



## DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

**This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.**

## DISCLOSURE QUESTIONNAIRE

Company Name: Sharsies  
 Date Submitted: 7 December 2022

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services		✓
Biodiversity Impacts		✓
Chemicals		✓
Company Explanation Of Disclosure Item Flags		✓
Disclosure Alcohol		✓
Disclosure Firearms Weapons		✓
Disclosure Mining		✓
Disclosure Pornography		✓
Disclosure Tobacco		✓
Energy and Emissions Intensive Industries		✓
Fossil fuels		✓
Gambling		✓
Genetically Modified Organisms		✓
Illegal Products or Subject to Phase Out		✓
Industries at Risk of Human Rights Violations		✓
Monoculture Agriculture		✓
Nuclear Power or Hazardous Materials		✓
Payday, Short Term, or High Interest Lending		✓
Water Intensive Industries		✓
Tax Advisory Services		✓

  

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		✓
Child or Forced Labor		✓
Negative Environmental Impact		✓
Negative Social Impact		✓
Other		✓

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		✓
Breaches of Confidential Information		✓
Bribery, Fraud, or Corruption		✓
Company Explanation Of Disclosure Item Flags		✓
Company has filed for bankruptcy		✓
Consumer Protection		✓
Financial Reporting, Taxes, Investments, or Loans		✓
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)		✓
Labor Issues		✓
Large Scale Land Conversion, Acquisition, or Relocation		✓
Litigation or Arbitration		✓
On-Site Fatality		✓
Penalties Assessed For Environmental Issues		✓
Political Contributions or International Affairs		✓
Recalls		✓
Significant Layoffs		✓
Violation of Indigenous Peoples Rights		✓
Other		✓

  

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		✓
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		✓
Company Explanation Of Disclosure Item Flags		✓
Company prohibits freedom of association/collective bargaining		✓
Company workers are prisoners		✓
Conduct Business in Conflict Zones		✓
Confirmation of Right to Work		✓
Does not transparently report corporate financials to government		✓
Employs Individuals on Zero-Hour Contracts		✓
Facilities located in sensitive ecosystems		✓
ID Cards Withheld or Penalties for Resignation		✓
No formal Registration Under Domestic Regulations		✓
No signed employment contracts for all workers		✓
Overtime For Hourly Workers Is Compulsory		✓
Payslips not provided to show wage calculation and deductions		✓
Sale of Data		✓
Tax Reduction Through Corporate Shells		✓
Workers cannot leave site during non-working hours		✓
Workers not Provided Clean Drinking Water or Toilets		✓
Workers paid below minimum wage		✓
Workers Under Bond		✓
Other	✓	

## B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY:

Sharsies

UPDATED AS OF:

7 December 2022

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Disclosure Outcomes & Penalties
<b>ISSUE DATE</b>	February 2021
<b>TOPIC</b>	Sharesies has been formally warned by the New Zealand Financial Markets Authority (FMA) for failing to have sufficient anti-money laundering procedures, policies and controls in place. The FMA is Sharesies' supervisor under the AML/CFT.
<b>SUMMARY OF ISSUE</b>	<p>"Sharesies is one of New Zealand's/Aotearoa's leading fintech success stories, starting in 2017 as a web-based micro investing platform, in the Kiwi Fintech Incubator, and now with over 500,000 customers across New Zealand and Australia and more than 2 billion dollars in funds invested. In February 2021, the Financial Markets Authority (FMA) conducted an on-site inspection of Sharesies as part of its ongoing monitoring of compliance with the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act. Following this, the FMA considered there were reasonable grounds to believe that Sharesies has engaged in conduct that constituted one or more civil liability acts ('CLA').</p> <p>In the FMA's view, Sharesies had failed to:</p> <ul style="list-style-type: none"> <li>- CLA 1: obtain information about the nature and purpose of the proposed business relationship from most customers</li> <li>- CLA 2: obtain sufficient information to determine whether certain customers should be subject to enhanced customer due diligence</li> <li>- CLA 3: complete identity verification for up to 7,815 customers who had an account balance of more than \$1000 as part of standard customer due diligence.</li> </ul> <p>As a result of the above, the FMA issued Sharesies with a public formal warning. The regulator said Sharesies must obtain information from all its current customers to show their reasons for using the platform and amend its onboarding process to capture this information in the future. Other requirements included developing and implementing a process to complete identity verification at the time of the account application and provide training to staff on these processes. It must also obtain sufficient information from all customers who used the word "trust" in the application process and complete enhanced customer due diligence if they are trusts - a requirement under the legislation. A further requirement includes adequately verifying the identity of all the affected customers and restricting withdrawals or transfers until those checks are completed. The requirements are standard practice for AML/CFT reporting entities in completing customer due diligence, including why the person is transacting with a firm.</p> <p>It is not alleged that Sharesies has allowed or enabled money laundering or the financing of terrorism to take place."</p>
<b>SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)</b>	<p>"The following action(s) were required to ensure that Sharsies was in compliance with the Act:</p> <ol style="list-style-type: none"> <li>(1) Develop and implement an effective process to complete identity verification at the time of onboarding customers and provide training to staff on the process.</li> <li>(2) Complete adequate customer identity verification on all customers, and either:             <ul style="list-style-type: none"> <li>o restrict withdrawals or transfers of financial products from those customers' accounts for which Sharesies has not completed adequate identity verification until such time as the identity verification has been completed; or</li> <li>o comply with the requirements of section 37 of the Act.</li> </ul> </li> <li>(3) Obtain information on the nature and purpose of the business relationship from all customers, and not rely solely on contractual terms and conditions for this information.</li> <li>(4) Obtain sufficient information from all customers that have used the word 'trust' in the account application process (including in the preferred account name) to determine if the individuals have opened an account as trustee of a trust or otherwise on behalf of a trust.</li> <li>(5) Include a question in the account application process asking prospective customers for information on the nature and purpose of the proposed business relationship.</li> <li>(6) Complete enhanced customer due diligence on all customer accounts that are trusts."</li> </ol>

## B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY:

Sharsies

UPDATED AS OF:

7 December 2022

<b>IMPACT ON STAKEHOLDERS</b>	The warning identified 6 actions for Sharesies to complete, which Sharesies has now addressed. 2. The FMA found no evidence that any money laundering had taken place. The quote from the warning is as follows: It is not alleged that Sharesies has allowed or enabled money laundering or the financing of terrorism to take place
<b>RESOLUTION</b>	The FMA conducted an onsite inspection of Sharsies in early August 2022 to follow up regarding the remediation work that Sharsies has undertaken since the 2021 onsite and warning. As a result of that onsite, the company was required to remediate on one pending action. Sharsies further remediated and implemented all 6 actions. They received confirmation from the FMA in November 2022 that they were fully meeting all the required actions.
<b>IMPLEMENTED MGT PRACTICES</b>	<p>"Sharesies employs an AML/CFT compliance officer who is responsible for ensuring compliance with AML/CFT laws. This person works with the wider compliance team and Sharsies invest in technology to ensure compliance and best practice.</p> <p>Sharesies engages with the FMA in an open and transparent way relating to its compliance and meeting its expectations.</p>
<b>REPORT</b>	Formal warning from the FMA: <a href="https://www.fma.govt.nz/assets/Enforcement/Warnings/Formal-warning-report-to-Sharesies-Aug2021.pdf">https://www.fma.govt.nz/assets/Enforcement/Warnings/Formal-warning-report-to-Sharesies-Aug2021.pdf</a>
<b>MANAGEMENT COMMENTS</b>	The FMA found no evidence that any money laundering or financing of terrorism had taken place. What the FMA identified was ways in which we needed to strengthen our customer identification practice. As soon as we became aware of the concerns raised, we immediately put in place a work programme to address each of the actions required. All of which the FMA has confirmed have been addressed. Sharesies has always and will continue to work our regulators to understand and meet their expectations