

Gender diversity promotion Policy

Per the JSE Listings Requirements, section 3.84(k) “the board of directors or the nomination committee must have a policy on the promotion of gender diversity at board level. The issuer must confirm this by reporting to shareholders in its annual report on how the board of directors or the nomination committee have considered and applied the policy of gender diversity in the nomination and appointment of directors. If applicable, the board of directors or the nomination committee must further report progress in respect thereof on agreed voluntary targets.”

The eXtract board consist of 6 directors and has set the following targets:

Board Targets

eXtract Board			
	Now	Target yr 2	Deficiency
JSE Code			
African Male	1	2	-1.0
White Male	4	3	1.0
African Female	2	2	-0.0
White Female	0	0	-0.0
<i>Total</i>	7	7	

% Empowered	43%	57%
% Gender diversity	29%	29%

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A. Proposals for nominations of directors

It is the board’s duty and not that of the shareholders to nominate suitable individuals for the shareholders’ consideration for election as directors or alternate directors. However, the board’s role in the nomination process gives it an opportunity not only to entrench itself in office (by only nominating current directors for consideration by shareholders) but also to only nominate those who will fit in with the current mould of thinking. The board should guard against this whilst being mindful of its duty to always act in the best interest of the company.

The board should, as part of the process of locating and considering suitable candidates for nomination, seek proposals for nominations for directors or alternate directors from the shareholders.

The board should conduct a 'needs assessment' to determine the skills and experience required to fill vacancies on the board. An evaluation of the board and its individual directors will provide valuable information to assist in this 'needs assessment'. The board should be mindful of its gender diversity targets and alert shareholders of these targets.

In conveying these requirements, the board should guard against being so restrictive that it unduly limits shareholders' options.

It is recommended that each proposal of a candidate to the board should be accompanied by the candidate's consent to act and a detailed CV outlining the candidate's relevant experience and qualifications.

Considering the size of the group the directors propose to discuss board composition with key shareholders during road shows and shareholder interactions. The board noted that the creation of a forum on the company's website that enables liaison with shareholders could potentially be very useful to facilitate shareholders' involvement in the proposal process, but aim to only introduce his practice at a later stage as the group grows.

B. Nominations of directors

The nomination committee should determine the nominees that will be put forward for election by the board that are entitled to exercise voting rights in that election. In so far as it serves the best interest of the company, the board should strive to be as transparent as possible concerning the reasons for its decision.

Abridged CVs of all candidates that are finally nominated by the board should be furnished to board members.

C. Voting for directors en bloc

If the election of two or more candidates as directors is conducted by way of one single resolution, the method of voting is referred to as *en bloc* - voting. The MOI does not allow *en bloc* – voting. Voting is to conduct the election as a series of votes, each vote on the candidacy of a single individual for a single position as director.

Though Section 68 of the Act permits *en bloc* – voting in instances where the MOI allows it. The board agrees that *En bloc*-voting deprives shareholders of the opportunity to consider the merits and suitability of individual candidates and thereby dilutes accountability and does not support this practice.

D. Proportionate representation for blocks of minority shareholders

The principle that the shareholders with more than 50% of the voting rights determine the composition of the entire board is well-established. This also aligns to the MOI.

The board noted that this may no longer be the case in future, due to section 66(4)(b) of the Act, which allows for parties other than shareholders to elect directors subject to its requirements. The MOI requires shareholders to elect at least 50% of all directors and 50% of any alternate directors. A creditor may for instance demand the right to appoint up to 50% of the directors and 50% of any alternate directors to mitigate the risk that it undertakes by extending finance to the company.

The appointment of directors or alternate directors by parties other than shareholders is a matter that must be provided for by the company's MOI as adopted by its shareholders. This is currently not the case.

A further issue to be considered is whether minority shareholders should be given rights to appoint directors or alternate directors. It would be impossible to permit every shareholder to appoint a director or alternate director to the board in proportion to the shareholder's shareholding in relation to the entire issued capital.

However, as a matter of good corporate governance, the board should consider encouraging the controlling shareholder(s) to permit minority shareholders collectively to have some board representation. The extent of this board representation would be determined by what the appropriate maximum number of directors for the company in question should be, having regard to its size. The director(s) and/or any alternate directors "representing" the minority shareholders collectively are not permitted to take instructions from those shareholders or to represent solely their sectoral interests as doing so would be in breach of their fiduciary duties to act in the best interest of the company. If this caveat is adhered to, allowing the minority shareholders to appoint one or more directors and/or any alternate directors would contribute to the balance of power in the board.

Directors appointed by the minority shareholders have the same rights and liability as any other director, and should be treated as equals. The following director represent minority shareholders:

Mr JL Serfontein (enX Group Limited)