



**AFINE
INVESTMENTS**

AFINE INVESTMENTS LIMITED
("Afine" or "the Company")

CORPORATE GOVERNANCE STATEMENT
("this Policy")

PART A: AFINE'S COMMITMENT

The Board, in its capacity as custodian of the Company's corporate governance, is committed to upholding, and endorses the application of, the principles of transparency, integrity and accountability as recommended in King IV. The Board is satisfied that the Company applies King IV in all material respects.

A full report is attached in Part B hereof which, to the best of the knowledge and belief of the Board, sets out the extent of Afine's current application of the principles of King IV and explains the non-application of certain of its principles and/or where principles are not fully applied.

The key principles underpinning the corporate governance of the Company and systems of control that form an integral part of corporate governance are set out hereunder:

1. APPOINTMENTS TO THE BOARD

The Board has adopted a formal and transparent policy with regards to the procedures for the appointment of Directors. To this end, any new appointment of a Director is considered by the Board as a whole. The selection process in respect of new Directors will involve considering the existing balance of skills and experience of the Board, and a continual process of assessing the needs of the Company. The Board is responsible for ensuring that individual appointees and existing Directors are either free of any conflict of interest between the duties he/she owes to the Company and their private interest, or, in the event of any conflict of interest, that the same is managed appropriately. Any conflicts of interest are recorded by the company secretary.

Petroland's CEO and CFO will be seconded to provide services and duties to Afine as required by the Companies Act, the Listings Requirements and the Board. Such services will include the day-to-day management of the Company as well as the implementation of growth and forward-looking strategies.

The JSE has agreed to the part-time appointment of Anton Loubser and JT Loubser as the CEO and CFO, respectively, of Afine due to the current limited operational requirements of the Company, i.e., the Company's current portfolio of seven properties does not warrant the cost associated with the appointment of two full-time executives at present. However, the Board and the Audit and Risk Committee will assess the appointment of a full-time CEO and CFO, respectively, on an annual basis, and report on such assessment in the Company's annual report. As at the Last Practicable Date, the Board and the Audit and Risk Committee have assessed and have satisfied themselves as to the appointment of Anton Loubser and JT Loubser as CEO and CFO, respectively, on a part-time basis until such time as the operational capacity of the Company increases to such extent that would require these positions to be filled on a full-time basis.

Notwithstanding that the CEO and CFO are employed on a part-time basis and seconded to Afine in terms of the Petroland Administration Agreement, they take full

fiduciary responsibility to act in good faith and in the best interest of the Company as if they were full-time Directors.

2. BALANCE OF POWER AND AUTHORITY

There is a clear division of responsibilities and balance of power and authority at Board level to ensure that no one Director has unfettered powers of decision-making. The names and brief *curricula vitae* of the Directors are included in paragraph 2.1.1 of the Pre-listing Statement.

3. BOARD COMMITTEES

While the Board remains accountable and responsible for the performance and affairs of the Company, it delegates to management and Board committees' certain functions to assist it to properly discharge its duties.

3.1 **Audit and Risk Committee**

The Audit and Risk Committee comprises D Kohler (Chairman), PM Todd and MJ Watters. The Audit and Risk Committee will normally invite the Chief Executive Officer, the Chief Financial Officer and such other executive Directors or advisors of the Company to attend meetings and to make proposals as necessary and should invite the Chairman of the Board to all Audit and Risk Committee meetings.

The Audit and Risk Committee will meet at least twice a year and will be responsible for performing the functions required of it in terms of section 94(7) of the Companies Act and such other functions contemplated in its terms of reference.

The Board has established the Audit and Risk Committee to assist the Board in discharging its duties relating to the safeguarding of assets, the management of risk, the operation of adequate systems and control processes, and the preparation of accurate financial reports and statements in compliance with all applicable legal requirements and accounting standards. The Audit and Risk Committee does not perform any management functions or assume any management responsibilities. It provides a forum for analysing and discussing financial, accounting, audit, control and risk management issues and for developing relevant recommendations for consideration, approval and final decision by the Board.

As Afine is a newly incorporated company, only one meeting of the members of the Audit and Risk Committee has been held to confirm the appointment of the first auditor of the Company and to ensure compliance with the Listings Requirements. Further meetings will be convened once the Listing has been implemented.

PKF, the Company's auditors, has provided the Company with the information required in terms of paragraph 22.15(h) of the Listings Requirements in its assessment of the suitability for the appointment of PKF and the designated individual partner as the Company's auditors.

With regards to the responsibilities of the Audit and Risk Committee, these will include, *inter alia*:

- to ensure that the Company has established appropriate financial reporting procedures and that those procedures are operating, which include consideration of all entities included in the consolidated group IFRS financial statements, to ensure that it has access to all the financial information of the Company to allow the Company to effectively prepare and report on its financial statements; and
- to consider, on an annual basis, and to satisfy itself of the appropriateness of the expertise and experience of the Chief Financial Officer. Afine will confirm the same by reporting to Shareholders in its annual report that the Audit and Risk Committee has executed this responsibility. The Audit and Risk Committee has determined that it is satisfied with JT Loubser's current expertise, experience and performance as the Company's Chief Financial Officer.

3.2 **Social and Ethics Committee**

The Social and Ethics Committee comprises D Kohler (Chairman), JT (Anton) Loubser and JT Loubser. This committee will meet at least twice a year and will

be responsible for performing the functions required of it in terms of the Companies Act and such other functions contemplated in its terms of reference.

The role of the Social and Ethics Committee will be, *inter alia*, to monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, and labour and employment matters.

As Afine is a newly incorporated company, meetings of the members of the Social and Ethics Committee have not been held and meetings will be convened once the Listing has been implemented, at which meetings the members will, *inter alia*, consider and confirm whether this committee has fulfilled its mandate as prescribed by the Companies Regulations and the Companies Act. Such confirmation will be included in the Company's annual report of each year. As at the date of this Pre-listing Statement, there are no instances of material non-compliance to disclose.

3.3 **Remuneration Committee**

The Remuneration Committee comprises MJ Watters (Chairman), D Kohler and JT Loubser. The role of this committee will be, *inter alia*, to assess and recommend to the Board the remuneration and incentivisation of the Company's Directors. The Remuneration Committee will meet at least two times per financial year. *Ad hoc* meetings will be held to consider special business, as required. The Chief Executive Officer will attend meetings of this committee, or part thereof, if needed to contribute pertinent insights and information.

As Afine is a newly incorporated company, meetings of the members of the Remuneration Committee have not been held and meetings will be convened once the Listing has been implemented.

4. COMPANY SECRETARY

S Vosloo had originally been appointed as the company secretary of Afine with effect from 1 June 2021 in terms of the Petroland Administration Agreement. A separate agreement was subsequently entered into between S Vosloo and Afine directly which governs S Vosloo's appointment as Afine's company secretary, which agreement was effective from 1 October 2021.

The company secretary is responsible for the proper administration of the Board and the implementation of sound corporate governance procedures. The Board is satisfied that the company secretary is suitably qualified and experienced to carry out the duties as company secretary as stipulated under section 88 of the Companies Act. In making the aforementioned assessments, the Board considered the qualifications and experience of the company secretary. The Board has concluded that the company secretary maintains an arms-length relationship with the Company and its Board.

The Board will, on an annual basis, consider and satisfy itself as to the competence, qualifications and experience of the company secretary. The Company will confirm the same by reporting to shareholders in its annual report that the Board has executed this responsibility.

Full details of how Afine has applied the principles set out in King IV, as well as an explanation as to the extent of Afine's compliance with King IV which will enable Shareholders and investors to evaluate how these principles have been applied, will be included in its first annual report to be issued for the year ending 28 February 2022.

PART B: APPLICATION OF PRINCIPLES IN KING IV

1. PREAMBLE

Afine is committed to the principles of transparency, integrity, fairness and accountability. As a recently incorporated company, Afine has a newly constituted Board and is in the process of assessing the application of the principles set out in King IV. Notwithstanding the aforementioned, Afine will strive to apply the principles set out in King IV in accordance with the content of the table below. The actual application of the principles will be determined at the end of the financial year ending 28 February 2022.

2. KING IV PRINCIPLES

In terms of the JSE Listings Requirements, all companies listing on the JSE must apply King IV to the appropriate degree. The Board will endeavour to comply with the relevant Principles set out in King IV where, in the view of the Board, they apply to the business. Where they do not apply, this will be noted appropriately. Principles embody the aspirations of the journey towards good corporate governance.

The 17 King IV Principles and the extent of the Company's compliance are set out in the table below:

| Principle | Description | Compliance status | Extent of compliance |
|-----------|---|-------------------|--|
| 1 | The Board as the governing body should lead ethically and effectively | Comply | <p>The Company is newly established and the Board has only recently been appointed. The Board has taken cognisance of the approach contained in both the Companies Act and King IV that the Company has a role to play in society and has an obligation to conduct itself as a responsible corporate citizen.</p> <p>The Company is committed to ethical behaviour throughout its business, adopting the principles of integrity, competence, responsibility, accountability, fairness and transparency in order to offer effective leadership that achieves the Company's strategic objectives and positive outcomes over time.</p> <p>The Board will ensure that the Company's leadership will operate in an ethical manner in accordance with a Code of Ethics for the Group.</p> |
| 2 | The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture. | Comply | The Board supports the establishment of an ethical culture throughout the Group and the Directors recognise that they are ultimately responsible for the governance of ethics within the Company and for setting the |

| Principle | Description | Compliance status | Extent of compliance |
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| | | | <p>direction for how ethics are approached and addressed.</p> <p>The Directors further recognise that it is their role to set the tone for an ethical organisational culture where the above characteristics are cultivated across the business and adopted by all employees. For this purpose, the Company has adopted a Code of Ethics that provides for arrangements that familiarise employees and other stakeholders with the Company's ethical standards to ensure that the Company maintains the highest ethical standard and complies with all applicable legislation, rules, and regulations.</p> |
| 3 | The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen. | Comply | <p>The Board is recognised that the Company is an integral part of the communities in which it operates and is committed to building sound relationships, based on trust, honesty, and fairness.</p> <p>The Board sets the direction for good corporate citizenship, including compliance with the laws of South Africa, leading standards, its own policies and procedures, as well as congruence with the Company's purpose, strategy and conduct.</p> <p>The Board furthermore oversees and monitors the Company's status as a good corporate citizen in such areas as the workplace, economic behaviours and results, societal and environmental short and long-term impacts.</p> <p>The concept of responsible corporate citizenship is integrated into the group strategy, and its principles underpin all key aspects of the business.</p> |
| 4 | The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, | Comply | The Board assumes responsibility for the Group's performance by steering the strategy and setting its core purpose and values. The formulation and development of the Group's strategy is delegated to |

| Principle | Description | Compliance status | Extent of compliance |
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| | performance and sustainable development are all inseparable elements of the value creation process. | | management, but the strategy is constructively challenged by the Board with due reference to, inter alia, risks and opportunities, resources, the legitimate expectations of shareholders and the long-term sustainability of the organisation. |
| 5 | The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects. | Comply | The Board takes responsibility for setting the direction, approach and conduct for the Company's reporting and approves the reporting frameworks to be used. It furthermore oversees compliance with legal reporting requirements and aims to ensure that reports meet the reasonable and legitimate needs of material stakeholders to enable them to make informed assessments of the Company's performance and its short, medium and long-term prospects. |
| 6 | The governing body should serve as the focal point and custodian of corporate governance in the organisation. | Comply | The Board exercises its leadership role by: steering the organisation and setting its strategic direction; - approving policy and planning that gives effect to the direction provided; - overseeing and monitoring implementation and execution by management; and - ensuring accountability for organisational performance by means of, amongst others, reporting and disclosure. |
| 7 | The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively | Comply | All Directors have the requisite skills and knowledge from diverse backgrounds. <i>Curriculum vitae</i> of the Directors are set out in paragraph 2.1.1 of the Pre-listing Statement. The Board comprises three non-executive Directors, two of whom are independent. There are two executive Directors, being the Chief Executive Officer and the Chief Financial Officer, ensuring multiple points of direct interaction with management. The lead independent non- |

| Principle | Description | Compliance status | Extent of compliance |
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| | | | <p>executive Director leads the Board in the objective and effective discharge of its governance roles and responsibilities.</p> <p>The Board will at all times maintain an appropriate balance of power, skills and experience (including business, commercial and industry experience), diversity and independence to objectively and effectively discharge its governance role and responsibilities.</p> <p>The Company supports the principles of broader diversity, specifically focusing on the promotion of the diversity attributes of race, gender, culture, age, field of knowledge, skills and experience at Board level. No voluntary targets have yet been set; however, the Board is analysing and discussing such targets in line with the Company's adopted Diversity Policy.</p> <p>In terms of the Company's Diversity Policy, the Board has resolved:</p> <ul style="list-style-type: none"> - as stated above, not to set voluntary targets in respect of non-executive Directors, but rather to endeavour to use every reasonable opportunity that avails itself (usually as a result of a vacancy arising on the Board) to improve overall diversity of non-executive Directors. This process will focus on increasing representation of females, Black People and disabled people in respect of the appointment of non-executive Directors, but will also take into consideration culture (ethnicity), age, field of knowledge, skill and experience, with an ultimate goal of a broadly diversified base of non-executive Directors that best meets the needs and requirements of the Company and wider Group; and - in respect of executive Directors, to ensure that the Company and wider Group are working towards, using every available opportunity (usually when a vacancy arises) and making reasonable progress in |

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| | | | <p>respect of, achieving goals as agreed to by the Board in respect of the Company and Group's employment equity plans. In doing so, the Board will also ensure that attributes of culture (ethnicity), age, field of knowledge, skill and experience are taken into consideration when appointing executive Directors.</p> <p>The Company will report to shareholders in its annual report on how the board of directors or the nomination committee, as the case may be, has considered and applied the policy of broad diversity in the nomination and appointment of directors. The board will report on the progress of achieving the agreed voluntary targets.</p> <p><i>Nomination, election and appointment of Directors</i> Directors are appointed by the Board or at the Company's annual general meeting ("AGM"), with Board appointed Directors re-appointed by Shareholders at the Company's next AGM. The longest serving third of the Directors must be reappointed by Shareholders annually. Board appointments are conducted in a formal and transparent manner by the entire Board following recommendations made by the Remuneration Committee.</p> <p><i>Independence and conflicts</i> Directors are required to declare whether any of them has any conflict of interest in respect of any matter on the agenda of any meeting of the Board or Board committee. Conflicts of interest are managed as set out under Principle 1 above.</p> |
| 8 | The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance | Comply | <p>The independent Directors have been appointed to ensure that a greater level of independence is maintained in all business matters of the Board.</p> <p>In addition, the role of the Chief</p> |

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| | of power and the effective discharge of its duties. | | <p>Executive Officer and Chairman are separated to ensure a balance of power and effective discharge of duties.</p> <p>The Board has delegated particular roles and responsibilities to the committees set out above, each of which has the collective knowledge, skills, experience and capacity to execute its duties effectively. Such delegation is subject to formal terms of reference that are approved and renewed from time to time by the Board. The delegation by the Board of its responsibilities to any committee does not by or of itself constitute a discharge of the Board's accountability, and the Board will continue to apply its collective mind to the information, opinions, recommendations, reports and statements presented by any committee or director.</p> |
| 9 | The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness | Comply | The Board is responsible for evaluating its own performance, that of its committees, chair and individual members, and determines how such evaluation is to be approached and conducted in terms of a formal process undertaken at least every two years where performance is considered, reflected on and discussed so as to ensure that performance and effectiveness is always improving. |
| 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. | Comply | <p>Service level agreements have been established for the executive Directors through the Service contract signed with Petroland. The contract sets out roles and responsibilities and the effective exercise of authority by each executive Director. The Board has furthermore satisfied itself that key management functions are led by competent and appropriately authorised individuals and are adequately resourced.</p> <p>The Board will in due course ensure that an adequate succession plan is developed and approved.</p> |

| Principle | Description | Compliance status | Extent of compliance |
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| | | | <p>The Chief Executive Officer is responsible for leading the implementation and execution of the Company's approved strategy, policy and operational planning, and serves as a link between management and the Board. The Chief Executive Officer is accountable and reports to the Board.</p> <p>The Board has access to professional and independent guidance on corporate governance and its legal duties, as well as support to coordinate the functioning of the Board and its committees. All Directors have access to the advice of the company secretary, who is not a member of the Board, and who provides guidance to the Board and to individual members regarding how to properly discharge their responsibilities. The Board has considered and endorsed the company secretary's ability to perform her duties, including her qualifications, experience, competence, effectiveness, and objectivity, and will continue to do so on an annual basis.</p> <p>The company secretary reports to management on all duties performed and administrative matters.</p> <p>The direction and parameters for the powers of the Board, and those delegated to management via the Chief Executive Officer, including a delegation of authority framework that contributes to role clarity and the effective exercise of authority and responsibilities, are set out in a Board charter. The Board is responsible for ensuring that key management functions are headed by an individual with the necessary competence and authority and adequately resourced.</p> |
| 11 | The governing body should govern risk in a way that supports the | Partially comply | The Company treats risk as integral to the way it makes decisions and executes its duties. The Company's |

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| | <p>organisation in setting and achieving its strategic objectives.</p> | | <p>risk governance encompasses both the opportunities and associated risks in developing strategy and the potential positive and negative effects of such risks on the achievement of its organisational objectives. While the Board exercises ongoing oversight of risk management, the Company's risk governance function is delegated to the Audit and Risk Committee in accordance with its the terms of reference, with the responsibility for implementing and executing effective risk management delegated to management.</p> <p>Due to the Company being recently incorporated, there has been no monitoring of risk management or establishing of risk tolerance levels as at the Last Practicable Date.</p> |
| <p>12</p> | <p>The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p> | <p>Do not comply yet as the Company is newly incorporated</p> | <p>The Board will set the approach and approve the policy for technology and information governance, including adoption of appropriate frameworks and standards, but the implementation of effective IT governance will be delegated to management.</p> <p>The Board, together with the Audit and Risk Committee, oversees the governance of information technology. The Board is aware of the importance of technology and information in relation to the Group's strategy, and confirms that processes exist ensuring timely, relevant, accurate and accessible reporting, communication and data storage.</p> |
| <p>13</p> | <p>The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</p> | <p>Comply</p> | <p>The Company is governed by the Companies Act and upon listing, will be governed by the JSE Listings Requirements for the duration of its listing on the AltX.</p> <p>The Board undertakes to comply with any laws that the Company is required to comply with from time to time. Where the Company incurs material or repeated regulatory</p> |

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|-----------|--|-------------------|--|
| | | | penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations, this will be disclosed to Shareholders. |
| 14 | The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. | Comply | <p>The Company has a basic remuneration policy in place to ensure that management is appropriately remunerated and the Board has considered remuneration trends. The Board will continue to assess market trends in remuneration and adjust the Company's remuneration policy. The policy and the implementation thereof will be tabled for shareholder approval at annual general meetings of the Company to ensure further transparency.</p> <p>In the event that the remuneration policy and/or the implementation report is voted against by 25% or more of the votes exercised at the annual general meeting, the Company will engage with Shareholders to ascertain the reasons for the dissenting votes and to appropriately address legitimate and reasonable objectives and/or concerns raised. The Company shall engage with key shareholders on an annual basis if required to do so and will promote meaningful and transparent dialogue with stakeholders, with a particular focus on Shareholders and investors, and make efforts to resolve concern raised by shareholders.</p> |
| 15 | 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 organisation's external reports. | Comply | The Board will delegate to the Audit and Risk Committee oversight to ensure an effective internal control environment, integrity of information for management decision making and external reporting. The Board will furthermore ensure that a combined assurance model is applied that covers significant risks and material matters through a combination of the organisation's line functions, risk and compliance functions, external accountants as well as external auditors and other regulatory service providers and regulatory so as to |

| Principle | Description | Compliance status | Extent of compliance |
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| | | | enable it to assess the integrity of information and reports and form an opinion on the effectiveness of the control environment. The risk appetite of executive management, the Audit and Risk Committee and Board will determine areas of strategic and business focus, which in turn determines the level of assurance considered appropriate for identified business risks and exposures. To plan and coordinate assurance, the company has and will design and implement a combined assurance framework, incorporating a number of assurance services, to cover adequately its significant risks and material matters so that these enable an effective control environment, support the integrity of information used as well as the integrity of the group's external reporting. |
| 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 organisation over time. | Do not comply yet as the Company is newly incorporated | Whilst the effective management of stakeholder relationships will be delegated to management, the Board will ensure that a policy providing for the management of stakeholder relationships is adopted. The Company has a website where all financial reports, business updates and any other information will be made available to ensure that stakeholders are kept abreast with the Company's developments. |
| 17 | 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. | Not applicable | This principle applies to institutional investors only and therefore does not apply to the Company. |

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