



# **CODE OF CONDUCT POLICY**

## **(Housed under the employee handbook)**

## TABLE OF CONTENTS

1	INTRODUCTION .....	4
1.1	Purpose .....	4
1.2	Policy Statement.....	4
2	APPLICATION .....	5
3	CODE OF BUSINESS CONDUCT AND ETHICS POLICIES .....	5
3.1	Whistle blower policy .....	5
3.1.1	Purpose .....	5
3.1.2	Examples of Concerns/violations, which May Be Raised.....	5
3.1.3	Reporting Suspected Violations or Concerns .....	6
3.1.4	How to report a violation or discuss a concern.....	7
3.1.5	Application .....	7
3.2	Personal Account Dealing Policy.....	7
3.2.1	Purpose .....	7
3.2.2	Policy statement .....	7
3.2.3	The General Requirements of This Policy.....	10
3.2.4	Specific PA Dealing Restrictions .....	11
3.2.5	Application .....	17
3.2.6	Monitoring.....	17
3.2.7	Reporting .....	17
3.3	Related Party Policy .....	18
3.3.1	Definitions.....	18
3.3.2	Purpose .....	18
3.3.3	Policy statement .....	18
3.3.4	Identification of Related Party Transactions.....	19
3.3.5	Pre-approved Related Party Transactions .....	21
3.3.6	Exempted Related Party Transactions .....	22
3.3.7	Effects & Consequences of Non-Disclosure .....	24
3.3.8	Monitoring.....	25
3.3.9	Reporting .....	25

3.4	Conflict of Interest Policy .....	25
3.4.1	Introduction: .....	25
3.4.2	What is a conflict of interest? .....	26
3.4.3	What Should Be Done When A Potential Conflict of Interest Arises? .....	28
3.4.4	Records of Proceedings in the case of a Board Member disclosure: .....	30
3.4.5	How Will Conflicts of Interest Be Monitored?.....	30
3.4.6	How Will Conflicts of Interest Policy be enforced? .....	31
3.4.7	Managing And Monitoring Conflicts .....	31
3.5	Anti-Bribery Policy.....	34
3.5.1	Acceptance of entertainment or gifts .....	35
3.5.2	Corporate Hospitality For Public Officials .....	35
3.5.3	Political and Religious Activities .....	36
4	COMPLIANCE WITH LAWS AND REGULATIONS.....	36
4.1.1	DISCOVERY OF VIOLATIONS OF STANDARDS OF CONDUCT POLICY .....	36
4.1.2	REPORTING COMPLIANCE WITH POLICY .....	36
4.1.3	REGULATIONS.....	37
4.1.4	Application .....	37
5	Appendices .....	38
5.1	Appendix 1: PA Dealing.....	38
5.1.1	Employee Acknowledgement form .....	38
5.1.2	PA Dealing Approval Request Form.....	39
5.1.3	Employees Quarterly Investments Disclosure Form .....	41
5.2	Appendix 2: RPT Disclosure form.....	42
5.3	Appendix 3: Conflict of Interest Disclosure form .....	44

## **1 INTRODUCTION**

### **1.1 Purpose**

To help staff understand the standards of conduct expected of them.

### **1.2 Policy Statement**

It is neither possible nor desirable to draft a detailed set of regulations covering all areas of professional and ethical conduct. This chapter is intended to serve as the defining document by which each Staff Member, Board Member, Suppliers, and Connections to Cytonn must govern their activities as they may relate, directly or indirectly, to the affairs of CYTONN INVESTMENTS. This policy also provides: 1) general guidelines for the evaluation of specific situations as they arise; 2) notice of areas in which potential or apparent impropriety may exist; and 3) a mechanism for the disclosure of problematic situations and for their resolution.

The effectiveness of all these controls is monitored on an ongoing basis, and where they need strengthening, improvements shall be done.

One of the Company's objectives is to embed and maintain a strong compliance culture. This is not something that can be measured, but its importance cannot be underestimated in the efficient operation of systems and controls to manage issues. This culture shall constantly be reinforced with all staff through a comprehensive induction and ongoing training programme to emphasize the need to always act in clients' best interests, and regular assessment of any rule, breaches and errors, focusing on treating customers fairly, while delivering the best returns

## **2 APPLICATION**

The policies outlined in this Code of Business Conduct and Ethics (the “Code”) are designed to ensure that all Cytonn directors, officers and employees (“related parties”) not only conduct themselves lawfully at all times, but also maintain the highest ethical standards in every aspect of their dealings with other employees, the business community, clients, suppliers and government authorities.

## **3 CODE OF BUSINESS CONDUCT AND ETHICS POLICIES**

### **3.1 Whistle blower policy**

#### **3.1.1 Purpose**

The purpose of this policy is to set out clear procedures and channels of communication by which employees and other workers employed or engaged by the CYTONN INVESTMENTS who believes they have become aware of actual or potential illegal or unethical conduct affecting the organization, its employees, clients, donors or suppliers may raise these concerns. CYTONN INVESTMENTS encourages all Employees who have genuine concerns to raise them without fear of reprisal. CYTONN INVESTMENTS will, keep all communications confidential, except to the extent necessary (1) to conduct a complete and fair investigation, or (2) for review of the Organization’s operations by the HR and any other related team and the Management. The organization expects all Employees to ensure that this policy is adhered to. Questions in relation to the policy or any advice about its application should be addressed to Human Resources.

#### **3.1.2 Examples of Concerns/violations, which May Be Raised**

- That a criminal offence has been, is being or is likely to be committed;

- That a person has breached, is breaching or is likely to breach any legal obligation to which he is subject (for example, negligence, infringement of intellectual property rights or breach of contract);
- That a miscarriage of justice has occurred, is occurring or is likely to occur;
- That the health and safety of an individual has been, is being or is likely to be endangered
- That an individual is engaged in an act of fraud or embezzlement
- That information tending to show violation is being or is likely to be deliberately concealed;
- Any other wrongdoing, which will or may affect CYTONN INVESTMENTS or bring CYTONN INVESTMENTS into disrepute
- Falsification of documents
- Questionable accounting or auditing matters
- Noncompliance with donor requirements
- Violation of company policy the word "Concern" in this policy includes all such matters mentioned above.

### **3.1.3 Reporting Suspected Violations or Concerns**

Each employee is encouraged to report violations or concerns that come to his/her attention. Managers have a special duty to adhere to the standards set forth in this code, to recognize violations, and to enforce the standards. Disciplinary actions for proven violations of this code of conduct, or for retaliation against anyone who reports possible violations, will be determined on a case-by-case basis and may include termination of employment. Individuals who violate the code may also be subject to civil and criminal charges in some circumstances.

#### **3.1.4 How to report a violation or discuss a concern**

You may report violations or concerns to your immediate supervisor or department/program head, if appropriate. You may also report the matter to HR or to the Partner in Charge of HR Matters. The Company will not permit any negative or adverse actions to be taken against any employee or individual who in good faith reports a possible concern/violation, even if the report is mistaken, or against any employee or individual who assists in the investigation of a reported violation. Retaliation in any form will not be tolerated. Any act of alleged retaliation should be immediately reported and will be promptly investigated.

#### **3.1.5 Application**

This policy applies to all employees

### **3.2 Personal Account Dealing Policy**

#### **3.2.1 Purpose**

This policy seeks to impose restrictions types on securities and other investments that employees and individual contractors can invest in.

#### **3.2.2 Policy statement**

All Employees and Individual Contractors or their connections must not engage in a Personal Account Dealing transaction.

Employees must not disclose any confidential information or opinion, knowing that doing so would lead to others entering into a Personal Account Dealing transaction.

### **3.2.2.1 What is personal account dealing (“PA dealing”) for purposes of this Policy?**

In this Policy, each of the following is PA Dealing:

- a) Dealing in Investments by you, or on your behalf, other than the dealing that you are employed or contracted by CYTONN to do, as part of the Investment Team or otherwise, in the same line of research that Cytonn advises on or provides to its investors;
- b) Dealing in Investments by *any* individual or entity for your account, or for the account of any of your connections, or where you or your connections benefit. (“Benefit” here excludes benefit through fees, commissions, spreads and proprietary positions, in accordance with applicable regulations.)

Where this Policy refers to PA Dealing by you, it includes each of (a) and (b) above.

However, dealing under a discretionary portfolio management service (e.g. a wealth management account) where there is no prior relevant communication (direct or indirect) between the Chief Investments Officer, Investments Manager or their designees and you, or any other person for whose account the relevant dealing takes place, is not PA Dealing. If you or a connection uses the same service provider to provide both such discretionary portfolio management service and also to place or execute PA Dealing orders, then you must ensure that the service provider keeps separate records for transactions entered under the discretionary portfolio management service and for PA Dealing.



In this Policy, "Investment" may include and shall not be limited to: Equities, Fixed Income or any other financial instrument not listed herein and 'Securities' shall refer to investments in the same; and "dealing" includes dealing in primary and secondary Investment markets, dealing in derivatives referenced to such Investments and taking part in corporate actions in relation to Investments where this involves the making of an investment decision.

### **3.2.2.2 Who are my "connections" under this Policy?**

Your connections are:

- (a) your spouse, or other partner equivalent to a spouse;
- (b) your dependent children, stepchildren and adopted children;
- (c) Your Parents, Step-Parents, Siblings or Half/Step siblings;
- (d) any other of your relatives who have shared the same household as you for at least one year on the date of the relevant PA Dealing transaction;
  - i. any trust, partnership or entity in which you have a large (20% or more) economic interest and
  - ii. any other person holding a similar interest in relation to the same trust, partnership or entity; or
- (e) A person whose relationship with you is such that you have a direct or indirect material interest in the outcome of a relevant investment decision, other than through your properly earned CYTONN compensation.

In many cases, staff will have no connections under (d) and (e) above, but you should check with the Legal and Compliance Department if you are unsure of how to interpret (d) or (e) in your own case.

### **3.2.3 The General Requirements of This Policy**

You must not:

- a) Engage in any PA Dealing activity which:
  - i. involves the misuse or improper use of any confidential or sensitive information of, or relating to, a client of CYTONN or any member entity of CYTONN, or any of its staff; or
  - ii. involves market abuse or the misuse of any inside information; or
  - iii. could (or could appear to) conflict with a policy obligation of CYTONN or any obligation of CYTONN to any of its clients or any law that may govern the activities of CYTONN;
- b) Advise or procure any other person to enter into a transaction in an Investment, which would, if it were a PA Dealing transaction, be prohibited under this Policy;
- c) disclose, other than as part of any proper duties for CYTONN, any information or opinion, knowing (or being reasonably expected to know) that doing so will lead, or would be likely to lead, to another person either:
  - i. entering into a transaction in an Investment which would, if it were a PA Dealing transaction, be prohibited under this Policy; or
  - ii. Advising or procuring a third person to enter into a transaction, which would, if it were a PA Dealing transaction, be prohibited under this Policy.

You are also required to take reasonable precautions to ensure that your connections cannot as a result of your conduct do any of the foregoing.

### 3.2.4 Specific PA Dealing Restrictions

In addition to the general requirements of this Policy set out above, you are required to comply with the following specific requirements in relation to the Investments.

#### Restrictions applicable to all staff

Client orders	<p>If you have access to information about pending or recently-executed client orders, i.e, within the last three (3) business days you will not be permitted to PA Deal in a similar Investment when a client order or;</p> <ul style="list-style-type: none"> <li>• CYTONN own account order is pending in the same security (any direction), or</li> <li>• shortly after such a pending order has been executed.</li> </ul> <p>An exception applies where the pending orders have no realistic prospect of execution in the foreseeable future. This is to be determined by the Legal and Compliance Department.</p> <p>On some occasions, Legal and Compliance might, for risk-mitigation reasons, decline a PA Dealing request where there is a pending client order or CYTONN own- account order, even where you do not have access to information about such an order.</p> <p>You must not PA Deal in a security when you are aware of a current (same-day) or pending client solicitation by CYTONN in respect of the same security</p>
---------------	---

Solicitations	<p>(You are deemed to be aware of a solicitation in respect of a security, for example:</p> <ul style="list-style-type: none"> <li>if you are aware of CYTONN issuing a recommendation [whether included in a research note or discussed during the Investments Meeting] that specifically refers to the issuer, or includes a price target, valuation range or trading recommendation in respect of the security. You will be deemed to be in possession of insider information where you have received such a sales note/market commentary/analyst research even if you were not necessarily aware of the fact and Legal &amp; Compliance will decline to give pre-clearance for trading.)</li> </ul>
Trading with clients	<p>You may not knowingly PA Deal with CYTONN's clients unless with a written consent from the Chief Investments Officer or Managing Partner, which may not be reasonably with-held, delayed or denied.</p>
Company Visits/ Road shows	<p>You may not PA Deal in the securities of companies you have visited or with which you have taken part in a road show, in each case, until three (3) business days after the end of the relevant visit or road show.</p>
Research	<p>You may not PA Deal against the latest (current) CYTONN research</p>

(produced by analyst / strategist)	<p>recommendation, for Three (3) business days before the release of such research recommendation, unless such coverage has ceased.</p> <p>You may not PA Deal in securities of an issuer five (5) business if you are aware of any proposal or plan for CYTONN to initiate an action on the issuer</p> <p>If you are aware of the likely timing or content of an upcoming issue of a research report by CYTONN, and the content cannot readily be inferred on the basis of information available to the public or to clients generally, you may not PA Deal in securities of the relevant issuer.</p> <p>You will not be given pre-clearance to PA Deal in a security where CYTONN issues a research report on the security or issuer.</p>
Shorting	Your PA Dealing may not result in your (or your connections) holding a short position in relation to individual securities of a Investment type, whether directly or through use of derivatives.

Minimum	Unless a longer hold period applies under this Policy, the minimum hold
---------	---

Hold Period	<p>period for Investments requiring Pre-Clearance is seven (7) calendar days.</p> <p>Hold periods are assessed on a LIFO (last in, first out) basis.</p> <p>IPO and private placement hold periods begin on the allocation date, but note that the Compliance team may restrict PA Dealing where we are, or expect to be, active in a relevant security on or before the first day on which the securities can be publicly traded.</p> <p>Variations to minimum hold periods will only be considered by Compliance, but only in exceptional personal circumstances or in the case of extreme general market conditions.</p>
-------------	---

### Restrictions applicable to certain staff

Advice	<p>You may not PA Deal against advice or a recommendation that you have given to a client (whether in writing or otherwise), unless the advice/recommendation has demonstrably lapsed.</p> <p>If you hold, or you are aware that a connection holds, a position in an Investment on which you are advising a client, you are required to</p>
--------	--

<p>Research Analysts</p>	<p>ensure that the client is reasonably aware of the existence of a personal holding and the direction of the position (no requirement to say who holds).</p> <p>Research analysts and their connections <u>may not</u>:</p> <ol style="list-style-type: none"> <li>1. hold positions in the securities of individual issuers whom the research analyst specifically covers or</li> <li>2. without prior approval from Investments and Legal department, hold positions in the securities of individual issuers in the same sector as any issuer whom the research analyst specifically covers (if approval is given, a 3-day minimum hold period applies or such other period as Legal and Compliance specifies).</li> </ol> <p>Legal and Compliance department may normally decline requests for pre-clearance from analysts for PA Dealing in securities of issuers that CYTONN research analysts specifically cover where those issuers are within the sphere of coverage of the relevant analyst. Alternatively, Compliance may impose a minimum hold period of a period of 3 days or more.</p>
--------------------------	--

Those trading on account	Those trading for CYTONN's account (proprietary, etc.) may not PA Deal in securities in which they have traded for the firm's account in the preceding 7 days or in which there is a significant likelihood they will trade for the firm's account in the ensuing 30 days. For other securities in the same sector as these securities, a minimum 7-day hold period applies
--------------------------	--

### 3.2.4.1 Declarations

You must provide the following to the Human Resource department:

- Confirmation of your understanding of this policy and of your intention to comply with it as with the Personal Dealing Form in this Appendix.
- For you and each of your connections, disclosure of all current Investment holdings and by whom they were held must be provided on a quarterly basis each year to the Legal and Compliance Department for onward transmission to the Human Resource Department.
- Confirmation that you have arranged for Legal and Compliance Department to receive, reasonably promptly, a copy of all broker confirmations/notifications in



respect of all future transactions in Investment. Legal and Compliance will, on request, provide a template form of authority to send to your broker(s).

- d. Legal and Compliance Department must receive quarterly statements on all the Investments, which must be arranged by you.

Each of these disclosures and confirmations will be required to be repeated at least quarterly.

#### **3.2.5 Application**

This policy is applicable to all employees of Cytonn and Individual contractors or consultants and their connections. Specifically, this policy is most applicable to members of the Investments Team who have access to non-public market information and whose use may prejudice them, in a manner similar to insider trading.

#### **3.2.6 Monitoring**

Investments, legal and Human Resource Departments will keep a record of all the disclosures made by the employees.

#### **3.2.7 Reporting**

Legal and Compliance Department will Liaise with employees and Investments department to ensure quarterly filings on their Investments are received by the Human Resource Department.

### **3.3 Related Party Policy**

#### **3.3.1 Definitions**

**Related Party Transaction (RPT)** means (a) Cytonn or any of its subsidiaries is a participant; and/or (b) any Related Person has or will have a direct or indirect material interest;

A **Related Person** is any Director of the Company; any Staff Member of the Company; any nominee for any director or staff member; any shareholder of the Company; and/or any Immediate Family Member of any such person

#### **3.3.2 Purpose**

This Policy sets out the guidelines, categories and thresholds requiring review, approval and ratification by the Board of Directors of CIML and subsequent disclosure requirements for Related Party Transactions (RPTs)

#### **3.3.3 Policy statement**

The Policy requires that any transactions with related parties be made on terms equivalent to those that prevail in an arm's length transactions. Any party that has interest in a Related Party Transaction shall be required to make a disclosure to the business manager **prior to the commencement of the procurement process**, in writing or otherwise abstain from any form of decision-making or approval of the RPT unless requested in writing by the business manager. If a director of, a company is in any way, directly or indirectly, interested in a proposed or already existing transaction or arrangement with the company, the director shall declare the nature and extent of that interest within seventy-two hours.

The Audit, Risk and Compliance Committee of CIML shall be responsible to oversee and review the propriety of RPTs and their required reporting disclosures.

In its review, it shall take into account, the Committee shall, among other factors it deems appropriate, whether the Related Party Transaction is entered into on terms no less favourable or terms generally available to an unaffiliated third-party under the same or similar circumstances; and the extent of the Related Parties' interest in the transaction

### **3.3.4 Identification of Related Party Transactions**

- a) The departments involved in compliance aspects of Cytonn as a business, namely: The Legal department; the Quality Assurance & Quality Control Department; the Internal Audit department and Risk departments shall issue quarterly updates to the Business Managers as regards RPTs.
- b) The Business Managers shall subsequently and without delay, report to CIML's Board of Directors (Board) through the Quarterly Audit, Risk and Compliance Committee meeting on the terms, business, purpose, benefits and other details of each new, existing or proposed RPT.
- c) The Board, through the Audit, Risk and Compliance Committee, shall, unless it has an objection on the Related Party transaction or the Related Party, ratify the reports. Should an objection(s) nevertheless arise therein, the Board may, and in the interests of Cytonn, request CRE or the relevant Business Manager within Cytonn to modify the terms of the said transaction or exit the Related Party Transaction altogether.
- d) The Audit and Risk Committee shall assist the Board in its review of the business' reports on RPT. The Audit, Risk & Compliance Committee shall when be considering

whether the terms of the RPT are on arms' length and/or fair to the Company, be guided by the following factors:

- i. Whether the Party chosen is indeed the party best suited for the transaction and the reasons for the related Party Transaction thereto;
  - ii. The business purpose, relevance and timing of the transactions;
  - iii. Extent of the Related Party's interest in the RPT;
  - iv. Conflict of interest, actual or apparent, of the Related Party participating in the transaction;
  - v. Effect of the Related Party Transaction on the Person's independence, like in the case of an Independent Director;
  - vi. Other current and past Related Party Transactions with the said Related Party and their level of performance of the same;
  - vii. Any other relevant information regarding the transaction.
- e) The Board shall, when weighing the merits of any RPTs take into account recommendations of the Audit and Risk Committee in a bid to uphold Cytonn's best interests.
- f) The Audit, Risk & Compliance Committee may establish guidelines to manage and monitor conflicts of interest of CIML's Board of Directors and shareholders, including misuse of corporate assets and abuse of RPTs.

### **3.3.5 Pre-approved Related Party Transactions**

The Board shall deem the following to be pre-approved RPTs:

#### **1. Structuring;**

In all Real Estate Transactions involving Cytonn, CIML shall be the structuring partner. The main functions therein shall be: Sourcing for various types of funding for the project; Market research for funding; Capital structuring, budgeting and cash flow modelling; Review and monitoring of project cash flows; Maintaining Documentation. Consequently, and for these (structuring) services, the SPV shall pay to CIML a pre-determined fee of the total project cost.

#### **2. Fundraising**

Whenever necessary, and according to the business' needs from time to time, CIML shall co-ordinate fundraising activities and efforts aimed at funding the real estate projects run under the various SPVs. This shall include among others: Making loan applications to financial institutions, organizing and hosting fundraising events. For these services, the SPV concerned shall pay to CIML a pre-agreed placement fee.

#### **3. Project Management;**

By virtue of CRE having the personnel and expertise to carry out real estate development, CRE shall inter alia provide the following services to the SPV:

- i. Development Management - governance of all activities to deliver the agreed strategic outcomes;

- ii. Project Management - delivery of individual projects - time, cost, quality and risk;
- iii. Design Management - ensuring design decisions meet development brief requirements;
- iv. Sales and Leasing Management - disposal with end buyers and negotiating and concluding lease agreements;
- v. Asset and Facility Management – ensuring the projects are managed professionally;
- vi. Corporate Management - provide the necessary administrative support to each project.
- vii. Accountancy Services: Annual closing of the general ledger accounts (valuation of assets and liabilities, balance reconciliations, accruals and reclassifications);
- viii. Closing of the general ledger, preparation of financial statements as required by international standards; Preparation of statutory annual reports; Preparation of annual tax declarations.

For providing the range of services mentioned above, CRE shall charge CIML a predetermined fee per project.

### **3.3.6 Exempted Related Party Transactions**

By virtue of their professional backgrounds, related persons may be allowed to provide professional services or products to Cytonn, provided that the same are provided at arm's length and within the various service levels required by Cytonn. The same shall be

subject to related party transaction disclosures and other checks in this policy including but not limited to:

- i. The nature of the particular product or service being best suited to being provided by a related party;
- ii. That the same is provided at arm's length and subject to quality product and service standards;
- iii. That the same is disclosed and appropriately documented to the Audit, Risk and Compliance committee for ratification.
- iv. That under the circumstances surrounding the transaction, the Audit and Risk Committee is convinced that the related person would most likely have still have emerged as the top and preferred provider; even if an open and competitive tendering exercise had been conducted;
- v. That from the project documentation available and information in the public domain, the supply of product or service can only be sourced from an officially recognized monopoly who happens to be the related person;
- vi. Where the end-user has preferred a certain brand, it may still be possible to select competitively among alternate suppliers of that brand- even where a related person is part of the brand;
- vii. Where the related person's offer constitutes competitively the best terms and conditions-particularly in price and quality in the market;
- viii. Where a given output is required and no other supplier other than the related person is ready, willing and able to provide the product or service; or

- ix. Where the Board, while being informed by the provisions and spirit of the Procurement Manual of CIML, the general interests of its affiliates (including its SPVs) and in the holistic approach and consideration of the transaction, are of the considered view that the related person would best be suited to provide the product or service;

### **3.3.7 Effects & of Non-Disclosure**

1. Any Related Party who has an interest in a Related Party Transaction shall be required to inform the Business Managers **prior to the commencement of the procurement process** or otherwise abstain from any form of decision-making or approval of the Related Party Transaction, but may, if so requested by the Business Managers in writing, participate in some or all of its discussions of the Related Party Transaction. Upon completion of its review of the transaction, the relevant Business Manager may determine to either permit or to prohibit the Related Party from undertaking the transaction.
2. A related party who on two (2) separate and/or consecutive occasions, fails to disclose that they are conflicted in an RPT shall at the discretion of CIML's Board, through the Audit Risk and Compliance Committee either be:
  - i. Suspended from participating in RPTs until such a time that the Board deems it fit to lift the suspension.
  - ii. If an employee of Cytonn, be subjected to the disciplinary measures covering Conflict of Interest matters under the Human Resource Manual of



Cytonn or any other means available to Cytonn under the Employment Act (2007) as amended from time to time.

- iii. Expunged from Cytonn's list of future suppliers of products and/or services
- iv. Sanctioned in such other way as the Board may deem fit and appropriate under the circumstances;

Provided for cases where the related party is a director of the Board and/or a shareholder of CIML, the Board shall be guided by the provisions of the Companies Act (No.17 of 2015) and any other laws and regulations facing the businesses, and as shall be amended from time to time.

### **3.3.8 Monitoring**

The compliance departments as defined in the policy shall do monitoring

### **3.3.9 Reporting**

Business managers shall report any existing or proposed Related Party Transaction to the managing partner who shall in turn report to the board through the quarterly Audit, Risk and Compliance committee's meetings

## **3.4 Conflict of Interest Policy**

### **3.4.1 Introduction:**

- a) CYTONN INVESTMENTS respects the rights of its Employees and their Related Parties relative to activities outside CYTONN INVESTMENTS, which are private in nature and which

do not conflict with or reflect adversely upon CYTONN INVESTMENTS. Outside activities engaged in for salary or compensation of any kind must be immediately reported to the respective Heads of Business to evaluate any potential conflict. If a conflict is found to exist, the Employee may be required to discontinue the outside activity or be subject to separation from CYTONN INVESTMENTS. We believe that our Employees recognize the importance of integrity and that they will welcome the following clarifications of CYTONN INVESTMENTS Conflict of Interest policy.

- b) Salaried Officers and Employees of CYTONN INVESTMENTS are expected to devote their full time to the promotion of CYTONN INVESTMENTS's stated interest and refrain from using their positions with CYTONN INVESTMENTS to supplement their incomes directly or indirectly or to obtain other material benefit outside normal compensation. To ensure fairness in CYTONN INVESTMENTS's decision-making processes and to protect CYTONN INVESTMENTS's interests when it considers entering into a transaction or arrangement that might provide a personal economic benefit to any Interested Persons or Entities, as defined below, including Employees and officers, the Board of Directors has adopted the following policy for Conflicts of Interest.

### **3.4.2 What is a conflict of interest?**

i.A Conflict of Interest may arise when CYTONN INVESTMENTS, enters into or considers a transaction or arrangement, which provides an economic benefit to an Interested Person or Interested Entity (as defined below), whether directly or indirectly. For this purpose, economic benefit includes fees for the performance of services and other forms of compensation (including but not limited to salary, commissions, bonuses, deferred compensation and insurance benefits) ("Economic Benefit"). Indirect economic benefits include those that are provided through an entity assisted by CYTONN INVESTMENTS.

ii. A Conflict of interest arises through the use and possible exploitation of information, position or opportunities by an Interested Person or Entity

iii. The presence of a potential Conflict of Interest does not preclude CYTONN INVESTMENTS from entering into the transaction or arrangement, provided the Conflict is disclosed- if by Staff, to the appropriate Business Manager and if a Board Member to the Board and members, within seventy-two (72) hours. If the Conflict is disclosed and the Head of Business Unit or the Board (where a Board Member is concerned) and where the Business Manager or a Majority of the Board Member or Shareholders as the case may be in the instance of a Director, determines that the transaction is fair and reasonable to CYTONN INVESTMENTS, and does not result in any personal economic benefit to the Interested Person or Entity, the Head of Business Unit and/or Board may approve such transaction with an Interested Person or Entity in accordance with the procedure discussed in more detail below.

#### **3.4.2.1 Who is an Interested Person? What is an Interested Entity?**

An Interested Person is any person or organization that is in a position to exercise influence over CYTONN INVESTMENTS's affairs as well as members of such a person's family (defined as spouses, siblings and their spouses, ancestors, and descendants and their spouses).

Specifically, Interested Persons include:

- CYTONN INVESTMENTS employees
- all Members of the Board and their family members including but not limited to; their children, parents, spouses, half children, siblings and spouse siblings, grandparents, grand children
- all Officers of CYTONN INVESTMENTS,

- individuals who receive compensation based upon revenues generated by a CYTONN INVESTMENTS activity that such individual controls,
- other persons who have managerial authority with respect to CYTONN INVESTMENTS's affairs and key advisors to such individuals, regardless of whether such individuals are employees of CYTONN INVESTMENTS,
- substantial contributors to CYTONN INVESTMENTS, and
- CYTONN INVESTMENTS Independent Contractors

An Interested Entity is an entity: (a) in which an Interested Person holds a position as trustee, director or officer, or (b) that does or may do business with CYTONN INVESTMENTS and in which an Interested Person has a position of influence as stated above.

### **3.4.3 What Should Be Done When A Potential Conflict of Interest Arises?**

The presence of a potential Conflict of Interest may not always preclude CYTONN INVESTMENTS from entering into the transaction or arrangement. When a Staff Member first learns that a Conflict of Interest situation exists, the Staff Member must disclose in writing to their Head of Business Unit the potential Conflict of Interest, the identity of the Interested Person or entity and the nature of the (potential) Economic Benefit provided to the Interested Person or Entity.

In the case of a Board Member, they must disclose of the potential conflict to the Board and/or the Members of the Company within seventy-two (72) hours

After disclosure that an Interested Person or Entity may receive an Economic Benefit from a

proposed transaction or arrangement with CYTONN INVESTMENTS (or other entity controlled or assisted by CYTONN INVESTMENTS), the Head of that Business Unit or the Board in the case of a Board Member must determine whether the transaction is fair and reasonable to CYTONN INVESTMENTS and must evaluate whether the Staff /Board Member, an Interested Person or Entity would, as a result of the transaction or arrangement, receive a benefit in excess of the consideration or other Economic Benefit received by CYTONN INVESTMENTS for providing such benefit. In such review and evaluation, the Business Manager and/or Board shall consider the cost or benefit of comparable transactions or arrangements, if any, and may investigate whether CYTONN INVESTMENTS could, with reasonable efforts, obtain a more advantageous transaction or arrangement that would not provide an Economic Benefit to an Interested Person or Entity. Thereafter the Head of Business unit may appoint a disinterested person or in the case of a Board Member, constitute a committee to investigate alternatives to the proposed transaction or arrangement.

The Interested Person (be it a Staff/Board Member) may not participate in consideration of the transaction or arrangement, may not vote on such transaction or arrangement, and should not be present for the consideration of or vote on such transaction unless information is requested from the Interested Person. In addition, no other person may vote on such transaction or arrangement if he or she:

- (a) is employed by and/or subject to the direction or control of the Interested Person involved in the transaction being considered, or
- (b) Receives compensation or other payments subject to approval by that Interested Person.

The Interested Person and any Director disqualified by (a) or (b) above may be counted in determining the presence of a quorum at a meeting, which authorizes such a transaction or arrangement.

#### **3.4.4 Records of Proceedings in the case of a Board Member disclosure:**

The minutes of the Board or the committee considering a transaction or arrangement involving a Conflict of Interest shall contain:

- 1.) The terms of the transaction or arrangement considered and, if approved, the date it was approved;
- 2.) The names of the Board or committee members who were present during the discussion of the transaction or arrangement and whether any of the persons' present were disqualified from voting;
- 3.) The names of the Board or committee members who voted to approve the transaction or arrangement and those that did not; and
- 4.) The comparability data obtained and relied upon and how the data was obtained.

#### **3.4.5 How Will Conflicts of Interest Be Monitored?**

Interested Parties and Entities will be asked annually to submit to the Human Resource or Company Secretary as the case may be interests

- (a) in which he or she holds a position as trustee, director or officer, or
- (b) that do or may do business with CYTONN INVESTMENTS (or an entity controlled by CYTONN INVESTMENTS) and in which he, she or a family member has a substantial economic interest or in which a family member holds a position as a director, trustee or officer.

This procedure is designed to help Related Parties meet their continuing responsibility to disclose potential Conflicts of Interest and avoid actual Conflicts of Interest.

The Human Resource Department and/or Company Secretary of CYTONN INVESTMENTS shall keep a list of other Interested Persons and Interested Entities, shall update the list regularly

and shall circulate the list at least annually to Management and required Stakeholders. All Interested Parties will also be asked annually to sign a statement which affirms that he or she has received a copy of this Conflicts of Interest Policy, and has read, understood and agrees to comply with this Policy.

#### **3.4.6 How Will Conflicts of Interest Policy be enforced?**

If an Employee or a Board Member reasonably believes that another Employee or Board Member has failed to disclose a Conflict of Interest, he or she shall inform the respective Business Manager OR Audit Committee in the case of a Board Member of the basis for the belief and afford the Interested Party in question an opportunity to explain the alleged failure to disclose. If, after hearing the response of the Interested Party and making such further investigations as may be warranted in the circumstances, the Business Manager OR Audit Committee determines that a Conflict of Interest exists, it may take appropriate disciplinary and corrective action, including rescission of the transaction or arrangement.

#### **3.4.7 Managing And Monitoring Conflicts**

We have therefore put in place a number of mechanisms in place to manage potential and actual conflicts, these mechanisms are summarized as below:

##### *I. Policies and procedures*

Policies and procedures are embedded throughout the business to ensure conflicts are identified, considered and mitigated. Staff and Board Members should undergo regular training and receive guidance where conflict situations arise. The Management team is responsible for ensuring that their teams have robust controls in place to identify and manage risks that may arise. The Human Resource Department and the Company Secretary shall also have a conflicts

register on which details of conflict situations are recorded as well as details of the controls that were put in place to mitigate potential issues.

## *II. Disclosure and mitigation*

Should a potential conflict of interest arise or been seen to arise where necessary, Interested Persons are required to disclose of these potential conflicts of interest as described above. In such circumstances, Interested Persons may be asked to step aside from working on a specific transaction or from participating in the management of a potential Conflict of Interest and where necessary.

If a Director is interested in a proposed or already existing transaction or arrangement with the company, is for an amount, or for goods or services valued at an amount, that exceeds ten percent of the value of the assets of the company, the declaration shall also be made to the members of the company either—

(a) at a general meeting of the company; or

(b) by notice given to the members

This shall be done within seventy-two (72) hours

## *III. Information barriers*

Where a team comes into possession of transaction sensitive information, Management shall put in place robust procedures to ensure this information is not inappropriately exchanged which include, electronic and physical segregation as well as enhanced training and record keeping requirements.

## *IV. Supervision*



Where the interests of one team and its clients may conflict with the interests of another team and its clients, chinese walls and confidentiality controls shall be effected.

#### V. *Remuneration*

Our general remuneration philosophy is to reward Staff Members for the efforts they put in and which directly impact the growth of the Company. Our philosophy is based on quantitative data and qualitative analysis of the market and this, together with our policy of linking part of the remuneration of relevant employees directly to the performance of the tasks they handle and investments they select, provides control over this potential conflict.

#### VI. *Best execution*

For the Real Estate and Investment Teams selecting funds or individual securities or Real Estate opportunities for our clients' portfolios, we shall act on a best interest basis. Our procedures are also designed to ensure that we abide at all times with the overriding principles of 'best execution' when effecting transactions on our clients' behalf and 'suitability' when making investment recommendations. This is intended to ensure that our clients are never disadvantaged and are always treated fairly.

#### VII. *Dealing & allocation*

In order to ensure that deals/opportunities cannot be allocated in favor of one group of suppliers, service providers, clients or staff, we shall operate dealing and allocation procedures which shall cover dealing fairly, and in due turn, how allocations should be made if insufficient stock is available. Please note that we may arrange for your transactions to be executed, in whole or in part, through an affiliate or agent.

#### VIII. *Policy of independence*

Our Human Resources procedures require our people to disclose and disregard any material interest or conflict of interest when acting for clients.

#### *XII. Escalation mechanism*

In case the business manager is unable to decide or deal on any matter of a potential or actual conflict of Interest, it may escalate it to the Operating Committee and if not resolved at that point, the matter shall be escalated to the Audit Risk and Compliance Committee of the Board.

### **3.5 Anti-Bribery Policy**

The Company upholds all laws relevant to countering bribery and corruption and in particular, the Bribery Act, 2016 in respect of which all employees and associated persons as defined therein are required to act with utmost honesty and integrity.

No employee or associated person shall offer, pay, promise or authorize, any payment or give financial or other advantage, to any person, either directly or indirectly to

- a. Facilitate, expedite or reward a routine or other procedure
- b. To secure an improper business advantage or to reward a business advantage already given;
- c. Circumvent or cause non-enforcement of laws or regulations applicable to the Company;
- d. Cause the person to misuse their position; or
- e. To engage in any activity that might lead to breach of this clause.

Similarly, no employee or associated person shall request, agree to receive or receive a financial or other advantage intending that, in consequence, a relevant function or activity will be performed whether by that person receiving the bribe or by another person.

Contravention of this clause shall be dealt with in accordance with the applicable laws and shall include but not be limited to such penalties as:

- a. suspension or termination of the employee's contract of employment;
- b. refund of the financial benefit, if any, received by the employee;
- c. prosecution as provided under the Bribery Act 2016 and as it shall be amended from time to time.

#### **3.5.1 Acceptance of entertainment or gifts**

A Staff Member should not ordinarily accept entertainment or gifts that may imply conflicts between the interests of the Employee and CYTONN INVESTMENTS. Where such entertainment or gifts are unavoidable because of local custom, any entertainment or gift with retail value in excess of Kshs 5,000.00 should be reported to the Head of Business Unit for a determination of the extent to which it is to be considered the personal property of the recipient or for other appropriate action.

#### **3.5.2 Corporate Hospitality For Public Officials**

Acts of hospitality toward public officials should be of such a scale and nature as to avoid compromising the integrity or impugning the reputation of the public official or CYTONN INVESTMENTS. All such acts should be performed in the expectation they will become a matter of public knowledge.

### **3.5.3 Political and Religious Activities**

The Company disassociates itself from any political or religious activity, which incites extremism or challenges our commitment to cultural diversity and equal opportunity.

## **4 COMPLIANCE WITH LAWS AND REGULATIONS**

CYTONN INVESTMENTS strives to be in strict compliance with all laws and regulations that may be applicable to its activities. In some instances, laws and regulations may be ambiguous and difficult to interpret. Management has access to necessary legal advice in order to determine compliance with this policy and observance of all laws and regulations. Such advice should be sought if any question arises.

### **4.1.1 DISCOVERY OF VIOLATIONS OF STANDARDS OF CONDUCT POLICY**

Discovery of events of questionable, fraudulent or illegal nature which might be, or might appear to an outsider to be, in violation of CYTONN INVESTMENTS policy must be reported immediately to the Partners if applicable, by any Related Party or Member having knowledge thereof.

### **4.1.2 REPORTING COMPLIANCE WITH POLICY**

Each Related Party, upon commencement of affiliation with CYTONN INVESTMENTS, and annually thereafter, shall affirm by letter to the Managing Partner Knowledge that he/she understands the foregoing policy and agrees to comply with it. All Employees are expected to fully cooperate with the Audit Committee and/or its delegates to ensure that the spirit and intent of these regulations are carried out.

#### **4.1.3 REGULATIONS**

No one statement can meet all contingencies. The CYTONN INVESTMENTS Executive Committee is therefore authorized and directed to take all such actions as it may deem necessary or desirable to implement this Statement and to amend, supplement and modify the same for the purpose of better implementing the spirit of these policies with or without prior notice; provided, however, that the portions thereof relating to conduct of Members or Directors shall not be affected without the further approval of the Board of Directors.

#### **4.1.4 Application**

This policy applies to all employees

## 5 Appendices

### 5.1 Appendix 1: PA Dealing

#### 5.1.1 Employee Acknowledgement form

##### EMPLOYEE ACKNOWLEDGEMENT OF RECEIPT AND UNDERSTANDING

I, \_\_\_\_\_, being a staff member of the Cytonn Investments Management PLC, herewith confirm that I understand the Personal Account Dealing Policy

I herewith confirm that I:

- a) am aware of and have read CYTONN's Personal Account Dealing Policy
  
- b) have received the Disciplinary Procedures and I have read and understand the CYTONN Disciplinary Procedures for non-compliance with CYTONN's Personal Account Dealing Policy

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness Name and Signature

\_\_\_\_\_  
Date

## 5.1.2 PA Dealing Approval Request Form

### PA Dealing Approval Request Form

Name:		Date:	
Broker name and account number:		Security:	
Quantity:		Buy/Sell/Other:	
Value (approx.):			
Comments/special requests (e.g. permission for trade to be executed over more than one day):			

I confirm that:

- (1) The PA Dealing activity in relation to which clearance is sought is in accordance with CYTONN's current Personal Account Dealing Policy;
- (2) I am not aware of any pending client order, current or upcoming client solicitation, in relation to the relevant security;
- (3) I do not possess or have access to relevant material non-public price sensitive information, and I agree to bring to the attention of the Legal and Compliance

Department any change in circumstances that could or would render this statement false if made subsequently prior to execution of the relevant PA Dealing transaction(s)

- (4) The trade does not breach any relevant minimum holding period requirement under this Policy;
- (5) To the best of my knowledge, the trade will not raise any conflict with any client of CYTONN or any CYTONN company;
- (6) I understand that, unless otherwise stated in writing, Compliance approval to PA Deal is valid for execution only on the day it is given.
- (7) I have sufficient cleared funds to settle the proposed trade.

**Signed by requestor:** \_\_\_\_\_ **Date** \_\_\_\_\_

**Print name:**

\_\_\_\_\_

**Compliance sign-off:**

**Special terms of approval, if any:**



### 5.1.3 Employees Quarterly Investments Disclosure Form

#### CYTONN INVESTMENTS PLC

#### EMPLOYEES QUARTERLY INVESTMENTS DISCLOSURE FORM

Any holdings and/or accounts not reflected in these statements must be noted below.

The following is a list of all my personal securities holdings, including holdings in my personal brokerage accounts, in any account in which I have direct or indirect beneficial interest, and in any account over which I have investment discretion or provide investment advice.

Security Description	Number of Shares held		Current Principal Amount of the Security		Name of Broker / Dealer or Bank	Account Number
	Start of Quarter	End of Quarter	Start of Quarter	End of Quarter		

The following is a list of all brokerage accounts currently established for myself, my spouse, domestic partner, and any family member living in my residence, and for any other account in which I have Beneficial Ownership or for which I have investment discretion.

Broker Name and Address	Account Number	Account Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

## 5.2 Appendix 2: RPT Disclosure form

### CYTONN INVESTMENTS MANAGEMENT PLC

### RELATED PARTY TRANSACTION (RPT) DISCLOSURE FORM

### FOR SUPPLIERS OF GOODS & SERVICES

---

A. Pursuant to the Related Party Policy ('the Policy') of CYTONN INVESTMENTS MANAGEMENT PLC ("Cytonn"), potential suppliers of goods and/or services to Cytonn are required to disclose to Cytonn whether they are 'Related Persons' under the Policy; **prior to the commencement of the procurement process**, for review and approval by Cytonn in accordance with the principles of transparency and fairness, to ensure that they are at arm's length, the terms are fair, and that they will inure to the best interest of the Company, its subsidiaries and/or affiliates and clients.

B. The Policy defines:

**'Related Person'** as-

*Any Director of the Company; any Staff Member of the Company; any nominee for any director or staff member; any shareholder of the Company; and/or any "Immediate Family Member" of any such person; and*

C. **'Immediate Family Member'** as-

*Any child, stepchild, parent, step-parent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of a person, and any person (other than a tenant or an employee) sharing the household of such person.*

**Description of item to be supplied:**

.....

**PERSONAL DECLARATION:**

1. I have read the provisions of the Policy and I understood my obligations thereto as to disclosure;
2. THAT I am cognisant of the consequences of my failure to disclose as required herein, which include:
  - (i) Suspension from participating in RPTs until such a time that Cytonn deems it fit to lift the suspension.
  - (ii) To be expunged from Cytonn's list of future suppliers of products and/or services
  - (iii) Sanctioning in such other ways as Cytonn may deem fit and appropriate under the circumstances
3. THAT I make this declaration conscientiously knowing and believing the same to be true to the best of my knowledge.
4. THAT I am ☐ / am not ☐ a Related Person under the Policy.

Signed.....

By.....

Date: .....

### 5.3 Appendix 3: Conflict of Interest Disclosure form

**CYTONN INVESTMENTS MANAGEMENT PLC CPU/2017/220478**

**CONFLICT OF INTEREST DISCLOSURE FORM**

**FOR STAFF**

---

*Name:*

---

*Date*

---

*Position*

It is the policy of CYTONN INVESTMENTS MANAGEMENT PLC 'Cytonn' to address how issues of actual, potential and perceived conflicts of interest involving Employees of Cytonn, both permanent and contracted, should be identified, disclosed and managed. This form is designed to identify and disclose known conflicts in an effort to properly manage them.

PERSONAL DECLARATION

I have read the provisions on Cytonn's Conflict of Interest policy contained in the employee manual and I understand that as an Staff Member of Cytonn, it is my obligation to, and at all times, act in a manner which promotes the best interests of CYTONN INVESTMENT MANAGEMENT PLC and its affiliates and to avoid conflicts of interest when making decisions and taking actions on behalf of Cytonn.

As an employee of Cytonn I must not take improper advantage of my position, whichever the position, in order to gain, directly or indirectly, a personal advantage or an advantage for any person associated with me, which might cause detriment to Cytonn. I should therefore refrain from using insider or company information for my or my associates' personal gain.

My answers to this disclosure form are correctly stated to the best of my knowledge and belief. Should a possible conflict of interest arise in my responsibilities to Cytonn, I recognize that I have the obligation to notify, based on my position, to my supervisor and the Management, and to abstain from any participation in the matter until the Managing Partner or their designee can determine whether a conflict exists and how that conflict shall be resolved. If any relevant changes occur in my affiliations, duties, or financial circumstances, I recognize that I have a continuing obligation to file an amended "Conflict of Interest Disclosure Form" with the Human Resource Department.

I understand that the information on this form is solely for use by Cytonn Investments Management Plc and is considered confidential information. Release of this information within Cytonn Investments Management Plc shall be on a need-to-know basis only. Release to external parties will only be when required by law.

---

Signature

---

Date

**Please complete the following questions, and submit this form to the HR Department**

1. Are you or a member of your immediate family an officer, director, trustee, partner (general or limited), employee or regularly retained consultant of any company, firm or organization that presently has business dealings with Cytonn Investments Management Plc and its affiliates or which might reasonably be expected to have business dealings with Cytonn in the coming year?

\_\_\_\_\_Yes      \_\_\_\_\_No

If yes, please list the name of the company, firm or organization, the position held, and the nature of the business which is currently being conducted with Cytonn or which may reasonably be expected to be conducted with Cytonn in the coming year:

2. Do you or does any member of your immediate family have a financial interest, direct or indirect, in a company, firm or organization which currently has business dealings with Cytonn Investments Management Plc and its affiliates or which may reasonably be expected to have such business dealings with Cytonn in the coming year?

\_\_\_\_\_Yes      \_\_\_\_\_No

If yes, please list the name of the company, firm or organization, the nature of the interest and the name of the person holding the interest, and the nature of the business which is currently

being conducted with the Company or which may reasonably be expected to be conducted with Cytonn in the coming year:

3. Do you or does any member of your immediate family have a financial or personal interest in an entity in which Cytonn Investments Management Plc has a financial or other vested interest in? \_\_\_\_\_Yes \_\_\_\_\_No

If yes, please provide details below:

4. Have you or an immediate family member accepted gifts, gratuities, lodging, dining, or entertainment that might reasonably appear to influence your judgment or actions concerning the business Cytonn Investments Management Plc? \_\_\_\_\_Yes \_\_\_\_\_No

If yes, please provide details below:

5. Do you have any other interest or role in a firm or organization, where that interest or relationship might reasonably be expected to create an impression or suspicion among the public, having knowledge of your acts that you engaged in conduct in violation of your trust as an Employee? \_\_\_\_\_Yes \_\_\_\_\_No

If yes, please provide details below:

Please add additional pages on other areas of Conflict of Interest as needed.

**If any material changes to the responses provided on this disclosure form occur, the Employee is required to update the information on this form in writing, and submit the update to the Human Resources Department of Cytonn Investments Management Plc**

**Received on behalf of the Human Resource department (Signature and date):**

---

**Remedial Action(s) to be taken as provided by the Managing Partner or his Designee:**

---

*The Human Resource Department of Cytonn Investments Management Plc will follow-up on all recommended actions to ensure compliance.*



**Prepared by: Holliness Lumbi** \_\_\_\_\_

**Reviewed by: Patricia Wanjama** \_\_\_\_\_

**Approved by: Kimathi Muchiri** \_\_\_\_\_

**Approved by: Alex Magu** \_\_\_\_\_

**Approved by: Edwin H. Dande** \_\_\_\_\_