demonstrate that a relationship does not present a conflict of interest, or that it can manage the conflict satisfactorily, then it must end the relationship.

7.3.8 MPowerRatings shall ensure that the activities of other related bodies or its own personnel or services do not affect the confidentiality, objectivity and impartiality of its activities in relation to verification services offered to clients. MPowerRatings shall avoid any situation that would compromise confidentiality, objectivity, or impartiality arising from the activity of any other body or services it may provide to a client. In particular, MPowerRatings shall not market its services together with the services of a related party, nor create the impression that its services are in any way linked to the services of a related party. MPowerRatings management will prior to or upon accepting a verification assignment apply its policies of confidentiality, objectivity and impartiality as are contained in agreements A 005 and in relation to outsource bodies and as are contained in policy P 028 – Contracting the Verification Team.

Once assessed by management, the assignment will either be turned down or the appropriate changes to outsource bodies or personnel selection made, so as to ensure confidentiality, objectivity and impartiality. Where verification is accepted under the above circumstances, the final review of the verification will in any event be independent in order to ensure further confidentiality, objectivity and impartiality.

7.3.9 All MPowerRatings personnel, either internal or external, or committees that could influence the verification activities, shall act impartially and shall not allow commercial, financial or other pressures to compromise their impartiality. To ensure that there is no conflict of interests, personnel who have provided BBEE consultancy, including those acting in a managerial capacity, shall not be employed to take part in a verification evaluation or the verification process if they have been involved in BBEE consultancy for the measured entity within the last two years.

7.3.10 MPowerRatings requires personnel, both internal and external, to declare any situation known to them that may present them or MPowerRatings with a conflict of interest.

7.3.11 MPowerRatings shall use this information as input to identify threats to impartiality raised by the activities of such personnel or by the organizations that employ them and shall not use such personnel, internal or external, unless they can demonstrate that there is no conflict of interests.

7.3.12 If a member of the verification team, or an 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.*

7.3.13 | MPowerRatings has formal rules and contractual conditions to ensure that each team member acts in an impartial manner. Each team member shall inform MPowerRatings, prior to accepting assignment of the verification, about any known existing, former or envisaged link to the enterprise to be verified.

7.3.14 | Related Parties are as defined in Clause 2 - Definitions - in this Manual. For the purposes contained in this clause 6.3, MPowerRatings will regularly identify and record such parties in the Related Parties **Form F 115** may fall within the definition above. The Managing Director will determine whether such related parties present a conflict of interest and such interest shall be recorded in the **Conflict of Interest Document F 050**, and dealt with as provided for in this clause 6.3.