



2012

MANAGED INTEGRITY EVALUATION (PTY) LTD

WE CHECK YOUR CHOICES





Background Screening Index

INTRODUCTION


Established in 1988, MIE is the leading provider of background and pre-employment screening services in South Africa. MIE concentrates exclusively on verifying the personal credentials of candidates on behalf of its clients.

In the context of individual credential verifications, credentials are:

- ✓ Attestations by individuals as to their education, skills, abilities, experience and good standing
- ✓ Unattested attributes, including criminal and credit records.
- ✓ Personal descriptors, including ID and Passport numbers, permanent residence permits and driver's licences.

Although MIE offers a considerable catalogue of screening checks the purpose of this report is to draw attention to those areas where the highest incidences of adverse results occur. Statistics have therefore been drawn from the following background screening services:

- ✓ Credit Checks
- ✓ Criminal by AFIS (Fingerprint)
- ✓ Criminal Detail per Category
- ✓ Qualification Checks
- ✓ Qualification Detail per Category
- ✓ ID Verifications
- ✓ Drivers Licence Verifications



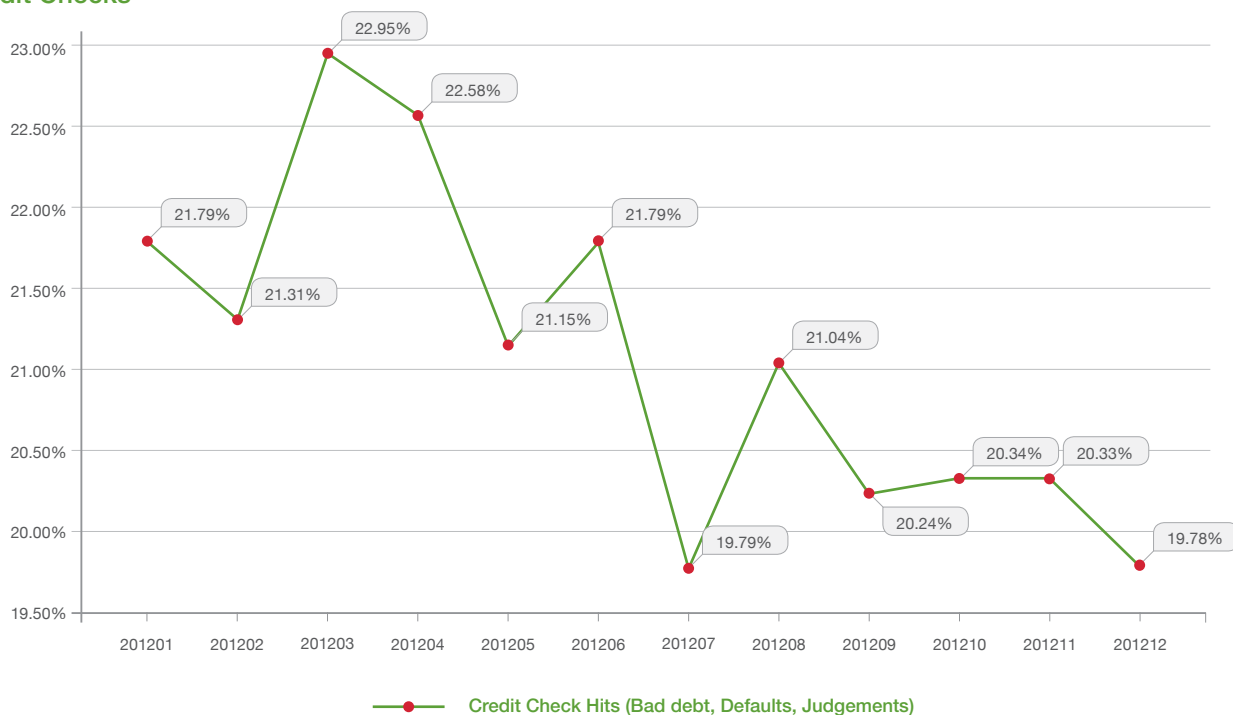
The percentages are based on the total number of requests received by MIE per verification type in 2012 and cover all sectors of business in South Africa. MIE verifies 2,3 million credentials annually.

CREDIT CHECKS

The percentage of adverse entries listed against candidates for credit verifications conducted by MIE in 2012 is in the region of 20%-23% per month. These figures are based on the total number of credit requests received per month by MIE. Adverse entries listed against an individual include Disputes, Defaults, Consumer Notices, Judgments, Debt Reviews and Sequestrations.

South Africa has approximately 19-million credit active consumers – individuals who make purchases using credit that is available from a wide range of credit providers. Every credit active consumer has a credit report which is compiled by credit bureaus from their credit transaction history.

Credit Checks



CRIMINAL BY AFIS (FINGERPRINT)

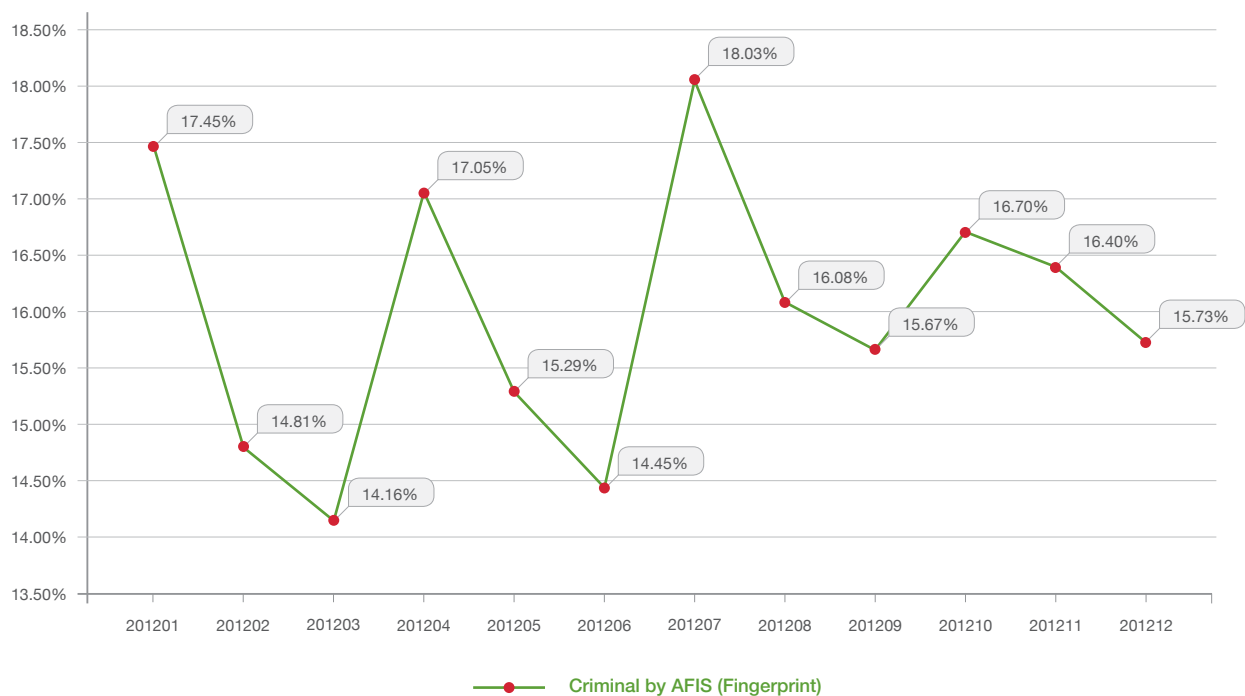
The average percentage of candidates screened by MIE whose records reflected risk in terms of criminal activity is 16%.

The accuracy of the AFISwitch criminal checks is remarkable. The only reliable method to verify whether someone has a criminal record, or a pending case, against their name is by submitting their unique fingerprint images. Using fingerprints

has proven beyond a doubt to be more consistent. This consistency is what assists employers to know the whole truth about a candidate's criminal record status.

The Criminal Procedure Amendment Act 9 of 2012 affords the candidate the option of having their criminal record expunged – provided the conviction was a minor offence and occurred a decade or more ago.

Criminal by AFIS (Fingerprint)



CRIMINAL DETAIL PER CATEGORY

2011/2012 Crime Statistics released by the SAPS revealed the following:

- ✓ Contact crimes – murder, attempted murder, sexual offences, assault GBH (Grievous Bodily Harm), common assault, robbery with aggravating circumstances, common robbery and trio crime (carjacking, residential and business robbery) – account for 33% of the country's criminal activity.
- ✓ Other serious crimes – theft, commercial crime and shoplifting – account for 25.9%.
- ✓ Property related crimes account for 25.7%.
- ✓ Police action accounts for 8.7%.
- ✓ Contact related crimes – arson and malicious damage to property – account for 6.7%.

Data gathered by MIE shows that positive Criminal Record results are split into two significant groups: Positive Offences, and Pending Cases.

Positive Offences are defined as instances where the individual has been arrested, charged, tried and convicted of the offence.

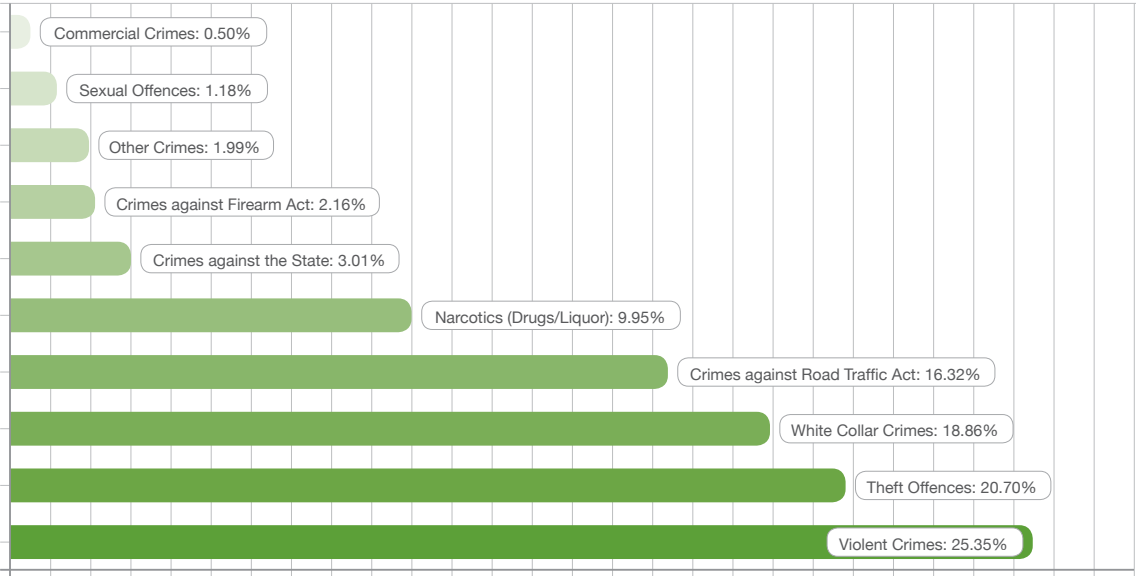
Pending cases indicate that the trial is not yet complete, and that the judge still has to make a ruling as to whether the individual is guilty or not. It is important to differentiate between these two groups. Employers should not discriminate against candidates with pending cases – but rather aim to recheck the candidate at regular intervals in the future.

MIE has classified all crimes into 10 major categories. Some of the crimes that fall into these categories are as follows:

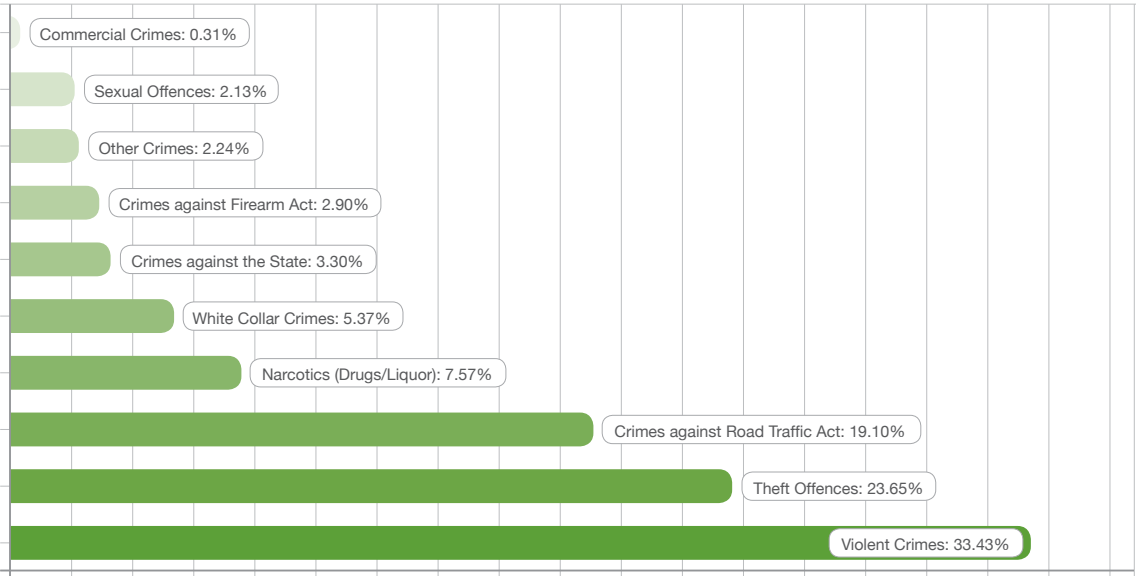
Crime Category	Examples of Crimes that fall under this category
Commercial Crimes	Selling, possession, buying of uncut diamonds. Hunting animals in a national park. Selling wildlife without a permit. Infringement of Copyright.
Sexual Offences	Rape. Prostitution. Public Indecency.
Other	Loitering. Trespassing. Illegal gambling. Child Neglect. Being in possession of stolen goods.
Crimes against the Firearm Act	Carry/display any weapon in a public place. Discharging a firearm in an urban area. Possession of an unlicensed firearm or ammunition.
Crimes against the State	Desertion of Service. Concealment of Birth. Contempt of Court. Treason. Offences against the income tax act. Rioting. Striking.
Narcotics	Possession, dealing, selling or use of prohibited dependence-producing drug or plants. Selling/supplying liquor without a license.
Crimes against the Road Traffic Act	Driving without a valid driver's license. Driving an unlicensed vehicle. Drunken driving. Violation of Road Traffic Act.
White Collar Crimes	Frauds, forgeries and embezzlements. Bribery. Possession of fraudulent documents. Corruption.
Theft	Being in possession of stolen goods. Stealing goods. Attempting to sell stolen goods.
Violent Crimes	Arson. Assault. Robbery. Housebreaking. Murder. Kidnapping. Cruelty to Animals. Child abuse. Intimidation.

Of the criminal record checks that MIE conducted in 2012, about 65% of the positive results were for Violent Crimes, Theft offences and White-Collar crimes; Three very significant categories for companies to take note of when appointing a new employee.

Criminal Detail per Category



Criminal Detail per Category (Pending Cases)



QUALIFICATION CHECKS

Candidates who submit CVs with embellished qualification claims usually do so in the hope that a higher qualification will help them to be placed in a better position, with a better salary.

Qualification checks are used to confirm various portions of information:

- ✓ The qualification claimed by the candidate is valid,
- ✓ Courses that the candidate claims they are (or were) registered for are legitimate,
- ✓ Marks attained are accurate.

Qualification checks also provide details pertaining to the authenticity of the institution – It's all very well to have a "legitimate qualification" but if the institution is not a recognised, accredited facility then the qualification is not worth much more than the forged qualification from a legitimate institution.

While both buying and selling of fraudulent qualification documents is a criminal offence, demand for and supply of these documents is on the rise. Technology is becoming a lot easier to gain access to and more people are opting to try their luck at getting away with a false document.

Qualification Checks



QUALIFICATION DETAIL PER CATEGORY

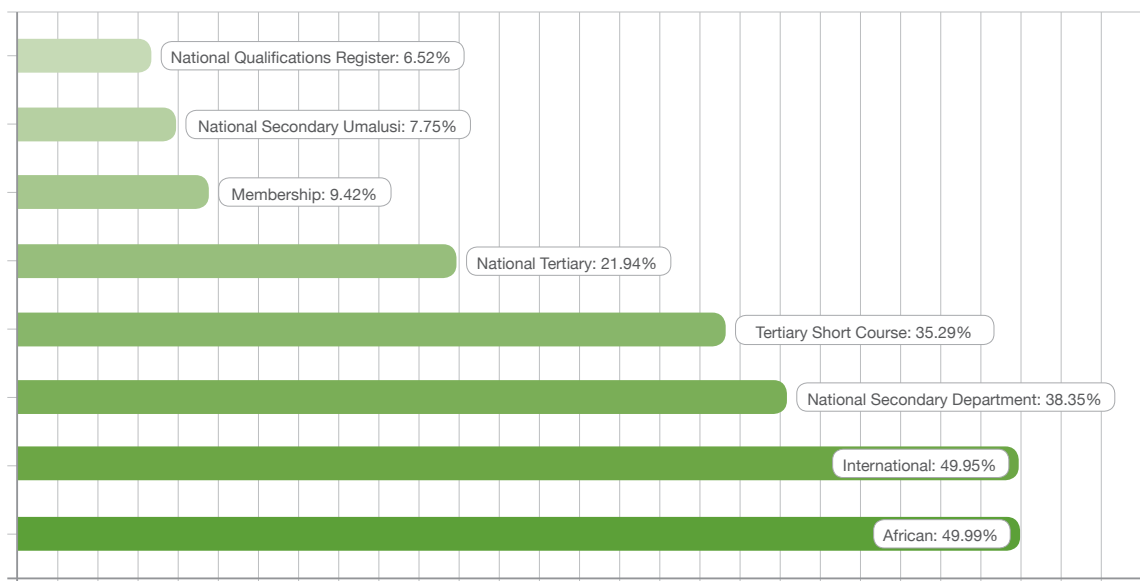
There are a multitude of qualification classes that MIE works with. Each qualification is classified according to the level of the qualification, and the source of the qualification. Simply put, this means that MIE is able to derive statistics based on which entity holds the data used to verify the qualification.

The category with the lowest risk percentage is understandably the National Qualifications Register (NQR™) qualifications. The awareness that MIE has brought to the employment arena with regards to verifications conducted using the NQR™ has caused job seekers to refrain from lying about qualifications from these subscribing institutions. NQR™ verifications are renowned for being quick, accurate and reliable.

The category that holds the highest cases of risk for South African qualifications is the National Secondary Department. Over 38% of all qualifications in this category return a result that is considered to have risk.

It is noteworthy that International and African qualifications carry almost a 50% risk rate. The perception in the market is that an employer won't be able to, or won't attempt to, verify a qualification from another country. MIE works tirelessly to build relationships with all International and African institutions to make these verifications possible.

Qualification Detail per Category



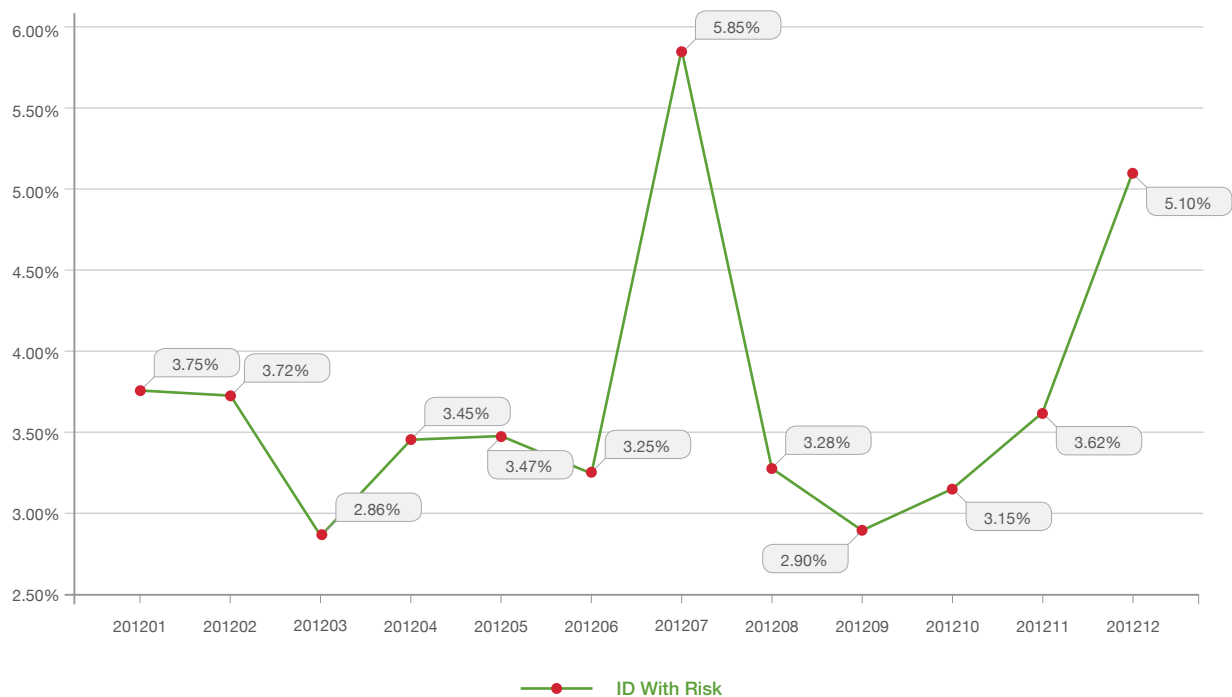
ID VERIFICATIONS

ID Verification confirms whether or not the ID number supplied by a candidate matches the candidate's name and surname as validated by the Department of Home Affairs. MIE works closely with the various credit bureaus and the Department of Home Affairs to confirm a candidate's identity.

In April 2012 the Credit Ombudsman reported that according to the South African Fraud Prevention Services (SAFPS) a total

of 3,018 individuals were listed as victims of impersonation for 2011. The potential losses associated with these listings amount to R 10.7 million. The past three years have seen the number of identity fraud victims increase by a massive 185%. The SAFPS listed 2,785 victims of impersonation from January to October 2012.

ID Verifications



DRIVER'S LICENCE VERIFICATIONS

Forged learner's and driver's licences are being sold across South Africa for anything between R800 and R4,500. It is crucial to verify a prospective candidate's driver's licence when the position applied for entails driving a company car.

Many organisations suffer extreme insurance claim losses per year due to not verifying these credentials ahead of time. No insurance company will pay out on a claim if the driver of a vehicle is not licenced. Driver's licence verifications will also provide details to the employer as to when the licence will expire, or has expired.

Driver's Licence Verifications



ECONOMISTS PROJECTIONS FOR 2013 EMPLOYMENT

Experts are concerned about the employment crisis in South Africa which is emphasised by the high unemployment rate of 25% as quoted by Statistics SA.

The 2013 Q2 Manpower Employment Outlook Survey states that the South African labour market is expected to remain downbeat. The survey indicates that South African employers are still being cautious with hiring plans for Quarter 2 2013; Only 9% of employers are expecting to increase staffing levels while 10% are anticipating a decrease and 80% forecast no change.

Employers in most sectors of the South African labour market continue to be less optimistic about hiring permanent staff which will create a greater demand for temporary and contract workers. With the demand for jobs being consistently higher than the availability, it is more important than ever for employers to be vigilant in identifying risks associated with negligent and hap-hazard hiring.

CONCLUSION

In Summary, the necessity for pre-employment and on-going post-employment screening will never be eliminated. The consequences of negligent hiring will always dictate that thorough vetting is a crucial step in an employer's placement procedure.

The reality is that the number of job seekers grows disproportionately to the number of jobs available in the market. This discrepancy is the fuel that keeps the CV-fraud "fire" alive.

MIE offers a host of services that will enhance your organisation's capacity to confirm the validity and authenticity of an individual's credentials. These services help to provide a comprehensive and reliable profile of a candidate, assisting employers to make sound decisions regarding the suitability of an individual for employment.



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