# [Company Name] Logo placeholder

Broad-based Black Economic Empowerment Fronting Practices Policy

1. PURPOSE

The objectives of this Policy are to;

* 1. Define the term ‘Fronting Practices’ in relation to the Broad-based Black Economic Empowerment (B-BBEE) Act;
  2. Establish the application of the Fronting Practices definition within the company;
  3. Provide guidance on how to avoid or handle Fronting Practices when identified;

1. SCOPE
2. This policy applies to all organization’s directors, employees including management, contractors, student learners, apprentices and interns along with all volunteers and any other individual or company with an employment contract with the company.
3. This policy describes the organization’s objectives and policies regarding avoiding or handling of Fronting Practices.
4. REFERENCES
5. Amended B-BBEE Act
6. Department of Trade and Industry Practice Notes and Statements.
7. BEE Commissioners Guidance Notes.
8. DEFINITIONS

**Term:** Fronting Practice

**Definition:** means a transaction, arrangement or other act or conduct that directly or indirectly undermines or frustrates the achievement of the objectives of the B-BBEE Act or the implementation of any of the provisions of this Act, including but not limited to practices in connection with a B-BBEE initiative—

1. in terms of which black persons who are appointed to an enterprise are discouraged or inhibited from substantially participating in the core activities of that enterprise;
2. in terms of which the economic benefits received as a result of the broad-based black economic empowerment status of an enterprise do not flow to black people in the ratio specified in the relevant legal documentation;
3. involving the conclusion of a legal relationship with a black person for the purpose of that enterprise achieving a certain level of broad-based black economic empowerment compliance without granting that black person the economic benefits that would reasonably be expected to be associated with the status or position held by that black person; or
4. involving the conclusion of an agreement with another enterprise in order to achieve or enhance broad-based black economic empowerment status in circumstances in which—
5. there are significant limitations, whether implicit or explicit, on the identity of suppliers, service providers, clients or customers;
6. the maintenance of business operations is reasonably considered to be improbable, having regard to the resources available;
7. the terms and conditions were not negotiated at arm’s length and on a fair and reasonable basis;

**Term:** ‘knowing’, ‘knowingly’ or ‘knows’

**Definition:** when used with respect to a person, and in relation to a particular matter, means that the person either;

1. had actual knowledge of that matter; or
2. was in a position in which the person reasonably ought to have—
3. had actual knowledge;
4. investigated the matter to an extent that would have provided the person with actual knowledge; or
5. taken other measures which, if taken, would reasonably be expected to have provided the person with actual knowledge of the matter;’’;

**Term:** Explicit

**Definition:** stated clearly and in detail, leaving no room for confusion or doubt.

**Term:** Implicit

**Definition:** suggested though not directly expressed.

1. RESPONSIBILITIES
2. Chairperson of the Board and all Directors
   1. Ensure the Fronting Practices Policy is developed, approved and being applied by the business.
   2. Ensure audits are conducted annually in order to identify and address any potential Fronting Practices.
   3. Review any Fronting Reports and instruct Social and Ethics Committee to perform and related investigations
   4. Review Social and Ethics Committee Fronting Practices Investigation Reports.
   5. Report any Fronting Activities which are not addressed to the BEE Commissioner.
3. Social and Ethics Committee
4. Review and recommend the Fronting Practices Policy and Procedures to the Board.
5. Review Fronting Practice training provided to management.
6. Ensure that Fronting Practice training is included in all induction programmes.
7. Review plans and procedure compliance for annual Fronting Practice Audits.
8. Review and assess any Fronting Practice Reports.
9. Ensure Fronting Activities are reported to the Board.
10. Chief Executive Officer/Managing Director
11. Ensure that the Fronting Practices Policy and Procedure is developed, approved and implemented effectively.
12. Ensure audits are conducted annually in order to identify and address any potential Fronting Practices.
13. Performance Management of the Senior Leadership Team/Management Team in relation to Fronting Practices.
14. Holding management accountable for any involvement in a Fronting Practice.
15. Executive Committee
16. Performance Management of direct reports.
17. Senior Leadership Team/Executive Management
18. Ensure Fronting Practices are not adopted by the Company
19. Ensure Fronting Practices training is provided for work force
20. Enforce sanctions
21. Designate Fronting Champions
22. BEE Transformation Champion/Officer
23. Develop the Fronting Practices Policy and recommend for approval to the Board Develops privacy policies and procedures
24. Coordinates and implements policy through organization’s departments
25. Oversees training
26. Receives and processes Fronting Practice Reports
27. Ensures retention of Fronting Practices policies and procedures, complaints, and investigative materials to meet compliance requirements.
28. Assists in development and execution of the Fronting Practices Policy and promulgation of operating procedures
29. Assists and supports the BEE Office Fronting Practices desk
30. Provides support for Fronting Practices compliance activities
31. Implements organization’s privacy policy for medical records
32. Provides administrative and physical safeguards for the protection of client health information
33. Training Manager/Skills Development Facilitator
34. Develops and implements Fronting Practices training program as described in Section 11 of this policy
35. Documents the delivery of Fronting Practices training to all applicable work force members
36. Employee responsibilities
37. Understand and comply with organization’s policies regarding Fronting Practices.
38. DESIGNATED RECORD SET
39. BEE Office,
40. BEE Policy File,
41. Fronting Practices Sub-file.
42. POLICY STATEMENTS
43. Organisational
    1. The B-BBEE Transformation Champion must conduct an annual Fronting Risk Assessment on all Human Resource and Procurement Supply Chain operations.
    2. Any potential Fronting activity must be reported to the B-BBEE Transformation Champion within 24 hours of such being identified.
44. Divisional
    1. Divisional Management must avoid any form of Fronting Practice while carrying out their duties.
    2. The Divisional Management Team must be trained on Fronting Practices and on this Policy and the related Procedures.
    3. An annual assessment must be conducted in order to assess and ensure that all Divisional Management have the required knowledge in order to identify and avoid any Fronting practices.
45. Employee
    1. Employees must avoid any form of Fronting Practice while carrying out their duties.
46. FRONTING PRACTICES PROCEDURE

Procedure: Once a Fronting Practice risk is identified by an employee of the Company, said employee must initiate the following procedure;

1. The employee must review the information at hand to determine if there is a Fronting Practice risk.
2. The employee must review the Fronting Practices Policy to ensure such assessment is accurate.
3. Any missing data should be sourced if possible in order to determine the full extent of the risk.
   1. When sourcing any additional information the employee should remain sensitive to the potential reaction from third parties of being accused of carrying out a Fronting Practice.
   2. Where an employee of the Company identified the potential risk of a Fronting Practice which involves a Supplier, such employee must only disclose such information as may be required to determine the related risk.
4. The employee must then secure a copy of the Fronting Practices Report Template and complete the Report.
5. The report must be submitted to the employee’s direct manager and the BEE Transformation BEE Champion/Manager.
6. The BEE Champion/Manager must launch an investigation by reviewing the Fronting Practices Report with the employee and their direct manager.
7. All data provided in the Report must be validated before a Findings Report is generated by the BEE Transformation Champion/Manager.
8. In the event that a Fronting Practice has been confirmed, remedial action must be taken by the BEE Transformation Champion/Manager and the employees direct Manager if possible to rectify the situation.
9. Any remedial actions must be noted in the Findings Report.
10. Once the Findings Report is finalized and a Fronting Practice is confirmed, such report must be submitted to the Social and Ethics Committee for review.
11. The Social and Ethics Committee must consider the Fronting Practice Findings Report and determine if the Fronting Practice has been dealt with in order to manage the related risk or if such report needs to be forwarded to the BEE Commissioner as is required in the B-BBEE Act.
12. INDIVIDUAL RIGHTS
13. Right to access/copy Report: Any employee filing a Report may retain a copy of such report so long as such report remains confidential and is only disclosed in accordance with this Policy.
14. Right to amend Report: Any Employee may make any amendment to the Report as they deem necessary to make and such employee may submit revised Reports should they deem it to be necessary.
15. Right to restrict use or disclosure: Any Report in relation to Fronting Practices must be considered confidential in nature and must not be disclosed to any other party unless such party is a party to the Fronting Practice directly.
16. Right to confidential communications: Any employee identifying a potential Fronting Practice risk and completing a Report is indemnified from any internal repercussions.
17. Right to an accounting of disclosures: The employee filing a Report has the right to account
18. Right to file a complaint: Any employee filing a Report has the right to file a formal complaint to the Managing Director in the event that such employee feels that the Report is not dealt with appropriately.
19. WORK FORCE TRAINING
20. Comprehensive Fronting Practice training must be provided to all Directors and employees including management, Senior Leadership Team and the Executive Committee Members.
21. New staff member training: The Initial Induction Programme must include training on Fronting Practices.
22. Recurrent training: The Promotional Induction Programme must include refresher training on Fronting Practices.
23. Special function training: All members of the Board, Executive Committee, Social and Ethics Committee and BEE Committee must hold a Certificate of Completion on Fronting Practices training.
24. EMPLOYEE REPORT
25. In the event that an employee identifies a possible Fronting Practice, be it a practice or an event, the Employee must file a report directly with their Senior Manager and the BEE Transformation Champion/Manager.
26. The employee must use the approved Fronting Practice Report Template.
27. An employee who files a report is indemnified against any internal repercussions from filing such report by the Board of Directors.
28. Despite the above mentioned, any employee conducting a Fronting Practice will remain accountable as defined in the B-BBEE Act.
29. SANCTIONS
30. In the event that an employee of the company violates any policy statement or related procedure a formal enquiry must be conducted by the BEE Transformation Champion/Manager.
31. The content of the enquiry must remain confidential and only be disclosed to the BEE Transformation Champion/Manager for the duration of the enquiry.
32. A findings Report must be generated by the BEE Transformation Champion/Manager and presented to the Social and Ethics Committee.
33. If the Social and Ethics Committee determines that a Fronting Practice is confirmed then the company takes over responsibility for addressing such Fronting Practice and any related reporting requirements.