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Dear Koos

As the Chief Investment Officer of a fund manager with a substantial investment in Naspers I have been engaging you privately since July this year in regard to the ANN7 “news channel” carried by Multichoice, a company controlled by Naspers. Despite us raising legitimate concerns over the Naspers/Multichoice/ANN7 relationship we have been unable to get any undertaking by yourself to reexamine this matter. In fact, you ended your last email to me by saying “I’m afraid I can’t help you and am terminating this discussion”. I now note with alarm that some of the concerns that we have previously raised with you in your capacity as the Chairman of Naspers are the subject of some investigative online journalism. These articles appear to allege or imply that a Naspers subsidiary company, Multichoice has made payments to ANN7 (at the time owned by the Gupta Family) in order to incentivize ANN7 or the Gupta’s to influence government communications policy. These media reports are damaging to the reputation of both Multichoice and Naspers and if true, expose your group to potential legal sanction. As a Naspers shareholder and as a South African I find this situation distressing. Please allow me to refresh your memory as to how we have arrived at this unfortunate juncture.

It has been obvious for some time now that engaging in a commercial relationship with the Gupta family carried some reputational risks. The decision by the commercial banks in South Africa to close the accounts of most Gupta entities was likely taken only after serious compliance issues became apparent. It should have been obvious that to maintain any relationship with an entity owned by the Gupta’s carried unnecessary risks. With these risks in mind I wrote to you in your capacity as the Chairman of Naspers. As Chairman of Naspers, the holding company of Multichoice, I thought that you needed to be made aware of these concerns and would want to investigate this matter further yourself. I asked specifically if you had investigated how this business endeavor was funded (starting a satellite news channel is obviously a capital-intensive undertaking). I asked you about the nature of your relationship with ANN7 and for you to investigate and satisfy yourself that there was no aspect that could damage the reputation of Naspers. I stressed that as the Chairman of Naspers, you carried the ultimate responsibility for corporate governance and for protecting the reputation of the company.

You deflected my enquiry to Imtiaz Patel of the CEO of MultiChoice. I replied saying that this was a corporate governance matter and not an operational matter. Obviously in general if operational management have somehow transgressed we can hardly rely on them for assurances that no such transgression exists. Meloy Horne the Head of Naspers Investor Relations then contacted me at your behest and I again stressed that this was not a matter for your IR team but something for you as the Chairman of Naspers to address. I did however ask her if Naspers would consider conducting an investigation into the relationship with and the funding of ANN7.



On 17 August I wrote to you again and formally requested as shareholders that you table our previously stated concerns around the relationship with ANN7 at a Naspers Board meeting. In your reply of 6 September you said that the Board “will discuss this amongst many other issues”. Perhaps it would be appropriate if you could share what discussion and actions, if any, were taken by the Board (which you Chair).

In September we again corresponded, and I asked (1) if the Board had debated this matter and (2) what was concluded by the Board. You did not confirm that the Board had debated this matter but replied saying that “MultiChoice is a separate company to Naspers”. Of course this is true but when you own 80% of a company it is self-evident that you have pretty much complete control over what this subsidiary does. And Naspers elected to allow Multichoice to continue the relationship with ANN7. As noted above thereafter you unilaterally terminated our correspondence. Left with no further ability to engage with you privately I now write this open letter in the hope that it will be the catalyst for some contemplation on the part of the Naspers Board.

Naspers releases its interim results on Wednesday and perhaps this would be a good time for you to directly address the issues recently raised in the press around the Multichoice relationship with ANN7. I suggest that an independent enquiry into this matter would be welcomed by Naspers shareholders and South Africans in general. Absent such an investigation what are we as shareholders of Naspers, customers of Multichoice and citizens of South African to infer?

I am concerned that you have not been willing to investigate the concerns of shareholders that were raised almost 6 months prior to these disturbing media reports that have now emerged. Perhaps there would be a greater incentive to pay heed to the concerns of shareholders if it were not for the unusual shareholding structure where a few shareholders (including yourself) with a limited economic interest in Naspers control the majority of shareholder votes.

Koos you have many great accomplishments in your career, but I am sure that you cannot be proud of how as Chairman of Naspers you stood by and did nothing despite mounting evidence that this commercial relationship with the Guptas (via Multichoice) was damaging to both your company and your country.

Regards,

Name: Shane Watkins
Title: Chief Investment Officer