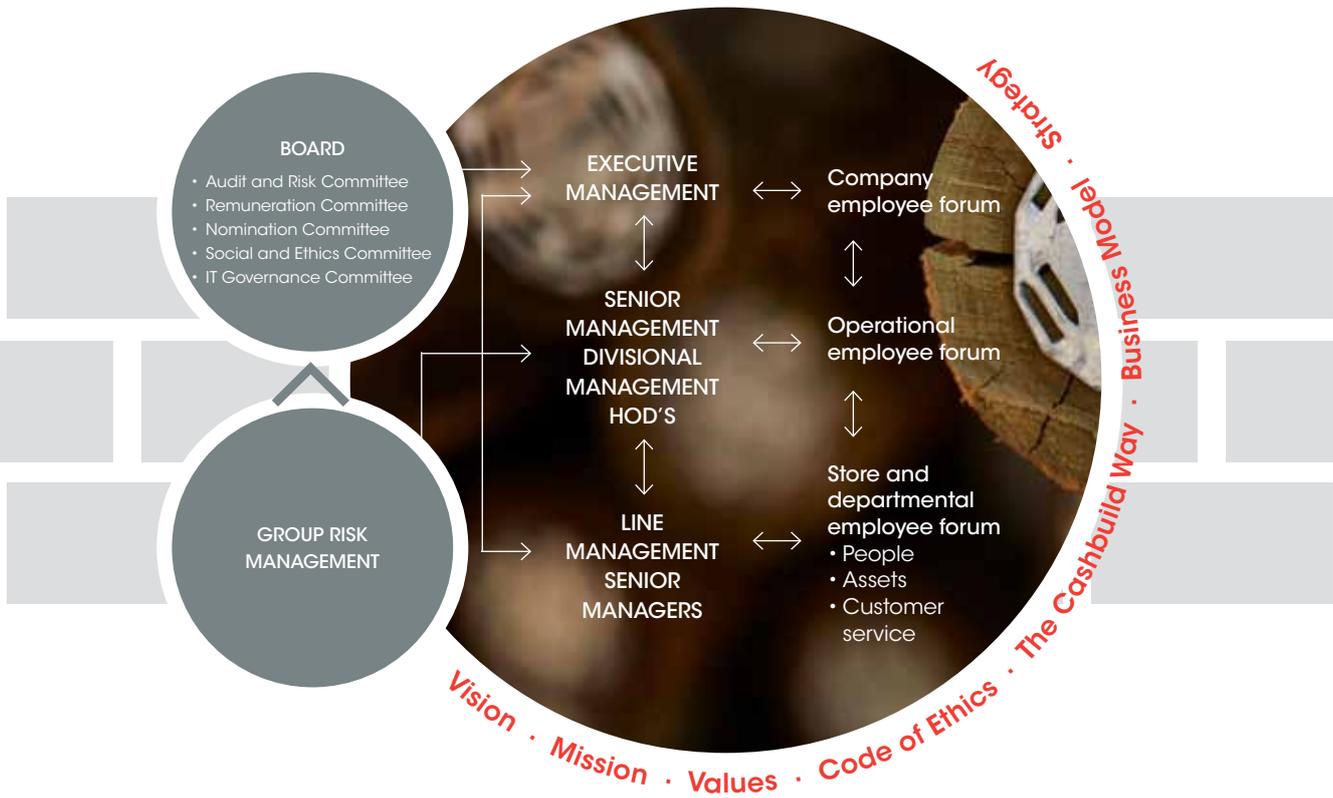


CORPORATE GOVERNANCE REPORT

GOVERNANCE FRAMEWORK AND STRUCTURE AT A GLANCE



We believe that our governance practices are sound and that we comply with the JSE Listings Requirements, King IV (published in November 2016 and adopted by the Group) as well as guidelines provided by the International Integrated Reporting Framework in terms of reporting according to the Six Capitals. There are no material changes to the content of this report compared to the 2017 Integrated Report, other than a continued emphasis on providing additional supplementary information on the Group’s strategic direction, risk and sustainability initiatives as well as compliance with King IV. Cashbuild endorses and continuously assesses the principles of the Code and, where necessary, tailors these as appropriate to the organisation.

The following is a summary of Cashbuild’s most recently completed King IV application assessment:

Principle 1: Ethical Leadership: The governing body should lead ethically and effectively.

The Cashbuild Board leads within the framework provided by the Group’s Core Values, Cashbuild Way (policies and procedures), Code of Ethics, Corporate Approvals Framework, and the Board Charter and Terms of Reference of various sub-committees of the Board.

Board members, whose performance is subject to formal annual review, have sufficient working knowledge and guidance to discharge their responsibilities ethically and effectively.

Principle 2: **Organisational values, ethics and culture:** The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board has ensured that a code of conduct and ethics-related policies, through which ethical standards are clearly articulated, is established and implemented. Understanding of the code of ethics is entrenched as part of staff induction and compulsory training of all staff members on the topic.

The Board sets the values to which the Group will adhere to and these are formulated in the Group's code of conduct. Cashbuild's vision, mission and core values as approved by the Board are clearly documented and communicated throughout the Group and forms a basis of the Group's Ethics Charter and company policies.

Monitoring of organisational ethics is the role and responsibility of the Social and Ethics Committee that relies on amongst others assurance provided by management, external audit, and the Cashbuild Group Risk Management function which includes internal audit.

Principle 3: **Responsible corporate citizenship:** The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

The Board considers not only financial performance, but also the potential impact of the Group's operations on society and the environment. Reporting on the impact of the Group's operations on society and the environment is done in the Integrated Report .

Measurable corporate citizenship programmes and policies are developed and implemented. Corporate citizenship programmes and policies are established in Cashbuild and are continuously improved on as part of Cashbuild's corporate citizenship growth journey. Measured projects (with related Company policies in place) as reported in the Integrated Report involves Store Expansion, Relocation and Refurbishment; Customer Growth; Local Hiring Practices; Contractor Funding; Employment and Transformation (including BEE targets), Employee Training and Development, Community Investment (which includes investment in local schools), and energy and carbon management.

Monitoring of Cashbuild's CSI in the workplace, with specific reference to employment equity, fair remuneration, safety, health, dignity and development of employees is done by the Board via the Social and Ethics Committee and the Remuneration Committee.

Principle 4: **Strategy implementation and performance:** The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board takes cognisance of risks, opportunities, and significant matters influencing the area in which Cashbuild operates and challenges Cashbuild strategy constructively which leads to a well-considered and relevant inclusive strategy for the Group. Ongoing oversight by the Board on implementation of strategy and related operational plans against performance measures and targets takes place via Board meetings, Board sub-committee meetings, and annual strategy workshop.

Principle 5: **Reports and disclosure:** The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long term prospects.

Cashbuild's Integrated Report provides insight into issues identified as the most relevant and material to Cashbuild and its various stakeholder groups. Comprehensive information pertaining to stakeholder engagement and material issues relevant to various stakeholder groups are placed on the Group's website. The Board, specifically the Audit and Risk Committee and the Social and Ethics Committee, play a central role in the determination of Cashbuild's material risks as well as opportunities that may arise.

Assurance is provided on the financial portion of the Integrated Report. Any issues of concern identified by external audit regarding accuracy, validity and integrity is highlighted for management action. The Board takes ultimate responsibility to ensure integrity of the Integrated Report.

CORPORATE GOVERNANCE REPORT

Principle 6: **Primary role and responsibility of the governing body:** The governing body should serve as the focal point and custodian of corporate governance in the organisation.

The role and responsibility of the Board is duly documented in a Board Charter with that of its committees contained in appropriate terms of reference due for annual review and approval. Non-Executive Board Members have unrestricted authority to consult with Executive Directors and Executive Management to obtain information about the company, its operations, assets or liabilities as stipulated in the Board Charter. Cashbuild's Board discloses their satisfaction regarding fulfilment of its responsibilities through reports of the Chairman, the Chief Executive and Board sub-committees.

Principle 7: **Composition of the governing body:** The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The Board, consisting of five Executive and six Independent Non-executive Directors has an appropriate balance of knowledge, skills, experience, diversity, and independence to objectively discharge its governance roles and responsibilities.

Principle 8: **Committees of the governing body:** The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

Roles and responsibilities of Board members and Board Committees are clearly defined and contained in terms of reference / charters of the Board and committees. Delegation is also appropriately attended to within the governance structure in accordance with legal requirements.

Principle 9: **Performance evaluations:** The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

Annual evaluation of directors (which includes their independence) are performed by the Chairman of the Board with feedback on the process being presented to the Board upon completion of the exercise. Performance assessment of the Board and its committees, including that of the Chair, is facilitated by the Company Secretary.

Principle 10: **Delegation to management:** The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

Cashbuild has a formal delegation of approvals framework which is approved by the Board. This delegation framework sets the direction and parameters which are to be reserved for the Board, and those that are delegated to management. Any changes to this delegation framework are subject to approval by the Board. Appointment of Board members are evaluated and proposed via the Nomination Committee.

The Board participates in the review of succession planning for key senior executive positions. The directors periodically discuss succession planning and are re-evaluating that, in the event of any executive and senior management transition, plans are in place to ensure smooth transition.

Adherence to the provisions of the Companies Act with regards to appointment, removal, evaluation and duties of the Company Secretary is attended to in the Board Charter. The office of the Company Secretary is duly empowered and carries the necessary authority.

Principle 11: **Risk Governance:** The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.

The Board's responsibility for risk governance is set out in the Board Charter and the Audit and Risk Committee Charter as well as the Risk Management CB Way. Risk governance encompasses both opportunities and associated risks for consideration when developing strategy.

Risk responses focuses to a large extent on actions taken to mitigate risks at hand. Consideration is always given to exploitation of opportunities to improve performance of the Group when preparing action plans to mitigate risks. These are recorded in the risk register which is made available as information to the Board via quarterly Audit and Risk Committee meetings.

Principle 12: **Technology and IT Governance:** The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The Board and its IT Governance Committee takes responsibility for the governance of IT and addresses it during IT Governance and Board meetings. Cashbuild's IT Governance Committee performs the oversight role that integration of people, technologies, information and processes takes place across the organisation. Management is responsible for the implementation of all the structures, processes and mechanisms for the IT governance framework. Prime responsibility for this has been delegated to the IT Executive reporting to the Chief Executive.

Principle 13: **Compliance Governance:** The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

The Board has as objective that Group policies and procedures and adherence thereto take account of the context of law and how applicable laws relate to one another. Compliance with known legislation is duly considered during approval of Cashbuild policies and procedures. Legal advice is obtained during preparation and completion of Company policy as and when required.

The Board receives assurance on the effectiveness of the internal controls intended to ensure compliance with laws, rules, codes and standards through internal and external audit service delivery. Status of assurance obtained is monitored with the Group's combined assurance and legal compliance process.

Principle 14: **Remuneration Governance:** The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Remuneration Committee, on behalf of the Board, assumes responsibility for the governance of remuneration by setting the direction for how remuneration should be approached and addressed on an organisation-wide basis. The Remuneration Committee is responsible to the Board for ensuring that the remuneration policy is kept current and remuneration packages are in line with industry norms, and that it addresses the governance objective of remunerating fairly, responsibly, and transparently in promotion of achievement of strategic objectives and positive business outcomes.

Principle 15: **Assurance:** The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

The Board assumes responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions. The Board delegates to the Audit and Risk Committee the responsibility for overseeing that arrangements (internal controls, combined assurance process, and external audit service delivery) are effective in achieving the objective of supporting the integrity of information used for internal decision-making by management, the Board and its committees.

The Board oversees that the combined assurance model, as contained in the Cashbuild Way, is designed and implemented to cover effectively the organisation's significant risks and material matters through a combination of assurance service providers and functions considered appropriate for the organisation.

The Board assumes responsibility for internal audit by setting the direction for the internal audit arrangements needed to provide objective and relevant assurance that contributes to the effectiveness of governance, risk management and control processes. This is done through approval of the Internal Audit Charter and the Internal Audit CB Way. The Board delegates oversight of internal audit to the Audit and Risk Committee.

Principle 16 **Stakeholders:** In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

The Board assumes responsibility for the governance of stakeholder relationships by setting the direction for how stakeholder relationships should be approached and conducted in the organisation.

The Board has delegated to management the responsibility for implementation and execution of effective stakeholder relationship management and exercise ongoing oversight of stakeholder management and in particular, oversee that it results in methodologies for identifying individual stakeholders and stakeholder groupings.

Note: Above summarised results are supported by the detailed King IV Application Register available on www.cashbuild.co.za

CORPORATE GOVERNANCE REPORT

(continued)

BOARD

Responsibilities

The Board is accountable and responsible for the performance and affairs of the Company. The terms of reference outlining its responsibilities are contained in the Board Charter. The Board takes responsibility for guiding and monitoring compliance with all applicable laws, regulations and codes of business practice, maintains oversight over compliance and risk management, but delegates operational control to management. The Board has defined levels of materiality, has delegated relevant matters to the executive directors and senior management based on detailed authority levels and believes it has full and effective control over the Company and oversight of management activities. The Board meets on a quarterly basis. All directors are encouraged to attend each meeting.

Board composition

The Board operates a unitary board. It commenced the year with four executive and six independent non-executive directors. The Board Chairman is an independent non-executive director and the role of Chairman and Chief Executive is separated. The Nomination Committee reviews the composition of the Board, annually, in accordance with King IV recommendations and it considers the number of directors, the collective knowledge, skills and experience required for conducting the business of the Board. The Nomination Committee is satisfied with the composition of the Board and its committees. The non-executive directors, who are trained and experienced, bring insight and expertise to Board deliberations. There is a policy in place which ensures a clear balance of power and authority at Board level and that no one director has unfettered powers of decision-making.

The Board acknowledges its responsibility towards equality and diversity at Board level. Changes were made to the Board during the course of the financial year, with due consideration of the Equity and Diversity Policy Statement. Refer to page 28 and 29 for our Board composition at year-end.

Board appointments

The appointment of new directors is approved by the Board as a whole on the recommendation of the Nomination Committee. Directors are appointed through a formal and transparent process, outlined in the Board Charter, which includes the identification of suitable members and performance and background checks prior to nominations. Executive director appointments are formalised through an agreed contract of service between the Company and the director.

Generally, directors have been and will be nominated based on their calibre, knowledge, experience and the impact they are expected to have, as well as the time and attention they can devote to their roles. New directors are taken through a formal induction programme and are provided with all the necessary background and information to familiarise them with issues affecting the Board.

Board meetings

The Board met four times during the year. The Chairman of the Board and the Chief Executive meet monthly. A strategy meeting involving all members of the Board is held annually. The Chairman of the Board and Chief Executive, in consultation with the Company Secretary, take responsibility for setting the agenda of each Board meeting. Board meetings are scheduled well in advance and management ensures that Board members are timeously provided with all the relevant information and facts necessary to enable the Board to meet its objectives and make well-informed decisions.

The Board meeting attendance is noted on page 28 of this Integrated Report.

Independence of directors

King IV requires the Board to review the independence of long-serving non-executive directors. This applies to Ms NV Simamane who has served as a director for 14 years. The Board has assessed the length of service of this director and concluded that it has not impaired her independence, character or judgement.

The matter of independence of directors is addressed during the recruitment stage and revisited annually when directors are required to declare any conflict in their interests. No conflict of interest or any factor hampering independence of any director has been identified during the 2018 financial year.

Board and committee performance evaluation

Cashbuild undertakes an annual Board evaluation, as recommended by King IV. During the year under review, the internal evaluation process was conducted by the Chairman using questionnaires completed by each member on the board. The results of the assessments were presented to the Board as a whole and the performance assessment indicated that the Board and the Board Committees were performing their duties and responsibilities effectively and efficiently.

The Board Chairman is evaluated annually by the Board members.

Rotation of directors

In terms of the MOI, one third of the directors (other than the executive directors) retire by rotation and, if eligible and they wish so, their names are submitted for re-election at the Annual General Meeting, accompanied by appropriate biographical details set out in the report to shareholders. Amongst other matters, the Board considers the performance of each director due for re-election at the Annual General Meeting.

Conflicts of interest and other directorships

The directors declare actual and possible conflicts of interest to their co-directors and ensure that the declarations are included in the minutes of the Board meeting. They also recuse themselves from the relevant Board meeting while their co-directors take a decision on the matter.

Executive directors do not hold directorships outside the Group. The Board believes that other directorships held by non-executive directors do not affect their ability to fully discharge their responsibilities as Cashbuild directors. Details of other directorships held by Cashbuild directors are provided on pages 28 and 29 of this report.

Share dealings

The Company has adopted a share dealing policy requiring all directors, management and the Company Secretary to obtain prior written clearance from the Chairman to deal in the Company's shares. Should the Chairman wish to deal in Cashbuild shares, he will in turn require prior written clearance from the Chairman of the Audit and Risk Committee. Closed periods (as defined in the JSE Listings Requirements) are observed as prescribed. During these periods, the directors, management and employees are not permitted to deal in the Company's securities. Additional closed periods are enforced when the Group commences with a corporate activity and where a cautionary announcement (as defined in the JSE Listings Requirements) is published.

Legal compliance

The Board takes full responsibility for legislative and regulatory compliance in the Company. Monitoring thereof is facilitated by Cashbuild's legal outsource partners Webber Wentzel and Van der Vyver. There were no cases of material legislative or regulatory non-compliance during the year and no penalty sanctions were imposed on the Company or any of its directors or officers during the year. A detailed regulatory compliance risk assessment involving the Cashbuild Executive Management and Senior Management was completed during 2014/15 and has been repeated during 2017/18. Cashbuild's Internal Audit team is tasked with doing internal audit compliance reviews on these action plans, utilising appropriately designed and supported legal compliance software supplied by a reputable external service provider. Acts identified as core to the Cashbuild business during the 2017/18 legal compliance risk assessment will result in prioritisation of risks and a three-year action plan being drawn up that will be due for revision at commencement of the 2020/21 financial year.

Access to information

Directors have full and unrestricted access to all relevant Company information. Non-executive directors enjoy unrestricted access to the Executive Management Team and frequently meet with the Executive Management to discuss Company affairs. All directors have unrestricted access to independent professional advice at the Company's expense, by arrangement with the Finance Director and the approval of the Chief Executive.

Company Secretary

The Company Secretary provides guidance to the Board as a whole and to individual directors, in the discharge of their responsibilities. The Company Secretary is empowered to fulfil duties and the Board is satisfied that the responsibilities of the Company Secretary are exercised in a meaningful and competent manner. The Company Secretary is not a director and maintains an arms-length relationship with the Board. The Company Secretarial duties have been outsourced to Corporate Governance Leaders CC with duties of the Company Secretary performed by Mr CD Kneale (FCIS). During the year it was decided to combine the role of Company Secretary and newly created position of Compliance Officer at Cashbuild. This will be a full time position at Cashbuild and on 17 August 2018, an announcement was made on SENS regarding the appointment of Mr Takalani Nengovhela, effective 18 September 2018.

BOARD COMMITTEES

The directors have delegated specific functions to committees to assist the Board in meeting its oversight responsibilities. The committees all have documented mandates which are reviewed annually. The Chairman of each committee reports back to the Board on matters discussed in the committees at every Board meeting.

The Board has six Board committees, namely the:

- Audit and Risk Committee;
- Remuneration Committee;
- Nomination Committee;
- Social and Ethics Committee;
- IT Governance Committee; and
- Investment Committee.

CORPORATE GOVERNANCE REPORT

(continued)

All of these committees are chaired by an independent non-executive director and operate in accordance with the respective committees' terms of reference which are approved by the Board. The committees operate independently and report to the full Board. Each committee is evaluated annually by its Chairman using questionnaires completed by each member on the committee and reports to the Board on the outcome.

Audit and Risk Committee

Members: Ms HH Hickey (Chairperson); Dr DSS Lushaba, Ms NV Simamane and Ms GM Tapon Njamo (appointed to the committee 4 June 2018)

In terms of the Companies Act, the members of the Audit and Risk Committee were individually elected at the Annual General Meeting on 27 November 2017 by the shareholders. All members of the committee, are standing for re-election at the Annual General Meeting to be held on 26 November 2018.

The Audit and Risk Committee performs its statutory duties in accordance with section 94(7) of the Companies Act. Further details of the role, responsibilities and functions of the Audit and Risk Committee are set out in the Audit and Risk Committee Report on pages 77 to 81 of this Integrated Report.

Remuneration Committee

Members: Mr AGW Knock (Chairman), Mr IS Fourie and Dr DSS Lushaba

The Remuneration Committee is responsible for providing an overview and oversight of the remuneration policy and related processes meeting strategy of the business. The scope of this responsibility includes trusts, pension fund, and medical aids associated with Cashbuild. Further details pertaining to the responsibilities and functions of the Remuneration Committee are set out in the Remuneration Committee Report on page 60 of this Integrated Report.

Nomination Committee

Members: Mr IS Fourie (Chairman) and Mr AGW Knock

The Nomination Committee is responsible for developing selection criteria and identifying appropriate candidates for appointment to the Board. All appointments are done in a formal and transparent manner.

One meeting of this committee took place during the 2018 financial year.

Social and Ethics Committee

Members: Ms NV Simamane (Chairperson); Mr IS Fourie (appointed to the committee 4 June 2018), Ms HH Hickey, Mr WF de Jager and Mr AE Prowse

The Social and Ethics Committee operates in terms of Section 72(8) of the Companies Act and the details pertaining to the committee's duties, responsibilities and functions are set out in the Social and Ethics Committee Report on pages 71 and 72 of this Integrated Report.

IT Governance Committee

Members: Mr AGW Knock (Chairman); Ms GM Tapon Njamo (appointed to the committee 4 June 2018) Mr WF de Jager, and Mr AE Prowse

The details pertaining to the responsibilities and functions of the IT Governance Committee are set out in the IT Governance Committee Report on page 69.

Investment Committee

Members: Mr IS Fourie (Chairman); Mrs HH Hickey, Mr WF de Jager, Mr AE Prowse

The Investment Committee is responsible for assessing investment opportunities to ensure that the Group makes sound capital investments taking into account all risks pertaining to such transactions.

EXECUTIVE MANAGEMENT

Responsibility

Authority has been granted by the Board to the Chief Executive, supported by the Executive Management Team, to determine and implement Company strategy. The Board is apprised of progress through Board meetings and communication with management. The Cashbuild Executive Management Team takes full responsibility for corporate governance within the Company and consists of the following members:

- Mr PA Champion (Human Resource Executive)
- Mr WF de Jager (Chief Executive)
- Mr W Dreyer (Operations Executive)
- Mr A Hattingh (Operations Director)
- Mr AHS Havenga (Risk and Audit Executive)
- Ms M Masala (Operations Executive)
- Mr I McKay (Operations Executive)
- Mr T Myburgh (Trainee Operations Executive)
- Mr A Prinsloo (Managing Director P&L Hardware)
- Mr AE Prowse (Finance Director)
- Mr H Roos (Trainee Operations Executive)
- Mr M Scholes (Trainee Operations Executive)
- Mr H Steenberg (IT Executive)
- Mr WP van Aswegen (Commercial and Marketing Director)
- Mr CT Vengesa (Trainee Operations Executive)



From left to right: T Myburgh; M Scholes; H Roos; CT Vengesa; P Champion; W Dreyer; H Steenberg; I McKay; M Masala; AHS Havenga

CORPORATE GOVERNANCE REPORT

(continued)

Formal Executive Management Team meetings chaired by the Chief Executive are held once a week (every Monday) with members of the Executive Management Team invited on an "as required" basis to monitor and review progress and achievement of business objectives, which includes the appropriate discharge of corporate governance responsibilities in all areas of the business.

Succession planning and continuity of management

The Board regularly participates in the review of succession planning for key senior executive positions. The directors periodically discuss succession planning and are re-evaluating that, in the event of any executive and senior management transition, plans are in place to ensure smooth transition. Only one member of the Executive Management Team made any intention known during the financial year to resign or retire, being Mr Andre van Onselen whose resignation was effective 31 December 2017.

PRESCRIBED OFFICERS

Prescribed Officers are defined as Cashbuild employees who:

- report to the Chief Executive;
- exercise general management control over members of Cashbuild senior management.
- have general management control over a significant portion of Cashbuild's business defined as:
 - more than 15% of Cashbuild's total number of stores;
 - more than 15% of Cashbuild's total turnover; and
- are eligible for appointment as a Director or Prescribed Officer in terms of Section 69 of the Companies Act.

Three members of the Cashbuild Executive Management Team, Messrs Ian McKay, Willie Dreyer and André Prinsloo (Operations Executives), were classified as Prescribed Officers. They formally acknowledged and accepted all responsibilities and obligations associated with this designation.

EMPLOYEE FORUM

Employee Forum structure

Cashbuild's Employee Forum structure allows Store Representatives more direct access to the Senior and Executive Management Team.



Role of the Employee Forum

Employee Forum meetings are established to facilitate interaction and consultation between management and employees in the workplace. The role of the Store Employee Forum is to discuss and reach agreement on store and departmental specific issues with regards to operational results, shrinkage results, audit results, customer service issues, training needs, staff scheduling, succession planning, and general issues of concern raised by employees within the store or department.

The role of the Group Steering Committee is to ensure store forums are functioning effectively, discuss Group specific issues and any general issues of concern raised by employees within divisions but not resolved at divisional level are dealt with. This committee monitors, implements and ensures the achievement of agreed strategies. The Group Steering Committee is also responsible for the formation of the Operations Area Employment Equity Committee to be consulted with by the Company in a specific geographical area.

It also forms the Training Committee for the Group to identify consolidated training needs in line with its strategy. The forum monitors implementation and achievement of agreed strategies, and forms the Group Employment Equity Committee to be consulted with by the Group as required by the Employment Equity Act.

Employee Forums form an integral part of Cashbuild Governance Framework and aim to optimise the governance relationship between Cashbuild management and staff.

The Cashbuild Employee Forum constitutes the principal means of communication between employees and the Executive Management Team.

In addition, various mechanisms exist for employees and other stakeholders to engage directly with (particularly non-executive) members of the Board. The most direct of these relate to the Group's Annual General Meeting. In extraordinary circumstances however, the possibility exists for stakeholders to engage directly with non-executive directors.

GOING CONCERN

The Board is satisfied that the Company has adequate resources to continue operating for the next 12 months and into the foreseeable future. The Audit and Risk Committee has, based on input from the Finance Director, assessed and recommended to the Board that the financial statements be prepared on the going concern basis. The Board is satisfied of the Company's going concern status as assessed at the Board meetings coinciding with the interim and year-end results.



REMUNERATION REPORT

INTRODUCTION

The Remuneration Committee ("the Committee") strives to ensure that our staff complement is diverse, motivated, skilled, ethical and safe. Cashbuild's sustainability initiatives are set out in the Sustainability Report under Human Capital in this Integrated Report.

Remuneration Committee

Chairperson	AGW Knock
Members	IS Fourie DSS Lushaba
Independence	All Committee members are independent non-executive directors
Meetings	Three times per annum
Role and function	<p>The Committee's role is delegated to it by the Board to ensure that:</p> <ul style="list-style-type: none">the remuneration policy is kept current;remuneration packages are in line with industry norm; andcriteria for performance measurement and remuneration packages for Cashbuild's Executive Management team is maintained and updated. <p>In addition, the Committee:</p> <ul style="list-style-type: none">Facilitates a transparent process of performance review and evaluation for executive directors on behalf of the Board.Ensures that remuneration, in particular as it relates to Executive Management, is motivated by the dual criteria of delivering sustainable financial return to shareholders and the recognition and reward for outstanding performance.Ensures that executive compensation is linked to the achievement of both the organisation's financial and non-financial goals.
Responsibilities	<p>The Committee's responsibilities include:</p> <ul style="list-style-type: none">That all positions are graded using the Patterson grading methodology.Remuneration packages are benchmarked every three years via formal salary surveys using external remuneration specialists.Cashbuild's policy, to remunerate staff at the 50th percentile, with scarce skills being pitched at the 75th percentile, is applied.That the executive directors' remuneration mix, in respect of "guaranteed pay" and "non-guaranteed/variable pay", is appropriate, so as to align the directors' interests with those of shareholders.Assesses succession planning at executive and senior management levels. The CEO, in consultation with the Committee, is responsible for ensuring that adequate succession plans are in place.
Assurance	The Committee is governed by good corporate governance principles and the Group's value statement. The members of the Committee hereby confirms that they were diligent in exercising their duties of care and skill and that they have taken reasonable steps to ensure that they performed their duties in accordance with the Committee's mandate.

In terms of King IV, the Company should obtain the endorsement of its shareholders pertaining to the Company's Remuneration Policy and the implementation of this policy at the AGM. If more than 25% of the total votes cast by the shareholders, present and by proxy, are against either resolution, the Company will issue an announcement on SENS inviting shareholders who voted against the resolutions to meet with the members of the Committee. The process to be followed will be set out in a SENS announcement.

The Company's Remuneration Policy has remained consistent in all material aspects from the prior year.

The Cashbuild Remuneration Policy received support from the shareholders who voted in favour of the policy at the most recent and prior AGMs and the results are indicated in the table below:

Percentage of "For" votes	27 November 2017	5 December 2016
Endorsement of the Remuneration Policy	84.0%	98.1%
Endorsement of the implementation of the Remuneration Policy	82.1%	N/A

Activities undertaken by the Committee during the year

During the year under review, the Committee reviewed the Remuneration Policy to ensure that it is aligned with applicable regulation and remuneration principles contained in the Group's value statement as well as corporate governance guidelines.

The Remuneration Report was aligned to King IV Principles to articulate and demonstrate the link between strategy, value creation, performance and remuneration.

The Committee also reviewed the remuneration packages and structure of executives to ensure that they are competitive in the relevant market and are aligned with shareholders' interest as well as with the Group's strategy and performance.

SECTION A

Remuneration policy

In order to achieve the Group strategy and maintain the high performance expected of individuals within Cashbuild, the attraction, motivation and retention of staff at all levels is critical. Reward and recognition play an important role in the achievement of these objectives. All permanent employees potentially qualify for two salary increases per annum. The first one being in July of each year, aligned to the financial year, where an annual cost of living increase is given to all staff, irrespective of individual performance.

The average CPI percentage over the preceding 12 months plus an agreed factor is used as the basis for the calculation of the annual cost-of-living increase. This formula and final percentage cost-of-living increase is discussed with and agreed to by the Group Employee Forum. This year a 6.0% (2017: 7.5%) cost of living increase was agreed to for the year ahead for all staff including senior and Executive Management.

The second potential salary increase is given over and above the annual cost of living increase, as agreed to with the Cashbuild Employee Forum. This rewards exceptional performance by individuals by means of a secondary salary increase in October based on agreed performance parameters. Such increases vary between 1% and 3% for those qualifying.

In addition, there are monthly and quarterly bonuses that store employees can earn based on store and divisional performance. An annual bonus is available to all store and divisional management, based on their area's performance with Support Office staff and Executive Management qualifying for annual bonuses based on Group performance.

Executive employee contracts

All executive directors and managers have employment contracts requiring one month's notice of resignation and do not contain any restraint clauses.

REMUNERATION REPORT

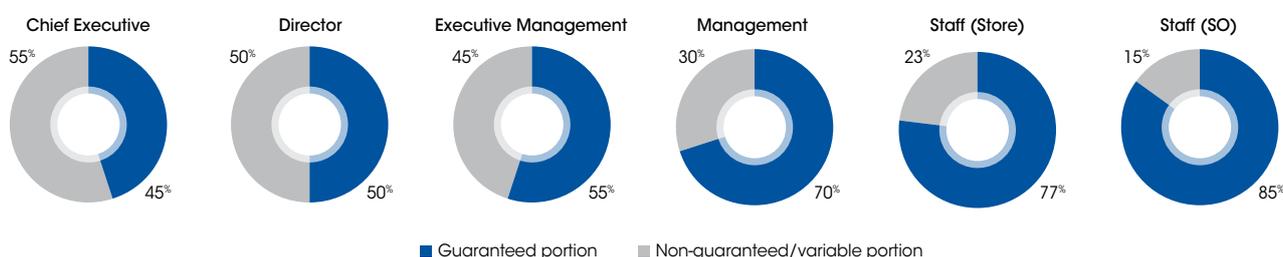
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REMUNERATION STRUCTURE

The Group's remuneration is structured between guaranteed and non-guaranteed or variable pay and the balance between these categories vary depending on the employee's Patterson grading within the organisation. Guaranteed pay consists of basic pay, allowances and employee benefits whilst the components of non-guaranteed pay consist of Short Term Incentive (STI), the bonus scheme for all staff and a Long-Term Incentive (LTI) being the BEE trust, Operations Management Member Trust and the Forfeitable Share Plan (FSP).

The table below is indicative of the goal of the remuneration structure.

REMUNERATION STRUCTURE



Guaranteed pay

Basic salary

Management and staff are paid on a cost-to-company basis. The guaranteed cost-to-company package for all employees is set in line with the three-yearly salary survey conducted by an external remuneration specialist. The last survey was conducted in 2016.

Executive directors and senior management packages are benchmarked against medium-sized market capitalisation companies on the JSE.

The rationale behind this benchmarking exercise is the retention of key members of the Company's executive directors and senior management. The potential loss of key senior personnel was previously identified by Cashbuild's risk management system as a significant risk faced by the Group. This measure is one of those identified to mitigate this risk.

The sustainability of the business is paramount in determining remuneration. The Board is satisfied that the current structure of remuneration for executive directors and senior management does not encourage undue or increased risk taking.

Details of all executive and non-executive directors' remunerations are detailed on pages 66 and 67 of this report.

The performance of the Chief Executive is assessed against set performance criteria, by the Chairman and the Remuneration Committee, while the performance of executive directors and senior managers is evaluated against other set performance criteria, by the Chief Executive and reviewed by the Remuneration Committee. Any increases given over and above the July cost-of-living increase are directly related to the individual's performance as well as market remuneration levels.

Retirement funds

Membership of the retirement fund is compulsory for all permanent employees. The retirement fund is part of the Alexander Forbes Umbrella Fund. The fund has performed well in comparison with other such funds and benchmarks set. The fund is managed by a management committee that meets twice a year and consists of 50% employer and 50% employee elected representatives. In order to facilitate financial decision-making aligned to Group policies, the Group’s Remuneration Committee Chairman, Chief Executive and Finance Director are all employer elected members of this Committee.

Medical aid

Membership of a medical aid is optional. The medical schemes offered in South Africa are Discovery and Momentum. Approximately 4% of employees have elected to join these medical schemes.

The sourcing of affordable health care, and the promotion of membership in medical schemes by employees remains a focus area. However, most staff have elected to not belong to one of the above medical schemes unless subsidised by the Group.

Non-guaranteed pay

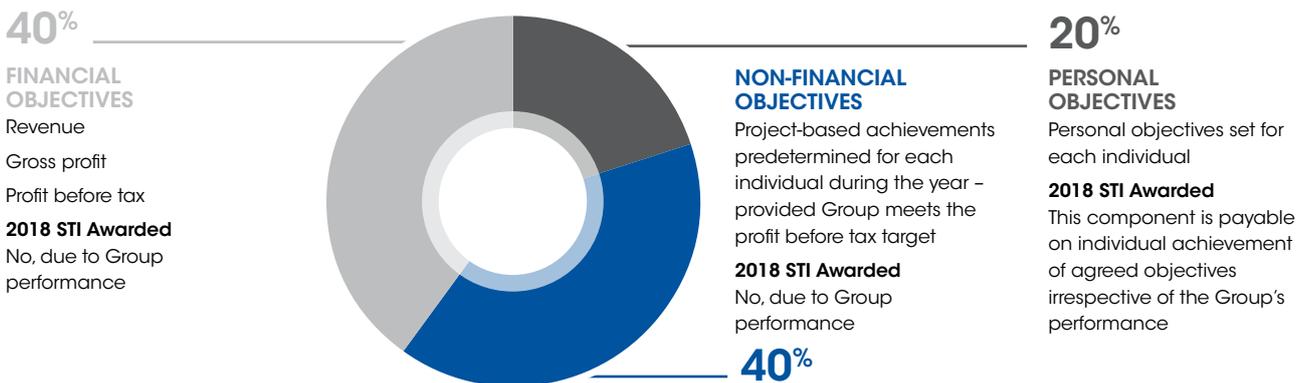
Short-Term Incentive Scheme (STI)

Operations management and staff participate in a monthly, quarterly and annual STI scheme which is directly related to the financial performance of their operating unit. The criteria for these awards relate to sales, transaction and gross contribution targets.

STI awards (excluding personal objectives) for executive and Support Office staff only take place on condition that the Group’s profit before taxation, according to the approved budget for that specific financial year, has been achieved. Once the criteria has been met, dependent on the occupational level, an incentive of between 9% and 50% of annual cost-to-company for employees is calculated.

In general, the following is assessed when determining the STI awards:

COMPOSITION OF STI (%)



Cashbuild Empowerment Trust

The philosophy of having all staff share in the success of the Group, and in so doing create a sense of belonging and ownership, is embodied in the Cashbuild Empowerment Trust to which all permanently employed staff, irrespective of seniority or length of service belong. Additionally, it aligns the goals of staff with those of the shareholders.

This Trust owns 7.1% of the issued share capital at 30 June 2018. Dividends are paid twice per year to all members of the Trust on an equal basis. In the last financial year, a total of R12.4 million (2017: R18.1 million) was paid to all staff members. Since inception of this Trust in 2005, a total of R238 million has been distributed to staff in the employ of Cashbuild.

REMUNERATION REPORT

(continued)

Store Operations Management Member Trust

In 2011 the Store Operations Management Member Trust was established. The objectives of this Trust are to:

- promote the continued growth and profitability of stores within the Group, and the growth of the Group, by recognising and rewarding qualifying members;
- empower and retain management members in the Group;
- foster an ethic and mindset of ownership, responsibility and accountability within the Group; and
- promote black economic empowerment and increased broad-based and effective participation in the Group by previously disadvantaged persons.

This Trust relates to management of stores, divisions and operational areas achieving predetermined targets for the financial year as set out in the trust deed. The managers of these areas receive a share of profits in excess of predetermined targets generated by their store, division or operations area, divided equally into cash and shares. The share portion will vest on the third anniversary of the financial year in which these were earned, on condition that the employee is still employed by Cashbuild at the time of vesting. Dividends accrue to the individual from date of distribution.

Since the inception of this scheme in 2011, a total of R25.0 million (R12.5 million in cash and R12.5 million in shares after qualification of the vesting period) (2017: R21.8 million) will have been paid, comprising 158 (2017: 142) store managers and five divisional managers.

Scheme	Number of shares	Share and cash value	Employees qualified
2018	4 996	R3.2 million	21
2017	1 594	R1.1 million	16
2016	13 343	R9.5 million	56
2015	9 685	R5.8 million	35
2014	3 524	R1.2 million	8
2013	2 980	R0.2 million	3
2012	16 760	R4.0 million	19
Total		R25.0 million	158

Long-Term Incentive Scheme (LTI)

In line with local and global best practice, as approved by shareholders, Cashbuild in 2017 implemented a new share incentive plan, namely the Cashbuild Limited Forfeitable Share Plan ("FSP") for executive directors, senior management and management at D2 band and above.

Under the FSP, participants become owners of the performance shares and/or retention shares from the settlement date, shortly after the award date and will immediately benefit from dividends and have shareholder voting rights in respect of the performance shares and/or retention shares over the vesting period. The shares cannot be disposed of by the participants prior to the vesting date and will be subject to forfeiture restrictions until the vesting date.

The number of performance shares awarded to a participant is based on the participant's annual salary and grade.

The vesting of performance shares is subject to predetermined performance conditions and the employment condition for vesting and are as follows:

Criteria	Weighting of LTI	Threshold (30% vesting)	Target (100% vesting)
EPS	50%	CPI +2% p.a. (i.e. 2% real growth p.a.)	CPI +10% p.a. (i.e. 10% real growth p.a.)
Relative TSR	30%	Median of peers*	Upper quartile of peers*
ROCE	20%	WACC	WACC +10% p.a.
Total	100%		

* Based on the constituents of the INDI+25 as at the vesting date.

Linear vesting will be applied for performance between the above levels provided threshold has been achieved. The Remuneration Committee will set appropriate performance conditions, performance periods, employment conditions and employment periods, as relevant, for each award, taking into account the business environment at the time of making the awards. These will be conveyed to the participant in the award letter.

The rules of the FSP are flexible in order to allow for settlement in any of the following manners:

- by way of a market purchase of shares;
- use of treasury shares; or
- issue of shares.

The employer companies, as regulated by the recharge policy, remain responsible to procure the settlement of shares under the FSP to the participants employed by them at all times at the expense and cost of the employer companies. In order to effect any forfeiture of awards, performance shares and retention shares are held by an escrow agent on behalf of the participants until the vesting date.

The maximum aggregate number of shares which may at any time be allocated in respect of this FSP together with the Group's existing share scheme to all participants shall not exceed 5% of the issued shares.

The maximum number of shares allocated to any participant in respect of all vested and unvested awards under the FSP together with the Group's existing share scheme shall not exceed 0.5% of the issued shares.

Limits apply to shares allocated in total over multiple award years, it is still not envisaged that any limits will be exceeded in the foreseeable future.

The Remuneration Committee may alter or vary the rules of the FSP as it sees fit. However, in the following instances, the FSP may not be amended without the prior approval of the JSE and a resolution by the shareholders of 75% of the voting rights:

- the category of persons who are eligible for participation in the FSP;
- the number of shares which may be utilised for the purpose of the FSP;
- the individual limitations on benefits or maximum entitlements;
- the basis upon which awards are made;
- the amount payable upon the award, settlement or vesting of an award;
- the voting, dividend, transfer and other rights attached to the awards, including those arising on liquidation of the Group;
- the adjustment of awards in the event of a variation of capital of the Group or a change of control of the Group; and
- the procedure to be adopted in respect of the vesting.

REMUNERATION REPORT

(continued)

SECTION B

Remuneration

The remuneration of the Executive Directors and Prescribed Officers who served during the year under review was as follows:

R'000	Year	Basic salary	Bonus ¹	Expenses and travel allowance	Other material benefits ²	Pension scheme	Total
Executive directors							
WF de Jager	2018	3 923	414	156	85	356	4 934
	2017	3 334	385	137	72	311	4 239
A Hattingh ³	2018	1 153	182	76	-	109	1 520
	2017	-	-	-	-	-	-
AE Prowse	2018	2 707	193	210	-	203	3 313
	2017	2 246	180	156	-	175	2 757
SA Thoresson	2018	2 433	177	196	-	212	3 018
	2017	2 026	165	157	-	183	2 531
WP van Aswegen ⁴	2018	536	177	57	-	52	822
	2017	-	-	-	-	-	-
A van Onselen ⁵	2018	1 431	113	107	37	123	1 811
	2017	2 586	210	126	70	226	3 218
Total	2018	12 183	1 256	802	122	1 055	15 691
	2017	10 192	940	576	142	895	12 745
Prescribed Officers							
W Dreyer	2018	1 852	38	121	92	184	2 287
	2017	1 666	119	124	83	166	2 158
A Hattingh ³	2018	1 018	-	144	-	96	1 258
	2017	1 823	128	245	-	173	2 369
I McKay	2018	1 650	35	262	61	146	2 154
	2017	1 422	95	337	62	127	2 043
A Prinsloo	2018	2 040	-	541	-	-	2 581
	2017	1 986	-	422	-	-	2 408
Total	2018	6 560	73	1 067	153	426	8 280
	2017	6 897	342	706	145	466	8 556

Notes

1. Bonuses differ to the Notes to the Annual Financial Statements on pages 136 and 137 as these values have subsequently been approved for payment by the Remuneration Committee.
2. Other material benefits include contributions to medical aid.
3. A Hattingh was previously a Prescribed Officer but effective 1 January 2018 appointed Operations Director – P&L Hardware and Countries. Remuneration is for appointment period.
4. WP van Aswegen was previously a key staff member and was appointed as Commercial and Marketing Director effective 2 April 2018. Remuneration is for appointment period.
5. A van Onselen resigned from Cashbuild effective 31 December 2017.

Non-executive directors

Non-executive director fees are recommended by the Remuneration Committee approved by the Board and agreed to at the Annual General Meeting. Fees are based on market-related fees obtained via salary surveys conducted by external remuneration specialists.

The fees paid to the non-executive directors who served during the year under review were as follows:

	2018 R' 000	2017 R' 000
Non-executive directors		
IS Fourie	719	696
HH Hickey	413	370
AGW Knock	469	390
Dr DSS Lushaba	425	360
NV Simamane	437	408
GM Tapon Njamo*	90	-
Total	2 553	2 224

* Appointed effective 2 April 2018.

SHARES AWARDED TO DIRECTORS AND PRESCRIBED OFFICERS

The following table sets out the shares awarded to the executive directors and Prescribed Officers during the year.

	Number of shares [^]	Award face value R' 000
Executive directors		
WF de Jager	9 725	3 727
AE Prowse	6 484	2 485
SA Thoresson	5 943	2 277
A Hattingh	3 902	1 495
WP van Aswegen	3 805	1 458
Total	29 859	11 442
Prescribed Officers		
W Dreyer	3 610	1 383
I McKay	3 304	1 266
Total	6 914	2 649

[^] These shares are subject to forfeiture restrictions based on the Group performance.

REMUNERATION REPORT

(continued)

INTERESTS OF DIRECTORS IN THE SHARE CAPITAL OF CASHBUILD

The aggregate beneficial holdings of the directors of the Company and their immediate families in the issued ordinary shares of the Company are detailed below. There have been no changes in these shareholdings between 30 June 2018 and the date of approval of this report.

	Number of shares held			
	30 June 2018		30 June 2017	
	Direct	Indirect	Direct	Indirect
Beneficial				
WF de Jager	1 000	-	1 000	-
AE Prowse	27 500	10 000	27 500	27 000
NV Simamane	1 200	-	1 200	-
Total	29 700	10 000	29 700	27 000

There are no associate interests for the above directors and also no non-beneficial shareholdings.

AGW Knock

Remuneration Committee Chairman

27 August 2018

INFORMATION AND TECHNOLOGY GOVERNANCE REPORT

INTRODUCTION

Information technology is critical to the strategic transformation and organisational performance of Cashbuild. The Information and Technology Governance Committee ("ITGov") strives to ensure that the IT application systems are well suited and maintained to adequately support and enhance the Group's needs.

ITGov

Chairperson	AGW Knock
Members	WF de Jager AE Prowse GM Tapon Njamo (appointed to committee 4 June 2018)
Independence	Two ITGov members are independent non-executive directors. As this is a sub-committee of the Board and integral to the day-to-day operations of the Group, the Board is comfortable with the composition of ITGov.
Meetings	Four times per annum
Role and function	ITGov assists the Board in monitoring Cashbuild's governance and risk management of its responsibilities of the IT infrastructure.
Responsibilities	ITGov is responsible for: <ul style="list-style-type: none"> • governance of Cashbuild's IT projects; • strategic alignment of IT with the business and collaborative solutions; • value delivery of IT concentrating on optimising expenditure and proving the value of IT; • risk management addressing the identification, assessment, monitoring and tracking of IT project and Group-wide IT risks; • IT resource management which includes optimising IT knowledge and infrastructure; and • Business continuity management (BCM) plans formulated and validated through testing.
Assurance	This report by ITGov is prepared in accordance with the requirements of the Companies Act. It describes how ITGov has discharged its statutory duties in terms of the Companies Act and the additional duties assigned to it by the Board in respect of the financial year ended 30 June 2018. ITGov is satisfied that it has fulfilled all its duties during the year under review and has made significant progress in formalising all relevant policies and implementing identified plans.

INFORMATION AND TECHNOLOGY GOVERNANCE REPORT

(continued)

ACTIVITIES UNDERTAKEN BY THE COMMITTEE DURING THE YEAR

During the year under review, ITGov:

- Monitored the achievement of IT Governance objectives at the IT Governance forums held quarterly as IT Governance is an integral part of Cashbuild's business.
- Ensured that the appropriate IT risks and related business objectives are properly addressed.
- Addressed a number of focus areas which were identified during an IT risk assessment exercise completed during 2014. These are, amongst others, Logical Access, SAP and Active Retail (AR) interface and the IT Management Framework. Cashbuild has an IT Internal Audit service line which is outsourced. The IT audit function measured compliance to the IT procedures and roles and is assisted by Deloitte and PwC in this regard.
- Considered the results of a detailed IT Governance Framework Review conducted by Cashbuild IT Internal Audit in consultation with Executive Management in order to update the Cashbuild IT Management Framework and align the IT strategy with Cashbuild's business strategy. This is a long-term project receiving appropriate and prioritised attention from Executive Management.
- Continuously refine and improve Cashbuild's integrated Active Retail and SAP All-in-One solutions. Business imperative items receive continued and focused attention including daily balancing of transactional data between Active Retail and SAP.
- Enhanced the existing rebate system and integrated it with SAP while providing the necessary controls over billing accuracy and collection management.
- Ensured the re-establishment of contracted IT Outsourced Services in support of Cashbuild's strategy, thereby ensuring required adherence to Governance Standards
- Monitored the re-implementation of the IT Information Security Management System based on the current ISO 27001 Industry Standard which also considers requirements of compliance to Protection of Personal Information (PoPI), Payment Card Industry (PCI), Cyber Risk and King IV frameworks.
- Addressed the requirements and implementation of the required controls to obtain PCI Compliance thereby ensuring that card holder data is effectively secured to prevent dissemination of information.
- Monitored the establishment of the required PoPI processes and controls in order to ensure compliance to the legislative act.
- Ensured that the required focus remains on the establishment of enhanced Disaster Recovery capabilities for Cashbuild's Information Systems in order to ensure long term sustainability of Cashbuild's Information Systems.

AGW Knock

Information and Technology Governance Committee Chairman

27 August 2018

SOCIAL AND ETHICS REPORT

INTRODUCTION

As fully outlined in the Ethics section of the Sustainability Report on page 38, Cashbuild subscribes to the highest ethical standards of business practices and has a well-entrenched and defined business philosophy around its customers, staff, business partners, systems and finances. The philosophy is underpinned by the Group's vision, mission, and values, as well as the Cashbuild Way. The Group is also guided by its Code of Ethics and the staff ethics awareness programme, both of which employees are expected to adhere to. Cashbuild also promotes an inclusive approach to governance and takes account of the impact of its operations on stakeholders. The Group's approach to corporate governance strives to include all these groupings, and is based on good communication and is integrated into every aspect of the business.

Social and Ethics Committee ("SECOM")

Chairperson	NV Simamane
Members	HH Hickey IS Fourie (appointed to Committee 4 June 2018) WF de Jager AE Prowse
Independence	Three SECOM members are independent non-executive directors. As social and ethical behavior are integral to the Cashbuild Way, the Board is comfortable with the composition of SECOM.
Meetings	Four times per annum
Role and function	SECOM's role is governed by Terms of Reference approved by the Board. These Terms of Reference are subject to an annual review by SECOM and approval by the Board. SECOM's main objective is to assist the Board in monitoring the Group's performance as a good and responsible corporate citizen, thereby helping the Board to achieve one of its important values, namely doing business ethically. To do this, SECOM monitors the sustainable development practices of the Group. It also monitors relevant legislation, legal requirements and prevailing codes of best practice relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, and labour and employment
Responsibilities	SECOM is responsible for developing and reviewing the Group's policies with regard to its commitment to governance and reporting of sustainable development performance, as well as for making recommendations to management and/or the Board in this regard.
Assurance	This report is prepared in accordance with the requirements of the Companies Act and describes how SECOM has discharged its statutory duties in terms of the Companies Act and the additional duties assigned to it by the Board in respect of the financial year ended 30 June 2018. SECOM is satisfied that it has fulfilled all its duties during the year under review and has made significant progress in formalising all relevant policies and implementing identified plans.

ACTIVITIES UNDERTAKEN BY THE COMMITTEE DURING THE YEAR

During the year, SECOM reviewed and improved:

- the Group's Code of Business Conduct and Ethics;
- its Transformation Strategy, including the submission of the Employment Equity Report;
- its Equality and Diversity Policy;
- its Stakeholder Engagement Policy;
- its Security and Crime Prevention Policy;
- its Fraud Prevention Policy, including guidelines on Gifts;
- its Corporate Social Investment (CSI) Policy;
- its Occupational Health and Safety Policy;
- Its Public Relations and Investor Relations Policy; and
- Its Legislative Compliance.

Policies and procedures were established to fulfil the requirements of the Protection of Personal Information Act when this is enacted by government.

Refurbishment of our Support Office to enable the accessibility of the building to handicapped people is close to completion.

SOCIAL AND ETHICS REPORT

(continued)

The Committee is also responsible for annually revising or determining, in conjunction with senior management, Cashbuild's material sustainability issues. These have been reported on and are set out in the Sustainability Report.

In the execution of its statutory duties, SECOM monitors the Group's activities, with regard to matters relating to:

- Social and economic development, including the Group's standing in terms of the goals and purposes of:
 - The 10 principles set out in the UN Global Compact Principles;
 - The OECD (Organisation for Economic Co-operation and Development) recommendations regarding corruption;
 - the Employment Equity Act; and
 - the Broad-Based Black Economic Empowerment Act.
- Good corporate citizenship, including the Group's:
 - promotion of equality, prevention of unfair discrimination and reduction of corruption;
 - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
 - record of sponsorships, donations and charitable giving.
- The environment, health and public safety, including the impact of the Group's activities and of its products or services.
- Stakeholder engagement and consumer relationships, including the Group's advertising, public relations, investor relations and compliance with consumer protection laws.
- Labour and employment, including:
 - the Group's standing in terms of the International Labour Organisation protocol on decent work and working conditions; and
 - the Group's employment relationships, and its contribution towards the educational development of its employees.

In fulfilling its functions, SECOM has received and reviewed reports on:

- **Human Rights practices within the Group**
There have been no incidents of human rights abuses declared against the Group in the year under review.
- **Labour and employment practices.**
The Committee reviewed the employee headcount, progress of employment initiatives undertaken during the year, employment equity reporting, skills development reporting and legislative updates. Reports on Employment Equity were submitted to the Department of Labour timely.
- **Security and crime prevention.**
Cashbuild remained vigilant in maintaining compliance to policies and procedures which together with its Code of Ethics and Core Values forms the basis of its crime prevention drive.
- **Transformation**
The Committee reviewed the Group's performance against the new B-BBEE codes including Ownership, Skills development, Preferential Procurement, Management Control/Employment Equity, Supplier development, Enterprise development and Socio-economic development. The Group undertook a gap analysis to ascertain areas requiring focus, leading to the formulation of action plans and targets.
- **Corporate Social Investment**
The Group's CSI strategy was revisited to ascertain areas of focus and a revised plan was approved. The expenditure on planned initiatives during the year was assessed and found to be satisfactory.

- **Anti-corruption, ethics and compliance**

During the year the committee received various reports on ethics and compliance and it was further noted that relevant information is being communicated to all employees through workshops and have been incorporated into the Cashbuild Way. Additionally, requested our external auditors provide feedback on how they ensure quality control within their operation and ensure that the highest ethical standards are achieved and maintained.

- **Occupational Health and Safety Act**

Compliance and Incident Reports were reviewed at all meetings and occurring incidents were recorded and appropriately handled.

- **Customer Relationships**

The Committee received and reviewed reports on the Group's advertising and public relations activities together with stakeholder relations initiatives. Analysts and customer feedback including complaints were also reviewed and plans to correct implemented.

- **Legislation**

An update of legislative compliance progressed well, including acts and legislation of neighbouring countries in which Cashbuild trades.

On occasion, the Committee will draw matters within its mandate to the attention of the Board and reports to the shareholders at the Annual General Meeting on the matters within its mandate.

ASSESSMENT

SECOM is satisfied that it has fulfilled all its duties during the year under review and has made significant progress in formalising or improving all relevant policies and implementing identified plans.

NV Simamane

*Social and Ethics Committee
Chairperson*

27 August 2018

