



KAP Industrial Holdings Limited (“KAP”)
Board Race Diversity Policy
New policy – 15 May 2018



Table of Contents

1. Objective.....	3
2. Scope.....	3
3. Risk.....	3
4. Definitions	3
5. Responsibilities	3
6. Policy statement.....	3
7. Race Diversity focus areas.....	4
8. Reporting	4
9. References	4

1. OBJECTIVE

The objective of the Board Race Diversity Policy is:

- 1.1. To promote and encourage appropriate race diversity at Board level.
- 1.2. To demonstrate the Group's commitment to promotion of race diversity.

2. SCOPE

- 2.1 This Board Race Diversity Policy applies equally to any appointment of executive, non-executive and/or alternate directors to the Board.
- 2.2 The policy applies to the Board and not to race diversity in relation to employees of the Company.

3. RISK

Non-compliance with this Board Race Diversity Policy may result in non-compliance with the JSE Listings Requirements and present the image that the Company does not support appropriate race diversity at Board level. The risk is of a reputational nature.

4. DEFINITIONS

- 4.1. **"Board"** means the board of directors of KAP as constituted from time to time.
- 4.2. **"JSE"** means the Johannesburg Stock Exchange, known as the JSE Limited.
- 4.3. **"JSE LRs"** means the rules and regulations, comprising the Listings Requirements of the JSE.
- 4.4. **"KAP"** or the **"Company"** or the **"Group"** means KAP Industrial Holdings Limited.
- 4.5. **"King IV"** means the Fourth King Report on Corporate Governance for South Africa, 2016.
- 4.6. **"Nominations Committee"** means the Nominations Committee of KAP.

5. RESPONSIBILITIES

- 5.1. The Board or its Nominations Committee shall, in compliance with the JSE Listings Requirements, report to shareholders in its integrated report on how the Board considers and applies the Board Race Diversity Board Policy in the nomination and appointment of directors.
- 5.2. The Nominations Committee is mandated to assist the Board in managing the Board Race Diversity Policy.
- 5.3. The Nominations Committee shall review the state of the Board's race representation on a regular basis and ensure that the Board Race Diversity Policy is appropriately applied.

- 5.4. Application of the Board Race Diversity Policy in effecting new or replacement appointments to the Board shall be subject to the approval/ratification of the shareholders to such appointments at the annual general meetings of the Company.

6. POLICY STATEMENT

- 6.1. KAP's Board Race Diversity Policy aims to direct the Group's intent and commitment to appropriate race diversity at Board level.

7. RACE DIVERSITY FOCUS AREAS

Race diversity focus area is as follows:

Should a vacancy or requirement arise for an additional Board appointment, consideration will be given to the appointment of a Black director, having due regard to the skills, expertise, experience and background required to fill such position, the availability of suitable candidates, the development potential of candidates and any additional requirements to ensure a mix of skills and experience on the Board and its committees that will best serve the Company and its shareholders, with due consideration to the needs of the Company's other stakeholders. Such an appointment will apply to an executive, non-executive and/or alternate director to the Board.

8. REPORTING

- 8.1. The Board or its Nomination Committee shall report to KAP's shareholders in its integrated annual report how the Board has considered and applied the Board Race Diversity Policy in the nomination and appointment of directors.
- 8.2. The Nominations Committee will make recommendations to the Board regarding any director appointments that may arise in terms of this Board Race Diversity Policy.

9. REFERENCES

- 9.1. The following internal references are associated with this Board Race Diversity Policy:
- The KAP Nominations Committee terms of reference.
 - The KAP Social & Ethics Committee terms of reference.
- 9.2. The following external references are associated with this Board Race Diversity Policy:
- The JSE Listings Requirements.
 - The King IV Report on Corporate Governance for South Africa 2016.

10. REVISION

- 10.1. This Board Race Diversity Policy shall, on behalf of the Board, be reviewed by the KAP Nominations Committee, as and when required.

10.2. Revision history:

REV No.	DATE	SIGNIFICANT CHANGES
1	15 May 2018	Original policy formulated as a requirement of the JSE Listings Requirements and the recommendations of King IV.

11. APPENDICES

None

Approved: _____

CHAIRPERSON

Date: _____