

STAKEHOLDER ENGAGEMENT

Who are our stakeholders?	How did we engage our stakeholders?	What are their expectations and concerns?	How does this link to Cashbuild's Top 10 risks? (#Ranking per Pg 24 and 25 of the 2016 Integrated Report)	How are we addressing these risks and concerns?	How does this affect our capitals?					
					Financial	Manufactured	Human	Natural	Intellectual	Social
Employees, learners, contractors, sub-contractors	<ul style="list-style-type: none"> - Informal socials and employee forums - Employee surveys - Management roadshows - Health, safety and wellness forums - Bursaries and learnership programmes - Employee training and development - Executive store visits 	- Fair remuneration	- No significant risk on our Top 10 risk register	A salary benchmarking survey was conducted in 2016. We are proudly an employer of choice with our HR model providing a firm foundation for growth and development and responds to the needs of our staff/contractors and builds loyalty among all.			✓			
		- Fair work practices and transformation	- Inadequate attention given to identifying and fast tracking internal BEE candidates into senior management positions (#10)	Transformation is managed by focusing on: a) Talent identification and management; and b) Attraction and retention.			✓		✓	
		- Safe working conditions	- No direct link to risks as injuries reported remains low	A health and safety representative has been appointed and a first-aider is appropriately trained and qualified at each store and support office department, outsourced partners ensure compliance with latest regulations.			✓			
		- Strong and clear leadership	- High reliance on existing Executive Management team (#2)	The existing "back up plan" (not succession plan) for Executive Management members, particularly those in support functions, is being addressed as a mitigation step. Newly recruited (2) and promoted (2) Operations Executives are receiving appropriate induction, coaching and training with the intention of reducing the potential impact of this risk.	✓				✓	
		- Learning and development	- Discontinued technical support for the Cashbuild E-Learning solution has direct negative impact on the E-Learning functionality in the Group (#3)	Alternative solutions and/or suppliers being sought to support the E-Learning solution.		✓	✓			

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Customers and communities	<ul style="list-style-type: none"> - Direct engagement at store openings - Marketing surveys - Customer care and feedback mechanisms - Mystery shopper initiative 	- Availability of quality goods	- Target stock levels rolled out to stores are not being met (#5)	Stores not achieving target stock levels are identified, prioritised, and process improvement plans put in place to address the risk. Continued monitoring of the status of prioritised stores taking place at executive level with required action taken where identified to do so. Target stock levels being revisited and adjusted where considered necessary.	✓	✓				✓
		- Competitive prices	- Impact of weak exchange rate on pricing of Cashbuild products (#9)	Status is being monitored with due consideration given to: a) Continued monitoring and corrective action on changes in customer transactions. b) Monitor and highlight suppliers fighting increases with lower quality product.	✓	✓				
		- Excellent service and free deliveries	- Instances of increased community unrest and resultant lost trading days (#7)	Cashbuild security policy is being maintained with particular attention given to safety of customers and staff in areas where community unrest is experienced. Awareness and caution is maintained by Cashbuild's Executive Management with regards to the monitoring and tracking of this risk.	✓	✓	✓			
		- Local employment opportunities	- No direct link to risks as there is no indication that our local employment initiative is not sustainable	Cashbuild encourages broad based economic empowerment in all communities in which it operates (opportunities to become independent business owners for subcontractors). Identification of stores that will be opening per operational area during the next 18 months to be linked with a plan to appropriately utilise identified staff members in the talent pool.			✓			✓
		- Sustainability of community initiatives	- No direct link to risks as there is no indication that initiatives are not sustainable	Our proven track record of decades of successful store openings and continued investment within the communities in which we trade; Initiatives include Art at Heart, local delivery driver employment and building supply donations to local schools.						✓

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Shareholders, investors, analysts and media	<ul style="list-style-type: none"> - Analyst presentations - Bi-annual roadshows - Annual General Meeting - Investor relations - Television and radio interviews 	<ul style="list-style-type: none"> - Return on investment through market share and growth 	<ul style="list-style-type: none"> - Sales growth in a number of Cashbuild stores below expectation (#1) 	<p>Increased monitoring of stores not reporting the required growth vs the previous year. Detailed action plans are put in place to address sales in these stores.</p>	✓					
			<ul style="list-style-type: none"> - Inadequate assurance provided to Executive Management on efficiency and effectiveness of Cashbuild's IT solution (#8) 	<p>KPAs of IT service providers are defined in their contract and being monitored at IT service meetings. Issues of concern as identified at service meetings are actioned by IT Executive, and escalated / communicated as and when the need arises at Focus Meetings and or one-on-one meetings with appropriate Cashbuild and or UCS Executives. First draft of IT Strategy Framework drafted by Chairman of IT Governance Committee handed to IT Executive for finalisation (subject to approval by the Board).</p>	✓					
		<ul style="list-style-type: none"> - Sound business practice, transparency, governance and compliance 	<ul style="list-style-type: none"> - Integration of the P&L acquisition into the Group exposes Cashbuild to a different business model and business culture. (#4) 	<p>Action plan to be formulated upon completion of the transaction. Action plan to consider:</p> <p>a) Business risk assessment involving P&L management team.</p> <p>b) Action steps designed to mitigate prioritised risks.</p>	✓				✓	
		<ul style="list-style-type: none"> - Market related executive remuneration 	<ul style="list-style-type: none"> - Not a significant risk on our Top 10 risk register 	<p>New Forfeitable Share Plan has been approved to achieve the desired remuneration structure between guaranteed and variable remuneration. A salary benchmarking survey was conducted in 2016.</p>	✓		✓			
Local and provincial Government and regulatory bodies (Labour, Education, Health and Social Services, SARS)	<ul style="list-style-type: none"> - National builders forums - Audit and related meetings - Regular contact sessions with tax regulators 	<ul style="list-style-type: none"> - Legal compliance - Industry best practice 	<ul style="list-style-type: none"> - Impact of Cashbuild B-BBEE rating moving from Level 5 to a "non-compliant" rating level during the October 2015 assessment (#6) 	<p>Focus areas being attended to are:</p> <p>a) Supplier and Enterprise Development strategy to be put in place.</p> <p>b) Roll-out of a three year skills development plan to increase number of learnerships and accredited training.</p> <p>c) Roll-out of targeted recruitment at management level.</p>			✓	✓		

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Suppliers, service providers, specialists, industry partners	<ul style="list-style-type: none"> - Strategic sourcing meetings - Meetings and correspondence - Industry conferences and functions 	<ul style="list-style-type: none"> - Timeous payments and favourable contract terms, preferential procurement 	<ul style="list-style-type: none"> - No direct link to risks 	<p>We ensure engagement and on-going long-term relationship building and partnership with our suppliers to negotiate favourable pricing and terms. We build relationships based on quality and trust and open communication.</p> <p>We consider our suppliers and service providers as partners in our ability to deliver on our sustainability strategy.</p>	✓	✓				
JSE and other local and international regulatory/listings bodies	<ul style="list-style-type: none"> - Business associations - Written communications and presentations 	<ul style="list-style-type: none"> - Statutory and legal compliance and adherence, while complying with governance guidelines (Companies Act, King III, CSI, GRI) 	<ul style="list-style-type: none"> - No direct link to risks 	<p>We aim to comply fully with regulations and engage with regulatory bodies should there be gaps in our compliance for any reason.</p>	✓	✓		✓	✓	