

The table below highlights **Africa ETF Issuer (RF) Limited's** application of the principles contained in King IV

CORPORATE GOVERNANCE – KING IV COMPLIANCE REGISTER 2018

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Chapter 5.1: Leadership, Ethics and Corporate citizenship

Principle	Compliance	Application of the principle (the practices that have been implemented and the progress made in giving effect to the principle or any other comment)
<p>Leadership</p> <p>1 The governing body should lead ethically and effectively</p>	<p>Applied</p>	<p>The governing body's deliberations, decisions and actions are based on the following characteristics:</p> <p>Integrity The members of the Board avoided conflicts of interest. The Board submits its declaration of interests quarterly and the declaration of interest is a standing item on the meeting agendas. A register of declarations of interest are kept.</p> <p>Competence The Board ensured that they have sufficient working knowledge of the Company and its industry as well as the key laws, rules, codes and standards applicable to the Company.</p> <p>Additional training can be provided through the office of the Company Secretary if requested. All directors may, as per the Memorandum of Incorporation ("MOI"), seek independent advice, at the Company's expense. The directors also have unrestricted access to the Chairman of the Board and by Standard Bank South Africa ("SBSA") as Manager of the Company. The Board also has the ability to consult with, and receive the full co-operation from the Manager of the Company where necessary to fulfill its responsibilities.</p> <p>Responsibility The Board assumed a collective responsibility for steering and setting direction of the organization planning, overseeing and monitoring implementation and execution by the Manager of the Company and ensuring accountability for organisational performance.</p>

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		<p>Meeting packs are distributed five (5) days before the meeting to enable the Members to devote sufficient time and effort to prepare for those meetings. Members attended meetings as scheduled.</p> <p>Accountability Members account for the execution of their delegated responsibilities by reporting to the shareholder at the Annual General Meeting (“AGM”).</p> <p>Fairness The members of the Board ensured that it gave fair consideration to the legitimate interests and expectations of all stakeholders of the Company.</p> <p>Transparency The members of the Board disclosed information in a manner that enables stakeholders to make an informed analysis of the Company's performance and sustainability.</p>
<p>2 Organisational Ethics</p> <p>The governing body should govern the ethics of the organization in a way that supports the establishment of an ethical culture.</p>	Applied	A Social and Ethics Committee exemption approval was obtained on 8 November 2015 which is valid for a 5 year period until 7 November 2020. The Board acts in an ethical manner and demands this of all involved in the company.
<p>3 Responsible Corporate Citizenship</p> <p>The governing body should ensure that the organization is and is seen to be a responsible corporate citizen.</p>	Applied	The Board has an obligation to ensure that the Company is governed as per the objectives of the mandate of the Company as set out in the Transaction Documents and more specifically the MOI.
<p>4 Strategy and Performance</p> <p>The governing body should appreciate that the organization's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development</p>	Applied	<p>The Board has an obligation to ensure that the Company is governed as per the objectives of the mandate of the Company as set out in the Transactions Documents.</p> <p>As part of its oversight of performance, the Board is alerted to the general viability of the Company with regard to the Company's solvency and liquidity</p>

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are all inseparable elements of the value creation process.		and its status as a going concern. The Manager of the Company and external auditors confirmed to the Board via the Audit Committee at the meeting where Annual Financial Statements ("AFS") were presented that the Company is a going concern.
<p>Reporting</p> <p>5 The governing body should ensure that reports issued by the organization enable stakeholders to make informed assessments of the organization's performance, and its short, medium and long term prospects.</p>	Applied	The Board has, through the Manager of the Company, regular interaction with the investors, AFS, trading updates and announcements published and met the legitimate and reasonable information needs of material stakeholders.
<p>Roles and Responsibilities of the governing body</p> <p>6 The governing body should serve as the focal point and custodian of corporate governance in the organization.</p>	Applied	<p>The role, responsibilities and procedural conduct of the Board are documented in the Company's MOI and the Companies Act.</p> <p>The Board held 4 (four) meetings during the year and all the directors attended the meetings.</p> <p>The Board is satisfied that it has fulfilled its responsibilities in accordance with the MOI and the Companies Act.</p>
<p>Composition of the governing body</p> <p>7 The governing body should comprise an appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	Applied	<p><i>Nomination, election and appointment of members</i></p> <p>The Board is appointed through a formal process in terms of the MOI. The director representing SBSA is appointed on the basis of recommendations approved by the Group Chief Executive of SBSA. Deliberations and appointments are formal and transparent. Prior to their nomination candidates backgrounds are independently investigated and qualifications verified. Members are given a letter of appointment and inducted to enable them to make contributions to the meetings.</p> <p><i>Composition</i></p> <p>The Board has four (4) members. The following factors were considered when determining the required number of members of the Board:</p> <ul style="list-style-type: none"> ✓ Appropriate balance of knowledge, skills, experience, diversity and independence on the Board

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		<ul style="list-style-type: none"> ✓ Appropriate mix of executive and non-executive and independent non-executive members ✓ The need for a sufficient number of members that qualify to serve on Board committees ✓ The need to secure a quorum at the meetings ✓ Regulatory requirements (MOI, Companies Act, JSE requirements) <p>Independence and conflicts Each member submits a declaration of all financial, economic and other interests held by the member and related parties at least annually or whenever there are significant changes. At the beginning of each meeting of the Board and its committees all members declare whether any of them has any conflict of interest in respect of a matter on the agenda.</p> <p>Chair of the Board The chair is an independent non-executive member. There is no lead independent director appointed to chair meetings in the absence of the chair because the MOI allows the directors to appoint any one of them in the absence of the chair to chair the meetings. The chair is a member of the Audit Committee, but is not the chairman of the committee. This is considered in order given the specific ring-fenced nature and purpose of the Company.</p>
<p>8 Committees of the governing body</p> <p>The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.</p>	Applied	<p>The Board has delegated certain responsibilities, but without abdicating responsibility, to the Audit Committee which has approved terms of reference and conducts formal meetings as required. The terms of reference are reviewed annually and approved by the Board. The Manager of the Company is invited to attend meetings by standing invitation to provide pertinent information and insights in their areas of responsibility.</p> <p>Audit Committee The Committee has three members who are independent, non-executive members of the Board. The chair is an independent non-executive director. The Committee held two meetings during the year and all the members attended the meetings. The Committee met with the external auditors without</p>

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		<p>the Manager, and vice versa, being present to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum.</p> <p><i>Social and Ethics Committee</i> A Social and Ethics Committee was not constituted as an exemption was obtained on 8 November 2015 which is valid for a 5 year period until 7 November 2020.</p> <p><i>Committee responsible for nomination of directors</i> The Company does not have a Committee responsible for nomination of directors. The directors are appointed through a formal process in terms of the MOI. The directors representing Standard Bank Group are appointed on the basis of recommendations approved by the Group Chief Executive of SBSA. Deliberations and appointments are formal and transparent. Prior to their nomination candidates backgrounds are independently investigated and qualifications verified.</p> <p><i>Committee responsible for Risk Governance</i> Risk governance is added to the responsibilities of the Audit Committee as is appropriate for the Company.</p> <p><i>Committee responsible for remuneration</i> There is no need for Remuneration Committee due to the nature of the business.</p> <p>The Company pays a corporate services fee to Maitland Group South Africa Ltd ("MGSA") for the provision of Non-Executive directors. SBSA remunerate the executive director it appointed to the Board of the Company as a SBSA employee and not separately for his role as director of the Company.</p>
<p>Evaluations of the performance of the governing body</p> <p>9 The governing body should ensure that the</p>	Applied	Evaluations of the performance of the Board and the Audit Committee as a whole are undertaken at least after every two years. After every two years the Board would schedule an opportunity for consideration, reflection and discussion of its performance. This would be done by way of self-assessment

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<p>evaluation of its own performance and that of its Committees, its chairs and its individual members, support continued improvement in its performance and effectiveness.</p>		<p>questionnaires. The questionnaires would be completed by directors, Committee members and Manager of the Company.</p> <p>An overview of the evaluation results is presented to the respective chairs and thereafter at the Board and Audit Committee meetings.</p>
<p>Appointment and delegation to management</p> <p>10 The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.</p>	Applied	<p>Delegation While retaining overall accountability and subject to matters reserved to itself, the Board has delegated authority, in terms of the Manager Agreement and related round robin resolutions, to SBSA as Manager of the Company, to manage the day-to-day affairs of the Company.</p> <p>CEO appointment and role The Company does not have employees and due to the nature of its business it does not believe that it is necessary to appoint a CEO.</p> <p>Professional corporate governance services to the Board SBSA as the Manager the Company has appointed MGSA to be the Company Secretary. The person appointed to represent MGSA has the necessary competence and objectivity to provide independent guidance and support in the Company.</p>
<p>Risk Governance</p> <p>11 The governing body should govern risk in a way that supports the organization in setting and achieving its strategic objectives.</p>	Applied	<p>In terms of the MOI, the Board is responsible for the governance of risk and the Manager and Audit Committee assists the Board with this responsibility. The Board exercises on-going oversight of risk management.</p> <p>The Manager and Audit Committee oversee the risk management processes within the Company and reports back to the Board. The responsibility to implement and execute effective day to day risk management is delegated to the Manager of the Company.</p>
<p>Technology and information governance</p> <p>12 The governing body should govern technology and information in a way that</p>	Applied	<p>The Manager of the Company takes overall responsibility for IT governance on behalf of the Company. The Manager of the Company acts within the parameters of the SBSA IT Charter.</p>

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supports the organization setting and achieving its strategic objectives.		
<p>13 Compliance Governance</p> <p>The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in way that supports the organization being ethical and a good corporate citizen.</p>	Applied	<p>The Company's MOI confirms that the Board is responsible for ensuring that the Company complies with all relevant laws, regulations and codes of business practise.</p> <p>The Board has delegated the responsibility for ensuring that the relevant compliance processes are in place to the Manager. The Board is regularly informed and updated of relevant laws, rules, codes and standards through reports presented to the Audit Committee.</p> <p>The Company Secretary monitored regulatory compliance with the Companies Act and advised the Board.</p>
<p>14 Remuneration Governance</p> <p>The governing body should ensure that the organization remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	Applied	<p>The Company pays a corporate services fee to MGSA for the provision of the Non-Executive directors. SBSA remunerates the executive director it appointed to the Board of the Company as a SBSA employee and not separately for his role as director of the Company.</p>
<p>15 Assurance</p> <p>The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organization's external reports.</p>	Applied	<p>The Board is responsible for assurance by setting the direction concerning the arrangements for assurance services and functions. The Manager and the Audit Committee assist the Board with this responsibility.</p>
Stakeholders	Applied	<p>Stakeholder Relationships</p> <p>The Board engages its stakeholders and this allows the Company to manage</p>

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<p>16 In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interests of the organization over time.</p>		<p>issues effectively and timeously and reduces the likelihood of reputational risks. The Board understands that communication with stakeholders in respect of financial and non-financial information is vital and open interaction is actively pursued. The Board has regular and on on-going stakeholder engagements through various channels.</p> <p>The Board is informed of material issues and disputes and provides input to enable resolution as effectively, efficiently and expeditiously as possible.</p> <p>Shareholder Relationships The Board ensured proactive engagement with the Shareholder, including engagement at the AGM of the Company. All directors attended the AGM to respond to the Shareholder's queries on how the Board executed its governance duties. The designated partner of the external audit firm attends the AGM.</p>
<p>17 Institutional Investors</p> <p>The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.</p>	<p>Not Applicable</p>	<p><i>The principle is not applicable to the Company as the Company is not an Institutional Investor</i></p>