

Revised: 26 October 2018

Aylett & Co Proxy voting policy:

Aylett & Co follows proxy voting procedures that are in the best interests of the shareholder, with respect to maximising shareholder value and in line with good corporate governance practises. This is not a legal document. This document will be used only as a guide in its interaction with investee company boards.

Guidelines used when voting proxies are detailed below. While these guidelines are followed, each vote is assessed on a case by case basis.

Board Composition & Directorship

i. Independent Directors

Board membership should comprise a balance of executive and non- executive directors who have broad experience and are in a position to act independently. The Client supports resolutions that lead to an increase in the number of independent (Independence as defined in King III) nonexecutive directors, preferably leading to a majority of independent directors.

ii. Separate CEO and Chair positions

The Client supports the election of an independent non-executive Chairman so that the Board represents the interests of shareholders, not executive management.

Share Capital

i. Placing unissued ordinary shares under the control of the directors

Generally, Aylett & Co should consider opposing resolutions that place unissued ordinary shares under the control of the directors, as any further issues would dilute existing shareholders. Any such actions should thus be specifically motivated to shareholders through calling a general meeting on an ongoing basis.

ii. Providing the directors the authority to issue shares for cash

Generally, the ESP should consider opposing resolutions that provide directors the authority to issue shares for cash, as any further issues would dilute existing shareholders. The Client would want a separate resolution at the time of any further issue with the appropriate motivation provided by management, rather than providing management with a general control over the unissued shares.

iii. Authority to repurchase shares

Generally, Aylett & Co should consider opposing resolutions that allow share repurchases to impact on the “free float” of the company and where the share repurchase could have a material negative impact on liquidity. The Client does however acknowledge that share

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repurchases may result in earnings enhancements for a company and there may be instances in which shares may not be voted in strict adherence to this guideline.

iv. Dual Capitalisation, Preferential Voting Rights

Aylett & Co should consider opposing proposals to divide share capital into two or more classes or to otherwise create classes with unequal voting and/or dividend rights. The Client is concerned that the effect of these proposals, over time, is to consolidate voting power in the hands of relatively few insiders disproportionate to their percentage ownership of the company's share capital as a whole.

v. Repricing or issuing of options at a discount

Aylett & Co should consider opposing proposals that allow for the repricing or issuing of options at a discount. The Client does however acknowledge that not re-pricing certain share options may not align the interests of management and shareholders and there may be instances in which shares may not be voted in strict adherence to this guideline.

Environmental Issues

Environmental Hazards

The public has a right to know whether a company uses substances that pose an environmental health or safety risk to a community in which it operates. Aylett & Co should support resolutions that ask for the adoption of a policy that makes information available to enable the public to assess a company's potential impact.

Environmental Reports

Aylett & Co should support resolutions asking companies to prepare general reports describing environmental management plans. Aylett & Co should also encourage companies to disclose current or potential environmental liabilities.

Corporate Governance

Directors

i. Election/re-election of directors

With respect to the election/re-election of directors, Aylett & Co must consider:

- Effectiveness of the board as a whole,
- Relevant experience of new directors proposed,
- Past attendance record of directors.

ii. Members of Aylett & Co's investment team having directorship on the Board of Listed Companies

The Client believes that FSPs must preserve the independence and flexibility of their investment team and process. Therefore they should not appoint investment team members to the board of listed

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companies. Where FSP contravenes this guideline, the Client requires a written explanation of the rationale for such a decision.

Remuneration

Levels of remuneration should attract, retain and incentivise directors. Given that remuneration has implications for corporate performance and shareholder returns, this is an area in which shareholders have a valid role to play in approving remuneration policies that have been set by formal and independent procedures.

Items that Aylett & Co must consider include:

- Detailed disclosure of director and employee compensation, particularly where the company does not have a majority independent board,
- The independence of the Remuneration Committee and its recommendations,
- Whether compensation is reasonable especially with respect to:
 - total compensation to CEO per annum;
 - ‘golden parachutes’ for early termination of service or if triggered by a takeover;
 - executive severance pay (particularly where the company performance was poor during said executives tenure).

Appointment of Auditors

The audit process must be objective, rigorous and independent to maintain the confidence of the market. Aylett & Co needs to consider any issues that may have compromised the audit firm’s independence and objectivity with respect to the company over the past year.

Empowerment/Equality

Aylett & Co should encourage development of an employment equity plan and reporting on empowerment with specific focus on:

- Shareholders;
- Board of Directors;
- Executive and senior management;
- Staff/labour force;
- Suppliers/Contractors

King Report on Corporate Governance

The Client supports the principles and intentions as laid down in the King III Report on Corporate Governance. Where issues arise that are not addressed or are insufficiently covered in this Annexure, the Client requires Aylett & Co to be cognisant of the principles and intentions of King III Report on Corporate Governance.