

Empowerdex Code of Conduct (COR-01/C)

Empowerdex

Code of Conduct

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1. Definitions

"Analyst" shall mean, with respect to any rating entity, an employee who;

- a. Has been assigned to determine and vote on ratings relating to such entity
- b. In not involved in any commercial discussions with such entity.

"Empowerdex" shall mean Empowerdex (Pty) Ltd

"Code" shall mean the Codes of Conduct

"Confidential Information" shall mean information received by Empowerdex from a rating entity or its accountants, attorneys, or other agents which have been marked "Proprietary and Confidential" or in respect of which Empowerdex has received from the rating entity specific written notice of its proprietary and confidential nature.

Notwithstanding the foregoing, information disclosed by the rating entity or its accountants, attorneys, or other agents shall not be deemed to be confidential information if such information;

- a. Was substantially known by Empowerdex at the time of such disclosure
- b. Was known to the public at time of such disclosure
- c. Becomes known to the public (other than by Empowerdex's act) subsequent to such disclosure
- d. Is disclosed lawfully to Empowerdex by a third party subsequent to such disclosure
- e. Is developed independently by Empowerdex without reference to the confidential information
- f. Is approved in writing by the rating entity for public disclosure, or
- g. Is required to be disclosed by any law, rule or regulation or is disclosed at the request of any governmental agency or authority.

"Immediate Family" shall mean an employee's spouse, domestic partner, minor child, stepchild, grandchild, parent, stepparent, grandparent, sibling, mother or father in law, sister or brother in law, including adoptive and guardian relationships, in each case, sharing the same household as the employee, and any entity or trust owned or controlled by a person named above.

IOSCO shall mean the International Organisation of Securities Commissions.

"Non-rating business" shall mean all segments and operating groups of Bonngoe Holdings (Pty) Ltd as well as all segments and operating groups of Collective Wisdom (Pty) Ltd subsidiaries, other than Empowerdex.

"Rating" shall mean any rating issued by Empowerdex in connection with the compliance of a rating entity with the BEE codes of good practice.

2. Introduction

- Empowerdex is committed to providing high-quality, objective, and independent information to its rated entities and the marketplace. Empowerdex endeavours to conduct its services in a manner that is transparent and credible and also ensures that the integrity and independence of such processes are not compromised by conflicts of interests, abuse of confidential information or other undue influences.
- Empowerdex expects all employees to comply with this Code and its policies and procedures. Failure to comply with the Code and its policies and procedures could be sufficient reason for disciplinary action.
- This code has been disclosed to the public in order to promote transparency. However, by making this Code available to the public, Empowerdex does not assume any responsibility or liability to any third party arising out of or relating to this Code. This Code shall not form a part of any contract with any third party and no third party shall have any right (contractual or otherwise) to enforce any of this Code's provisions, either directly or indirectly. Empowerdex in its sole discretion may revise this Code to reflect changes in market, legal and regulatory circumstances and changes to Empowerdex's controls, policies and procedures.
- Empowerdex is not obligated to perform any due diligence or independent verification of any information submitted to, or obtained by, Empowerdex in connection with the ratings service. Empowerdex does not perform an audit and does not undertake to verify that the information submitted to or obtained by Empowerdex is complete.

3. Quality and integrity of the rating process

a. Quality of the rating process

- An analytical team, comprised of a primary analyst and back-up analyst(s), shall be assigned to complete the rating analysis involved.
- Each rating shall be based on a thorough analysis of all information known to Empowerdex and believed by Empowerdex to be relevant to its analysis according to Empowerdex's established criteria and methodology.
- Analysts shall not render financial, investment or structuring advice to any party as part of their work at Empowerdex.

- In issuing a rating, analysts of Empowerdex involved in the preparation or review of any rating shall use the criteria as set out in the BEE codes of good practice and methodologies as set out by Empowerdex. Analysts shall consistently apply the rating criteria and methodologies in the analytical process for any rating.
- Ratings shall be determined by rating committees and not by any individual analyst. Ratings will reflect consideration of all information known, believed to be relevant, by the applicable analyst and rating committee. Each rating committee shall be composed of people who, individually or collectively, have appropriate knowledge and experience in developing a rating opinion for the type of rating being considered.
- Empowerdex shall use analysts who have the appropriate knowledge and experience in developing a rating opinion.
- Empowerdex shall endeavour to devote sufficient resources to perform credible rating assessments for all rated entities. When deciding to rate an entity, Empowerdex shall assess whether it is able to devote sufficient qualified employees in order to perform a rating and whether it is likely to have sufficient access to information needed in order to make such an assessment.
- Empowerdex shall maintain internal records to support its ratings in accordance with applicable law.
- Empowerdex shall take steps to avoid publishing any rating or report that contain misrepresentations or are otherwise misleading as to the general rating of the rated entity.
- Empowerdex shall endeavour to structure its ratings team in a manner that promotes continuity and avoids bias in the rating process.
- Analysts are prohibited from disclosing to third parties any internal committee discussions and the committee membership as well as any other internal deliberative discussion as this information is privileged and kept confidential to protect the honesty of the rating process.

b. Integrity of the rating process

- Empowerdex and its employees shall comply with all applicable laws and regulations governing Empowerdex in South Africa.
- Empowerdex and its employees shall deal fairly and honestly with its rated entities, other market participants and the public.
- Employees shall be held to high standards of integrity, and Empowerdex shall not employ individuals where there is evidence that they have compromised integrity.

- Empowerdex and its employees shall not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to the determination of the rating by the applicable rating committee.
- The Chief Executive Officer shall have overall responsibility for the design and implementation of, and compliance with this Code and the related policies and procedures and also compliance with any laws applicable to Empowerdex. The reporting line of the CEO will be independent of Empowerdex's rating operations and the compensation of individuals in this function will be determined by individuals without rating operation responsibilities.
- An employee who becomes aware of any conduct by another employee or entity under common control with Empowerdex in violation of this Code, the related policies and procedures, any law applicable to Empowerdex or that is unethical has a responsibility to promptly report such conduct to the compliance officer. The compliance officer who receives such information shall take appropriate action, as determined by the laws and regulations of South Africa and the applicable rules and guidelines set forth by Empowerdex.
- Empowerdex prohibits any form of retaliation against any employee who in good faith reports possible violations of conduct or who in good faith assists in the investigation of such possible violation. An employee who retaliates against another employee for either of these reasons shall be subject to disciplinary action.
- In order to maintain Empowerdex's independence, objectivity and credibility, Empowerdex shall maintain complete editorial control at all times over ratings and all information that it disseminates to the public.

4. Independence and avoidance of conflicts of interest

a. General

- Empowerdex shall not forbear or refrain from taking a rating, if appropriate, based on the potential effect (economic, political or otherwise) of the rating on Empowerdex, its rated entity or any other market participant.
- Empowerdex and its employees shall use care and professional judgement to maintain both the substance and appearance of independence and objectivity.
- The determination of a rating by the rating committee shall be based only on factors known to the rating committee that are believed by it to be relevant.
- Ratings assigned by Empowerdex to a rated entity shall not be affected by the existence of, or potential for, a business relationship between Empowerdex (or its affiliates) and the rated entity (or its affiliates) or any other party, or the non-existence of such a relationship.
- Empowerdex will separate its ratings business and employees from other businesses that may reasonably present a conflict of interest..

- Empowerdex shall ensure that ancillary business operations which do not necessarily present conflicts of interest with Empowerdex's rating business have in place procedures and mechanisms designed to minimise the likelihood that conflicts of interest will arise.
- Empowerdex shall establish a firewall policy governing firewalls and operations between Empowerdex and non-rating businesses to effectively manage conflicts of interest.

b. Procedures and policies

- Empowerdex shall adopt written internal procedures and mechanisms to;
 1. identify, and
 2. eliminate, manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the opinions and analyses Empowerdex makes or the judgement and analyses of its analysts. Empowerdex shall disclose such conflict avoidance and management measures without charge to the public on Empowerdex's website.
- Empowerdex's disclosure of actual and potential conflicts of interest should be complete, timely, clear, concise, specific and prominent.
- Empowerdex shall disclose the general nature of its compensation arrangements with rated entities including whether it receives compensation unrelated to its rating service and related research. Where Empowerdex receives from a rated entity compensation unrelated to its rating service, such as fees for consulting services, Empowerdex shall disclose the proportion that such non-rating fees constitute against the fees Empowerdex receives from the entity for rating services.
- Empowerdex shall not base any fees on the success of the rating entity achieving any particular rating or other result.
- Empowerdex shall maintain a set fee schedule and make it available to all rating entities provided, however, that Empowerdex reserves the right to periodically revise such fee schedule without prior notice.
- Empowerdex and its employees shall not engage in any shares trading presenting conflicts of interest with Empowerdex's rating activities.
- In instances where rated entities (e.g. government) have, or are simultaneously pursuing, oversight functions related to Empowerdex, Empowerdex shall use different employees to conduct its ratings than those involved in its oversight issues.

c. Employee independence

- Reporting lines for analysts and their compensation arrangements shall be organised to eliminate or effectively manage actual and potential conflicts of interest. An analyst shall not be compensated or evaluated on the basis of the amount of revenue that Empowerdex derives from its rating entities.

- Empowerdex shall not have analysts without management responsibilities who are directly involved in the rating process initiate, or participate in, discussions regarding fees or payments with any entity they rate.
- No employee shall participate in or otherwise influence the determination of a rating in a rating committee for any particular entity if;
 - The employee or a member of the employees immediate family owns shares in the entity,
 - The employee or a member of the employees immediate family owns shares of any entity related to a rated entity, the ownership of which may cause or may be perceived as causing a conflict of interest,
 - Within six months immediately preceding the date of the meeting of the rating committee, the employee has had recent employment or other significant business relationship with the rated entity that may cause or be perceived as causing a conflict of interest,
 - The employee has an immediate family member that currently works for the rated entity,
 - The employee has, or had within the six months immediately preceding the date of the meeting of the rating committee, any other relationship with a rated entity or a related entity thereof that may cause or may be perceived as causing a conflict of interest.
- Analysts and anyone involved in the rating process (or any member of their immediate family) shall not buy or sell or engage in any transaction in any share based on a share issued, guaranteed or otherwise supported by any entity within such employees area of primary analytical responsibility, except as permitted under Empowerdex's internal shares trading policy.
- Employees are prohibited from soliciting money, gifts, or favours from anyone with whom Empowerdex does business and are prohibited from accepting gifts offered in the form of cash or any gifts exceeding an immaterial monetary value.
- Subject to applicable law, any employee who becomes involved in any personal relationship that creates the potential for any real or apparent conflict of interest, shall disclose such relationship to the appropriate manager or officer of Empowerdex.

5. Treatment of confidential information

- Empowerdex and its employees will;
 - Preserve the confidentiality of confidential information communicated to them by a rating entity, and
 - Unless they have received permission from the rating entity, refrain from disclosing confidential information in press releases, through research conferences, conversations with investors, entities and any other persons.
 - Notwithstanding the foregoing, Empowerdex shall not be restricted from:
 - Publishing any rating or other opinion regarding a particular share or transaction which incorporates confidential information without specifically disclosing it.

- Using third party contractors or agents bound by appropriate confidentiality obligations to assist in any aspect of the rating process or related business activities
 - Disclosing information as required by any applicable law, rule or regulation, or at the request of any governmental agency or third party.
- Empowerdex will use confidential information only for the purposes related to its rating activities.
- Empowerdex's employees will take all reasonable measures to protect all property and records belonging to or in possession of Empowerdex from fraud, theft or misuse.
- In accordance with Empowerdex's internal shares trading policies, Empowerdex's employees will be prohibited from engaging in transactions in shares and derivatives when they possess confidential information concerning the rating entity of such shares.
- Empowerdex's employees will familiarise themselves with Empowerdex's internal shares trading policy, and periodically certify their compliance as required by such policies.
- Empowerdex's employees will not disclose any non-public information about rating opinions or possible future rating actions of Empowerdex, except to the rating entity or its designated agents.
- Empowerdex employees will not share confidential information entrusted to Empowerdex with employees of any affiliated entities except to the extent such employees are acting as agents of Empowerdex with respect to the rating process, and are bound by appropriate confidentiality obligations. Empowerdex employees will not share confidential information within Empowerdex except on a 'reason-to-know' basis.
- Empowerdex employees will not use or share confidential information for the purpose of trading shares, or for any other purpose except as described above in this code. Except as required under any applicable law, rule, and regulation or at the proper request of any government agency or authority, Empowerdex's internal deliberations and the identities of persons who participated in a rating committee will be kept strictly confidential and will not be disclosed to persons outside of Empowerdex.

6. Enforcement and disclosure of the code of conduct and communication with market participants

- Empowerdex's compliance officer and staff shall oversee compliance with this code, the policies referred to herein and all applicable laws and regulations.
- The compliance officer, and any member of the compliance staff, shall not vote on any rating committees and shall not report to any party responsible for the operational management of the rating function. Their compensation shall be

based solely on the quality of the relevant individual and overall company performance.

- The compliance officer will annually review and assess the efficacy of such implementation and enforcement.
- The chief compliance officer shall establish and maintain procedures for employees to report any illegal, unethical, or inappropriate conduct including, to the extent practical, through various telephonic and electronic means, on both anonymous and a disclosed basis.
- With respect to the subjective standards that are incorporated in this code, Empowerdex will use its good faith efforts in implementing such standards.
- This code, and any modifications made to it going forward, will be made public and readable via www.empowerdex.com

7. IOSCO code of conduct

- Empowerdex fully supports the IOSCO statement of principles regarding the activities of credit rating agencies – that is, reduction of asymmetry of information in the marketplace, independence of rating agencies/freedom from conflict of interest, transparency with respect to the activities of rating agencies and maintenance of the confidentiality of non-public information.
- The provisions of this code are derived from the IOSCO principles and the IOSCO code. However, Empowerdex made certain modifications to more closely correspond Empowerdex's business mode and practices.