Shareholders' Information and Notice of the Annual General Meeting for the year ended 28 February 2018

The Stefanutti Stocks Integrated Report 2018 and the Annual Financial Statements 2018 are available on the company's website (www.stefanuttistocks.com) and a printed copy is available on request from the Company Secretary.

Stefanutti Stocks

excellence in execution

COMPANY PROFILE

Stefanutti Stocks is one of South Africa's leading engineering and construction groups and has been listed on the JSE Main Board in the "Construction and Materials — Heavy Construction" sector since 2007.

The group offers highly diversified services across a wide spectrum of engineering and construction disciplines. The focus areas of the group comprise concrete structures, marine construction, piling and geotechnical services, roads and earthworks, bulk pipelines, open-pit contract mining and surface mining related services, all forms of building works, including affordable housing, and mechanical and electrical installation and construction.

All group operations are registered with the Construction Industry Development Board (CIDB) as a Category 9 Contractor, which places no limitations on the project size for which the group can tender. Furthermore, the group is also ISO 9001, ISO 14001 and OHSAS 18001 certified.

The group operates in South Africa, sub-Saharan Africa, including Botswana, Ghana, Guinea, Kenya, Lesotho, Mozambique, Namibia, Nigeria, Swaziland, Tanzania, the United Arab Emirates, Zambia and Zimbabwe, in both the private and public sectors. Clients include governments, state-owned companies, local authorities, large industrial entities, mining corporations, financial institutions and property developers.

Stefanutti Stocks's headquarters is based in Kempton Park, Gauteng and it employs a global workforce of 10 485 with 7 022 employees throughout South Africa.

VALUES

Candour
Frank and respectful discussions with the objective of finding positive outcomes.

Accountability
Taking personal responsibility for one's actions and the resultant outcomes.

People relations
The value, which causes people to treat one another fairly and with respect, and to always be mindful of the human dignity of others.

Professionalism
The application of a competent, disciplined and meticulous approach to all aspects of business, resulting in performance of high quality and reliability.

Excellence
A passionate mind-set that puts quality at the forefront of all business activity.

Dynamism
Openness and flexibility of mind and an energetic, proactive, solution-driven attitude.

PROFILE

Regional operations in Africa and United Arab Emirates

CIDB Category **9** Contractor

10 485 global workforce

7 022 employees across South Africa

The group offers highly diversified services

COMMENTARY

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summarised condensed consolidated results for the year ended 28 February 2018 (results for the year) have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee. The report contains the information required by International Accounting Standard (IAS) 34: Interim Financial Reporting, and are in compliance with the Listings Requirements of the JSE Limited. The accounting policies as well as the methods of computation used in the preparation of the results for the year ended 28 February 2018 are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year ended 28 February 2017. There is no significant difference between the carrying amounts of financial assets and liabilities and their fair values. The fair value measurement for land and buildings are categorised as a level 3, based on the valuation method of income capitalisation using unobservable inputs i.e. market capitalisation rates and income/expenditure ratio. The results are presented in Rand, which is Stefanutti Stocks' reporting currency.

The company's directors are responsible for the preparation and fair presentation of the summarised condensed consolidated results. These results have been compiled under the supervision of the Chief Financial Officer, AV Cocciante, CA(SA).

INDEPENDENT AUDITOR'S REPORT

The summarised report is extracted from audited information but is not itself audited by Stefanutti Stocks's external auditor. The unmodified independent auditors' report can be found on page 9 of the consolidated annual financial statements, as well as on Stefanutti Stocks's website.

GROUP PROFILE

Stefanutti Stocks is a construction company operating throughout South Africa, sub-Saharan Africa and the United Arab Emirates with multi-disciplinary expertise including concrete structures, marine construction, piling and geotechnical services, roads and earthworks, bulk pipelines, open pit contract mining and surface mining related services, all forms of building works, including affordable housing, and mechanical and electrical installation and construction.

OVERVIEW OF RESULTS

The Board of Directors report that the group's performance reflects the impact of operating within a demanding trading environment which includes an impairment of assets.

Contract revenue from operations of R10,4 billion increased by R1,3 billion compared to the previous year (Feb 2017: R9,1 billion). The group tests goodwill for impairment at each reporting period or when there is an indicator of impairment. At 28 February 2018 goodwill and intangible assets of R667 million has been impaired, predominantly relating to the goodwill that arose from the Stocks Limited acquisition.

Consequently the operating loss increased from R106 million in the previous year to R451 million in the current year. Should this impairment be excluded, the operating profit is R216 million, which is an improvement over the R202 million adjusted operating profit reported in the previous year.

The United Arab Emirates operation has contributed R48 million towards the share of profits of equity-accounted investees, which in total has remained consistent at R41 million as a result of losses incurred by other equity-accounted investees.

As a result of the factors mentioned above, earnings per share is reported as a loss of 294,94 cents (Feb 2017: 79,34 cents loss). With the reversal of impairment charges relating to assets, headline earnings per share is reported as a profit of 90,35 cents (Feb 2017: 10,94 cents profit). This is a slight improvement on the adjusted headline earnings per share of 89,86 cents reported in the previous year.

The group's order book is currently R14,3 billion of which R4,9 billion arises from work beyond South Africa's borders.

Capital expenditure for the year amounted to R500 million (Feb 2017: R272 million). R369 million (Feb 2017: R87 million) was incurred in expanding capacity, of which R275 million relates to requirements from the Mining Services operation on the back of contracts awarded during the year. The increased capital expenditure resulted in an increase in depreciation to R176 million (Feb 2017: R138 million) and an increase in total interest-bearing liabilities to R783 million (Feb 2017: R675 million).

The increase in trading activities resulted in an increase in other current assets, trade payables and provisions compared to February 2017, whilst excess billings over work done reduced to R1,1 billion (Feb 2017: R1,2 billion). The group continues to experience delays in the award and commencement of contracts, as well as delayed payments from clients. All these factors contributed to a reduction in cash generated from operations to R322 million (Feb 2017: R616 million). This includes an investment in working capital of R293 million (Feb 2017: R274 million inflow). As a consequence, the group's overall cash position at year-end has decreased to R916 million (Feb 2017: R1 158 million).

The company, through a subsidiary, repurchased 2 756 365 of its own shares at an average price of R3,03 per share in terms of a resolution passed at the company's Annual General Meeting. These shares will not be cancelled and will be accounted for as treasury shares.

The effect of the strengthening of the Rand on the translation of certain foreign operations resulted in R36 million loss (Feb 2018: R118 million) being recognised in other comprehensive income.

REVIEW OF OPERATIONS

In line with the group's strategic intent to achieve greater synergy, optimise available resources and reduce costs, a decision was taken to combine the Roads, Pipelines & Mining Services with the Structures business units effective 1 January 2018. The new business unit is called Construction & Mining.

Construction & Mining

Contract revenue of the newly combined business unit is R5,0 billion (Feb 2017: R4,0 billion) with an operating profit of R175 million (Feb 2017: R188 million) at an operating profit margin of 3,5% (Feb 2017: 4,7%).

Whilst the Roads & Earthworks and Swaziland divisions delivered good results, the former Structures business unit continued to underperform resulting in the reported reduction in operating profit for Construction & Mining compared to the previous year.

Supported by an increase in tender activity Mining Services returned good results for the year and secured a strong order book. Management is selective in the projects pursued as cash collections can be protracted in the junior mining sector where revenue often stems from a single mine.

Long outstanding amounts due from the governments of Zambia and Nigeria continue to be a source of concern. However, discussions with the government authorities are ongoing and periodic payments are being received. The outstanding amounts are not in dispute. In Zambia work will only recommence on affected contracts once all outstanding amounts have been received. Limited work has resumed on the road projects in Nigeria.

Limited infrastructure work has been secured from the public sector. However, the number of tender enquiries and awards received from the mining sector has increased. As a consequence of less public infrastructure spend, combined with a policy of increased fragmentation of civil contracts designed to facilitate project work being awarded to smaller construction companies, the former Structures business unit's order book and operating profit margins are under pressure.

Construction & Mining's order book at February 2018 was R9,0 billion (Feb 2017: R7,3 billion).

Building

The Building business unit's contract revenue increased to R4,4 billion (Feb 2017: R4,0 billion) with an improvement in operating profit to R41 million (Feb 2017: loss of R2 million) at an operating profit margin of 1,0%. The profit of the equity accounted United Arab Emirates operation is excluded from the operating profit.

The Mozambique and Coastal divisions delivered good results.

With the ongoing reduction in available work in the local building market, emanating from the current negative outlook in the public and private building sector, a significant portion of the goodwill relating to the Stocks Limited acquisition had to be impaired.

Unexpected losses on two social housing projects combined with delayed payments in the public sector, have put considerable strain on the business unit's cash resources.

The business unit is also attending to significant contractual claims and compensation events on a large public sector project in South Africa.

Building's order book at February 2018 was R3,3 billion (Feb 2017: R4,7 billion) excluding the United Arab Emirates order book of R1,0 billion (Feb 2017: R1,0 billion).

Mechanical & Electrical

Despite good returns from cross-border operations and recently awarded surface mining related contracts in the Mechanical division, Mechanical & Electrical's turnover and operating profit reduced to R1,0 billion (Feb 2017: R1,1 billion) and R13 million (Feb 2017: R40 million) respectively.

The Oil & Gas and Electrical & Instrumentation divisions' performance was negatively impacted by the cancellation of a significant contract in the petrochemical market. This cancellation is being contractually challenged and at this stage the financial impact thereof cannot be quantified.

Cross-border and local work in the surface mining related environment is gradually improving for both the Mechanical and Electrical & Instrumentation divisions. However, the reduction in opportunities in the petrochemical sector will affect the Mechanical & Electrical's combined order book and operating margins.

Mechanical & Electrical's order book at February 2018 was R790 million (Feb 2017: R780 million).

SAFETY

Management and staff remain committed to enhanced health and safety policies and procedures, and together strive to constantly improve the group's safety performance. The group's Lost Time Injury Frequency Rate (LTIFR) at February 2018 was 0,11 (Feb 2017: 0,10) and the Recordable Case Rate (RCR) was 0,54 (Feb 2017: 0,70).

OUTLOOK AND STRATEGY

As highlighted in previous reporting periods, the South African construction market remains extremely competitive due to an ongoing lack of public infrastructure spend. Even though business confidence levels seem to be improving in some sectors of the economy, construction activities and margins are expected to remain under pressure in the short to medium term.

With the increased local requirements relating to Broad-Based Black Economic Empowerment, the group is assessing various options to improve its position in this regard.

The group's order book remains relatively constant at about R14 billion. In the short term there are potential pockets of growth in the local market which include surface mining related services, selected open pit mining contracts, petrochemical tank farms, water and sanitation treatment plants as well as residential, warehouses and design and construct opportunities in the building sector. Cross border opportunities exist in road and bridge construction, marine and mixed-use building projects.

Our multi-disciplinary and geographically diversified business structure continues to enable the group to remain a strong competitor in the markets in which it operates. The group also continues to seek opportunities both in Southern Africa and, on a more selective basis, further afield in sub-Saharan Africa. With the challenges being experienced in the construction markets, management constantly reviews and aligns each business unit and its respective divisions to ensure their ongoing sustainability.

INDUSTRY RELATED MATTERS

The legal process relating to the civil claim received from the City of Cape Town (Green Point Stadium) is ongoing, which the group is confident it can defend.

DIVIDEND DECLARATION

Notice is hereby given that no dividend will be declared (Feb 2017: Nil).

SUBSEQUENT EVENTS

Other than the matters noted above, there were no other material reportable events which occurred between the reporting date and the date of this announcement.

CHANGES TO THE BOARD OF DIRECTORS

In addition to the changes as reported in the August 2017 interim announcement, Ms Bharti Harie and Ms Busisiwe Silwanyana have been appointed as independent non-executive directors with effect from 13 April 2018.

The board welcomes Bharti and Busisiwe to the group and look forward to their valuable insights and contributions.

APPRECIATION

We would like to thank the board, the management team and all of our employees for their continuous commitment and dedication in this challenging environment. We also express our gratitude to our customers, suppliers, service providers and shareholders for their ongoing support.

On behalf of the board

Kevin Eborall
Chairman

Willie Meyburgh
Chief Executive Officer

20 June 2018

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY

	% Increase/ (decrease)	**2018 R'000**	2017 R'000
REVENUE	15	**10 490 631**	9 149 604
Contract revenue	15	**10 415 481**	9 058 576
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)	92	**400 457**	209 046
Depreciation and amortisation		**(184 435)**	(145 882)
Impairment of assets		**(667 114)**	(169 560)
OPERATING LOSS BEFORE INVESTMENT INCOME	(324)	**(451 092)**	(106 396)
Investment income		**49 113**	44 864
Share of profits of equity-accounted investees		**41 388**	40 893
OPERATING LOSS BEFORE FINANCE COSTS		**(360 591)**	(20 639)
Finance costs		**(82 842)**	(85 597)
LOSS BEFORE TAXATION		**(443 433)**	(106 236)
Taxation		**(64 606)**	(43 554)
LOSS FOR THE YEAR		**(508 039)**	(149 790)
OTHER COMPREHENSIVE INCOME		**(45 148)**	(10 998)
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))		**(35 697)**	(118 328)
Reclassification from foreign currency translation reserve		**(9 451)**	2 468
Revaluation of land and buildings (may not be reclassified to profit/(loss))		**—**	104 862
TOTAL COMPREHENSIVE INCOME		**(553 187)**	(160 788)
LOSS ATTRIBUTABLE AS FOLLOWS:			
Equity holders of the company		**(503 599)**	(137 068)
Non-controlling interest		**(4 440)**	(12 722)
		(508 039)	(149 790)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the company		**(545 335)**	(157 099)
Non-controlling interest		**(7 852)**	(3 689)
		(553 187)	(160 788)
LOSS PER SHARE (CENTS)	(272)	**(294,94)**	(79,34)
DILUTED LOSS PER SHARE (CENTS)	(267)	**(267,76)**	(72,88)

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY

	2018 R'000	2017 R'000
ASSETS		
NON-CURRENT ASSETS	**2 252 024**	2 548 043
Property, plant and equipment	**1 483 727**	1 212 248
Equity-accounted investees	**209 181**	189 860
Goodwill and intangible assets	**460 506**	1 087 133
Deferred tax assets	**98 610**	58 802
CURRENT ASSETS	**4 165 393**	4 019 055
Other current assets	**3 212 553**	2 816 126
Taxation	**10 786**	44 496
Bank balances	**942 054**	1 158 433
TOTAL ASSETS	**6 417 417**	6 567 098
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES	**1 880 833**	2 442 378
Share capital and premium	**1 013 379**	1 021 737
Other reserves	**110 401**	181 515
Retained earnings	**760 779**	1 235 000
Equity holders of the company	**1 884 559**	2 438 252
Non-controlling interest	**(3 726)**	4 126
NON-CURRENT LIABILITIES	**480 320**	370 912
Financial liabilities	**478 659**	346 460
Deferred tax liabilities	**1 661**	24 452
CURRENT LIABILITIES	**4 056 264**	3 753 808
Other current liabilities*	**2 186 120**	2 079 542
Excess billings over work done	**1 092 801**	1 197 743
Provisions	**657 470**	420 400
Taxation	**93 710**	56 121
Bank balances	**26 163**	2
TOTAL EQUITY AND LIABILITIES	**6 417 417**	6 567 098
* Including interest-bearing liabilities of	**278 600**	328 794

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY

	Share capital and premium R'000	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Revaluation surplus reserve R'000	Retained earnings R'000	Attributable to equity holders of the company R'000	Non-controlling interest R'000	Total equity R'000
BALANCE AT 29 FEBRUARY 2016	1 027 103	28 145	158 069	17 181	1 370 219	2 600 717	7 815	2 608 532
Treasury shares acquired	(5 366)	—	—	—	—	(5 366)	—	(5 366)
Realisation of reserve	—	—	—	(1 849)	1 849	—	—	—
Total comprehensive income	—	—	(124 893)	104 862	(137 068)	(157 099)	(3 689)	(160 788)
Loss	—	—	—	—	(137 068)	(137 068)	(12 722)	(149 790)
Other comprehensive income	—	—	(124 893)	104 862	—	(20 031)	9 033	(10 998)
BALANCE AT 28 FEBRUARY 2017	1 021 737	28 145	33 176	120 194	1 235 000	2 438 252	4 126	2 442 378
Treasury shares acquired	(8 358)	—	—	—	—	(8 358)	—	(8 358)
Realisation of reserves	—	(28 145)	—	(1 233)	29 378	—	—	—
Total comprehensive income	—	—	(41 736)	—	(503 599)	(545 335)	(7 852)	(553 187)
Loss	—	—	—	—	(503 599)	(503 599)	(4 440)	(508 039)
Other comprehensive income	—	—	(41 736)	—	—	(41 736)	(3 412)	(45 148)
BALANCE AT 28 FEBRUARY 2018	**1 013 379**	**—**	**(8 560)**	**118 961**	**760 779**	**1 884 559**	**(3 726)**	**1 880 833**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY

	2018 R'000	2017 R'000
Cash generated from operations	**322 410**	616 297
Interest received	**48 379**	44 862
Finance costs	**(49 157)**	(30 906)
Dividends received	**21 805**	21 138
Taxation paid	**(56 747)**	(102 580)
CASH FLOWS FROM OPERATING ACTIVITIES	**286 690**	548 811
Expenditure to maintain operating capacity (net of proceeds)	**10 381**	(29 921)
Proceeds from non-current assets held for sale	**—**	87 334
Expenditure for expansion	**(85 798)**	(54 562)
CASH FLOWS FROM INVESTING ACTIVITIES	**(75 417)**	2 851
Treasury shares acquired	**(8 358)**	(5 366)
Movements in long- and short-term financing	**(415 042)**	(159 336)
CASH FLOWS FROM FINANCING ACTIVITIES	**(423 400)**	(164 702)
NET (DECREASE)/INCREASE IN CASH	**(212 127)**	386 960
Effect of exchange rate changes on cash and cash equivalents	**(30 413)**	(79 535)
Cash and cash equivalents at the beginning of the year	**1 158 431**	850 940
Cash at the beginning of the year — discontinued operation	**—**	66
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**915 891**	1 158 431

HEADLINE EARNINGS AND NET ASSET VALUE PER SHARE

FOR THE YEAR ENDED 28 FEBRUARY

HEADLINE EARNINGS RECONCILIATION

	% increase	**2018 R'000**	2017 R'000
Loss after taxation attributable to equity holders of the company		**(503 599)**	(137 068)
Adjusted for:			
Profit on disposal of plant and equipment		**(12 942)**	(13 377)
Tax effect		**3 699**	3 743
Impairment of assets		**667 114**	169 560
Tax effect		**—**	(3 966)
HEADLINE EARNINGS		**154 272**	18 892
Settlement agreement charge		**—**	138 764
Tax effect		**—**	(2 426)
ADJUSTED HEADLINE EARNINGS		**154 272**	155 230
Number of weighted average shares in issue		**170 748 789**	172 750 427
Number of diluted weighted average shares in issue		**188 080 746**	188 080 746
Headline earnings per share (cents)	726	**90,35**	10,94
Diluted headline earnings per share (cents)	716	**82,02**	10,05
Adjusted headline earnings per share (cents)	1	**90,35**	89,86

NET ASSET VALUE

	2018	2017
Total number of net shares in issues	**169 485 204**	172 241 569
Net asset value per share (cents)	**1 111,93**	1 415,60
Net tangible asset vale per share (cents)	**840,22**	784,43

SUMMARISED SEGMENT INFORMATION

FOR THE YEAR ENDED 28 FEBRUARY

	Construction & Mining R'000	Building R'000	M&E R'000	Reconciling segments* R'000	Total R'000
28 FEBRUARY 2018					
Contract revenue	**4 973 719**	**4 419 165**	**1 022 597**	**—**	**10 415 481**
Intersegment contract revenues	**2 764**	**—**	**61 325**	**—**	**64 089**
Reportable segment profit/(loss)	**82 098**	**34 229**	**9 875**	**(634 241)****	**(508 039)**
Reportable segment assets	**3 714 429**	**1 594 533**	**520 964**	**587 491**	**6 417 417**
28 FEBRUARY 2017					
Contract revenue	3 964 177	3 959 633	1 134 766	—	9 058 576
Intersegment contract revenues***	72 148	—	33 872	—	106 020
Reportable segment profit/(loss)	130 646	55 263	34 357	(370 056)	(149 790)
Reportable segment assets	3 204 089	1 701 128	593 344	1 068 537	6 567 098

* Other segments comprise segments that are primarily centralised in nature i.e. the group's headquarters.

** Includes impairment of goodwill and intangible assets of R667 million.

*** Restated due to combination of RPM and Structures business units into Construction & Mining.

NOTICE OF ANNUAL GENERAL MEETING

Stefanutti Stocks Holdings Limited

(Incorporated in the Republic of South Africa)

Registration number: 1996/003767/06

Share code: SSK ISIN: ZAE000123766

(Stefanutti Stocks or the company)

Notice is hereby given to the shareholders of the company that the annual general meeting of Stefanutti Stocks will be held at No. 9 Palala Street, Protec Park, corner Zuurfontein Avenue and Oranjerivier Drive, Kempton Park, on Wednesday 8 August 2018 at 12:00, to (i) consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the JSE Limited (JSE) Listings Requirements (JSE Listings Requirements); and (ii) deal with such other business as may lawfully be dealt with at the meeting.

IMPORTANT DATES

Record date to receive the Notice: Friday, 22 June 2018

Last date to trade to be eligible to vote: Tuesday, 31 July 2018

Record date to be eligible to vote: Friday, 3 August 2018

Last date for lodging forms of proxy (by 12:00): Monday, 6 August 2018

Accordingly, the date on which a person must be registered as a shareholder in the register of the company for purposes of being entitled to attend and vote at the meeting is Friday, 3 August 2018.

NB: Section 63(1) of the Companies Act — Identification of meeting participants.

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements of the company and its subsidiaries (as approved by the board of directors of the company), including the directors' report, the report of the Audit, Governance and Risk Committee and the external auditors' report for the year ended 28 February 2018, have been distributed as required and will be presented to shareholders.

The consolidated annual financial statements can be found on the group's website.

ORDINARY RESOLUTIONS

ORDINARY RESOLUTION 1: ADOPTION OF ANNUAL FINANCIAL STATEMENTS

"RESOLVED THAT the annual financial statements of the company for the year ended 28 February 2018, including the directors' report and the report of the Audit, Governance and Risk Committee, be and are hereby received and adopted."

Percentage of voting rights required to pass this resolution: 50% plus one vote.

RETIREMENT BY ROTATION

In terms of the Memorandum of Incorporation, one-third of the directors shall retire by rotation at the AGM. ME Mkwanazi, independent non-executive director, has undertaken to retire at this AGM and not offer himself for re-election.

The following directors retire at this AGM and offer themselves for re-election: HJ Craig, DG Quinn and KR Eborall. The board has considered their performance, including their attendance at meetings of the board and its committees, and recommends and supports the re-election of each of them.

ORDINARY RESOLUTION 2: RE-ELECTION OF DIRECTOR

"RESOLVED THAT, HJ Craig, who retires by rotation in terms of the Memorandum of Incorporation of the company and who is eligible and available for re-election, be re-elected as a director of the company."

A brief curriculum vitae in respect of HJ Craig is included Appendix 1 on page 16 of this report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

ORDINARY RESOLUTION 3: RE-ELECTION OF DIRECTOR

"RESOLVED THAT, DG Quinn, who retires by rotation in terms of the Memorandum of Incorporation of the company and who is eligible and available for re-election, be re-elected as a director of the company."

A brief curriculum vitae in respect of DG Quinn is included in Appendix 1 on page 16 of this report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

ORDINARY RESOLUTION 4: RE-ELECTION OF DIRECTOR

"RESOLVED THAT, KR Eborall, who retires by rotation in terms of the Memorandum of Incorporation of the company and who is eligible and available for re-election, be re-elected as a director of the company."

A brief curriculum vitae in respect of KR Eborall is included in Appendix 1 on page 16 of this report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Shareholders are advised that KR Eborall will be retiring from the board in May 2019.

ORDINARY RESOLUTION 5: CONFIRMATION OF APPOINTMENT OF DIRECTOR

"RESOLVED THAT the appointment of B Harie as a director of the company be confirmed and approved."

The board appointed B Harie as a director on 13 April 2018. Directors who are appointed as such retire at the first annual general meeting following their appointment, and their appointment is thus subject to the confirmation and approval of shareholders at the annual general meeting. The board recommends and supports the confirmation of her appointment.

A brief curriculum vitae in respect of B Harie is included in Appendix 1 on page 16 of this report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

ORDINARY RESOLUTION 6: CONFIRMATION OF APPOINTMENT OF DIRECTOR

"RESOLVED THAT the appointment of BP Silwanyana as a director of the company be confirmed and approved."

The board appointed BP Silwanyana as a director on 13 April 2018. Directors who are appointed as such retire at the first annual general meeting following their appointment, and their appointment is thus subject to the confirmation and approval of shareholders at the annual general meeting. The board recommends and supports the confirmation of her appointment.

A brief curriculum vitae in respect of BP Silwanyana is included in Appendix 1 on page 16 of this report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

ORDINARY RESOLUTION 7: APPOINTMENT OF AUDITORS

"RESOLVED THAT Mazars be and are hereby re-appointed as auditors of the company for the ensuing financial year with S Truter as the individual responsible for the audit and the directors be and are hereby authorised to fix the remuneration of the auditors."

Percentage of voting rights required to pass this resolution: 50% plus one vote.

ORDINARY RESOLUTION NUMBERS 8, 9, 10 AND 11: APPOINTMENT OF AUDIT, GOVERNANCE AND RISK COMMITTEE MEMBERS

Ordinary resolution numbers 8, 9, 10 and 11 are in respect of the appointment of members of the Audit, Governance and Risk Committee. The membership as proposed by the board of directors is: ZJ Matlala, B Harie, BP Silwanyana and JM Poluta (alternate to BP Silwanyana) all of whom are independent non-executive directors. The chairman of the committee is ZJ Matlala.

ORDINARY RESOLUTION 8: APPOINTMENT OF AUDIT, GOVERNANCE AND RISK COMMITTEE MEMBER

"RESOLVED THAT ZJ Matlala be appointed as a member of the company's Audit, Governance and Risk Committee with effect from the end of this meeting in terms of section 94(2) of the Companies Act."

A brief curriculum vitae in respect of ZJ Matlala is included in Appendix 1 on page 16 of this report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

ORDINARY RESOLUTION 9: APPOINTMENT OF AUDIT, GOVERNANCE AND RISK COMMITTEE MEMBER

"RESOLVED THAT B Harie be appointed as a member of the company's Audit, Governance and Risk Committee with effect from the end of this meeting in terms of section 94(2) of the Companies Act."

A brief curriculum vitae in respect of B Harie is included in Appendix 1 on page 16 of this report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

ORDINARY RESOLUTION 10: APPOINTMENT OF AUDIT, GOVERNANCE AND RISK COMMITTEE MEMBER

"RESOLVED THAT BP Silwanyana be appointed as a member of the company's Audit, Governance and Risk Committee with effect from the end of this meeting in terms of section 94(2) of the Companies Act."

A brief curriculum vitae in respect of BP Silwanyana is included in Appendix 1 on page 16 of this report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

ORDINARY RESOLUTION 11: APPOINTMENT OF AUDIT, GOVERNANCE AND RISK COMMITTEE MEMBER

"RESOLVED THAT JM Poluta be appointed as a member of the company's Audit, Governance and Risk Committee with effect from the end of this meeting in terms of section 94(2) of the Companies Act."

A brief curriculum vitae in respect of JM Poluta is included in Appendix 1 on page 16 of this report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

ORDINARY RESOLUTION 12: COMPANY'S REMUNERATION POLICY

"To approve on a non-binding advisory basis, the company's remuneration policy (excluding the remuneration of the non-executive directors for the services as directors and members of board committees)."

The company's remuneration policy and related information appears in Appendix 4 on pages 18 of this report.

ORDINARY RESOLUTION 13: COMPANY'S IMPLEMENTATION REPORT

"To approve on a non-binding advisory basis, the company's implementation report".

The company's implementation report appear in Appendix 4 on page 18 of this report.

NOTES TO ORDINARY RESOLUTION NUMBERS 12 AND 13

Shareholders are reminded that in terms of King IV, should 25% or more of the votes cast be against one or both of these non-binding ordinary resolutions, the company undertakes to engage with shareholders:

› to ascertain the reasons for the dissenting votes, and
› where these concerns are legitimate and credible

undertake to review, clarify or amend the remuneration policy and/or processes as necessary.

			Current fee per meeting R	Proposed fee per meeting R
1.1	Board	Chairman	922 300/annum	959 200/annum
1.2	Board	Member	48 900	50 900
1.3	Audit, Governance and Risk Committee	Chairman	91 300	95 000
1.4	Audit, Governance and Risk Committee	Member	48 900	50 900
1.5	Remuneration and Nominations Committee	Chairman	48 900	50 900
1.6	Remuneration and Nominations Committee	Member	28 000	29 100
1.7	Social and Ethics Committee	Chairman	41 100	42 700
1.8	Social and Ethics Committee	Member	22 000	22 900
1.9	Any other committee to be formed	Chairman	36 500	38 000
1.10	Any other committee to be formed	Member	19 600	20 400
1.11	Directors' hourly rate (note 4)		1 900	1 975
1.12	Specific project fees (note 5)		1 900	1 975

Notes:

1. The board chairman receives an all-in fee and not a per meeting fee.
2. The fees include permanent non-executive invitees of committees.
3. Proposed fee per meeting and the board chairman's all-in fee are exclusive of value-added tax.
4. The non-executive director hourly fee to be approved at the AGM, is paid in respect of attendance at non-scheduled directors' meetings. However, where these special board or committee meetings are held, the total fee earned per director is capped at the fee for one meeting of the relevant committee.
5. Should the board require a non-executive director to undertake a specific project on behalf of the company, then prior to commencement, a total fee based upon scope, duration and expertise required is established, agreed and submitted to the board for approval. Thereafter this is monitored over the course of the specific project. The cumulative fees will be capped to a maximum of R350 000 per annum.
6. The proposed fee is payable from the AGM for financial year ended 28 February 2018 to the AGM for the financial year ended 28 February 2020.

SPECIAL RESOLUTIONS

SPECIAL RESOLUTIONS 1.1 TO 1.12: NON-EXECUTIVE DIRECTORS' FEES

"RESOLVED THAT payment to the non-executive directors of the fees for services as directors with effect from the date of this annual general meeting until the date of the annual general meeting of the company for the year ended 28 February 2020, as noted in the table above, as well as any value added tax payable on such fees by the directors be authorised.

Reason for and effect of special resolutions 1.1 to 1.12

The reason for special resolutions 1.1 to 1.12 is to comply with the provisions of the Companies Act. The effect of the special resolutions is that, if approved by the shareholders at the annual general meeting, the fees payable to non-executive directors until the annual general meeting for the year ended 28 February 2020, will be as set out in the table. Executive directors are not remunerated for their services as directors, but are remunerated as employees of the company.

Attendance fees are only paid for physical attendance (rather than teleconference attendance) of board and committee meetings (other than special or urgent meetings).

The above rates have been proposed to ensure that the remuneration of non-executive directors remains competitive in order to enable the company to retain and attract persons of the calibre, appropriate capabilities, skills and experience required in order to make meaningful contributions to the company.

Percentage of voting rights required to pass these resolutions: 75%.

SPECIAL RESOLUTION 2: FINANCIAL ASSISTANCE

"RESOLVED THAT to the extent required by the Companies Act, the board of directors of the company may, subject to compliance with the requirements of the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or interrelated to the company or any of its subsidiaries, and/or to any member of such subsidiary or related or interrelated company or entity, for any purpose or in connection with any matter, including, but not limited to, the subscription for any option, or any securities issued or to be issued by the company or a related or interrelated company or entity, or for the purchase of any securities of the company or a related or interrelated company or entity, for such amounts and on such terms and conditions as the directors of the company may determine.

Such authority will endure until the annual general meeting of the company for the year ended 28 February 2020."

Percentage of voting rights required to pass this resolution: 75%.

Reason for and effect of special resolution 2

Notwithstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance provided by a company to related or interrelated companies and other entities, including, inter alia, its subsidiaries, associates, joint ventures, partnerships, collaboration arrangements, etc. for any purpose.

Furthermore, section 44 of the Companies Act may also apply to the financial assistance so provided by a company to related or interrelated companies or other entities, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or interrelated company, or for the purchase of any securities of the company or a related or interrelated company.

Both sections 44 and 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous 2 (two) years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that:

- immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

The company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Companies Act. Furthermore, it may be necessary or desirous for the company to provide financial assistance to related or interrelated companies and entities to acquire or subscribe for options or securities or purchase securities of the company or another company related or interrelated to it. Under the Companies Act, the company will, however, require the special resolution referred to above to be adopted. In the circumstances and in order to, inter alia, ensure that the company's subsidiaries and other related and interrelated companies and entities have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution 2.

SPECIAL RESOLUTION 3: GENERAL AUTHORITY TO REPURCHASE COMPANY SHARES

"RESOLVED THAT the company and/or its subsidiaries be and is hereby authorised, by way of general authority, to acquire ordinary shares issued by the company, in terms of the Companies Act, the Memorandum of Incorporation of the company and the JSE Listings Requirements being that:

(a) any such acquisition of ordinary shares shall be implemented on the open market of the JSE;

(b) this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing this special resolution;

(c) an announcement will be published on SENS as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition, pursuant to which the aforesaid 3% (three percent) threshold is reached, containing full details of such repurchases;

(d) acquisitions in aggregate in any one financial year may not exceed 20% (twenty percent) of the company's ordinary issued share capital nor may acquisitions in aggregate, from the date of passing this special resolution, exceed 20% (twenty percent) of the company's ordinary issued share capital at the date of passing this special resolution;

(e) in determining the price at which ordinary shares issued by the company are acquired by it in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the volume weighted average price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of repurchase of such ordinary shares by the company;

(f) at any point in time, the company will appoint only one agent to effect any repurchase(s) on the company's behalf;

(g) the company or its subsidiary may not repurchase securities during a prohibited period unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period; and

(h) a resolution by the board of directors that it has authorised the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the group."

Percentage of voting rights required to pass this resolution: 75%.

Reason for and effect of special resolution 3

The reason for special resolution 3 is to grant the company a general authority in terms of the Companies Act, the JSE Listings Requirements and the company's Memorandum of Incorporation for the acquisition by the company, or any of its subsidiaries, of shares issued by the company, or its holding company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. The passing of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company or its holding company.

The board believes it to be in the interest of the company that shareholders grant a general authority to provide the board with optimum flexibility to repurchase shares as and when an opportunity that is in the best interest of the company arises.

Directors' responsibility statement

The directors whose names appear in Appendix 3 of this report on page 17, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution 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 and that the special resolution contains all necessary information.

Material changes

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

Statement by the board of directors of the company

Pursuant to, and in terms of, the JSE Listings Requirements, the board of directors of the company hereby state that:

- the intention of the directors of the company is to utilise the general authority to repurchase shares in the capital of the company if, at some future date, the cash resources of the company are in excess of its requirements or there are other good reasons for doing so. In this regard, the directors will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and the interests of the company; and
- in determining the method by which the company intends to repurchase its ordinary shares, the maximum number of ordinary shares to be repurchased and the date on which such repurchase will take place, the directors of the company will ensure that:
  - the company and its subsidiaries will, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next 12 (twelve) months after the date of such repurchase;
  - the consolidated assets of the company and its subsidiaries fairly valued and recognised and measured in accordance with the accounting policies used in the latest audited financial statements will, after the repurchase, be in excess of the consolidated liabilities of the company and its subsidiaries for the next 12 (twelve) months after the date of such repurchase;
  - the issued share capital and reserves of the company and its subsidiaries will, after the repurchase, be adequate for the ordinary business purposes of the company and its subsidiaries for the next 12 (twelve) months after the date of such repurchase; and
  - the working capital available to the company and its subsidiaries will, after the repurchase, be sufficient for the ordinary business requirements of the company and its subsidiaries for the next 12 (twelve) months after the date of such repurchase.

Any matters raised by shareholders, with or without advance notice to the company

To deal, at the annual general meeting, with any matters raised by shareholders, with or without advance notice to the company.

Summary of applicable rights established in section 58 of the Companies Act

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders' meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise:

   3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and

   3.2. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
4. Irrespective of the form of instrument used to appoint a proxy:

   4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and

   4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:

   5.1 stated in the revocation instrument, if any; or

   5.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's Memorandum of Incorporation to be delivered by such company to the shareholder must be delivered by such company to:

   6.1 the shareholder; or

   6.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation of the relevant company or the instrument appointing the proxy provides otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:

   8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;

   8.2 the company must not require that the proxy appointment be made irrevocable; and

   8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

VOTING AND PROXIES

A shareholder of the company entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, vote and speak in his/her stead. On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only.

On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

Dematerialised shareholders who have elected own-name registration in the sub-register through a Central Securities Depository Participant (CSDP) and who are unable to attend but wish to vote at the annual general meeting, should complete and return the attached form of proxy and lodge it with the transfer secretaries of the company to be received, for administrative reasons only, by no later than 12:00 on Monday, 6 August 2018.

Shareholders who have dematerialised their shares through a CSDP or broker rather than through own-name registration and who wish to attend the annual general meeting must instruct their CSDP or broker to issue them with the necessary authority to attend.

If such shareholders are unable to attend, but wish to vote at the annual general meeting, they should timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and his/her CSDP or broker.

Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the transfer secretaries at the address below, to be received, for administrative reasons only, at least 48 hours prior to the meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the AGM.

Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the member subsequently decide to do so.

The practical applications of the aforementioned rights are discussed in the notes to the proxy form attached hereto.

By order of the board

William Somerville
Company Secretary

20 June 2018

Registered office
No. 9 Palala Street
Protec Park
Cnr Zuurfontein Avenue and Oranjerivier Drive
Kempton Park
1619
PO Box 12394, Aston Manor, 1630
Telephone: +27 11 571 4300

Transfer secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank
Johannesburg
2196
PO Box 61051, Marshalltown, 2107
Telephone: +27 11 370 5000
Fax: +27 11 688 5238

APPENDIX 1: CURRICULUM VITAE OF DIRECTORS

HJ CRAIG (58)

Independent Non-executive

Qualifications: BSc (Civil Engineering), GDE

Appointed: April 2015

Length of service: three years

Stefanutti Stocks Board Committee Memberships: ARCO member, S&E Chairman

External Board Committee Memberships: Chairman of Ekurhuleni Jewellery Beneficiation Project NPC, Chairman ARCO and Governance Committee of PPP Holdings (Mauritius)

Skills and experience: Technical and Managing Director at Fraser Alexander Tailings (1990 to 2000). Held various senior positions at Sasol (2000 to 2009). Chief Executive of Rand Refinery (2009 to 2014). Serves on the boards of various private companies. Promotes various infrastructural projects across Africa.

DG QUINN (66)

Non-executive

Qualifications: BScEcon, CA(SA)

Appointed: June 2015

Length of service: three years

Stefanutti Stocks Board Committee Memberships: REMCO member, ARCO invitee

External Board Committee Memberships: None

Skills and experience: Qualified as chartered accountant (1984). Joined the Stefanutti Stocks group (1992 to 2004). Chief Financial Officer of Stefanutti Stocks (2005 to May 2015).

KR EBORALL (73)

Independent Non-executive Chairman

Qualifications: Nat Dip Prod Eng (Industrial Engineering)

Appointed: July 2007

Length of service: 11 years

Stefanutti Stocks Board Committee Memberships: Chairman, Nominations Committee Chairman

External Board Committee Memberships: Chairman of the Royal Academy of Dancing in South Africa

Skills and experience: Graduated as industrial engineer. Senior management positions at Dorbyl, ICL and Fraser Alexander. Holds directorships in South Africa and Australia. Served on boards of various private and public companies.

B HARIE (47)

Independent Non-executive

Qualifications: BA, LLM

Appointed: April 2018

Length of service: two months

Stefanutti Stocks Board Committee Memberships: ARCO member

External Board Committee Memberships: Director of the Mineworkers Investment Company Limited, Ascendis Health Limited, Bell Equipment Sales South Africa (Pty) Ltd and Lenmed Investments Limited.

Skills and experience: Previously spent 14 years at the Industrial Development Corporation of South Africa where she headed the Corporate Funding and International Finance departments.

BP SILWANYANA (45)

Independent Non-executive

Qualifications: BCom (Hons), CA(SA), MBA

Appointed: April 2018

Length of service: two months

Stefanutti Stocks Board Committee Memberships: ARCO member, S&E member

External Board Committee Memberships: None

Skills and experience: Previously spent 14 years at Standard Bank, where she was an Executive in the Structured Finance division and held a number of senior positions including heading Mid-Corporate and Business Segment as well as Commercial & Business Banking Lending departments. Headed Philips Capital Africa for three years.

ZJ MATLALA (54)

Independent Non-executive

Qualifications: BCom, BCompt (Hons), CA(SA), Advanced Management Programme (Insead)

Appointed: February 2012

Length of service: six years

Stefanutti Stocks Board Committee Memberships: ARCO Chairman

External Board Committee Memberships: Executive director Merafe Resources Limited (CEO), RAC Limited, Dipula Income Fund, OMIGSA

Skills and experience: CEO of Merafe Resources Limited (June 2012). CFO of Merafe Resources Limited (Oct 2010 to May 2012). Extensive financial services experience as CFO and Group Financial Director of Kagiso Trust Investments and Executive Manager: Private Sector Investments of the Development Bank of Southern Africa. Various positions at the Industrial Development Corporation, including heading the Wholesale Venture Capital Funds.

JM POLUTA (46)

Independent Non-executive

Qualifications: BCom, BAcc, CA(SA)

Appointed: July 2017

Length of service: 11 months

Stefanutti Stocks Board Committee Memberships: REMCO member

External Board Committee Memberships: Executive director Mowana Investments (Pty) Ltd

Skills and experience: Executive director of Mowana Investments. Co-founder of Mowana Investments (2005). Investment analyst with two leading stock broking firms.

APPENDIX 2: ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Board member	Board	Audit, Governance and Risk Committee	Remuneration and Nominations Committee	Social and Ethics Committee
Chairman	KR Eborall	ZJ Matlala	ME Mkwanazi	HJ Craig
Number of meetings	4	4	5	3
KR Eborall	4/4	4/4 ^	5/5	1/1 ^
W Meyburgh (CEO)	4/4	3/4 ^	5/5 ^	3/3 †
AV Cocciante (CFO)	4/4	4/4 ^	5/5 ^	3/3 ^
NJM Canca (Retired 1 September 2017)	3/3	3/3	n/a	2/2
HJ Craig	3/4	3/4	n/a	3/3
T Eboka (Resigned 31 July 2017)	2/3	n/a	1/3	n/a
ZJ Matlala	4/4	4/4	n/a	n/a
ME Mkwanazi	4/4	1/1	5/5	n/a
JM Poluta (Appointed 1 September 2017)	1/1 ^	1/1	1/1 ^	n/a
DG Quinn	4/4	4/4 ^	5/5	n/a
LB Sithole (Retired 1 September 2017)	2/3	n/a	3/3	n/a
JWLM Fizelle * (alternate to LB Sithole)	n/a	3/3	n/a	n/a

n/a Not applicable. ^ By invitation. † Two as an invitee and one as a member.

APPENDIX 3: DIRECTORS OF STEFANUTTI STOCKS HOLDINGS LIMITED

AS AT 20 JUNE 2018

NON-EXECUTIVE DIRECTORS

KR Eborall * (Chairman)
ZJ Matlala *
HJ Craig *
ME Mkwanazi *
B Harie *
BP Silwanyana *
JM Poluta *
DG Quinn

* Independent.

EXECUTIVE DIRECTORS

W Meyburgh (CEO)
AV Cocciante (CFO)

APPENDIX 4: REMUNERATION REPORT

INTRODUCTION

This remuneration report sets out the information applicable to the group's remuneration strategy and remuneration policy for the executive directors, members of the executive committee (EXCO) and non-executive directors. However, where relevant, it also deals with general remuneration matters. The Remuneration Committee (REMCO/the committee) assists the board in determining remuneration policies for the group and has set the remuneration policy for financial year-end 2018 (FYE 2018).

The matters raised by shareholders at the 2017 Annual General Meeting (AGM) have been taken into account in the remuneration policy.

This report consists of four sections:

- **Section A:** a background statement to provide context to the remuneration policy;
- **Section B:** an overview of the main provisions of the remuneration policy;
- **Section C:** the implementation of the remuneration policy; and
- **Section D:** other.

SECTION A: BACKGROUND STATEMENT

The structure of this report has been changed to align with the recommended principles and practices of King IV.

The overall principle of the Stefanutti Stocks remuneration policy is:

- To ensure the behaviour of the group's employees are aligned to the overall group strategy in the short, medium and long term, within the group's risk framework;
- To align the strategic interests of the company and its senior executives, with those of its shareholders; and
- To reflect remuneration which is fair, responsible and transparent.

The purpose of the policy is to continually attract, retain, motivate and reward employees at all levels.

Stefanutti Stocks 2017 AGM was held on 1 September 2017, and ordinary resolution No. 8, to approve the company's remuneration policy, was passed with a 77,11% majority:

Votes for:	111 883 777	77,11%
Votes against:	33 216 537	22,89%
Total shares voted:	145 100 314	100,00%
Votes abstained:	13 529	

The board has approved the information provided by the committee in this report and accepted its recommendations.

1. REMCO

The committee is responsible for the development and oversight of the group's remuneration philosophy and policy. The composition, mandate, role and responsibilities of the committee are set out in written terms of reference, which have been approved by the board. The committee believes the remuneration policy has achieved the stated objectives of optimising strategic performance within the overall macro and micro environment facing the company and its management.

a. Composition

At year-end the committee consisted of:

- **ME Mkwanazi (Chairman)** — Independent non-executive director
- **KR Eborall** — Independent non-executive director
- **DG Quinn** — Non-executive director

The majority of the committee's members are independent non-executive directors. In addition, the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Human Resources Executive attend meetings by invitation. The Company Secretary attends all meetings as the secretary of the committee.

The committee has access to independent advisors to ensure that it receives expert advice on remuneration matters, both in general and on industry-specific matters. The CEO, CFO and the Human Resources Executive also make recommendations to the committee. However, they are excluded from deliberations in respect of their own remuneration.

b. Role and responsibilities

The written terms of reference of the committee are reviewed annually. During the year under review, all remuneration policies were reviewed by the committee to ensure that the policies remained appropriate for the business, and aligned with the principles of both King IV and the Companies Act.

The REMCO's role and responsibilities include:

- The chairman of the committee reports to the board on the committee's recommendations and decisions;
- Ensuring that an adequate succession plan is in place for all senior management positions;
- Recommending to the board the annual Total Fixed Package (TFP), short- and long-term incentives, and other benefits to be paid to the executive directors;
- Reviewing and approving the annual TFP, short- and long-term incentives paid to the EXCO members;
- Reviewing and approving short- and long-term incentive pay structures for other qualifying staff;
- Reviewing and approving the overall annual TFP increases for company and operational directors and monthly paid employees;
- Reviewing and approving the executive directors' service contracts;
- Reviewing and recommending the Board Gender Diversity policy to the board;
- Ensuring the policy of equal pay for equal work is applied into the workplace;
- Ensuring the remuneration of the executive directors and executive management is both fair and responsible, relative to overall employee remuneration in the group; and
- Approval of the independent external advisors to the committee.

c. Nominations committee

The company has a combined Remuneration and Nominations Committee (NOMCO). The REMCO is chaired by an independent non-executive director (Mafika Mkwanazi) and the NOMCO is chaired by the board chairman (Kevin Eborall).

The NOMCO's role and responsibilities include:

- Reviewing and approving the induction and training policy and processes for new board members;
- Ensuring the committee comprises at least two independent non-executive directors, and all committee members have the appropriate skills and experience;

- Assessing the composition and competencies of the board and identifying any deficiencies in this regard;
- Identifying and recommending nominees to the board. Prior to nomination, appropriate background checks and due diligence processes are performed on all proposed new directors;
- Reviewing directors' independence annually, establishing those directors eligible for re-election at the AGM and assessing the performance and attendance of these directors in order to make a recommendation to shareholders on their re-election;
- Identifying and recommending non-executive directors with greater than nine years' service to the board for the appropriate review and approval;
- Reviewing and approving the role of the chairman and recommending to the board, the extension of the chairman's contract for a further year — the chairman is above the age threshold of 70 years;
- Considering the necessity to appoint a Lead Independent Director; and
- Ensuring that an adequate succession plan is in place for all non-executive directors.

Responsibility for senior management appointments and remuneration has been assigned to the CEO. The CEO provides feedback to the committee and the board in this regard.

The committee continues to evaluate and benchmark the company's remuneration practices against relevant industry peers, external market conditions, availability of internal and external resources, risk factors and achievement of strategy.

The retirement age for non-executive directors is 70 years, unless otherwise approved by the board.

d. Meetings

The committee met five times during the year. The following key remuneration decisions were taken during the year:

- The review and recommendation of the company's remuneration policy, and submission thereof to shareholders for a non-binding advisory vote at the 2017 AGM;
- The revision of the executive directors' incentive scheme (EDIS) as follows:
  a. Long-term Incentives (LTI)
     i. HEPS growth (25% weighting) — replacing the percentage growth in HEPS targets of CPI plus an absolute percentage, with CPI plus a percentage of CPI.
     ii. Total shareholder return (25% weighting) — amending the threshold target of 50% TFP being paid upon peer placement 5 to 7, with peer placement 5 to 6.
  b. Short-term Incentives (STI)
     i. The previous maximum STI payment of 3 times TFP reverting back to 2,5 times TFP and recommendation of the revised scheme for approval by the board;
- The review and recommendation to the board of the short-term incentive payments made to executive directors in terms of both financial performance and personal objectives;
- The review of the succession policies and plans for the executive directors and the EXCO;
- No LTI awards were earned by the executive directors relating to FYE 2018;
- Noted that the LTI measure for Total Shareholder Return of the company for FYE 2018 achieved a ranking of 6 out of 7 (FYE 2017: 3 out of 7) within the specified peer group.
- The approval of the STI payments for company, operational and other directors, made under the directors short-term incentive scheme (DPSIS);
- No LTI payments were made to company, operational and other directors under the Forfeitable Share Plan (FSP);
- The approval of the following annual TFP increases, effective 1 March 2018:
  - General salaried staff — between 7% and 8%
  - Company and operational directors — between 5% and 6%
  - EXCO (including CEO and CFO) — 5,0%
- The review and recommendation to the board of the non-executive directors fees for submission to shareholders at the next AGM;
- Noting that the group's internal Board Gender Diversity policy of 30% female board members, as at the date of this report had been met;
- Due to resizing of the board from ten to nine directors, Mr ME Mkwanazi was appointed as chairman of REMCO, in place of Mr LB Sithole, and Mr HJ Craig appointed as chairman of the Social and Ethics committee in place of Ms NJM Canca;
- The recommendation to the board to approve certain projects to be undertaken by Mr DG Quinn, at an approved hourly rate. The projects and applicable hourly rate are reviewed and pre-approved on an annual basis;
- Noting the resignation of Ms T Eboka from the board with effect from 31 July 2017;
- Noting that Mr LB Sithole, Mr JWLM Fizelle (alternate to Mr LB Sithole) and Ms NJM Canca, independent non-executive directors had undertaken to retire at the September 2017 AGM, and not offer themselves for re-election;
- The recommendation to the board that Mr DG Quinn remain as a member of the Pension Fund Advisory Body at the approved non-executive director hourly rate. The position to be reviewed on an annual basis;
- The review and approval of the role and function of the Board Chairman;
- The review and approval of the succession plan for the Board Chairman; and
- The recommendation that Mr KR Eborall remain as chairman for a further year, noting his age of 73 years.

Attendance at these meetings is shown in the table set out on page 17.

2. AREAS OF FOCUS FOR FYE 2019

The key areas of focus for the committee for the ensuing year will be:

- The succession plans for the executive directors;
- The remuneration, including short- and long-term incentives payable to the executive directors;
- The approval of the annual work plan for the committee;
- The consideration of the fees to be paid to non-executive directors;
- The succession plans for the board members;
- The finalisation of the Board Race Diversity policy for submission to the board;
- The approval of the independent external advisors to the committee; and
- The continued interaction with major shareholders regarding the company's remuneration principles and policy.

SECTION B: REMUNERATION POLICY OVERVIEW

1. STRATEGY AND PHILOSOPHY

The company's philosophy is to employ dynamic and competent individuals who subscribe to the group's culture and values. Compensation packages are designed to reward superior performance with superior rewards, whilst poor performance earns no additional rewards.

Stefanutti Stocks strives to provide a safe working environment, and one which encourages the development and personal growth of employees within the framework of company objectives.

The key components of the remuneration policy for the executive directors and members of EXCO are as follows:

- Paying a market competitive TFP which includes a base salary, medical insurance, retirement fund contributions and certain other market related benefits;
- Paying a Total Remuneration (TR) which is targeted to be within the upper quartile of relevant industry benchmarks. However, in light of prevailing market conditions, the company is currently paying at the median of this benchmark;
- Paying an appropriate mix between TFP and short- and long-term incentives;
- Paying an annual cash STI designed to achieve strategic performance goals in the short term;
- STIs incorporate established, threshold and stretch targets, under financial performance criteria, and also reward individuals for their personal contributions under key performance areas (KPAs);
- Making appropriate long-term incentive awards to executives and all other directors in terms of the FSP, which was approved at a general meeting in August 2009;
- External advisors are utilised to assist in benchmarking processes;
- The long-term share incentive participation is designed to align the executive directors' performance with shareholder expectations and ensure sustainable future company performance; and
- The group adopts a prudent risk and reward philosophy, applied within the scope of the group's risk profile.

2. COMPONENTS OF REMUNERATION OF EXECUTIVE DIRECTORS AND EXCO

a. Guaranteed remuneration

When structuring guaranteed packages, the group applies a TFP approach.

Basic salary reflects the market value of the individual's skills, experience and performance, and is paid monthly in cash.

Benefits such as pension, medical aid and car allowance are included in the TFP. It is obligatory that all permanent salaried employees of Stefanutti Stocks belong to the Stefanutti Stocks Pension Fund. Membership of a funeral policy plan, which is independent of the pension scheme, is also mandatory for all South African group employees.

The Stefanutti Stocks Pension Fund is a defined contribution fund and provides retirement funding plans and health risk cover benefits for its members.

It is also compulsory for all new salaried employees to join the group's prescribed medical aid, unless the employee can prove that he/she is a dependant on another medical aid.

Hourly-paid employees' remuneration, bonuses and other benefits are determined at industry bargaining council level. The company offers these employees membership to the Stefanutti Stocks Provident Fund, which provides retirement funding and health risk cover benefits. Membership of an approved funeral policy plan is also compulsory for limited duration contract (LDC) employees.

b. Variable remuneration

EXECUTIVE DIRECTORS INCENTIVE SCHEME (EDIS)

Executive directors' variable remuneration falls under the EDIS.

i. Short-term Incentive Plan (STI)

The STI is designed to align the short term interests of the executives with group strategy, using both financial performance measures and personal objectives.

The intention is to motivate executives to drive performance and strive to exceed short-term goals.

Minimum threshold targets are required to be met before respective bonus awards are earned.

All targets are reviewed and set at the beginning of each financial year, with awards due under the scheme being reviewed and approved at financial year end, by the committee.

The financial and personal performance awards earned under the STI plan are cash-based annual awards.

The STI has been amended in that, the maximum STI payable to executive directors with effect from FYE 2018 reduces to 250% of TFP (FYE 2017: 300% of TFP), with a minimum of nil.

The two financial performance measures are:

1. Operating Profit (OP), and
2. Return on Equity (ROE)

The weighting applicable to the personal performance measures is as follows:

CEO	Operations	25%
	Sustainability and compliance	35%
	Stakeholders alignment	25%
	Financial	15%
CFO	Governance	45%
	Stakeholders alignment	40%
	Financial	15%

Financial Performance Measures

Financial performance measures account for 70% of possible STI payable to executive directors.

- Operating profit margin (OP): An annual expected operating profit margin is established at the commencement of each financial year, with maximum and minimum thresholds applied. The expected OP is internally reviewed and set on an annual basis, and is based on relevant industry and peer comparatives;

- This OP is based upon normalised operating profit excluding all extraordinary and non-trading items, and was set at 3,0% for FYE 2018 (FYE 2017: 3,0%);
  - On achievement of the targeted OP of 3,0%, an award of 100% (multiplied by 70%) of the TFP is made.
  - If the OP achieved is below a minimum threshold of 1,0%, no award of the financial portion of the STI is made.
  - If the OP achieved is at or above a maximum stretch target of 5,0%, a maximum of 200% (multiplied by 70%) of the TFP is made.
- Return on Equity (ROE): An annual targeted ROE is also established at the commencement of each financial year, targeted to meet the company's weighted average cost of capital (WACC), also with maximum and minimum thresholds applied.
  - On achievement of the targeted ROE meeting WACC, the full amount calculated under the OP metric remains unchanged.
  - If this ROE/WACC metric falls below the minimum threshold of WACC minus 6%, a diluting factor of 50% is applied to the amount calculated under the OP metric.
  - If this ROE/WACC metric is at or above the stretch target of WACC plus 6%, an escalating factor of 150% is applied to the amount calculated under the OP metric.
  - A linear sliding scale apportionment is applied between threshold and stretch targets.

Personal Performance Measures

Personal performance measures account for 30% of possible STIs payable to executive directors.

At the commencement of each financial year, personal objectives are set out under Key Performance Areas (KPAs) by the board, for executive directors.

ii. Long-term Incentive Plan (LTI)

The LTI plan is designed to align the interests of the executives with those of the shareholders using financial performance measures.

The overall intention is to:

- generate a long-term sustainable financial performance for the group;
- promote long-term commitment of the executives to the business; and
- provide a wealth creation mechanism for the executives and value creation for shareholders.

The LTI has been formulated using four metrics, the applicable targets of which are set by the board at the commencement of each financial year:

Metrics

1. HEPS growth (HEPS%)
2. Total shareholder return (TSR)
3. Return on capital invested (ROCI)
4. Free cash flow (FCF)

The maximum allocation for achievement of each stretch target above is 200% of TFP, multiplied by the relevant weighting factor, whilst measurables falling below threshold result in no award being generated for that measurable.

Payment for the achievement of LTIs is made by way of forfeitable shares, which vest on the third anniversary of the award, but only to the extent that:

(a) the annual performance measures above have been met over a three-year performance period, and

(b) the performance measures are averaged over the three-year period to determine the final measure and award.

Cliff vesting occurs at the end of the three-year period.

The forfeitable shares to be awarded to executives on vesting are acquired in the market, or from shares held in the treasury account, or from the share trust account.

The REMCO has the authority to cash settle LTI awards in exceptional circumstances.

When evaluating executives' performance, REMCO also considers internal and external factors that may have contributed to thresholds not being met.

Stefanutti & Bressan Share Option Scheme

The company has ceased using its share option scheme, and no options have been issued since February 2009. Outstanding awards in terms of the scheme lapsed in 2017.

LTI PERFORMANCE MEASURES FOR FYE 2018

Metric	Weighting	Performance criteria — target	Vesting
1. HEPS Growth (HEPS%)	25%	Growth in (HEPS) equals CPI plus 20% of CPI.	100% of TFP vests upon achievement of target, whereas 50% vests upon achievement of threshold (CPI plus 10% of CPI) and 200% vests upon achievement of stretch target (CPI plus 40% of CPI).
2. Total Shareholder Return (TSR)	25%	A total shareholder return placement in ranking number three or four out of the specified peer group.	100% of TFP vests upon achievement of target, whereas 50% vests upon achievement of threshold, (between positions 5 or 6). 200% of TFP vests upon achievement of stretch target (between positions 1 or 2).
3. Return on Capital Invested (ROCI)	20%	Return on capital invested equals WACC plus 2%.	100% of TFP vests upon achievement of target, with 50% vesting upon achievement of threshold (WACC plus 0%) and 200% vesting upon achievement of stretch target (WACC plus 4%).
4. Free Cash Flow (FCF)	30%	A 20% year-on-year improvement in free cash flow.	100% of TFP vests upon achievement of target. 80% vests upon achievement of threshold set at 10% year-on-year improvement, whilst 200% vests upon a 30% year-on-year improvement, i.e. stretch target.

Forfeitable Share Plan (FSP)

The FSP was introduced in 2009 to replace the Stefanutti & Bressan Share Option Scheme, and was approved by shareholders at a general meeting held on 25 August 2009. The committee considers annual allocations of forfeitable shares and in terms of the FSP company shares are purchased in the market, at the ruling price and are therefore non-dilutory to shareholders.

The maximum number of shares issued under the FSP, for any one year, to which a company and operational director is entitled, will not exceed 1% of the current issued share capital. The aggregate number of shares granted under the FSP at any one time, will not exceed 10% of the current issued share capital. Shares issued under the FSP vest with the relevant company and operational director, on the anniversary of the third year after the award date, provided the director still remains employed within the group.

Executive directors' awards

The LTI award of forfeitable shares is calculated on an annual basis in order to mitigate unanticipated outcomes arising out of cyclical factors and share price volatility.

No LTI awards were earned by the CEO and CFO based upon the FYE2018 reported results.

The LTI measure for Total Shareholder Return of the company for FYE 2018 achieved a ranking of 6 out of 7 (FYE 2017: 3 out of 7) within the specified peer group.

Company and operational directors

The committee determines the value of forfeitable shares to be awarded to the directors, taking into account the financial performance of the group. This will be a percentage of audited financial year-end profit after tax. No awards were made during the year under review.

The tables showing the breakdown of the annual remuneration of directors for the years ended 28 February 2018 and 28 February 2017 are set out in note 23 to the consolidated annual financial statements.

3. KEY MAN ATTRACTION AND RETENTION SCHEME

The committee approved the implementation of a Key Man Attraction and Retention Scheme in 2012. The primary purpose of this scheme is to enable the company to compete for new, and retain existing, key employees on an equal footing with its competitors. This remuneration is additional to the standard TFP, short and long-term incentive plans.

This scheme recognises that there are occasions when additional incentives, in the form of forfeitable shares or retention bonuses, may need to be provided, such as:

› In making an employment offer to an individual when it is necessary to offer compensation for relinquishing an existing long-term incentive; or

› To prevent the solicitation of key members of staff by third-party organisations. The potential recruitment cost of replacement is considered in such cases.

4. NON-EXECUTIVE DIRECTORS FEES

Recommendations are made to the committee by the executive directors and Human Resources Executive, for onward review by the board and submission to shareholders.

Non-executive directors are compensated by way of attendance fees. The fees are set with reference to the company's industry peer group, companies of a similar size and complexity, and also take into account industry practices and independent fee surveys provided to the committee by external service providers.

The fees of the Chairman, and if applicable, the Lead Independent Director, take their expanded roles into account, and are an all-inclusive fee. No distinction is made between fees payable to independent non-executive directors and other non-executive directors.

Non-executive directors qualify for reimbursement of reasonable expenses incurred in performing their duties for and on behalf of the company. Should the board require a non-executive director to undertake a specific project on behalf of the company, this will be subject to pre-authorisation and executed at a pre-approved total fee.

The non-executive director hourly fee to be approved at the AGM, is paid in respect of attendance at non-scheduled directors' meetings, but is capped at the respective fee for one meeting only.

Non-executive directors do not have service contracts. Instead, letters of appointment serve to confirm their terms of engagement, and include matters such as fees, term of office, expected time commitment, share dealing and board performance assessment. The Chairman has a letter of appointment, which is specific to his responsibilities and functions.

All non-executive directors are appointed for a term of three years and are obliged to retire at the end of that period. They may offer themselves for re-election at the next annual general meeting.

Upon recommendation from NOMCO, the board will, on an annual basis, consider the continued services of any non-executive director who has reached or exceeded the maximum period of service of nine years with the company. It will further consider the continued services of any non-executive director who has exceeded the normal retirement age of 70 years.

The fees paid to non-executive directors for the financial year ending 28 February 2018 and 28 February 2017 are reflected in note 23 of the consolidated annual financial statements.

Non-executive directors are not required to be shareholders and they do not qualify to participate in any incentive scheme that is operated by the group.

5. DIRECTORS' SERVICE CONTRACTS

Executive directors are employed on standard contracts of employment within the group. These contracts are not fixed-term contracts and do not provide for termination payment. Normal retirement age is set at 65 years.

Executive directors do not have fixed-term contracts of employment but are subject to notice periods of one month. The employment contracts include pay in lieu of notice, and outstanding leave pay provisions which may be invoked at the discretion of the committee.

The executive directors' contracts of employment do not include provisions entitling the individual to a specified payment on termination of employment or on a change of control.

Any STI and/or LTI entitlements awarded to an executive director under the EDIS scheme will be determined based on the relevant scheme rules. Employees terminating employment due to resignation or dismissal on grounds of misconduct, poor performance or dishonest or fraudulent conduct or due to absconding (fault termination), will forfeit all unvested STI and/or LTI awards. Employees terminating employment due to death, retirement, retrenchment, ill-health, disability or injury, will be classified as good leavers and a proportional vesting of the outstanding STI and/or LTI awards will vest on the date of termination of employment.

6. VOTING ON REMUNERATION

At the AGM of shareholders scheduled for 8 August 2018, the remuneration policy and the implementation report contained in this report will be put to shareholders for a non-binding vote. Shareholders will also be asked to pass a special resolution, to take effect from 9 August 2018, approving the proposed changes in non-executive director's fees. Details of these fees are also set out in the Notice of Annual General Meeting commencing on page 12.

In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the voting rights entitled to be exercised by shareholders at the AGM, then the committee will ensure that the following measures are taken:

› An engagement process to ascertain the reasons for the dissenting votes, and
› Appropriately addressing legitimate and credible objections and concerns raised which may require amending the remuneration policy or clarifying or adjusting remuneration governance and/or processes.

A summarised version of the remuneration policy can be viewed on www.stefanuttistocks.com.

SECTION C: REMUNERATION IMPLEMENTATION REPORT

1. COMPENSATION STRUCTURE

Executive remuneration comprises:

Guaranteed remuneration

› a TFP approach

Variable remuneration

› under the EDIS:
  » STI — one-year performance period
  » LTI — three-year average performance period

A. GUARANTEED REMUNERATION

Increases are effective from 1 March each year.

The TFP for the executive directors was approved by the board upon the recommendation from the committee. The CEO received an increase in TFP of 7% with effect from 1 March 2017.

As a result of good performance and a market related adjustment in terms of the benchmarking process, provided by independent external advisors, the CFO received an increase in TFP of 9% with effect from 1 March 2017.

The total employee and company contributions of Mr Meyburgh and Mr Cocciante, to the company pension fund, was R539 000 and R294 000 respectively.

B. VARIABLE REMUNERATION

STI

i. Financial performance

The STI reflected as being earned by the executives for FYE 2018 includes a portion earned for FYE 2017, and an accrual for the full amount in respect of FYE 2018.

In previous years, the reported STI reflected the amounts actually paid to the executives in that year, and related to a portion earned in that financial year, and a portion earned from the previous financial year.

Financial performance measures account for 70% of possible short-term incentives payable to executive directors.

OP

The OP awards earned by the CEO and CFO, based upon the FYE 2018 reported results and a normalised operating margin of 2,2%, amounted to 60% of their TFPs.

ROE

The impact of the company's ROE not meeting the company's WACC based upon the FYE 2018 reported results, produced a dilutory factor of 50% being applied to the above OP award earned by the CEO and CFO.

The total STI earned by the executive directors for FYE 2018 was R2 519 945 (FYE 2017 R3 557 000)

ii. Personal performance

Personal performance measures account for 30% of possible short-term incentives payable to executive directors.

Achievement of personal performance objectives sets for the CEO and CFO, were 70% (FYE 2017: 75%) and 90% (FYE 2017: 90%) respectively.

iii. Calculation of executives STIs

See the table below.

LTI

i. Structure

The LTI structure provides for annual awards under the FSP, which are subject to meeting financial performance targets measured over a three-year period.

CALCULATION OF EXECUTIVES' STIs

	R'000 FYE Feb '18 TFP	Financial performance scorecard	R'000 Financial STI	Financial weighting %	Personal weighting %	R'000 FYE Feb '18 final STI	% of TFP	Max STI % of TFP
W Meyburgh (CEO)	5 500	0,30	1 650	70	21,0	1 501	27,3	250
AV Cocciante (CFO)	3 500	0,30	1,050	70	27,0	1 019	29,1	250

REMUNERATION DISCLOSURE OF EXECUTIVE DIRECTORS

R'000s	Basic salary	Other benefits	Post-employment benefits	Short-term incentives*	Long-term incentives	**Total 2018**	Total 2017
W Meyburgh (CEO)	4 805	272	539	3 395	—	**9 011**	13 358
AV Cocciante (CFO)	3 206	46	294	2 282	—	**5 828**	8 686

* Includes STIs of R1 894 and R1 263, for the CEO and CFO respectively, in respect of FYE 2017 awards paid in FYE 2018. Awards in respect of FYE 2018 are unpaid, but have been accrued for.

ii. Performance criteria

The performance criteria are:

(i) HEPS %, 25% weighting
(ii) TSR, 25% weighting
(iii) ROCI, 20% weighting
(iv) FCF, 30% weighting

iii. Peer Group

The peer group for the TSR is:

› Aveng Limited
› Basil Read Holdings Limited
› Group 5 Limited
› Murray & Roberts Holdings Limited
› Raubex Group Limited
› Wilson Bayly Holmes Ovcon Limited

iv. Awards

For the three years ending February 2018, no forfeitable shares vested with the executive directors under the FSP (FYE 2017 – Nil).

2. CHANGES TO EDIS

The following changes were made to the EDIS:

(i) The maximum STI payment of 3 times TFP to executive directors was reduced to 2,5 times TFP.
(ii) Replacing the percentage growth in the HEPS targets under LTI measure, from CPI plus an absolute percentage, with CPI plus a percentage of CPI.
(iii) Amending the threshold target of 50% of TFP under LTI TSR measure, from peer placement 5 to 7 with peer placement 5 to 6.

SECTION D: OTHER

1. INTEREST OF DIRECTORS IN CONTRACTS

Directors are required to notify the company of their interests in contracts and this is a standard agenda item at each board meeting. There have been no material changes post 28 February 2018 to date.

Information regarding related-party transactions is set out in note 23 to the consolidated annual financial statements.

2. PRESCRIBED OFFICERS

Directors and prescribed officers as defined in terms of the Companies Act, have been assessed and identified as executive and company directors.

3. DIRECTORS' SHAREHOLDING

The aggregate beneficial holdings at 28 February 2018 and 28 February 2017, held by the directors of the company in the issued shares of the company are set out in note 23 to the consolidated annual financial statements.

4. DIRECTORS' TRADING IN COMPANY SECURITIES

As standard group policy, directors are required to obtain clearance prior to trading in the company's securities. Such clearance must be obtained from the Chairman or the CEO. The Chairman consults the CEO or a designated director prior to his trading in the company's securities. Directors are required to inform their portfolio/investment managers not to trade in the securities of the company unless they have specific written instructions from that director to do so. Directors may not trade in their securities during closed periods.

Directors are further prohibited from dealing in the company's securities at any time when they are in possession of unpublished price-sensitive information in relation to the company, or where clearance to trade is not given.

Statement by the board regarding compliance with the remuneration policy

The board supports REMCO's position that the group's remuneration policy for the remuneration of executive directors and other senior executives has been considered and set taking proper account of remuneration and employment conditions throughout the group. Furthermore, the board believes that this policy, as detailed herein, drives group strategy and value creation for all stakeholders.

On behalf of the REMCO

ME Mkwanazi
Chairman

20 June 2018

FORM OF PROXY

Stefanutti Stocks Holdings Limited

(Incorporated in the Republic of South Africa) Registration number: 1996/003767/06 Share code: SSK ISIN: ZAE000123766 (Stefanutti Stocks or the company)

For use at the annual general meeting of the company to be held at No 9 Palala Street, Protec Park, corner of Zuurfontein Avenue and Oranjerivier Drive, Kempton Park, on Wednesday, 8 August 2018 at 12:00 and at any adjournment thereof.

For use by the holders of the company's certificated ordinary shares and/or dematerialised ordinary shares held through a Central Securities Depository Participant (CSDP) or broker who have selected own-name registration (own-name dematerialised shareholders). Additional forms of proxy are available from the transfer secretaries of the company.

Not for the use by holders of the company's dematerialised ordinary shares who are not own-name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary letter of representation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote thereat in accordance with their instructions. Terms used in this proxy form have the meanings given to them in the notice of annual general meeting to which this proxy form is attached.

I/We ____ (full name in block letters)

of ____ (address)

____________________ (e-mail address) ____________________ (telephone number) ____________________ (cellphone number)

being a member(s) of Stefanutti Stocks and holding ____________________ ordinary shares in the company,

hereby appoint ____________________ of ____________________

failing him/her ____________________ of ____________________

failing him/her the chairman of the annual general meeting, as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the special and ordinary resolutions and/or abstain from voting in respect of the Stefanutti Stocks ordinary shares registered in my/our name(s), in accordance with the following instructions:

	Number of votes		
	For	Against	Abstain
ORDINARY RESOLUTIONS			
1. To adopt the annual financial statements of the company for the year ended 28 February 2018, including the directors' report and the report of the Audit, Governance and Risk Committee			
2. To re-elect HJ Craig as a director of the company			
3. To re-elect DG Quinn as a director of the company			
4. To re-elect KR Eborall as a director of the company			
5. To appoint B Harie as a director of the company			
6. To appoint BP Silwanyana as a director of the company			
7. To re-appoint the auditors			
8. To appoint ZJ Matlala as a member of the Audit, Governance and Risk Committee			
9. To appoint B Harie as a member of the Audit, Governance and Risk Committee			
10. To appoint BP Silwanyana as a member of the Audit, Governance and Risk Committee			
11. To appoint JM Poluta as a member of the Audit, Governance and Risk Committee			
12. To approve the company's remuneration policy			
13. To approve the company's implementation report			
SPECIAL RESOLUTIONS			
1. To approve non-executive directors' fees — Special Resolutions 1.1 to 1.12			
1.1 Board Chairman			
1.2 Board Member			
1.3 Audit, Governance and Risk Committee Chairman			
1.4 Audit, Governance and Risk Committee Member			
1.5 Remuneration and Nominations Committee Chairman			
1.6 Remuneration and Nominations Committee Member			
1.7 Social and Ethics Committee Chairman			
1.8 Social and Ethics Committee Member			
1.9 Any other committee to be formed — Chairman			
1.10 Any other committee to be formed — Member			
1.11 Directors' hourly rate			
1.12 Specific project fees			
2. To approve financial assistance			
3. General authority to repurchase company shares			

* Please indicate by inserting the relevant number of votes in the appropriate spaces above how you wish your votes to be cast. Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at ____________________ (place) on ____________________ (date) 2018

Member's signature ____________________ assisted by ____________________ (if applicable)

NOTES TO THE FORM OF PROXY

1. This form of proxy is to be completed only by those members who are:
   (a) holding shares in a certificated form; or
   (b) recorded in the sub-register in electronic form in their own name.
2. Members who have dematerialised their shares, other than own-name dematerialised shareholders, and who wish to attend the annual general meeting must contact their CSDP or broker who will furnish them with the necessary letter of representation to attend the annual general meeting, or they must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the members and their CSDP or broker.
3. Each member is entitled to appoint one or more individuals as a proxy (who need not be a member(s) of the company) to participate in, speak, and vote in place of that member at the annual general meeting.
4. A member wishing to appoint a proxy must do so in writing by inserting the name of said proxy or the name of one alternative proxy of the member's choice on the form of proxy in the space provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A member's instructions to the proxy must be indicated on the form of proxy by the insertion of the relevant number of votes exercisable by that member in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary and special resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the member's votes exercisable thereat.
6. The proxy shall (unless this sentence is struck out and countersigned) have the authority to vote, as he/she deems fit, on any other resolution which may validly be proposed at the meeting, including in respect of any proposed amendment to the above resolutions. If the aforegoing sentence is struck out, the proxy shall be deemed to be instructed to vote against any such proposed additional resolution and/or proposed amendment to an existing resolution as proposed in the notice to which this form is attached.
7. A member or his/her proxy is not obliged to vote in respect of all the ordinary shares held by such member or represented by such proxy, but the total number of votes for or against the ordinary resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his/her proxy is entitled.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer office or waived by the chairman of the annual general meeting.
9. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.
10. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
11. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
12. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
13. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.
14. Any proxy appointment made in terms of this form of proxy remains valid until the end of the annual general meeting, unless revoked earlier.
15. Members are requested to lodge forms of proxy with the transfer secretaries at the address given below, for administrative reasons only, at least 48 hours prior to the annual general meeting (see address below), provided that the chairman of the annual general meeting may accept proxies that have been delivered after the expiry of the aforementioned period up and until the time of commencement of the annual general meeting.

   Computershare Investor Services Proprietary Limited

   Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196

   PO Box 61051, Marshalltown, 2107

   Telephone: +27 11 370 5000

   Fax: +27 11 688 5238

CORPORATE INFORMATION

COMPANY INFORMATION

Stefanutti Stocks Holdings Limited

Share code: SSK ISIN: ZAE000123766

JSE Sector: Construction

Year end: 28 February

REGISTRATION NUMBER

1996/003767/06

COUNTRY OF INCORPORATION

South Africa

REGISTERED OFFICE

No. 9 Palala Street, Protec Park, Cnr Zuurfontein Avenue
and Oranjerivier Drive, Kempton Park, 1619

POSTAL ADDRESS

PO Box 12394, Aston Manor, 1630

TELEPHONE NUMBER

+27 11 571 4300

FACSIMILE

+27 11 976 3487

DIRECTORS

As at 20 June 2018: KR Eborall* (Chairman); ZJ Matlala*; HJ Craig*; ME Mkwanazi*; B Harie*; BP Silwanyana*; JM Poluta*; DG Quinn; W Meyburgh (CEO); AV Cocciante (CFO)

* Independent Non-executive Directors

COMPANY SECRETARY

WR Somerville

20 Lurgan Road, Parkview, 2193

Telephone number: +27 11 326 0975

AUDITORS

Mazars

Mazars House, 54 Glenhove Road, Melrose Estate, 2196

PO Box 6697, Johannesburg, 2000

Telephone number: +27 11 547 4000

ATTORNEYS

Webber Wentzel

90 Rivonia Road, Sandton, Johannesburg, 2196

PO Box 61771, Marshalltown, 2107

Telephone number: +27 11 530 5000

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

PO Box 61051, Marshalltown, 2107

Telephone number: +27 11 370 5000

SPONSOR

Bridge Capital Advisors (Pty) Ltd

50 Smits Road, Dunkeld, Illovo, 2196

PO Box 651010, Benmore, 2010

Telephone number: +27 11 268 6231

BANKERS

Nedbank Limited
Nedbank (Swaziland) Limited
Nedbank Namibia
The Standard Bank of South Africa Limited
Absa Bank Limited
Barclays Bank Moçambique
Bidvest Bank Limited
First National Bank, a division of FirstRand Bank Limited
First National Bank Moçambique
First National Bank Zambia Limited
RMB Botswana
Standard Bank Swaziland
Standard Bank Malawi
Standard Bank Moçambique
Standard Lesotho Bank Limited
Standard Chartered Bank
Emirates NBD
First Gulf Bank
HSBC Middle East
Banco Unico
Banco Comercial e de Investimentos
Banco Internacional de Moçambique
United Bank for Africa
Ecobank
Société Générale de Banques en Guinée
Diamond Bank Plc Nigeria
Zenith Bank Plc Nigeria
Stanbic IBTC Bank Nigeria
Stanbic Bank Zambia Limited
Stanbic Bank Botswana

WEBSITE

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