

# The key function of the committee is to ensure that the board and its committees are appropriately structured and resourced to enable them to fulfil their duties efficiently in terms of their charters or terms of reference.

The group's nomination committee ('the committee') operates under a mandate from the board of directors and in accordance with the duties as set out in formal terms of reference, which are aligned with the provisions of the company's memorandum of incorporation, the Companies Act, No. 71 of 2008 and the Companies Regulations 2001, the Listings Requirements of the JSE Limited and the recommendations of the King IV Report on Corporate Governance™ for South Africa, 2016 ('King IV™').

The key function of the committee is to ensure that the board and its committees are appropriately structured and resourced to enable them to fulfil their duties efficiently in terms of their charters or terms of reference. The committee ensures that appointments to

the board and committees are made through a formal and transparent process. Details of the duties of the committee and its specific responsibilities are set out in the corporate governance report, which is available on the company's website.

During the review period, the committee met on 14 August 2017, at which meeting changes to the composition of the board were recommended. This was confirmed by shareholders at the company's annual general meeting in November 2017.

Subsequent to year-end, the committee met on 14 August 2018 and again on 17 September 2018.



At these meetings, the election/re-election of directors at the forthcoming annual general meeting to be held in November 2018 was considered, as well as the establishment of an investment committee and changes to the membership of the existing board committees. These included:

- the resignation of Mr SH Müller from the nominations committee;
- the resignation of Mr DM van der Merwe from both the nomination committee and the human resources and remuneration committee;
- the appointment of Mr KJ Grové to the human resources and remuneration committee;

- the appointment of Mrs IN Mkhari and Mr PK Quarmby to the nomination committee; and
- the appointment of Messrs GN Chaplin, FH Olivier, KJ Grové, TLR de Klerk, SH Müller and PK Quarmby to the newly formed investment committee.

The non-executive directors were categorised as required by the JSE Listings Requirements and in accordance with the recommendations of King IV™. Following a formal, robust assessment of the independence of two long-serving non-executive directors, Mrs IN Mkhari and Mr SH Nomvete, and taking into account their experience, valuable contributions and actual conduct, the committee recommended, and the board concurred, that both directors may continue to serve in an independent capacity on the KAP board and its committees.

Having considered the recommendation of King IV™ in respect of the role and position of the chairman of a company's board and the need to appoint a lead independent non-executive director ('LINED'), the committee concluded, and the board agreed, not to appoint a LINED while the position of a deputy chairman exists on the KAP board, since the material obligations and duties of a LINED are in practice fulfilled by the current serving non-executive deputy chairman, Mr KJ Grové.

The committee recommended the directors for re-appointment to the audit and risk committee, being Messrs PK Quarmby, SH Müller and SH Nomvete.

The committee also recommended the directors who stand for re-election to the board, having retired by rotation, being Messrs PK Quarmby and SH Müller.

Mr DM van der Merwe has not made himself available for re-election to the board as a result of his various other responsibilities and following his retirement by rotation.

The company's memorandum of incorporation requires that after attaining the age of seventy, board members will be required to retire by rotation on an annual basis. At seventy one years of age Mr CJH van Niekerk has decided to retire and as a result has not made himself available for re-election to the board.

The nomination committee recommended, and the board agreed, that the aforementioned board vacancies will not be filled at this time. Shareholders will be asked to approve these appointments and further to reduce the number of directors on the board.

The most recent self-assessment exercises conducted by the board committees confirm that the group's committees continue to operate effectively and that the duties of these committees have been carried out efficiently. The composition of the committee meets with the recommendations of King IV™ and the Companies Act and there is an appropriate mix of knowledge, skills, experience, diversity and independence. More details of the composition of the committee are recorded in the corporate governance report, which is available on the company's website.

The committee is satisfied that it has fulfilled its responsibilities during the review period.

