22 | TWENTY TWO CAPITAL

Conflict of Interest Policy

Contents

1.1. Conflict of Interest Management Policy:

Clainos Capital (Pty) Ltd, t/a 22 Capital (22 Capital) is required to manage its conflicts of interest in accordance with the following:

1. Sections 16.10.2.5 of the Derivatives Rules
2. Section 10.220.2.5 of the Interest Rate Rules
3. Section 8 of the Equities Rules
4. Section 10 of the General Code of Conduct for under FAIS

Conflicts are to be avoided or where unavoidable, mitigated at all costs. Certain potential conflicts are, however, unavoidable due to the nature of the service provided.

Where conflicts have been identified and are unavoidable, these will be disclosed to clients and are available for public inspection as per the declaration of interest's policy. No conflict prejudicing the interests of a client will be tolerated.

The mechanisms for identifying conflicts are formalized meetings between control functions. Identification of conflicts will be done as part of an ongoing assessment and communication between the Directors, traders and compliance department

Non-compliance with the conflict of interest policy will be considered on a case-by-case basis, taking factors such as severity, intention and frequency into consideration. Penalties would range from a warning to suspension or even dismissal in severe cases.

This policy is aimed at defining the parameters in which employees of 22 Capital undertake the following activities, which have been identified as potential conflicts:

1. Giving and Receiving of Gifts (Gifts Policy)
2. Declaration of Interests Policy

1.2. Gift Policy:

Gifts from 22 Capital (and any of its employees) to Clients:
Gifts are permitted from 22 Capital to clients as an expression of appreciation. While there is no limitation of the value of gifts that may be given to a client, the onus is on the company and every employee involved ensuring that the gift does not give rise to any conflict of interest.

Gifts from Clients to 22 Capital and/or its employees:
There is a no limit to the monetary number of gifts received by or given to the Group staff from clients. However, all staff are required to register gifts over the value of R5000 in the Gift Register (Annexure A) held by Internal Risk. The register will be monitored by management and the compliance department.

Staff are expected to use their discretion and ensure that no gifts received will have the effect of creating a conflict of interest.

Identification of Conflicts:

Discussion of potential identified conflicts will occur on a monthly basis and the parties to the discussion will be management, internal risk and control functions, together with external compliance.

The discussion will incorporate questions such as:

- "Is there any situation that exists that influences the objective performance of the representative/employee's obligations to his or her client"?
- "Is there any situation that exists that prevents the representative/employee from rendering an unbiased and fair financial service to his or her client"?
- "Is there any situation that exists that prevents my representative/employee from acting in the interest of his or her client"?

All unavoidable conflicts will be mitigated to the extent that is possible and disclosed to clients in the following manner:

1) General Conflicts will be captured and disclosed in the Conflict of Interest Management Policy which will be available for inspection
2) Client-specific conflicts will be disclosed to the client in writing at the earliest possible opportunity

We will not tolerate any material conflicts which are of a general or specific nature which would adversely prejudice a client.

Acceptable Financial Interests and Remuneration:

22 Capital may only receive or offer the following financial interest from or to a third party:

- ***Fees*** for the rendering of financial services, provided that the client agreed to such fees in writing and may be stopped at the discretion of the client.
- ***Fees or remuneration*** for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered
- ***An immaterial financial interest*** (i.e. a financial interest with a determinable monetary value, the aggregate of which does not exceed R1000 in any calendar year from the same third party in that calendar year received by – a provider who is a sole proprietor, or a representative/employee for that representative/employee's direct benefit, or a provider who for its benefit or that of some or all of its representative/employees, aggregates the immaterial financial interest paid to its representative/employees.)
- ***A financial interest not referred to above***, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative/employee at the time of receipt thereof.

Non-Compliance with the Conflicts of Interest Policy:
Non-compliance with any internal policy will be taken extremely seriously and dealt with in accordance with the internal disciplinary policy. Actions may be taken which range from a written warning to debarment or dismissal, depending on the severity of the offence. This will be dealt with on a case-by-case basis.

List of Associates:
None

Names of 3rd Parties in which the provider holds ownership interests:
SA Stock Brokers (Pty) Ltd
Edge Wealth (Pty) Ltd

Names of 3rd Parties that hold an ownership interest in the provider:
None

1.3. Declaration of Interests:

Any Director/s and Staff with ownership interests, or who have associates with ownership interests, in clients or issuer companies are to complete the declaration of interests register in Annexure B.

All other staff to complete the declaration in Annexure C.

<u>Policy Adoption:</u>
I acknowledge that I have read and understand the purpose of the Conflict of Interest Management Policy:

Peter Clainos
CEO

1.4. Annexure A: Gift Register

Recipient Name	Description of Gift	Rough Estimated Value of Gift	Signature of Recipient

1.5. Annexure B: Declaration of Interest Register:

Name	Interest	Signature

1.6. Annexure C: Declaration of Interest Form - No Interest Exists:

I, ______________________________ in my capacity in my as

______________________________ hereby confirm that I have no ownership interest whatsoever or have any associates within any clients of the company or other companies involved in the issuing of securities brokered by

______________________________ ______________________________

Signature Date

1.7. Annexure D: Declaration of Interest Form:

I, ____ in my capacity in my as

__________________________ hereby confirm that I have ownership interest in the following company

- (*Company Name*)

The interests of you the client ____

Have been considered. Referral to the above company for which I have a declared interest, is done so with you "the client's" interest being the primary consideration.

___________________________ ___________________________

Signature Date

1.8. Annexure E: Definitions

“associate”

1. in relation to a natural person, means –
   1.1. a person who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner of that person;
   1.2. a child of that person, including a stepchild, adopted child and a child born out of wedlock;
   1.3. a parent or stepparent of that person;
   1.4. a person in respect of which that person is recognised in law or appointed by a Court as the person legally responsible for managing the affairs of or meeting the daily care needs of the first mentioned person;
   1.5. a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs (1.2) to (1.4);
   1.6. a person who is in a commercial partnership with that person;

2. in relation to a juristic person -
   2.1. which is a company, means any subsidiary or holding company of that company, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary;
   2.2. which is a close corporation registered under the Close Corporations Act, 1984 (Act No. 69 of 1984), means any member thereof as defined in section 1 of that Act;
   2.3. which is not a company or a close corporation as referred to in subparagraphs (2.1) or (2.2), means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person –
      2.3.1. had such first-mentioned juristic person been a company; or
      2.3.2. in the case where that other juristic person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company;
      2.3.3. means any person in accordance with whose directions or instructions the board of directors of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act;

3. in relation to any person -
   3.1. means any juristic person of which the board of directors or, in the case where such juristic person is not a company, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph;
   3.2. includes any trust controlled or administered by that person.

"conflict of interest"
means any situation in which a provider has an actual or potential interest that may, in rendering a financial service to a professional client, –

1. influence the objective performance of his, her or its obligations to that client; or
2. prevent a provider from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client, including, but not limited to –
   2.1. a financial interest;
   2.2. an ownership interest;
   2.3. any relationship with a third party;";

"fair value"
has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 1973 (Act No. 61 of 1973);

"financial interest" means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration

"holding company"
means a holding company as defined in section 1(4) of the Companies Act, 1973 (Act No. 61 of 1973);

"immaterial financial interest"
means any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1 000 in any calendar year from the same third party in that calendar year received by –

1. a provider, other than a representative/employee, who is a sole proprietor; or
2. a representative/employee for that representative/employee's direct benefit;
3. a provider, other than a representative/employee, who for its benefit or that of some or all of its representative/employees, aggregates the immaterial financial interest paid to its representative/employees;

"ownership interest"
means -

1. any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or a proprietary interest held as an approved nominee on behalf of another person; and
2. includes any dividend, profit share or similar benefit derived from that equity or ownership interest;

“subsidiary” means a subsidiary as defined in section 1(3) of the Companies Act, 2008
third party” means -

1. a product supplier;
2. another provider;
3. an associate of a product supplier or a provider;
4. a distribution channel;

I Peter Clainos as CEO of Clainos Capital (Pty) Ltd - authorise the approval and adoption of the processes and procedures outlined herein

	21 March 2019
Signature	Date