

Stakeholder Engagement Matrix 2017

Who are our stakeholders?	How did we engage our stakeholders?	What are their expectations and concerns?	How does this link to Cashbuild's Top 10 risks? (#Ranking No per Pg 24 and 25)	How are we addressing these risks and concerns?	How does this affect our capitals?					
					Financial	Manufactured	Human	Natural	Intellectual	Social
Employees, learners, contractors, sub-contractors	<ul style="list-style-type: none"> Informal socials and employee forums Employee surveys Management roadshows Learnerships and bursaries Health, safety and wellness forums 	<ul style="list-style-type: none"> Fair remuneration 	<ul style="list-style-type: none"> No direct link to risks. 	We are proudly an employer of choice with our HR model providing a firm foundation for growth and development and responds to the needs of our staff/contractors and builds loyalty among all.			✓			
		Governance and compliance:								
		<ul style="list-style-type: none"> Fair work practices and transformation Safe working conditions 	<ul style="list-style-type: none"> Slow progress in identifying and fast tracking internal BEE candidates into senior management positions (#8) Increased attention required with regards to compliance to Occupational Health and Safety Act (#2) 	<p>Transformation is managed by focusing on:</p> <ul style="list-style-type: none"> a) talent identification and management; and b) attraction and retention <p>Improvement in the status of compliance to Occupational Health and Safety policy is prioritised as a key performance indicator for all staff members with attention given to:</p> <ul style="list-style-type: none"> a) Pledge to be signed off by management and staff confirming commitment to comply with Health and Safety regulations as contained in the Cashbuild Way; and b) Creation and roll out of Health and Safety e-learning module. 			✓		✓	
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		<ul style="list-style-type: none"> Strong and clear leadership 	<ul style="list-style-type: none"> No direct link to risks 	The Board regularly participates in the review of succession planning for key senior executive positions. The directors periodically discuss succession planning and are re-evaluating that, in the event of any executive and senior management transition, plans are in place to ensure smooth transition.	✓				✓	
		<ul style="list-style-type: none"> Learning and development 	<ul style="list-style-type: none"> No direct link to risks. 	Prior risk relating to discontinued technical support for the Cashbuild e-learning solution has been mitigated by implementation of a solution sourced from an alternative service provider.		✓	✓			
Customers and communities	<ul style="list-style-type: none"> Direct engagement at store openings Marketing surveys In-store kiosks and customer care and feedback mechanisms 	<ul style="list-style-type: none"> Availability of quality goods 	<ul style="list-style-type: none"> No direct link to risks. 	Target stock levels are monitored and adjusted where considered necessary. Stores not achieving target stock levels are identified, prioritised, and process improvement plans put in place to address the risk.	✓	✓				✓
		<ul style="list-style-type: none"> Competitive prices 	<ul style="list-style-type: none"> Increased trend of prices negotiated with suppliers being beaten by competitive procurement practices of competitors. (#3) 	<ul style="list-style-type: none"> a) Increased integration and interaction between procurement and operations to optimise pricing/margins, b) Create independent pricing survey support service, c) Increase identification and sourcing from a greater number and variety of small and regional suppliers; and d) Revisit Cashbuild's pricing policy. 	✓	✓				

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		<ul style="list-style-type: none"> Excellent service and free deliveries 	<ul style="list-style-type: none"> No direct link to risks. 	The impact of service delivery protests that impact Cashbuild stores remains an ongoing challenge, and the Group promotes continuous vigilance to prevent the impact of this on our customers and employees as far as possible.	✓	✓	✓			
		<ul style="list-style-type: none"> Local employment opportunities 	<ul style="list-style-type: none"> No direct link to risks as there is no indication that our local employment initiative is not sustainable 	Cashbuild encourages broad based economic empowerment in all communities in which it operates (opportunities to become independent business owners for subcontractors); Identification of stores that will be opening per operational area during the next 18 months to be linked with a plan to appropriately utilise identified staff members in the talent pool.			✓			✓
		<ul style="list-style-type: none"> Sustainability of community initiatives 	<ul style="list-style-type: none"> No direct link to risks as there is no indication that initiatives are not sustainable 	Our proven track record of decades of successful store openings and continued investment within the communities in which we trade; Initiatives include Art at Heart, local delivery driver employment and building supply donations to local schools.						✓

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Shareholders, investors, analysts and media	<ul style="list-style-type: none"> Final and interim results presentations One-on-one meetings with shareholders Annual general meetings Investor relations consultant Media interviews 	<ul style="list-style-type: none"> Return on investment through market share and growth 	<ul style="list-style-type: none"> Sales growth in a number of Cashbuild stores below expectation (#1) 	<ul style="list-style-type: none"> a) Increased monitoring of stores not reporting the required growth vs the previous year; and b) Detailed action plans are put in place to address sales in these stores. 	✓					
			<ul style="list-style-type: none"> Competitors' strategy to target traditional Cashbuild markets (#4) 	<ul style="list-style-type: none"> Increased awareness of competitor strategies and create required counter actions to address such strategies. 	✓					
			<ul style="list-style-type: none"> Management actions to address loss making stores not having the desired impact (#5) 	<ul style="list-style-type: none"> a) Regular review of implemented action plans at executive level; and b) Recurring loss making trends will lead to a decision relating to store management changes or possible store closure. 	✓					
			<ul style="list-style-type: none"> Excessive stock levels at some stores are not being reduced as expected (#9) 	<ul style="list-style-type: none"> a) Stores not achieving target stock levels are identified, prioritised, and process improvement plans put in place to address the risk; b) Continued monitoring of the status of prioritised stores taking place at executive level with required action taken where identified to do so; and c) Target stock levels being revisited and adjusted where considered necessary. 	✓					

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		<ul style="list-style-type: none"> Sound business practice, transparency, governance and compliance 	<ul style="list-style-type: none"> Integration of P&L Hardware business into Cashbuild business while retaining their respective qualities (#6) 	<p>Specific key areas are addressed at board level covering the:</p> <ul style="list-style-type: none"> a) Executive management succession for Chief Executive and Finance Director; b) Conversion of IT system to Cashbuild systems; and c) Management of the transition for suppliers to adopt Cashbuild contracts and terms. 	✓						✓
		<ul style="list-style-type: none"> Market related executive remuneration 	<ul style="list-style-type: none"> No direct link 	<p>The Company's remuneration is structured between guaranteed and non-guaranteed or variable pay and the balance between these categories vary depending on the employee's Patterson grading within the organisation.</p> <p>Guaranteed pay consists of basic pay, allowances and employee benefits whilst the components of non-guaranteed pay consist of Short Term Incentive (STI), the bonus scheme for all staff and a Long Term Incentive (LTI) being the BEE trust, Operations management member trust and the recently approved Forfeitable Share Plan (FSP).</p>	✓		✓				

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Local and provincial Governments and regulatory bodies (Labour, Health, SARS etc)	<ul style="list-style-type: none"> • Employment equity plan • Audit and related meetings • National builders forums 	<ul style="list-style-type: none"> • Legal compliance • Industry best practice 	<ul style="list-style-type: none"> • Low Cashbuild BBBEE rating potential impact on sales and customer trends (#7) 	<p>Focus areas being attended to are:</p> <ul style="list-style-type: none"> a) Supplier and Enterprise Development strategy to be put in place; b) Continue with the skills development plan to increase number of learnerships and accredited training; and c) Targeted recruitment at management level. 	✓		✓				
			<ul style="list-style-type: none"> • Compliance to PCI (Payment Card Industry) standard not being achieved in line with project plans (#10) 	<p>Project with appropriate resources assigned and target date for completion initiated to ensure compliance risk being adequately addressed. Progress of tasks against project plan is being monitored at executive level.</p>	✓		✓				
Suppliers, service providers, specialists and industry partners	<ul style="list-style-type: none"> • Strategic sourcing meetings • Meetings and correspondence • Industry conferences and functions 	<ul style="list-style-type: none"> • Timeous payments and favourable contract terms, preferential procurement 	<ul style="list-style-type: none"> • No direct link to risks as there is no significant supplier issues noted 	<p>We ensure engagement and on-going long-term relationship building and partnership with our suppliers to negotiate favourable pricing and terms. We build relationships based on quality and trust and open communication. We consider our suppliers and service providers as partners in our ability to deliver on our sustainability strategy.</p>	✓	✓					
JSE and other local and international regulatory/listings bodies	<ul style="list-style-type: none"> • Business associations • Written communications and presentations 	<ul style="list-style-type: none"> • Statutory and legal compliance and adherence, while complying with governance guidelines (Companies Act, King III, CSI, GRI) 	<ul style="list-style-type: none"> • No direct link to risks as there is no indication that compliance issues exist 	<p>We continuously aim to comply fully with latest regulations and engage with regulatory bodies should there be gaps in our compliance for any reason.</p>	✓	✓		✓	✓		