


NON-EXECUTIVE CHAIRMAN'S REPORT



The year under review was an exciting time for the Company – despite the world's macro environmental complexities and challenges.

Professor Vukile Charles Mehana | Non-executive chairman

The year under review was an exciting time for the Company – despite the world’s macro environmental complexities and challenges, African Equity Empowerment Investments Limited (AEEI) posted a more than admirable set of results.

In this integrated report, we report on our progress as a listed entity and how we have grasped new opportunities and executed our responsibilities. In particular, it outlines where we believe the AEEI journey will take us.

INTRODUCTION

Having taken over the baton as the new non-executive chairman of the AEEI Board in November last year, it is indeed my honour and privilege to direct one of the country’s foremost black economic empowerment companies. AEEI has grown from infancy when it listed in 1999 to the Company we know today – one with a diverse portfolio, strong management team and continuous growth toward a sustainable business.

When former executive chairman Dr Iqbal Survé passed the baton on to me, I knew that all eyes would be on my leadership as we forge ahead with our mission to grow the Company to become South Africa’s top most empowered company. I have to add that it has been an easy transition for me, as a solid foundation was already laid by Dr Survé when I took over the position.

I wish to thank Dr Survé for the valuable role he played in the early years of the Company. My role is to ensure that the Board is functioning efficiently and to provide guidance and overall leadership to the Board and the Company. I am also responsible for ensuring the integrity and effectiveness of the Board and its committees.

VISION 2020 VISION STRATEGY

This year the Board and I, together with the executive management team, agreed upon the Vision 2020 Vision strategy which defines AEEI as a purpose-led business with a clear vision, as well as values and opportunities for growth. The strategic sessions and several workshops held were fruitful and led to a show of commitment to sustain the performance and long-term growth of the Company and the Group both organically and acquisitively.

For more information about Vision 2020 Vision, refer to page 50 of the chief executive officer’s report.

FINANCIALLY SPEAKING

The 2015 financial year was about driving the implementation of the strategy for better performance and a foundation for macro growth. This was not only to respond to the environment but to better position the Company for the future.

I am filled with pride with the financial results for the year under review. For more information, refer to the chief financial officer’s report on pages 52 to 57.



SIGNIFICANT MOMENTS

There are some significant moments that stand out for me during the 2015 financial year:

- The first was the very proud moment when we announced the payment of the Company’s maiden dividend to shareholders in February;
- The second was the smooth transition of the name change to African Equity Empowerment Investments; and
- Thirdly, the substantial increase in profits to 31 August 2015.

ACCOMPLISHMENTS DURING 2015

The Company received numerous awards during the year, among others:

- Impumelelo Top Empowered Companies – Certificate of Excellence;
- Finalist in the Oliver Empowerment Awards 2015;
- Second place in its sector in the 2015 Highest Sustainability Data Transparency Index Score and 10th overall; and
- *Financial Mail’s* Top JSE Listed Companies 2015 – ranked 13th overall.



PROUDLY SOUTH AFRICAN AND PROUDLY BEE

AEEI, as one of South Africa's largest black economic empowerment companies, is recognised by its peers as a pioneer in promoting the interests of historically disadvantaged individuals (HDIs) and previously marginalised communities.

The Group's commitment to transformation, including employment equity, skills and enterprise development, preferential procurement, socioeconomic development as well as corporate social investments, makes it a role model for BBBEE.

Achieving and retaining empowerment credentials are not only strategic goals for AEEI and its operational businesses, but it is seen as a moral business imperative to ensure that the Group remains true to the transformation agenda of the societies in which we operate.

The new Codes of Good Practice which came into effect on 1 May of this year presented new challenges. However, they are by no means insurmountable. Our Vision 2020 Vision incorporates strategies to achieve the targets under the new codes.

ACCELERATING TRANSFORMATION – A STRATEGIC IMPERATIVE

The transformation committee assists the Board in ensuring that the Group is and remains committed to transformation, and closely monitors and reviews the transformation agenda in the Group by ensuring that set targets are met.

GATEWAY INTO AFRICA

Africa – with its fast economic growth on the back of the rich resource base, improvements in the political environment and governance, trade liberation and extension of trade corridors – contributes to the logical, increased need for AEEI to increase its footprint into Africa.

While we acknowledge that the financial bottom line is important, we also recognise that Africa, and in particular the SADC regions, are ripe and ready for new investments through established black economic empowerment companies such as AEEI.

The Board believes that there are plenty of opportunities for synergistic, acquisitive growth into African countries. We are also considering strategic investments that are aligned to the strategic growth of the Group.

ATTUNED TO RESPONSIBILITIES

In addition to sharing thoughts and insights through the media and on public platforms, we regularly engage with our partners which include government, regulators, the general public and trade unions.

I am proud to be part of a Company that is so acutely attuned not only to its opportunities but also to its responsibilities toward shareholders, employees and society. An important aspect of how we respond to these responsibilities, to the creation of broader social as well as financial value, relates to the very considerable resources we invest in researching and understanding our sectors and its social impact.

As such we embrace the Vision 2020 Vision strategy with resolve and with the greatest confidence.

OUR PEOPLE - OUR BRAND AMBASSADORS

I believe in transformation and creating a work environment that will allow all employees the opportunity to further develop their abilities and to benefit from being part of a progressive and dynamic organisation. We have done so through the application of extensive skills development and wellness and employment equity programmes, which fully comply with the Employment Equity Act, 1998.

AEEI has played an active role in the advancement of previously disadvantaged persons, a fact that is reflected in the Group's workforce.

Diane Mariechild said: "A woman is the full circle. Within her is the power to create, nurture and transform."

The Company supports the empowerment of women in all its business units. In order to retain women, career advancement opportunities and the development of women continue to gain momentum in the Group. Investing in the economic empowerment of women sets a direct path toward gender equality, poverty eradication and includes economic growth. I am proud to say that 31.4% of our Group's workforce are women.

SUSTAINABILITY AT AEEI

We address our material sustainability focus areas and its impact on our stakeholders by:

- ensuring sound governance;
- responsible products and services to our customers;
- investing in a prosperous society; and
- promoting environmental responsibility.



For further information, refer to pages 92 and 98.

SOCIAL INVESTMENT

We remain a Group focused on the holistic development of our people, our society and our nation, and also of those pan-African countries in need of support and assistance.

The Group's corporate social investment (CSI) programme is managed by The Sekunjalo Development Foundation and continues to meet the strategic goals through arts and culture, education, sports development, enterprise

development, social development and special projects. Read more about this extensive CSI programme that we proudly have in place on page 108.



This, not just the financial bottom line in my opinion, is the very essence that makes our businesses thrive the way it does - we give back because we care.

APPRECIATION

The board of directors is focused on sustaining a Company with high standards of corporate governance.

My fellow directors and I would like to congratulate Mr Khalid Abdulla, chief executive officer of AEEI, and his executive management team for implementing the Vision 2020 Vision strategy and for being instrumental in the achievement of outstanding results for the year under review.

In welcoming Ms Zenariah Barends as a non-executive director to our Board this year, I commend my fellow directors for consistently displaying an energy that mirrors the fervour now evidenced throughout AEEI. I thank my executive and non-executive directors for their unwavering support and congratulate the entire executive management team on a year of great achievements. Your hard work is noted and appreciated by the board of directors and by all who has an interest in AEEI.

My heartfelt thanks to our shareholders for their confidence in the Company and also to our partners and stakeholders for their trust and cooperation.

In conclusion, my sincere thanks to all the Group's employees for their profound commitment to work, every day, to achieve our mission to create value for all our stakeholders.

Professor Vukile Charles Mehana

Non-executive chairman