Truffle's Proxy Voting Policy is part of the Truffle Asset Management Responsible Investing Policy. Proxy voting guidelines form an addendum to this policy. This document is an extract from the Responsible Investing Policy focusing on Truffle's proxy voting.

Proxy Voting Policy

As a responsible investment manager our primary aim is to ensure the achievement of superior risk-adjusted return in line with our clients' mandates. Aligned with this objective, our proxy voting and engagement activities are an integral part of our investment strategy aimed at enhancing long-term value.

We recognise that confidence in integrity and quality of management is essential to long-term value creation and investor confidence. We aim to contribute to investment performance by supporting the application of the highest standards of corporate governance in the companies in which we invest on behalf of our clients.

Our approach to proxy voting draws on aspects of the King IV Code on Corporate Governance; the governance provisions in the South African Companies Act, 71 of 2008; and the listing requirements of the JSE.

We understand that our clients may have their own proxy voting policies and may wish to opt out of Truffle's proxy document. Where this occurs, we will put in place mechanisms to ensure adherence to the client's proxy voting policy.

All resolutions are looked at independently, whilst using this approach as a guideline.

All analysts conduct internal ESG research as part of their responsibilities and within the fundamental research framework. The analyst responsible for a particular stock is tasked with voting in alignment with our proxy voting guidelines (refer Addendum 2) unless it is deemed in the client's best interest not to follow a guideline.

Proxy voting procedures

The voting decision for each proxy vote is determined by the research analyst with decisions made in the context of what will best serve the long-term interests of the clients. The vote is then taken on the STRATE system. In some cases, where it is considered important to attend and vote at the shareholder meeting, a representative may be sent to execute the vote.

Addendum 2: Proxy voting guidelines

This addendum provides an overview of the general principles and guidelines that Truffle will apply when investing in companies as well as when voting. These guidelines draw on: The King IV Code on Corporate Governance; the governance provisions in the South African Companies Act, 71 of 2008; the listing requirements of the JSE, and CRISA. Truffle is also cognisant of the Principle of Responsible Investing (PRI).

Truffle will exercise each proxy on the merits of the case for each such proxy, and from the viewpoint of the client, without regard to any interests of Truffle, its staff, officers, directors, or its associated companies.

Analysts and portfolio managers may choose to vote in a manner that is contrary to what is presented here. In such instances deviations from the guidelines will be clearly recorded and explained.

Where separate client proxy voting instructions are provided, Truffle will abide by client instructions

1. Board of Directors

Truffle assesses Board composition and responsibilities on a case-by-case basis, considering the circumstances of the company, its track record, and overall governance framework. We also take note of board effectiveness reviews that might be undertaken and the actions that come out of those.

Truffle supports the guidelines in King IV with regards to Board composition, function, and responsibilities, specifically:
- The Board is accountable for the performance and affairs of the company.
- It should delegate to management and Board committees, but it retains liability.
- The unitary Board with a mix of Executive and Non-Executive/Independent Directors is appropriate to South Africa.
- The responsibilities of the Board include providing strategic direction; retaining full and effective control; complying with laws and regulations; defining levels of materiality; identifying and monitoring key risks and key performance areas; and having a written Board Charter and/or Terms of Reference for its various Board committees.

Truffle supports Board structures where the Directors can act in the best interests of the company, its shareholders, and other stakeholders in an inclusive manner, and where they may exercise independent judgement and decision-making. A fundamental aspect of a well-balanced and well-governed Board is one where the majority of Directors are independent non-executives.

For the purposes of evaluating whether Directors are independent, the following definition will apply. The Director:
- does not represent and was not nominated by a major shareholder;
- has not been employed by the company or the group in any Executive capacity for the preceding three financial years;
- is not an immediate family member of an individual employed by the company or the group in an Executive capacity in the preceding three financial years;
- is not a professional advisor to the company or the group other than in their capacity as a Director;
- is not a significant or material supplier or customer of the company or the group and is not materially associated with such a supplier or customer;
- has no significant or material contractual relationship with the company or the group (other than as a Director);
- is free from any business or other relationship which could be seen to materially interfere with his/her ability to act independently;
- is not a substantial shareholder of the company;
- does not represent any shareholder who can control or materially influence management and/or the Board;
- is not otherwise associated directly or indirectly with a substantial shareholder of the company; and
- any other criteria in terms of applicable legislation.

Truffle will consider supporting the election of a director where the term of service is over nine years so long as:
- an independent assessment by the Board concludes that there are no relationships or circumstances likely to affect, or appearing to affect, the Director's judgement; and
- the Independent Directors undergo an annual evaluation of their independence by the Chairman and the Board.

Role of CEO and Chairperson

Recognising the importance of a Board structure where power and authority is not vested in one person, Truffle will, subject to the second bullet point below, vote against proposals where the role of CEO and Chairperson are combined, based on the following:
- Listed companies are expected to comply with rule 3.80 of the JSE Listing Requirements: Continuing Obligations, which requires a separation of roles.

- In exceptional circumstances, Truffle may vote for a combined role in listed companies after taking the following into consideration:
    a. overall governance structures of the Board.
    b. a majority of independent Board members with clearly delineated and comprehensive responsibilities.
    c. establishing that members of the key Board committees are all independent.
- Truffle will generally vote against:
    a. a proposal that the Chief Executive Officer move into the position of Chairperson following his/her retirement.
    b. Board structures and Director nominations that will permit a concentration of power to vest in the hands of a small quorum of Directors.
- Truffle will generally vote in favour of:
    a. Boards that are comprised of a majority of Independent Directors (the principles of independence outlined above are applicable here).
    b. Board committees that reflect a level of diversity in terms of skills, race, and gender representative of the social transformation agenda of the country.

Election of Directors

Truffle is of the view that individual Directors must commit an appropriate amount of time to Board-related matters and, where appointed, to relevant Board committees. Truffle, given the circumstances, will decide on the appropriate limit to the number of Board positions held by a director given their specific circumstances to ensure that the individual can satisfactorily fulfil their duties to each particular company.

Truffle will not support a full-time Executive Director of a JSE-listed company holding more than one non-executive directorship (excluding directorships of subsidiary companies).

Votes on Director nominees are made on a case-by-case basis after examining:
- the composition of the Board and key Board committees,
- qualifications and experience of the Directors,
- suitability for participation in Board committees,
- attendance and participation at meetings, in the case of re-elections,
- the corporate governance framework of the Board,
- the overall demographic composition of the Board, and
- any other relevant factor pertaining to the nominee.

Truffle will vote against nominations where:
- A director has attended less than 75% of Board and committee meetings unless there are good reasons for this, and
- Nominees have implemented or renewed any 'poison pill' provisions.
- Truffle will not support the nomination of Non-Independent Non-Executive Directors to the Audit, Remuneration or Nomination Committee.

Truffle will vote against nominations which will cause the Board to have only a minority of Independent Directors.

Truffle will not support Directors and Boards who have:
- enacted or sanctioned poor corporate governance practices or policies, and/or
- failed to replace management where appropriate, including poorly performing managers.

Truffle will vote against proposals that provide that only continuing Directors may nominate replacements to fill Board positions. Shareholders must elect replacements for vacant Board positions.

Truffle will vote against proposals for the nomination of Directors where there is insufficient information to enable shareholders to make an informed decision. Proposals for nominations of Directors should include information concerning:
- experience,
- qualifications,
- other fiduciary commitments (such as other directorships, trusteeships, or curatorships),
- proposed role on the Board,
- possible conflicts of interest, and
- fulfilment of specific industry compliance requirements.

Truffle will vote against resolutions where Directors seeking election or re-election are proposed in a single or collective resolution. An individual resolution must exist for each Director seeking election or re-election.

Truffle will vote against the re-election of any Director who has previously failed to comply with the disclosure requirements in respect of JSE listing requirements on share dealings, unless adequately explained.

Truffle will vote against the re-election of any Director who has dealt in the company securities during a closed period.

Shareholders are ultimately responsible for electing or removing Board members, and it is in their interest that the Board is properly constituted. Truffle will thus support changes to the Memorandums of Incorporation which ensure that both Executive and Non-Executive Directors retire by rotation.

Board size

Truffle will vote for proposals that fix the Board at an appropriate size given the size and complexity of the company.

Board responsibilities, function, and performance

Truffle supports companies where the Boards have a formalised and systematic process of assessing and evaluating the performance of the Board, its committees and individual Directors. Consequently, Truffle will vote in favour of proposals to structure Board committees with specific terms of reference and identified responsibilities.

The responsibilities and levels of performance by Board members must be disclosed to shareholders ahead of annual general meetings. Truffle will vote against Director elections where such disclosures do not occur or where the assessment framework is considered inadequate.

Directors and officer indemnification and liability protection

Truffle will vote against proposals to eliminate Directors' and Officers' liability for damages for violating a duty of care. Truffle will generally vote against proposals that extend indemnification for Directors for acts such as gross negligence, fraud, and breaches of fiduciary duties.

2. Remuneration of Directors

General principles

Truffle expects the Board to maintain a Remuneration Committee that is responsible for the direction and oversight of the company's Executive remuneration programme and for regularly evaluating the performance of senior management. To be effective and avoid conflicts of interest, this Committee must be made up of majority Independent Directors with company Executives attending by invitation as required. Directors who are Chief Executive Officers of other companies should not sit on the Committee. Members of this Committee should not be nominated or selected by management.

Remuneration paid to each Executive Director and Non-Executive Director must be fully disclosed. Such disclosure should include details of base pay, bonuses, share-based payments, granting of options or rights, restraint payments, and all other benefits. Disclosure of the maximum and expected potential dilution that may result from incentive awards granted in the current year is also required.

Remuneration policy

Director remuneration should be sufficient and appropriate to incentivise and retain excellence in the companies Truffle invests in. Remuneration should be structured to ensure the creation of value for the company and shareholders over the long term. While it is difficult to define set remuneration parameters, Truffle will make use of comparative peer analysis to gauge the appropriateness of remuneration packages.

Executive remuneration must enjoy independent and objective oversight. Consequently, all members of the Remuneration Committee must be Non-Executive Directors and the majority of the members as well as the Chairperson must be independent Non-Executive Directors. Executives may attend on invitation but must excuse themselves when their remuneration is under consideration. Contrary proposals from issuers will not be supported.

Where a company releases an Executive Director to serve as a Non-Executive Director in another company, the remuneration report (or such other disclosure to shareholders where a report is not produced) must state whether the Director is permitted to retain any remuneration, including share options.

Base pay and bonuses

<u>Executive remuneration</u>
The majority of Executive remuneration should be 'at risk' and be linked to both business targets, as well as the performance targets of the Executive concerned.
The personal performance targets for Executives must include a combination of financial and non-financial targets. Business performance objectives may be benchmarked against industry and appropriate competitor performance, as well as fixed or absolute targets, and the reasons for setting such targets should be disclosed to shareholders. Truffle will not consider supporting a short-term incentive scheme where the maximum incentive is uncapped unless

a clear motivation and full disclosure on the performance requirement is presented in the remuneration report. Upper limits of such schemes should be capped as a percentage of basic remuneration.

Non-Executive remuneration

Fees for Non-Executive Directors should be proposed to shareholders for their approval on an annual basis. Explanations for the resolutions provided in the notice of the meeting should clearly indicate the quantum of fees proposed for the Chairman, the Deputy Chairman, Lead Independent Director, the Chairman of the Board committees, members of the committees, and Directors.

Truffle will support Non-Executive Directors being paid an attendance fee and will support individual Director's fees reflecting attendance levels, as well as participation on Board committees. Share options for non-executives will not be supported as Truffle is of the view that it compromises their independence.

In exceptional circumstances, and only once alternate strategies have been explored and rejected, Truffle will consider a one-off share option grant to Non-Executive Directors as a specific empowerment strategy and for justifiable commercial reasons, subject to the following:

- full disclosure of quantum, strike price, time of issue, and assumptions on valuation.
- The grant is linked to business and personal performance targets.
- The grant has a vesting period of at least three years.
- The grant is made at market or mid-market price with no discounting.

The empowerment scheme rules require the Non-Executive Director to retain the options for one year after termination of the Director's contract. The Board is sufficiently independent (by number of people) after issuing the shares to Non-Executive BEE candidates.

Employment contracts, severance and retirement benefits

Exit provisions must be monitored to ensure the absence of provisions such as 'poison pills' or inappropriately generous 'golden parachutes'. Specifically, there should be no waiver of financial performance targets should there be a change in control of the company or where subsisting options and awards are 'rolled over' in the event of a capital restructuring and/or early termination of a participant's employment – short- and long-term incentives may, however, be paid on a pro rata basis.

Pension entitlements often represent a significant and costly item of Director remuneration. A company should make informative disclosures identifying incremental value accruing to pension scheme participation, or from any other superannuation arrangements, relating to service during the year in question. This should include the cost to the company, the extent to which liabilities are funded, and aggregate outstanding unfunded liabilities.

Share-based and other long-term incentives

Truffle will generally not support repricing or 'surrender and re-grant' of underwater share options.

Truffle will not support share option schemes where the vesting periods are less than three years, and the Directors have unrestricted discretion with regards to the shortening of vesting periods. Vesting periods may only be shortened in respect of retirement, retrenchment, death or change of control of the company. If the share scheme rules do not provide for a limit on the Director discretion, this must be confirmed in writing by the issuing company.

Truffle will not support options and grants issued at a discount to the market price - pricing should be set at the market price. Truffle will generally not support share grants priced at a discount to net asset value per share.

Truffle will only support proposals where the quantum, strike price, time of issue, and assumptions regarding valuation of options and grants have been disclosed. The potential dilution of shareholder funds or equity should be limited, and the maximum possible dilution (i.e. face value) should be disclosed. The group aggregated dilution from a new issue of shares should be limited to 10% of issued share capital in any rolling ten-year period (as adjusted for scrip/bonus and rights issues). Truffle discourages the use of derivative instruments by option participants prior to the end of the vesting period.

Remuneration disclosure

Truffle supports companies that enhance their disclosure. In line with best practice, remuneration disclosure should contain details on the following:

- disclosure of Directors' interests, including a director who has resigned during the reporting period.
- disclosure of individual Directors' remuneration and benefits, including those of any Director who has resigned during the reporting period.
- basic salary, bonuses and performance – related payments and sums paid by way of expense allowance.
- charts comprising company performance and CEO pay.
- any other material benefits received, with an explanation as to what this includes.
- contributions paid under any pension scheme.
- any commission, gain or profit-sharing arrangements.

- detail regarding share options including assumptions made in calculations.
- detail regarding remuneration consultants and fees paid.
- composition of the Remuneration Committee.
- a statement indicating votes cast in relation to remuneration at the last AGM - this statement should include reasons for substantial votes against, and actions taken in response.

3. Financial Reporting

All financial reporting by a company must be prepared in accordance with the International Financial Reporting Standards. The Board of a company must present a balanced and understandable view of the company's financial position and the company's ability to continue as a going concern.

A company's annual report must contain a statement from the Board outlining their responsibility for preparing the accounts and a statement from the company's auditors concerning their reporting responsibilities. Where non-financial aspects of reporting have been subject to external valuation or review, this fact must be stated, and details provided in the company's annual report.

Companies should make every effort to ensure that information is distributed to stakeholders via a broad range of communication media and that such information is disseminated to all stakeholders simultaneously, where possible.

A company's Audit Committee should determine whether a company's interim results should be audited.

Truffle will vote for proposals to approve financial or Directors' reports only if the reports are available to all shareholders before the shareholders' meeting.

We will vote in favour of a resolution to approve the annual financial statements of a company where we consider the annual financial statements to be a fair reflection of the company's financial position for the period. In considering its vote, Truffle will assess whether there has been an audit qualification for the period and whether there has been any material omission of information. Should Truffle not approve the annual financial statements of a company for whatever reason, it will provide an explanatory note outlining its rationale for declining to approve the annual financial statements.

4. Audit Committee

General principles

The Board should establish an Audit Committee of at least three members or, in the case of smaller companies, two members, all of whom should be Independent Directors. The Board should satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience. The Audit Committee should be established with formal and transparent arrangements to consider how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors. The Audit Committee should have written Terms of Reference dealing adequately with its membership, authority, duties, roles, responsibilities and legislated requirements.

The Chairperson of the Audit Committee should not be the Chairperson of a company's Board. The Audit Committee Chairperson should be knowledgeable about the status and requirements of the role, and must have the requisite business, financial and leadership skills, and should be a good communicator.
The membership and appointment process of the Audit Committee should be disclosed in a company's annual report and must indicate whether the Audit Committee has complied with its Terms of Reference and the way it did so, and shareholders should be able to obtain a copy of the current Terms of Reference of the company's Audit Committee.

The Audit Committee should review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.
The Audit Committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

Membership and appointment

Truffle will vote for proposals to create Audit Committees in which all the members are independent. Truffle will vote against individual Directors who are not independent and sit on the Audit Committee.

Auditing and non-auditing services
The Board of Directors should have an Audit Committee that is responsible for oversight of the annual external audit of the company. The Audit Committee should have primary responsibility for making a recommendation on the appointment, reappointment, and removal of the external auditors. If the Board does not accept the Audit Committee's recommendation, it should include this in the annual report and in any papers recommending appointment or reappointment, issue a statement from the Audit Committee explaining the recommendation, and set out reasons why the Board has taken a different position.
Truffle will support the rotation of audit firms on a ten-year basis. A company's Audit Committee should set a code of principles regarding the conditions under which the external audit firm will provide non-audit services. There should be separate disclosure in a company's annual financial statements of the amount paid to the external auditors for non-audit services as opposed to audit services.

5. Empowerment Transactions

Principles for broad-based black economic empowerment (B--BBEE) transactions

Truffle will support proposed B-BBEE transactions which have a good investment case.
We will support B-BBEE transactions that create meaningful long-term and on-going B-BBEE participation in the company. This will be evaluated on a case-by-case basis and will focus on mechanisms employed to ensure long-term sustainability of the B-BBEE arrangement. Such mechanisms could include but are not limited to minimum lock-in arrangements, limitation on selling of B-BBEE equity etc. As a minimum, Truffle is supportive of B-BBEE transactions that have a minimum of a seven-year lock-in, with a further requirement that sale of equity can only be undertaken to suitably qualified B-BBEE parties.

Truffle recognises that B-BBEE is an important social and business imperative and that B-BBEE transactions are important to the success of the companies in which the Truffle Group invests. We acknowledge that we have a duty to our clients to act in their best interests in evaluating such transactions. Truffle expects that companies will demonstrate the benefits of such a transaction and calculate and disclose the economic implications thereof and impact on key financial metrics. Any economic cost will include the cost of any discount to the market price of shares issued or sold to the B-BBEE parties and/or the effective cost of any funding or option arrangement. Such economic cost should be calculated using generally accepted financial or option valuation methodologies applicable to the situation. Truffle will consider whether such costs are fair in relation to the expected benefits and fair in relation to norms in the marketplace. The structuring and designing of the B-BBEE scheme and selection of participants in such a transaction remain the prerogative of a company's management. Full and detailed disclosure by a company needs to be provided on all relevant terms of the B-BBEE deal. Truffle expects management to clearly justify the structure and composition of the B-BBEE deal.

Truffle favours B-BBEE transactions that are sustainable, including those that are reasonably expected to result in a high probability of value realisation for empowerment partners. To the extent that a B-BBEE transaction is put in place partly to meet B-BBEE legislation (such as the Department of Trade and Industry (DTI) Codes), or to meet the requirements of an industry charter, we would expect the company to obtain the necessary sign-off, advice (legal or otherwise) and/or evidence that the transaction complies with such legislation or charter; and that such sign-off, advice and/or evidence be disclosed to shareholders. A transaction which does not meet legislative or charter requirements, or where insufficient comfort is provided to shareholders that it does meet such legislative or charter requirements, is likely to be rejected in the absence of other strong reasons, which must be motivated by the company. Such legislation or charter may have certain ownership targets in the future, and Truffle would therefore need to gain comfort on the extent to which the transaction meets both current and future requirements.

Principles applying to B-BBEE constituents in transaction consortia

Each component constituent in a consortium that is introduced should be justified on a cost benefit basis on its own merits. Truffle favours the composition of a consortium that would add the most value and the least cost to the company concerned. The choice of the constituents and evaluating which will add the most value to the company is the responsibility of management, who will be required to justify their choice in the context of the company.
Subject to the above, all things being equal, Truffle favours B-BBEE transactions that are as broad-based as possible, and therefore will generally support proposals where staff, customers and other stakeholders are included in the transaction deal. We would classify a transaction as broad based if more than 70% of the shares acquired are for the benefit of a broad base of constituents.
In so far as any component in a B-BBEE transaction is not broad-based and there is a cost to the company with regards to the transaction, Truffle would expect such empowerment partners to provide a capital commitment upfront that is material in the context of the B-BBEE deal and the empowerment partner's financial position. Truffle also expects that such partners have suitable performance conditions for the company and suitable arrangements, including lock-ins and restrictions around competing ownership. Truffle does not expect a capital commitment for the

broad-based elements of the transaction. It is therefore possible that some components of the transaction will provide an upfront commitment whereas other components will not.
As a corollary to the third point above, where a component is not broad based, but there is no cost to the company as a result of the transaction (i.e. where historically disadvantaged individuals have acquired shares in the market or from the company at full price, and there is no recourse at all to the company), then Truffle would not expect such further conditions as outlined in the third point above to be imposed.

6. Unissued shares under the control of Directors

Principles applying to unissued shares under the control of Directors

Where a company's unissued shares are placed by a shareholder resolution under the control of the Directors of the company, it opens the possibility of the Directors abusing their authority by issuing the company's shares in a partisan manner.

Guidance on unissued shares under the control of Directors

Truffle will vote against a resolution that enables the Directors to control a portion of the unissued shares (that is over 10%) and view these resolutions on a case-by-case basis, or other voting instruments as defined in terms of relevant legislation, in the share capital of a company of the issued shares and/or other voting instruments in the share capital of the company, cumulatively in any financial year. Truffle, in making the above determination, does not distinguish between issued share capital exchanged for cash or for shares in another company as the delusionary effect is equivalent.

7. Shareholder Matters Relating to Capital Management

Dividend policy

Should a company in which Truffle has invested declare a dividend, Truffle will investigate the rationale behind the declaration as well as analyse the effect that such dividend may have on the capital structure and liquidity status of a company, if paid to shareholders. Thus, Truffle will consider the reasons given by a company for the declaration of a dividend and determine its voting position given the circumstances.

Capitalisation issues

Truffle will consider the share capital structure before and after such an issue; and form a view as to if it is in favour of such an issue, given the circumstances and possible alternatives that may be available to its clients - for example, the issuing of dividends.

Odd lot offers

Truffle will support proposals by a company to 'mop up' smaller and odd number shareholdings if it results in a lower administrative burden and expense for the company; and provided that the company has the requisite authority to conduct such offers and such offers are at least at market prices.

Share splits and consolidations

Truffle will consider a company's proposal to split or consolidate its share capital, given the circumstances.

Reduction in capital

Truffle will consider a company's proposal to reduce its share capital given the circumstances and provided that a company has the requisite authority to do so and, furthermore, that after such a reduction, all legislative and regulatory requirements are met by the company.

Issuing shares for cash

Truffle is cognisant of the JSE Listings Requirements, which place a restriction on issuing shares for cash up to a maximum of 15% of issued share capital. However, Truffle will review proposals to issue shares for cash on a case-by-case basis. We will generally not support the proposal to issue shares for cash.

Preferential voting rights/dual capitalisation

Truffle does not support the introduction of preferential voting rights/dual capitalisations regarding a company's share capital. However, should a company have such structures in place, then Truffle will form a view regarding the different classes of shares when deciding to exercise a vote in relation to those shares which it holds on behalf of its clients.

8. Share repurchases

Truffle is of the view that share repurchases are an efficient and effective means of returning cash to shareholders and will generally, on behalf of its clients, vote in favour of such proposals by a company, provided that:

- a company has the requisite authority in its Memorandum of Incorporation to repurchase its shares;

- both before, during and after the share repurchase exercise, a company remains both liquid and solvent, the exercise does not result in a material change to a company's share rating, and a company has complied with all other legislative requirements relating to the share repurchase;
- the share repurchase exercise is not used as a means to frustrate or enforce corporate actions or will not result in prejudice to different classes of shareholders;
- a reasonable percentage of the issued shares of a company are subject to the repurchase proposal and will be viewed on a case-by-case basis;
- the share repurchase proposal is used to achieve goals that add value to a company and these goals are specifically stated and explained by a company in its proposal; and
- the share repurchase proposal is in Truffle clients' best interests.

When a company considers repurchasing its shares, all its shareholders must be given an equal chance to tender their shares, and any mandatory repurchase must apply equally to all classes of shares.

9. Changes to Memorandum of Incorporation

Introduction of new share classes

Truffle, in considering whether to vote in favour of a resolution of a company which proposes splitting a company's share capital into different classes (which classes carry different voting rights and/or dividend rights), will in each circumstance determine if such a split will be in its clients' best interests.

We will furthermore assess a company's commercial reasons for proposing such a resolution.

Changes in Board composition

Truffle recognises that a company's proposal to amend its Memorandum of Incorporation to change the composition of its Board may be necessary for any number of commercial reasons and will consider whether such an amendment will be in its clients' best interests given the circumstances. We will also consider the appropriateness of such an amendment considering both South African and international codes of best practice and its internal corporate governance policy. We will not support changes to Memorandum of Incorporations that explicitly state that only Non-Executive Directors should retire by rotation.

Directors' indemnification

Truffle will assess the wording of such resolutions that amend a company's Memorandum of Incorporation with reference to the following:

- whether the proposed indemnity is necessary or appropriate in the circumstances;
- the extent of liability of the persons covered by the proposed indemnity;
- the number of Directors, officers or other persons covered by the proposed indemnity;
- the cost to the company of the proposed indemnity;
- the maximum amount by which each person is and by which all persons are covered by the proposed indemnity;
- whether a company itself grants the proposed indemnity or whether a company is considering entering into an agreement with a third-party insurer to provide the proposed indemnity; and
- any other relevant factors.

Borrowing powers of Directors

Truffle accepts the view that a company may be required to finance its commercial endeavours via debt financing, and that its Memorandum of Incorporation may place a restriction on the borrowing powers of Directors to ensure that such financing is achieved in a prudent manner.

In each case where a proposal is made to amend a company's Memorandum of Incorporation regarding the borrowing powers of Directors, we will assess the circumstances under which such proposal is made and the current level of Directors' borrowing powers to ensure that a company does not allow reckless borrowing that may place itself in illiquid or insolvent circumstances.

10. Political donations

Truffle will not support any resolution for contributions to be made to political parties.