

**IMPACT EMPOWERMENT VENTURES S12J VCC  
CLIENT SUBSCRIPTION AGREEMENT**

between

**Impact Empowerment Ventures (Pty)Ltd**

referred to as "the Company" within this agreement

and

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referred to as "the Client" within this agreement

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## 1. Definitions

- a. **“Accountable institution”** means any person reflected in Schedule 1 of FICA as gazetted by Treasury;
- b. **“Advance Date”** means the date on which the Capital Amount is remitted;
- c. **“Advice”** means “advice” as contemplated under **FAIS** regulations and includes any recommendation, guidance or proposal of a financial nature;
- d. **“Administrator”** means the Section 12J Administrator on whose platform the Client’s investments are formally administered;
- e. **“Capital Amount”** means the Loan Amount agreed to less the Tax Refund Amount;
- f. **“Client Agreement”** means this S12J Subscription and Client document;
- g. **“DPIP”** means Domestic Prominent Influential Persons as referred to in Schedule 3A of FICA;
- h. **“FAIS”** means the Financial Advisory and Intermediary Services Act 37 of 2002;
- i. **“FICA”** means the Financial Intelligence Centre Act 31 of 2001;
- j. **“Financial Product”** means “financial products as defined under FAIS and includes all types of securities and financial instruments, such as shares in a company or similar entities (listed or unlisted), and any combined product containing one or more of the listed financial products;
- k. **“Financial Services Provider (FSP)”** means any person, other than a Representative, who as a regular feature of the business of such person who furnishes advice and renders an intermediary service;
- l. **“FPPO”** means Foreign Prominent Public Officials as referred to in Schedule 3B of FICA;
- m. **“Fund Manager”** means any corporation appointed to manage the administration and operations of the company, selected at the Company’s discretion. The Fund Manager will be determined by the directors of the Company and will have an agreement in place with the Company;
- n. **“Funds”** means the subscription price paid by the Client to the Company against the issue and allotment of the VCC Shares;
- o. **“Key Individual”** means the appointed representative responsible for managing or overseeing the activities of the Company relating to the rendering of any financial service and licensed in terms of FAIS;
- p. **“Obligations Default”** means a Reversal Event as defined by SARS;
- q. **“Parties”** means the Client and the Company and “Party” means, whichever the context requires, i.e. either one of them;
- r. **“Personal Information”** means information relating to an identifiable, living, natural person and where it is applicable, an identifiable, existing juristic person as defined in the Protection of Personal Information Act 4 of 2013;
- s. **“Qualifying Company”** means a qualifying company in terms of Section 12J of the Income Tax Act (ITA), which company is not involved in the business of:
  - i. immovable property (excluding hotel keepers);
  - ii. financial services activities such as banking, long or short-term insurers, money lending, and hire-purchase financing;
  - iii. financial or advisory service company/ies;
  - iv. company/ies involved in professional services such as legal services, stock broking services, management consulting services, tax advisory services and auditing or accounting services;
  - v. gambling;

- vi. sin (i.e. Liquor, and Tobacco);
  - vii. involved in the trade of arms and/or ammunition; and lastly
  - viii. company/ies with majority of its trade carried on outside of South Africa.
- t. **“Representative”** means a ‘representative’ as defined under FAIS and includes a person who renders a financial service to a client for or on behalf of a FSP;
  - u. **“Subscription”** means the irrevocable offer to purchase Subscription Shares in the Company;
  - v. **“Subscription Shares”** means the shares subscribed for and purchased, in a Venture Capital Company, as entered into between the Client and the Company;
  - w. **“Venture Capital Company (VCC)”** means a company that has been approved by the Commissioner for the South African Revenue Service in terms of subsection (5) of section 12J the Income Tax Act, 1962;
  - x. **“VCC Shares”** means the equity shares held by the Client in the Company.

## 2. Interpretation

- a. Any reference in this Agreement to:
  - i. a clause is, subject to any contrary indication, a reference to a clause of this Agreement;
  - ii. law means any law including common law, statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any other measure of any government, local government, statutory or regulatory body or court having the force of law; and
  - iii. person means any natural or juristic person, firm, company, corporation, government, state, agency or organ of a state, association, trust, or partnership (whether or not having separate legal personality).
- b. Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
- c. The headings do not govern or affect the interpretation of this Agreement.
- d. If any provision in a definition confers rights, or imposes obligations on any Party, effect is given to it as a substantive provision of this Agreement.
- e. Unless the context indicates otherwise words denoting gender include all genders; reference to a natural person includes a juristic person; the singular includes the plural, and the plural includes the singular.
- f. Any number of days prescribed in this Agreement excludes the first day and includes the last day; and any relevant action or notice may be validly done or given on the last day.
- g. Unless the context indicates otherwise if the day for payment of any amount or performance of any obligation falls on a day which is not a Business Day, that day will be the next Business Day.
- h. The words “including” and “in particular” are without limitation.
- i. Any reference to legislation is to that legislation as at the Signature Date, as amended or replaced from time to time.
- j. Any reference to a document or instrument includes the document or instrument as ceded, delegated, novated, altered, supplemented, or replaced from time to time.
- k. A reference to a Party includes that Party’s successors-in-title and permitted assigns.
- l. A time of day is a reference to Johannesburg time.

- m. The rule of interpretation that, in the event of ambiguity, the contract must be interpreted against the party responsible for the drafting of the contract does not apply.
- n. The termination of this Agreement does not affect those of its provisions which expressly provide that they will operate after termination, or which must continue to have effect after termination, or which must by implication continue to have effect after termination.

### 3. Introduction

- a. The Client has subscribed for shares in the Company i.e. the VCC Shares.
- b. This Agreement details the manner and terms relevant to, the investment by the Company of the Funds and the resultant return to the Client.

### 4. The role of the Company

- a. The Company will, at its own discretion, capitalize/invest in Qualifying Companies, subject to the restriction that the Company will not hold 70% or more of the shares, directly/indirectly, in a Qualifying Company;
- b. The Qualifying Company(ies) will pay dividends to The Company;
- c. The Company will pay dividends to the Client in accordance with the Company's dividend policy. Dividends are not guaranteed, and the declaration of a dividend is at the discretion of the Company;
- d. The Company may use the services of its own staff and/or that of the Fund Manager to manage the operations and/investments of the Company.
- e. The Company will update its share register to reflect the Client's shareholding.
- f. The Company undertakes to implement transactions which it deems to be in the best interest of all its shareholders, including the Client. To give effect to this, the Company is authorised to:
  - i. use any Administrator or company it deems fit to achieve the Company's goals and objectives.
  - ii. outsource management functions other than those that are required by law to be completed by an authorised FSP.
  - iii. modify/amend any personal contact details as instructed by the Client on the share register; and
  - iv. act with discretion with regards to any business decision.

### 5. Investment understanding

- a. The Client understands that he/she is subscribing for shares in the Company. Shares (including the VCC Shares) are a Financial Product, and the conclusion of a transaction in respect such shares (i.e. the purchase of shares) is subject to the provisions of FAIS.

The Client acknowledges that:

- i. The primary objective of an investment into a VCC (such as the Company) is the long- term generation of capital and income (minimum of 5 years) through potentially generating positive returns.
- ii. Notwithstanding the above, negative returns are possible;
- iii. The value of the VCC Shares is not guaranteed and past performance is not an indication of future performance;
- iv. The Company bears no obligation to repurchase the VCC Shares from the Client in the event that the Client wishes to sell the VCC Shares;

- v. The Client can claim amounts incurred on acquiring VCC Shares as a tax deduction from income and this tax deduction will not be subject to recoupment if the VCC shares are held for longer than five years. However, if the VCC Shares are sold before the five years have passed there will be a recoupment on the tax deduction received by the Client from South African Revenue Service(SARS).

#### 6. The FAIS Act

- a. The Company is an authorized FSP under FAIS;
- b. As an authorized FSP, the Company is required to make prescribed disclosures to the Client. These disclosures are contained within the body of this Agreement and in Annexure B;
- c. The Client acknowledges that:
  - i. The Record of Advice provides an accurate summary of the discussion between the Company and/or its Representative and the Client; and

#### 7. Accounting and Reporting

- a. The accounting and administration of investments made by the Company are the responsibility of the Company.
- b. The market value of the investments into Qualifying Companies made in terms of this Agreement, shall be determined according to the last traded price of that specific investment.
- c. The Company shall make quarterly reports available to the Client regarding the status and performance of the investments into Qualifying Companies made by the Company in terms of this Agreement over the reporting period. This report shall contain all changes that have a bearing on the market value of the VCC Shares over the period reported on.
- d. All dividends declared by the Company will be at the discretion of the board of directors of the Company; and
- e. Where applicable, the Company shall obtain and transmit to the Client any information which a supplier must disclose to the Client in terms of any law.

#### 8. Liability

- a. The investment in the VCC Shares is long-term in nature (longer than 5 years). It is accepted that short-term fluctuations/volatility in value and price of shares will occur;
- b. The Client accepts and understands that the Company cannot predict the movement of markets. Due to the nature of the investments made by the Company, the Company cannot be held liable for negative legal, tax and/or economic circumstances which may prevail and does not guarantee the performance of the Underlying Qualifying Investment/s. This means that the Client will not have recourse against the Company or the Fund Manager for any loss that they suffer as a result of the investment in the VCC Shares.
- c. Due to the illiquidity of the Company, the Client understands that the value of the VCC Shares may change and may be less than the Client's initial investment. The Company will not be liable for any losses so incurred;
- d. The Client has no claim against the Company, its representatives, Key Individual/s, directors, managers, employees, and/or the Fund Manager for any loss which they suffer arising out of this Agreement.

#### 9. Duration

- a. This Agreement shall commence on the date of signature and endure until the Client sells the VCC Shares.

**10. Protection of personal information and confidentiality**

- a. The Client and the Company may in the course of their relationship provide each other with personal data, which may be protected by data protection legislation, including the Protection of Personal Information Act, 2013;
- b. Except as otherwise provided for in this Agreement or by law, the Company will keep confidential all of the Client's Personal Information, including that concerning the Client's identity, financial affairs and investments;
- c. No Personal Information will be retained by the Company beyond the duration of this Agreement, or the period for which it is obliged to obtain client records by law.

**11. Anti-Money Laundering**

- a. In its capacity as an accountable institution under FICA, the Company is subject to various anti-money laundering laws, including without limitation, FICA, the Prevention of Organised Crime Act, 2002 and the Protection of Constitutional Democracy Against Terrorist and Related Activities Act, 2004. In keeping with obligations under these laws, the Company is obliged to, amongst others:
  - i. Identify and verify Client identities.
  - ii. Report suspicious transactions to the Financial Intelligence Centre.
  - iii. Screen the Client against applicable sanctions lists.
  - iv. Risk rate Clients; and
  - v. Confirm the source of a Client's funds.
- b. The Client agrees to provide the Company with all information and documentation that the Company needs to meet its anti-money laundering requirements in respect of the Client, as detailed in Annexure B.

**12. FATCA and CRS**

- a. The Foreign Account Tax Compliance Act (FATCA) was signed into law in the United States (U.S.) on 18 March 2010. It is aimed at preventing U.S. taxpayers from using accounts held outside of the U.S. to evade taxes. Any financial institution that fails to comply with FATCA will face a 30% withholding tax on a wide range of U.S. sourced payments to its clients. FATCA is implemented in South Africa via the Intergovernmental Agreement (IGA) signed between South Africa and the U.S.;
- b. The Organisation for Economic Cooperation and Development (OECD) has created a global Standard for the Automatic Exchange of Financial Account Information in Tax Matters. This Standard includes a Common Reporting Standard (CRS) that sets out the due diligence rules to identify reportable accounts. These rules have been translated into South African Law via the CRS Regulations that were issued under the Tax Administration Act;
- c. In order to determine the impact of FATCA and CRS to the Company's relationship with the Client, the Client is requested to complete the FATCA and CRS questionnaire set out in Annexure C. Information collected will be used solely to fulfil our obligations under the IGA and CRS Regulations, and will not be used for any other purpose.

**13. General**

- a. Any changes to this Agreement will only be valid if they are in writing and have been agreed upon and signed by the Parties;
- b. No indulgence by a Party to another Party, or failure strictly to enforce the terms of this Agreement, will be interpreted as a waiver or be capable of founding an estoppel;
- c. The Parties undertake to do everything reasonable in their power necessary for or incidental to the effectiveness and performance of this Agreement;
- d. Any illegal or unenforceable provision of this Agreement may be severed, and the remaining provisions of this Agreement continue in force;





Any Party may by Notice to the other Party change its address and/or the person, if any, for whose attention any Notice must be marked in clause above.

**16. Declaration:**

a. I hereby agree that I have read and that I understand the contents of this Agreement:

- I confirm that all information provided in this Agreement and all other documents signed by me in connection with this Agreement, whether in my handwriting or not, are correct;
- I confirm that all and any funds and/or moneys used to purchase the shares within the Company are not the proceeds of unlawful activities and that I have not contravened any anti-money laundering and tax legislation;
- I am responsible for the accuracy and completeness of all answers, statements or other information provided in this Agreement;
- I acknowledge that have not received general investment advice from the Company in respect to my overall investment portfolio;
- I declare that all statements made in this Agreement are, to the best of my knowledge and belief, correct and complete;
- I acknowledge that the application for a loan to purchase shares in the Company is dealt with in a separate document (the Loan & Cession Agreement);
- I accept full responsibility for informing the Company of any changes in current identification information provided (e.g. change of address, surname change, contact particulars, banking details, change of physical address etc.);
- I acknowledge that the Company will not be held liable for delays or losses incurred due to incomplete or inaccurate information on the Agreement or insufficient or incorrect submission of FICA information;
- I undertake to advise the Company within 30 days of any change in circumstances which affects my/our tax residency status identified in Section 19 of this Agreement or causes the information contained herein to become incorrect or incomplete and to provide the Company with a suitably updated self-certification and declaration within 90 days of such change in circumstances;
- I acknowledge that the information contained in this Agreement and the information regarding the Client may be provided to the South African Revenue Service and exchanged with tax authorities of another country/jurisdiction or countries/jurisdictions in which the account holder may be tax resident pursuant to intergovernmental agreements to exchange financial account information;
- I confirm that all the risks associated with this investment have been explained to me and I confirm that I understand the risks involved;
- I do hereby declare that the source of the Funds that I expect to use in concluding transactions with the Company originates from the sources indicated in Annexure B. I further confirm that these funds are derived from legitimate sources.

**FAIS Disclosures**

1. Company details

- a. Full business name: Impact Empowerment Ventures (Pty) Ltd
- b. Registration number: 2018/012250/07
- c. Postal and physical addresses: Unit 19, 1 Melrose Boulevard, Melrose Arch, 2076
- d. Telephone number: 011 480 8634. or the administration manager, Jaltech Structuring, can be contacted on 011 880 0950
- e. E-mail address, in respect of the relevant business carried on: info@impactinafrica.com.
- f. Names and contact details of appropriate contact persons: Dave Humphrey on 011 480 8634 or [dave@impactinafrica.com](mailto:dave@impactinafrica.com)

## 2. FAIS licensedetails

- a. FSP license no.: 49377
- b. LicenseCategory: Category 1
- c. Products approved: Shares
- d. Conditions or restrictions applicable to the license: None
- e. List of Representatives: RorySim  
Dave Humphrey  
Marinda Shekleton  
Chris Hart
- f. List of Key Individuals: Rory Sim
- g. Compliance Officer name and contact details: The Company's compliance practice is Moonstone Compliance (Pty) Ltd, represented by Nelda de Jager. Moonstone Compliance's contact details are as follows:
  - Physicaladdress: 25 Quantum Street, Technopark, Stellenbosch, 7600
  - Tel: (021) 883 8000
  - Fax: 0866686804
  - Postaladdress: PO Box 12662, Die Boord, Stellenbosch, 7613
  - E-Mail: [ndejager@moonstonecompliance.co.za](mailto:ndejager@moonstonecompliance.co.za)

## 3. Conflicts of interest

A copy of the Company's conflicts of interest policy may be requested from [info@impactinafrica.com](mailto:info@impactinafrica.com).

## 4. Fees

No fees are charged on the Client's Funds. The Fund Manager derives its income from fees levied on underlying Qualifying Companies in which The Company invests.

## 5. Insurance

The Company maintains adequate professional insurance cover as required by FAIS, having due regard to its contractual obligations. Written confirmation of this cover can be provided to the Client on request.

## 6. Cooling offrights

A 14-day cooling off period is offered by the Company.

## 7. Complaints

All complaints can be forwarded to the Compliance Officer (see details in 2 above). A copy of the Company's complaints policy may be requested from [info@impactinafrica.com](mailto:info@impactinafrica.com).

## 8. Risks

- a. Investment suitability is the foundation upon which good investments are built. Not only must the investment be suitable with regards to the Client's goals (risk required) but also regarding the Client's risk capacity and risk tolerance. The Client is aware of this and confirms that they are comfortable with and have the risk capacity and tolerance for this investment into the Company's shares.
- b. Over the duration of this Agreement the Client will be exposed to the following risks but not limited to:

<b>Risk</b>	<b>Description</b>
Liquidity Risk	Liquidity risk refers to the possibility that an investor may not be able to buy or sell an investment as and when desired or in sufficient quantities because opportunities are limited. A good example of liquidity risk is selling real estate. In most cases, it will be difficult to sell a property at any given moment should the need arise, unlike government securities or blue-chip stocks.
Inflationary Risk	Inflationary risk (also known as purchasing power risk) is the chance that the value of an asset or income will be eroded as inflation shrinks the value of the country's currency. It is the risk that future inflation will cause the purchasing power of cash flow from an investment to decline.
Market Risk	Market risk (also called systematic risk) is the possibility for an investor to experience losses due to factors that affect the overall performance of the financial markets in which he/she/they is/are involved. This cannot be eliminated through diversification, though it can be hedged against.
Sovereignty Risk	The risk of government default on a loan made to a country or guaranteed by it.
Social/Political Risk/Legislation Risk	Risk associated with the possibility of nationalization, unfavourable government action or social changes resulting in a loss of value is called social or political risk. As government has the power to change laws affecting securities and investments, any ruling that results in adverse consequences is known as legislative risk.
Business Risk	Business risk is the measure of risk associated with a particular security. It is also known as unsystematic risk and refers to the risk associated with a specific issuer of a security. All businesses in the industry have similar types of business risk. All businesses have the possibility of going bankrupt.
Reinvestment Risk	Reinvestment risk occurs when an investor cannot reinvest cash flow from a/another security at the same interest rate as the security's current rate of return.
Valuation Risk	Valuation risk is the financial risk that an asset is overvalued and is worth less than expected when it matures or is sold.
Investment Horizon Risk	Horizon risk is the risk that your investment horizon may be unexpectedly shortened due to unavoidable changes.
Equity Risk	Shares in a company are defined as equity. Equity risk is the financial risk involved in holding equity in a particular investment.
Credit Risk	Credit risk refers to the risk that a borrower may not repay a loan and that the lender may lose the principal of the loan or the interest associated with it.
Investment Risk	Investment risk is the probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

- c. As this investment falls within the private company including many risk categories as depicted above, the Client acknowledges this and accepts the risk associated with this type of investing.
- d. Please be advised that there are tax implications with regards to dividends, share buy backs and/or the sale of the Company's shares. The Client accepts that they understand this HOWEVER should still consult a financial adviser should they wish to fully understand the implications on the Client's financial situation.

**Anti-money laundering requirements**

## KYC requirements

Are you a DPIIP or a FPPO?

Yes No

 

Are you affiliated to a DPIIP or PFFO through a family member and/or an associate? Yes No

 

If yes to any of the above, please request and fill in the Company's senior management approval procedure form.

Myself (the Client)		Please specify client's name if applicable
A Legal Person		
A Partnership		
A Trust		
A Company		
Other Entity Type		

Source of Funds	Salary _____ Business Income _____ Dividend _____ Interest _____ Gift _____ Savings _____
	Other _____ :

**FATCA and CRS****Important definitions:**

**"Resident alien"** A resident alien is a foreign person who is a permanent resident of the country in which he or she resides but does not have citizenship. To fall under this classification in the US, a person needs to have a current Green Card or to have had one in the previous calendar year.

**"US"** means the United States of America.

**"US citizen"** means: 1) An individual born in the US; or 2) an individual whose parent or parents is/are a US citizen; or 3) an individual of whom either one or both parents were born in the US; or 4) a former alien who has been naturalised as a US citizen; or 5) an individual born in Puerto Rico/Guam/US Virgin Islands.

**"US person"** means: 1) A US citizen (including dual citizen). 2) A US resident. 3) An individual born in the US but resident in another country and who has not given up his or her US citizenship. 4) A person whose parents have permanent domicile and residence in the US. 5) A person residing in the US (Resident alien). 6) A person who is holding or who previously held a Green Card. 7) Certain persons who are physically present in the US for at least 31 days during the current year; 183 days during the three-year period that includes the current year and the two years immediately before that, counting: All the days you were present in the current year, and 1/3 of the days you were present in the first year before the current year, and 1/6 of the days you were present in the second year before the current year.

**Questionnaire**

- a. Do you have tax liabilities or tax residence outside South Africa? YES  NO
- b. Do you hold any citizenships or nationalities outside of South Africa?? YES  NO
- c. Are you a US citizens/ US person/US national? YES  NO

**Declaration and signature of individual**

I, the undersigned:

- a. Declare that all statements made in this declaration are, to the best of my knowledge and belief, correct and complete;
- b. Undertake to immediately advise Impact Investment Management of any change in circumstances which affects the tax residency status.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2020

<b>For the Client</b>	
<b>Client Name:</b>	<b>Client Signature:</b>

<b>For the Client</b>	
<b>Client Spouses Name:</b>	<b>Client Spouses Signature:</b>

<b>For the Company</b>	
<b>Representative's name:</b>	<b>Representative's signature:</b>
<b>Key Individual's name:</b>	<b>Key Individual's signature:</b>