

Corporate Activity,
Shareholder Activism and
Corporate Governance
Policy

April 2024

Introduction

As a responsible financial services provider, Camissa Asset Management (Pty) Ltd is committed to high standards of corporate governance. Furthermore, we recognise our fiduciary duty to our clients to ensure, as far as reasonably possible, that the structures and practices of the companies in which we invest on behalf of our clients, ie investee companies, are also committed to adhering to similar corporate governance standards. We believe that the disciplined and consistent exercising of voting rights is at the heart of sound corporate governance.

We must determine whether the long-term interests of our clients would be best served by avoiding positions in companies that are considered to be poorly governed, or whether we should become more actively involved in the company by making our views public, exercising our proxy voting rights or through any other means in order to enhance shareholder value.

Although the advancement of high corporate governance standards is no guarantee of better investment returns, financial services providers are in a critical position to ensure that companies remain directly accountable to their shareholders.

Our intention is not to become involved in the daily management issues of the investee companies nor to be involved on a long-term basis. Instead, our overriding intention in this regard is to exercise voting rights to consciously avoid potential conflicts of interest or perceived conflicts of interest at all costs and ensure investee companies act in the best interests of their shareholders.

Definition of terms

In the interests of sound corporate governance and participation in the investment management process, we are required to consider and vote on all proxies for investee companies in which we hold shares on behalf of our clients.

The guidelines underlying our proxy voting principles are specified in this Policy below the heading, Annexure A.

While this Policy serves as a guideline, our fiduciary duty to the beneficial owners of the shares we hold requires us to examine each resolution offered and the context within which it applies. Therefore, there may be instances where shares may not be voted in strict adherence to these guidelines.

Our investment analysts and/or investment managers will use their skills and experience to assess and consider the nature of the issues being voted upon before voting and will always exercise their vote in the best interests of the ultimate shareholders. Unusual or contentious issues (such as hostile takeovers or proposals) that are not considered to be in the interests of the shareholders will be discussed with the Chief Investment Officer and other senior investment managers before being voted upon. In addition, the investment analysts and/or investment managers will adhere to client-specific reporting requirements.

Any decision to vote against the management of the investee company will be followed up by a letter or telephone call to the respective management to explain our position.

The proxy voting procedures are specified in this Policy below Annexure B.

Bi-annual disclosure

The holding of any directorships not related to Camissa Asset Management, together with any personal shareholdings will be disclosed and included in every staff member's bi-annual declaration.

Annexure A: Proxy voting

General

The guidelines are made up of three components:

- voting guidelines;
- corporate governance recommendations; and
- the investment mandate.

The guidelines further enunciate principles that we believe are important considerations in furthering and advancing the interests of sound corporate governance in South Africa.

Voting guidelines

We take a serious view and approach towards our responsibility to exercise voting authority over securities that form part of our clients' portfolios. Agendas for shareholder meetings increasingly contain material issues involving shareholder rights and corporate governance issues which deserve careful review and consideration. This document, in addition to the King Report and Code on Corporate Governance for South Africa, 2016 (King IV), is intended to provide guidance on how (and when) to vote on certain resolutions on behalf of our clients.

The overriding principle we apply when voting is that we must act in the best interests of our clients to maximise long-term returns. As such, we have an obligation to assess, on a case-by-case basis, those factors that may affect the value of the investments we manage on behalf of our clients.

In addition, the notion of fiduciary duty requires us to examine each resolution tabled in the context within which it applies. Therefore, there may be instances where shares may not be voted in strict adherence to these guidelines.

Applicability

The guidelines apply in the following instances:

- We will vote on the holdings in our top 30 investee companies.
- Where our combined shareholding in an investee company is less than 2% of the company's shares in issue, we do not need to initiate voting. However, the relevant investment analyst or investment manager has the discretion to decide to vote any holding falling outside of these circumstances if deemed necessary.

General

Camissa Asset Management shall vote at shareholder meetings according to the guidelines set out hereunder:

- Irrespective of the number of votes we may hold, we need not initiate or undertake voting in respect of certain standard matters that are the subject matter of common resolutions presented at the annual general meetings of shareholders (see comments below).
- In the absence of a specific mandate, our votes on behalf of our clients will not be committed in advance and unconditionally to third parties, nor will our votes be placed in voting pools that bind clients to predetermined voting positions or compel them to follow the 'common' consensus in voting.
- Any voting rights attaching to securities that have been lent out will have been lost in terms of any arrangements pertaining to securities lending. In such instances, the clients reserve the right to request the recall of such securities should they wish to exercise their voting rights and provided that such requests are given timeously to us in writing.
- If we require our clients to consider the question of voting, we will provide them with sufficient information and a clear motivation of our voting proposal timeously.
- We will not abstain from proxy voting in respect of companies related to the Camissa Group as this may not necessarily be in the best interests of our clients. The proxy voting decision will be arrived at through the normal procedures documented below and will not be influenced in any way by either our management team or directors. To avoid any perceived conflicts of interest, non-investment team management and all Camissa Asset Management directors are prohibited from discussing the matter with the investment team members tasked with arriving at the proxy voting decision.

Annual General Meetings

Board composition and directorship

- **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. We support resolutions that lead to the appointment of such directors.

- **Separate Chief Executive Officer and Chairman**

We support the election of an independent, non-executive Chairman so that the Board represents the interests of shareholders, rather than the executive management. We further expect listed companies to adhere to the JSE Securities Exchange listing requirements in this regard.

- **Re-election of directors**

In general, we will consider opposing resolutions that re-elect a number of directors en bloc in favour of resolutions advocating for re-elections or appointments on an individual basis.

Share Capital

○ **General authority to place unissued shares under the control of the directors**

We will consider opposing resolutions that place unissued shares under the control of the directors, particularly if there is a risk of further issues diluting the existing shareholders' value. Any such actions should rather be specifically motivated to shareholders by calling a general meeting as and when required.

○ **General authority for the directors to issue shares for cash**

We will consider opposing resolutions that provide directors with the authority to issue shares for cash, as further issues could dilute the existing shareholders' value. We prefer a separate resolution at the time of any further issues coupled with the appropriate motivation provided by management as opposed to providing management with a general control over the unissued shares.

○ **Authority to repurchase shares**

We will support share repurchases that enhance shareholder value. We will consider opposing resolutions that allow share repurchases that impact on the 'free float' of the investee company or that have a material and negative impact on liquidity, net asset value or earnings of the investee company or allow major shareholders the opportunity to gain control of the company.

Corporate actions

Share capital

○ **Dual capitalisation, preferential voting rights**

We will consider opposing proposals to divide share capital into two or more classes or to otherwise create classes of shares with unequal voting and/or dividend rights on the basis that the effect of these proposals, over time, is to consolidate voting power in the hands of relatively few insiders which power is disproportionate to their percentage ownership of the company's share capital as a whole.

○ **Repricing or issuing of options at a discount**

We will consider opposing proposals that allow for the repricing or issuing of options at a discount except in instances where the repricing of certain share options aligns the interests of management and shareholders.

Corporate governance recommendations

Directors

Election or re-election of directors

With respect to the election or re-election of directors, we will consider the:

- effectiveness of the board as a whole;
- relevant experience of new directors proposed;
- past attendance record of directors; and
- multiple directorships
 - In view of the time and dedication required to fulfil the duties required of a director it is important that non-executive directors do not hold any more directorships than is reasonable for them to exercise due care.
 - We recommend a reasonable number of directorships to be four directorships of listed companies.
 - If an individual holds more than four directorships of listed companies, we recommend initiating engagement with the board on the matter to ensure the board has applied its mind on the matter.

Representation on the boards of listed companies

We believe that we should preserve the independence and flexibility of our investment team and processes and as such, representation on the boards of other companies is not encouraged and will only be considered in exceptional circumstances. Prior approval for such representation must be obtained from the Chief Investment Officer, Chief Executive Officer and Compliance Officer.

The following types of board representation will be considered:

- Representation that is short term in nature for purposes of achieving a certain objective, which is deemed to be in the best interests of our clients.
- Representation that involves an employee being invited to sit on the board of a investee company that we would not ordinarily analyse or invest in and there is no risk of an actual or potential conflict of interest arising.
- Representation where an employee sits on the board of a small business that the employee is involved in (eg a family business), and where the employee has made prior disclosure of his/her involvement in the business and in respect of which involvement our Board of Directors has given its approval.

Where circumstances require our representation on a board, the individual representing our company will be declared as an 'insider' within our business. This will involve an internal announcement being made stating that he/she is prohibited from talking about the investee company, being involved in any discussions concerning the investee company, or answering any questions related to the investee company.

Shareholder treatment

The equitable treatment of shareholders, particularly minority shareholders, is one of the foundations of corporate governance. This principle should manifest in two ways – indirectly, through the structures and practices established within the company to safeguard shareholders' interest; and directly, in the way the company enfranchises shareholders, so that they may vote in an informed manner and according to interest.

- We prefer that share repurchases, affecting both high and low voting shares, be proposed on a pro-rata basis.
- High voting class shares may not be used to vote on proposals that will dilute low voting class shares. Where preferential voting rights are embedded in the structure, any shareholder resolution that affects the interest of all shareholders should be passed upon the requisite majority being achieved in all (voting) classes of shares.

Remuneration

The levels of remuneration for directors should be aimed at attracting, retaining and incentivising directors. Given that remuneration has implications for corporate performance and shareholder returns, shareholders have a valid role to play in approving remuneration policies that have been established through formal and independent procedures.

We will consider the following in this regard:

- Detailed disclosure (in line with the Johannesburg Stock Exchange Limited Listing Requirements as a minimum) 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.
- Remuneration structure that creates alignment between executive management and shareholders.
- We prefer executive remuneration schemes that place a higher weighting on deferred incentives that are performance based with reasonable stretched targets.

- Whether compensation is reasonable, especially with respect to:
 - the total compensation to CEOs per annum;
 - 'golden parachutes' for early termination of service' or if triggered by a takeover;
 - executive severance pay; and
 - long-term performance incentive structures that are aligned with financial and non-financial issues including those of an ESG nature. Targets should incorporate these issues.

Appointment of auditors

The audit of the investee company must be an objective, rigorous and independent process to maintain the confidence of the market. We will consider any issues that may have compromised the audit firm's independence and objectivity with respect to the company over the previous financial year.

Employment equity and Broad Based Black Economic Empowerment reporting

We will encourage the development and subsequent implementation of an employment equity plan and reporting on Broad Based Black Economic Empowerment with specific focus on:

- Shareholders;
- Board of directors;
- Executive and senior management;
- Staff/labour force; and
- Suppliers or contractors.

Investment mandate

We are averse to investing in companies with no sound track record in health, safety and environmental management issues. As a signatory to both the CRISA code and the UNPRI, we have made significant progress towards integrating ESG issues and responsibilities into our investment process. As part of this process, we will carefully monitor and assess a company's performance in relation to triple bottom line reporting before deciding to invest in such a company. Once we have taken a decision to invest in a company, this monitoring process will be conducted regularly.

Environmental issues

Environmental hazards

The public has a right to know whether a company uses substances that threaten the environmental health or safety of the members of the community within which it operates. We will support resolutions that request the adoption of a policy that makes relevant information accessible to members of the public for purposes of them assessing an investee company's environmental responsibility.

Environmental reports

We will support resolutions requiring investee companies to prepare general reports describing their environmental management plans. We will also encourage investee companies to voluntarily disclose current or potential environmental liabilities.

Social and economic issues

We support resolutions that require companies to prepare reports that cover economic and social issues. This includes issues relating to labour force, customers, suppliers, human rights and the community.

We support votes against issues that negatively impact the above.

Annexure B: Proxy voting procedures

- Notifications relating to upcoming meetings at which our proxy voting may be exercised are sourced from the custodians (if they hold shares in the investee company as nominee on behalf of our clients) and these notifications are sent to the Implementation Unit.
- After receiving a notification, the Implementation Unit will distribute the proxy form to the relevant investment analyst of an investee company for consideration.
- Thereafter in accordance with this Policy, the investment analyst will decide on how to exercise the vote and further complete and sign the draft proxy form accordingly. The investment analyst may elect not to exercise the vote where the holding is not significant (please refer to guidelines) and if there are no contentious issues, in which case this fact will be recorded.
- The investment analyst will return the completed draft proxy form timeously to the Implementation Unit. The Implementation Unit will proceed to fax completed draft proxy form to Apex Fund Services and keep the original on file.
- Apex Fund Services will determine the identity of custodians of our clients, ie we will determine who the custodian's holding shares as nominee on behalf of our clients are. Apex Fund Services will then advise such custodians of our voting decision.
- The custodians will aggregate the beneficial holders' or investment managers' decisions for all of the shares registered in their name as nominee and advise the transfer secretary in writing of the number of shares voted for or against each resolution.
- Finally, the transfer secretary will summarise all the proxy forms received directly from shareholders and from the custodians for a particular meeting.

Version history

Version	Approved by	Revision date	Description of change
1		October 2011	Initial policy
		September 2012	Review and update
		September 2014	Review and update
		June 2019	Review and update
		June 2021	Review and update
		April 2022	Name change
		April 2024	Year change

Version approval

Approved by	Tracy-Lee Scott	Title	Chief Financial Officer	Date	
Approved by	Roland Greaver	Title	Chief Executive Officer	Date	
Approved by	Gavin Wood	Title	Chief Investment Officer	Date	

Policy roles and responsibilities

Role	Responsible person	I	R	A	C
Chief Investment Officer	Gavin Wood			X	X
Investment Team	Mandi Dungwa Abdul Davids		X	X	X
Apex Fund Services	Administrator		X		X

Informed: person who needs to know of the decision or action.

Responsible: person who performs an activity or does the work.

Accountable: person who is ultimately accountable and makes the final decision.

Consulted: person who provides feedback and contributes to the activity.