KAP

Notice of annual general meeting

for the year ended 30 June 2019





INTEGRATED INTO EVERY DAY






NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 30 JUNE 2019

KAP INDUSTRIAL HOLDINGS LIMITED
(Registration number: 1978/000181/06)
JSE share code: KAP
ISIN: ZAE000171963
(**'KAP'** or '**the company**')

Notice and purpose of meeting

Notice is hereby given that the 41st annual general meeting ('**the AGM**') of shareholders of KAP will be held at the Investec building at 36 Hans Strijdom Avenue, Foreshore, Cape Town, at 14:30 on Wednesday, 13 November 2019. (**Please note:** Parking is available at North Wharf Parking, 42 Hans Strijdom Avenue, Foreshore, Cape Town, opposite the Investec entrance.)

The purpose of the AGM is to transact the business as set out in the agenda below and, if deemed fit, to pass with or without modification, the resolutions set out below, and to discuss other matters raised by shareholders at the meeting, provided that, in the sole discretion of the chairman of the AGM, such matters directly concern the business of the company and may lawfully be dealt with at an annual general meeting.

Only shareholders who are registered in the register of members of the company on Friday, 8 November 2019, will be entitled to participate in and vote at the AGM.

Key definitions used in this Notice of AGM

The below-mentioned words and expressions have the following meanings:
"board" – means the KAP board of directors
"Companies Act" – means the Companies Act, No. 71 of 2008 (as amended) and includes the Companies Regulations, 2011
"group" – means KAP and all its subsidiaries at the date of this Notice of AGM
"JSE LR" – means the Listings Requirements of the JSE Limited
"King IV™" – means the King IV Report on Corporate Governance™ for South Africa, 2016*
"MOI" – means the memorandum of incorporation of KAP
"Notice of AGM" – means this notice of the annual general meeting of KAP

Important dates

Record date for shareholders to receive the Notice of AGM – Friday, 4 October 2019
Posting date of this Notice of AGM – Tuesday, 15 October 2019
Last date to trade to be eligible to attend, participate in and vote at the AGM – Tuesday, 5 November 2019
Record date to be eligible to attend, participate in and vote at the AGM – Friday, 8 November 2019
Last date for lodging Forms of Proxy – Monday, 11 November 2019 by 08:30**
Date of the AGM – Wednesday, 13 November 2019

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** *Suggested date to avert a potential administrative burden at the AGM. Forms of Proxy not received by this date must be handed to the chairman at the AGM before the appointed proxy may exercise any shareholder rights at the AGM.*

General information

Voting

All voting at the AGM will be by way of a poll and, in this regard, each shareholder entitled to vote shall have one vote in respect of each ordinary share which that shareholder holds.

Save for ordinary resolutions numbers 4 and 6, more than 50% (fifty per cent) of the voting rights exercised on the applicable ordinary resolution must be exercised in favour thereof for the resolution to be adopted.

For special resolutions numbers 1 to 3 and ordinary resolutions numbers 4 and 6 to be adopted, the applicable resolution must be supported by at least 75% (seventy-five per cent) of the voting rights exercised thereon.

KAP may provide for electronic participation at the AGM in the event that it is practical to do so. Shareholders who wish to participate electronically must contact The Meeting Specialist (**'TMS'**) in writing at least 5 (five) business days prior to the date of the AGM so that arrangements can be made for participation at each shareholder's own cost. However, please note that remote voting is not possible.

Agenda

Ordinary business

Presentation of annual financial statements (non-voting agenda point)

The presentation of the audited consolidated annual financial statements of the group for the year ended 30 June 2019, which includes the independent auditor's report, the directors' report and the report of the audit and risk committee.

KAP's 2019 integrated report, which contains the consolidated annual financial statements of the group, together with the KAP human resources and remuneration committee report and the KAP social and ethics committee report, accompanies the Notice of AGM and forms an integral part thereof.

The audited annual financial statements of the group and the company, the 2019 integrated report, the corporate governance report and the KAP social and ethics committee report are available on the KAP website at www.kap.co.za.

1. **Ordinary resolution number 1 – Re-appointment of audit firm and individual auditor**

   The Companies Act, the JSE LR and the MOI stipulate that the company must each year at its AGM appoint or re-appoint an eligible auditor.

   Following interrogation, the KAP audit and risk committee confirmed its satisfaction with the independence of Deloitte & Touche and also its suitability to serve as the group's external auditor, given that Deloitte & Touche meets the requirements of section 90(2) of the Companies Act and section 22 of the JSE LR. The KAP audit and risk committee accordingly recommended the re-appointment of the firm Deloitte & Touche as KAP's external auditor and Dr Dirk Steyn as the individual who will lead the audit for the financial year ending 30 June 2020. On appointment, this will be Dr Steyn's fourth year of performing the KAP audit and the 16th year that Deloitte & Touche will serve as the external auditor of KAP.

   Mandatory audit firm rotation becomes effective on 1 April 2023 in terms of section 10 of the Auditing Profession Act of 2005. Notwithstanding the fact that the board is satisfied with the independence, conduct and quality of audit services being rendered by Deloitte & Touche, the board, through the KAP audit and risk committee, will undertake a formal process to appoint a new firm of external auditors by or before the 2023 effective date.

   The board has endorsed the aforementioned recommendation and, accordingly, it is proposed that shareholders pass the following resolution:

   *"Resolved to and hereby re-appoint the firm Deloitte & Touche, a registered and accredited auditor (**'the Firm'**), as the independent auditor of the group for the ensuing financial year, and Dr Dirk Steyn, a registered and accredited auditor and member of the Firm, as the individual who will undertake the audit."*

2. **Ordinary resolution number 2 – Re-election of directors who retire by rotation**

   The MOI stipulates that executive directors must retire by rotation every 5 (five) years. The chief executive officer of KAP, Mr GN Chaplin, who was appointed to the board on 18 November 2014, must accordingly retire in terms of KAP's rotation cycle. He is eligible to serve as a director and has made himself available for re-election.

   The MOI and the JSE LR stipulate that at least one-third of the non-executive directors of the company must retire by rotation at each annual general meeting of the company. King IV™ supports this approach, recommending that there is a need for the periodic rotation of directors. King IV™ further affirms that long-serving non-executive directors may continue to serve in an independent capacity provided they are assessed annually and found to still exercise objective judgement and unbiased decision-making.

   The non-executive directors who must retire by rotation in terms of KAP's rotation cycle, who are eligible for re-election, and who have made themselves available for re-election are Mrs IN Mkhari and Mr SH Nomvete. Because both are long-serving directors, having been appointed on 12 November 2004, the independent status of each director was formally assessed. The KAP nomination committee found that both directors still exercise objective judgement and that there was no interest, position, association or relationship that was likely to unduly influence or cause bias in their decision-making, and accordingly recommended that they continue to serve on the board in an independent capacity. Furthermore, it is clear from their curricula vitae that the non-KAP directorships held by these directors extend beyond the scope of KAP's operations and allow for a broader perspective to be brought to the board's deliberations.

   The directors proposed for re-election have attended all scheduled board meetings during the review period.

   The board is of the view that the re-appointment of the aforementioned directors is imperative to maintain an appropriate balance of knowledge, skills, experience, diversity and independence among the directors of the board and its committees to enable these forums to discharge their responsibilities effectively.

   Following the sale of its shareholding in KAP by Ainsley Holdings Proprietary Limited, an indirect wholly owned subsidiary of Steinhoff International Holdings N.V., Messrs LJ du Preez and TLR de Klerk resigned from the board on 3 April 2019. The KAP nomination committee recommended that these positions not be filled at the AGM, and that the number of board members be reduced for the time being. The nomination committee is in the process of screening potential candidates for appointment to the board after the AGM in line with the board's gender and race diversity policies.

It is therefore proposed that shareholders pass, by way of individual stand-alone ordinary resolutions, ordinary resolutions numbers 2.1, 2.2, 2.3 and 2.4 as follows:

"Resolved, by way of individual stand-alone ordinary resolutions, to and hereby elect the following directors for re-appointment to the board, following their retirement by rotation and who, being eligible, offered themselves for re-election:

2.1 Mr GN Chaplin (Chief executive officer);

2.2 Mrs IN Mkhari (Independent non-executive director); and

2.3 Mr SH Nomvete (Independent non-executive director); and

2.4 not to fill the vacancies left by Messrs LJ Du Preez and TLR De Klerk, resulting in a reduction in the number of board members for the time being."

A brief curriculum vitae for each of these directors is contained in Annexure A to this Notice of AGM.

3. Ordinary resolution number 3 – Re-election of audit and risk committee members

The Companies Act and the JSE LR stipulate that each public listed company must each year at its annual general meeting appoint or re-appoint, as the case may be, an audit committee, comprising at least three non-executive directors who are independent and, as a collective body, are suitably qualified, skilled and experienced.

The KAP nomination committee and the board are satisfied that the below-mentioned proposed members are suitably skilled and experienced independent non-executive directors, that they collectively meet the criteria required to fulfil their duties, and accordingly recommended that shareholders pass the following stand-alone ordinary resolutions numbers 3.1, 3.2 and 3.3:

"Resolved to and herewith re-elect, by way of individual stand-alone ordinary resolutions, the following independent non-executive directors as members of the KAP audit and risk committee until the next annual general meeting:*

3.1 Mr PK Quarmby (chair);

3.2 Mr SH Müller; and

3.3 Mr SH Nomvete."

A brief curriculum vitae for each of these directors is contained in Annexure A to this Notice of AGM.

** For the avoidance of doubt, any reference to the "KAP audit and risk committee" is a reference to the "audit committee" as contemplated in section 94 of the Companies Act.*

4. Ordinary resolution number 4 – Placing of shares under the control of the directors for commercial purposes

For this ordinary resolution number 4 to be adopted, at least 75% (seventy-five per cent) of the voting rights exercised on the resolution must be exercised in favour thereof.

In terms of section 38 of the Companies Act and the MOI, the board has the authority to issue the unissued and authorised shares of the company at any time as consideration for a bona fide acquisition or amalgamation or merger, or for purposes of a vendor consideration placing, or as capitalisation shares, or for purposes of a rights offer.

However, the MOI and the JSE LR restrict the powers of the directors relating to the issuing of shares for cash, which may only take place following approval thereof by shareholders at a general meeting in terms of either a specific or general mandate.

Since the board is of the view that it is in the best interests of KAP to have flexibility to issue shares for cash (to the extent authorised) for purposes of, inter alia, capital-raising, maintaining a healthy capital adequacy ratio, or for taking advantage of commercial opportunities, including any B-BBEE transaction, as and when they arise, it is proposed that shareholders pass the following ordinary resolution number 4:

"Resolved that:

the directors of the company are hereby authorised, by way of a general authority, to allot and issue for cash, as and when suitable opportunities arise, up to a maximum of 133 000 000 (one hundred and thirty-three million) of KAP's ordinary shares of no par value (excluding any treasury shares), equating to not more than 5% (five per cent)[@] of the company's ordinary shares in issue at the date of this Notice of AGM, be and they are hereby placed under the control of the directors and that the directors herewith be given a general authority to allot and issue such shares for cash at their discretion, provided, inter alia, that:

- *the board shall pass a resolution to issue such shares;*
- *this authority shall not extend beyond the next annual general meeting of the company or for a period longer than 15 (fifteen) months from the date of the passing of this resolution, whichever period is shorter;*
- *for the period from the date of the passing of this resolution until the date of the next annual general meeting or for a period of 15 (fifteen) months from the date of the passing of this resolution, whichever period is shorter, full details will be published on the Stock Exchange News Service of the JSE Limited (**'SENS'**) when any shares issued under this mandate represent, on a cumulative basis, 5% or more of the number of ordinary shares in issue prior to such issue;*

- *the shares may only be issued to public shareholders as defined in paragraphs 4.25 to 4.27 of the JSE LR and not to related parties;*
- *the shares to be issued shall be of a class already in issue (or securities convertible to such a class);*
- *the maximum discount at which such shares may be issued, is 10% (ten per cent) of the weighted average traded price (**'VWAP'**) of such shares, measured over the 30 (thirty) business days prior to the date of pricing between the company and the party subscribing for the shares. In the event that the company's shares have not traded in the 30-day period, a ruling will be obtained from the JSE Limited (**'JSE'**);*
- *for this ordinary resolution in respect of ordinary shares to be adopted, at least 75% (seventy-five per cent) of the voting rights exercised on this resolution must be exercised in favour thereof by shareholders present or represented and entitled to vote at this AGM; and*
- *all other relevant provisions regarding the issuing of shares as set out in the JSE LR, the Companies Act and the MOI are fulfilled.*

  For the avoidance of doubt:

  - *[@]the number of shares that may be issued under the collective mandates of ordinary resolutions numbers 4, 5 and 6, may not, in aggregate, exceed 133 000 000 (one hundred and thirty-three million) shares, which is less than 5% (five per cent) of KAP's ordinary shares in issue at the date of this Notice of AGM;*
  - *[@]in determining the 5% (five per cent) threshold, treasury shares were excluded from the number of shares in issue;*
  - *in the event of a subdivision or consolidation of issued ordinary shares, this authorisation will be adjusted accordingly to represent the same allocation ratio; and*
  - *by their approval of this resolution, shareholders grant a waiver of any pre-emptive rights to which shareholders may be entitled in favour of the directors for the potential allotment and issue of ordinary shares for cash.*

5. Ordinary resolution number 5 – Placing of preference shares under the control of the directors for commercial purposes

The MOI and the JSE LR restrict the powers of the directors relating to the issuing of shares for cash, which may only take place following approval thereof by shareholders at a general meeting in terms of either a specific or general mandate.

Since the board is of the view that it is in the best interests of KAP to have flexibility to issue shares for cash (to the extent authorised) for purposes of, inter alia, taking advantage of commercial opportunities as and when they arise, it is proposed that shareholders pass the following ordinary resolution number 5:

"Resolved that:

*the directors of the company are hereby authorised, by way of a general authority, to allot and issue for cash, as and when suitable opportunities arise, up to a maximum of 133 000 000 (one hundred and thirty-three million) of KAP's cumulative non-redeemable, non-participating preference shares or 133 000 000 (one hundred and thirty-three million) of KAP's perpetual preference shares (collectively the **'preference shares'**), equating to not more than 5% (five per cent)[@] of the company's ordinary shares in issue at the date of this Notice of AGM, be and they are hereby placed under the control of the directors until the next annual general meeting of the company and that the directors be authorised to allot and issue such preference shares to such person(s) and on such terms and conditions as the directors may in their sole discretion determine, provided that:*

- *the board shall pass a resolution to issue such preference shares;*
- *for this ordinary resolution in respect of preference shares to be adopted, more than 50% (fifty per cent) of the voting rights exercised on this resolution must be exercised in favour thereof by shareholders present or represented and entitled to vote at this AGM; and*
- *all other relevant provisions regarding the issuing of the preference shares as set out in the JSE LR, the Companies Act and the MOI, are fulfilled."*

  For the avoidance of doubt:

  - *[@]the number of shares that may be issued under the collective mandates of ordinary resolutions numbers 4, 5 and 6, may not, in aggregate, exceed 133 000 000 (one hundred and thirty-three million) shares, which is less than 5% (five per cent) of KAP's ordinary shares in issue at the date of this Notice of AGM;*
  - *[@]in determining the 5% (five per cent) threshold, treasury shares were excluded from the number of shares in issue;*
  - *in the event of a subdivision or consolidation of issued ordinary shares, this authorisation will be adjusted accordingly to represent the same allocation ratio; and*
  - *by their approval of this resolution, shareholders grant a waiver of any pre-emptive rights to which shareholders may be entitled in favour of the directors for the potential allotment and issue of preference shares for cash.*

6. Ordinary resolution number 6 – General authority to create and issue convertible instruments

For this ordinary resolution to be adopted, it must be supported by at least 75% (seventy-five per cent) of the voting rights exercised thereon.

The board is seeking a general authority from shareholders to create and issue convertible instruments subject to the applicable provisions of the Companies Act, the MOI and the JSE LR. Consequently, it is proposed that shareholders pass the following ordinary resolution number 6:

"Resolved that the directors of KAP be and are hereby authorised, for the period until the next annual general meeting, or for 15 (fifteen) months from the date of the passing of this resolution, whichever period is shorter, to create and issue convertible debentures, debenture stock or other convertible instruments in the capital of KAP with a term of not less than 42 months and not more than 84 months, and/or to issue ordinary shares of no par value in settlement of any convertible debentures, debenture stock or other convertible instruments issued by a subsidiary of KAP, up to a maximum of 133 000 000 (one hundred and thirty-three million) of KAP's ordinary shares of no par value, equating to less than 5% (five per cent)[@] of KAP's ordinary shares in issue at the date of this Notice of AGM, subject to the provisions of section 41 of the Companies Act, the provisions of the JSE LR and the prescripts of the company's MOI; and further subject to a conversion premium of not less than 20% (twenty per cent) above the VWAP of KAP for the 3 (three) trading days prior to pricing, and to such other conversion and other terms and conditions as the board may determine; and further that any additional ordinary shares in the capital of KAP that may arise from any adjustment to any conversion price of any convertible instrument, issued by KAP or any subsidiary, convertible into the capital of KAP, may be procured from the authority granted in terms of this ordinary resolution number 6."

For the avoidance of doubt:

- [@]the number of shares that may be issued under the collective mandates of ordinary resolutions numbers 4, 5 and 6, may not in aggregate exceed 133 000 000 (one hundred and thirty-three million) shares, which is less than 5% (five per cent) of KAP's ordinary shares in issue at the date of this Notice of AGM;
- [@]in determining the 5% (five per cent) threshold, treasury shares were excluded from the number of shares in issue;
- in the event of a subdivision or consolidation of issued ordinary shares, this authorisation will be adjusted accordingly to represent the same allocation ratio; and
- by their approval of this resolution, shareholders grant a waiver of any pre-emptive rights to which shareholders may be entitled in favour of the directors for the potential allotment and issue of shares in settlement of convertible instruments.

7. Ordinary resolution number 7 – General authority to distribute share capital and reserves

The board is seeking a general authority from shareholders to make distributions of any share capital and reserves of the company, with the authority to afford shareholders the right to receive a capitalisation award, subject to the applicable provisions of the Companies Act, the JSE LR and the MOI. Consequently, it is proposed that shareholders pass the following resolution as ordinary resolution number 7:

"Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to distribute to shareholders of the company any share capital and reserves of the company, or to make any distribution of any nature to shareholders of the company, including the authority to afford shareholders the right to receive shares as a capitalisation award, subject to the provisions of the Companies Act, the JSE LR and the company's MOI.

At the date of this Notice of AGM, the board does not contemplate using such authority. However, it wishes to retain flexibility to avail itself of this authority if circumstances, including the tax dispensation and a change in market conditions, warrant such a step. In the instance that the company decides to make such a distribution, it will not do so unless all the prescribed statutory solvency, liquidity and capital adequacy requirements are capable of being fulfilled.

The board is of the opinion that, were the company immediately to enter into a transaction to distribute any share capital and/or reserves totalling 20% (twenty per cent) of the current issued share capital and reserves of the company, then, for a period of 12 (twelve) months after the date of this Notice of AGM:

- the company will be able, in the ordinary course of business, to pay its debts;
- the assets of the company and the group, fairly valued, will be equal to or in excess of the liabilities of the company and the group, fairly valued; and
- the share capital and reserves, as well as the working capital of the company and the group, will be adequate for ordinary business purposes.

Shareholders are referred to the "information and statement relating to this special resolution" under special resolution number 1 below and to Annexure B, which information applies mutatis mutandis to this ordinary resolution number 7.

Ordinary business – non-binding advisory votes

8. Ordinary resolution number 8 – Endorsement of the KAP remuneration policy and implementation report on the remuneration policy

King IV™ recommends and the JSE LR require that the remuneration policy and the remuneration implementation report of a company be tabled for non-binding advisory votes by the shareholders at each annual general meeting. This enables shareholders to inform themselves about how staff members and senior executives are remunerated, and to express their views as to whether they consider the entity's remuneration approach appropriate. The effect of ordinary resolutions numbers 8.1 and 8.2, if passed, will be to endorse the company's remuneration policy and the implementation report on the remuneration policy. Ordinary resolutions numbers 8.1 and 8.2 are of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the votes into consideration when considering amendments to the company's remuneration policy and its implementation.

In the prior year, KAP's remuneration policy was comprehensively revised by the KAP human resources and remuneration committee. During the past year, the policy was again reviewed and updated, and specific focus was placed on improving the efficiency of the group's remuneration practice to ensure that it is appropriately structured to drive performance and to ensure that the strategic goals are attained over the short, medium and long term. A noteworthy amendment is the fact that a clawback and malus clause was implemented to protect the company against any payout of incentives as a result of inflated profits or fraudulent actions.

KAP's remuneration policy and implementation report on the remuneration policy are set out in Annexure C to this Notice of AGM.

Upon recommendation by the KAP human resources and remuneration committee, and endorsement thereof by the board, it is proposed that shareholders pass the following ordinary resolutions numbers 8.1 and 8.2 as stand-alone, non-binding advisory votes:

"Resolved to and herewith endorse, by way of stand-alone, non-binding advisory votes, KAP's:

8.1 Remuneration policy; and

8.2 Implementation report on the remuneration policy

as set out in Annexure C to this Notice of AGM."

Note:
Should 25% (twenty-five per cent) or more of the voting rights exercised on ordinary resolutions numbers 8.1 or 8.2 be against either resolution, or both, the company will issue an invitation to those shareholders who voted against the applicable resolution to engage with the company.

9. Ordinary resolution number 9 – Ratification relating to personal financial interest arising from multiple intergroup directorships

Section 75 of the Companies Act prohibits a director from participating in decision-making or voting on any board resolution or entering into any agreements or signing documents relating to transactions if such a director has a "personal financial interest" in the matter. This also applies if a director is related to another "person" (including an entity) which has a "personal financial interest" in that matter. The definition of "related person" is extended to include all other directorships of a director. In many instances, the executive directors of KAP serve on multiple subsidiary boards across the group and would thus inevitably have a "personal financial interest" in intergroup decisions.

While KAP's directors declare their personal financial interests with great care, the proposed resolution below is intended to ensure that decisions, agreements and signed documents remain legally binding, valid and in force in instances where an inadvertent oversight in conduct may have occurred due to multiple intergroup directorships. This resolution does not limit any other statutory or common-law duties that apply to directors, i.e. the resolution does not ratify any other actions of directors that are in contravention of section 75 of the Companies Act or any other unlawful action by executive directors, such as willful misconduct, gross negligence and the like.

Consequently, it is proposed that shareholders pass the following resolution as ordinary resolution number 9:

"Resolved that any decisions made and resolutions passed, as well as agreements or documents signed by the executive directors of the company, are hereby ratified as contemplated in section 75(7)(b)(i) of the Companies Act, notwithstanding that the aforementioned may have been executed in contravention of other relevant subsections of section 75, but only to the extent that the executive director was deemed a 'related person' to another entity in the group and the relevant decisions, resolutions, agreements or documents fall within the ambit of section 75 of the Companies Act."

Special business

10. Special resolution number 1 – General authority to repurchase shares issued by the company

KAP may not acquire its own shares unless the shareholders at a general meeting have, in advance, approved either a specific or general mandate for such a repurchase of shares.

Under the repurchase mandate obtained at the previous annual general meeting and for the period up to 1 October 2019, the company repurchased 14 000 000 (fourteen million) KAP shares to fulfil its future obligations under the KAP Performance Share Rights Scheme. Other than for purposes of its ongoing obligations under the KAP Performance Share Rights Scheme and for reducing shareholders' dilution, a repurchase of shares is not contemplated at the date of this

Notice of AGM. However, the board believes it to be in the best interests of KAP to have flexibility to repurchase shares as and when other appropriate commercial opportunities arise.

Consequently, it is proposed that shareholders pass the following resolution as special resolution number 1:

"Resolved that the repurchase by the company of shares issued by it, on such terms and conditions as may be determined by the directors of the company, and the acquisition by any subsidiary of shares issued by the company, on such terms and conditions as may be determined by the board of directors of any such subsidiary company, be and is hereby authorised as a general approval in terms of the JSE LR, provided that:

- *such repurchase is permitted by and is in accordance with the provisions of the Companies Act, the JSE LR and the MOI of the company and of each relevant subsidiary (as the case may be);*
- *this general authority shall be valid until the next annual general meeting of the company or for a period of 15 (fifteen) months from the date of passing this special resolution, whichever period is shorter;*
- *this authority is limited to a maximum of 10% (ten per cent) of the shares issued in that class in one financial year, and provided further that subsidiaries of the company may not, collectively at any time, hold more than 10% (ten per cent) in the aggregate of the number of issued shares in the company;*
- *repurchases shall not be made at a price more than 10% (ten per cent) above the VWAP of the KAP shares traded on the JSE for the 5 (five) business days immediately preceding the date on which the transaction is effected;*
- *the repurchase of shares shall be implemented through the order book operated by the JSE trading system (in the open market) and without any prior understanding or arrangement between the company and the counterparties;*
- *the company shall not appoint more than one agent to effect any repurchase on the company's behalf;*
- *the company may not effect a repurchase during any prohibited period as defined in the JSE LR, unless implemented in accordance with a repurchase programme which was in place prior to the prohibited period and which programme has been submitted to the JSE in writing and the terms of such repurchase programme have been determined prior to the commencement of the prohibited period, and the repurchase programme will be executed by an independent third party appointed by the company prior to the commencement of the prohibited period;*
- *when 3% (three per cent) of the initial number, i.e. the number of shares in issue at the time that the general authority from shareholders is granted, is cumulatively repurchased, and for each 3% (three per cent) in aggregate of the initial number acquired thereafter, an announcement shall be made on SENS in accordance with the JSE LR; and*
- *the directors of the company shall have passed a resolution, authorising any repurchase and confirming that the group, if applicable, has satisfied the statutory solvency and liquidity test as required by the Companies Act and that since the test was performed, there have been no material changes to the financial position of the group."*

Information and statement relating to this special resolution

In accordance with paragraph 11.26 of the JSE LR, the attention of shareholders is drawn to:

- the importance of this resolution – should shareholders be in any doubt as to which action to take, they are advised to consult appropriate independent advisors; and
- the following information:
  - the major shareholders of the company; and
  - the number of authorised and issued shares in the company as at its financial year-end date;

details of which are reflected in Annexure B to this Notice of AGM.

Directors' statement

The directors, whose names are given in Annexure B to this Notice of AGM, collectively and individually accept full responsibility for the accuracy of the information given in this Notice of AGM and certify that, to the best of their knowledge and belief:

- there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made;
- confirm that there have been no material changes in the financial or trading position of the group since the publication of the financial results for the year ended 30 June 2019 and the date of this Notice of AGM;
- after having considered the effect of a maximum repurchase of shares, the company and the group will satisfy the solvency and liquidity test as contemplated in the Companies Act; and
- after having considered all reasonable foreseeable financial circumstances based on financial statements and accounting records as contemplated in section 4(2) of the Companies Act, it appears that:

- the company and the group will be able to pay its debts as they become due in the ordinary course of business for a period of 12 (twelve) months after which the solvency and liquidity test was considered;
- the assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards, will be equal to or in excess of the liabilities of the company and the group at the time the solvency and liquidity test was considered; and
- the share capital and reserves and the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the AGM and after the date of each share repurchase.

11. Special resolution number 2 – Approval of fees payable to non-executive directors

Before payment of non-executive directors' fees may take place, shareholders are required, in terms of section 66(9) of the Companies Act, to authorise by way of a special resolution, the basis of compensation and the "forward-looking" remuneration to be paid to the non-executive directors for their services to be rendered to the company as directors.

The executive directors are remunerated in terms of their respective contracts with the company and no fees are payable to them for services rendered as directors.

KAP's human resources and remuneration committee has recommended, and the board has endorsed, the below-mentioned remuneration for presentation to shareholders, which, upon approval, will empower the company to pay the below-mentioned remuneration to its non-executive directors for the period until the next annual general meeting.

Consequently, it is proposed that shareholders approve the forward-looking fees for non-executive directors by passing resolutions numbers 11.1 to 11.14 as stand-alone special resolutions:

"Resolved that the remuneration, as set out in paragraphs 11.1 to 11.14 below, payable to the non-executive directors in respect of their services as directors of the company during the period commencing from the date of the passing of this special resolution until the date of the next annual general meeting, be and is hereby authorised by way of individual stand-alone special resolutions:

Non-executive directors' fees		Increase %	2020 R	2019 R
Board membership fees				
11.1	Independent non-executive chairman	6%	**916 000**	864 000
11.2	Non-executive deputy chairman	6%	**579 000**	546 000
	Non-executive deputy chairman – additional services	–	**–**	360 000[1]
11.3	Member	6%	**365 200**[2]	344 500
11.4	Ad hoc meeting fee (fee per formal meeting)	6%	**78 700**[3]	74 200
Audit and risk committee fees				
11.5	Chairman	6%	**424 000**	400 000
11.6	Member	6%	**212 000**	200 000
Human resources and remuneration committee fees				
11.7	Chairman	6%	**174 200**	164 300
11.8	Member	6%	**84 300**	79 500
Nomination committee fees				
11.9	Chairman	6%	**7 300**	6 900
11.10	Member	6%	**7 300**	6 900
Social and ethics committee fees				
11.11	Chairperson	6%	**33 700**	31 800
11.12	Member	6%	**16 900**	15 900
Investment committee fees				
11.13	Chairman (fee per formal meeting)	6%	**31 800**	30 000
11.14	Member (fee per formal meeting)	6%	**26 500**	25 000

1 The non-executive deputy chairman facilitated the meetings of the divisional management boards on a quarterly basis as an independent facilitator. Remuneration in relation to these additional services was based on a rate of R15 000 per meeting. He will no longer facilitate these meetings.

2 This comprises an annual retainer of R50 800 (2019: R47 700) and a per meeting fee of R78 600 (2019: R74 200), based on four scheduled formal board meetings per annum.

3 From time to time the board may be required to meet formally in addition to the scheduled annual commitments. In such an event, all non-executive directors will qualify for the ad hoc formal meeting fee upon attendance.

All reasonable travel and accommodation expenses to attend board and committee meetings are paid by the company.

12. Special resolution number 3 – General authority to provide financial assistance

KAP has, in the past, provided direct or indirect financial assistance to its subsidiaries and to related and interrelated companies, as well as for purposes of broad-based black economic empowerment (**'B-BBEE'**) and other transactions. Financial assistance includes, inter alia, the granting of loans, providing security and guaranteeing of debt. In order to achieve its strategic goals, it is essential for the company to continue with this practice.

Financial assistance will not be given to prescribed officers and directors of the company, or of subsidiaries of the company or of any related or interrelated entity within the group, unless it is essential for concluding a B-BBEE transaction in the best interest of the group.

To this end, shareholders are requested to authorise the board to provide financial assistance as contemplated in sections 44 and 45 of the Companies Act, which mandate shall empower the directors to provide financial assistance to a general category of recipients that includes persons, the company's subsidiaries, as well as related and interrelated entities within the group, for the purpose of, inter alia, acquiring any option, or any securities, or any convertible instruments (as contemplated in section 44 of the Companies Act), and for granting loans, providing security, guaranteeing debt and subordinating its claims on shareholders' loan accounts (as contemplated in section 45 of the Companies Act), but excludes the provision of financial assistance to prescribed officers and directors of the company, and of subsidiaries of the company and of any related or interrelated entity within the group, unless the provision of the financial assistance would be essential for concluding a B-BBEE transaction in the best interest of the group.

Consequently, it is proposed that shareholders pass the following resolution as special resolution number 3:

*"Resolved that the company be and is hereby authorised, by way of a general authority and to the extent required and for a period of 24 (twenty-four) months from the date of this resolution, to provide direct or indirect financial assistance in favour of any person, or any holding company, or any subsidiary or any related or interrelated company, including joint venture companies, related trusts, associated companies and any other entity within the group (**'the Entities'**), being a category of recipients as contemplated in sections 44(3)(a)(ii) and 45(3)(a)(ii) of the Companies Act, generally for the purpose of funding or assisting with any capital or operational expenditure of such Entity, by way of, among others:*

- *subordinating the company's claims held on shareholders' and/or intercompany loan account;*
- *entering into funding and facility agreements and debt capital and domestic medium-term note programmes with financing, banking and investment institutions and other funders in respect of facilities and funding afforded to the group, the company and/or any of the Entities; and*
- *providing a loan, a guarantee, the provision of security or otherwise for the purpose of, or in connection with, the subscription, issue or purchase of any option or any securities or convertible instrument issued or to be issued by the company or by any of the Entities, or for any other purpose;*

provided that in each instance:

- *the directors of the company shall adopt a resolution approving the provision of financial assistance and confirm that the company has satisfied the statutory solvency and liquidity test as contemplated in the Companies Act and, where necessary, shall conduct such further tests as may be required;*
- *the terms under which the financial assistance is to be given to any Entity shall be fair and reasonable to the company;*
- *the company shall fulfil all conditions and restrictions in respect of the granting of financial assistance as set out in the company's MOI; and*
- *financial assistance may be given to prescribed officers and directors of the company, and of subsidiaries of the company and of any Entity only if it is essential for concluding a B-BBEE transaction in the best interest of the group."*

General business

To transact such other business as may be transacted at an annual general meeting.

Authority

Any director or secretary of KAP, for the time being, be and is hereby authorised to take all such steps, sign all such documents and to do all acts, matters and things on behalf of KAP as may be necessary to give effect to the special and ordinary resolutions passed at this AGM.

By order of the board

JMWR Pieterse

for **KAP Secretarial Services Proprietary Limited**
Company Secretary

15 October 2019

Record dates and other important notices

1. The date of the meeting is Wednesday, 13 November 2019.
2. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the company (**'the share register'**) for purposes of being entitled to receive this Notice of AGM is Friday, 4 October 2019.
3. The date on which shareholders must be recorded in the share register for purposes of being entitled to attend, participate in and vote at this AGM is Friday, 8 November 2019, with the last day to trade being Tuesday, 5 November 2019.
4. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly present their driver's licence, identity document or passport in order to participate at the AGM. If in any doubt as to whether any document will be accepted as satisfactory proof of identity, participants should contact the transfer secretaries or The Meeting Specialist Proprietary Limited (**'TMS'**) in advance for guidance.
5. A shareholder entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the company.
6. A Form of Proxy, with relevant instructions for its completion, is enclosed for use by a certificated or dematerialised shareholder with "own-name registration" who wishes to be represented at the AGM. Completion of a Form of Proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.
7. Central Securities Depository Participants (**'CSDP'**), brokers or their nominees, as the case may be, who hold dematerialised shares on behalf of an investor/beneficial owner, should, when authorised in terms of their custody agreement mandate from the shareholder, or when instructed to do so by the owner on behalf of whom they hold dematerialised shares in the company, vote by either appointing a duly authorised representative to attend and vote at the AGM or by completing the attached Form of Proxy in accordance with the instructions thereon.
8. Duly completed Forms of Proxy, together with the documents conferring the authority to the signatory and under which it is signed (if any), must be forwarded to TMS to the address stated below. In the interest of efficient administration, Forms of Proxy must reach TMS by 08:30 on Monday, 11 November 2019. Forms of Proxy will, however, be accepted by the chairman of the AGM until voting commences at the AGM.
9. A shareholder who has dematerialised his/her shares (other than those with "own-name registration"), who wishes to attend the AGM, should instruct his/her CSDP/broker to issue him/her with the necessary written authority to attend the AGM in terms of the custody agreement between the shareholder and his/her CSDP/broker.
10. A shareholder who has dematerialised his/her shares (other than those with "own-name registration"), who is unable to attend the AGM but wishes to be represented at the AGM, must provide his/her CSDP/broker with his/her voting instructions in terms of the relevant custody agreement between him/her and the CSDP/broker.
11. A shareholder present in person, by proxy or by authorised representation shall, on a show of hands, have one vote, and on a poll, shall have one vote in respect of each KAP share held. However, please note that it is the intent, from a corporate governance perspective, that all voting at the AGM would take place by way of a poll.

12 Shareholders of the company wishing to participate in the AGM by means of electronic participation must make application in writing to the company secretary, with a copy to TMS (at the respective addresses stated below), at least 5 (five) business days prior to the date of the AGM so that arrangements can be made for their potential participation in the AGM. Shareholders will have to provide details as to how they or their representatives envisage participating electronically and must further provide reasonably satisfactory identification for verification in terms of section 63(1) of the Companies Act. The costs of accessing any means of electronic participation will be borne by the shareholder so accessing the electronic participation. Shareholders participating via electronic communication must still submit completed Forms of Proxy or voting instructions to their CSDP/broker in order for their votes to be counted, as the electronic participation facilities do not accommodate remote voting. The company reserves the right not to provide for electronic participation at the AGM in the event that it may be impractical to do so. The company cannot guarantee there will not be a break in communication which is beyond the control of the company. The shareholder acknowledges that the telecommunication lines are provided by a third party and indemnifies the company against any loss, injury, damage, penalty or claim arising in any way from the use of the telecommunication lines, whether or not the problem is caused by any act or omission on the part of the shareholder or anyone else. In particular, but not exclusively, the shareholder acknowledges that he/she will have no claim against the company, whether for consequential damages or otherwise, arising from the use of the telecommunication lines or any defect in it or from total or partial failure of the telecommunication lines and connections linking the telecommunication lines to the AGM.

Company's registered address
3rd Floor, Building 2, The Views, Founders Hill Office Park
18 Centenary Street, Modderfontein, Johannesburg 1645
PO Box 2766
Edenvale 1610

Tel: +27 10 005 3000

info@kap.co.za

Transfer secretaries' address
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196

PO Box 61051, Marshalltown 2107

Tel: +27 11 373 0033

Facsimile: +27 11 688 5238

The Meeting Specialist's (TMS) physical address
JSE Building
One Exchange Square
Gwen Lane
Sandown
2196
South Africa

TMS postal address
PO Box 62043
Marshalltown
2107
South Africa

Forms of Proxy must be e-mailed to proxy@tmsmeetings.co.za to be received by TMS by no later than 08:30 on Monday, 11 November 2019. Forms of Proxy may be handed to the chairman of the AGM on the day of the AGM before commencement of voting.

Annexure A

Curricula vitae

Re-election of directors who retire by rotation

Refer to agenda point 2 – Ordinary resolution number 2

GN (Gary) Chaplin (49)

CA(SA)
Chief executive officer

Gary qualified as a chartered accountant in 1995 after completing his articles with Deloitte. In 1996, he joined a private company in the timber industry which was later acquired by Steinhoff Africa Holdings Proprietary Limited ('Steinhoff'). Gary held various positions and fulfilled numerous roles in Steinhoff's South African timber and furniture manufacturing operations. He joined PG Bison Proprietary Limited ('PG Bison') where he was appointed to the board in August 2006 and as chief executive officer in November 2011. In June 2012, KAP Industrial Holdings Limited acquired PG Bison, whereupon Gary was appointed to the KAP executive committee. He later assumed full responsibility for KAP's diversified industrial segment. In November 2014, Gary became chief executive officer of KAP. He serves as a member of the social and ethics committee and the investment committee.

Member of the social and ethics committee
Member of the investment committee

IN (Ipeleng) Mkhari (45)

BSocSci
Independent non-executive director

Ipeleng holds a Bachelor of Social Science degree from the University of Natal. She completed the Executive Development Programme at the University of the Witwatersrand in 2004 and is also an Archbishop Tutu Fellow. Ipeleng founded Motseng Investment Holdings Limited of which she is currently the chief executive officer. Ipeleng co-founded Delta Property Fund – a company that listed on the Johannesburg Stock Exchange in 2012. She also serves as a non-executive director on the boards of South African Property Owners Association, Nampak and Attacq, and is a trustee of the Women's Property Network Education Trust. Ipeleng was appointed as an independent non-executive director of KAP Industrial Holdings Limited in 2004. She chairs the social and ethics committee and serves as a member of the human resources and remuneration committee and the nomination committee.

Chairperson of the social and ethics committee
Member of the human resources and remuneration committee
Member of the nomination committee

SH (Sandile) Nomvete (47)

EDP (Wits), Prop Dev Prog (UCT)
Independent non-executive director

Sandile co-founded Delta Property Fund in 2002, which would go on to list on the Johannesburg Stock Exchange in 2012. He has since led the company to be a predominately sovereign underpinned fund. Through his leadership, Sandile has managed to position Delta as one of the most prominent black-owned and black-managed property funds for government and state-owned enterprises across South Africa.

Sandile serves as a director on a number of other listed entities and has more than a decade's experience in executive and non-executive positions. He is a graduate of the Property Development Programme of the University of Cape Town Graduate School of Business. He also holds an Executive Development Programme and Finance for Non-financial Managers diploma from the University of the Witwatersrand's Graduate School of Business. Sandile was appointed as an independent non-executive director of KAP Industrial Holdings Limited in 2004 where he serves as a member of the audit and risk committee.

Member of the audit and risk committee

Re-election of KAP audit and risk committee members

Refer to agenda point 3 – Ordinary resolution number 3

SH (Steve) Müller (58)

BAcc (Hons), CA(SA), Sanlam EDP
Independent non-executive director

Steve qualified as a chartered accountant and worked at KPMG from 1983 to 1992. In 1992, he was appointed as senior credit manager at Rand Merchant Bank and, in 1995, joined Genbel Investments. Over the next 13 years, Steve functioned in various capacities within the group, including chief operating officer: Equities of Genbel Securities Limited, as well as executive director of Gensec Bank Limited. He furthermore served as a non-executive director and member of the audit and remuneration committees of various investee companies within the Genbel Securities Group. In 2008, he left the group to pursue his own interests. Steve served as an independent non-executive director and chairman of the audit committee of SACOIL from 2013 to 2016. In January 2018, he was appointed as an independent non-executive director of the Phumelela Gaming and Leisure Limited board and as chairman of the company's audit committee. In August 2017, Steve became an independent non-executive director of Pepkor Holdings Limited, serving as chairman of the human resources and remuneration committee and as a member of the audit committee. In 2012, Steve was appointed as an independent non-executive director of KAP Industrial Holdings Limited and, in 2014, as chairman of the KAP human resources and remuneration committee. He currently also serves on the audit and risk committee, the social and ethics committee and the investment committee.

Chairman of the human resources and remuneration committee
Member of the audit and risk committee
Member of the social and ethics committee
Member of the investment committee

PK (Patrick) Quarmby (65)

CA(SA) (Hons)
Independent non-executive director

Patrick was a partner at Ernst & Young until he relocated overseas in 1987. During his time abroad, he was employed in the Corporate Finance Department of Schroders in London. Patrick became one of the founding directors of Standard Bank in London and established Standard Bank's presence in Hong Kong. On his return to South Africa in 1996, Patrick was appointed as director of Dimension Data Holdings Limited, responsible for the global expansion of the group. He retired from this position in 2014. Patrick acted as non-executive chairman of Datacraft Asia, an IT services company listed in Singapore, until it delisted in 2008, as well as independent non-executive director of Unitrans Limited until 2007. He was appointed as an independent non-executive director of KAP Industrial Holdings Limited in 2012 and serves as the chairman of the audit and risk committee. He is also a member of the nomination committee and the investment committee.

Chairman of the audit and risk committee
Member of the nomination committee
Member of the investment committee

SH (Sandile) Nomvete (47)

EDP (Wits), Prop Dev Prog (UCT)
Independent non-executive director

Please refer to CV on page 11.

Annexure B

Major shareholders of the company as at 30 June 2019

Breakdown of major and institutional shareholders beneficially holding 5% or more of the company's issued shares	Number of ordinary shares of no par value	Percentage of issued shares
Steinhoff International Holdings N.V.*	–	–
Allan Gray	**478 135 864**	**17.68%**
Government Employees Pension Fund	**278 086 507**	**10.28%**
Old Mutual	**248 489 389**	**9.19%**

**The 694 206 661 shares held via Ainsley Holdings Proprietary Limited, an indirectly wholly owned subsidiary of Steinhoff International N.V., were disposed of on 27 March 2019 in an over-subscribed accelerated bookbuild process to mainly "long-only" and a small number of key anchor shareholders.*

Shares of the company as at 30 June 2019

Stated shares

Authorised	2019 Number of shares	2018 Number of shares
Ordinary shares of no par value	**6 000 000 000**	6 000 000 000
Cumulative, non-redeemable, non-participating preference shares of no par value	**1 000 000 000**	1 000 000 000
Perpetual preference shares of no par value	**50 000 000**	50 000 000
Issued		
Ordinary shares in issue at beginning of the year	**2 677 874 340**	2 662 199 369
Ordinary shares issued during the year	**26 262 898**	15 674 971
Ordinary shares in issue at end of the year	**2 704 137 238**	2 677 874 340

On 4 September 2018, 10 075 886 ordinary shares were allotted and issued in respect of the acquisition of an additional 46.9% interest in Xinergistix Proprietary Limited.

On 2 November 2018, 10 484 529 ordinary shares were allotted and issued in settlement of the company's obligation to participants under the KAP Performance Share Rights Scheme.

On 18 December 2018, 5 702 483 ordinary shares were allotted and issued in respect of the settlement of the outstanding purchase consideration relating to the acquisition of Lucerne Transport Proprietary Limited, which was acquired effective 1 September 2016

Directors of the company as at the date of the AGM

Executive directors

1. Gary Noel Chaplin (Chief executive officer)
2. Frans Hendrik Olivier (Chief financial officer)

Non-executive director

1. Karel Johan Grové (Non-executive deputy chairman)*

**In August 2019, the KAP nomination committee conducted an assessment of the independence status of the deputy chair, given that his cooling-off period would lapse in February 2020. The committee recommended that he may serve in an independent capacity on the KAP board and its committees following the lapsing of the cooling-off period.*

Independent non-executive directors

1. Jacob de Vos du Toit (Chairman of the board)
2. Ipeleng Nonkululeko Mkhari
3. Stephanus Hilgard Müller
4. Sandile Hopeson Nomvete
5. Patrick Keith Quarmby

Annexure C

KAP remuneration policy and implementation report on the remuneration policy

Refer to agenda point 8 – Ordinary resolutions numbers 8.1 and 8.2 (non-binding advisory votes)

KAP's remuneration philosophy is to remunerate employees fairly and responsibly in a balanced approach, in order to attract, retain and motivate competent individuals who can contribute meaningfully to the sustainable growth of the company.

KAP applies the recommendations of the King IV Report on Corporate Governance™ for South Africa, 2016 ('King IV™')* and endorses King IV's™ inclusive, interconnected approach to corporate governance and its recognition of the importance of ensuring sustainability over the longer term. Fair, responsible and balanced remuneration is viewed as a key factor in ensuring the sustainability of the company.

Human resources and remuneration committee

KAP's human resources and remuneration committee ('the committee') operates within defined terms of reference and authority granted to it by the KAP board. The board oversees the implementation and execution of the remuneration policy. The committee comprises two independent non-executive directors, one of whom is appointed as chairman, and a non-executive director. The chief executive officer and certain executive managers attend parts of the meetings by invitation. This committee meets at least once a year and, should this be required, additional ad hoc meetings are convened. During the review period, the committee met on 14 August 2018 and all the members were present. In line with the recommendation by King IV™ that board committees should have cross membership to ensure a balanced distribution of power and to enhance effective collaboration, the committee chairman is also a member of the KAP social and ethics committee, which, inter alia, plays a contributory role in remuneration matters, with particular focus on the ethical and social aspects of remuneration and other benefits to employees.

Due to the group's decentralised management structures, the committee has established divisional human resources and remuneration subcommittees ('the divisional subcommittees'). The divisional subcommittees are responsible for all human capital management and employee remuneration matters at business-unit level, within the parameters set by the committee. The divisional subcommittees are supported by established human resource practitioners at group, divisional and business-unit level, with responsibility for the implementation and management of human resource and remuneration strategies, policies and practices in line with those set by the committee.

The committee is satisfied that it has fulfilled its responsibilities during the review period. Key areas of focus of the committee during the period under review included:

- a review of the strategic drivers of human resources and remuneration and the alignment thereof to the vision and strategy of the company;
- a review of the group's remuneration policy, which is presented annually for a non-binding advisory vote by shareholders;
- a review of the measurement criteria in relation to the company's annual and long-term incentive schemes in order to ensure that they remain appropriate and act as drivers of the achievement of the business strategy;
- a review and approval of the remuneration packages of all senior executives, including annual and long-term incentive schemes;
- the fulfillment of delegated responsibilities for KAP's share-based incentive schemes;
- a review of the human capital management practices in place across the group to ensure fairness, responsibility and transparency, alignment with King IV™ and compliance with the specific requirements of South African labour legislation;
- a self-assessment by the committee of the effectiveness of its operations and its members' performance as appraised against the relevant recommendations of King IV™; and
- a review of the recommendations of the divisional subcommittees and their assessment of compliance with the terms of reference prescribed by the committee, in order to establish whether the committee can rely on the work of the divisional subcommittees and to ensure that the divisional subcommittees remain aligned with the group's remuneration strategy, practices and policy.

Key considerations for the divisional subcommittees include the review of divisional:

- pay structures and equitable base-salary increases for all employees;
- performance management systems and processes;
- annual performance incentive schemes;
- long-term incentive schemes;
- employee relations management;
- talent management and succession planning;
- training and development; and
- employment equity.

Alignment with strategy

The sustainable success of KAP's business is critically dependent on its people in order to maintain quality products and high standards of service to customers in very competitive sectors. KAP's remuneration structures are therefore aligned with the group's long-term strategic business priorities, namely:

- to sustain and improve its leading positions in high-barrier-to-entry markets;
- to add value through specialisation in a diverse range of industries, markets and geographies;
- to grow sustainable long-term revenue;
- to increase its sustainable operating profit and cash flows; and
- to improve sustainable return on equity.

KAP's strategic objective is to be an industry leader in its chosen markets. This implies a requirement to attract and retain the best people in the industry and to consistently improve their skills. As KAP has grown into industry-leading positions, it has become increasingly exposed to and benchmarked against global best practice. Although KAP is a South African-based company, it earns approximately 17% of its revenue outside South Africa; it has operations in 12 different countries; it imports a significant proportion of its inputs from outside South Africa; a significant proportion of its inputs are globally indexed in foreign currencies; and it has international shareholders at certain business units who actively participate in the relevant businesses and several technology agreements with international companies. At a listed level, 21% of its shareholding is owned by foreigners. As a result, KAP expects its executives to have knowledge and experience across international borders and to be internationally mobile. KAP therefore competes for management and specialist skills and succession talent in a challenging global marketplace and, as a result, its approach to remuneration needs to remain competitive and encourage retention.

Service contracts

Executives' contracts are subject to terms and conditions of employment as governed by the Labour Relations Act of South Africa. The contracts of the top executives or any other executive directors do not contain termination packages or excessive notice periods. KAP's directors are not appointed for life.

In terms of King IV™, the board as a whole appoints directors upon a recommendation by the KAP nomination committee. On appointment, directors are subject to screening and afit-and-proper test. In terms of the company's memorandum of incorporation and the Companies Act, No. 71 of 2008 of South Africa ('the Act'), all directors are subject to retirement by rotation from time to time.

Non-executive directors' remuneration

Independent surveys are obtained from expert consultants to assist the committee with its annual review of non-executive directors' fees.

The committee submitted its proposals to the board for the forward-looking fees payable for the period from the date of the forthcoming annual general meeting ('AGM') in November 2019 to the 2020 AGM, and the board has endorsed the committee's proposals. The non-executive directors receive fees for services rendered to the company and their remuneration is not linked to the company's share price, its share performance or its results. Non-executive directors do not qualify for shares in terms of the KAP Performance Share Rights Scheme and do not hold share rights under this scheme.

The company's executive directors are remunerated in terms of each director's contract with the company and they do not receive any fees for services rendered to the company.

Shareholder approval

Following the introduction of King IV™, in addition to the requirement to obtain shareholder approval for the payment of fees to the non-executive directors, the remuneration policy and implementation report will be tabled each year for separate non-binding advisory votes by shareholders at the AGM. In the event that either the remuneration policy or the implementation report, or both, are voted against by shareholders exercising 25% or more of the total voting rights exercised at the AGM, the committee will issue an invitation to dissenting shareholders to engage with them in a mutually accepted manner and timing in order to address legitimate and reasonable concerns.

At the AGM on 13 November 2018, the shareholders endorsed the remuneration policy and the implementation report of the company by way of separate non-binding advisory votes of 86.9% and 94.7% in favour respectively. As the non-binding advisory votes were passed by the requisite majorities, no further engagement with shareholders was required.

Remuneration policy

The committee has implemented a remuneration policy, which has been approved by the board and shareholders, to assist in the achievement of the group's strategy and objectives. The remuneration policy is reviewed on an annual basis and is aligned to the recommendations of King IV™, based on the following principles:

- Remuneration practices throughout the group are aligned with the applicable business vision and strategy.
- Remuneration is set at levels that are competitive and appropriate within the specific markets, geographical areas and industries in which the group operates.
- Incentive-based remuneration, applicable to management involved in determining and implementing the strategy of the group and/or divisions, is determined with reference to financial performance targets, strategy execution, broad-based black economic empowerment ('B-BBEE') targets, the achievement of environmental, social and governance ('ESG') goals, as well as internal control and compliance measures in order to promote the sustainable well-being of the group.
- Executive remuneration is fair, responsible and transparent in the context of overall remuneration in the group.

The committee seeks to ensure an appropriate balance between the guaranteed and performance-related elements of managerial remuneration and also between short-term performance and long-term sustainable stakeholder value creation. The committee considers each element of remuneration relative to the market and, in determining its quantum, takes into account the performance of the group and/or division, the management team and the individual concerned.

Elements of remuneration

Benchmarking of the remuneration of executive managers and executive directors was undertaken during the financial year, utilising the services of independent experts. The committee is satisfied that remuneration in all forms accruing to employees at all levels is market-related and equitably awarded under the remuneration systems and practices in place.

The remuneration policy covers two elements of remuneration:

Total cost to company guaranteed salary ('salary')

The salary element of remuneration incorporates all guaranteed cash benefits. Its purpose is to provide a competitive level of remuneration for employees. The salary is subject to annual review and is intended to be competitive, with reference to market practice in companies comparable in size, market sector, business complexity and geographic location, as well as equally graded positions. A global grading system is applied across the group that ensures standardised employee grading. Company performance, individual performance, general inflation and changes in responsibilities are also taken into consideration when determining annual base salaries.

The amount of the salary package is determined, with effect from 1 July each year, based on parameters approved by the board. Pay levels are based on individual and market factors, as follows:

- Position profiles are compiled for each approved position in each division and department and these are graded using the company's uniform grading system.
- A competency profile and levels of proficiency are determined for each approved position. Performance reviews of the employee may lead to the employee receiving merit increments from year to year, which, over time, enable him or her to earn remuneration at a level above the market median for a position, but within market norms.
- The market positioning of the pay of key managers and professional staff is benchmarked and reassessed regularly, using the market median of independent salary surveys as reference points.
- Inflationary remuneration increases are approved from year to year, taking into account movements in consumer price inflation in South Africa or the relevant country of operation.

The remuneration of employees, other than union and other bargaining structure represented employees, is contracted on a 'total cost to company package' basis, which includes basic salary, allowances and contributions by the company to retirement savings, risk insurance and medical schemes.

In terms of this arrangement, a minimum level of healthcare cover is a condition of employment at certain levels and additional cover is available to employees according to their personal circumstances. The healthcare benefits are outsourced to service providers. The company does not provide post-retirement healthcare benefits for current employees.

Employees throughout the group are able to contribute to various independently administered defined benefit retirement schemes.

The company encourages union membership and collective bargaining among its employees in order to provide for responsible and structured engagement. In relation to employees represented by trade unions or similar bargaining structures and similarly graded positions, their wages and substantive conditions of employment are negotiated from time to time with the applicable bargaining structures, preferably via collective bargaining processes. Changes to remuneration and benefits are negotiated in one, two or three-year arrangements. Multi-year arrangements are favoured in terms of stability and consistency in industrial relations. Access by these employees to suitable medical, retirement and associated insured benefits is also facilitated by the company. Advisory and administrative services are offered on an outsourced basis in relation to employment benefits.

Payments on termination of employment or office, sign-on, retention or restraint payments, commissions and allowances are limited to contractual, legal and/or negotiated obligations and any deviations from this policy in relation to senior executives would require appropriate motivation and the specific approval of the committee.

Variable performance-related incentives ('incentives')

A principle underlying this policy is that senior executives and managers of the company and each of its business units are required to assume more business risk in relation to corporate returns and sustainable performance than their subordinates and to place more of their remuneration at risk in relation to the achievement of certain targets. Consequently, they are offered a combination of guaranteed and variable pay to incentivise performance on a sustainable long-term basis.

Variable pay is designed to incentivise and reward both team and individual effort and serves as a tool to attract, motivate and retain staff of the calibre required to achieve the objectives of the business. These policies are also used to ensure that top management are duly motivated to achieve organisational goals and strategic objectives to ensure the long-term sustainability of the company. Bonuses are determined and paid in the financial year following that to which the performance relates and are disclosed together with the applicable performance targets.

This remuneration philosophy historically provided for a high weighting toward risk-based remuneration based on achievement of rigid financial targets, on an 'all or nothing' basis that had the potential to negatively influence the culture of the company and the behaviour of its executives over time. The remuneration philosophy of the company was therefore reconsidered during the year under review in order to encourage a more balanced and socially responsible approach to the management of the business and to ensure that growth is sustainable over the long term. In this regard, the inclusion of B-BBEE targets, long-term strategy execution, internal audit compliance, ESG goal achievement and executive retention was approved by the committee on 14 August 2018 as additional measurement criteria in the company's incentive schemes.

Annual incentive bonus (AIB) scheme

The objective of the AIB scheme is to achieve growth in earnings and the conversion of earnings to cash. The AIB, payable in cash, is further designed to incentivise applicable levels and groupings of management to achieve the divisional and the group's short-term goals. Targets are set by taking into account various factors, including the prevailing economic environment, relevant market conditions in the sectors within which the group operates, the performance of market peers, as well as the group's objective of improving its performance over time. Objectives are set after taking into account that management is obliged to maintain the group's assets on a sustainable basis.

For the group's executive management, the performance measures for the AIB include:

Objective	Measurement criteria	Weighting
Performance against profit targets	Core headline earnings per share (at group level) Core headline earnings before tax (at division level)	75%
Performance against cash flow targets	Cash from operations, less net cash finance cost, less cash taxation, (less)/add any capex and investment (over)/underspend	
Performance against B-BBEE targets	B-BBEE scorecard points defined in terms of the B-BBEE Codes of Good Practice	15%
Performance against internal audit and compliance targets	Management effectiveness in maintaining the integrity of the system of internal controls against predetermined targets	10%

AIB allocations to the executive management are weighted as follows:

Role	Percentage of AIB relating to group performance	Percentage of AIB relating to divisional performance	On-target bonus as a percentage of guaranteed salary
Chief executive officer	100%	–	50%
Chief financial officer	100%	–	50%
Divisional chief executive officers	50%	50%	50%
Human resources executive	100%	–	50%
Business development executive	100%	–	50%
Stakeholder relations executive	100%	–	50%
Key divisional management	–	100%	15% – 50%

The group's executive committee (i.e. chief executive officer, chief financial officer, divisional CEOs, human resources executive, business development executive and stakeholder relations executive) participates in a group AIB pool in order to support the alignment of the interests of executive management with those of the group's shareholders and to ensure the optimal allocation of capital between divisions in the group. Divisional CEO incentives are split 50/50 in relation to group and divisional performance against relevant measurement criteria in order to balance divisional performance with group performance, without compromising the optimal allocation of capital across the group.

Key executives are further entitled to participate in the value created by performance in excess of targeted measurements applicable to their respective division or the group. This participation varies between 12% and 20% of excess over targets of applicable measured earnings. Any incentive that exceeds 100% of an executive's cost to company in a year will be carried forward for payment in the following financial year if the relevant executive is still in the employ of the group and has a clean disciplinary record.

The performance objectives for group and individual divisions are assessed, taking into account their specific industry, identified peers and/or competitors and the maturity of the group or division. The committee performs an annual review to ensure that the performance measures and the targets set are appropriate within the economic context and the performance expectations for the division or group.

The committee retains the discretion to make adjustments to AIB payments, taking into account both group performance and the overall and specific contribution of the management teams toward meeting the group's objectives. Divisional bonus schemes applicable to middle and junior management are aimed at achieving project, production and sales-related targets.

Long-term incentives schemes

KAP competes for management skills and talent and its approach to remuneration takes account of the need to retain key management over the long term. Long-term incentives are awarded with the primary aim of promoting the sustainability of the company through business cycles; aligning performance of key management with the interests of stakeholders; and retaining key management over the long term. The long-term incentives comprise a share rights scheme ('SRS') for executive staff and a cash-settled ('LTI') scheme for key senior management.

For the group's executive management, the performance measures for the SRS and LTI include:

Objective	Measurement criteria	Weighting
1. Achievement of financial targets		
Performance against profit target	Cumulative three-year core headline earnings per share	35%
Performance against cash flow target	Cumulative three-year cash from operations, less net cash finance cost, less cash taxation, (less)/add any capex and investment (over)/underspend	
Performance against return on equity target	Return on equity over three years	15%
2. Implementation of key strategic initiatives related to the strategic development and competitive positioning of KAP		
• Securing an appropriate and flexible capital and debt structure in order to minimise the risk of stressed debt or equity issuance in volatile economic environments • Implementation of risk management policy and framework • Successful conclusion and implementation of strategic mergers, acquisitions and disposals • Implementation of growth initiatives, which do not necessarily benefit the year under review • Other initiatives, such as B-BBEE, internal audit ratings, health and safety, succession planning, etc.	Board-approved initiatives	15%
3. Achievement of ESG targets	**FTSE4Good Index measurement criteria**	10%
4. Retention	**Continued employment through the measurement period with a clean disciplinary record on vesting date**	25%

The allocation of SRS and LTI incentives is at the discretion of the committee and applies to individuals who are key to determining and implementing the long-term vision and strategy at group and/or divisional levels. Benchmark performance criteria are aligned with the group's long-term strategic priorities to ensure that there are no 'windfall' gains. The allocation and quantum of long-term incentives are based on the responsibility levels and salary packages of relevant individuals. Share rights vest in weighting as detailed above if the relevant objective was achieved over the measurement period.

The value of SRS allocations to the group's executive management is as follows:

Role	Percentage of guaranteed salary allocated to share scheme
Group chief executive officer	167%
Group chief financial officer	167%
Divisional chief executive officers	133%
Group human resources executive	100%
Group business development executive	53%
Stakeholder relations executive	133%
Key divisional management	33% – 133%

In order to qualify for the LTI, participants are required to achieve their own division's measurement criteria, as detailed above, over a cumulative three-year period. The value of LTI allocations to the group's senior management are as follows:

Role	Percentage of guaranteed salary allocated to long-term cash incentive
Key divisional management	25% – 67%

Except as approved by the committee in exceptional circumstances, share rights and LTI allocations will lapse should any participant in the SRS or LTI scheme leave the employ of the group other than in the event of death, incapacity, disability or retirement, as detailed in the share scheme rules approved by shareholders.

Implementation report

During the 2019 financial year, the remuneration policy of the group was applied with no deviations.

Total cost to company guaranteed salary

The base salaries of executive management were benchmarked by an external service provider, with reference to market practice by companies comparable in size, market sector, business complexity and geographic location, in order to ensure that they provide a competitive level of remuneration. Base salary increases were awarded based on inflation, except where there were changes in responsibilities and roles that warranted higher increases.

The base salaries of the executive committee comprised the following elements:

Executive directors	Total guaranteed salary 2019 R	Total guaranteed salary 2018 R	Increase in guaranteed salary
Gary Noel Chaplin [1]	7 400 000	6 000 000	23%
Frans Hendrik Olivier [2]	4 500 000	3 700 000	22%
Total	**11 900 000**	**9 700 000**	

[1] *Gary Noel Chaplin's base salary was increased in the last of a two-phased approach aimed at aligning his remuneration with the market median for companies of similar size and complexity.*

[2] *Frans Hendrik Olivier's base salary was increased in the last of a two-phased approach aimed at aligning his remuneration with the market median for companies of similar size and complexity.*

	Total guaranteed salary 2019 R	Total guaranteed salary 2018 R	Increase in guaranteed salary
Other executive committee members	35 138 882	27 172 000	29%

The increase in guaranteed salaries paid to other executive committee members is based on inflation, additional responsibilities resulting from acquisitions, market benchmarks and an increase in the number of executive committee members. The year-on-year increase, excluding the impact of changes in the number of members, is 12% as a result of additional responsibilities assumed by certain Exco members and restructure of certain packages between short-term and long-term incentives.

Annual incentive bonus (AIB)

Bonuses paid in the 2019 financial year were determined in line with the remuneration policy and were awarded based on the following criteria in relation to the 2018 financial year:

1. Achievement of operational and financial growth objectives for the 2018 financial year		
Objective	**Target**	**Performance**
Performance against profit target	Headline earnings before tax of R2 149 million	Headline earnings before tax of R2 128 million
Performance against cash flow targets	Cash flow from operations less net finance cost of R2 497 million	Cash flow from operations less net finance cost less capex over spend of R2 131 million

2. Implementation of key strategic initiatives related to the strategic development and competitive positioning of KAP for the 2018 financial year

Objective	Target	Performance
• Securing an appropriate and flexible capital and debt structure in order to minimise the risk of stressed debt or equity issuance in volatile economic environments • Implementation of risk management policy and framework • Successful conclusion and implementation of strategic mergers, acquisitions and disposals • Implementation of growth initiatives that do not benefit the year under review • Other initiatives, such as B-BBEE, internal audit ratings, health and safety, and succession planning, etc.	At the discretion of the board	Following the collapse of a strategic shareholder in December 2017, management successfully protected the company from any contagion impact through various measures, as follows: • securing continued lines of credit with banking partners and suppliers; • maintaining uninterrupted operational execution; • securing payment of R585 million to employee beneficiaries of the shareholder funded S'khulasonke Scheme; • terminating provision of services agreement with the strategic shareholder; • establishment of a full corporate services function in two new corporate offices; and • independent review of governance structures. The group continued with strategic corporate activities to enhance its quality of earnings and its sustainability into the future. In line with its key investment criteria, the group entered into the following material transactions with a dedicated focus on strategic industrial assets: • The company concluded a series of transactions and funding arrangements in order to facilitate greater than 51% 'black ownership' and greater than 30% 'black-women ownership' of its South African logistics operations, Unitrans Supply Chain Solutions Proprietary Limited ('USCS'). • Support-a-Paedic Proprietary Limited and RME Components Proprietary Limited were acquired effective 1 December 2017 for R48 million, in order to provide the Integrated Bedding division with access to new markets and brands. • On 1 December 2017, Southern Star Logistics Proprietary Limited (a 50%-owned subsidiary) was formed in order to facilitate growth in the eSwatini territory. Certain assets from KAP-owned subsidiaries Unitrans Swaziland Proprietary Limited and Unitrans Agricultural Services Proprietary Limited, were combined with a R92 million contribution of assets from an external party, South Star Investments Proprietary Limited. • KAP acquired 45% minority interests in Crystal Cool Holdings Proprietary Limited on 1 July 2017 for R10 million in order to consolidate and streamline operations in the Contractual Logistics division. The following funding activities were concluded during the period to facilitate longer-dated maturities to accommodate future growth: • R2 004 million raised through bond issuances, with three- and five-year tenures; • R240 million bond settled at maturity; • R1 750 million of existing term loan facilities settled; and • the KAP bond programme increased from R5 billion to R10 billion. Global Credit Rating Co Proprietary Limited reviewed KAP's credit rating in October 2017 and upgraded KAP from A(za) to A+(za) with a stable outlook.

The committee reviewed the performance of individuals against the target criteria set out above and although financial targets were not met, the remuneration committee resolved to award discretionary bonuses on the basis of individual performances, primarily in relation to the strategic initiatives detailed above.

Executive directors	Total bonuses 2019 R
Gary Noel Chaplin	3 000 000
Frans Hendrik Olivier	1 850 000
Total	**4 850 000**
Other executive committee members	**3 600 000**

Long-term incentives

Long term incentives were awarded in line with the remuneration policy and stipulated allocation levels. The committee reviewed the performance of individuals against the target criteria (in line with the AIB criteria) for the December 2015 grant and approved the vesting thereof, where target criteria were met.

Executive directors	Offer date	Vesting date	Number of rights as at 30 June 2018	Number of rights (exercised)/ (expired)/ awarded during the year	Number of rights as at 30 June 2019	Market value of rights at grant date R	Market value of rights upon vesting R	Market value of rights at 30 June 2019 R
Gary Noel Chaplin	Dec 2015	Nov 2018	1 151 851	(1 151 851)	–	8 189 661	8 984 438	–
	Dec 2016	Dec 2019	1 401 589	(1 401 589)	–	10 638 061	–	–
	Dec 2017	Dec 2020	1 198 565	–	1 198 565	10 427 516	–	6 699 978
	Nov 2018	Nov 2021	–	1 578 289	1 578 289	12 705 226	–	8 822 636
Total			**3 752 005**	**(975 151)**	**2 776 854**	**41 960 464**	**8 984 438**	**15 522 614**
Frans Hendrik Olivier	Dec 2015	Nov 2018	486 191	(486 191)	–	3 456 818	3 792 290	–
	Dec 2016	Dec 2019	713 328	(713 328)	–	5 414 160	–	–
	Dec 2017	Dec 2020	588 636	–	588 636	5 121 133	–	3 290 475
	Nov 2018	Nov 2021	–	959 770	959 770	7 726 149	–	5 365 114
Total			**1 788 155**	**(239 749)**	**1 548 406**	**21 718 260**	**3 792 290**	**8 655 589**
Total executive directors			**5 540 160**	**(1 214 900)**	**4 325 260**	**63 678 124**	**12 776 728**	**24 178 203**
Karel Johan Grové*	Dec 2015	Nov 2018	827 893	(827 893)	–	5 886 319	6 457 565	–
Total			**827 893**	**(827 893)**	**–**	**5 886 319**	**6 457 565**	**–**
Total non-executive directors			**827 893**	**(827 893)**	**–**	**5 886 319**	**6 457 565**	**–**
Total directors			**6 368 053**	**(2 042 793)**	**4 325 260**	**69 565 043**	**19 234 293**	**24 178 203**

**Share rights of Karel Johan Grové have been adjusted to reflect the pro rata entitlement as per the rules of the share scheme in terms of retirement.*

Non-executive directors' remuneration

Non-executive directors' remuneration is presented in the table on page 7 of the AGM Notice. Non-executive directors are remunerated for their services to be rendered to the company as directors. The forward-looking fees are based on pre-planned and annually scheduled meetings. When additional meetings are held by the board and its subcommittees from time to time, the non-executive directors will qualify for ad hoc formal meeting fees upon attendance as set out in the aforementioned table of fees.

Areas of future focus

The committee will focus on its commitment to the application of King IV™ and, in adhering on a transparent basis to the King IV™ principle of fair, responsible and balanced remuneration, will consider all new developments and best practice in this field, in order to further the best interest of all stakeholders.

The company has targeted four key areas of focus in relation to its divisional human and resources activities, namely:

- leadership development;
- succession planning;
- employment equity; and
- training and development.

The successful development of these areas will provide a sound platform for sustainable growth of the company and its employees.

KAP INDUSTRIAL HOLDINGS LIMITED
(Registration number: 1978/000181/06) | JSE share code: KAP | ISIN: ZAE000171963 | (**'KAP'** or **'the company'**)

KAP

Form of Proxy

For use at the 41st annual general meeting (**'AGM'**) of KAP to be held at 14:30 on Wednesday, 13 November 2019, at the Investec building at 36 Hans Strijdom Avenue, Foreshore, Cape Town, and at any adjournment thereof.

Only shareholders who hold shares in certificated form and shareholders who have dematerialised their shares but hold them in "own-name registration" must complete this Form of Proxy.

I/We (Full name(s) in block letters) ______________________________

of (address) ______________________________

being the registered holder(s) of ______________________________ ordinary shares, hereby appoint:

1 ______________________________ of ______________________________ or failing him/her

2 ______________________________ of ______________________________ or failing him/her

3 the chairman of the AGM, as my/our proxy, to vote for me/us and on my/our behalf at the AGM, and at each adjournment thereof, on all resolutions proposed below. My/our proxy may vote in favour of and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see Notes on the reverse hereof):

Voting instructions in respect of all/ ______________ shares held (number)	NUMBER OF VOTES (ONE VOTE PER SHARE)		
	In favour of	**Against**	**Abstain**
Presentation of annual financial statements	Non-voting agenda point		
1. Ordinary resolution number 1: Re-appointment of audit firm and individual auditor			
2. Ordinary resolution number 2: Re-election of directors who retire by rotation:			
2.1 Mr GN Chaplin			
2.2 Mrs IN Mkhari			
2.3 Mr SH Nomvete			
2.4 Reducing the number of directors on the board			
3. Ordinary resolution number 3: Re-election of audit and risk committee members:			
3.1 Mr PK Quarmby (as chair)			
3.2 Mr SH Müller			
3.3 Mr SH Nomvete			
4. Ordinary resolution number 4: Placing of ordinary shares under the control of the directors for commercial purposes			
5. Ordinary resolution number 5: Placing of preference shares under the control of the directors for commercial purposes			
6. Ordinary resolution number 6: General authority to create and issue convertible instruments			
7. Ordinary resolution number 7: General authority to distribute share capital and reserves			
8. Ordinary resolution number 8: Non-binding advisory votes to endorse KAP's:	Non-binding advisory vote		
8.1 Remuneration policy			
8.2 Implementation report on the remuneration policy			
9. Ordinary resolution number 9: Ratification relating to personal financial interest arising from multiple intergroup directorships			
10. Special resolution number 1: General authority to repurchase shares issued by the company			
11. Special resolution number 2: Approval of fees payable to non-executive directors:			
11.1 Independent non-executive chairman			
11.2 Non-executive deputy chairman			
11.3 Member			
11.4 Ad hoc meeting fees (fee per formal meeting)			
11.5 Audit and risk committee chairman			
11.6 Audit and risk committee member			
11.7 Human resources and remuneration committee chairman			
11.8 Human resources and remuneration committee member			
11.9 Nomination committee chairman			
11.10 Nomination committee member			
11.11 Social and ethics committee chairperson			
11.12 Social and ethics committee member			
11.13 Investment committee chairman			
11.14 Investment committee member			
12. Special resolution number 3: General authority to provide financial assistance			
13. General	Non-voting agenda point		

Shareholders must insert an "X" in the appropriate block if they wish to vote all their shares in the same manner. If not, insert the number of votes in the appropriate block. The total number of votes may not exceed the total to which the shareholder is entitled. Unless otherwise instructed, a shareholder's proxy may vote as he/she thinks fit.

Signed at ______________________ this ______________________ day of ______________________ 2019

Signature ______________________

Any power of attorney and any instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of the power of attorney, must be forwarded to TMS at the address stated overleaf to reach them by 08:30 on Monday, 11 November 2019, or in the alternative, be handed to the chairman of the AGM before voting commences.

Notes to Form of Proxy

1. This Form of Proxy should be used only by certificated shareholders or shareholders who have dematerialised their shares with own-name registration.
2. All other shareholders who wish to attend the AGM must arrange with their CSDP or broker to provide them with the necessary written authorisation (letter of representation) to attend the AGM. If they elect not to attend the AGM, and wish that their votes be recorded, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder may insert the name(s) of one or more proxies, none of whom need to be a shareholder of the company, in the space provided. The person whose name appears first on the Form of Proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the AGM.
4. A shareholder's instruction on the Form of Proxy must be indicated by the insertion of a number of shares in the appropriate space provided, or an "X" if the shareholder wishes to vote all the shares. Failure to comply with the above will be deemed to authorise the chairman of the AGM (if he is the authorised proxy), or any other appointed proxy, to vote all the shareholder's exercisable votes as he/she deems fit. In general, a shareholder or his/her proxy is not obliged to use all the votes exercisable, but the total of the votes cast, together with any abstentions recorded, may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
5. The completion and lodging of this Form of Proxy shall not preclude the shareholder from attending, speaking and voting in person at the AGM to the exclusion of any proxy appointed in terms hereof.
6. Should this Form of Proxy not be completed and/or received in accordance with these directives, the chairman of the AGM may accept or reject it, provided that, in the case of acceptance, the chairman is satisfied as to the manner in which the shareholder's votes are to be recorded.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by TMS or by the transfer secretaries at an earlier stage.
8. Documentary evidence establishing the authority of the person signing this Form of Proxy in a representative or other legal capacity must be attached to this Form of Proxy unless previously recorded by the transfer secretaries or waived by the chairman of the AGM.
9. The chairman of the AGM shall be entitled to reject the authority of a person signing this Form of Proxy:

   9.1 under a power of attorney; or

   9.2 on behalf of a company or on behalf of another entity,

   unless that person's power of attorney or authority has been deposited with and registered by TMS at the address stated below before the time fixed for commencement of the AGM.
10. Where shares are held jointly, all joint holders are required to sign the Form of Proxy.
11. Any alterations of or correction to this Form of Proxy must be initialed by the signatory(ies).
12. On a show of hands, every shareholder present in person or represented by proxy shall have only one vote, irrespective of the number of KAP shares he/she holds or represents. On a poll, every shareholder present in person or represented by proxy shall have one vote for every KAP share held by such shareholder. It is the intent that all voting at the AGM will take place by way of a poll.
13. Shareholders may participate electronically in the AGM. However, KAP reserves the right not to provide for electronic participation in the event that it may be impractical to do so. Shareholders who wish to participate electronically must:

    13.1 make application in writing to be received by TMS at least 5 (five) business days prior to the date of the AGM so that arrangements can be made for their electronic participation in the AGM;

    13.2 provide reasonably satisfactory identification;

    13.3 make arrangements with their own service provider to be billed separately for their participation; and

    13.4 submit their Forms of Proxy or voting instructions to their CSDP/broker in order for their votes to be counted, as electronic participation does not accommodate remote voting.
14. To avert a potential administrative burden at the AGM, completed Forms of Proxy must be e-mailed to proxy@tmsmeetings.co.za to be received by TMS by no later than 08:30 am on Monday, 11 November 2019. In the alternative, Forms of Proxy may be handed to the chairman at the AGM before commencement of voting.

Important addresses and contact particulars

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