

Research Policy

1. General

This Research Policy (“**Policy**”) has been adopted by Shaw and Partners (“**Shaw**”) to ensure compliance with the Corporations Act 2001 and applicable ASIC guidance, including:

- ASIC Regulatory Guide 79 Research report providers: Improving the quality of investment research;
- ASIC Regulatory Guide 181 Licensing: Managing Conflicts of Interest; and
- ASIC Regulatory Guide 264 Sell-side Research.

The guiding principle for the publication of any research is that information is objective, clear, fair and not misleading.

2. What constitutes Shaw and Partners Research?

Shaw and Partners Research, for the purposes of this Policy, may consist of:

- Company Reports;
- Sector Reports;
- Morning Comments (or other daily publications);
- Other reports issued under the banner of Shaw and Partners Research (such publications will be clearly identified and branded as ‘Shaw and Partners Research’ or ‘Shaw Research’).

Typically, Shaw and Partners Research contains an analysis of factors which Shaw and Partners considers are likely to influence the future performance of a company and its financial products, a sector or the market as a whole. Shaw and Partners Research may provide an advice or recommendation based on that analysis.

In addition Shaw may publish research or market commentary generated by EFG International (EFGI). The provision of EFGI research and market commentary is attended with links to the Shaw financial services guide and contact details.

3. What does not constitute Shaw and Partners Research?

The following will not constitute Shaw and Partners Research for the purpose of this Policy:

- Emails from Shaw and Partners’ advisers to a client or group of clients in which they express a view regarding a stock, sector or the market in general.
- Information sheets (which do not contain a price target or recommendation) published by Research or Shaw and Partners Corporate (for instance, in relation to an upcoming IPO).
- Reports by Shaw and Partners Research which are prepared for individual clients of Shaw and Partners and not for general distribution.

4. The Contents of Shaw and Partners Research and Advice

Any advice found in Shaw and Partners Research is general advice only. As noted in Shaw and Partners’ Research Disclaimer:

“This report is published by Shaw to its clients by way of general, as opposed to personal, advice. This means it has been prepared for multiple distribution without consideration of your investment objectives, financial situation and needs (“Personal Circumstances”). Accordingly, the advice given is not a recommendation that a particular course of action is suitable for you and the advice is therefore not to be acted on as investment advice. You must assess whether or not the advice is appropriate for your Personal Circumstances before making any investment decisions. You can either make this assessment yourself, or if you require a personal recommendation, you can seek the assistance of your Shaw client adviser..”

While Shaw and Partners aims to prepare Shaw and Partners Research using a relatively consistent methodology, by virtue of differences between companies, scale, industries, jurisdictions and many other factors, this will not always be possible. In providing valuations and price targets, and therefore recommendations, Shaw and Partners will seek to explain its reasoning in as clear a manner as possible in the circumstances.

In preparing Shaw and Partners Research, Shaw and Partners is heavily reliant on information provided by the subject company, whether by way of annual reports, meetings with company management or company announcements made under the continuous disclosure regime. For this reason, Shaw and Partners’ disclaimer contains the following statement:

“This report is published by Shaw and Partners in good faith based on the facts known to it at the time of its preparation and does not purport to contain all relevant information with respect to the financial products to which it relates. Although the report is based on information obtained from sources believed to be reliable, Shaw and Partners does not make any representation or warranty that it is accurate, complete or up to date and Shaw and Partners accepts no obligation to correct or update the information or opinions in it.”

Also, in providing price targets and other forward looking statements, Shaw and Partners is making assumptions about future events, many of which are based on informed speculation, representations from the subject company or on the continuation of past trends (including past performance of the company). Ultimately, however, the future is unknowable, and therefore Shaw and Partners’ disclaimer contains the following statement:

“If you rely on this report, you do so at your own risk. Any projections are estimates only and may not be realised in the future. Past performance is not a reliable indicator of future performance. Except to the extent that liability under any law cannot be excluded, Shaw and Partners disclaims liability for all loss or damage arising as a result of any opinion, advice, recommendation, representation or information expressly or impliedly published in, or in relation to, this report notwithstanding any error or omission including negligence.”

The above disclaimers appear both on printed and electronic Shaw and Partners Research and on the slideshows prepared for presentations given by Shaw and Partners Research.

5. Who prepares Shaw and Partners Research?

Shaw and Partners Research is produced and published by employees of Shaw and Partners (“Research Analyst/s”). Generally, Shaw and Partners Research is prepared in-house, however if any Shaw and Partners Research is prepared by an independent contractor or a related body corporate, it is reviewed by Shaw and Partners Research before being published to ensure that it is in conformity with the terms of this Policy. Any independent contractor preparing Shaw and Partners Research must agree to comply with the terms of this Policy.

Shaw and Partners Research does not include documents prepared by financial advisers, such as Shaw and Partners advisers, on investment opportunities, including where those documents are attached to, incorporate or accompany Shaw and Partners Research. The research report contains the name of the Research Analyst who prepared the research report.

6. Research Analysts

Shaw and Partners ensures that all Research Analysts are suitably qualified with degree or higher level qualifications and/or suitable relevant industry experience.

Research Analysts must observe high standards of integrity and ethical behaviour. The contents of Shaw and Partners Research must reflect the honest and independent belief of the Research Analyst, presented in a

manner which is fair, clear and not misleading. Analysts are required to ensure that they have a reasonable basis for their analysis and recommendations.

Where a party attempts to unduly influence a Research Analyst in respect of the preparation of Shaw and Partners Research such that their independence or professional judgement has been compromised, Research Analysts are required to report this to the Joint Managing Directors or Compliance immediately.

This Policy and other Shaw and Partners' policies, are designed to prevent the exercise of any undue influence by:

- providing guidance and training to Research Analysts and other staff on the identification of possible issues of conflict and how to maintain independence;
- ensuring that issues identified are referred to, and considered at, the appropriate level within Shaw and Partners;
- providing appropriate workplace harassment policies and ensuring clear escalation paths with respect to any complaints;
- empowering the Head of Equities with sufficient seniority and independence;
- ensuring quarterly and ongoing monitoring by Shaw and Partners Compliance of any potential conflicts and any exercise of undue pressure.

In order to reflect the principles above, all Shaw and Partners Research contains an Analyst Certification to the following effect:

"The Research Analyst who prepared this report hereby certifies that the views expressed in this document accurately reflect the analyst's personal views about the Company and its financial products."

It is a vital aspect of this Policy that Shaw and Partners does as much as possible to ensure the independence of Research Analysts by removing any inducements which may impact on their independence. In this regard, it is Shaw and Partners' Policy that:

- Research Analysts may not accept remuneration from the company the subject of a report for the publication of research;
- Research Analysts are not permitted to offer or accept any inducement for the production of favourable research;
- Research Analysts may not directly or indirectly offer favourable research, specific ratings or specific price targets as consideration or inducement for the receipt of business or compensation;
- Research Analysts may not directly or indirectly offer or threaten to change research, a rating or price target as consideration or inducement for the receipt of business or compensation;
- Research Analysts may not discuss unpublished or draft research reports with any party other than the company the subject of the report (for the limited purpose of checking factual information) and the relevant Supervisory Analyst. In instances where the research is provided to the subject company, the report must be marked draft and must not contain any price target or rating.
- Research Analysts are encouraged to interact with advisers and have free access to Shaw and Partners' trading floor in order to maintain an active dialogue with advisory staff. Notwithstanding, Research Analysts may not discuss unpublished Shaw and Partners Research.

7. How does Shaw and Partners remunerate its Research Analysts?

Shaw and Partners Research Analysts do not receive direct or indirect compensation which is tied to the giving of a specific recommendation or view. In order to reflect this principle and inform clients, all Shaw and Partners Research contains an Analyst Certification to the following effect:

"The Research Analyst has not been, is not, and will not be receiving direct or indirect compensation for expressing the specific recommendations or views in this report

The vast bulk of Research Analyst remuneration consists of base salary and any additional bonuses are discretionary in nature only. Factors which may be relevant in determining remuneration and bonuses include:

- the Research Analyst's performance and productivity;
- the quality of the Research Analyst's research;
- evaluations from clients, both internal and external;
- performance as a Supervisory Analyst;
- overall business profitability.

Remuneration is decided by Shaw and Partners' Joint Managing Directors. Advisory staff, corporate finance staff and institutional equities staff do not determine Research Analyst remuneration.

8. Disclosure of Analyst Interests and Conflicts of Interest

Research Analysts are restricted from roles that could prejudice, or appear to prejudice the independence of their research or conflict with their duties to the recipients of their research, but are otherwise free to use their expertise for the benefit of Shaw and Partners' clients, subject to the restrictions outlined below.

(a) Interests in the financial products of a company the subject of research

In Shaw and Partners' Company Reports, Analysts are required to disclose any relevant interests which may include soft dollar benefits or interests in the financial products of the company which is the subject of coverage. Shaw and Partners Research which updates, mentions or summarises company report information must contain a reference back to the Company Report for the relevant Analyst Statement.

In order to reflect the above, Shaw and Partners' Company Reports contain either of the following statements:

"As at the date of this report the Research Analyst holds, either directly or through a controlled entity, securities in the Company that is the subject of this report.. Or – where the reverse is the case:
As at the date of this report the Research Analyst does not hold, either directly or through a controlled entity, securities in the Company that is the subject of this report."

Shaw and Partners does not permit analysts to have an interest in financial products which are the subject of their research or which are likely to become the subject of their research, unless such financial products appear in the S&P ASX100. Further, Shaw requires that any analyst who purchases financial products must hold those products for a period of at least 30 days prior to selling.

(b) Trading in financial products the subject of research

Shaw and Partners permits Research Analysts to trade in the companies which they cover, however they may not do so:

- where such a trade would be in breach of the Corporations Act 2001;
- where they are in the process of preparing Shaw and Partners Research relevant to the company;
- until 48 hours have passed since the release of any Shaw and Partners Research relevant to the company.

(c) Analysts assisting Corporate Finance

Research Analysts may be required to perform other duties at Shaw and Partners, including assisting Shaw and Partners Corporate Finance with analysis of current and potential corporate clients. This may involve

Research Analysts:

- reviewing individual companies, sectors or other relevant information, provided they do not disclose the timing or content of forthcoming research reports;
- undertaking or vetting due diligence on a company;
- providing advice on the pricing or structuring of a securities offering or providing background on market sentiment and the likely reception of a proposed transaction;
- participating in investor presentations but only in a manner consistent with this Policy;
- providing pre-transaction research, however such research may only be provided where it complies with this Policy and the Corporations Act 2001, is not distributed in a jurisdiction which prohibits such research and does not include either recommendations or price targets.

Where this involvement exposes Research Analysts to inside information, information barriers are used to ensure that the analyst does not trade in the financial products of the company, does not pass on the inside information and does not publish Shaw and Partners Research until the relevant information is publicly available.

9. How does Shaw and Partners supervise its Research Analysts?

Shaw and Partners Research and the Research Analysts are supervised by the Head Equities. Shaw and Partners' Head of Equities reports to the Joint Managing Directors. Shaw and Partners also appoints Supervisory Analysts who are responsible for performing quality control in relation to Shaw and Partners Research. These Supervisory Analysts include senior research analysts and the Chief Investment Officer. Quality control, in this context, includes:

- checking all research which involves the amendment of a price target or recommendation or a change of model numbers or assumptions;
- periodically reviewing models;
- managing, declaring and/or avoiding conflicts of interest;
- reviewing a selection of flash notes and other commentary;
- supervising and running the morning meeting, in conjunction with the Chief Investment Officer.

Shaw and Partners will only appoint as Supervisory Analysts those analysts who have sufficient seniority and relevant experience. The name of the Supervisory Analyst who reviewed a particular piece of research will appear on that research.

A random sample of research is reviewed quarterly by Shaw and Partners Compliance as well as on an ad hoc basis.

10. How does Shaw and Partners decide which companies or investments to cover?

All decisions on research coverage, timing and content are the responsibility of Shaw's Sponsorship Committee, in consultation with the analysts themselves. The Sponsorship Committee, in making these decisions will take into account:

- the outlook for the investment and those companies operating in that investment's industry from a potential investment perspective;
- the attractiveness of the investment proposition when viewed by clients and potential clients;
- the extent to which new research into the security, company, industry or issue would create a more efficient market by closing an information or knowledge gap in the market;

- the demand for research into the company based upon the extent of existing coverage in the market and the uniqueness of the Research in the market;
- the demand for research into the company based on holdings of clients and potential clients;
- the requirement for the company to be understood by the investment community particularly if the company is new, complex or not well understood;
- the effort required to research the company in terms of time, travel and other costs; and
- any conflicts of interest, real or perceived.

11. Information Barriers and Conflicts

Shaw and Partners has information barriers in place to ensure that research analysts in possession of inside information do not pass this information on to other staff members or clients.

Shaw and Partners has internal controls designed to prevent the flow of information between business areas. These include housing Research Analysts separately from Corporate Finance staff and advisory staff, with separate printing facilities and separate secure IT drives.

The timing of proposed Shaw and Partners Research and content of unpublished Shaw and Partners Research may not be disclosed by any means to anyone, either inside or outside of Shaw and Partners other than in accordance with this Policy. Shaw and Partners' Policy is to release Shaw and Partners Research to advisers and clients (who have registered to receive such research) as close to simultaneously as is possible in the circumstances.

Shaw and Partners' policy is to identify and manage any conflicts of interest arising that might compromise the impartiality of Shaw and Partners Research and the Research Analysts. Where perceived conflicts exist, Shaw and Partners discloses these to clients in the Company Report. For instance, Shaw and Partners charges its clients brokerage in respect of transactions in financial products of the companies covered by Shaw and Partners. As a result, Shaw and Partners' disclaimer contains the following:

"Shaw will charge commission in relation to client transactions in financial products and Shaw client advisers will receive a share of that commission. Shaw, its authorised representatives, its associates and their respective officers and employees may have earned previously, or may in the future earn, fees and commission from dealing in the Company's financial products."

Further, because Shaw and Partners Corporate Finance provides corporate finance services to some companies over which Shaw and Partners provides research coverage, Shaw and Partners discloses this relationship where Shaw and Partners has provided these services within 12 months prior to the date of the report. In this regard, Shaw and Partners' disclaimer notes:

"Shaw acted as Sole/Joint Lead Manager and Underwriter in the <insert month and year> <insert corporate action> of <insert company> securities for which it received fees or will receive fees for acting in this capacity. Accordingly, Shaw may have a conflict of interest which investors should consider before making an investment decision.."

Shaw and Partners also discloses instances where:

- a Shaw and Partners staff member is a director; or
- Shaw and Partners or its associates hold 1% or more of the financial products of a company the subject of Shaw and Partners Research

If Shaw and Partners, as a result of underwriting or sub underwriting activity, takes possession of stock of a company, Shaw and Partners would need to disclose that this was the case. In this regards Shaw and Partners' disclaimer notes:

“As at the date of this report the Research Analyst holds, either directly or through a controlled entity, securities in the Company that is the subject of this report.”

In the unlikely event that Shaw or its non-nominee subsidiaries holds an interest of two percent or more in a company which is the subject of a research report, Shaw will disclose this in the report. In this regard Shaw and Partners’ disclaimer notes:

“As of the date of this report Shaw and Partners (insert any associated entity if relevant) holds [insert % of holding over 2%] of the share capital of {insert Company}.

12. Publication of post deal Research

Where Shaw and Partners is appointed on behalf of a listed company as a lead manager or joint lead manager (‘Lead Manager’) in relation to an initial public offering (‘IPO’) Shaw and Partners will not publish any Research relating to the subject company for a period 10 days after the listing. Similarly, where Shaw and Partners is appointed as a Lead Manager in relation to a placement, rights issue or other capital raising, Shaw and Partners will not publish any Research for a period of 3 days after the listing of the placed products. These restrictions will not apply in the event that there is a specific need to publish research to clients due to market events or other factors which have an impact on the company. Further, where Shaw and Partners participates in an IPO or capital raising but is not the Lead Manager, these restrictions will not apply.

If you have any queries regarding the contents of this Policy, please contact Shaw and Partners Compliance on +61 2 9238 1238 or compliance@shawandpartners.com.au.