

30 June 2021

Cape Town Stock Exchange Compliance Committee Conflict of Interest Assessment Report

This report is prepared in accordance with section 62 of the Financial Markets Act (“**FMA**”) and Board Notice 1 of 2015 (“**Board Notice 1**”) in respect of the annual conflicts of interest assessment.

The CTSE Compliance Committee (“**Compliance Committee**”) serves to balance any conflicts between the commercial interests of CTSE and its compliance with the regulatory requirements, including its Exchange License, the FMA and to fulfil its statutory obligations as a Self-Regulatory Organisation as required in terms of Board Notice 1.

The Compliance Committee, comprising of three independent non-executive directors, being Kabelo Moja (Chairman), Theo Vorster and Thabo Mokgatlha, is able to function independently and impartially in order to fulfil its mandate in line with its terms of reference. Following the resignation of Thabo Mokgatlha as director of CTSE, JJ Njeke, the independent non-executive Chairman of CTSE was appointed as an interim member of the Compliance Committee with effect from 24 June 2021 until such time that a new independent non- executive director is appointed.

The Compliance Committee reports on the following for the 2021 financial year, up to and including the date of this report:

- The Compliance Committee terms of reference was updated and approved at the May 2021 Board meeting to reflect that the Compliance Committee comprises only of independent non-executive directors. Further updates will be considered during the upcoming year to enhance the roles and responsibilities of the Compliance Committee.
- Ms Palesa Manana was appointed as CTSE’s Compliance Officer in May 2021 and CTSE has also engaged the services of Crescent Compliance Solutions as a compliance specialist.
- An independent governance, risk and compliance assessment is underway and this feedback will be taken into account to enhance the CTSE compliance frameworks.
- The CTSE Conflict of Interest Policy was updated and approved by the Board in March 2021. A copy of the updated Conflict of Interest Policy has been uploaded onto the CTSE website.
- No actual, potential or perceived conflicts of interests were reported or identified, and no matters were reported in terms of the whistleblowing procedures.
- CTSE has acted appropriately and professionally as required in terms of section 62 the FMA, Board Notice 1 and the CTSE Conflict of Interest Policy.
- The Compliance Committee and the CTSE Issuer Regulation Committee functions effectively and provides sufficient oversight mechanisms to ensure that the regulatory and commercial functions of CTSE are adequately separated.
- CTSE’s annual assessment questionnaire in terms of sections 59 of the FMA was submitted to the Financial Sector Conduct Authority on 14 October 2020.
- The current governance structures, which were enhanced by the clear separation and independence of the Compliance Committee, the Issuer Regulation Committee, the Issuer Regulation Division and the establishment of a separate Compliance function, are deemed to be appropriate for CTSE. These structures



will continue to be assessed as the business grows to ensure that the required level of oversight and integrity is maintained and the feedback from the governance, risk and compliance assessments will be taken into account.

Yours Sincerely

Palesa Manana
Compliance Officer
For and on behalf of the CTSE Compliance Committee

