

TABLE OF COMPLIANCE WITH KING IV PRINCIPLES

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| King IV Principle | AEP Compliance Commentary |
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| Leadership, Ethics and Corporate Citizenship | |
| LEADERSHIP | The Board confirms its commitment to the highest standards of corporate governance. The Board Charter was adopted by the Board and has set the ethical foundation for how the Company operates. |
| <p>Principle 1 The governing body should lead ethically and effectively.</p> | <p>The Board and its committees monitor compliance and the directors individually and collectively cultivate and exhibit integrity, competence, accountability, fairness and transparency in their leadership. They act ethically in discharging their responsibility to provide strategic direction and control of the Company as provided for in the Board Charter and the Company's Memorandum of Incorporation. The ethics of the Board and the directors are continuously monitored. The Board confirms that a code of conduct policy will be adopted by the Company which will set the ethical foundation for the Company. The Social and Ethics Committee dedicated its inaugural meeting to the drafting of a code of conduct policy, which was to be implemented during the financial year ending June 2019.</p> |
| ORGANISATIONAL ETHICS | The Board has established the Social and Ethics Committee, which reports to the Board, to ensure that issues related to the environment, health and safety as well as sustainability are given due consideration. AEP listed on 30 June 2017 and the Social and Ethics Committee had one meeting during the year under review. Management has been delegated the responsibility for the drafting and implementation of the code of conduct. |
| <p>Principle 2 The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p> | <p>The Board, with the assistance of the Social and Ethics Committee and the Audit and Risk Committee, will exercise ongoing oversight of the management of ethics, and ensuring that our conduct supports our values.</p> <p>The purpose of the code is to give guidance in interactions with all stakeholders and to address the key ethical risks of the Company. Our programmes will include a whistle-blower facility, operated by an independent service provider, which will enable employees and other stakeholders to report confidentially and anonymously any unethical or risky behaviour.</p> <p>Directors are mindful of their fiduciary duties and their duty to act in accordance with applicable legislation. Records of directors' financial interests are maintained and updated on an ongoing basis. Each director acts with independence of mind in the best interests of the Company and its stakeholders. In its deliberations, decisions and actions, the Board is sensitive to the legitimate interests and expectations of the Company's stakeholders.</p> <p>The Company further maintains a register of director interests, which is updated on an ongoing basis. At the beginning of every Board meeting, the Chairman actively reminds members to declare where they maybe conflicted and to recuse themselves in these circumstances.</p> |
| RESPONSIBLE CORPORATE CITIZENSHIP | The Board ensures that the Company complies with all the applicable legal requirements and that the relevant structures are in place for compliance. The Company further manages its employees in a fair and responsible manner and is also committed to looking after the environment and society within which it operates. |
| <p>Principle 3 The governing body should ensure that the organisation is and be seen to be a responsible corporate citizen.</p> | <p>Through the Board Charter and our social and ethics terms of references, a framework will be established to ensure human and financial resources are employed effectively, always minded to make a beneficial impact on the communities in which we operate.</p> <p>AEP is still a SPAC. Our commitment to the environment and society will therefore only be measured once a viable asset is acquired and becomes fully operational.</p> |

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| <p>STRATEGY AND PERFORMANCE</p> <p>Principle 4 The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</p> | <p>The Board acknowledges its strategy and performance responsibility as detailed in the Board Charter. AEP's Board has undertaken a robust interrogation of the Company's purpose, risks and opportunities, strategy and business model with due consideration to all the capital requirements. The Board formulated a business plan including key performance measures and targets. Every quarter the Board will actively monitor performance against all the targets in acknowledgement that the outcomes for all the targets and behaviours are aimed at value creation for all stakeholders.</p> <p>The Company endeavours to create trust and goodwill with stakeholders which will ultimately foster a positive business environment that facilitates business growth while building the Company's image and brand as an ethical, responsible and concerned corporate citizen. AEP is aware of its responsibility to present a balanced and comprehensive assessment of the Company to all its identified stakeholders. The Company aims to build mutually beneficial relationships with its stakeholders, set on a foundation of effective and practical communication, for the benefit of society as a whole.</p> |
| Reporting | |
| <p>PRIMARY ROLES AND RESPONSIBILITIES OF THE GOVERNING BODY</p> <p>Principle 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.</p> | <p>The Board, through the Audit and Risk Committee and other Board committees, ensures that the necessary controls are in place to verify and safeguard the integrity of the annual reports and any other disclosures. The Audit and Risk Committee oversees and reviews the annual financial statements, which are audited by the external auditors. The Social and Ethics Committee's role is to oversee the sustainability reporting assurance and the Remuneration Committee's role is to monitor remuneration reporting, which is reviewed by the Company's remuneration consultants.</p> <p>The Annual Integrated Report provides a review of the sustainability of the Company, including the Company's financial and economic performance on matters material to the Company's strategy and the key stakeholders. Reporting is prepared in line with recognised guidelines that ensure compliance with legal requirements and relevance to stakeholders including International Financial Reporting Standards (IFRS), King IV and the JSE Listings Requirements.</p> |
| <p>PRIMARY ROLES AND RESPONSIBILITIES OF THE GOVERNING BODY</p> <p>Principle 6 The governing body should serve as the focal point and custodian of corporate governance in the organisation.</p> | <p>The Board ensures that the Company applies the governance principles contained in King IV and will continue to further entrench and strengthen recommended practices through the Company's governance structures, systems, processes and procedures. Every year a gap analysis will be conducted by a governance expert to ensure full compliance.</p> <p>The Board, through effective corporate governance, directs and manages the operations of the Company, and reviews Company policies as and when the need arises.</p> <p>The Board, as well as any director or committee, may obtain independent, external professional advice at the Company's expense concerning matters within the scope of their duties and the directors may request documentation from, and set up meetings with, management as and when required. An appropriate governance framework and the necessary policies and processes are in place to ensure entities in the Company adhere to the required governance standards. The Company's governance framework and corporate governance practices are disclosed in the Governance Report in the Annual Financial Statements.</p> |

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| <p>COMPOSITION OF THE GOVERNING BODY</p> <p>Principle 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.</p> | <p>The Board consists of 10 directors, two of whom are executive directors and eight of whom are non-executive directors. Five of the eight non-executive directors are independent. The Chairman of the Board is an independent non-executive director. The Board has also considered and satisfied itself with regard to the competence and qualifications of all Board members. Furthermore, the Company appoints directors based on certain criteria which include, inter alia:</p> <ul style="list-style-type: none"> • Leadership qualities; • Depth of experience; • Independence; • Business acumen; and • Personal integrity beyond reproach. <p>The Board is in the process of adopting a policy on the promotion of diversity at Board level, and shall report in the Integrated Annual Report on how it has made progress towards meeting the targets established in the policy which will happen when AEP has progressed from being a SPAC. The process of identifying suitable candidates for appointment to the Board involves taking into consideration diversity and inclusion. Directors are appointed in terms of the Company's Memorandum of Incorporation.</p> |
| <p>COMMITTEES OF THE GOVERNING BODY</p> <p>Principle 8 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> | <p>As set out in the Board Charter, the Board has four standing committees that assist it in discharging its duties and responsibilities, and these are: The Audit and Risk Committee, the Investment Committee, the Remuneration and Nomination Committee, and the Social and Ethics Committee.</p> <p>These committees operate in accordance with written terms of reference approved by the Board, and reviewed annually. The committees are appropriately constituted and members are appointed by the Board, with the exception of the Audit and Risk Committee whose members are nominated by the Board and elected by shareholders of the Company. The Nomination Committee reviews the composition of Board committees and makes recommendations to the Board with regard to their composition, taking into account factors such as diversity and skills.</p> <p>External advisors, executive directors and members of executive and senior management attend committee meetings by invitation. Any non-executive director may also attend meetings by invitation. The committees play an important role in enhancing high standards of governance and achieving increased effectiveness within the group.</p> |
| <p>EVALUATION OF THE PERFORMANCE OF THE GOVERNING BODY</p> <p>Principle 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.</p> | <p>The effectiveness and performance of the Board as a whole as well as that of each individual Board committee, is evaluated annually. The Remuneration and Nominations Committee has resolved that as the Company is still a SPAC, performance evaluation will be undertaken for the Board as whole, and that of the Audit and Risk and the Investment Committee, by an independent service provider which will aid the Board in ensuring the continuous development of directors.</p> <p>An external service provider will assist the Board and Board committees with evaluations in respect of the Board's performance in FY2018. The Board wishes to satisfy itself that the evaluation process will improve the Board's performance and effectiveness.</p> |
| <p>APPOINTMENT AND DELEGATION TO MANAGEMENT</p> <p>Principle 10 The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.</p> | <p>The Company has delegated the overall management of its operations to an external management Company except for instances where approval by the Board or shareholders is expressly required. Furthermore, the Company, through the Audit and Risk Committee, is currently implementing a detailed Delegation of Authority (DoA) to be rolled out once the acquisition of a viable asset is completed.</p> <p>The role and responsibilities of the Chief Executive Officer are set out in the Board Charter. The Board, with the assistance of the Remuneration and Nomination Committee, is responsible for ensuring that succession plans are in place for the Chief Executive Officer and other senior executives. The Chief Executive Officer is accountable to the Board for the successful implementation of our strategy and the overall management and performance of the Company. The Chief Executive Officer is supported by a competent, multi-skilled team, which helps him execute his responsibilities.</p> |

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| Governance function areas | |
| <p>RISK GOVERNANCE</p> <p>Principle 11 The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p> | <p>The Company has appointed an Audit and Risk Committee as a sub-committee of the Board, all of whose members are independent non-executive directors, and are suitably skilled and experienced. The committee evaluates risks associated with the business and reports to the Board on its tolerance for those risks.</p> <p>The Board is satisfied that the executive management team is constantly aware of risk factors and actively seeks ways in which to overcome controllable risks and to minimise the impact of the uncontrollable risks.</p> |
| <p>TECHNOLOGY AND INFORMATION GOVERNANCE</p> <p>Principle 12 The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p> | <p>The Audit and Risk Committee oversees amongst others, the IT risk of the Company, and its responsibility is set out in the committee's terms of reference. The committee reports to the Board on feedback from management and the external auditors on IT governance.</p> <p>The Code of Conduct, to be approved by the Board, will set out the requirement of legal compliance and provide for the Company to develop and implement a policy. The Company will develop a Legal and Regulatory Compliance Policy and, with the assistance of the Audit and Risk Committee, identify the legal and regulatory universe applicable to AEP.</p> <p>Implementation of the policy will be monitored by management and reported to the Audit and Risk Committee and to the Social and Ethics Committee.</p> |
| <p>COMPLIANCE GOVERNANCE</p> <p>Principle 13 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>Management, with the assistance of the Audit and Risk Committee, will further develop a legal and regulatory compliance policy to ensure compliance within the organisation.</p> |
| <p>REMUNERATION AND GOVERNANCE</p> <p>Principle 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 short-, medium- and long-term.</p> | <p>The directors' remuneration is subject to a benchmark exercise conducted by PWC against industry norms and other similar listed companies. Subject to the report on this exercise the Board and remuneration and nominations committee will have a clear view of the fairness of directors' remuneration and will be amended if required. Information regarding remuneration of directors is disclosed in the Annual Financial Statements.</p> |
| <p>COMBINED ASSURANCE</p> <p>Principle 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.</p> | <p>The Audit and Risk Committee and the Executive Committee have developed a risk-based approach to monitoring a comprehensive system of internal controls. The Audit and Risk Committee ensures that the combined assurance from both external auditors and the Executive Committee appropriately addresses the identified Company risks. The Audit and Risk Committee also monitors the activities of management in their role as custodians of business processes to ensure the effective implementation, review and maintenance of internal controls, as well as alignment with other assurance providers.</p> |

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| Stakeholder relationships | |
| <p>STAKEHOLDERS</p> <p>Principle 16 In the execution of its governance roles 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.</p> | <p>AEP is committed to transparent, comprehensive and objective communication with its stakeholders. The Company maintains a website (www.aep.co.za), which provides information regarding the Company's operations, financial performance and other information. Shareholders are encouraged to attend the Annual General Meeting and to use it as an opportunity to engage with the Board and senior management.</p> <p>Summaries of the results of decisions taken at shareholders' meetings are disclosed on the JSE's Stock Exchange News Service (SENS) as well as on the Company's website following the meetings.</p> |