



VERIFICATION PROCESS:

Exempted Micro Enterprise (EME)

(INFORMATION GUIDE FOR ENTITIES)

P-VPE-01

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1. Purpose and Scope

This document provides necessary information on the ABACUS VERIFICATION AGENCY (PTY) Ltd verification process to enable applicants to apply for BEE verification. This document should be read in full prior to submitting a formal application for BEE verification.

2. Verification of Exempted Micro Enterprises(EME's)

Verification by ABACUS VERIFICATION AGENCY (PTY) Ltd is official recognition that an organisation has been measured in terms of the Broad Based Black Economic Empowerment Act. ABACUS VERIFICATION AGENCY (PTY) Ltd's verification is an independent process aimed at establishing the BEE status of companies, closed corporations and other economic entities. A verified entity demonstrates through formal verification, and the provision of evidence, its level of compliance with the BEE Act and the BEE Codes of Good Practice.

Exempted Micro Enterprises (EME' s) are defined by the Codes ,as companies with an annual total turnover of R 5 million or less. EME' s enjoy a deemed BEE recognition of a Level 4 contributor and those ,which are either 50% owned by black people or 50% owned by black woman are promoted to a Level 3 contributor.

3. Application Process

The verification process is described in Appendix 1 together with the average time required to complete each action in the process. When submitting an enquiry , ABACUS VERIFICATION AGENCY (PTY) Ltd will forward the following documents to the applicant:

- Information on the Application Process
- Application Form
- Standard Terms and Conditions(Terms of Engagement)
- Fees
- Policies on Impartiality and Confidentiality and declarations
- Procedures to deal with Complaints, Appeals and Disputes

An application will not be processed until the completed application form has been received by ABACUS VERIFICATION AGENCY (PTY) Ltd.

4. The Application Form

Applicants are advised to read the Standard Terms and Conditions document(Verification Agreement) prior to completing and submitting the Request for Verification of an EME -

Form. When the applicant is confident that the organisation satisfies these requirements ,the Request for Verification form as an EME should be completed and submitted.

5. Review of the application

Once the completed form, have been received, a review of the application is done in order to determine whether the application will be accepted or rejected. The entity will be informed in writing and the entity will be provided with the relevant documentation if the application is accepted.

6. Verification Plan

Once ABACUS VERIFICATION AGENCY (PTY) Ltd has accepted the application Analyst will liaise with the authorised representative of the entity to finalise the terms of the verification engagement and conclude the agreement (Standard Terms And Conditions) where after a verification plan will be developed in consultation with the entity. The entity will also be provided with the names and information on the analyst to afford the entity the opportunity to object to the appointment. An objection must be in writing on the form provided and directed to the Managing Director of ABACUS.

The entity has 2 working days to accept or recommend changes to the Verification Plan and raise any objections against an analyst. If an objection is valid, the Managing Director will replace such a member and inform the entity accordingly in writing.

7. On-site Verification

At the on-site visit, the analyst considers the documentary evidence presented by the client :-an original letter from your auditor or accountant to certify that your turnover is below R 5 000 000 plus copies of ownership documentation of your business. On completion of the on-site visit, and after verification of the required documentary evidence, the analyst recommends that a BEE-certificate for an EME be issued.

8. The Approval of the BEE status of the client

The ABACUS VERIFICATION AGENCY (PTY) Ltd Director evaluates the recommendation presented by the analyst that did the on-site visit and makes the final decision and approval on behalf of ABACUS VERIFICATION AGENCY (PTY) Ltd. The Compliance Director reviews all documentation associated with the verification to ensure that all ABACUS VERIFICATION AGENCY (PTY) Ltd's verification requirements have been met and applied and that the documentation can demonstrate this.

ABACUS VERIFICATION AGENCY (PTY) Ltd then notifies the applicant client in writing of the outcome of the Compliance Director's decisions with respect to their verification. Applicants' cannot claim to be BEE verified until they have received the official notification (i.e. a verification certificate and report) of the Compliance Director's decision. This can be done electronically.

It is possible that the Compliance Director may make recommendations and/or decisions that are different to those made by the analyst or request that a re-evaluation be done. In these instances ABACUS VERIFICATION AGENCY (PTY) Ltd will inform the applicant immediately and depending on the nature of the difference implement the appropriate actions.

9. Complaints

The effective resolution of complaints is an important means of protection for ABACUS VERIFICATION (PTY) Ltd, its verified entities, and other users against errors, omissions or unreasonable behaviour. Confidence in verification activities is safeguarded when complaints are processed appropriately. The ABACUS Complaints Procedure will be followed to deal with complaints.

Upon receipt of a complaint the ABACUS VERIFICATION (PTY) Ltd confirms whether the complaint relates to BEE verification activities that it is responsible for, and if so will deal with it in accordance with the Complaints Procedure.

10. Appeals

Should an organisation wish to appeal a decision by ABACUS VERIFICATION AGENCY (PTY) Ltd about a BEE score ,the ABACUS Appeal Procedure must be followed . An appeal must be lodged with ABACUS VERIFICATION AGENCY (PTY) Ltd on the ABACUS Appeal-form within 1 month of the date on the Verification certificate issued.

11. Confidentiality

All information submitted to ABACUS VERIFICATION AGENCY (PTY) Ltd in support of the form is treated as confidential. All analysts used by ABACUS VERIFICATION AGENCY (PTY) Ltd are required to sign confidentiality agreements and contracts. Any breaches of confidentiality are treated extremely seriously. ABACUS VERIFICATION AGENCY (PTY) Ltd will request written permission from all applicants prior to releasing any information to a third party. ABACUS VERIFICATION AGENCY (PTY) Ltd may be required to release confidential information in compliance with the law or in response to regulatory requirements.

12. Time Scale for verification process

ABACUS VERIFICATION AGENCY (PTY) Ltd ensures that all applications are processed as efficiently as possible. The time needed to process an application depends on a number of factors, some of which are outside the control of ABACUS VERIFICATION AGENCY (PTY) Ltd. The timing is dependent on:

- a) The quality of the applicants documentation and the extent to which it complies with ABACUS VERIFICATION AGENCY (PTY) Ltd's requirements.

b) The availability of the resources within ABACUS VERIFICATION AGENCY (PTY) Ltd.

Generally verification of EME's takes between 2-5 days from receipt of the application form to the on-site verification. The final report and certificate is normally issued within days from the on-site visit. See Appendix 1 for an indication of the expected time allocation for each stage of the verification process.

13. ABACUS VERIFICATION AGENCY (PTY) Ltd Verification Logo

No Organisation is permitted to use the ABACUS VERIFICATION AGENCY (PTY) Ltd verification logo until they have received permission to do so in writing from ABACUS VERIFICATION AGENCY (PTY) Ltd. Organisations that receive written confirmation that they have been verified can use the ABACUS VERIFICATION AGENCY (PTY) Ltd verification logo.

APPENDIX 1

Process for BEE Verification of EME's:

