



# FAIS CONFLICT OF INTEREST POLICY

# Computershare Limited

(Registration number 2000/006082/06)

## FAIS Conflict of Interest Policy

This policy deals with conflicts of interest between Computershare or its employees and the clients to whom it provides intermediary services. Employee means any permanent or temporary employee, director, officer, agent or independent contractor for Computershare.

### Summary

#### AIM OF THE POLICY

- > To ensure that Computershare and its employees are able to comply with FAIS rules and regulations on conflicts of interest.

#### WHO IS THE POLICY FOR?

- > All staff members working for Computershare in South Africa.

#### KEY FOCUS

- > To clarify what a conflict of interest is and the procedure to be followed
- > To ensure that business is conducted in accordance with good business practice, in an ethical and equitable manner and in a way that safeguards the interests of shareholders
- > Management of real or potential conflicts of interest.

### Introduction

In terms of the General Code of Conduct contained in the Financial Advisory and Intermediary Services Act of 2002 (FAIS), Computershare is required to document a conflicts of interest policy and procedure which is accessible to clients at all times. A copy of this conflict of interest policy is available on the intranet, the website ([www.computershare.com](http://www.computershare.com)) or from the Call Centre which can be contacted on 0861100933.

#### DEFINITIONS

**CL:** Computershare Limited a company incorporated in accordance with the company laws of the Republic of South Africa (registration number 2000/006082/06) is an authorised CSD Participant of Strate Limited and an approved Financial Service Provider (FSP) in terms of the FAIS Act (FSP No760). CL has outsourced call centre facilities, corporate events and the administration of dematerialised own name client accounts and Issuer Sponsored Nominee accounts to Computershare Investor Services (Pty) Limited.

**CIS:** Computershare Investor Services (Pty) Limited a company incorporated in accordance with the company laws of the Republic of South Africa (registration number 2004/003647/07) is an Issuer Agent that provides share registry and shareholder services and also performs outsourced activities on behalf of CL.

**Computershare:** the above entities are jointly referred to as "Computershare" in this policy.

**Conflict of Interest (COI):** means any situation in which a FSP, key individual, representative or staff member has an interest that may, in rendering financial services to a client -

- a) influence the objective exercise of his, her or its obligation to a client;
- b) prevent a FSP from rendering an unbiased and fair financial service, or
- c) from acting in the best interests of a client.

This interest includes, but is not limited to –

- a) A financial interest
- b) An ownership interest; or
- c) Any relationship with a third party.

**Financial interest:** means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration other than an ownership interest or training that is not exclusively available to a selected group of providers or representatives on financial products.

**Immaterial financial interest:** means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1000 in any calendar year from the same third party received by a key individual, representative or staff member for that person's direct benefit;

**Ownership interest:** means any equity propriety interest for which fair value was paid by the owner at the time of acquisition, other than equity or a proprietary interest held as an approved nominee on behalf of another person. This includes any dividend, profit share or other benefit derived from that equity or ownership interest.

**FAIS Act:** means the Financial Advisory and Intermediary Services Act of 2002, intended to control the regulation, supervision and the licensing of FSPs (Financial Service Providers) in order to protect the public from ignorant, malicious misselling or rendering of financial services and products.

**FSB:** Financial Services Board - an independent body that regulates the financial services industry in South Africa.

**FSP:** Financial Services Provider - means any person who as a regular feature of the business furnishes advice and/or renders an intermediary service. CL was required to obtain a FAIS licence for the share dealing service offered to certain clients and an allocation service provided to some Asset Managers (bulking service). CL is approved as a Category II Financial Service Provider which provides intermediary services for the following securities:

- > Equities
- > Money Markets
- > Bonds
- > Debentures
- > Warrants, Certificates and other instruments acknowledging, conferring or creating rights to subscribe to, acquire, dispose of, or convert securities.

Intermediary services also include short term deposits.

CL provides intermediary services on an "execution-only" basis and **does not provide advice**. No limit or raise orders will be accepted, unless specified in the Deal Routing Agreement. Trading instructions are aggregated and a single instruction is placed with a nominated stockbroker on the following business day. The full terms and conditions of this service and the fee structure may be viewed on Computershare's internet site at [www.computershare.com](http://www.computershare.com)

**Associate:** is defined, in the case of a company, as "any subsidiary or holding company of that company, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary".

**Third Party:** is a product supplier (such as a stockbroker that is used to process bulked dealing instructions), another FSP (such as asset managers, banks, etc.), an associate of a product supplier

or a FSP, a distribution channel or any person who in terms of an agreement or arrangement provides a financial interest to a FSP or its Representatives.

## **PURPOSE**

In accordance with the FAIS General Code of Conduct, CL is required to establish, implement and maintain an effective conflict of interest policy, designed to:

- > **identify** conflicts of interest that could arise between CL, CIS, its clients and Computershare related entities; and
- > **implement** effective organisational and administrative controls to prevent conflicts of interest arising and damaging the interests of our clients.

## **SCOPE**

This policy applies to everyone who works for Computershare South Africa and particularly to all FAIS Key Individuals or Representatives or staff providing intermediary services to clients.

## **WHAT IS A CONFLICT OF INTEREST?**

Computershare has an obligation to act fairly, independently and objectively towards a client.

A conflict of interest would arise if, for example, Computershare undertakes an activity (as part of, or unconnected to the intermediary service) which may not be in the best interest of the client or, which may result in Computershare not being able to fulfil the duties it owes to the client.

Examples of conflicts of interest are where a staff member obtains information in the course of daily activities and uses that information for his or her own personal gain or staff trading for his or her own account (insider-trading), where the transaction may not necessarily be the best outcome for the client, i.e. put his or her own interest before the interest of a client.

Another example is the receipt of gifts or entertainment from suppliers, service providers or brokers used for trading purposes, where this may influence a decision in favour of that supplier, service provider or broker used for trading purposes.

Computershare is not permitted to provide financial or tax advice and may not accept any commission or non-cash incentive in lieu of trading.

## **WHAT DOES CL TAKE INTO ACCOUNT WHEN CONSIDERING POTENTIAL CONFLICTS OF INTEREST?**

CL will take into account whether:

- > the financial interest is likely to result in a financial gain for the company or the avoidance of a loss at the expense of the client;
- > it has an interest in the outcome of a service or transaction provided to, or on behalf of the client which is distinct from the client's interest in that outcome;
- > it carries on the same business as the client;
- > has received, or will receive, from a person other than the client, an inducement in relation to the service provided to the client; or
- > it is acting independently, objectively and professionally towards the shareholder.

## MANAGEMENT OF CONFLICTS OF INTEREST

1. Before new business arrangements are concluded consideration shall be given as to whether the proposed arrangement will present any potential conflict of interest. It is the responsibility of the Business Unit Head entering into the relationship on behalf of Computershare to ensure that this **identification** process is carried out and appropriately documented before the relationship is progressed. Computershare has a Quotation and Tender Committee that reviews the quotations and tenders submitted for new business and an Allocation Model Committee that regularly reviews the Allocation Model and selection of brokers used for trading purposes to ensure that this is done on an equitable basis and that favourable brokerage rates are obtained for shareholders.
2. Whenever any potential conflict of interest is identified, the staff member will **notify** management and the Compliance Officer of the transaction, relationship, arrangement or interest that creates the conflict (the Compliance Officer will keep a conflicts log to record all potential or actual conflicts).
3. After making the above notifications and having received appropriate guidance, the nature of the conflict of interest will be disclosed to the client, where applicable.
4. Gifts or incentives received from suppliers, service providers or brokers used for trading purposes are required to be logged on a register and inappropriate requests, where this may influence a decision in favour of that person must be declined.

## HOW ARE POTENTIAL CONFLICTS OF INTEREST MANAGED BY COMPUTERSHARE?

Computershare maintains a variety of internal policies and procedures designed to ensure that potential conflicts of interest are managed effectively:

- > **Chinese Walls** – have been implemented between CL and CIS to restrict access to information held in one part of the business from employees in another.
- > **Inside Information** – Computershare employees must act in strict compliance with the policy and procedures for Inside Information.
- > **Staff Dealing** – Computershare employees must act in strict compliance with the Staff Dealing Policy and procedures to ensure employees' interests do not conflict with those of Computershare's clients.
- > **Remuneration** – Computershare aims to reward employees for their experience and performance, whilst at the same time ensuring that remuneration does not conflict with Computershare's obligations to its clients. Staff members may not accept any commission or non-cash incentive with regard to the intermediary or trading services provided.
- > **Outside Interests** - Employees are required to notify the company of any outside interest which could result in their being induced to act in a manner which is not in a customer's best interests.
- > **Gifts and Hospitality** – Computershare employees are not permitted to accept or offer gifts or any other inducements without appropriate management approval, in relation to:
  - > any service provided to a client, or
  - > any service received from a supplier.

Employees may accept or offer reasonable invitations of corporate hospitality, subject to management approval. A global Gifts and Hospitality Policy is in place. All vouchers, gifts, services, advantages, benefits, discounts, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, given or received, regardless of value, must be declared and recorded in the Gifts and Entertainment register. The payment of travel and accommodation costs on behalf of staff members by third parties is strictly prohibited, unless it is for a specific and justifiable business reason and has been approved by the appropriate Divisional or Regional head.

## CONSEQUENCES OF NON-COMPLIANCE

Failure to comply with the provisions of this policy by any staff member or FAIS Key Individual or Representative shall constitute serious misconduct and will result in disciplinary action being initiated against such staff member.

## FINANCIAL INTERESTS OFFERED BY COMPUTERSHARE TO THIRD PARTIES

Computershare may only offer the following financial interests to third parties:

- > fees or brokerage reasonably in line with the financial services rendered and as disclosed to the Client in writing.
- > Any immaterial financial interest as defined in the FAIS General Code of Conduct; and
- > Any other financial interest, for which consideration that is reasonably in line with the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

## ASSOCIATED COMPANIES

Third parties do not hold an ownership interest in Computershare Ltd and Computershare Ltd does not hold ownership interests in any other third party.

Computershare Ltd (the authorised financial services provider) and Computershare Investor Services (Pty) Ltd are wholly owned subsidiaries of Computershare South Africa (Pty) Ltd which is in turn held by Computershare Ltd (United Kingdom) (74%) and Black Management Forum Investments Company Ltd (26%) and ultimately by Computershare Ltd Australia (100%).

Computershare Nominees (Pty) Ltd is a wholly owned subsidiary of Computershare Ltd. Such associates and ownership interests as are required to be listed in this policy are set out below:

<b>Group Parent Company Name</b>	<b>Shareholding</b>
Computershare South Africa (Pty) Ltd	100%
<b>Computershare South Africa group subsidiaries</b>	
Computershare Ltd (FSP number 760)	100%
Computershare Investor Services (Pty) Ltd	100%
Computershare Outsourcing Ltd	100%
Minu Ltd	100%

## BROKERS USED FOR DEALING SERVICES

Afrifocus Securities (Pty) Ltd	Navigare Securities (Pty) Ltd
Brockhouse Cooper (SA) (Pty) Ltd	Sanlam Private Investments (Pty) Ltd
Cadiz Stock Broking (Pty) Ltd	TFS Securities (Pty) Ltd
Cratos Capital (Pty) Ltd	Thebe Stockbroking (Pty) Ltd
FFO Securities (Pty) Ltd	28E Capital (Pty) Ltd

