



FirstRand

CONFLICTS OF INTEREST POLICY SUMMARY

April 2022

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This document ('Summary') provides clients with a summary of the 'Conflicts of Interest Policy' of the UK operations of FirstRand Bank Limited (London branch) ('FirstRand') and FirstRand Securities Limited (together 'FirstRand', 'we', 'our' or 'us').

FirstRand's Conflicts of Interest Policy sets out the framework for identifying, preventing, and managing conflicts of interest, whether actual, potential, or perceived, as required by the Markets in Financial Instruments Directive 2014/65/EU as implemented and onshored in the UK (as amended from time to time) and the relevant rules of the Financial Conduct Authority ('FCA') Handbook (together 'UK MiFID'). The Conflicts of Interest Policy applies to all FirstRand employees, contractors, and consultants ("staff").

1. Definition of a conflict of interest

A conflict of interest can arise in circumstances where the interests of a client or potential client may be incompatible with those of another client, a counterparty, staff or with FirstRand itself.

FirstRand takes appropriate steps to identify and to prevent or manage conflicts of interest between the firm and its clients, between different clients of the firm, and with staff.

2. Meaning of a conflict of Interest

Conflicts of interests can arise when staff have personal, business, or other competing interests that conflict with client interests or with the interests of FirstRand, or where FirstRand's interests (including those of any person direct or indirectly linked to FirstRand by control) may differ from the interests of a client, customer, or counterparty.

For example, when FirstRand:

- makes a financial gain or avoids a financial loss at the expense of a client, customer, or counterparty.
- competes for the same business as a client.
- has an incentive to favour the interests of one client, or a group of clients or customers, over those of another client or another group of clients or customers.
- has confidential knowledge about its clients that is advantageous to its own interests or those of another client's; or
- fails to meet its client's objectives or its regulatory and/or fiduciary obligations.

3. How to Identify conflicts of interest

The firm provides guidelines and appropriate training to staff on the identification of conflicts of interest (with reference to the specific investment services and activities and ancillary services carried out by or on behalf of FirstRand) and steps to be taken for the prevention or management of such conflicts of interest.

Staff are required to exercise their good judgement in the identification of and responses to any potential conflict situations and follow due processes as set out in the Conflicts of Interest Policy. Staff are required to recognise and know how /where to seek assistance or to escalate any issues in a timely fashion. If a conflict of interest or potential conflict of interest is identified by a staff member, they are required to report the conflict to their supervisor or to Compliance directly. If the supervisor determines that there is a conflict of interest, the supervisor will notify Compliance of the conflict of interest and appropriate steps will be taken to prevent or manage the conflict through the escalation process.

In addition, all staff must disclose any personal conflicts appropriately to both their manager and to Compliance. It is the responsibility of all individual business groups working in FirstRand to understand the obligation to check whether a new or proposed activity may create a conflict with any existing or proposed activities or relationships within FirstRand.

4. How we prevent and manage conflicts of interest

FirstRand has put in place systems and controls to prevent or manage conflicts of interests which include:

- FirstRand uses information barriers to control the flow of confidential and/or material non-public information. Information barriers are implemented through organisational structures, procedural controls, and physical separation. Such measures prevent or control the exchange of information

- between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients.
- there is no direct link between the remuneration of persons principally engaged in an activity and the remuneration of, or revenues generated by, different persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities.
 - where a conflict or potential conflict is identified within the FirstRand group it is recorded and appropriate escalation procedures have been established to allow for an appropriate response from both senior management and compliance.
 - records of identified conflicts of interest or potential conflicts of interest are reported to senior management at least on an annual basis.
 - taking remedial measures to avoid conflicts that may have a serious impact.
 - to allow for disclosure of conflicts of interest to clients where disclosure is seen as the best course of action (noting that disclosure is a measure of last resort where effective organisational and administrative arrangements are not sufficient to ensure with reasonable confidence that risks of damage to the interests of clients will be prevented).
 - watch lists containing confidential information are maintained by the FirstRand Bank Control Room. Watch lists are used to monitor FirstRand's transactions where FirstRand are in possession of confidential information that may be material and price sensitive.
 - restricted list: FirstRand places issuers/securities on a 'Restricted List' to manage activities within FirstRand (for example sales, trading, and research activities) that must be restricted or prohibited because of FirstRand's involvement in material transactions, or due to legal, regulatory or policy requirements.
 - staff member's personal account dealing activities, which may give rise to potential conflicts, are subject to prior disclosure and the subsequent provision of confirmations. All staff personal account dealing activities are subject to monitoring and data is provided to senior management in regular reporting. FirstRand has a 'Personal Account Dealing Policy' in place.
 - staff that carry out activities or provide services to clients whose interests may conflict with FirstRand or those of any individual staff member are supervised by Head of the Business Unit.
 - each business unit is responsible for the management of conflicts clearance guidelines based on the business activities they are engaged in; and
 - all business units within FirstRand have a dedicated Head to ensure separate supervision of staff.
 - FSR external appointments policy restricts employees to assuming only ONE non-exec roles to external companies in a professional capacity. Appointments to competitors, clients or listed entities are not permitted. Approval process outlined for all appointments.
 - employee personal interests are declared on the Declarations of Interest (DoI) system and mandatory annual mandatory updates are applicable to all staff. completion threshold determined by FSR Ethics – reporting and escalation measures via governance committees to meet thresholds. New joiners to bank are required to disclose personal interests via onboarding forms.
 - DoI declarations include line manager approval and consultation with compliance through automated processes
 - DoI includes ownership interests, additional work performed (e.g., non-executive roles, advisory services etc) and close relationships including suppliers to FSR.
 - activities are monitored (via mobile phone, landline, electronic messaging, and email) and all trading activities are subject to surveillance via automated solution. Escalation procedures exist if any potential abusive behaviours are identified
 - all Committee members are above the wall- refusal if members are conflicted
 - credit acts as gatekeepers to sharing credit information – restrictions on sharing with public side or where purpose of use of info differs
 - control Room reviews all committee papers and populates conflicts register with transaction opportunities.
 - conflicts register entries are screened against DoI data to identify employee/client conflicts, against FSR group structure to identify bank/client conflicts and existing opportunities on the conflicts register to identify client/client conflicts.
 - monthly reconciliation of conflicts registers with internal DCF report to identify successful transactions

5. Governance process

Where conflicts of interest are reported to Compliance, the reports will be recorded, and the appropriate escalation steps will be taken. If Compliance makes a material finding in respect of the reported conflict of interest, it will be disclosed to the [Risk Compliance Committee] and captured in the FirstRand's risk management system. Following this, the conflict of interest will be subject to ongoing surveillance and discussion such that the Regulatory Compliance and Compliance Committee will determine steps to be taken to mitigate the issue. Where necessary, this may include escalation to senior management.

- Scope of Conduct Risk includes the Control Room in Group Internal Audit (GIA) reviews
- Conduct Risk included in annual Compliance Coverage Plan by Monitoring Centre of Excellence (MCOE). Designated monitoring resource also reports to Head of Compliance for both Markets and Conduct Risk
- Surveillance on public side business to identify market abuse and inappropriate disclosure of private side information
- Conflicts register maintained for private side transaction opportunities#
- The Prudential Authority (PA) of the South African Reserve Bank exercises supervision over FSR including Conduct Risk- recent inspection was last year
- Monthly reporting of Conduct Key Risk Metrics via governance committees
- Monthly MI from Control Room to branches and subs. In addition, the firm creates a regulatory risk universe document and risk management plans which capture all risk topics and provides a plan which is used to evidence progress on approved monitoring and controls.
- All issues are required to be approved on an ongoing basis at Regulatory Compliance and Compliance Committee meetings which are recorded and minuted and shared with group senior management.

6. Management of Policies

FirstRand provides a framework for the review and approval of all policies, including the Conflicts of interest Policy, which requires all amendments or new additions to be presented to and approved by the Regulatory Compliance and Compliance Committee. The status of all policies is monitored, and regular updates are provided in senior management reporting. The Conflicts of Interest Policy is assessed and reviewed at least on an annual basis.

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