

NOTICE OF  
ANNUAL GENERAL  
MEETING  
2022  
AND DECLARATION  
OF NAME CHANGE

# NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 30 JUNE 2022 AND DECLARATION OF NAME CHANGE

## KAP INDUSTRIAL HOLDINGS LIMITED

(Registration number: 1978/000181/06) | JSE share code: KAP | ISIN: ZAE000171963 | LEI code: 3789001F51BC0045FD42 | ('KAP' or 'the company')

## NOTICE AND PURPOSE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 44th annual general meeting ('the AGM') of shareholders of KAP will be held on Monday, 21 November 2022 at 15:30 at the Protea Hotel, Techno Avenue, Technopark in Stellenbosch.

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, at the sole discretion of the chairperson 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 recorded in the register of members of the company on Friday, 11 November 2022, will be entitled to vote at the AGM.

## KEY DEFINITIONS USED IN THIS NOTICE OF AGM

The below-mentioned words and expressions have the following meanings:

**AGM** – The company's AGM, convened for Monday, 21 November 2022, to be held at 15:30 at the Protea Hotel, Techno Avenue, Technopark in Stellenbosch

**B-BBEE** – broad-based black economic empowerment

**board** – KAP board of directors

**company** or **KAP** – KAP Industrial Holdings Limited

**Companies Act** – Companies Act, No. 71 of 2008 of South Africa and includes the Companies Regulations, 2011

**CSDP** – Central Securities Depository Participants

**directors** – Directors who serve on the KAP board

**group** – KAP and all its subsidiaries at the date of this Notice of AGM

**IFRS** – International Financial Reporting Standards

**JSE LRs** – Listings Requirements of the JSE Limited

**King IV™** – King IV Report on Corporate Governance™ for South Africa, 2016\*

**KPMG** – KPMG Incorporated

**MOI** – the KAP memorandum of incorporation

**Notice of AGM** – This notice of the KAP AGM

**SENS** – Stock Exchange News Service of the JSE Limited through which key information is disseminated to the market

**TMS** – The Meeting Specialist Proprietary Limited, the entity facilitating the voting and related procedures prior to and at the AGM

\* Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

## IMPORTANT DATES IN RESPECT OF THE NOTICE OF AGM

Record date for shareholders to receive the Notice of AGM	Friday, 14 October 2022
Posting date of this Notice of AGM	Friday, 21 October 2022
Last date to trade to be eligible to attend, participate in and vote at the AGM	Tuesday, 8 November 2022
Record date to be eligible to attend, participate in and vote at the AGM	Friday, 11 November 2022
Last date to lodge Forms of Proxy	Thursday, 17 November 2022 by 14:00*
Date of the AGM	Monday, 21 November 2022 at 15:30

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

## IMPORTANT DATES IN RESPECT OF THE PROPOSED CHANGE OF NAME OF THE COMPANY ('CHANGE OF NAME')

Declaration date of the change of name	Friday, 21 October 2022
Expected release on SENS of the finalisation announcement in respect of the change of name	Monday, 12 December 2022
Expected last date to trade prior to the change of name <sup>^</sup>	Tuesday, 20 December 2022
Expected termination date for trading under the name of KAP Industrial Holdings Limited and commencement of trading under the new company name, as approved by the Companies and Intellectual Property Commission, and new ISIN from the commencement of trade	Wednesday, 21 December 2022
Expected record date for the change of name	Friday, 23 December 2022
Expected date that the accounts of dematerialised shareholders with their CSDP/brokers will be updated with the new name	Tuesday, 27 December 2022
Expected date that new share certificates will be issued to certificated shareholders, posted by registered post, at their risk	Tuesday, 27 December 2022

<sup>^</sup> Shareholders may not dematerialise or rematerialise their KAP shares after the last day to trade in the company.

## GENERAL INFORMATION

### Stakeholder engagement and attendance

The AGM provides an opportunity for stakeholders to engage with management and, while only eligible shareholders may vote, all stakeholders are encouraged to attend the proceedings and participate in the debates. Should any Covid-19 lockdown regulations apply at the time of the AGM, the company will comply fully with the relevant restrictions in respect of gatherings relating to conferences and meetings as per the alert level that may be applicable at that time.

### Voting and resolutions

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 on the record date of 11 November 2022.

For each of the ordinary resolutions to be adopted, more than 50% (fifty per cent) of the eligible voting rights exercised on the applicable ordinary resolution must be exercised in favour thereof.

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

KAP may provide for electronic participation at the AGM. Shareholders who wish to participate electronically must contact 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 virtual remote voting is not possible. Shareholders are encouraged to submit votes by proxy in advance of the AGM.

The board unanimously supports the proposed resolutions set out in this Notice of AGM, which promote the best interests of the company and our stakeholders. We recommend that shareholders vote in favour of all the resolutions.

### Annual financial statements and integrated report

The audited consolidated and company annual financial statements of the group and KAP for the financial year ended 30 June 2022, are available on the KAP website at [www.kap.co.za](http://www.kap.co.za). A copy thereof may be requested or obtained in person, at no charge, from the registered office of the company during office hours.

KAP's 2022 integrated report and the corporate governance report are also available on the KAP website.

### Annexures

This Notice of AGM incorporates the following annexures:

- Annexure A – Summarised consolidated annual financial information of the group for the year ended 30 June 2022
- Annexure B – Curricula vitae of the directors standing for election and re-election on the board and the KAP audit and risk committee
- Annexure C – Remuneration policy
- Annexure D – Implementation and remuneration disclosure
- Annexure E – Major shareholders of the company as at 30 June 2022
- Annexure F – Executive directors' personal financial interests as at 30 June 2022

Form of Proxy – for use **only** by shareholders who hold shares in certificated form and shareholders who have dematerialised their shares but hold them in 'own-name registration'.

# NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 30 JUNE 2022 AND DECLARATION OF NAME CHANGE *continued*

## AGENDA

### ORDINARY BUSINESS

#### Presentation of annual financial statements of the group and the company and various reports (non-voting agenda point)

Refer to Annexure A, containing the summarised consolidated annual financial information of the group for the year ended 30 June 2022.

The audited consolidated and company annual financial statements of the group and KAP for the year ended 30 June 2022, which include the independent auditor's report, the directors' report and the report of the audit and risk committee, are herewith presented to shareholders. These statements were approved by the board on 23 August 2022, and published on 24 August 2022.

These documents, together with KAP's 2022 integrated report, will be tabled at the AGM. Copies of the required statutory documents will be made available to attendees.

#### 1. ORDINARY RESOLUTION NUMBER 1 – REAPPOINTMENT OF INDEPENDENT EXTERNAL AUDIT FIRM AND INDIVIDUAL AUDITOR

The Companies Act, the JSE LRs and the MOI stipulate that the company each year at its annual general meeting must appoint or reappoint, as the case may be, an eligible and accredited auditor.

Having considered evidence in support of the independence of KPMG pursuant to section 90 of the Companies Act, and further having assessed KPMG's suitability for appointment in accordance with paragraph 3.84(g)(iii) of the JSE LRs, the KAP audit and risk committee recommended the reappointment of KPMG as the external auditor of the company for the financial year ending 30 June 2023, with Mr IM Engels as the individual who will lead the KAP audit.

The board has endorsed the aforementioned recommendation and, accordingly, it is proposed that shareholders pass the following ordinary resolution number 1:

*'Resolved to and hereby reappoint the firm KPMG, a registered and accredited auditor ('the Firm'), as the independent auditor of the group and Mr IM Engels, a registered and accredited auditor and member of the Firm, as the individual who will lead the KAP audit for the financial year ending 30 June 2023.'*

#### 2. ORDINARY RESOLUTION NUMBER 2 – RE-ELECTION OF DIRECTORS WHO RETIRE BY ROTATION AND CONFIRMATION NOT TO FILL A VACANCY AT THE AGM

The MOI and the JSE LRs require and King IV™ recommends a staggered rotation of the non-executive directors at each AGM of the company. In addition, the MOI stipulates that directors who have reached the age of 71 must retire on an annual basis.

In accordance with these prescripts, the KAP nomination committee recommended that Messrs KJ Grové, SH Müller and KT Hopkins, all of whom are eligible and made themselves available for re-election, should retire at this AGM in terms of KAP's staggered rotation methodology.

The aforementioned directors are all eligible, and they offered themselves for re-election. The directors have maintained a

satisfactory attendance record at all board and board committee meetings during the reporting period. The board is of the view that the reappointment of these directors is imperative to maintain an appropriate balance of qualifications, knowledge, experience, expertise, diversity and independence among the directors of the board and its committees to enable these forums to discharge their responsibilities effectively.

Accordingly, the board endorsed the recommendation of the nomination committee and proposed that shareholders pass the following standalone ordinary resolutions numbers 2.1 to 2.3:

*'Resolved, by way of individual, standalone ordinary resolutions, to and hereby elect the below-mentioned independent non-executive directors for reappointment to the board, following their retirement by rotation:*

- 2.1 *Mr KJ Grové, who has reached the age of 71 years and retires on an annual basis;*
- 2.2 *Mr SH Müller who, among the non-executive directors, has been in office longest since his last re-election; and*
- 2.3 *Mr KT Hopkins who, among the non-executive directors, has been in office second longest since his last re-election.'*

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

In addition to the above, having served on the board for 10 years, Mr J de V du Toit, the former chairperson of the board, has decided to retire and resign from the board on conclusion of the AGM, in accordance with the company's board succession plan.

The board wishes to express its sincere gratitude to Mr J de V du Toit, who has guided the board with distinction. Since his appointment in 2012, the board successfully surmounted unique challenges under his leadership. The collapse of KAP's shareholder of reference and the Covid-19 pandemic are examples. The board wishes him success in his retirement.

Given that a vacancy now exists on the board, shareholders are requested to pass the following ordinary resolution number 2.4:

- 2.4 *'Resolved, by way of this ordinary resolution, and in line with the prescripts of the KAP MOI, not to fill the vacancy left by the retirement of Mr J de V du Toit, until such time as a suitable director has been identified to replace him.'*

#### 3. ORDINARY RESOLUTION NUMBER 3 – ELECTION OF AUDIT AND RISK COMMITTEE MEMBERS

The Companies Act and the JSE LRs stipulate that each publicly listed company must each year at its AGM appoint or reappoint, 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 and that they collectively meet the criteria required to fulfil their duties on the KAP audit and risk committee. It is accordingly recommended that shareholders pass the following standalone ordinary resolutions numbers 3.1 to 3.4:

*'Resolved to and herewith elect, by way of individual, standalone 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 KT Hopkins (subject to the approval of ordinary resolution number 2.3);
- 3.2 Ms Z Fuphe;
- 3.3 Mr SH Müller; and
- 3.4 Mrs TC Esau-Isaacs.'

A curriculum vitae for each of these directors is contained in Annexure B 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 PREFERENCE SHARES UNDER THE CONTROL OF THE DIRECTORS FOR COMMERCIAL PURPOSES

At the date of this Notice of AGM, the board has no firm intent to issue any preference shares. However, the board is of the view that it is in the best interests of KAP to have flexibility to issue shares (to the extent authorised) for purposes of, inter alia, taking advantage of commercial opportunities as and when they arise. It is therefore 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 up to a maximum of 123 000 000 (one hundred and twenty-three million) of KAP's cumulative non-redeemable, non-participating preference shares of no par value when suitable opportunities arise; or up to a maximum of 50 000 000 (fifty million) of KAP's perpetual preference shares of no par value (collectively the 'preference shares'), equating in each case to less than 5% (five per cent) of the company's ordinary shares in issue at the date of this Notice of AGM, and that such shares be and they are hereby placed under the control of the directors, and that the directors be authorised to allot and issue such preference shares for commercial purposes to such person(s) and on such terms and conditions as the directors may in their sole discretion determine, provided, inter alia, that:*

- the board shall pass a resolution to issue such preference shares;
- this authority shall not extend beyond the next AGM 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;
- more than 50% (fifty per cent) of the voting rights exercised on this resolution are 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 preference shares as set out in the JSE IRLs, the Companies Act and the MOI are fulfilled.'

For the avoidance of doubt:

- in the event of a subdivision or consolidation of issued ordinary shares, this authorisation will be adjusted accordingly to represent the same allocation ratio;
- by their approval of this resolution, shareholders grant a waiver of any pre-emptive rights to which they may be entitled, in favour of the directors for the potential allotment and issue of preference shares for commercial purposes; and
- the total number of KAP ordinary shares in issue as at the date of this AGM is 2 472 100 574.

#### 5. ORDINARY RESOLUTION NUMBER 5 – 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, including the authority to afford shareholders the right to receive a capitalisation award. Consequently, it is proposed that shareholders pass the following resolution as ordinary resolution number 5:

*'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 IRLs 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.

For purposes of this resolution, the directors carried out a solvency and liquidity test as contemplated in the Companies Act, and concluded, 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, that the company and the group will satisfy the solvency and liquidity test as contemplated in the Companies Act, were the company to enter immediately into a transaction to distribute any share capital and/or reserves totalling 10% (ten per cent) of the current issued share capital and reserves of the company. It further appears that, for a period of 12 (twelve) months after the date of the AGM, and after the date of each distribution, that:

- the company and the group will be able to pay its debts as they become due in the ordinary course of business;
- the assets of the company and the group, fairly valued in accordance with the IFRS, 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 E, which information applies mutatis mutandis to this ordinary resolution number 5.

## NON-BINDING ADVISORY VOTES

### 6. ORDINARY RESOLUTION NUMBER 6 – ENDORSEMENT OF THE KAP REMUNERATION POLICY AND IMPLEMENTATION REPORT ON THE REMUNERATION POLICY

King IV™ recommends and the JSE IRLs require that the remuneration policy of a company be tabled for non-binding advisory votes by the shareholders at each AGM of such company, together with a separate non-binding advisory vote on the implementation of the remuneration policy. These two documents give shareholders insight into KAP's remuneration practices and enable them to evaluate whether the remuneration of executive management is fair and responsible in the context of overall employee remuneration so that they can express an informed view as to the appropriateness of KAP's remuneration approach.

KAP's remuneration policy is regularly reviewed by the KAP human capital and remuneration committee with a specific focus on ensuring responsibility, relevance and appropriateness of the group's remuneration practices.

On recommendation by the KAP human capital and remuneration committee, and endorsement thereof by the board, it is proposed that shareholders pass the following ordinary resolutions numbers 6.1 and 6.2 as standalone, non-binding advisory votes:

*'Resolved to and herewith endorsed, by way of standalone, non-binding advisory votes, the KAP:*

- 6.1 *Remuneration policy as set out in Annexure C to this Notice of AGM; and*
- 6.2 *Implementation and remuneration disclosure as set out in Annexure D to this Notice of AGM.'*

Note: While voting in respect of ordinary resolutions numbers 6.1 and 6.2 above is of an advisory nature only and does not have any legal consequences relating to existing remuneration agreements, the company will nevertheless take the outcome of the votes into consideration when reviewing the group's future remuneration policy and the implementation thereof. To this end, and if 25% (twenty-five per cent) or more of the voting rights are exercised against either resolution, or both, the company will invite those shareholders who have voted against the relevant resolution to engage with the company.

### 7. ORDINARY RESOLUTION NUMBER 7 – 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. Through the collective definitions of 'personal financial interest' and 'related persons' in section 75(1) of the Companies Act, this provision of the law has a restricting effect on the decision-making powers of directors in a group. The executive directors of KAP serve on multiple subsidiary boards across the group and they would thus inevitably have a 'personal financial interest' in and be a 'related person' to many intergroup transactions. The board accordingly obtained formal legal advice on this matter to ensure that its procedures in respect of the application of the section 75

regime are sound, and that group decision-making by executive directors is in full compliance with the law.

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 the Companies Act or any other unlawful action by executive directors, such as wilful misconduct, gross negligence and the like.

Consequently, it is proposed that shareholders pass the following resolution as ordinary resolution number 7:

*'Resolved that any decisions made and resolutions passed at a group subsidiary board meeting, as well as agreements or documents signed, and actions taken by the executive directors at such a subsidiary company pursuant to the aforementioned, are hereby approved/ratified as contemplated in section 75(3) of the Companies Act, having taken note of the directors' personal financial interests (as set out in Annexure F). This approval/ratification is only valid to the extent that the executive directors were prevented from effective decision-making because of their 'personal financial interests' in, and them being deemed a 'related person' to, another entity in the group; and further provided that the relevant decisions, resolutions, agreements, documents or actions had the effect of being in the best interest of the company in each case, and fell within the ambit of section 75 of the Companies Act.'*

## SPECIAL BUSINESS

### 8. SPECIAL RESOLUTION NUMBER 1 – GENERAL AUTHORITY TO REPURCHASE SHARES ISSUED BY THE COMPANY AND ITS SUBSIDIARIES

KAP or its subsidiaries may not acquire the company's 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 2020 shareholders' mandate, which was valid up to 18 November 2021, altogether 65 million ordinary shares were repurchased, which constituted 2.49% of shares in issue as at the date of the 2020 AGM. This concluded the share buy-back approved by the board for the review period as no further buy-backs were undertaken in the period between the 2021 AGM and the financial year-end date.

While there is no firm intent at this stage to repurchase any shares, the board believes it to be in the best interests of KAP to have flexibility to repurchase shares within the context of its investment and capital allocation philosophy, as and when appropriate circumstances arise. In addition, repurchases of shares may be considered for purposes of its ongoing obligations under the KAP Performance Share Rights Scheme and in order to reduce the dilutionary effect thereof. 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 section 48 of the Companies Act and the JSE LRs, provided that:

- such repurchase is permitted by and is in accordance with the provisions of the Companies Act, the JSE LRs 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 AGM 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 in issue 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 volume weighted average price 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 JSE will be consulted for a ruling if the securities have not traded in such period;
- 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 LRs, unless implemented in accordance with a repurchase programme to be executed by an independent third party appointed by the company prior to the commencement of the prohibited period, and which repurchase programme has been submitted to the JSE in writing prior to the commencement of the prohibited period;
- when 3% (three per cent) of the 'initial number of shares in issue' 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 LRs, provided that if the repurchase of shares is for purposes of the company's share incentive scheme, then the additional disclosure provisions of paragraph 3.92 of the JSE LRs shall be complied with, to the extent applicable. For purposes of clarity, it is noted that the 'initial number of shares in issue' at the date when the general authority from shareholders is granted, amounts to 2 472 100 574 shares;
- the directors of the company shall have passed a resolution, authorising any repurchase and confirming that the group has satisfied the statutory solvency and liquidity test as required by the Companies Act, and that from the time when the test was performed, there have been no material changes to the financial position of the group;
- by their approval of this resolution, shareholders acknowledge that they envisage, and accordingly approve, that the company may potentially later cancel some/all/none of the shares so repurchased under this general authority; and

- in terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of any class of a company. For the avoidance of doubt, (i) a pro rata repurchase by the company from all its shareholders; and (ii) intra-group repurchases by the company of its shares from wholly owned subsidiaries, share incentive schemes pursuant to Schedule 14 of the JSE LRs, and/or non-dilutive share incentive schemes controlled by the company, where such repurchased shares are to be cancelled, will not require shareholder approval, save to the extent as may be required by the Companies Act.'

*Information and statement relating to this special resolution.*

In accordance with paragraph 11.26 of the JSE LRs, 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 E to this Notice of AGM.

*Directors' responsibility statement*

The directors, whose names are given in Annexure E 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;
- this Notice of AGM contains all information required by law and the JSE LRs;
- 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 2022, and the date of this Notice of AGM;
- having considered the effect of a maximum repurchase of shares, and having considered all reasonable foreseeable financial circumstances based on the financial statements and accounting records as contemplated in section 4(2) of the Companies Act, the company and the group will satisfy the solvency and liquidity test as contemplated in the Companies Act, and it appears that, for a period of 12 (twelve) months after the date of the AGM and after the date of each share repurchase that:
  - the company and the group will be able to pay its debts as they become due in the ordinary course of business;
  - the assets of the company and the group, fairly valued in accordance with the IFRS, will be equal to or in excess of the liabilities of the company and the group, fairly valued in accordance with the IFRS; and
  - the share capital and reserves and the working capital of the company and the group will be adequate for ordinary business purposes.

# NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 30 JUNE 2022 AND DECLARATION OF NAME CHANGE *continued*

## 9. SPECIAL RESOLUTION NUMBER 2 – APPROVAL OF FEES PAYABLE TO NON-EXECUTIVE DIRECTORS

Before payment of directors' fees may take place, shareholders are required, in terms of section 66(8) and (9) of the Companies Act, to authorise by way of a special resolution, the basis of compensation and the forward-looking emoluments 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. The remuneration paid to executive directors is detailed in Annexure D.

The remuneration of the non-executive directors is not linked to the company's share price, its share performance or its results. Non-executive directors do not receive incentive payments and are not participants in the KAP Performance Share Rights Scheme and therefore do not hold share rights under this scheme.

Non-executive director fees are reviewed annually, based on inflation, as well as market benchmarks following research into trends in non-executive director remuneration among companies of a similar

size and complexity. During September 2022, the company appointed an independent remuneration adviser to conduct a non-executive director fee benchmarking analysis against a comparator group of companies listed on the JSE Limited. It was found that KAP's non-executive directors' fees are within an acceptable tolerance band, with the exception of the nomination committee fees, which were found to be materially below the tolerance band.

KAP's human capital and remuneration committee accordingly recommended, and the board has endorsed, the below-mentioned remuneration. It is consequently proposed that shareholders approve the forward-looking fees for non-executive directors for the period from this AGM until the next annual general meeting of the company, by passing special resolutions numbers 2.1 to 2.15 below as standalone special resolutions:

*'Resolved that the remuneration, as set out in resolutions 2.1 to 2.15 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, standalone special resolutions:*

<i>Non-executive directors' fees</i>	Increase %	2023 R	2022 R
<b>Board membership fees</b>			
2.1 Independent non-executive chairperson <sup>1</sup>	6	<b>1 206 000</b>	1 137 600
2.2 Lead independent non-executive director <sup>1</sup>	6	<b>826 000</b>	780 600
2.3 Member <sup>2</sup>	6	<b>585 000</b>	553 600
2.4 Additional unscheduled formal meeting (fee per formal meeting) <sup>3</sup>	6	<b>88 000</b>	83 300
<b>Audit and risk committee fees</b>			
2.5 Chairperson	6	<b>618 000</b>	583 000
2.6 Member	6	<b>310 000</b>	292 000
<b>Human capital and remuneration committee fees</b>			
2.7 Chairperson	6	<b>196 000</b>	184 700
2.8 Member	6	<b>95 000</b>	89 400
<b>Social and ethics committee fees</b>			
2.9 Chairperson	6	<b>196 000</b>	184 700
2.10 Member	6	<b>95 000</b>	89 400
<b>Nomination committee fees</b>			
2.11 Chairperson <sup>4</sup>	> 100	<b>196 000</b>	7 740
2.12 Member <sup>4</sup>	> 100	<b>95 000</b>	7 740
<b>Investment committee fees</b>			
2.13 Chairperson (fee per formal meeting)	6	<b>43 800</b>	41 400
2.14 Member (fee per formal meeting)	6	<b>36 600</b>	34 500
<b>Informal meeting fees</b>			
2.15 Approved informal meetings (per hour) <sup>5</sup>	6	<b>5 600</b>	5 300

<sup>1</sup> This is an annual fee based on four scheduled formal board meetings per annum plus two additional formal board meetings, one dedicated to review and approve the annual budget and one to an annual review of the group's strategy (prior-year figures have been restated to better reflect actual practice and for comparative purposes).

<sup>2</sup> This comprises an annual retainer of R57 000 (2022: R53 800) and a per meeting fee of R88 000 (2022: R83 300), based on four scheduled formal board meetings per annum plus two additional formal board meetings, one dedicated to review and approve the annual budget and one to an annual review of the group's strategy (prior-year figures have been restated to better reflect actual practice and for comparative purposes).

<sup>3</sup> The board may be required to meet formally from time to time in addition to the scheduled annual commitments. In such an event, all non-executive directors will qualify for the additional formal meeting fee, which includes attendance and relevant preparation.

<sup>4</sup> The fee structure for the nomination committee was changed from a per-meeting-fee basis to an annual fee and adjusted upwards to bring the fees within the abovementioned independent benchmark tolerance band and in line with the human capital and remuneration committee and the social and ethics committee fees.

<sup>5</sup> Should non-executive directors be required to meet for purposes of board or committee deliberations from time to time, in addition to formal board and committee meetings and relevant preparation therefore, the participating non-executive directors will qualify for an informal meeting fee for such meetings. Such meetings will require an agenda, the company secretariat to be present, and minutes to be recorded for review by the board chairperson. Payment for any such meetings and time commitment will require pre-approval by the board chairperson.



## 10. SPECIAL RESOLUTION NUMBER 3 – GENERAL AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE

On an ongoing basis, KAP provides direct or indirect financial assistance to its subsidiaries and to related and interrelated companies for commercial purposes, as well as for B-BBEE purposes. Financial assistance includes, inter alia, the granting of loans, providing security, guaranteeing debt and for subscription of securities of any nature. In order to achieve its strategic goals, it is essential for the company to continue this practice.

Financial assistance will not be given to prescribed officers and directors of the company or of subsidiaries of the company or 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, it is proposed that shareholders 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 right or security, or any convertible instrument (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 the persons and entities on the conditions as aforementioned.

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 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;*
- *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, right, security or convertible instrument issued or to be issued by the company or by any of the entities;*
- *for any other purpose that would require financial assistance as contemplated in the Companies Act;*

*provided that in each instance:*

- *the directors of the company shall adopt a resolution, approving the provision of financial assistance and, to the extent required, adopt a resolution approving a distribution, and further shall conduct the statutory solvency and liquidity test as contemplated in the Companies Act and confirm that the company has satisfied the test, 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 its 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.'*

## 11. SPECIAL RESOLUTION NUMBER 4 – NAME CHANGE

KAP's management and the board recently concluded an extensive process of interrogating the KAP strategy, which resulted in a number of workstreams being initiated that are aimed at repositioning the company for growth and value creation. These workstreams include the KAP value proposition, organisational design, people strategy, brand strategy, digital strategy and future focus. The brand strategy is aimed at positioning of the KAP brand in a manner which clearly articulates the value proposition of the company. This has involved extensive market research and has resulted in a refresh of the KAP brand to better reflect the outcomes of the products and services that KAP supply, and why we do so.

The current registered name of KAP Industrial Holdings Limited includes the word 'Industrial', which is a legacy of the old internal process-focused strategy, whereas KAP's forward-looking strategy is an outward consumer product and service-focused strategy. The 'Holdings' reference is also a legacy reference to the company owning numerous unrelated entities as investments. The KAP strategy is to consolidate into fewer, larger businesses, according to specific strategic filters and sectors, which are actively managed. The reference to 'Industrial Holdings' in the name is therefore no longer relevant and is in fact misleading.

We believe that the impact of the name change will be positive in terms of investor perception, since it will reinforce the board's intention with regard to implementing the strategy. KAP Industrial Holdings Limited is in any event most often referenced as 'KAP' or 'KAP Limited' or the 'the KAP Group' in customer, supplier, employee, social, and investor interaction, as well as in the media.

Furthermore, the proposed name change does not represent a radical change to something completely different that would cause confusion in the market.

The proposed name change would therefore align with the company strategy, the brand positioning of the company, and current practice by which the company is referenced.

# NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 30 JUNE 2022 AND DECLARATION OF NAME CHANGE *continued*

However, in this process of reviewing the company name, it came to KAP's attention that a number of unrelated third-party companies have infringed on KAP's intellectual property ('IP') rights and registered the letters 'KAP' in their company names in violation of the provisions of the Trade Marks Act, No. 194 of 1993. KAP therefore embarked on a legal process to protect its IP by petitioning the Companies Tribunal to intervene and demand a reversal of those illicit name registrations, and for a directive to prevent future unlawful 'KAP'-name registrations by third parties via the Companies and Intellectual Property Commission processes (the 'IP challenge').

Consequently, it is proposed that shareholders pass the following resolution as special resolution number 4:

*'Resolved, in terms of section 16 of the Companies Act and the company's MOI, that the name of the company, namely 'KAP Industrial Holdings Limited', be changed to 'KAP Holdings Limited', or in the alternative to 'KAP Limited', subject to the following:*

- *the successful outcome of the aforementioned IP challenge in favour of the company, which is anticipated on or about 7 November 2022;*
- *confirmation of the company's right to exclusive reservation and registration of the 'KAP' name to 'KAP Holdings Limited', or in the alternative to 'KAP Limited', which is anticipated on or about 15 December 2022; and*
- *the approval of the JSE, as well as the issuing of a new ISIN (to the extent required) and a new share certificate of the company in the manner acceptable to the JSE.'*

Notes:

- While indicative dates have been included above, since the timeline to finality of the aforementioned legal process is not certain at this stage, no definite date can be assigned to the name change at this point in time, but it is envisaged that the name change would in all likelihood be implemented within six months of the distribution of this Notice of AGM. To the extent the IP challenge is not concluded in favour of the company, the company will release an announcement on SENS.
- The aforementioned name alternatives have the preliminary approval of the JSE, subject to the issuing of the new ISIN (to the extent required) and a new company share certificate.

## GENERAL BUSINESS

To transact such other business as may be transacted at an AGM or raised by shareholders with or without advance notice to the company, provided that no voting may take place on such matters.

## 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 carry out 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



**SE van Loggerenberg**

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

21 October 2022

## RECORD DATES PERTAINING TO THE AGM AND OTHER IMPORTANT NOTICES

1. Record date for shareholders to receive the Notice of AGM – Friday, 14 October 2022.
2. Last date to trade to be eligible to attend, participate in and vote at the AGM – Tuesday, 8 November 2022.
3. Record date to be eligible to attend, participate in and vote at the AGM – Friday, 11 November 2022.
4. The date of the AGM is Monday, 21 November 2022.
5. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairperson 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 ('Computershare') or TMS in advance for guidance.
6. 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.
7. Shareholders who have not dematerialised their shares (i.e. so-called certificated shareholders) or those who hold dematerialised shares in 'own-name registration', must use the Form of Proxy if they wish to attend and/or vote at the AGM or be represented at the AGM for this purpose. Completion of a Form of Proxy will not preclude such shareholders from attending and voting (in preference to those shareholders' proxies) at the AGM.
8. Shareholders who hold shares in dematerialised form (other than those with 'own-name registration'), who wish to attend and/or vote at the AGM, should instruct their broker or CSDP to issue them with a Letter of Representation if they wish to attend in person and/or vote at the AGM. Shareholders should refer to their custody agreements with their CSDP/broker in this regard and also provide them with details of their voting intent.
9. 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 (as described above) or by completing the attached Form of Proxy in accordance with the instructions thereon.
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. Copies of the Letters of Representation, or the 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, these documents must reach TMS by no later than on Thursday, 17 November 2022 at 14:00. Notwithstanding, these documents will also be accepted by the chairperson of the AGM up to the point when voting on each agenda item commences at the AGM.
12. 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.
13. 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, in advance of the meeting, 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 and the company cannot guarantee that there will not be a break in communication. Shareholders making use of electronic communication acknowledge that the telecommunication lines are provided by a third party and indemnify the company and its directors, employees, company secretary, transfer secretaries, service providers and advisors against any loss, injury, damage, penalty or claim arising in any way from the use of the electronic communication, 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 and its directors, employees, company secretary, transfer secretaries, service providers and advisors, whether for consequential damages or otherwise, arising from the use of the electronic communication or any defect in or from any failure in respect of the electronic communication, including any lines, connections or other electronic components providing a telecommunication link to the AGM.

### 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  
investors@kap.co.za

### Transfer secretary

Computershare Investor Services Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
2196  
Private Bag X9000  
Saxonwold  
2132  
Tel: +27 11 370 5000 or 086 11 00 933

### TMS

The Meeting Specialist Proprietary Limited  
JSE Building  
One Exchange Square  
Gwen Lane  
Sandown  
2196  
South Africa  
PO Box 62043  
Marshalltown  
2107  
South Africa

Forms of Proxy must be e-mailed to proxy@tmsmeetings.co.za to be received by TMS no later than at 14:00 on Thursday, 17 November 2022. However, Forms of Proxy may also be handed to the chairperson of the AGM before the appointed proxy may exercise any shareholder rights at the AGM.

# ANNEXURE A

## SUMMARISED CONSOLIDATED ANNUAL FINANCIAL INFORMATION OF THE GROUP FOR THE YEAR ENDED 30 JUNE 2022

Refer to the non-voting introductory point on the agenda

### SUMMARISED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 30 Jun 2022 Audited Rm	Year ended 30 Jun 2021 Audited Rm	% change
Revenue	1	27 979	23 956	17
Cost of revenue		(22 465)	(19 562)	
<b>Gross profit</b>		<b>5 514</b>	<b>4 430</b>	<b>24</b>
Operating profit before capital items		2 936	2 102	40
Capital items	2	(109)	32	
<b>Operating profit</b>		<b>2 827</b>	<b>2 134</b>	<b>32</b>
Finance costs		(527)	(486)	
Finance income		28	20	
Share of profit of associate and joint venture companies		19	28	
<b>Profit before taxation</b>		<b>2 347</b>	<b>1 696</b>	<b>38</b>
Taxation		(578)	(506)	
<b>Profit for the year from continuing operations</b>		<b>1 769</b>	<b>1 190</b>	<b>49</b>
Loss for the year from discontinued operations	3	(3)	(132)	
<b>Profit for the year</b>		<b>1 766</b>	<b>1 058</b>	<b>67</b>
<b>Profit attributable to:</b>				
Owners of the parent		1 746	991	76
Non-controlling interests		20	67	
<b>Profit for the year</b>		<b>1 766</b>	<b>1 058</b>	<b>67</b>
<b>Other comprehensive income/(loss)</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Actuarial gain on defined benefit plans		2	-	
Gross obligation revaluation		(10)	-	
		(8)	-	
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations		144	(233)	
Total other comprehensive income/(loss) for the year, net of taxation		136	(233)	
<b>Total comprehensive income for the year, net of taxation</b>		<b>1 902</b>	<b>825</b>	<b>131</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		1 878	765	
Non-controlling interests		24	60	
Profit for the year		20	67	
Foreign currency translation reserve transferred to non-controlling interests		4	(7)	
<b>Total comprehensive income for the year</b>		<b>1 902</b>	<b>825</b>	<b>131</b>
<b>Earnings per share attributable to owners of the parent</b>		<b>Cents</b>	<b>Cents</b>	<b>% change</b>
Basic earnings		70.2	38.8	81
Diluted earnings		68.5	38.3	79
Basic earnings from continuing operations		70.3	44.0	60
Diluted earnings from continuing operations		68.6	43.4	58

## SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 Jun 2022 Audited Rm	30 Jun 2021 Audited Rm
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	683	641
Intangible assets	2 363	2 028
Property, plant and equipment	14 130	12 957
Right-of-use assets	426	358
Consumable biological assets	1 491	1 565
Investments in associate and joint venture companies	183	78
Investments and loans receivable	25	1
Deferred taxation assets	48	33
Derivative financial instruments	55	–
	<b>19 404</b>	<b>17 661</b>
<b>Current assets</b>		
Inventories	3 411	2 593
Trade and other receivables <sup>1</sup>	4 794	4 170
Derivative financial instruments	50	10
Loans receivable	6	8
Taxation receivable	63	42
Cash and cash equivalents	1 730	751
	<b>10 054</b>	<b>7 574</b>
Assets held for sale	47	159
	<b>10 101</b>	<b>7 733</b>
<b>Total assets</b>	<b>29 505</b>	<b>25 394</b>
<b>Equity and liabilities</b>		
<b>Capital and reserves</b>		
Total equity attributable to owners of the parent	11 531	10 250
Non-controlling interests	219	199
<b>Total equity</b>	<b>11 750</b>	<b>10 449</b>
<b>Non-current liabilities</b>		
Loans and borrowings	6 681	5 360
Lease liabilities	372	311
Employee benefits	15	24
Provisions	–	2
Deferred taxation liabilities	2 641	2 637
Derivative financial instruments	60	–
	<b>9 769</b>	<b>8 334</b>
<b>Current liabilities</b>		
Loans and borrowings	2 049	1 526
Lease liabilities	106	86
Employee benefits	473	456
Provisions	89	77
Trade and other payables <sup>1</sup>	5 197	4 265
Derivative financial instruments	14	24
Taxation payable	20	132
Bank overdrafts	38	45
	<b>7 986</b>	<b>6 611</b>
<b>Total equity and liabilities</b>	<b>29 505</b>	<b>25 394</b>

<sup>1</sup> Derivative financial instruments were previously included in trade and other receivables and trade and other payables. The current year reflects them separately.

## SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Year ended 30 Jun 2022 Audited Rm	Year ended 30 Jun 2021 Audited Rm
Balance at beginning of the year	10 449	9 770
<b>Changes in stated share capital</b>		
Ordinary shares repurchased and cancelled	(310)	(158)
<b>Changes in reserves</b>		
Total comprehensive income for the year attributable to owners of the parent	1 878	765
Ordinary dividends paid	(378)	–
Share-based payments	101	61
Transfer to non-controlling interests	(6)	–
Other reserve movements	(4)	16
<b>Changes in non-controlling interests</b>		
Total comprehensive income for the year attributable to non-controlling interests	24	60
Ordinary dividends paid	(16)	(27)
Transfer from other reserves	6	–
Shares purchased from non-controlling interests	(16)	(38)
Arising on acquisition of subsidiaries	22	–
<b>Balance at end of the year</b>	<b>11 750</b>	<b>10 449</b>
<b>Comprising:</b>		
Stated share capital	7 896	8 206
Distributable reserves	6 859	5 498
Share-based payment reserve	619	518
Reverse acquisition reserve	(3 952)	(3 952)
Other reserves	109	(20)
Non-controlling interests	219	199
	<b>11 750</b>	<b>10 449</b>

## SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 Jun 2022 Audited Rm	Year ended 30 Jun 2021* Audited Rm
Operating profit from continuing operations	2 827	2 134
Operating loss from discontinued operations	(10)	(172)
<i>Adjusted for:</i>		
Capital items	129	(30)
Depreciation and amortisation	1 404	1 344
Net fair value adjustments of consumable biological assets <sup>1</sup>	77	190
Other non-cash adjustments	117	62
<b>Cash generated before working capital changes</b>	<b>4 544</b>	<b>3 528</b>
Increase in inventories	(776)	(305)
Increase in trade and other receivables	(522)	(865)
Increase in trade and other payables	835	1 127
<b>Changes in working capital</b>	<b>(463)</b>	<b>(43)</b>
<b>Cash generated from operations</b>	<b>4 081</b>	<b>3 485</b>
Dividends received	9	9
Finance income received	27	16
Finance costs paid	(556)	(498)
Dividends paid	(394)	(27)
Taxation paid	(803)	(395)
<b>Net cash inflow from operating activities</b>	<b>2 364</b>	<b>2 590</b>
Additions to property, plant and equipment and investment property <sup>2</sup>	(2 194)	(1 817)
Additions to intangible assets <sup>3</sup>	(15)	(6)
Additions to consumable biological assets	(3)	(1)
Acquisition of subsidiaries and businesses, net of cash acquired	(392)	–
Other investing activities	(132)	17
<b>Net cash outflow from investing activities</b>	<b>(2 736)</b>	<b>(1 807)</b>
<b>Net cash (outflow)/inflow from operating and investing activities</b>	<b>(372)</b>	<b>783</b>
Shares repurchased	(310)	(158)
Transactions with non-controlling interests	(20)	(22)
Loans and borrowings received	3 792	1 190
Loans and borrowings repaid	(2 032)	(1 910)
Lease liabilities capital repayments	(93)	(109)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>1 337</b>	<b>(1 009)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>965</b>	<b>(226)</b>
Net cash and cash equivalents at beginning of year	706	984
Effects of exchange rate translations on net cash and cash equivalents	21	(52)
<b>Net cash and cash equivalents at end of the year</b>	<b>1 692</b>	<b>706</b>

\* The cash flows have been restated to offset the bank overdrafts against cash and cash equivalents as it forms an integral part of the group's cash management. The increase in bank overdrafts of R28 million was previously reflected as cash flows from financing activities.

<sup>1</sup> Includes fair value (gain)/loss and decrease due to harvesting and sale of livestock.

<sup>2</sup> Net of proceeds on disposal of property, plant and equipment and investment property, insurance proceeds and government grants received.

<sup>3</sup> Net of proceeds on disposal of intangible assets.

## SEGMENTAL ANALYSIS

	Year ended 30 Jun 2022 Audited Rm	Year ended 30 Jun 2021 Audited Rm	% change
<b>Continuing operations</b>			
<b>Revenue</b>			
Diversified industrial	8 259	7 927	4
PG Bison	4 876	4 197	16
Restonic	1 612	1 731	(7)
Feltex	1 809	2 033	(11)
Interdivisional eliminations	(38)	(34)	
Diversified chemical	10 120	7 509	35
Safripol	10 120	7 509	35
Diversified logistics	9 757	8 828	11
Unitrans South Africa	5 754	5 207	11
Unitrans Africa	2 147	2 010	7
Unitrans Passenger	1 895	1 647	15
Interdivisional eliminations	(39)	(36)	
Road safety	242	–	–
DriveRisk	242	–	–
	<b>28 378</b>	<b>24 264</b>	<b>17</b>
Intersegmental eliminations	(399)	(308)	
	<b>27 979</b>	<b>23 956</b>	<b>17</b>
<b>Operating profit before depreciation, amortisation and capital items</b>			
Diversified industrial	1 243	1 344	(8)
PG Bison	1 007	786	28
Restonic	120	307	(61)
Feltex	116	251	(54)
Diversified chemical	1 590	584	172
Safripol	1 590	584	172
Diversified logistics	1 464	1 485	(1)
Unitrans South Africa	836	701	19
Unitrans Africa	341	468	(27)
Unitrans Passenger	287	316	(9)
Road safety	38	–	–
DriveRisk	38	–	–
Corporate, consolidation and eliminations	5	6	
	<b>4 340</b>	<b>3 419</b>	<b>27</b>
<b>Operating profit before capital items</b>			
Diversified industrial	936	1 025	(9)
PG Bison	831	615	35
Restonic	69	254	(73)
Feltex	36	156	(77)
Diversified chemical	1 400	428	227
Safripol	1 400	428	227
Diversified logistics	578	649	(11)
Unitrans South Africa	382	249	53
Unitrans Africa	48	211	(77)
Unitrans Passenger	148	189	(22)
Road safety	22	–	–
DriveRisk	22	–	–
	<b>2 936</b>	<b>2 102</b>	<b>40</b>



	Notes	30 Jun 2022 Audited Rm	30 Jun 2021 Audited Rm	% change
<b>Operating assets</b>				
Diversified industrial		10 805	9 886	9
PG Bison		7 381	6 705	10
Restonic		1 774	1 623	9
Feltex		1 656	1 561	6
Interdivisional eliminations		(6)	(3)	
Diversified chemical		7 054	6 313	12
Safripol		7 054	6 313	12
Diversified logistics		8 949	8 166	10
Unitrans South Africa		4 994	4 530	10
Unitrans Africa		2 772	2 489	11
Unitrans Passenger		1 191	1 153	3
Interdivisional eliminations		(8)	(6)	
Road safety		683	-	-
DriveRisk		683	-	-
Corporate, consolidation and eliminations		(88)	(43)	
	6	27 403	24 322	13
<b>Operating liabilities</b>				
Diversified industrial		1 697	1 399	21
PG Bison		1 045	713	47
Restonic		246	283	(13)
Feltex		412	406	1
Interdivisional eliminations		(6)	(3)	
Diversified chemical		2 263	1 945	16
Safripol		2 263	1 945	16
Diversified logistics		1 628	1 324	23
Unitrans South Africa		935	775	21
Unitrans Africa		388	312	24
Unitrans Passenger		313	243	29
Interdivisional eliminations		(8)	(6)	
Road safety		78	-	-
DriveRisk		78	-	-
Corporate, consolidation and eliminations		182	180	
	7	5 848	4 848	21
<b>Net operating assets/(liabilities)<sup>1</sup></b>				
Diversified industrial		9 108	8 487	7
PG Bison		6 336	5 992	6
Restonic		1 528	1 340	14
Feltex		1 244	1 155	8
Diversified chemical		4 791	4 368	10
Safripol		4 791	4 368	10
Diversified logistics		7 321	6 842	7
Unitrans South Africa		4 059	3 755	8
Unitrans Africa		2 384	2 177	10
Unitrans Passenger		878	910	(4)
Road safety		605	-	-
DriveRisk		605	-	-
Corporate, consolidation and eliminations		(270)	(223)	
		21 555	19 474	11

<sup>1</sup> Net operating assets/(liabilities) comprise operating assets less operating liabilities.

## ANNEXURE A continued

	Notes	30 Jun 2022 Audited Rm	30 Jun 2021 Audited Rm	% change
<b>Net working capital</b>				
Diversified industrial		1 271	1 166	9
PG Bison		911	933	(2)
Restonic		203	93	118
Feltex		157	141	11
Interdivisional eliminations		–	(1)	–
Diversified chemical		964	604	60
Safripol		964	604	60
Diversified logistics		425	389	9
Unitrans South Africa		232	104	123
Unitrans Africa		99	148	(33)
Unitrans Passenger		95	137	(31)
Interdivisional eliminations		(1)	–	–
Road safety		81	–	–
DriveRisk		81	–	–
Corporate, consolidation and eliminations		(274)	(234)	–
	8	2 467	1 925	28

	Year ended 30 Jun 2022 Audited Rm	Year ended 30 Jun 2021 Audited Rm
<b>Replacement capital expenditure<sup>2</sup></b>		
Diversified industrial	361	336
PG Bison	237	313
Restonic	28	6
Feltex	96	17
Diversified chemical	147	78
Safripol	147	78
Diversified logistics	559	511
Unitrans South Africa	480	223
Unitrans Africa	77	190
Unitrans Passenger	2	98
Corporate, consolidation and eliminations	–	(7)
	1 067	918

<sup>2</sup> Net of proceeds on disposal of property, plant and equipment and investment property, insurance proceeds and government grants received.

	Year ended 30 Jun 2022 Audited Rm	Year ended 30 Jun 2021 Audited Rm
<b>Expansion capital expenditure<sup>3</sup></b>		
Diversified industrial	485	413
PG Bison	360	86
Restonic	78	110
Feltex	47	217
Diversified chemical	110	–
Safripol	110	–
Diversified logistics	515	486
Unitrans South Africa	104	255
Unitrans Africa	375	218
Unitrans Passenger	36	13
Road safety	17	–
DriveRisk	17	–
	1 127	899

<sup>3</sup> Net of government grants received.

	Year ended 30 Jun 2022 Audited Rm	Year ended 30 Jun 2021 Audited Rm
<b>Total capital expenditure<sup>4</sup></b>		
Diversified industrial	<b>846</b>	749
PG Bison	<b>597</b>	399
Restonic	<b>106</b>	116
Feltex	<b>143</b>	234
Diversified chemical	<b>257</b>	78
Safripol	<b>257</b>	78
Diversified logistics	<b>1 074</b>	997
Unitrans South Africa	<b>584</b>	478
Unitrans Africa	<b>452</b>	408
Unitrans Passenger	<b>38</b>	111
Road safety	<b>17</b>	–
DriveRisk	<b>17</b>	–
Corporate, consolidation and eliminations	<b>–</b>	(7)
	<b>2 194</b>	1 817

<sup>4</sup> Net of proceeds on disposal of property, plant and equipment and investment property, insurance proceeds and government grants received.

During the year, the group changed the names of the divisions to refer to the brand names as follows: Integrated Timber to PG Bison, Integrated Bedding to Restonic, Automotive Components to Feltex, Polymers to Safripol, Contractual Logistics – South Africa to Unitrans South Africa, Contractual Logistics – Africa to Unitrans Africa, and Passenger Transport to Unitrans Passenger. However, this did not result in the restatement of the amounts presented.

## SELECTED EXPLANATORY NOTES

	Goods Rm	Services Rm	Rentals Rm	Total Rm
<b>Note 1: Revenue</b>				
Year ended 30 Jun 2022				
Audited				
PG Bison	5 472	–	–	5 472
Restonic	1 793	–	–	1 793
Feltex	1 810	–	–	1 810
Safripol	10 202	–	–	10 202
Unitrans South Africa	111	5 643	–	5 754
Unitrans Africa	–	2 147	–	2 147
Unitrans Passenger	–	1 895	–	1 895
DriveRisk	58	131	–	189
Gross revenue	19 446	9 816	–	29 262
Variable consideration	(860)	–	–	(860)
Intergroup eliminations	(52)	(419)	–	(471)
Revenue from contracts with customers	18 534	9 397	–	27 931
DriveRisk	–	–	53	53
Intergroup eliminations	–	–	(5)	(5)
	18 534	9 397	48	27 979
Year ended 30 Jun 2021				
Audited				
PG Bison	4 724	–	–	4 724
Restonic	1 907	–	–	1 907
Feltex	2 034	–	–	2 034
Safripol	7 571	–	–	7 571
Unitrans South Africa <sup>1</sup>	56	5 151	–	5 207
Unitrans Africa	–	2 010	–	2 010
Unitrans Passenger	–	1 647	–	1 647
Gross revenue	16 292	8 808	–	25 100
Variable consideration	(766)	–	–	(766)
Intergroup eliminations	(49)	(329)	–	(378)
Revenue from contracts with customers	15 477	8 479	–	23 956

<sup>1</sup> The disclosure has been restated to reallocate R277 million from goods to services.

	Year ended 30 Jun 2022 Audited Rm	Year ended 30 Jun 2021 Audited Rm
<b>Geographical distribution</b>		
South Africa	24 050	20 693
Rest of Africa	3 254	2 970
Americas	309	225
Europe	161	32
Middle East	129	22
Australasia	76	14
	27 979	23 956

	Notes	Year ended 30 Jun 2022 Audited Rm	Year ended 30 Jun 2021 Audited Rm
<b>Note 2: Capital items</b>			
<i>Continuing operations</i>			
Loss on disposal of property, plant and equipment and investment property (Impairments)/reversal of impairments <sup>2</sup>		(36)	(16)
Insurance income		(111)	4
Gain on bargain purchase		36	44
		2	–
		(109)	32
<i>Discontinued operations</i>			
Loss on disposal of property, plant and equipment Impairments <sup>2</sup>		(20)	(1)
		–	(1)
		(20)	(2)
		(129)	30

<sup>2</sup> (Impairments)/reversal of impairments of goodwill, intangible assets, property, plant and equipment, investment property and right-of-use assets.

### Note 3: Loss for the year from discontinued operations

Revenue		–	179
Cost of revenue		10	(225)
Gross profit/(loss)		10	(46)
Operating profit/(loss) before capital items		10	(170)
Capital items	2	(20)	(2)
Operating loss		(10)	(172)
Finance costs		(1)	(12)
Loss before taxation		(11)	(184)
Taxation		8	52
Loss for the year		(3)	(132)

	Cents	Cents
<b>Note 4: Earnings/(loss)</b>		
Basic earnings/(loss) per share	70.2	38.8
Continuing operations	70.3	44.0
Discontinued operations	(0.1)	(5.2)
Diluted earnings/(loss) per share	68.5	38.3
Continuing operations	68.6	43.4
Discontinued operations	(0.1)	(5.1)
Headline earnings/(loss) per share	75.1	37.9
Continuing operations	74.4	43.0
Discontinued operations	0.7	(5.1)
Diluted headline earnings/(loss) per share	73.3	37.4
Continuing operations	72.6	42.4
Discontinued operations	0.7	(5.0)
Net asset value per share	466	405

## ANNEXURE A continued

	Notes	Year ended 30 Jun 2022 Audited Rm	Year ended 30 Jun 2021 Audited Rm
<b>Note 4: Earnings/(loss) (continued)</b>			
<b>Headline earnings attributable to owners of the parent</b>			
<i>Continuing operations</i>			
Basic and diluted earnings attributable to owners of the parent		1 749	1 123
Adjusted for:			
Capital items	2	109	(32)
Taxation effects of capital items		(6)	8
Non-controlling interests' portion of capital items, net of taxation		(1)	–
		1 851	1 099
<i>Discontinued operations</i>			
Basic and diluted loss attributable to owners of the parent		(3)	(132)
Adjusted for:			
Capital items	2	20	2
Taxation effects of capital items		(3)	–
		14	(130)
		1 865	969
		<b>Million</b>	Million
<b>Weighted average number of ordinary shares</b>			
Issued ordinary shares at beginning of the year		2 531	2 571
Effect of shares repurchased and cancelled		(48)	(16)
Effect of shares issued		4	–
Weighted average number of ordinary shares		2 487	2 555
Potential dilutive effect of share rights granted		62	34
Diluted weighted average number of ordinary shares		2 549	2 589
<b>Number of ordinary shares in issue</b>		<b>2 472</b>	2 531
	Fair value hierarchy	Fair value as at 30 Jun 2022 Audited Rm	Fair value as at 30 Jun 2021 Audited Rm
<b>Note 5: Fair values of financial instruments</b>			
Derivative financial assets	Level 2	105	10
Derivative financial liabilities	Level 2	(74)	(24)
There were no Level 1 or Level 3 financial assets or financial liabilities as at 30 June 2022 or 30 June 2021.			
Level 2 financial instruments consist of derivative financial instruments that are valued using techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data. These inputs include foreign exchange rates.			
The carrying amount for all financial liabilities approximates the fair value, with the exception of loans and borrowings where the fair value is R8 770 million (2021: R7 217 million).			
		30 Jun 2022 Audited Rm	30 Jun 2021 Audited Rm
<b>Note 6: Operating assets</b>			
Goodwill		683	641
Intangible assets		2 363	2 028
Property, plant and equipment		14 130	12 957
Right-of-use assets		426	358
Consumable biological assets		1 491	1 565
Inventories		3 411	2 593
Trade and other receivables		4 794	4 170
Derivative financial instruments		105	10
		27 403	24 322

	30 Jun 2022 Audited Rm	30 Jun 2021 Audited Rm
<b>Note 7: Operating liabilities</b>		
Employee benefits	488	480
Provisions	89	79
Trade and other payables	5 197	4 265
Derivative financial instruments	74	24
	<b>5 848</b>	<b>4 848</b>

### Note 8: Net working capital

Inventories	3 411	2 593
Trade and other receivables	4 794	4 170
Employee benefits	(488)	(480)
Provisions	(89)	(79)
Trade and other payables	(5 197)	(4 265)
Current derivative financial instruments	36	(14)
	<b>2 467</b>	<b>1 925</b>

### Note 9: Trading profit

The group considers trading profit to be a key benchmark to measure performance and to allow for meaningful year-on-year comparison, as it excludes the effect of the non-cash fair value adjustments of consumable biological assets.

The adjustments below regarding trading profit are not an International Financial Reporting Standards ('IFRS') measure and are shown for illustrative purposes only. It may not fairly present the issuer's financial position, changes in equity, results of operations or cash flows. It does not impact the financial position, changes in equity, results of operations or cash flows.

The financial information is the responsibility of the directors and has not been reviewed or reported on by the company's external auditors.

	Year ended 30 Jun 2022 Audited Rm	Year ended 30 Jun 2021 Audited Rm
<b>Continuing operations</b>		
<b>Trading profit</b>		
Operating profit before capital items	2 936	2 102
Net fair value adjustments of consumable biological assets	77	190
	<b>3 013</b>	<b>2 292</b>
<b>Net fair value adjustments of consumable biological assets</b>		
Net fair value adjustments of timber plantations	82	204
Fair value (gain)/loss	(125)	12
Decrease due to harvesting	207	192
Net fair value adjustments of livestock	(5)	(14)
Fair value gain	(10)	(19)
Decrease due to disposals	5	5
	<b>77</b>	<b>190</b>

### STATEMENT OF COMPLIANCE

The summarised consolidated financial information has been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of IFRS, the SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee, the financial pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited ('JSE') Listings Requirements, as a minimum the information as required by IAS 34 – *Interim Financial Reporting*, and the requirements of the Companies Act, No. 71 of 2008 of South Africa. The summarised consolidated financial information has been prepared using accounting policies that comply with IFRS, which are consistent with those applied in the consolidated financial statements for the year ended 30 June 2021.

### BASIS OF PREPARATION

The abridged summarised consolidated financial statements are prepared in millions of South African rand (Rm) on the historical cost basis, except for certain assets and liabilities, which are carried at amortised cost, and derivative financial instruments and consumable biological assets, which are stated at their fair values. The preparation of the consolidated financial statements and abridged summarised consolidated financial statements for the year ended 30 June 2022, was supervised by Frans Olivier CA(SA), the group's chief financial officer.

### ACCOUNTING POLICIES

The accounting policies and methods of computation of the group have been consistently applied to periods presented in the summarised consolidated financial statements.

During the current year, the group has adopted all the new and revised standards issued by the International Accounting Standards Board ('IASB') that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2021. The adoption thereof did not have a material impact on the consolidated financial statements.

### FINANCIAL STATEMENTS

The consolidated financial statements for the year, which have been audited by KPMG Inc., and their accompanying unmodified audit report, which includes their key audit matters, are available on the company's website at [www.kap.co.za](http://www.kap.co.za). Information included under the headings Outlook and Operational review, and any reference to future financial information included in the summarised financial information, has not been audited or reviewed. The auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of both the auditor's report and the accompanying financial information ([www.kap.co.za](http://www.kap.co.za)). The results were approved by the board of directors on 23 August 2022.

The annual general meeting ('AGM') of KAP shareholders has been scheduled to take place on Monday, 21 November 2022, at 15:30 in Stellenbosch.

The notice of the AGM will be published on SENS and dispatched to shareholders in due course.

### BUSINESS COMBINATIONS

Effective 1 December 2021, the group acquired 80.39% of the shares and loan claims of Khuthaza Holdings Proprietary Limited for R105 million and 49% of the shares and loan claims of DriveRisk Holdings Proprietary Limited for a purchase price of R125 million. The total consideration amounted to R230 million and resulted in an effective holding of 90% in DriveRisk Holdings Proprietary Limited. In addition, the group also acquired 90% of the shares of SingRisk Services Private Limited for a purchase price of R174 million. These acquisitions resulted in intangible assets of R241 million net of deferred taxation being recognised and goodwill of R122 million being raised.

### EVENTS AFTER REPORTING DATE

The board declared a dividend of 29 cents per share on 23 August 2022. The directors are not aware of any other significant events after the reporting date that will have a material effect on the group's results or financial position as presented in these annual financial statements.

### INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

#### To the shareholders of KAP Industrial Holdings Limited

#### Opinion

The summarised consolidated financial statements of KAP Industrial Holdings Limited, which comprise the summarised consolidated statement of financial position at 30 June 2022, the summarised consolidated income statement and statement of other comprehensive income, summarised consolidated statement of changes in equity and summarised consolidated cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of KAP Industrial Holdings Limited ('the group') for the year ended 30 June 2022.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of KAP Industrial Holdings Limited, in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in the statement of compliance paragraph to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

#### Summary consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our report thereon.

#### The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 23 August 2022. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period.



## Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in the statement of compliance paragraph to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

## Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

KPMG Inc.  
Registered auditor



Per IM Engels  
Chartered accountant (SA)  
Registered auditor  
Director  
23 August 2022

The Halyard  
4 Christiaan Barnard Street  
Foreshore  
Cape Town  
8001

## CHANGES TO THE BOARD, BOARD COMMITTEES AND KEY PORTFOLIOS

Following 17 years of service on the board, IN Mkhari decided to retire and did not make herself available for re-election as a director at the company's annual general meeting held on 18 November 2021 ('2021 AGM'). She was consequently not reappointed as a director on the board, nor as a member of the nomination committee, the human capital and remuneration committee or the social and ethics committee.

On 18 November 2021, SP Lunga, the company's human capital and stakeholder relations executive, was appointed as an executive director on the board.

The following board committee and director role changes were approved and implemented by the board on 18 November 2021:

- J de V du Toit stepped down as chairperson of both the board and the nomination committee, but continues to serve on the board and the nomination committee as an independent non-executive director.
- PK Quarmby, the lead independent non-executive director, was appointed as the chairperson of the board and the nomination committee. As a consequence, he was not reappointed to the audit and risk committee but will remain a member of the investment committee.
- KJ Grové, the independent non-executive deputy chairperson, was appointed as the lead independent non-executive director. The deputy chairperson position on the board fell away. He retained his seats on the investment committee and the human capital and remuneration committee.
- V McMenamin became a member of the human capital and remuneration committee, in addition to her membership of the social and ethics committee.
- In addition to her seats on the audit and risk committee and the social and ethics committee, TC Esau-Isaacs became a member of the investment committee.
- Z Fuphe was appointed as the chairperson of the social and ethics committee and as a new member of the nomination committee.
- SH Müller was appointed as the chairperson of the investment committee in place of PK Quarmby. He remains a member of the audit and risk committee and the social and ethics committee, and remains chairperson of the human capital and remuneration committee.
- KT Hopkins' portfolio as audit and risk committee chairperson remains unchanged.

**DIVIDEND TIMETABLE**

The timetable in respect of the dividend is as follows:

Day	Event
Tuesday, 23 August 2022	Distribution declared in the form of a dividend
Tuesday, 20 September 2022	Last day to trade
Wednesday, 21 September 2022	Shares trade ex dividend
Friday, 23 September 2022	Date to be recorded in the register to receive the dividend
Monday, 26 September 2022	Payment date

Share certificates may not be dematerialised or rematerialised between Wednesday, 21 September 2022 and Friday, 23 September 2022, both days inclusive.

In terms of the taxation on dividends and the amendments to section 11.17 of the JSE Listings Requirements, the following additional information is disclosed:

1. Local dividend tax rate is 20%.
2. Dividends are to be paid from income reserves.
3. The withholding tax, if applicable at the rate of 20%, will result in a net cash dividend per share of 23.2 cents.
4. The number of issued ordinary shares of KAP Industrial Holdings Limited is 2 472 100 574 at 23 August 2022.
5. KAP Industrial Holdings Limited's tax reference number is 9999/509/71/5.

# ANNEXURE B

## CURRICULA VITAE OF THE DIRECTORS STANDING FOR ELECTION AND RE-ELECTION ON THE BOARD AND THE KAP AUDIT AND RISK COMMITTEE

Refer to ordinary resolutions 2 and 3

### **KJ (Jo) Grové (73)**

*AMP (Oxford)*

#### LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Jo has more than 20 years' experience in the financial and banking industry, founding Medical Leasing Services in 1976, and selling it to the Absa Group in 1987. The company name was then changed to MLS Bank and Jo was appointed chief executive officer, a position he held until 1995. Jo next established Imperial Bank and served on the main board of Imperial Holdings until he joined Unitrans Limited as chief executive officer in September 1998. Following the acquisition of Unitrans Limited by Steinhoff International Holdings Limited ('Steinhoff'), he was appointed as a non-executive director of Steinhoff and later became a non-executive alternative director until he resigned from this position in December 2015. In 2012, Jo was appointed as chief executive officer of KAP Industrial Holdings Limited, and as executive deputy chairperson in November 2014. In January 2017, Jo officially retired and fulfilled the role of non-executive deputy chairperson. He was recategorised as an independent non-executive director in February 2020, following an appropriate cooling-off period, and was appointed as lead independent non-executive director on 18 November 2021.

- Member of the human capital and remuneration committee
- Member of the investment committee

### **SH (Steve) Müller (61)**

*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 1995, Steve joined Genbel Investments, where he rose to the positions of chief operating officer: Equities of Genbel Securities Limited, and executive director of Gensec Bank Limited. He also 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 retired from the group to pursue his own interests. Steve served as an independent non-executive director and chairperson of the audit committee of SACOIL Limited 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 chairperson of the company's audit committee. In August 2017, Steve became an independent non-executive director of Pepkor Holdings Limited, serving as chairperson of the human resources and remuneration committee and a member of the audit committee. Steve is a member of SAICA and the IoDSA. Steve was appointed as an independent non-executive director of KAP Industrial Holdings Limited in 2012 and, in 2014, as chairperson of the KAP human capital and remuneration committee. He was appointed as chairperson of the investment committee on 18 November 2021.

- Chairperson of the human capital and remuneration committee
- Chairperson of the investment committee
- Member of the audit and risk committee
- Member of the social and ethics committee

### **KT (Ken) Hopkins (67)**

*BCom (Hons), CA(SA)*

#### INDEPENDENT NON-EXECUTIVE DIRECTOR

Ken became a CA(SA) in 1978, and was an audit partner at Deloitte & Touche and KPMG for more than 30 years, where he specialised in auditing and advising financial institutions. As a retired audit partner and

full-time professional director, Ken serves in a non-executive capacity on the boards of Old Mutual Finance RF Proprietary Limited and 27Four Holdings Limited, where he chairs the audit and risk committees. Ken is also a member of the social and ethics and remuneration committees of 27Four Holdings Limited. Ken was appointed as an independent non-executive director of KAP Industrial Holdings Limited on 6 December 2019.

- Chairperson of the audit and risk committee

### **Z (Zellah) Fuphe (54)**

*BSocSci, CD(SA), GIBS GEDP*

#### INDEPENDENT NON-EXECUTIVE DIRECTOR

Zellah has a Bachelor's degree in Social Sciences, completed the GIBS Global Executive Development Programme in 2015, and is a CD(SA), as certified by the Institute of Directors in South Africa ('IoDSA'). She started her career with Engen Limited ('Engen'), followed by various executive positions, including as managing director of Worldwide African Investment Holdings Proprietary Limited and as the chief executive officer of Afric Oil Proprietary Limited. She joined the Dimension Data group as managing director of Plessey South Africa Proprietary Limited. She is currently the chief corporate governance officer of Dimension Data Middle East and Africa, is a member of the board, and represents the company on a number of its subsidiary boards across the region. Zellah has previously served as a non-executive director on the boards of AECI Limited (chairperson of the social and ethics committee and member of the risk committee), Engen (chairperson of the social and ethics committee), Afric Oil (chairperson), Oceana Group Limited (chairperson of the transformation committee), 18th World Petroleum Council 2005 (chairperson), Worldwide Coal Carolina (chairperson) and the Unisa School of Business Leadership. Zellah was appointed as an independent non-executive director of KAP Industrial Holdings Limited on 1 March 2020, and as chairperson of the social and ethics committee on 18 November 2021.

- Chairperson of the social and ethics committee
- Member of the audit and risk committee
- Member of the nomination committee

### **TC (Tamara) Esau-Isaacs (46)**

*CA(SA)*

#### INDEPENDENT NON-EXECUTIVE DIRECTOR

Tamara started her career at PricewaterhouseCoopers, where she rose to the position of audit partner and served for three years as the human capital partner. She later joined KPMG and served as the partner in charge of management consulting at their Cape Town office and as a member of the KPMG Consumer Markets forum. Tamara serves as an independent non-executive director on the board of PSG Konsult Limited, and is a member of the audit, social and ethics and risk committees. Tamara has a strong social upliftment background and is a long-standing trustee on the Mitchells Plain Bursary and Role Models Trust. Tamara is a fellow on the Africa Leadership Initiative. During the Covid-19 pandemic, Tamara spearheaded an initiative that aims to increase the number of learners from Mitchells Plain, Philippi and Khayelitsha entering post-matric education. She was appointed as an independent non-executive director of KAP Industrial Holdings Limited on 30 June 2021.

- Member of the audit and risk committee
- Member of the social and ethics committee
- Member of the investment committee

# ANNEXURE C

## REMUNERATION POLICY

*Refer to agenda point 6 – Ordinary resolution number 6.1 (non-binding advisory vote)*

### BACKGROUND STATEMENT

The KAP board is responsible for the group's remuneration policy, and is assisted by the KAP human capital and remuneration committee ('the committee'). The committee operates within the provisions of the human capital and remuneration committee charter and with authority granted to it by the board. The board therefore oversees the implementation and execution of the remuneration policy through the committee, which comprises three independent non-executive directors, one of whom is appointed as chairperson. The group chief executive officer and the group corporate affairs executive attend the committee meetings by invitation only and recuse themselves before any discussions take place or decisions are made which relate to them.

In terms of the recommendations of King IV™, board committees should have cross membership to ensure a balanced distribution of power and to enhance effective collaboration. In line with these recommendations, SH Müller, the chairperson of the committee, is also a member of the social and ethics committee, the audit and risk committee and the investment committee. Following 17 years on the board, IN Mkhari did not make herself available for re-election to the board at the company's AGM on 18 November 2021 and retired on the same date. Up until this date she was a member of the committee, the chairperson of the social and ethics committee, and a member of the nomination committee. V McMenamin was appointed to the committee on the same date in her stead. She is also a member of the social and ethics committee. KJ Grové is a member of the committee and the investment committee.

The committee meets formally at least once a year and more often on an ad hoc basis as required to fulfil its mandate. The committee chairperson provides feedback to the board after each committee meeting regarding key decisions and relevant discussions and attends the annual general meeting ('AGM') to address questions by shareholders on the committee's areas of responsibility.

### REMUNERATION PHILOSOPHY

We prefer to be market leaders in the sectors in which we operate, which requires us to invest continuously in technology, innovation, processes and products. This implies that we need to attract and retain the best people in the industry and improve their skills consistently as markets and technologies evolve.

As KAP has grown into market-leading positions, we have become increasingly exposed to and are benchmarked against global best practice. Although KAP is a South Africa-based company, we trade with businesses in different countries, earning approximately 14% of our revenue outside South Africa, and importing a significant proportion of our inputs. A further substantial proportion of our inputs are globally indexed in foreign currencies. We have international shareholders in certain divisions who actively participate in those businesses, and we have several technology agreements with international companies.

As a result, we expect our executives to have knowledge and experience across international borders and to be internationally mobile. KAP therefore competes for management and specialist skills and talent in a challenging global marketplace. Accordingly, our remuneration philosophy is to attract and retain the best people in the industry, and to improve their skills consistently as markets and technologies evolve. The success of our business is dependent on our people in order to maintain quality products and high standards of customer service in very competitive sectors.

### STAKEHOLDER CONSIDERATIONS

Remuneration decisions are taken to ensure the group's long-term sustainability. The following macro factors formed part of the committee's considerations in September 2021 in relation to FY22:

- The challenging macroeconomic and sociopolitical environment in South Africa, which is characterised by low economic growth, unreliable electricity supply, increasing levels of unemployment and the risk of civil unrest.
- The impact of the Covid-19 pandemic on communities in the areas in which we operate, small businesses that are part of our enterprise development initiatives, our customers, and our suppliers, all of which had to endure an uncertain environment.
- The protracted social, economic and financial shock of Covid-19 resulting in contracting consumer spending in response to higher unemployment and lower levels of economic activity.
- The variability in the levels of restrictions implemented by governments, and the significant disruptions in global supply chains throughout the year, which resulted in volatility in the demand for our products, access to key raw materials, and commodity prices.
- The need to reward our employees appropriately for their contribution to the group's performance, taking into consideration the complex, uncertain and competitive operating environment, to ensure a balanced outcome for all stakeholders over the long term.
- The need to attract and retain skilled leadership and technical skills to support our strategy implementation.
- The escalating risk of loss of key personnel to competitors, other industries and emigration.

### FAIR AND RESPONSIBLE REMUNERATION

Each year, the committee reviews remuneration differentials across job grades to ensure that there are no disproportionate income differentials. Where disproportionate income differentials are detected, immediate corrective measures are implemented. Disproportionate income differentials refer to unfair and irrational differences in pay that cannot be justified based on the nature of the work performed, seniority, tenure, qualifications, ability, competence or any other relevant non-discriminatory factors. The committee is satisfied that no disproportionate pay differentials exist and that all pay differentials are justifiable and not attributable to gender or race bias.

In addition, guaranteed executive package increases are set by reference to, among others, the remuneration of the broader workforce. KAP divisions manage collective bargaining through industry bargaining councils and participate in centralised bargaining structures to establish sector-based conditions of employment wherever possible. There are also collective bargaining arrangements in the southern African countries in which Unitrans Africa operates. Careful measures are taken to ensure that wage increase settlements are appropriate within the context of local market and economic conditions.

The committee is satisfied that the remuneration of bargaining unit employees is appropriate relative to the sectors in which KAP's businesses operate, and that measures are in place to reduce and eliminate any unjustified pay differentials. In addition, the committee is satisfied that the remuneration of executive management is fair and responsible within the context of overall employee remuneration.

During the year under review, the committee met formally on 3 September 2021, with all the members present. The committee is satisfied that it has fulfilled its responsibilities during the year. Key focus areas included:

- a review of the group's human capital strategy and the strategic drivers of human capital and the alignment thereof with the vision and strategy of the company;
- a review of the workforce planning measures to ensure that the group has sufficient leadership and technical skills to support strategy implementation;
- an evaluation of the suitability of the group's job evaluation system and benchmarking methodology to ensure that the group's remuneration levels are competitive and appropriate within the group's specific markets and geographic areas of operation;
- a review of the group's approach to the Covid-19 pandemic and the various lockdown levels, and its impact on our employees in terms of remuneration, wellness and restructuring;
- a review of succession plans and the succession strategy across the group;
- a review of the risk associated with the loss of key personnel;
- a review and approval of the remuneration packages of executives, including annual and long-term incentives schemes;
- a review of the group's initiatives and progress in relation to gender, race, diversity, employment equity and income differentials;
- the fulfilment of delegated responsibilities in relation to the share-based incentive scheme;
- a review of the human capital management practices in place across the group to ensure fairness, responsibility, transparency, alignment with King IV™, and compliance with the specific requirements of the relevant labour legislation; and
- as recommended by King IV™, a reflection by the committee on its prior year self-assessment outcomes to determine whether the identified shortcomings have been addressed appropriately.

## DIVISIONAL HUMAN CAPITAL AND REMUNERATION COMMITTEES

Due to the group's decentralised management structures, the committee has established divisional human capital and remuneration subcommittees ('the divisional subcommittees'). The divisional subcommittees are responsible for all human capital management and employee remuneration matters at divisional level, within the parameters set by the group's remuneration policy.

The divisional subcommittees are supported by established human capital practitioners at group, divisional and business unit level. They hold the responsibility for the implementation and management of human capital and remuneration strategies, policies and practices in line with those set by the committee. The divisional subcommittees comprise the KAP CEO, CFO and corporate affairs executive, and the divisional CEO and human capital executive. The KAP CEO chairs these subcommittees.

The divisional subcommittees make key considerations within the context of the KAP and divisional strategies, and include a review of:

- talent management and succession planning;
- leadership development and training;
- employment equity;
- employee relations management;
- pay structures and equitable base salary increases for all employees;
- performance incentive schemes;
- long-term incentive schemes; and
- risk associated with the loss of key personnel.

The meetings of the divisional subcommittees were held during June 2021 in relation to FY22.

## NON-BINDING ADVISORY VOTE AND SHAREHOLDER ENGAGEMENT

As per the recommendations of King IV™, in addition to the statutory 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 shareholders vote against either the remuneration policy or the implementation report by 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 order to address legitimate and reasonable concerns.

The following reflects the non-binding advisory shareholder votes at the AGM held on 18 November 2021:

AGM held on 18 November 2021	Votes in favour %	Votes against %
Remuneration policy	91.96	8.04
Implementation report	98.19	1.81

As the non-binding advisory votes were passed by the requisite majorities, no further engagement with shareholders was required.

The committee believes that the KAP remuneration philosophy and policy remain market related and fit for purpose to achieve the high-level objectives of attraction, retention and performance motivation of our executives, managers and employees across all levels of the group. As a result, no changes were made to the remuneration policy presented to shareholders during the reporting period at the AGM held on 18 November 2021.

## ACCESS TO INFORMATION AND ADVISORS

Members of the committee may access any information to inform their independent judgement on remuneration and related matters.

During the year under review, the committee received reports from both Willis Towers Watson Proprietary Limited ('Willis Tower Watson') and Remchannel Proprietary Limited ('Remchannel') to ensure that the group's remuneration levels are competitive and appropriate within the group's specific markets and geographic areas of operation. The committee is satisfied that both Willis Towers Watson and Remchannel are independent.

## AREAS OF FOCUS FOR THE NEXT YEAR

The committee regularly assesses the remuneration market and governance frameworks to ensure the relevance of KAP's remuneration approach.

The committee anticipates focusing on the following areas during FY23:

- The implementation of a human capital strategy, informed by KAP's values, to ensure that KAP is an employer of choice with a culture, policies and procedures that set high expectations while simultaneously providing a stimulating and inclusive environment for our people.

- The implementation of workforce planning measures to build people leadership and technical capacity in order to support strategy implementation.
- The implementation of a mechanism to retain personnel who are key to the implementation of the group's strategy.
- The implementation of measures to further promote gender and race diversity.
- Talent mapping of critical and scarce leadership and technical skills to ensure that the group attracts and has access to sufficient external and internal skills to support strategy implementation.
- The monitoring of changes in executive remuneration in markets in which our businesses operate.
- The systematic phasing out of the Willis Towers Watson Global Grading (GG) job evaluation system and implementation of the Paterson grading system across all relevant levels of the organisation, as described in more detail in the implementation and remuneration disclosure section of this review.
- Independent benchmark and review of peer group comparatives applicable to non-executive directors' fees.
- Fair and responsible pay.

The remuneration philosophy serves as an essential catalyst in enabling our employees to deliver on KAP's strategic priorities, while supporting sustainable value creation for all our stakeholders. In this regard, we believe that our remuneration decisions are fair and remain appropriately aligned with shareholder and stakeholder interests over the long term.

## REMUNERATION POLICY

The board carries ultimate responsibility for the remuneration policy. The committee operates in terms of a board-approved mandate. The committee therefore functions as a subcommittee of the board in terms of an agreed mandate and evaluates and monitors the company's remuneration philosophy and practices to ensure consistency with governance principles and corporate strategy.

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

- Remuneration practices throughout the company are aligned with the applicable business vision and strategy.
- Remuneration is set at levels that are competitive and appropriate within the specific markets, geographic areas, and industries in which the company operates.
- Incentive-based remuneration, which is applicable to management involved in determining and implementing the strategy of the company and/or divisions of the company, is determined with reference to financial performance targets, return targets, B-BBEE targets, internal control and compliance measures, and individual key performance indicators ('KPIs').
- Executive remuneration is fair, responsible and transparent within the context of the overall remuneration of the company.

## ALIGNMENT BETWEEN REMUNERATION POLICY AND REMUNERATION PHILOSOPHY

KAP's remuneration philosophy is to attract and retain the best people in the industry, and to improve their skills consistently as markets and technologies evolve. The success of our business is dependent on our people's ability to deliver quality products and to maintain high standards of customer service in very competitive sectors. The KAP remuneration policy should be fit for purpose to achieve the high-level objectives of attraction, retention and performance motivation of our executives, managers and employees across all levels of the group.

## ELEMENTS OF REMUNERATION

Benchmarking of the remuneration of executive managers and executive directors is undertaken annually, using the services of independent experts, in order to ensure 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 committee aims 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 company and/or division, the management team, and the individual concerned.

The remuneration policy covers two elements of remuneration:

### Guaranteed salary ('salary')

The salary element of remuneration incorporates all guaranteed cash benefits on a total cost-to-company ('CTC') basis, and is intended to provide employees with a competitive level of remuneration. The salary is subject to annual review and is intended to be competitive in relation to market practice in companies comparable in size, market sector, business complexity and geographic location, as well as to equally graded positions. The Paterson grading system is applied across the group in order to ensure uniform 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:

- Job profiles are compiled for each approved position in the company, and these are graded using the Paterson grading system.
- A competency profile is also determined for each approved position. Performance reviews of employees against these profiles may lead to an employee receiving merit increments from time to time, which may result in an individual earning remuneration above the market median, but within market norms.
- The remuneration levels of key management categories are benchmarked annually, using the market median of independent salary surveys as reference.
- Inflationary remuneration adjustments are considered annually, taking into account relevant consumer price inflation indices.

The remuneration of employees, other than those represented by unions and other bargaining structures, 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. The company does not provide post-retirement healthcare benefits for employees. Employees throughout the group are able to contribute to various independently administered defined-contribution retirement schemes.

The company encourages union membership and collective bargaining among our employees in order to provide for responsible and structured engagement. Wages and substantive conditions of employment in relation to employees represented by trade unions or similar bargaining structures and similarly graded positions 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 promoting stability and consistency in industrial relations. Access by these employees to suitable medical, retirement and associated insured benefits is also facilitated by the company, where appropriate.

#### Variable performance-related incentives ('incentives')

The principle underlying this policy is to ensure that senior executives and managers are rewarded for performance that advances the company's strategy. 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 individual and team effort and serves as a tool to attract, motivate and retain staff of the calibre required to achieve the objectives of the business. This policy is also intended to ensure that top management is duly motivated to achieve organisational goals and strategic objectives to ensure the long-term sustainability of the company in a balanced and socially and environmentally responsible manner.

#### Annual incentive bonus ('AIB') scheme

The AIB is intended to incentivise short-term performance on an annual basis and is summarised as follows in terms of the measurement criteria, the weightings of these criteria, and the participation levels of executives and senior management.

The following criteria are applicable to KAP Corporate Services executives and senior management and are based on the performance of KAP:

### Corporate

Measurement	Proportion		Participation levels
Core HEPS growth > GDP growth + CPI*	15%	Applied on a linear basis to participation levels	CEO and CFO at 200% CTC Executives at 50 – 100% CTC Senior management at 25 – 50% CTC
Core HEPS growth > GDP growth + CPI + 1%*	15%		
Core HEPS growth > GDP growth + CPI + 2%*	15%		
Core HEPS growth > GDP growth + CPI + 3%*	15%		
EBITDA cash flow conversion ≥ 90%	20%		
B-BBEE score against budget	10%		
Internal audit and compliance	10%		
	<b>100%</b>		

\* A polymer index is included together with GDP growth and CPI requirements in relation to Safripol's proportion of HEPS.

The following criteria are applicable for divisional executives and are based on the performance of the divisions, independent of the performance of KAP:

### Division

Measurement	Proportion		Participation levels
Core operating profit growth > GDP growth + CPI*	15%	Applied on a linear basis to participation levels	Divisional CEO at 150% CTC Divisional CFO/COO at 100% CTC Divisional Exco at 50 – 75% CTC
Core operating profit growth > GDP growth + CPI + 1%#	15%		
Core operating profit growth > GDP growth + CPI + 2%#	15%		
Core operating profit growth > GDP growth + CPI + 3%#	15%		
EBITDA cash flow conversion ≥ 90% (Logistics ≥ 95%)	20%		
B-BBEE score against budget ^	10%		
Internal audit and compliance	10%		
	<b>100%</b>		

# Safripol includes a relevant polymer index together with GDP growth and CPI requirements.

^ Unitrans Africa will replace B-BBEE measurement with the following: 'New revenue contracts secured > 8% of annual revenue'.

## ANNEXURE C continued

The inclusion of a polymer index in the measurement criteria is to protect shareholders from excessive management incentives during a polymer upcycle and to protect management from forfeiting incentives in a polymer downcycle, thereby rewarding management only for factors under their control. The polymer index eliminates the uncontrollable effect of movements in specific dollar-based raw material margins and exchange rates.

At operational level, each division has incentive schemes applicable to middle and junior management, which are aimed at achieving project, production, sales and similar operational targets.

Incentives are determined and paid in the financial year following that to which the performance relates and are disclosed in the company's remuneration policy implementation report with the applicable performance targets.

The committee retains discretion in terms of the award of AIB incentives, which is only exercised in exceptional circumstances and, when exercised, is accordingly reported in the annual remuneration policy implementation report.

### Long-term incentive schemes

KAP competes for management skills and talent, and our approach to remuneration takes into account the need to retain key management over the long term. Long-term incentives are awarded with the primary aim of promoting the sustainable performance 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 are achieved through a shareholder-approved share rights scheme ('SRS'). Participation in the SRS is determined by the committee on an annual basis in terms of the rules of the scheme. It applies to individuals who are key to determining and implementing the long-term vision and strategy of the company and/or its divisions.

The measurement criteria, the weightings of these criteria, and the participation levels of executives and senior management in the SRS are summarised as follows in relation to KAP Corporate Services employees:

### Corporate

Measurement	Proportion		Participation levels
Core HEPS growth > GDP growth + CPI*	37.5%	Applied on a linear basis to participation levels	CEO and CFO at 167% CTC Executives at 67 – 133% CTC Senior management at 33 – 67% CTC
ROE > KAP WACC	37.5%		
Achievement of individual KPIs	25.0%		
	<b>100%</b>		

\* A polymer index is included together with GDP growth and CPI requirements in relation to Safripol's proportion of HEPS.

The measurement criteria, the weightings of these criteria and the participation levels of executives and senior management in the SRS are summarised as follows in relation to divisional employees:

### Divisional

Measurement	Proportion		Participation levels
Core operating profit growth > GDP growth + CPI#	37.5%	Applied on a linear basis to participation levels	Divisional CEO 133% CTC Divisional Exco at 67 – 100% CTC Key senior management at 33 – 67% CTC
ROCE > KAP WACC x 1.3	37.5%		
Achievement of individual KPIs	25.0%		
	<b>100%</b>		

# Safripol includes a relevant polymer index together with GDP growth and CPI requirements.

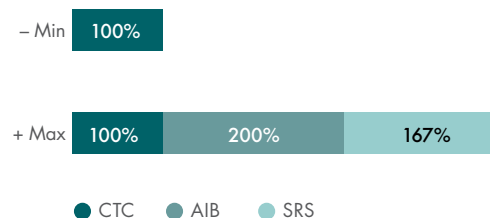
The inclusion of a polymer index in the measurement criteria is intended to protect shareholders from excessive management incentives during a polymer upcycle and to protect management from forfeiting incentives in a polymer downcycle, thereby rewarding management only for factors under their control. The polymer index eliminates the uncontrollable effect of movements in specific dollar-based raw material margins and exchange rates.

The performance criteria in relation to the SRS are measured over a three-year period, on a cumulative basis and are non-discretionary.



### Single-figure remuneration relative to on-target remuneration mix

The table below illustrates the total potential remuneration for executive directors at different performance levels in terms of the policy:



### Minimum shareholding requirements

In order to promote the long-term alignment of executives with the vision and strategy of the company and the interests of shareholders, executives who participate in the SRS will be required to maintain a minimum shareholding of KAP shares as a condition of participation in the scheme. Participants will be required to retain any shares that vest in terms of the KPI measurement criteria of the scheme until such time as the following minimum shareholdings are met:

- KAP CEO: three times annual CTC
- KAP CFO and divisional CEOs: twice annual CTC
- Other executives: annual CTC

### Statement of fair and responsible remuneration

The committee must satisfy itself that the remuneration of executive directors and other senior executives takes appropriate account of the remuneration and employment conditions of other employees within the group. When salary increases are considered, the committee considers a report from management detailing pay practices across the group, including salary levels and trends, collective bargaining outcomes, and the approach management proposes to adopt for general employee increases. This information is considered in the committee's decisions regarding the remuneration of executive directors and other senior executives to ensure that the remuneration of executive management is fair and responsible within the context of overall employee remuneration.

### Malus and clawback

To the extent that the measurement criteria of either the AIB or SRS are achieved as a result of intentional fraud, misstatement, misrepresentation or non-compliance with relevant legislation by any participant of these schemes, the effect of this fraud, misstatement, misrepresentation or non-compliance will be reversed in the consideration of whether the relevant qualifying criteria have been achieved. In addition, any participant directly involved in the fraud, misstatement, misrepresentation or non-compliance will not qualify for an incentive.

The company will pursue legal action for the recovery of any incentives paid as a result of intentional fraud, misstatement, misrepresentation or non-compliance with relevant legislation by any participant of these schemes. In addition, the company will pursue disciplinary action.

### Service contracts

Executives' contracts are subject to terms and conditions of employment as governed by the South African Labour Relations Act (No. 66 of 1995, as amended). The contracts of the top executives or any other executive directors do not contain termination packages or excessive notice periods. In view of the scarcity of executive skills in South Africa, and in order to make provision for an orderly handover to successors, the CEO and CFO's notice periods are six calendar months, while the rest of the executive committee's notice periods are three months.

Payments on termination of employment, 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 requires appropriate motivation and the specific approval of the committee.

### NON-EXECUTIVE DIRECTOR FEE POLICY

The non-executive directors receive fees for services rendered to the company. Non-executive directors' fees are reviewed annually, taking into account inflation and market benchmarks based on research into trends in non-executive director remuneration among companies of a similar size and complexity. The fee proposals endorsed by the board are presented at the AGM for shareholder approval, by special resolution, prior to payment for the following year. Fees are not linked to the company's share price, its share performance, or its results. Non-executive directors cannot participate in and therefore do not qualify for shares in terms of the KAP Performance SRS and do not hold share rights under this scheme.

### REGULATORY COMPLIANCE

In line with the recommendations of King IV™, in addition to the statutory 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 shareholders vote against either the remuneration policy or the implementation report by 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 order to address legitimate and reasonable concerns.

# ANNEXURE D

## IMPLEMENTATION AND REMUNERATION DISCLOSURE

Refer to agenda point 6 – Ordinary resolution number 6.2 (non-binding advisory vote)

### IMPLEMENTATION AND REMUNERATION DISCLOSURE

The committee applied the remuneration policy to ensure KAP's long-term sustainability in the context of a very challenging macroeconomic and sociopolitical environment during FY22.

#### GUARANTEED SALARY ('SALARY')

To ensure that the group remains competitive in the markets in which it operates, all elements of remuneration are reviewed each year against relevant market and peer data.

The group previously applied the Willis Towers Watson Global Grading ('GG') job evaluation system across the group in order to ensure uniform employee grading. During the year under review, the committee reviewed the suitability of the GG job evaluation system to ensure that the group's remuneration levels are competitive and appropriate within the group's specific markets and geographic areas of operation. The following was the basis for this comprehensive review:

- The group lost critical management skills to competitors and emigration and was finding it increasingly difficult to replace these executives at the group's benchmarked salary levels.
- As part of the group's strategic requirement to build people capacity to execute its long-term strategy, critical succession gaps were identified in leadership and technical positions. This required the company to implement measures to retain current and attract new executives to support strategy implementation.
- KAP adopted the GG system in 2014/2015 at a time when it was a member of the Steinhoff International Holdings Limited ('Steinhoff') group of companies as part of the latter's remuneration objective to establish a single global pay structure in all its global locations and to enable comparison of remuneration levels of equivalent positions across different global markets.

The committee considered job evaluation reports from both Willis Towers Watson and Remchannel and reached the following conclusions:

- The GG job evaluation system has a wide global application and was particularly used within multi-nationals with operations in more than one continent, whereas KAP is predominantly a southern African business.
- Since KAP businesses were graded as part of Steinhoff's global business, they were graded as low complex businesses when compared to the latter's other global companies. This was despite the fact KAP's businesses, although small in a global context, are considered large and complex businesses among their peers in the southern African market.
- KAP's peers use either the Paterson or other traditional South African grading systems as their primary job evaluation methodologies.

Following this comprehensive review, the committee resolved that to effectively apply the group's remuneration philosophy and enable KAP's businesses to attract, motivate and retain key talent, the group must:

- systematically phase out the GG system and implement the Paterson grading system as the group's primary job evaluation methodology;
- implement and use the Remchannel salary benchmark survey as the primary survey to ensure that KAP executive remuneration is benchmarked and set at levels that are comparable to the executive remuneration of companies of comparable size, market sector, business complexity and geographic location; and
- utilise the median of the Remchannel salary benchmark survey as the primary reference for all KAP and divisional executive base remuneration.

A comprehensive market positioning and benchmarking analysis of executives' salaries was previously conducted during 2018 according to the GG job evaluation system and executive remuneration was adjusted accordingly for FY19. During 2019, a high-level review was conducted using the PWC and PE Corporate Consultants as reference, and a market-related inflationary adjustment was implemented for FY20. As a result of the effects of the Covid-19 lockdown on the company, executive directors' salaries were reduced by 20% for three months during FY20, no benchmark review was conducted during 2020, and no salary increases were granted to executive directors for FY21.

For FY22, the committee received independent market positioning and benchmarking data from Remchannel in relation to KAP's executives, based on Paterson grading of the relevant positions. This market positioning data was validated against the remuneration levels of the following comparative peer group of companies based on metrics including revenue, number of employees, industry sector and organisational complexity.

#### Peer group comparatives

AVI Limited	Consumer staples
Barloworld Limited	Industrials
Bidvest Limited	Consumer discretionary
Imperial Logistics Limited	Industrials
Super Group Limited	Industrials
Motus Holdings Limited	Consumer discretionary
RCL Foods Limited	Consumer staples

The outcome of the above assessment showed that the guaranteed salaries of executive directors were materially below the market median and, as a result, the following guaranteed salary increases were awarded to executive directors with effect from 1 July 2021:

Executive directors	Total guaranteed salary 2022 R	Total guaranteed salary 2021 R	Increase in guaranteed salary
GN Chaplin	10 290 000	7 844 000	31%
FH Olivier	6 500 000	4 770 000	36%
SP Lunga <sup>1</sup>	2 666 666	-	
<b>Total</b>	<b>19 456 666</b>	<b>12 614 000</b>	

<sup>1</sup> SP Lunga was appointed as an executive director to the board effective 18 November 2021 and, as a result, the remuneration disclosed only includes eight months. His full year guaranteed salary was R4 000 000.

The same evaluation methodology and benchmark was implemented in respect of the guaranteed salaries of executive committee members. The following summarised salary increase was awarded with effect from

1 July 2021, which takes into account changes in the composition of the executive committee as follows: SP Lunga being disclosed as an executive director with effect from 18 November 2021, the appointment of DG Lewis to replace N Boshoff as the CEO of Unitrans Passenger with effect from 1 December 2021, and the appointment of SM Ford as the CEO of DriveRisk with effect from 1 December 2021.

Guaranteed remuneration paid to other Exco members is reflected below:

	Total guaranteed salary 2022 R	Total guaranteed salary 2021 R	Increase in guaranteed salary
<b>Other Exco members</b>	<b>43 943 418</b>	<b>39 271 800</b>	<b>12%</b>

Salary increases for bargaining unit employees were implemented for FY22 in line with the collective agreements of relevant bargaining unit structures, except where exemption was granted from such collective agreements.

## ANNUAL INCENTIVE BONUS

During FY21, no AIBs were paid to any employees in relation to FY20, even in respect of non-financial measures which were achieved, as a result of the effects on the company of the Covid-19 lockdown. Following an improved performance during FY21, whereby the company successfully navigated the extreme challenges of Covid-19, AIBs were awarded during FY22 in line with the remuneration policy and stipulated allocation levels.

Executive directors and management qualified for AIB payments by meeting the applicable financial and non-financial measurements set out in the remuneration policy. The following measurements, based on the performance of KAP, were applied in respect of the AIBs paid to KAP executive directors:

Measurement	Proportion		Participation levels
Core HEPS growth > GDP growth + CPI*	15%	Applied on a linear basis to participation levels	CEO and CFO at 200% CTC
Core HEPS growth > GDP growth + CPI + 1%*	15%		Executives at 50 – 100% CTC
Core HEPS growth > GDP growth + CPI + 2%*	15%		Management at 25 – 50% CTC
Core HEPS growth > GDP growth + CPI + 3%*	15%		
EBITDA cash flow conversion ≥ 90%	20%		
B-BBEE score against budget	10%		
Internal audit and compliance	10%		
	<b>100%</b>		

\* A polymer index is included together with GDP growth and CPI requirements in relation to Safripol's proportion of HEPS.

AIBs paid during FY22 relate to the performance of the company and its divisions for the year ended 30 June 2021. The following table reflects the KAP performance against the abovementioned AIB measurements:

Measurement	Proportion	FY21 Measurement	FY21 Results	AIB target achieved
Core operating profit growth > GDP growth <sup>#</sup> + CPI <sup>^</sup>	15%	2.9%	>100%	✓
Core operating profit growth > GDP growth + CPI + 1%	15%	3.9%	>100%	✓
Core operating profit growth > GDP growth + CPI + 2%	15%	4.9%	>100%	✓
Core operating profit growth > GDP growth + CPI + 3%	15%	5.9%	>100%	✓
EBITDA cash flow conversion ≥ 90%	20%	90%	>100%	✓
B-BBEE score against budget	10%	Level 6 budgeted	Level 5 achieved	✓
Internal audit and compliance	10%	Satisfactory	Satisfactory	✓
	<b>100%</b>			

<sup>#</sup> GDP growth rate = -0.7%

<sup>^</sup> CPI rate = 3.6%

## ANNEXURE D continued

The committee approved the AIB awards following a detailed assessment of the relevant financial and non-financial measurements and is satisfied that the AIB awards are according to the approved measurement criteria applied to the group's performance for FY21. The committee also reviewed the performance of individual executive committee members against the target criteria set out in the remuneration policy and approved the award thereof, where target criteria were met.

The following AIBs were therefore paid to executive directors and other executive committee members during FY22 in relation to the performance of the company and its divisions for the year ended 30 June 2021:

	2022 R	2021 R
<b>Executive directors</b>		
GN Chaplin	15 688 000	–
FH Olivier	9 540 000	–
SP Lunga <sup>2</sup>	–	–
	<b>25 228 000</b>	–
<b>Other Exco members</b>	<b>43 280 080</b>	1 723 812

<sup>2</sup> SP Lunga was appointed as an executive director to the board effective 18 November 2021 and, as a result, the remuneration disclosed only includes eight months. His bonus was R3 200 000, which was paid in October 2021.

### LONG-TERM INCENTIVES

During FY21, no long-term incentives were paid to any employees in relation to FY20, even in respect of non-financial measures which were achieved, as a result of the effects of the Covid-19 lockdown on the company. Following an improved operating performance whereby the company successfully navigated the extreme challenges of Covid-19, long-term incentives were awarded during the year in line with the vesting criteria in respect of the share rights granted in November 2018.

The following measurement criteria were applicable in respect of the share rights granted in November 2018, according to the measurement criteria of the SRS scheme approved by shareholders during the 13 November 2018 AGM:

Measurement	Proportion	Participation levels
Cumulative achievement of three-year financial targets	35%	CEO and CFO 167% CTC
Return on equity three-year targets	15%	Divisional CEOs and executives 100 – 133% CTC
Strategy execution targets	15%	Divisional Exco 50 – 67% CTC
ESG targets	10%	Key management 33 – 67% CTC
Retention	25%	
	<b>100%</b>	

The committee approved the partial vesting of the November 2018 share rights following a detailed assessment of the relevant financial and non-financial measurements over the three-year measurement period ended 30 June 2021.

The committee also reviewed the performance of individual executive committee members against the target criteria set out in the remuneration policy and approved the award thereof, where target criteria were met.

Measurement	Proportion	Cumulative measurement	Cumulative results	Target achieved
Achievement of financial targets				
<ul style="list-style-type: none"> <li>Cumulative three-year core HEPS</li> <li>Cumulative three-year cash from operations, less net cash finance cost, less cash taxation, (less)/add any capex and investment (over)/underspend</li> </ul>	35%	139.1 cents per share R7 729 million	111.2 cents per share R8 136 million	x
<ul style="list-style-type: none"> <li>Return on equity over three years</li> </ul>	1.5%	9.7%	7.4%	x
<ul style="list-style-type: none"> <li>Implementation of key strategic initiatives related to the strategic development and competitive positioning of KAP</li> </ul>				✓
<ul style="list-style-type: none"> <li>Board-approved initiatives</li> </ul>	1.5%	<ul style="list-style-type: none"> <li>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</li> </ul>	<p>The following significant funding activities were concluded during FY19: R678 million bonds were settled at maturity, a R1 billion bond was settled prior to maturity date, R800 million of an existing term loan facility was settled prior to maturity date, and R700 million was raised through bond issuances with a three-year tenure.</p> <p>During FY20, the company purchased and cancelled 97 million of its ordinary shares. In addition, to reduce the effects of shareholder dilution resulting from the company's share rights scheme, the company procured shares for delivery to participants by acquiring 36 million of its ordinary shares in the market. These shares were accounted for as treasury shares. The following significant funding activities were concluded during the year: R874 million corporate bonds were settled at maturity, and R1 250 million corporate bonds, with tenures of between three and five years, were issued. Additional facilities of R950 million were raised during the Covid-19 lockdown as a contingency and to improve the short-term liquidity of the group. Included in the additional facilities was a R500 million increase in the committed syndicated revolving credit facility, which increased this facility to R1 500 million, with maturity on 4 October 2021. These facilities provided the company with sufficient time and options to refinance bond maturities during FY20 and after.</p> <p>During FY21, bonds and term loans to the value of R2 394 million were settled, which included a fixed interest rate term loan of R450 million, at unfavourable interest rates. Funding of R1 652 million was raised during the year, through both bond issuances and term loan facilities, with maturities of three and five years at acceptable market-related interest rates.</p> <p>Global Credit Rating Co. Proprietary Limited reviewed KAP's credit rating and confirmed its rating as A+(za) with a stable rating outlook for all three years.</p>	✓

Measurement	Proportion	Cumulative measurement	Cumulative results	Target achieved
<p>✓</p>		<ul style="list-style-type: none"> <li>Implementation of risk management policy and framework</li> </ul>	<p>The Covid-19 pandemic had a devastating effect on the global economy and society in general. The South African government imposed national lockdown regulations with effect from 27 March 2020. Since March 2020, the board and management have addressed the impact of the pandemic with a risk-based approach. This included identifying the following key risk categories, and designing and implementing mitigating actions and controls to protect the company and its various stakeholders:</p> <ul style="list-style-type: none"> <li>immediate and medium-term liquidity;</li> <li>corporate funding capacity and financial covenants;</li> <li>sustainability of revenue;</li> <li>sustainability of customers and associated credit risk;</li> <li>sustainability of suppliers and potential supply chain interruptions; and</li> <li>sustainability of operations, including the effect on employees.</li> </ul> <p>KAP is a diversified business in terms of the sectors and the geographies in which we operate. We supply products and solutions that are integrated into consumers' everyday lives and seek backward integration in our supply chains. Although the impact of Covid-19 on the group was significant, KAP's business model proved to be resilient during this crisis. The group implemented various measures to reduce operating costs and to optimise cash flows to ensure continued liquidity during the lockdown period and thereafter. These measures included the suspension of all non-essential operating expenditure and uncommitted capital expenditure, and an optimisation of working capital. The company also implemented specific salary and wage cost reduction measures throughout our operations.</p>	
		<ul style="list-style-type: none"> <li>Successful conclusion and implementation of strategic mergers, acquisitions and disposals</li> </ul>	<p>The group continued with strategic corporate activities to enhance our quality of earnings and sustainability into the future. In line with our key investment criteria, we entered into the following transactions:</p> <ul style="list-style-type: none"> <li>The disposal of Gladina, a division of Vitafoam Proprietary Limited, was concluded on 22 February 2018 for R101 million and became effective on 3 September 2018.</li> <li>Effective 3 September 2018, 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 our South African contractual logistics operations, Unitrans Supply Chain Solutions Proprietary Limited ('USCS').</li> <li>Effective 30 June 2019, PG Bison, a division of KAP Diversified Industrial Proprietary Limited disposed of its 44.33% interest in Manica Boards &amp; Doors (Private) Limited to Takura Ventures (Private) Limited for a total purchase consideration of US\$500 000.</li> <li>Effective 1 December 2019, KAP Bedding Proprietary Limited acquired 75% of the shares and loan claims of Connacher (Natal) Proprietary Limited and Recyclebox Proprietary Limited (collectively 'Connacher') for a purchase consideration of R31 million. This acquisition served as KAP's entry point into the recycling sector. Both Restonic and Fellex make use of recycled material produced by Connacher in the production of their products, thereby supporting the group's integration strategy.</li> <li>Effective 1 December 2019, KAP Automotive Proprietary Limited disposed of the Autovest operations, which manufactured and retailed various aftermarket vehicle accessories.</li> <li>Effective 1 September 2020, USCS acquired the remaining 36% minority share in Klipstone Transport Proprietary Limited.</li> <li>Effective 30 June 2021, PG Bison Southern Cape Proprietary Limited disposed of its investment in associate, The Peter Allan Building Materials Trust.</li> </ul>	

Measurement	Proportion	Cumulative measurement	Cumulative results	Target achieved
		<ul style="list-style-type: none"> <li>Implementation of growth initiatives, which do not necessarily benefit the year under review</li> </ul>	Our diversified portfolio and focus on products and solutions that are integrated into consumers' everyday lives provided resilience through the Covid-19 crisis, and our decentralised management structures supported decision-making and effective implementation. Our prompt response to the crisis further provided us with the space and perspective to initiate a deep and broad strategy intervention across the group, which is expected to yield current and future opportunities. In terms of this, we had identified eight strategic workstreams that we intend to focus on and drive throughout the organisation as part of our KAP 2025 strategy. These workstreams encompass KAP's value realisation, operational strategies, organisational design, human capital strategy, ICT and digital strategy, the development of a clear brand strategy, new business development opportunities, and a communications strategy. Underpinning our strategy are our four strategic priorities of growing revenue, enhancing margins, improving returns, and maximising cash flows. With this, we have a pipeline of material opportunities to expand our existing businesses, develop new products, and enter complementary markets over the next few years.	
		<ul style="list-style-type: none"> <li>Other initiatives, such as B-BBEE, internal audit ratings, health and safety, succession planning, etc.</li> </ul>	We are fully compliant with the provisions of the B-BBEE Act, as well as with the amended black economic empowerment codes of good practice. As a group, we improved our B-BBEE rating from a Level 6 in FY19 and FY20 to a Level 5 in FY21.	
Achievement of ESG targets				
<ul style="list-style-type: none"> <li>FTSE4Good Index measurement criteria</li> </ul>	10%	2.9	3.1	✓
Retention				
<ul style="list-style-type: none"> <li>Continued employment through the measurement period with a clean disciplinary record on vesting date</li> </ul>	25%	<ul style="list-style-type: none"> <li>Continued employment through the measurement period with a clean disciplinary record on vesting date</li> </ul>	Measured and implemented individually.	✓
	100%			

The following share rights therefore vested for executive directors and other executive committee members during FY22 in relation to the performance of the company and its divisions for the three-year measurement period ended 30 June 2021.

Value of share rights exercised during the year		Number of rights exercised	Value of rights exercised R
<b>2022</b>			
<b>Executive directors</b>			
GN Chaplin	789 145	3 724 764	
FH Olivier	479 885	2 265 057	
SP Lunga <sup>3</sup>	–	–	
	<b>1 269 030</b>	<b>5 989 821</b>	
<b>Other executive committee members</b>	<b>2 243 131</b>	<b>10 587 578</b>	

<sup>3</sup> SP Lunga was appointed as an executive director to the board effective 18 November 2021 and as a result the share rights of 1 98 056 (R934 824) he exercised are included under other executive committee members.

The market price of KAP Industrial Holdings Limited share rights exercised was R4.72 per share on 1 November 2021.

No share rights were exercised during the previous financial year.

Outstanding share rights of the executive directors at 30 June 2022 are reflected as follows:

Executive directors	Offer date	Vesting date	Number of rights as at 30 June 2021	Number of rights awarded during the year	Number of rights exercised during the year	Number of rights as at 30 June 2022	Market value of rights at grant date R	Market value of rights on vesting R	Market value of rights at 30 June 2022 R
GN Chaplin	November 2018	November 2021	789 145	-	(789 145)	-	-	3 724 764	-
	December 2019	December 2022	1 013 892	-	-	1 013 892	4 207 652	-	4 461 125
	December 2020	December 2023	5 137 051	-	-	5 137 051	15 154 300	-	22 603 024
	December 2021	December 2024	-	3 914 419	-	3 914 419	16 557 992	-	17 223 444
			<b>6 940 088</b>	<b>3 914 419</b>	<b>(789 145)</b>	<b>10 065 362</b>	<b>35 919 944</b>	<b>3 724 764</b>	<b>44 287 593</b>
FH Olivier	November 2018	November 2021	479 885	-	(479 885)	-	-	2 265 057	-
	December 2019	December 2022	616 556	-	-	616 556	2 558 707	-	2 712 846
	December 2020	December 2023	3 123 882	-	-	3 123 882	9 215 452	-	13 745 081
	December 2021	December 2024	-	2 472 665	-	2 472 665	10 459 373	-	10 879 726
			<b>4 220 323</b>	<b>2 472 665</b>	<b>(479 885)</b>	<b>6 213 103</b>	<b>22 233 532</b>	<b>2 265 057</b>	<b>27 337 653</b>
SP Lunga <sup>4</sup>	November 2018	November 2021	198 056	-	(198 056)	-	-	934 824	-
	December 2019	December 2022	288 236	-	-	288 236	1 196 179	-	1 268 238
	December 2020	December 2023	1 669 020	-	-	1 669 020	4 923 609	-	7 343 688
	December 2021	December 2024	-	1 211 845	-	1 211 845	5 126 104	-	5 332 118
			<b>2 155 312</b>	<b>1 211 845</b>	<b>(198 056)</b>	<b>3 169 101</b>	<b>11 245 892</b>	<b>934 824</b>	<b>13 944 044</b>
			<b>13 315 723</b>	<b>7 598 929</b>	<b>(1 467 086)</b>	<b>19 447 566</b>	<b>69 399 368</b>	<b>6 924 645</b>	<b>85 569 290</b>

<sup>4</sup> SP Lunga was appointed as an executive director to the board effective 18 November 2021.

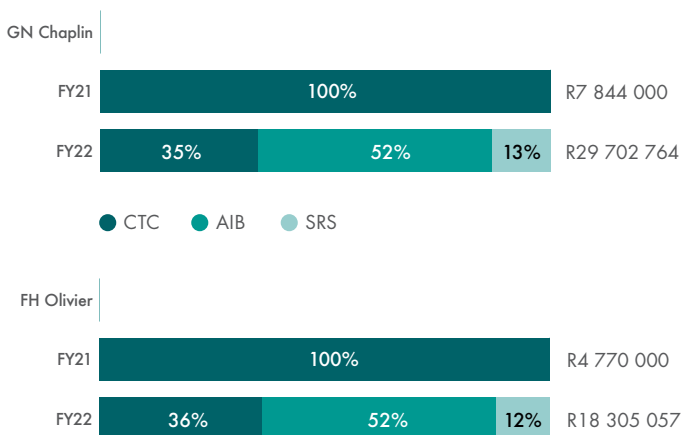
As a result of receiving less than 75% support from shareholders in relation to the company's remuneration policy at the 13 November 2019 AGM and after resultant engagement with shareholders, the committee recommended significant changes to the company's incentive schemes, which were accepted by the board and implemented for FY20. These changes were recommended to shareholders at the company's AGM on 18 November 2020 and were approved by 88.25%. These changes are reflected in the remuneration policy, which forms part of this review.

Shares rights issued in November 2018 and December 2019, which partially vested in November 2021 and which would potentially vest in December 2022, are based on the measurement criteria reflected in the company's remuneration policy presented at the 13 November 2019 AGM. Share rights issued in December 2020 and 2021, which potentially vest in December 2023 and 2024, are based on new measurement criteria approved by shareholders on 18 November 2020 and included in the remuneration policy, which forms part of this review.



## DISCLOSURE OF SINGLE-FIGURE REMUNERATION RELATIVE TO ON-TARGET REMUNERATION MIX

The KAP executive directors received the following single-figure remuneration during FY21 and FY22 respectively:



### FY21 single-figure remuneration

Following the board's approval of management's recommendation not to award AIB and SRS payments to any employees in the company in relation to FY20, executive directors were only paid their guaranteed salaries during FY21.

### FY22 single-figure remuneration

The single figure remuneration for GN Chaplin and FH Olivier includes their guaranteed salary, the annual incentive bonus payment equivalent to 200% of the FY21 total cost-to-company remuneration in accordance with the remuneration policy, and the partial vesting of the share rights granted in November 2018.

SP Lunga was appointed as an executive director to the board effective 18 November 2021, and as a result, the remuneration disclosed only includes eight months. His full year guaranteed salary was R4 000 000, and he was paid an annual incentive bonus of R3 200 000 in October 2021.

## STATEMENT OF FAIR AND RESPONSIBLE REMUNERATION

The committee is satisfied that the remuneration of executive directors and other senior executives takes appropriate account of remuneration and employment conditions of other employees in the group, and that the remuneration policy is fair and responsible in the context of overall employee remuneration.

The committee believes that the remuneration policy is fit for purpose and achieves the high-level objectives of attraction, retention and performance motivation of our executives, managers and employees across all levels of the group. The committee further believes that, in the context of a very challenging macroeconomic and sociopolitical environment, the remuneration matters have been managed appropriately and responsibly.

## NON-EXECUTIVE DIRECTORS' FEES PAID FOR THE PERIOD UNDER REVIEW

Non-executive director fees are regularly reviewed against market benchmarks through research into trends and independent publications on non-executive director remuneration among companies of a similar size and complexity.

The committee submitted its proposals to the board for the forward-looking fees payable for the period from the date of the AGM in November 2021 to the November 2022 AGM. The proposed fee structure included a number of principle amendments as follows:

- To provide for per-meeting fees of certain committees.
- To provide for an hourly compensation for non-executive directors for input required on an ad hoc basis, beyond the scope of annual scheduled meetings.
- In view of the escalating global focus on ESG factors and the integration thereof into the company's strategy and daily operations, as well as the expanding oversight role and agenda of the company's social and ethics committee, its meetings were increased from one to two per annum. The base fee for the social and ethics committee was increased accordingly, in line with peer group companies and with that of the company's human capital and remuneration committee fees.

The following fees were paid to non-executive directors in line with the fee structure approved at the AGM held on 18 November 2021:

Non-executive directors' fees (excluding VAT)	2022 R	2021 R
J de V du Toit	558 407	1 171 900
TC Esau-Isaacs <sup>5</sup>	962 221	939
Z Fuphe	945 407	868 736
KJ Grové	942 119	967 100
KT Hopkins	1 192 992	1 076 660
V McMenamin	581 151	539 300
IN Mkhari <sup>6</sup>	150 645	729 100
SH Müller	1 237 293	1 095 936
SH Nomvete <sup>7</sup>	–	179 400
PK Quarmbay	1 354 363	1 174 949
	<b>7 924 598</b>	<b>7 804 020</b>

<sup>5</sup> Appointed as non-executive director on 30 June 2021.

<sup>6</sup> Resigned effective 18 November 2021.

<sup>7</sup> Resigned effective 18 November 2020.

The fee proposals endorsed by the board were proposed at the AGM for shareholder approval, by special resolution, prior to payment. They were approved with the required majority of more than 75% of the eligible votes cast.

Updated, forward-looking proposed non-executive directors' fees will be presented for shareholder approval at the AGM in November 2022.

# ANNEXURE E

## MAJOR SHAREHOLDERS OF THE COMPANY AS AT 30 JUNE 2022

Refer to agenda points 5 and 8, relating to ordinary resolution number 5 and special resolution number 1

### DISCLOSURE OF BENEFICIAL INTEREST OF MAJOR SHAREHOLDERS

	2022 %	2021 %
<b>Shareholders with a beneficial interest above 5%</b>		
Government Employees Pension Fund	18.63	14.56
Allan Gray	16.73	17.71
Old Mutual Limited	5.94	6.46
Sanlam <sup>3</sup>	5.28	n/a

<sup>3</sup> The shareholding in 2021 was less than 5%.

	2022			
	Number of shareholders	%	Number of shares	%
<b>Shareholder spread</b>				
1 – 1 000 shares	7 839	67.66	872 099	0.04
1 001 – 10 000 shares	1 964	16.95	8 272 123	0.33
10 001 – 100 000 shares	1 055	9.11	37 498 918	1.52
100 001 – 1 000 000 shares	490	4.23	171 875 199	6.95
1 000 001 – 10 000 000 shares	201	1.73	617 121 985	24.96
10 000 001 shares and over	37	0.32	1 636 460 250	66.20
	<b>11 586</b>	<b>100.00</b>	<b>2 472 100 574</b>	<b>100.00</b>
<b>Resident/non-resident split</b>				
Resident	11 350	97.96	1 981 231 586	80.14
Non-resident	236	2.04	490 868 988	19.86
	<b>11 586</b>	<b>100.00</b>	<b>2 472 100 574</b>	<b>100.00</b>

	2022		2021	
	Number of shares	%	Number of shares	%
<b>Shares held by directors of the company</b>				
GN Chaplin	3 497 039	0.14	3 063 010	0.12
FH Olivier	480 000	0.02	–	0.00
SP Lunga <sup>1</sup>	327 406	0.01	–	0.00
J de V du Toit	1 040 368	0.04	1 040 368	0.04
KJ Grové	4 500 000	0.18	4 862 828	0.19
SH Müller	225 004	0.01	225 004	0.01
PK Quarmby	500 000	0.02	500 000	0.02
	<b>10 569 817</b>	<b>0.42</b>	<b>9 691 210</b>	<b>0.38</b>
<b>Shares held by directors of group subsidiaries</b>	<b>46 885 371</b>	<b>1.90</b>	<b>57 292 315</b>	<b>2.26</b>
<b>Shares held by management of the company and its group subsidiaries</b>	<b>7 676 496</b>	<b>0.31</b>	<b>2 829 734</b>	<b>0.11</b>
	<b>65 131 684</b>	<b>2.63</b>	<b>69 813 259</b>	<b>2.75</b>
<b>Public/non-public shareholdings</b>				
Government Employees Pension Fund <sup>2</sup>	460 584 055	18.63	368 421 642	14.56
Allan Gray <sup>2</sup>	413 456 260	16.73	448 391 830	17.71
Directors (and associates) of the company and its subsidiaries	57 455 188	2.32	66 983 525	2.65
Management of the company and its subsidiaries	7 676 496	0.31	2 829 734	0.11
Non-public shareholders <sup>3</sup>	939 171 999	37.99	886 626 731	35.03
Public shareholders <sup>4</sup>	1 532 928 575	62.01	1 644 574 742	64.97
	<b>2 472 100 574</b>	<b>100.00</b>	<b>2 531 201 473</b>	<b>100.00</b>

<sup>1</sup> SP Lunga became an executive director of the company effective 18 November 2021.

<sup>2</sup> Beneficial shareholder holding more than 10% of the shares of the company at yearend.

<sup>3</sup> There were 32 (2021: 31) non-public shareholders at yearend.

<sup>4</sup> There were 11 554 (2021: 10 629) public shareholders at yearend.

# ANNEXURE F

## EXECUTIVE DIRECTORS' PERSONAL FINANCIAL INTERESTS

### AS AT 30 JUNE 2022

Refer to agenda point 7 – ordinary resolution number 7

#### EXECUTIVE DIRECTORS' PERSONAL FINANCIAL INTERESTS

##### GN Chaplin (Chief executive officer)

Name of entity	Registration number	Designation
Driverisk Proprietary Limited	2017/198179/07	Director
Driverisk Australasia Proprietary Limited	ABN57113677473	Director
Driverisk Holdings Proprietary Limited	2003/010550/07	Director
Driverisk International Proprietary Limited	2007/010989/07	Director
fairtech products Proprietary Limited	1999/026990/07	Director
KAP Automotive Proprietary Limited	1957/001891/07	Director
KAP Corporate Services Proprietary Limited	1991/001164/07	Director
KAP Industrial Holdings Limited	1978/000181/06	Executive director Member of the investment committee Member of the social and ethics committee
KAP South Africa Holdings Proprietary Limited	1999/016480/07	Director
Khuthaza Holdings Proprietary Limited	2017/198162/07	Director
PG Bison Proprietary Limited	1965/003787/07	Director
Restonic Proprietary Limited	1988/070308/07	Director
Safripol Proprietary Limited	2006/023706/07	Director
Straalhoek Sawmill Proprietary Limited	1998/003879/07	Director
Unitrans Africa Proprietary Limited	1958/002406/07	Director
Unitrans Holdings Proprietary Limited	1994/007379/07	Director
Unitrans Passenger Proprietary Limited	1968/008699/07	Director

##### FH Olivier (Chief financial officer)

Name of entity	Registration number	Designation
D and H Game Ranching Investments Proprietary Limited	2001/015828/07	Director
Driverisk Proprietary Limited	2017/198179/07	Director
Driverisk Australasia Proprietary Limited	ABN57113677473	Director
Driverisk Holdings Proprietary Limited	2003/010550/07	Director
Driverisk International Proprietary Limited	2007/010989/07	Director
fairtech products Proprietary Limited	1999/026990/07	Director
KAP Automotive Proprietary Limited	1957/001891/07	Director
KAP Corporate Services Proprietary Limited	1991/001164/07	Director
KAP Industrial Holdings Limited	1978/000181/06	Executive director Member of the investment committee
KAP South Africa Holdings Proprietary Limited	1999/016480/07	Director
Khuthaza Holdings Proprietary Limited	2017/198162/07	Director
Mashoweng Farming Proprietary Limited	2014/251331/07	Director
Mashoweng Investments Proprietary Limited	2013/128578/07	Director
Nokanyana Farm Proprietary Limited	1983/010111/07	Director
PG Bison Proprietary Limited	1965/003787/07	Director
Phaello Real Estate Holdings Proprietary Limited (to be deregistered)	1957/003823/07	Director
Restonic Proprietary Limited	1988/070308/07	Director
Safripol Proprietary Limited	2006/023706/07	Director
Unitrans Africa Proprietary Limited	1958/002406/07	Director
Unitrans Holdings Proprietary Limited	1994/007379/07	Director
Unitrans Passenger Proprietary Limited	1968/008699/07	Director

## EXECUTIVE DIRECTORS' PERSONAL FINANCIAL INTERESTS CONTINUED

## SP Lunga (Corporate affairs executive)

Name of entity	Registration number	Designation
Driverisk International Proprietary Limited	2007/010989/07	Director
fairtech products Proprietary Limited	1999/026990/07	Director
KAP Automotive Proprietary Limited	1957/001891/07	Director
KAP Corporate Services Proprietary Limited	1991/001164/07	Director
KAP Industrial Holdings Limited	1978/000181/06	Executive director
Lavela Real Estate and Property Developers Proprietary Limited	2018/057296/07	Director
PG Bison Proprietary Limited	1965/003787/07	Director
Restonic Proprietary Limited	1988/070308/07	Director
Safripol Proprietary Limited	2006/023706/07	Director
Sakhumzi Empowerment Proprietary Limited	1997/008852/07	Director
South African Furniture Initiative NPC	2009/003078/08	Director
Steinhoff Sikhulasonke Investments (RF) Proprietary Limited	1971/008683/07	Director
The Road Freight Association NPC	1981/010367/08	Director
The Sakhumzi Foundation Empowerment Trust	IT001292/2018(G)	Trustee
Unitrans Africa Proprietary Limited	1958/002406/07	Director
Unitrans Holdings Proprietary Limited	1994/007379/07	Director
Unitrans Passenger Proprietary Limited	1968/008699/07	Director
Unitrans Supply Chain Solutions Proprietary Limited	1967/010920/07	Director

# FORM OF PROXY

## KAP INDUSTRIAL HOLDINGS LIMITED

Registration number: 1978/000181/06 | JSE share code: KAP | ISIN: ZAE000171963 | LEI code: 3789001F51BC0045FD42 | ('KAP' or 'the company')

For use at the 44th annual general meeting ('AGM') of the shareholders of KAP to be held at 15:30 on Monday, 21 November 2022, at the Protea Hotel, Techno Avenue, Technopark in Stellenbosch, 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. Other shareholders who wish to attend and vote at the AGM should obtain written authority (Letter of Representation) from their CSDP/broker to attend and vote at the AGM or, if unable to attend the AGM and wish for their votes to be recorded, should furnish their voting instructions to their CSDP/broker.**

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 chairperson 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/ \_\_\_\_\_ (number) shares held

		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: Reappointment of independent external audit firm and individual auditor			
2.	Ordinary resolution number 2: Re-election of directors who retire by rotation and confirmation not to fill a vacancy at the AGM:			
	2.1 Mr KJ Grové			
	2.2 Mr SH Müller			
	2.3 Mr KT Hopkins			
	2.4 Not to fill the vacancy left by the retirement of Mr J de V du Toit (for the time being)			
3.	Ordinary resolution number 3: Election of audit and risk committee members			
	3.1 Mr KT Hopkins			
	3.2 Ms Z Fuphe			
	3.3 Mr SH Müller			
	3.4 Mrs TC Esau-Isaacs			
4.	Ordinary resolution number 4: Placing of preference shares under the control of the directors for commercial purposes			
5.	Ordinary resolution number 5: General authority to distribute share capital and reserves			
6.	Ordinary resolution number 6: Non-binding advisory vote to endorse the KAP:	Non-binding advisory votes		
	6.1 Remuneration policy			
	6.2 Implementation and remuneration disclosure			
7.	Ordinary resolution number 7: Ratification relating to personal financial interest arising from multiple intergroup directorships			
8.	Special resolution number 1: General authority to repurchase shares issued by the company and its subsidiaries			
9.	Special resolution number 2: Approval of fees payable to non-executive directors:			
	2.1 Independent non-executive chairperson			
	2.2 Lead independent non-executive director			
	2.3 Board member			
	2.4 Additional unscheduled formal meeting (fee per formal meeting)			
	2.5 Audit and risk committee chairperson			
	2.6 Audit and risk committee member			
	2.7 Human capital and remuneration committee chairperson			
	2.8 Human capital and remuneration committee member			
	2.9 Social and ethics committee chairperson			
	2.10 Social and ethics committee member			
	2.11 Nomination committee chairperson			
	2.12 Nomination committee member			
	2.13 Investment committee chairperson (fee per formal meeting)			
	2.14 Investment committee member (fee per formal meeting)			
	2.15 Approved informal meetings (per hour)			
10.	Special resolution number 3: General authority to provide financial assistance			
11.	Special resolution number 4: Name change			
12.	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 \_\_\_\_\_ 2022

Signature \_\_\_\_\_

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 14:00 on Thursday, 17 November 2022, or may be handed to the chairperson of the AGM before the appointed proxy exercises any shareholder rights at the AGM.

# 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 their votes to 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. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairperson 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 ('Computershare') or TMS in advance for guidance.
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 may be exercised by the chairperson 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 chairperson 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 chairperson of the AGM may accept or reject it, provided that, in the case of acceptance, the chairperson 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 TMS or the transfer secretaries, or waived by the chairperson of the AGM.
9. The chairperson 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 or the transfer secretaries at the respective addresses 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 initialled 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, 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 in advance of the meeting, 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 at 14:00 on Thursday, 17 November 2022. In the alternative, Forms of Proxy may be handed to the chairperson at the AGM before the appointed proxy exercises any shareholder rights at the AGM.

## Important addresses and contact particulars

### Transfer secretaries

Computershare Investor Services Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
2196

Private Bag X9000  
Saxonwold 2132  
South Africa  
Tel: +27 11 370 5000

### TMS

The Meeting Specialist Proprietary Limited  
JSE Building  
One Exchange Square Gwen Lane  
Sandown 2196

PO Box 62043  
Marshalltown 2107  
South Africa  
Tel:+27 11 520 7952/0/1  
proxy@tmsmeetings.co.za



