



AFRICAN EQUITY  
EMPOWERMENT  
INVESTMENTS  
LIMITED

# 2022 Corporate Governance Report

empowering  
people



# HOW TO NAVIGATE OUR REPORT

## GLOSSARY OF ICONS

### OUR CAPITALS



### OUR STAKEHOLDERS



### NAVIGATIONAL TOOLS


The following icons have been applied throughout the report to direct the reader to additional information or cross-referenced sections:



### FEEDBACK

Your feedback is important to us, and we welcome your input and comments on the Integrated Report to enhance the quality of our reporting. Please address any queries to [info@aeei.co.za](mailto:info@aeei.co.za).


# OUR REPORTING SUITE



PRINT & ONLINE

**2022 Integrated Report**


**INTEGRATED REPORT**



ONLINE

**2022 Corporate Governance Report**


**CORPORATE GOVERNANCE REPORT**



ONLINE

**2022 Sustainability Report**


**SUSTAINABILITY REPORT**



ONLINE

**2022 Investment Portfolio Report**


**INVESTMENT PORTFOLIO REPORT**



ONLINE

**2022 Annual Financial Statements**

**ANNUAL FINANCIAL STATEMENTS**



PRINT & ONLINE

**2022 Notice of annual general meeting, form of proxy and condensed audited consolidated annual financial statements**

**NOTICE OF AGM AND PROXY**

**OUR INTEGRATED REPORTING SUITE**  
is available online at [www.aeei.co.za](http://www.aeei.co.za) in PDF format.

This Corporate Governance Report is supplemented by our full suite of online publications, which caters to the diverse needs of our stakeholder base.

### Our reporting suite is compliant with:

- the International Integrated Reporting <IR> Framework;
- the Companies Act, 2008 (No. 71 of 2008), as amended (Companies Act);
- the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee;
- the Financial Pronouncements issued by Financial Reporting Standards Council from time to time;
- the JSE Listings Requirements;
- The King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™);
- the International Financial Reporting Standards (IFRS); and
- the Protection of Personal Information Act, 2013 (No. 4 of 2013) (POPI).

### Our report is informed by:

- the Sustainability Data Transparency Index (SDTI);
- SE Sustainability Disclosure Guidelines;
- the Global Reporting Index with Initiative (GRI);
- The JSE Sustainability Disclosure Guidelines;
- the Sustainability Accounting Standards Board (SASB); and
- in respect of their reporting principles, we have used alternative standards to structure our disclosures and, as such, our report may not align strictly with the GRI or SASB standards).

# CONTENTS

## HOW TO NAVIGATE OUR REPORT

## OUR REPORTING SUITE

## ABOUT THIS REPORT

## 6 GOVERNANCE REVIEW

### CUSTODIANS OF GOVERNANCE

OUR STATEMENT OF COMPLIANCE AND COMMITMENT

### OUR GOVERNANCE FRAMEWORK

### OUR GOVERNANCE STRUCTURE

### OUR GOVERNANCE PHILOSOPHY

OUR COMBINED ASSURANCE MODEL AND INTERNAL CONTROL FRAMEWORK

COMBINED ASSURANCE MODEL

STATEMENT OF COMPLIANCE

## 10 OUR APPLICATION AND APPROACH TO KING IV™

### KING IV™ GOVERNANCE PERFORMANCE

## 12 WHO GOVERNS AND LEADS US

### LEADING FROM THE TOP DOWN

### EXPERTISE OF OUR BOARD

### BOARD COMPOSITION, INDEPENDENCE, KNOWLEDGE AND EXPERIENCE

### BOARD APPOINTMENTS AND CHANGES

### BOARD POWERS AND PROCEDURES

### ETHICAL LEADERSHIP

ROLES AND RESPONSIBILITIES

### OUR BOARD STRUCTURE AND TERMS OF REFERENCE

STRUCTURE OF DELEGATION

### BOARD AND COMMITTEE STRUCTURE

OVERVIEW OF OUR COMMITTEES

STATUTORY DUTIES

TERMS OF REFERENCE

### BOARD TENURE, KNOWLEDGE AND SKILLS

EXECUTIVE AND NON-EXECUTIVE AGE

BOARD KNOWLEDGE, SKILLS AND EXPERIENCE

### BOARD DIVERSITY

DIVERSITY AT BOARD LEVEL - POLICY STATEMENT

### BOARD DEMOGRAPHICS

OUR APPROACH TO COMPLIANCE

### OUR KEY BOARD DISCUSSIONS

### EVALUATION OF THE BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS

### CONFLICT OF INTEREST

CORPORATE CODE OF ETHICS AND CODE OF CONDUCT

REPORTING UNETHICAL BEHAVIOUR

POLICY ON TRADING IN COMPANY SECURITIES

DEALING IN COMPANY SHARES

INTERNAL POLICIES

RESPECTED CORPORATE CITIZENSHIP

ANNUAL FINANCIAL STATEMENTS

### TRAINING

### OTHER KEY AREAS OF RESPONSIBILITY

STAKEHOLDER RELATIONSHIPS

GOVERNANCE AT SUBSIDIARY LEVEL

ESG MATTERS

## 37 OUR COMMITTEE REPORTS

### AUDIT AND RISK COMMITTEE

REPORT OF THE COMMITTEE

AUDIT FUNCTION

RISK MANAGEMENT REPORT

### TECHNOLOGY AND INFORMATION

COMPLIANCE FOR TECHNOLOGY GOVERNANCE

REPORT OF THE COMMITTEE

### REMUNERATION COMMITTEE

REFLECTIONS FROM THE CHAIRMAN

REMUNERATION COMMITTEE REPORT AND OUTCOMES

### AEEI'S REMUNERATION POLICY

INTRODUCTION

### NOMINATIONS COMMITTEE

REPORT OF THE COMMITTEE

### SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

REPORT OF THE COMMITTEE

ETHICS GOVERNANCE

HUMAN RIGHTS

### INVESTMENT COMMITTEE

REPORT OF THE COMMITTEE

# ABOUT THIS REPORT

## INTRODUCTION

African Equity Empowerment Investments Limited (AEEI or the Company) is a diversified investment holding Company that empowers people through profits and partnerships. Listed on the JSE on 3 May 1999, AEEI is a majority black-owned and black-controlled diversified investment holding company based in South Africa and is a subsidiary of Sekunjalo Investment Holdings (Pty) Ltd. Our governance is established from the tone set by our Board of directors (Board) and executive management.

Our Corporate Governance Report forms part of our integrated reporting suite, which includes our Integrated Report and the primary source of communication for our stakeholders. This report details our governance practices from 1 September 2021 to 31 August 2022. This report focuses on specific stakeholder interests regarding how AEEI is governed and how we responded to governance developments during the year. Stakeholders and changes in regulatory requirements informed these developments.

HOW TO NAVIGATE  
OUR REPORT

OUR REPORTING  
SUITE

ABOUT THIS  
REPORT

OUR APPLICATION  
AND APPROACH TO  
KING IV™

WHO GOVERNS  
AND LEADS US

OUR COMMITTEE  
REPORTS

# GOVERNANCE REVIEW

<b>CUSTODIANS OF GOVERNANCE</b>	<b>6</b>
OUR STATEMENT OF COMPLIANCE AND COMMITMENT	7
<b>OUR GOVERNANCE FRAMEWORK</b>	<b>7</b>
<b>OUR GOVERNANCE STRUCTURE</b>	<b>7</b>
<b>OUR GOVERNANCE PHILOSOPHY</b>	<b>9</b>
OUR COMBINED ASSURANCE MODEL AND INTERNAL CONTROL FRAMEWORK	9
COMBINED ASSURANCE MODEL	9
STATEMENT OF COMPLIANCE	9



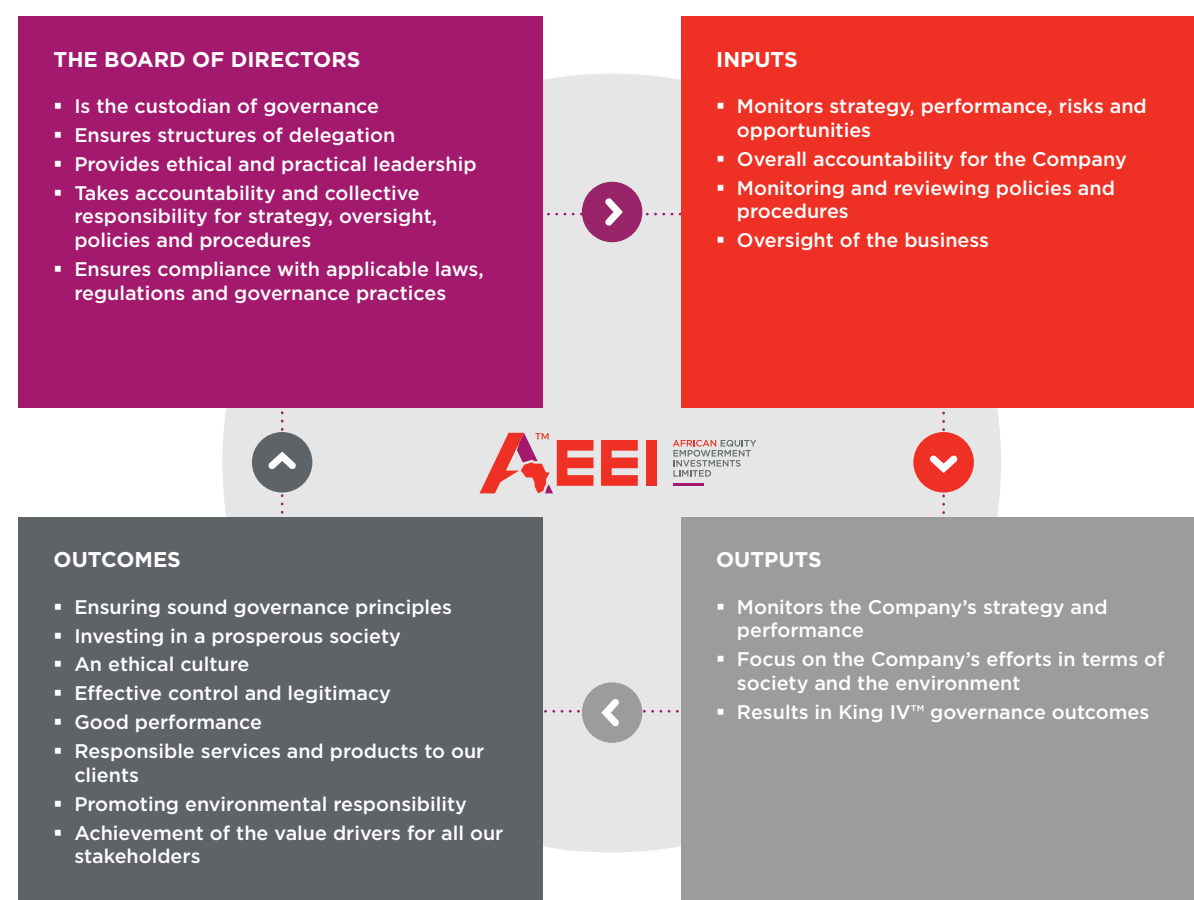
# GOVERNANCE REVIEW

At AEEI, we are committed to the highest governance, integrity and ethical standards. Acting ethically, lawfully and with integrity is critical to our business success. We believe that responsible business practices enable us to create value. Our Board leads the business ethically, transparently and with integrity to create and sustain value for our stakeholders. Through our commitment to good corporate governance, we have a diversified Board that manages and leads from the top down and ensures that our business is run ethically and transparently and that we remain responsible corporate citizens.

Effective corporate governance is critical to delivering on our strategic objectives and creating short-, medium- and long-term value for our shareholders. Accordingly, our governance framework is clear and consistent in delegating authority from our Board to senior levels within our Group and is continuously refined.

## CUSTODIANS OF GOVERNANCE

Primary governance roles and collective responsibility



## OUR STATEMENT OF COMPLIANCE AND COMMITMENT

The Board is pleased to report that for the year ended 31 August 2022, the Company has fully complied with the provisions set out in its Memorandum of Incorporation (MOI), the Companies Act, the JSE Listings Requirements and all relevant legal and regulatory laws. As AEEI is listed on the JSE, it is subject to and has implemented controls to provide reasonable assurance with all relevant regulatory requirements.

The Board is committed to the highest standards of ethics, governance and business integrity and has adopted an integrated approach to managing the Group. This ensures that the governance structure actively identifies, communicates and responds to material matters that impact the Group's capacity to create value. The Board believes that it has addressed all material matters appropriately and that it fairly represents the integrated performance of the Group. The Board continuously reviews the Group's governance structures and processes to incorporate and accommodate new corporate developments. This includes facilitating effective leadership, providing sustainable corporate citizenship supporting the Group's strategy, and reflecting national and international corporate governance standards, developments and best practices.

The Board is satisfied that effective controls have been implemented and complied with throughout the Group and that the Company fully complies with the spirit and form of the continuing obligations of the JSE Listings Requirements, King IV™ and the Companies Act 2008 (Act No. 71 of 2008), as amended ("Companies Act").

## OUR GOVERNANCE FRAMEWORK

Our governance leadership, structures and processes ensure that our business is well-managed and controlled and supports our value creation process. Our strategy includes an inclusive review process that considers the risks and opportunities connected to the broader context in which we operate. Our sound corporate governance and ethics processes ensure that we deliver against our strategy to create long-term value for our stakeholders. We must establish and maintain trust with our stakeholders to achieve sustained value. Our structure enables the Board to retain effective control while delegating authority to relevant committees.

We adopted a stakeholder-inclusive approach to executing our governance role and responsibilities. We are guided by our commitment to the principles of King IV™ recommendations entrenched in our policies, internal controls, terms of reference, procedures and

processes. Our delegation structures ensure that the Board retains effective control by delegating authority to the relevant Board committees with clearly defined mandates.

Our governance structures, leadership and processes support our value creation process. We have an inclusive strategy review process that considers the risks and opportunities connected to the broader context in which we operate. To achieve sustained value, we established and maintained trust with our stakeholders. Our structure enables the Board to retain effective control while delegating authority to relevant committees.

During the year, we had to re-align our operational plans and business model due to the macroeconomic environment and challenges, including the effect of the COVID-19 pandemic to maintain business continuity, liquidity, risk and opportunities, and the short-, medium- and long-term effects on our business. This included a stakeholder-inclusive approach to executing our governance role and responsibilities while remaining committed to the principles of King IV™ recommendations, which are entrenched in our policies, internal controls, terms of reference and procedures and processes.

The Group's governance framework focuses on the following:

- Vision, strategy and performance
- Ethical and responsible leadership
- Finance – including budgets and forecasts
- Corporate citizenship
- Risk management
- Information technology
- Investment
- Products – quality, cost, delivery and competitiveness
- Human capital – health, safety, employee wellness and the environment
- Transformation
- Sustainability
- Stakeholder relations

## OUR GOVERNANCE STRUCTURE

Our governance structure supports the Company's strategy. It flows to the subsidiaries and divisional levels to ensure that the business has a structure within which management can operate effectively. The Board plays a pivotal role in strategic planning and has established clear KPIs to measure the Company's strategic objectives. In addition, the Board ensures that its sound governance framework will enhance good corporate governance, improve internal controls and enhance the Company's performance.

HOW TO NAVIGATE OUR REPORT

OUR REPORTING SUITE

ABOUT THIS REPORT

**GOVERNANCE REVIEW**

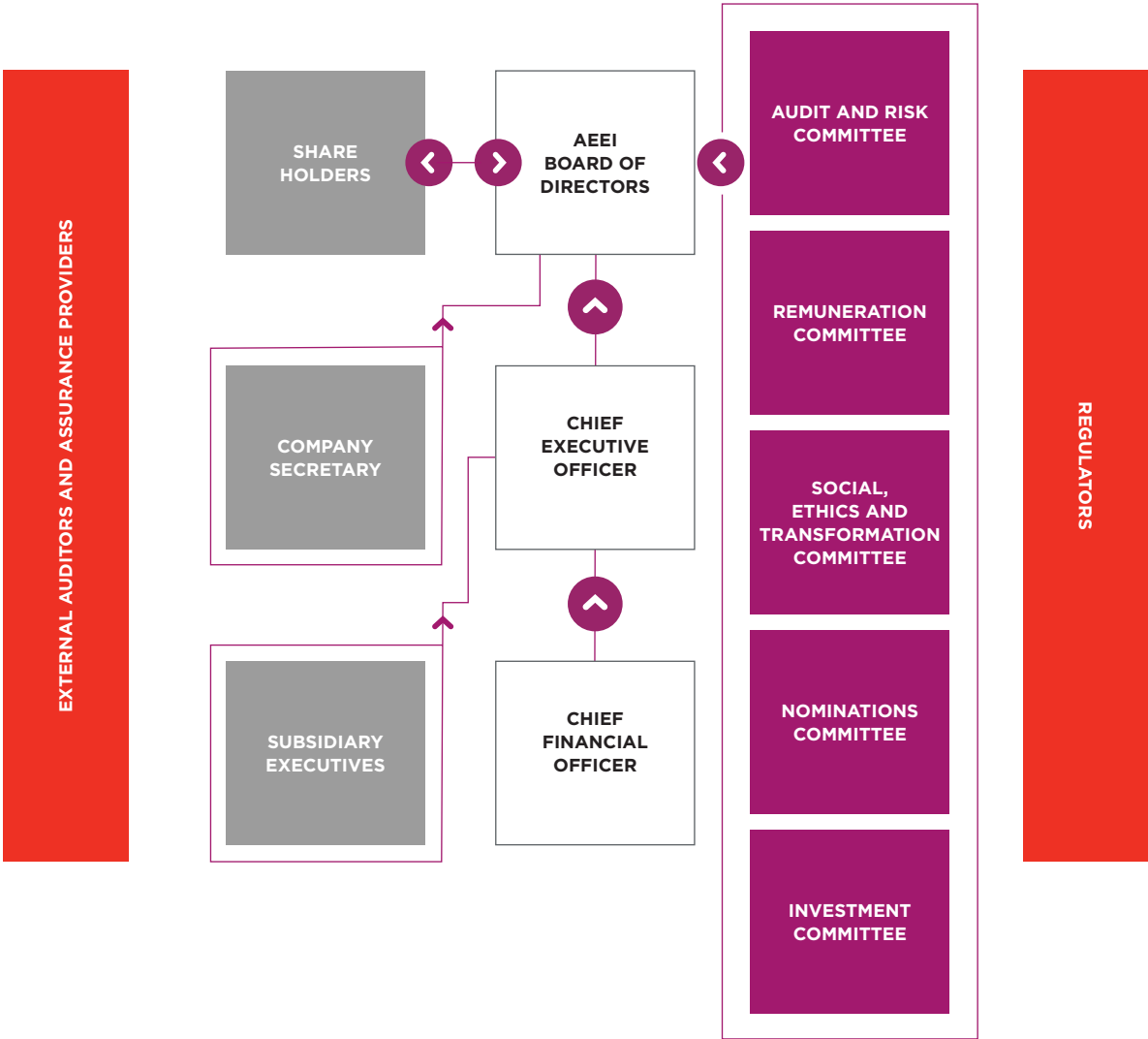
OUR APPLICATION AND APPROACH TO KING IV™

WHO GOVERNS AND LEADS US

OUR COMMITTEE REPORTS

# GOVERNANCE REVIEW

The Board is supported by various committees and the executive management team with clear terms of reference to discharge its responsibilities. The Board is responsible for the strategic direction of the Group's and the Company's governance framework.



The Board assumes collective responsibility for the performance of the Company through:

- Strategy
- Policies
- Oversight
- Accountability

This leads to good governance practices through:

- Defined roles and responsibilities
- Application of strategies
- Ethical and effective leadership
- Compliance with applicable laws and regulations
- A competent and diverse Board

## OUR GOVERNANCE PHILOSOPHY

Sound corporate governance and ethics form AEEI's business foundation and are pivotal to delivering long-term value to our stakeholders.

## OUR COMBINED ASSURANCE MODEL AND INTERNAL CONTROL FRAMEWORK

AEEI has a combined assurance model, which includes internal and external assessments of crucial strategic risks, internal controls and other material aspects of the business in order to support the integrity of management, as well as management's ability to monitor and report performance-related data. The Company's joint auditors are Crowe JHB, which is a member of Crowe Global and THAWT Inc. as the other independent auditor, audited our 2022 consolidated Annual Financial Statements and has provided an unmodified opinion thereon.

We continually optimise our combined assurance model to avoid a duplication of efforts, rationalise collaboration and manage assurance costs. This enables an effective control environment and ensures the integrity of the information used for reporting and decision-making.

The Board regularly assesses the combined assurance model, ensuring that our combined assurance model adequately addresses the Group's risks and material matters. The Audit and Risk Committee provides

quarterly internal assurance to the Board on the execution of the combined assurance plan. The Group's financial, operating, compliance and risk management controls are assessed by the Group's internal audit function, which is overseen by the Audit and Risk Committee.

## STATEMENT OF COMPLIANCE

The Board is committed to the highest standards of ethics, governance and business integrity and has adopted an integrated approach to managing the Group.

This ensures that the governance structure actively identifies, communicates, and responds to material matters that impact the Group's capacity to create value.

The Board believes that it has addressed all material matters appropriately and that it fairly represents the integrated performance of the Group. The Board continuously reviews the Group's governance structures and processes to incorporate and accommodate new corporate developments. This includes facilitating effective leadership, providing sustainable corporate citizenship supporting the Group's strategy, and reflecting national and international corporate governance standards, developments, and best practices.

## COMBINED ASSURANCE MODEL

<div>ASSURANCE PROVIDERS ARE INCREASINGLY ENGAGED AND MEET FREQUENTLY</div>	<div>ASSURANCE PROVIDERS ARE INCREASINGLY INDEPENDENT</div>
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# OUR APPLICATION AND APPROACH TO KING IV™

OUR APPLICATION AND APPROACH TO KING IV™	10
KING IV™ GOVERNANCE PERFORMANCE	11

The Board aims to achieve the governance outcomes defined in King IV™, which is the custodian of corporate governance for the Company and ensures that directors:

- lead ethically and effectively;
- support an ethical culture;
- set the strategic direction for the Group for the short-, medium- and long-term;
- approve policies, procedures and planning; and
- administer and monitor the Group's risk and opportunities, strategy, business model, performance and sustainable development.

# OUR APPLICATION AND APPROACH TO KING IV™

The following objectives provide a mechanism to evaluate and measure King IV™ principles, outcomes and performance:

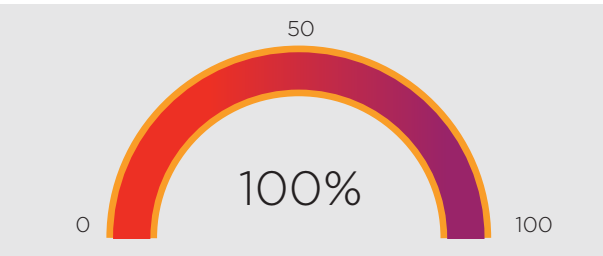
KING IV™ PRINCIPLES	OBJECTIVE	PERFORMANCE OUTCOMES
1 – 3	Leadership, ethics and corporate governance	The Board sets the tone to lead the Group ethically, responsibly, and effectively according to good corporate governance practices. Board members must act independently in decision-making, competence, diligence and inclusivity with the necessary awareness and insight. The Board ensures that the Group plays a pivotal role in society.
4 – 5	Strategy, performance, and reporting	The Board takes responsibility and accountability for the performance of the Group. It also supports the Group in setting its purpose and achieving its strategic objectives.
6 – 10	Governing structures and delegation	The Board provides guidance and oversight to the Group on managing risk compliance, remuneration governance, and enterprise risk management to support good governance practices.
11 – 15	Governance areas	The Board provides leadership and vision to the Group to sustain growth and deliver our strategic objectives and purpose for all stakeholders. They conduct their duties collectively and individually, applying integrity, responsibility, accountability, competence, fairness, and transparency.
16 – 17	Stakeholder relationships	The Board ensures a stakeholder-inclusive approach.

The Board remains committed to the principles of King IV™ and ensures that its recommendations are diligently applied to policies, terms of reference, procedures, processes and controls.

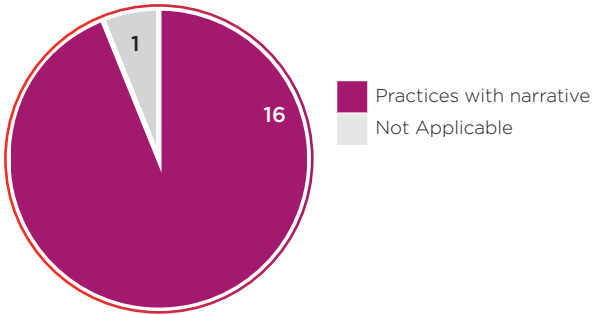
## KING IV™ GOVERNANCE PERFORMANCE

### KING IV™ REPORT WRITER – BY PRINCIPLE

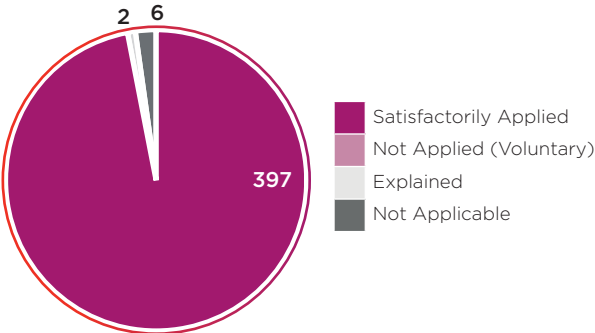
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PRACTICE COUNT



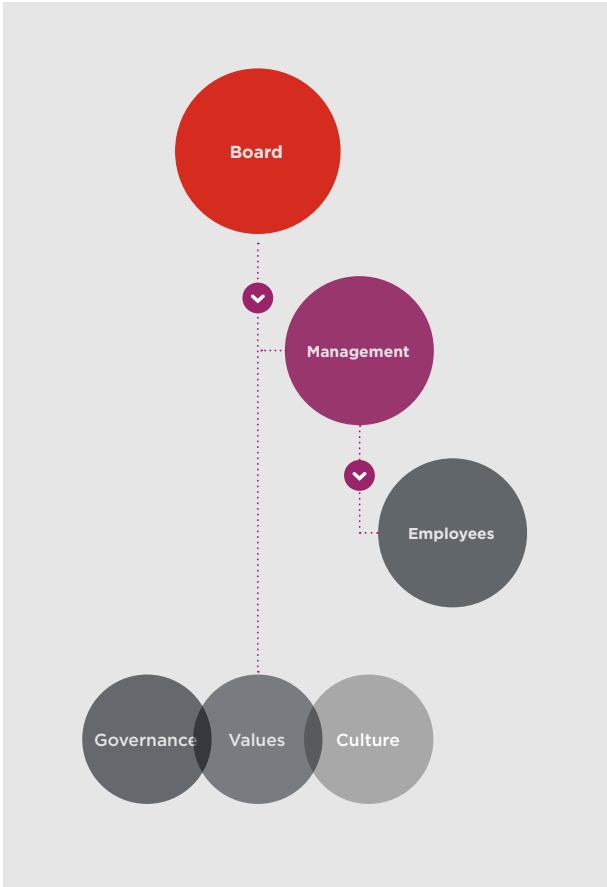
LEADING FROM THE TOP DOWN	12
EXPERTISE OF OUR BOARD	14
BOARD COMPOSITION, INDEPENDENCE, KNOWLEDGE AND EXPERIENCE	16
BOARD APPOINTMENTS AND CHANGES	16
BOARD POWERS AND PROCEDURES	16
ETHICAL LEADERSHIP	17
ROLES AND RESPONSIBILITIES	17
OUR BOARD STRUCTURE AND TERMS OF REFERENCE	18
STRUCTURE OF DELEGATION	18
BOARD AND COMMITTEE STRUCTURE	19
OVERVIEW OF OUR COMMITTEES	20
STATUTORY DUTIES	20
TERMS OF REFERENCE	20
BOARD TENURE, KNOWLEDGE AND SKILLS	26
EXECUTIVE AND NON-EXECUTIVE AGE	26
BOARD KNOWLEDGE, SKILLS AND EXPERIENCE	26
BOARD DIVERSITY	28
DIVERSITY AT BOARD LEVEL - POLICY STATEMENT	28
BOARD DEMOGRAPHICS	28
OUR APPROACH TO COMPLIANCE	29
OUR KEY BOARD DISCUSSIONS	30
EVALUATION OF THE BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS	33
CONFLICT OF INTEREST	33
CORPORATE CODE OF ETHICS AND CODE OF CONDUCT	34
REPORTING UNETHICAL BEHAVIOUR	34
POLICY ON TRADING IN COMPANY SECURITIES	34
DEALING IN COMPANY SHARES	34
INTERNAL POLICIES	34
RESPECTED CORPORATE CITIZENSHIP	34
ANNUAL FINANCIAL STATEMENTS	35
TRAINING	36
OTHER KEY AREAS OF RESPONSIBILITY	36
STAKEHOLDER RELATIONSHIPS	36
GOVERNANCE AT SUBSIDIARY LEVEL	36
ESG MATTERS	36

# WHO GOVERNS AND LEADS US

## LEADING FROM THE TOP DOWN



Our culture, values and governance are set and supported by the Board and management. All employees in the Group embrace our culture in the organisation.



The Board is constituted in terms of the Company's MOI and in line with King IV™.

Board members accept responsibility as custodians of governance within the Group. The Board members bring diversity to Board deliberations and create sustained value by constructively challenging management.

# WHO GOVERNS AND LEADS US



**Aziza Amod**  
Non-executive  
chairperson



**Valentine Dzvova**  
Chief executive officer



**Jowayne van Wyk**  
Chief financial officer



**Willem Raubenheimer**  
Lead independent  
non-executive director



**Carin-Lee  
Geuking-Cohausz**  
Independent  
non-executive director



**Bongikhaya Gama**  
Independent  
non-executive director



**Ambassador Membathisi  
Mdladlana**  
Independent  
non-executive director



**Stephen Nthite**  
Independent  
non-executive director



**Gaamiem Colbie**  
Non-executive director



## EXPERTISE OF OUR BOARD



### 1 Valentine Dzvova (39)

CHIEF EXECUTIVE OFFICER

CA(SA), ACMA, CGMA (Charter Global Management Accountant), Cert.Dir® (IoDSA), Certified Internal Auditor, Postgraduate Diploma in Accounting, BCom Accounting  
Appointed: 12 March 2020



### 2 Jowayne van Wyk (36)

CHIEF FINANCIAL OFFICER

CA(SA), BAcc Hons, BCom Accounting, SAICA Independent, Reviewer Certificate  
Appointed: 1 August 2020



### 3 Stephen Nthite (51)

INDEPENDENT NON- EXECUTIVE DIRECTOR

Bachelor of Jurisprudence (BJuris), Bachelor of Laws (LLB), Admitted Attorney  
Appointed: 26 August 2021



### 4 Bongikhaya Qama (45)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Project Management, Finance for Non-Financial Managers Certificate, Customer Relations Certificate, Facilitation and Data Management Certificate  
Appointed: 2 July 2020



### 5 Carin-Lee Geuking-Cohausz (55)

INDEPENDENT NON-EXECUTIVE DIRECTOR

BA Social Sciences, Psychology (Hon), Clinical Psychology (MA), Anthropology: Undergraduate degree  
Appointed: 1 January 2022



### 6 Ambassador Membathisi Mdladlana (70)

INDEPENDENT NON-EXECUTIVE DIRECTOR

BA Majors in Education and IsiXhosa  
Appointed: 27 August 2021



### 7 Willem Raubenheimer (63)

LEAD-INDEPENDENT NON-EXECUTIVE DIRECTOR

CA(SA) BCom (Hons)  
Diploma in Forensic Accounting  
Appointed: 9 July 2020



### 8 Aziza Amod (60)

NON-EXECUTIVE CHAIRPERSON

Finance for Non-financial Managers  
Appointed: 12 November 2012



### 9 Gaamiem Colbie (33)

NON-EXECUTIVE DIRECTOR

BTech Cost and Management Accounting, Postgraduate Diploma, Professional Accountant in Practice  
Professional Accountant (SA)  
Appointed: 30 August 2019



#### EXPERTISE:

■ Leadership ■ Finance ■ Strategy ■ Compliance and governance ■ Risk and opportunity management ■ Taxation ■ Asset management  
■ Technology and information governance ■ Environmental sustainability ■ Human resources – people management and remuneration ■ Mergers and acquisitions  
■ Social, ethics and transformation governance

HOW TO NAVIGATE  
OUR REPORT

OUR REPORTING  
SUITE

ABOUT THIS  
REPORT

GOVERNANCE  
REVIEW

OUR APPLICATION  
AND APPROACH  
TO KING IV™

WHO GOVERNS  
AND LEADS US

OUR COMMITTEE  
REPORTS

AFRICAN EQUITY  
EMPOWERMENT  
INVESTMENTS  
LIMITED

# WHO GOVERNS AND LEADS US

## BOARD COMPOSITION, INDEPENDENCE, KNOWLEDGE, AND SKILLS

During the year, the Chairperson reviewed the Board's composition, focusing on diversity, independence, skills, experience and expertise regarding the Company's strategy, purpose, changing external environment and prospects.

The majority of our Board members are independent non-executive directors. They comprise five independent non-executive directors, two non-executive directors and two executive directors with the appropriate balance of knowledge, skills, experience, diversity and independence to discharge their duties effectively and objectively. The size gives the Board adequate membership for its five committees while maintaining adequate levels of independence.

Our non-executive directors bring independent judgement and experience to the Board's deliberations and decisions, with the structure of the Board ensuring that no one individual or group of individuals has unfettered powers of decision-making.

## BOARD APPOINTMENTS AND CHANGES

Appointments to the Board are formal, transparent and a matter for the Board as a whole. The Board considers the independence of directors and their other commitments explicitly when they are first appointed, and annually or at any other time when a director's circumstances change and warrant re-evaluation. This is done to determine whether the director has sufficient time to discharge his/her duties effectively and is free from conflicts that cannot be managed satisfactorily. Should the Nominations Committee believe that a director is over-committed or has an unmanageable conflict, the chairperson will meet with that director to discuss the resolution of the matter to the committee's satisfaction.

As required by the terms of the Company's MOI, no director is appointed for life or an indefinite period, and the directors rotate in accordance with the provisions set out in the MOI. All directors retire from office provided that, if a director is appointed as an executive director or an employee of the Company in any other capacity, he/she shall not, while he/she holds that position or office, be subject to retirement by rotation and he/she is not in such case considered in determining the rotation or retirement of directors.

The Nominations Committee makes recommendations to the Board for appointing new non-executive directors. In the Board's opinion, all directors have the relevant knowledge, skills and experience to make a meaningful contribution to the Company's business. The Board believes that, as long as non-executive directors remain entirely independent of management and relationships

that could significantly affect their decisions and advice and are of the right calibre and integrity, they can perform the required function in looking after the Company's interests.

With the focus on growing the Board's independence and diversity, Carin-Lee Geuking-Cohausz was appointed to the Board effective 1 January 2022 as an independent non-executive director and a member of the Social, Ethics and Transformation Committee. She was appointed chairperson of the Social, Ethics and Transformation Committee effective 1 April 2022. Gaamien Colbie was appointed as the chairman of the Remuneration Committee effective 1 April 2022.

The Board believes that all non-executive directors exercise independent judgement concerning the Board's material decisions.

## NON-EXECUTIVE AND EXECUTIVE DIRECTOR AGREEMENTS

Non-executive directors sign a Non-executive Agreement with the Company, which details their duties, fees and obligations. Executive directors have an Executive Agreement and are subject to a three-month notice period.

## BOARD POWERS AND PROCEDURES

The Board sets and steers the direction to ensure that it brings informed, independent and effective judgement and leadership on all material decisions reserved for the Board. It ensures that strategy, risk, performance and sustainable development issues are effectively integrated and appropriately balanced.

AEEI has established a suitable balance of power and a solid framework for examining, calculating and managing risk. The Board assumed ultimate responsibility and accountability for the performance and affairs of the Company and ensured effective leadership on an ethical foundation. It serves as the focal point and custodian of corporate governance for the Company.

The Board has a policy that allows for a clear division of responsibilities to ensure a balance of power and authority. This means that no one individual has unlimited powers when it comes to decision-making.

The Board regularly reviews the Group's governance structures and processes to ensure that they support effective and ethical leadership, good corporate citizenship and sustainable development and are applied in the best interests of the Group's stakeholders. As a result, the Group has the necessary policies and processes in place to ensure that all subsidiaries adhere to its requirements and governance standards.

## ETHICAL LEADERSHIP



Responsible leadership, instilled by the values of responsibility, transparency, accountability and fairness has been a defining characteristic of the Company since its inception.

The Board accepts collective responsibility for setting the tone on ethical behaviour and how ethics should be implemented in the Company. Our fundamental objective has always been to conduct business ethically while building a sustainable company that recognises the short- and long-term impacts of its activities on the economy, society and the environment and has set up appropriate structures and processes.

The Board is satisfied that its composition contains the appropriate knowledge, skills, experience, independence and diversity. The Board operates in terms of a Board-approved charter and a clear division of responsibilities at the Board level to ensure a balance of power and authority. No one individual has unfettered powers of decision-making.

The Group is governed by its Code of Ethics and Code of Conduct. The Code of Ethics requires all directors, management, and employees to obey the law, respect others, be honest and fair, and protect the environment. The Code of Conduct articulates AEEI's commitment to doing business according to best practices – the right way and guided by our values.

Our Board and committees are monitored annually for effectiveness and transparency. In addition, the internal valuations of the Board and committees are conducted annually and reviewed for the value that directors add to the Company. It was concluded that the Board and committees operate efficiently, openly and transparently, and there is a proficient level of discussion between members and attendees.

The Board is satisfied that it has discharged its duties and obligations as described in the Board Charter.

## ROLES AND RESPONSIBILITIES

While all directors have equal responsibility for monitoring the Company's affairs, it is the role of the CEO and the executive management team to run the business within the parameters prescribed by the Board and to produce clear, accurate and timely reports, thus enabling the Board to make informed decisions. The independent non-executive directors have the necessary skills and experience to bring balanced and independent judgement to the Board.

The Company's MOI, the Companies Act, King IV™ and the JSE Listings Requirements set out the directors' responsibilities, rights and obligations. Directors must comply with all relevant legislation and maintain strict confidentiality of all information relating to the business of the Company. The conduct of directors is consistent with their duties and responsibilities to the Company and indirectly to the shareholders.

The Board and its committees continue to monitor compliance with policies and processes. This includes improvements and mitigating the risk of non-compliance with all applicable laws.

### Decision-making

The Board believes that the Board papers accompanying the agenda provide the directors with the relevant information needed to apply their independent minds to matters and discharge their statutory and fiduciary duties.

The Board participates in the decision-making of its subsidiaries on material matters. It is satisfied that its delegation of authority framework contributes to role clarity and effective authority and responsibilities.

# WHO GOVERNS AND LEADS US

## Communication

The Board recognises its responsibility to report and communicate all matters of significance to its stakeholders and ensure effective communication between internal and external stakeholders. Accordingly, the Board encourages the attendance of its directors and chairs of its committees at the Annual General Meeting (AGM). The Board has full and unrestricted access to all Company information, records, documents and property and monitors the non-financial aspects relevant to the businesses of the Company.

## Regulatory

Due to the ever-changing regulatory landscape, the Board amended policies and charters. In addition, it implemented new policies and charters to consider the changes in regulatory compliance and stay abreast of trends this year.

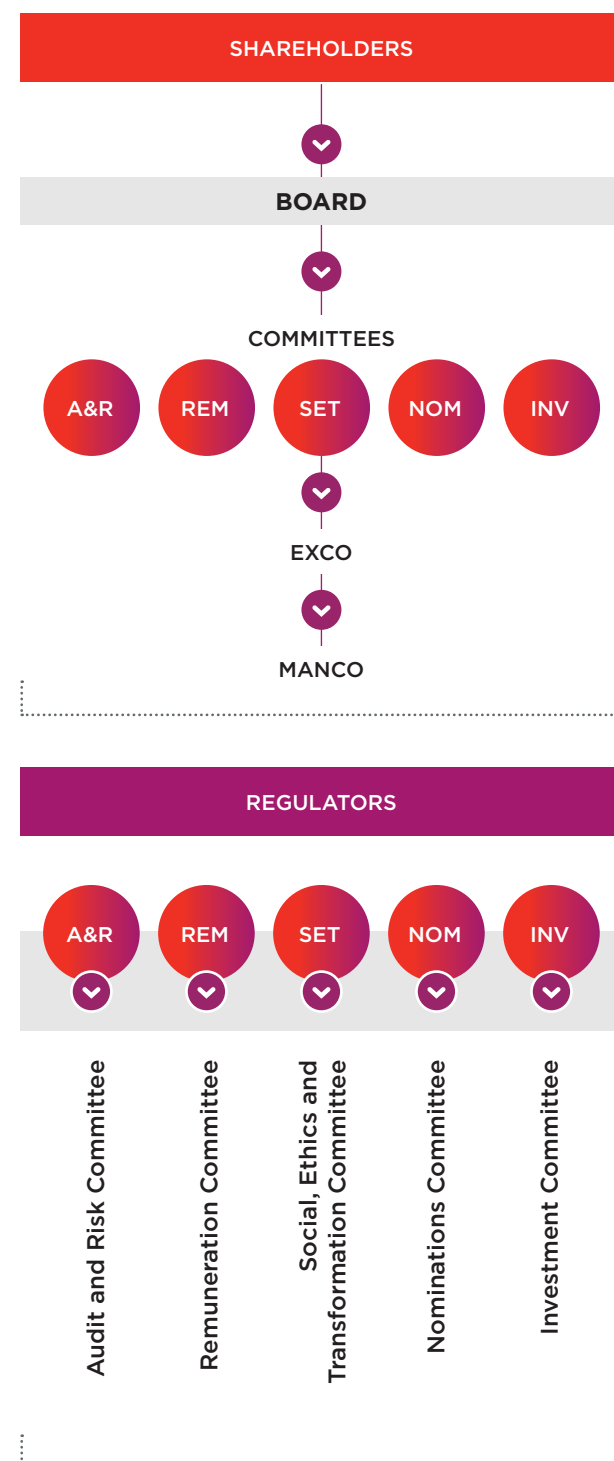
- The following Charters and Policies were updated to take into account legislative changes:
  - Code of Conduct
  - Code of Ethics
  - Remuneration Policy
  - Transformation Charter and Policy
  - Investment Committee Charter
  - Social, Ethics and Transformation Charter
  - Social, Ethics and Transformation Committee Workplan
- The following policies were adopted during the year:
  - Climate Change Policy
  - Environmental, Social and Governance (ESG)/ Sustainability Reporting Policy
  - Human Rights Policy

## OUR BOARD STRUCTURE AND TERMS OF REFERENCE

The majority of Board members are independent non-executive directors in compliance with King IV™.

Non-executive directors bring independent judgement and experience to the Board's deliberations and decisions.

## STRUCTURE OF DELEGATION



## BOARD AND COMMITTEE STRUCTURE

The Nominations Committee is mandated to judge whether directors are overcommitted in terms of Board positions. This enables directors and executives to meet their commitments and effectively discharge their duties.



Chairperson/Chairman



Committee member

NAME	DESIGNATION	NOMINATIONS COMMITTEE	AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE	INVESTMENT COMMITTEE
Aziza Amod <sup>#</sup>	Non-executive chairperson					
Willem Raubenheimer <sup>#</sup>	Lead independent non-executive director					
Valentine Dzvova	Chief executive officer					
Jowayne van Wyk	Chief financial officer					
Gaamiem Colbie <sup>#</sup>	Non-executive director					
Bongikhaya Qama	Independent non-executive director					
Ambassador Membathisi Mdladlana	Independent non-executive director					
Stephen Nthite	Independent non-executive director					
Carin-Lee Geuking-Cohausz <sup>#</sup>	Independent non-executive director					

<sup>#</sup> Standing for election/re-election at the Company's next AGM on Monday, 27 February 2022.

HOW TO NAVIGATE OUR REPORT

OUR REPORTING SUITE

ABOUT THIS REPORT

GOVERNANCE REVIEW

OUR APPLICATION AND APPROACH TO KING IV™

WHO GOVERNS AND LEADS US

OUR COMMITTEE REPORTS



# WHO GOVERNS AND LEADS US

## OVERVIEW OF OUR COMMITTEES

The Board has established several committees to assist it in performing its statutory duties and fulfilling its effective decision-making processes. Specific responsibilities with formally delegated powers have been given to the committees to perform their functions, with defined regulations and terms of reference to promote independent judgement and assist with the balance of power.

## STATUTORY DUTIES

The Nomination, Audit and Risk, Remuneration, Social, Ethics and Transformation, and Investment Committees are constituted as statutory committees of the AEEI Board regarding their statutory duties in terms of the Companies Act and King IV™ and are accountable to the Board and shareholders. In addition, these are committees of the Board in respect of all other duties the Board assigns to them. They have been delegated powers to perform their functions in accordance with all regulatory requirements, including the Companies Act and King IV™.

AUDIT AND RISK COMMITTEE CHAIRMAN – WILLEM RAUBENHEIMER		
MEMBERS	BY INVITATION	
Gaamiem Colbie	Valentine Dzvova – chief executive officer	
Bongikhaya Qama	Jowayne van Wyk – chief financial officer	
Stephen Nthite	Independent external auditors	
	Alan Ipp – Independent Consultant	
	Internal auditor	
BOARD APPROVED CHARTER	NUMBER OF MEETINGS	COMMITTEE ATTENDANCE
Yes	Four	100%
PRIMARY ROLE		

The Audit and Risk Committee's primary purpose is to assist the Board:

- in its evaluation of the integrity of the financial statements, external reports, the efficiency of internal controls, financial accounting practices and governance of information technology systems;
- to oversee the effectiveness of the internal financial controls and function;
- to manage the relationship with the external auditors and their independence and effectiveness;
- to manage the internal audit function;
- to identify significant risk exposure;
- to oversee the integration of environmental-related risks into the risk framework;
- to oversee the levels of assurance applied to information for the integrated reporting suite;
- monitors and assesses the risk management process, including policies, procedures, exposure and practices; and
- ensures corrective action is taken to address material risks.

The committee consists of three independent non-executive directors and one non-executive, all with the requisite business acumen, experience and financial skills to fulfil the committee's duties.

## TERMS OF REFERENCE

All committees function according to Board-approved terms of reference as contained in each committee's charter and/or policy. All committee charters and policies were reviewed during the year, with changes being made to consider new regulatory requirements and King IV™ to ensure best governance practices. These charters and policies were formally tabled at each committee meeting and adopted by the Board.

The chair of each committee reports back to the Board at each Board meeting and embraces transparency and complete disclosure principles.

The delegation of authority to Board committees does not mitigate or relieve the directors and the Board of their duties and responsibilities.

## AUDIT AND RISK COMMITTEE continued CHAIRMAN – WILLEM RAUBENHEIMER

### Risk management

The Board has delegated risk management to the Audit and Risk Committee.

- The Board is committed to effective risk management to pursue the Group's strategic objectives to grow shareholder value sustainably.
- The Board understands that proactive risk management is an essential element of good corporate governance and an enabler in realising opportunities. It continues to enhance its capabilities to anticipate risks and manage them.

### Compliance

The committee is responsible for reviewing compliance with legal, regulatory, code and other standards and continually monitors the implementation process.

### Technology and information governance

The Board is responsible for technology and information governance in the Group and delegated technology and information governance management to the Audit and Risk Committee to promote an ethical technology and information governance culture and awareness. The Audit and Risk Committee is responsible for the oversight of risk management, technology and information.

### Expertise and experience of the chief financial officer and the finance function

In terms of paragraph 3.84(g)(i) of the JSE Listings Requirements, the Audit and Risk Committee is satisfied that the CFO and the finance function have the appropriate expertise and experience and are adequately resourced.

### Group internal auditor

The Group's internal auditor performs an independent function. The primary objective of this role is to provide independent objective assurance and consulting on the adequacy and effectiveness of the Group's systems of governance, risk management and internal controls.

The Group's internal auditor reports functionally to the Audit and Risk Committee.

The Audit and Risk Committee chairman reports to the Board on the committee's activities at each Board meeting.

The committee is satisfied that it has fulfilled all its statutory duties assigned by the Board.

### CAPITAL IMPACTED





# WHO GOVERNS AND LEADS US

REMUNERATION COMMITTEE CHAIRPERSON – GAAMIEM COLBIE		
MEMBERS	BY INVITATION	
Aziza Amod Bongikhaya Qama	Valentine Dzvova – chief executive officer Alan Ipp – Independent Consultant	
BOARD APPROVED CHARTER	NUMBER OF MEETINGS	COMMITTEE ATTENDANCE
Yes	Two	100%
PRIMARY ROLE		

The committee was established:

- to assist the Board with the monitoring of the Group's remuneration practices; and
- perform the statutory functions required in King IV™, the JSE Listings Requirements and the Companies Act.

The Remuneration Committee's primary purpose is:

- to implement the guiding principles in the application of remuneration governance, practices and policies;
- monitor and align the remuneration structure with best market practices;
- align executive remuneration in line with the Group's strategic objectives;
- to ensure that the Group remunerates fairly, responsibly and transparently;
- to promote the achievement of the strategic objectives; and
- to effect a positive outcome in the short-, medium- and long-term.

The Board tasked the committee to oversee:

- the implementation of the remuneration policy;
- enabling it to achieve the Group's strategic objectives;
- market-related yet affordable performance-linked rewards; and
- to ensure balanced and transparent outcomes that align with shareholder interests over the short- and long-term.

Due to the changes in the Board during the year, the committee was reconstituted. The committee comprises two non-executive directors and one independent non-executive director. Gaamiem Colbie was appointed as the chairman on 1 April 2022.

The Remuneration Committee chairman reports to the Board on the committee's activities at each Board meeting.

The committee is satisfied that it has fulfilled all its statutory duties assigned by the Board.

## CAPITAL IMPACTED



SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE CHAIRPERSON – CARIN-LEE GEUKING-COHAUSZ		
MEMBERS	BY INVITATION	
Aziza Amod Bongikhaya Qama Membathisi Mdladlana	Valentine Dzvova – chief executive officer Jowayne van Wyk – chief financial officer	
BOARD APPROVED CHARTER	NUMBER OF MEETINGS	COMMITTEE ATTENDANCE
Yes	Two	100%
PRIMARY ROLE		

The Social, Ethics and Transformation Committee is:

- committed to sustainable development;
- is therefore responsible for ensuring that the Group ethically conducts its operations; and
- that it meets current needs without compromising the ability of future generations to meet their needs.

The committee's primary role is to:

- support, advise and guide management's efforts in respect of sustainable development;
- social and ethical matters;
- transformation;
- to ensure the Group is seen to be a responsible corporate citizen;
- monitors, advises and oversees the Group's social and economic development, sustainability, ethics, transformation, health and safety and ESG matters;
- ensure that the Group conducts its operations ethically;
- ensure that the Group meets current needs without compromising the ability of future generations to meet their needs;
- remain committed to sustainable development practices;
- report, oversee and monitor climate-related risks, opportunities, processes and practices;
- monitor our impact on climate change, water and electricity resources, food security, health and infrastructure and how land and water is used for our processing activities;
- to ensure compliance with the amended B-BBEE Codes of Good Practice;
- to measure the Company in terms of compliance with the Department of Trade and Industry's Code of Good Practice;
- ensure that the JSE Listings Requirements are adhered to;
- ensure that the Company adheres to the B-BBEE Commissioner's requirements;
- ensure all labour legislation regulations are adhered to;
- ensure transformation in the Group;
- oversee the Group's corporate social investments and social and economic development programmes; and
- table a report including the election of members in the Notice of AGM for approval at the next shareholder's meeting.

The committee was reconstituted during the year due to the changes in the Board. It is well balanced and has the relevant expertise to fulfil its duties. The committee comprises three independent non-executive directors and one executive director. Carin-Lee Geuking-Cohausz was appointed as a member effective 1 January 2022 and subsequently elected as the chairperson effective 1 April 2022.

For the year under review, the committee was satisfied that it had fulfilled all its mandate as prescribed by the Companies Regulations to the Companies Act and other statutory obligations assigned by the Board in terms of the Board-approved charter. There are no instances of non-compliance. The Social, Ethics and Transformation Committee chairperson reports to the Board on the committee's activities at each Board meeting.

## CAPITAL IMPACTED



HOW TO NAVIGATE  
OUR REPORT

OUR REPORTING  
SUITE

ABOUT THIS  
REPORT

GOVERNANCE  
REVIEW

OUR APPLICATION  
AND APPROACH  
TO KING IV™

WHO GOVERNS  
AND LEADS US

OUR COMMITTEE  
REPORTS

# WHO GOVERNS AND LEADS US

NOMINATIONS COMMITTEE CHAIRPERSON - AZIZA AMOD		
MEMBERS		BY INVITATION
Bongikhaya Qama		Valentine Dzvova – chief executive officer
Gaamiem Colbie		
BOARD APPROVED CHARTER	NUMBER OF MEETINGS	COMMITTEE ATTENDANCE
Yes	Three	100%
PRIMARY ROLE		
<p>The Nominations Committee is:</p> <ul style="list-style-type: none"> <li>the custodian of appointments to the Board;</li> <li>is mandated to judge whether directors are overcommitted in terms of Board positions. This enables directors and executives to meet their commitments and effectively discharge their duties; and</li> <li>assists the Board in identifying suitable candidates for appointment for election by the shareholders at the AGM.</li> </ul> <p>During the year, changes were made to the Board and committees, with the most notable being:</p> <ul style="list-style-type: none"> <li>the appointment of one independent non-executive director to the Board and a member of the Social, Ethics and Transformation Committee;</li> <li>the appointment of a non-executive director as the chairman of the Remuneration Committee;</li> <li>making the selection based on merit in terms of their independence, skillset, experience and knowledge;</li> <li>ensuring the process involved all facets of a broader diversity, with the appropriate balance of skills and knowledge relevant to the Group;</li> <li>meeting the requirements as set out in the MOI as well as regulatory requirements; and</li> <li>assessing the size and structure of the Board to ensure its ability to execute its duties effectively.</li> </ul> <p>The committee comprises one independent non-executive director and two non-executive directors.</p> <p>The Nominations Committee chairperson reports to the Board on the committee's activities at each Board meeting. The committee is satisfied that it has fulfilled all its statutory duties assigned by the Board.</p>		
CAPITAL IMPACTED		
HC	SRC	IC

INVESTMENT COMMITTEE CHAIRMAN - GAAMIEM COLBIE		
MEMBERS		
Aziza Amod		
Stephen Nthite		
Valentine Dzvova		
Jowayne van Wyk		
BOARD APPROVED CHARTER	NUMBER OF MEETINGS	COMMITTEE ATTENDANCE
Yes	Three	93%
PRIMARY ROLE		
<p>The committee has an independent role:</p> <ul style="list-style-type: none"> <li>operating as an overseer;</li> <li>making recommendations to the Board for its consideration and final approval in terms of investment opportunities;</li> <li>they ensure that investments are a strategic fit with synergistic benefits to the current level of return, with a reasonable payback period based on the specific industry; and</li> <li>must consider ESG matters in investment proposals tabled before it.</li> </ul> <p>The committee is well balanced and has the relevant expertise to fulfil its duties. The committee comprises one independent non-executive director, two non-executive directors and two executive directors.</p> <p>The Investment Committee chairman reports to the Board on the committee's activities at each Board meeting. The committee is satisfied that it has fulfilled all its statutory duties assigned by the Board.</p>		
CAPITAL IMPACTED		
FC	SRC	

# WHO GOVERNS AND LEADS US

BOARD AND COMMITTEE MEMBERS ATTENDANCE						
	Board and Special Board	Audit and Risk Committee	Remuneration Committee	Social, Ethics and Transformation Committee	Nominations Committee	Investment Committee
<b>Total number of meetings</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>
Valentine Dzvova	5	-	-	-	-	3
Jowayne van Wyk	5	-	-	-	-	3
Aziza Amod	5	-	2	2	2	2
Gaamiem Colbie*	5	4	2	-	2	3
Willem Raubenheimer	3	4	-	-	-	-
Bongikhaya Qama	5	4	2	2	2	-
Stephen Nthite	5	4	-	-	-	3
Membathisi Mdladlana	4	-	-	2	-	-
Carin-Lee Geuking-Cohausz*	4	-	-	2	-	-

\* Gaamiem Colbie was appointed as the chairman of the Remuneration Committee effective 1 April 2022.

\*\* Carin-Lee Geuking-Cohausz was appointed to the Board and a member of the Social, Ethics and Transformation Committee effective 1 January 2022. She was appointed chairperson of the Social, Ethics and Transformation Committee effective 1 April 2022.

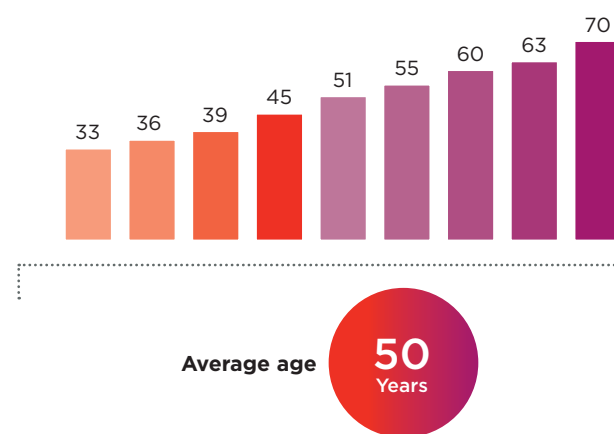
## BOARD TENURE, KNOWLEDGE, AND SKILLS

Non-executive directors must retire by rotation at the AGM or after nine years on the Board. The staggered rotation of members ensures the introduction of new expertise and perspectives while retaining valuable industry knowledge, skills and experience while maintaining continuity. King IV™ specifically states that independent non-executive directors may serve for longer than nine years if a vigorous assessment is conducted annually to establish that the director “exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making”. The Board believes that all non-executive directors are independent and reviewed the independence of directors. Aziza Amod will be up for re-election at the next AGM as she has reached her nine-year tenure.

Tenure	Years
< 1 year	1
1 – 2 years	3
2 – 5 years	4
5 – 9 years	1

## EXECUTIVE AND NON-EXECUTIVE AGE

### Age years



Younger than 60 years	%
2022	78
2021	75
2020	71

## BOARD KNOWLEDGE AND EXPERIENCE

The Board determines the required composition of skills in response to the rapidly changing environment. The appropriate mix of skills and experience ensures that the Board is well-equipped to guide the Company's strategy and create value.

We have expanded and strengthened our Board's knowledge and skills over the last few years to ensure and create value for our stakeholders. The Board is well diversified to add value to the Group.

## KNOWLEDGE AND SKILLS

	NUMBER OF BOARD MEMBERS
Leadership	9
Finance	8
Strategy	7
Compliance and governance	9
Risk and opportunity management	9
Taxation	4
Asset management	6
Technology and information governance	8
Environmental sustainability	8
Human resources - people management and remuneration	8
Mergers and acquisitions	5
Social, ethics and transformation governance	9

HOW TO NAVIGATE OUR REPORT

OUR REPORTING SUITE

ABOUT THIS REPORT

GOVERNANCE REVIEW

OUR APPLICATION AND APPROACH TO KING IV™

WHO GOVERNS AND LEADS US

OUR COMMITTEE REPORTS

# WHO GOVERNS AND LEADS US

## BOARD DIVERSITY

We are committed to promoting diversity at Board level in a transformed society. Our Diversity Policy considers and promotes the validity of the voluntary diversity targets having due regard for the demographics of our country, including the Group's customer profile. In considering new appointments, the Nominations Committee considers the Board's current composition regarding the voluntary diversity targets and gaps identified in the Board's fields of knowledge, skills and experience. The Board will continue to look at promoting diversity in terms of further gender equity representation.

## DIVERSITY AT BOARD LEVEL - POLICY STATEMENT

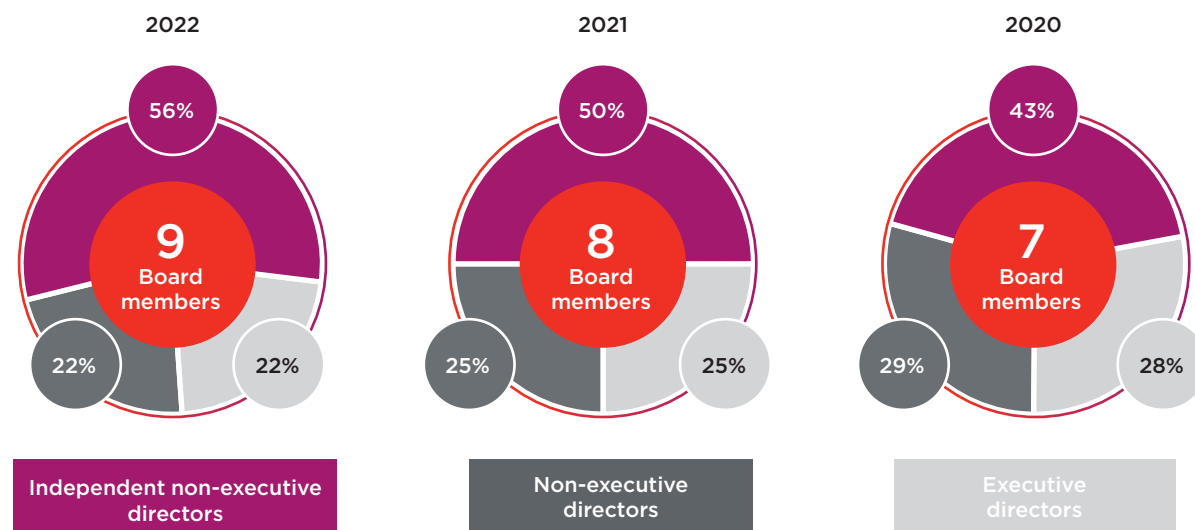
The Company believes that the promotion of broader diversity at Board level maximises opportunities to achieve its business goals through an informed understanding of the diverse environments in which we operate. A truly diverse Board will include and make good use of differences in age, gender, race, culture, the field of knowledge, skills and experience and other distinctions between directors. These differences will be considered in determining the optimum composition of the Board and, when possible, should be balanced appropriately.

Non-executive directors bring independent judgement and experience to the Board's deliberations and decisions. The selection of Board members is made on merit, in the context of the skills, experience, independence and knowledge that the Board requires to be effective.

A copy of the policy may be viewed at the Company's head office or requested from the company secretary, Cornell Kannemeyer – [cornell.kannemeyer@aeei.co.za](mailto:cornell.kannemeyer@aeei.co.za)

## BOARD DEMOGRAPHICS

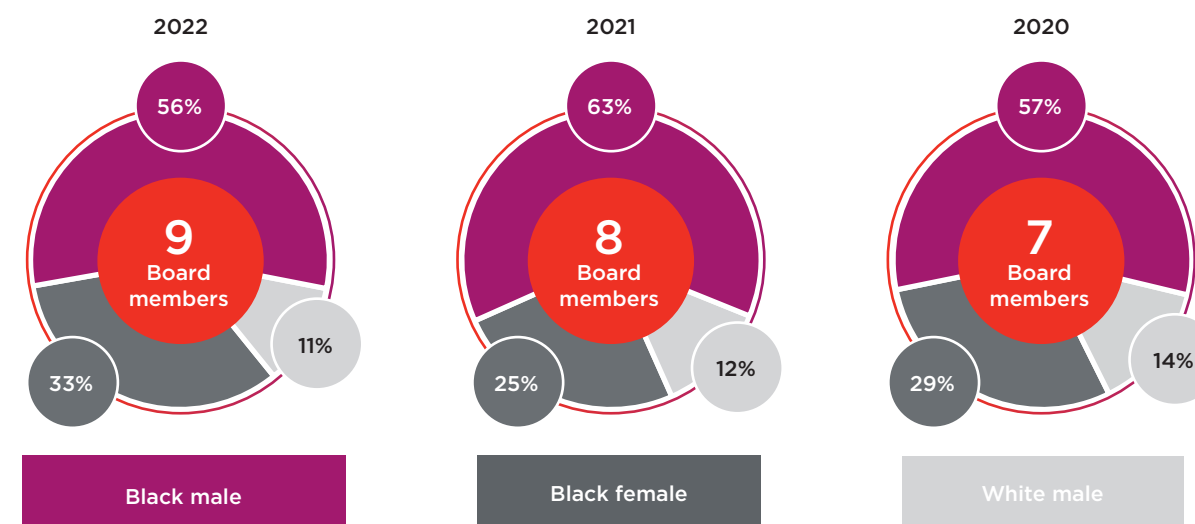
### EXECUTIVE AND NON-EXECUTIVE DIRECTORS %



### PROMOTION OF DIVERSITY AT BOARD LEVEL %

2022 %	2021 %	2020 %	
89	88	86	Voting rights of black Board members
33	25	29	Voting rights of black women Board members
100	100	100	Black executive members
11	13	14	Black women executive members
44	43	43	Black independent non-executive Board members

### BOARD DEMOGRAPHICS %



## OUR APPROACH TO COMPLIANCE



The Audit and Risk Committee has an independent role and is accountable to the Board and shareholders. The primary objective of the Audit and Risk Committee is to assist the Board in fulfilling its oversight responsibilities for the financial reporting, system of internal control, the audit process, the risk management process, monitoring compliance with relevant laws, regulations and legal compliance. The Audit and Risk Committee is satisfied that it has complied with all its legal, regulatory and other responsibilities during the year.



# WHO GOVERNS AND LEADS US

## OUR KEY BOARD DISCUSSIONS

During the year, the Board and its various committees discussed, monitored and oversaw the Company's performance and key strategic initiatives.

In preparation for each Board meeting, besides the general agenda items, the non-executive chairperson and chief executive provide the company secretary with additional agenda items to be discussed at the meetings. A Board pack is prepared and disseminated to Board members in advance to allow the members to apply their minds and make informed decisions at the Board meetings.

At each Board meeting, the CEO and CFO provided feedback and updates on the progress made against the Company's strategic objectives and performance. They advised the Board on material matters, strategic risks, the effects of the COVID-19 pandemic on the performance of the business units, the preservation and optimisation of capital and reputational damage.

The chairs of the various Board committees provide verbal reports to the Board regarding the actions of their respective committees and the material matters arising from their latest meetings.

Based on the quarterly corporate reports, the Board reviews and monitors the information provided by the corporate office regarding regulatory compliance, changes to policies and frameworks, the reports from external sponsors, including the Company's share price.

The Board's quarterly meetings are used to discharge its duties regarding the JSE Listings Requirement, Companies Act, King IV™, and any other applicable regulatory requirements, including monitoring its strategic direction and approach to risk management.

### SEPTEMBER TO DECEMBER 2021

- Approved the 2021 Annual Financial Statements and final dividend declaration to shareholders
- Approved the 2021 Integrated Report and online suite of reports
- Approved the Notice of AGM to shareholders and directors standing for re-election
- Discussed re-appointment of the external auditors
- Approved the appointment of Carin-Lee Geuking-Cohausz as an independent non-executive director
- Discussed the ongoing banking challenges faced by the Group and the Board's response to the closing of bank accounts and alternative banking arrangements that are in place
- Discussed reputational risk matters
- Approved resolutions, including a resolution for the amendment of the Company's MOI
- Reviewed and discussed the Internal Audit plan
- Reviewed and discussed the JSE's Proactive Monitoring Report and noted that there were no matters material to AEEL in the report
- Discussed outcome of JSE inquiries on the SGD transaction

### JANUARY TO APRIL 2022

- The AGM was held in February, with all resolutions and special resolutions passed by majority votes

### MAY TO AUGUST 2022

- Approved the interim results
- Approved the 2023 budget
- Approved the Business Continuity Plan
- Approved the following updated policies:
  - Code of Conduct
  - Code of Ethics
  - Remuneration Policy
  - Transformation Policy and Charter
  - Investment Committee Charter
  - Social, Ethics and Transformation Committee Workplan
- Approved the following new policies:
  - Human Rights Policy
  - Climate Change Policy
  - Environmental, Social Governance, Environmental and Sustainability Data Reporting Policy
- Disposed of Magic 828 (Pty) Ltd
- Considered the sale of the stake in British Telecommunication Services South Africa (Pty) Ltd
- Discussed the audit fees subject to the recommendation from the Audit and Risk Committee
- Deliberated on the banking challenges and updates on related legal applications

## OTHER KEY AREAS OF RESPONSIBILITY

- Monitored and considered the financial performance of the Group.
- Monitored and discussed strategic risk, challenges, the economic environment, and the effects on the businesses.
- Investigated opportunities to increase the investment portfolio and asset base.
- Monitored and oversaw the implementation of the updated Code of Ethics and Code of Conduct.
- Monitored and updated the Board Annual Workplan.
- Responded to the COVID-19 pandemic and ensured business resilience and the impact on employee health and wellness.

- Engaged with all stakeholders on pertinent matters affecting the Group, including shareholders, employees, regulators, clients, and our strategic partners.
- Monitored and reviewed our investment portfolio in non-performing companies and disposed of Magic 828 (Pty) Ltd.
- Reviewed and discussed our succession planning, including Board skills and ensured that Board members were kept abreast of legislative changes.
- Managed reputational risk considering the negative media coverage.
- Ensured and protected value for our various stakeholder groups.

- Training provided to executives and employees on POPI Compliance and ensuring that the POPI Compliance Workplan is adhered to.
- Reviewed and updated existing policies and procedures in line with legislative and governance changes.
- Reviewed and updated the Social, Ethics and Transformation Workplan, including the progress on the UN SDG commitments and embracing ESG.
- Monitored our top risks in terms of our risk register.

- Monitored and ensured that the Company operates ethically and maintains an ethical culture.
- Monitored and ensured that there were no human rights violations.
- Conducted Board evaluations.
- Ensured that the Remuneration Policy is fair and responsible.
- Monitored and guided the Group on the effects of the COVID-19 pandemic and the effect on the various business units and employees.
- Discussed Former Judge Health's report on the Mpati Commission's Report.
- Discussed and managed the "New way of work".

HOW TO NAVIGATE OUR REPORT

OUR REPORTING SUITE

ABOUT THIS REPORT

GOVERNANCE REVIEW

OUR APPLICATION AND APPROACH TO KING IV™

WHO GOVERNS AND LEADS US

OUR COMMITTEE REPORTS

# WHO GOVERNS AND LEADS US

## 2023 AND BEYOND FOCUS AREAS

Some of the key focus areas of 2022 will continue in 2023.

- Delivery of the Group's strategy and targets.
- Monitor and maintain oversight of regulatory compliance.
- Monitor and manage reputational risks.
- Monitor the Business Continuity Plan.
- Review and monitor reports from the committees and action plans.
- Monitor, review and manage our top risks timeously.
- Strengthen the Company's response to climate change.
- Strengthen the Company's response to ESG matters.

## EXECUTIVE COMMITTEE'S STRATEGIC FOCUS AREAS

The key focus areas of the executive during the year included:

- Managing the effects of the COVID-19 pandemic by focusing on cash flow management solutions, operational efficiencies, and liquidity of the business.
- Managed the adverse effect on the reputation and brand of the Company and took appropriate action.
- Implemented the strategy and business model.
- Managed the day-to-day operations of the Company.
- Managed the capital requirements and responsibly allocated and invested the Company's resources.
- Provided reports to the Board and its committees relating to the overall performance and risk management of the Group.
- Prepared the 2023 budget for the Board's approval.
- Ensured that the Integrated Report, Annual Financial Statements and Interim Results were delivered timeously to stakeholders.
- Engaged with the Sponsors and external auditors on material matters affecting the Company.
- Provided strategic and operational support and guidance to the subsidiaries in the Group.
- Managed the Company's investment portfolio.
- Managed the "evolving world of work" and ensured employees' mental and physical well-being.
- Monitored and managed the Protection of Personal Information Act (POPIA) 4 of 2013, data, cybersecurity, and cybercrime.
- Engaged extensively with lawyers and professional advisors with regards to ongoing court challenges with banking institutions.

## PRESCRIBED OFFICER

Valentine Dzvova is the prescribed officer of the Company and performs her function and exercises her duties to the same standard of conduct applicable to all directors. She is subject to the same liability provisions and is not remunerated separately for this function.

## COMPANY SECRETARY

Damien Terblanche was the company secretary until 30 September 2022 and was accountable to the Board but was not a Board member and was not involved in the Company's day-to-day operations. The Board has satisfied itself that an arm's-length relationship existed between the company secretary and the Company.

The Board has considered the company secretary's qualifications, experience and competence and is satisfied that they are appropriate. All directors have unlimited access to the services of the company secretary. The company secretary's appointment and removal are a matter for the Board.

During the year, the company secretary:

- Made the Board aware of changes to any relevant laws affecting the Company.
- Prepared Board and committee packs and recorded detailed minutes of meetings.
- Ensured that Board and committee meetings, including the AGM of the Company, were appropriately conducted and orderly.
- Guided the directors regarding their duties, responsibilities and powers, and responsibilities and liabilities under the Companies Act and King IV™.
- Disclosed the corporate actions, SENS announcements and directors' dealings in securities and ensured compliance with the JSE Listings Requirements and the Companies Act.
- Reviewed agreements and made recommendations to the executive management team.

Cornell Kannemeyer was appointed as the company secretary effective 10 November 2022.

## EVALUATION OF THE BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS

With the ever-changing challenges facing companies, it is essential to ensure that the Board's agenda stays aligned with good governance and ethics and meets current needs, best practices and matters of strategic importance.

The Board and committees were evaluated during the year, and the evaluation revealed some areas for improvement which were addressed appropriately. As a result of the appointment of Carin-Lee Geuking-Cohausz, two of the committees were reconstituted. The independence of directors and their other commitments are also evaluated.

The Board appraises the performance of the CEO and CFO on an annual basis and identifies areas for improvement. The Board confirmed that they were satisfied that the executive directors carried out their duties with due skill and diligence and in the Company's best interests for the year.

The Board and its committees continue to operate efficiently, openly and transparently, with a productive level of discussion between members and attendees. The majority of directors are independent and these directors act with independent judgment for decision-making.

## CONFLICT OF INTEREST

☑ =  
☐ =  
☐ =

Directors may accept other Board appointments, provided that any potential conflicts are disclosed appropriately, considered, and managed and that the appointments do not conflict with the Group and/or adversely affect the director's duties. Any proposed Board appointment must be agreed upon with the chairperson before the director accepts such an appointment.

Directors and the public officer are also required to inform the Board timeously of conflicts or potential conflicts of interest that they may have relating to particular items of business or other directorships. At the start of each Board meeting, the chair requests Board members to declare any actual and/or potential conflict of interest with matters to be considered at that meeting. The company secretary maintains a register of the director's interests in and outside the company, and the relevant director signs the register.

A director or prescribed officer is prohibited from using their position or any confidential price-sensitive information to benefit themselves or any related third party. If this should arise, the Board will immediately take action against the relevant director or prescribed officer.

HOW TO NAVIGATE  
OUR REPORT

OUR REPORTING  
SUITE

ABOUT THIS  
REPORT

GOVERNANCE  
REVIEW

OUR APPLICATION  
AND APPROACH  
TO KING IV™

WHO GOVERNS  
AND LEADS US

OUR COMMITTEE  
REPORTS

# WHO GOVERNS AND LEADS US

## CORPORATE CODE OF ETHICS AND CODE OF CONDUCT

AEEI's Code of Ethics and Code of Conduct addresses corruption, bribery, conflicts of interest and human rights and governs the Group's approach to ethical behaviour and fair business practice. AEEI's leadership is characterised by its shared values of commitment through respect and trust, integrity, people, investment, stakeholders, accountability and commitment. The Board continues to provide effective leadership based on a principled foundation. One of AEEI's fundamental objectives has always been to do business ethically while building a sustainable company, considering the short-, medium- and long-term evolution of the economy, society and the environment.

In executing its responsibilities, the Social, Ethics and Transformation Committee considered and monitored the Group's activities, having regard to legislation, human rights and prevailing practice in matters relating to social and economic development, including compliance with the ten principles of the UN Global Compact and labour and employment activities.

During the year, directors and employees were made aware of the updated Code of Ethics and Code of Conduct, which was rolled out throughout the Group. Through The Way We Work Policy, the Group subscribes to a code of ethical and moral behaviour that requires total transparency for all stakeholders. AEEI prides itself on fairness and honesty and is intolerant of theft and dishonesty.

## REPORTING UNETHICAL BEHAVIOUR

Employees and stakeholders can report any breach of the Code of Ethics via the Group's anonymous reporting facility. During the year, there were no allegations of unethical behaviour reported.

## POLICY ON TRADING IN COMPANY SECURITIES

Directors and employees may not trade in Company securities during prohibited and closed periods. Directors and designated employees may only deal in the Company's securities outside the prohibited and closed periods.

In compliance with the JSE Listings Requirements, the Company has a policy for insider trading dealings in securities and transactions.

## DEALING IN COMPANY SHARES

Directors, officers and employees of the Company are not permitted to deal in company shares during closed periods in accordance with the JSE Listings Requirements. The closed period commences at the end of the first six months of the financial year (end February) and financial year-end (end August) and upon publication of the relevant results and during

periods when the Company is trading under a cautionary announcement. In addition, the company secretary disseminates written notices to all directors and senior management informing them that it is prohibited to deal in AEEI shares during closed periods.


Directors are required to seek the authority of the non-executive chairperson, CFO and the company secretary before dealing in shares of AEEI. Accordingly, directors are not permitted to use internal Company information when deciding to deal in the Company's shares. During the year under review, the Board reinforced the Code of Conduct for insider trading.

## INTERNAL POLICIES

As a leading JSE-listed black empowerment Company and in line with the Group's governance, the Group has all the relevant policies approved by the Board. Policies are reviewed annually and updated with any new legislative requirements.

## RESPECTED CORPORATE CITIZENSHIP

The Board and management recognise AEEI as an economic entity and a corporate citizen. It has a social and moral standing in society with all the attendant responsibilities. Further information is provided in the sustainability report available online at

 [www.aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports](http://www.aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports).

## ANNUAL FINANCIAL STATEMENTS

In terms of the Companies Act, directors are required to maintain adequate accounting records and prepare the Annual Financial Statements based on appropriate accounting policies.

AEEI's Annual Financial Statements are based on appropriate accounting policies as set out in the notes to the financial statements and are supported by reasonable and prudent significant judgements and estimates. The external auditors are responsible for considering internal controls relevant to preparing the financial statements to design appropriate audit procedures under the circumstances, but not to express an opinion on the effectiveness of the internal control systems.

The Board established formal and transparent arrangements with the external and internal auditors. It ensured that timely and accurate disclosure was made of any information that would be of material importance.

The Board ensured that assurance services and functions enabled an effective control environment. These support the integrity of information for internal and external decision-making and the Company's external reports in achieving its objectives.

The Board is satisfied that the financial statements are fairly presented and contain proper disclosures and appropriate internal controls and that regulatory compliance processes were followed to prepare the annual financial statements.

The external auditors offered reasonable, but not absolute, assurance of the fair presentation of the financial statements as a whole and are free from material misstatement, whether due to fraud or error. Refer to the external audit report in the complete annual financial statements. AEEI's management is responsible for the preparation of the financial statements.

## TRAINING



Directors are provided with copies of the Company's policies, charters and procedures. Updates on various trends in the business industry, economic, political, social and climate change are also provided. Directors are encouraged to attend courses, seminars and conferences to keep them abreast of changes and trends that could affect the business.

During the year, the directors received updates on the following:

- JSE Listings Requirements
- Cybercrime and risks
- COVID-19
- Sustainable Development Goals (SDGs)
- Environmental, Social and Governance (ESG) matters

## OTHER KEY AREAS OF RESPONSIBILITY

### STAKEHOLDER RELATIONSHIPS

AEEI appreciates the role and support of its stakeholders and remains committed to nurturing impactful relationships that deliver mutual benefits and encourage transparent, objective and relevant communication. We built and maintained trust and respect with our various stakeholders for the year in review, thus positively impacting our reputation to compete successfully in an increasingly complex and ever-changing business environment.

The Company has identified stakeholder groups with whom it engages in a structured manner. We addressed essential risks and opportunities and responded timeously and appropriately to issues raised in our interactions with our various stakeholders. The Group's strategy and performance are covered in the reports of the chairperson, chief executive officer and chief financial officer in the Integrated Report.

AEEI's stakeholder engagement framework outlines the Company's approach to communicating and working with its stakeholders. Engaging with stakeholders is decentralised and forms part of the operations of our various business units. Each business unit is required to report regularly on its stakeholder engagements.



The role, responsibilities, and focus areas are comprehensively addressed on pages 66 to 74 of the Integrated Report – Our stakeholder needs and expectations.

## GOVERNANCE AT SUBSIDIARY LEVEL

The Board provides oversight of the governance processes and frameworks at subsidiary level while our executive management team implements policies and procedures through which governance is applied within the Group. AEEI exercised appropriate oversight of its subsidiaries while maintaining the independence and legal and governance responsibilities that apply to each subsidiary.

## ESG MATTERS

The Board has ultimate accountability for our sustainability and has tasked the Social, Ethics and Transformation Committee to manage and monitor ESG. The Audit and Risk Committee ensures the integration of ESG-related risks into the risk management framework.

The Board ensures that the Company is seen as a responsible corporate citizen through the management of ESG-related matters and evaluates how our strategy supports the delivery of the Company's purpose and how ESG risks and opportunities could impact the business.

The Board tasked the following committees with the following responsibilities:

- Audit and Risk Committee – oversees the integration of environmental-related risks into the risk management framework.
- Nominations Committee – oversees the application of the governance principles as defined by King IV™.
- Social, Ethics and Transformation Committee – oversees the implementation of the Company's ESG approach and execution thereof.
- Investment Committee – must consider ESG matters in investment proposals tabled before it.

The executive management team is ultimately accountable for the execution of ESG.


Embedding ESG is a continuous process with regulations evolving and new ESG factors emerging. There is an increased focus on ESG-related matters from stakeholders. We have increased our reporting year-on-year as this assists us in creating and preserving value for our stakeholders and contributing to a more sustainable operating environment.

# WHO GOVERNS AND LEADS US

Our framework consists of key sustainability indicators to track, document and publicly disclose our progress regarding our ESG, which is available in our online Sustainability Report

We benchmark our progress against our peers, and our ESG rating remains in the top tier of the Financial Services Sector locally.

AEEI is committed to providing various stakeholders with ESG data that meets both local and international standards for accuracy, consistency, completeness and reliability. AEEI's full disclosure can be found in the Sustainability Report on

 [www.aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports](http://www.aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports).

For its disclosure for Environmental, Social and Governance Data in the Financial Services: Investments sector of the Sustainability Data Transparency Index (STDI) Reporting in South Africa, AEEI was ranked first in its sector by Integrated Reporting & Assurance Services (IRAS) for its reporting in 2021 (published in August 2022) with an overall score of 87.37% from a total of 270 JSE-listed companies. In 2020, AEEI won first place in its sector with a score of 89.71% and also won the award in 2015 and 2016 (Top in Sector).

- HOW TO NAVIGATE OUR REPORT
- OUR REPORTING SUITE
- ABOUT THIS REPORT
- GOVERNANCE REVIEW
- OUR APPLICATION AND APPROACH TO KING IV™
- WHO GOVERNS AND LEADS US

## OUR COMMITTEE REPORTS

<b>AUDIT AND RISK COMMITTEE</b>	<b>38</b>
REPORT OF THE COMMITTEE	38
AUDIT FUNCTION	41
RISK MANAGEMENT REPORT	42
<b>TECHNOLOGY AND INFORMATION</b>	<b>50</b>
COMPLIANCE FOR TECHNOLOGY GOVERNANCE	50
REPORT OF THE COMMITTEE	51
<b>REMUNERATION COMMITTEE</b>	<b>54</b>
REFLECTIONS FROM THE CHAIRMAN	54
REMUNERATION COMMITTEE REPORT AND OUTCOMES	55
AEEI'S REMUNERATION POLICY	61
INTRODUCTION	61
<b>NOMINATIONS COMMITTEE</b>	<b>64</b>
REPORT OF THE COMMITTEE	64
<b>SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE</b>	<b>67</b>
REPORT OF THE COMMITTEE	67
ETHICS GOVERNANCE	72
HUMAN RIGHTS	73
<b>INVESTMENT COMMITTEE</b>	<b>75</b>
REPORT OF THE COMMITTEE	75



# OUR COMMITTEE REPORTS

## AUDIT AND RISK COMMITTEE



Dear Stakeholder

I am pleased to present the activities on behalf of the Audit and Risk Committee for the year under review. The committee has an independent role with accountability to the Board and shareholders. The committee does not assume the functions of management, which remain the responsibility of the executive directors, executive management and other members of senior management.

The committee is responsible for reviewing and advising the Board in its evaluation of the integrity of the financial statements, the efficiency of internal controls, financial accounting practices, information technology systems, internal financial and non-financial controls, external auditors, internal auditor, financial risk management processes, statutory and regulatory compliance and cybersecurity and all other duties assigned to it by the Board.

The Audit and Risk Committee complies with the provisions of the JSE Listings Requirements, Companies Act, the MOI, King IV™ and other applicable law and regulatory provisions with formal rules governing the services provided by the external auditors in terms of systems and processes.

### COMPOSITION OF THE COMMITTEE

The Audit and Risk Committee consists of three independent non-executive directors and one non-executive director with the prerequisite skills.

<b>Chairman</b>	Willem Raubenheimer
<b>Members</b>	Gaamie Colbie Bongikhaya Qama Stephen Nthite
<b>By invitation</b>	Valentine Dzvova – chief executive officer Jowayne van Wyk – chief financial officer Independent external auditors Internal auditor Alan Ipp – Independent Consultant
<b>Number of meetings held</b>	Four

## REPORT OF THE COMMITTEE

### 2022 FOCUS AREAS AND GOVERNANCE OUTCOMES

The committee's primary purpose during the year was to ensure the integrity of the financial statements and to oversee the effectiveness of the internal financial controls and the external and internal audit functions. Our internal control system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss and safeguard, verify and maintain accountability adequately for its assets.

The external and internal auditors had unrestricted access to the Audit and Risk Committee and attended all the committee meetings by invitation during the year ended 31 August 2022.

In the execution of its duties, the committee:

- Reviewed the quality and integrity of the Integrated Report, including the Annual Financial and Interim Statements and public announcements regarding the financial results.
- Reviewed and approved the Annual Financial Statements of the Company, the Group and its subsidiaries.
- Reviewed and discussed the external audit report and findings, together with combined assurance from management and the external auditors and recommended it for approval by the Board and implementation by management.
- Monitored and challenged, where appropriate, actions taken by management regarding adverse internal audit findings.
- Reviewed the internal audit function's effectiveness by monitoring the scope and execution of its audit plan, independence, skills, staffing and overall performance.
- Discussed the banking facilities, reputational damage, the appropriate action taken and legal fees incurred.
- Reviewed and discussed the JSE's Proactive Monitoring Process and Report Back on Proactive Monitoring of financial statements and noted no material matters in the report.
- Assisted the directors in fulfilling their responsibilities and ensuring an effective risk management process throughout the Group.
- Oversaw regulatory compliance by the Group with applicable external and regulatory obligations and significant internal policies relating to the operation of its business units.
- Received and assessed reports from management concerning the risk implications of new and emerging risks, resolution of significant risk exposure and risk events to monitor them in accordance with the Board's risk appetite and ensured that the risk is maintained at an acceptable level.
- Assessed whether all significant new business opportunities have been appropriately considered from a risk perspective.
- Assessed and monitored internal financial controls and adherence and compliance to such controls.
- Assessed reports from divisional management concerning business, operational and compliance risks to oversee them and assess their impact on the Group.
- Facilitated communication of risk issues to all management.
- Considered and approved the external audit plan, the related scope of work and reviewed the external auditor's terms of engagement and fees for the year ending 31 August 2022.
- Reviewed and discussed the preliminary audit risks identified by the external auditors and recorded appropriate action to be taken.
- Monitored the internal financial controls and systems through the internal auditor and external audit findings and actions taken by management.
- Monitored the effectiveness of risk management and controls by evaluating the risk management report and Group risk register.
- Reviewed the scope, independence and objectivity of the external auditors, Crowe JHB and THAWT Inc.
- Concluded that the audit firms, Crowe JHB and THAWT Inc., and the audit partners are independent of the Company and the Group.
- Recommended to shareholders the appointment of the external auditors for the 2022 financial year.
- Obtained assurance from the external auditors that adequate accounting records were maintained.
- Approved non-audit services when required for tax and other opinions and any independent internal quality assurance reviews related to the internal auditor's operational audits.
- Evaluated the internal auditor's independence, effectiveness, performance and compliance with its charter.
- Assessed and considered concerns regarding accounting practices and internal audits.
- Assessed and continued to oversee the Group's top risks and strategy to manage its risks optimally.
- Continued to review and monitor the risk management process and impact of the COVID-19 pandemic on the short-, medium- to long-term strategy of the business.
- Reviewed quarterly business performance, solvency and liquidity and going concern assessments.
- Assessed the IT governance and related control environment and made recommendations.
- Reviewed and implemented the Business Continuity Plan/Disaster Recovery plan as an ongoing process.

- Reported to the Board and shareholders on how it discharged its duties in a report that forms part of the Audited Financial Statements.

### VALUE-CREATING ACTIVITIES FOR THE YEAR UNDER REVIEW

- Reviewed the disclosure within the Integrated Report and reports to shareholders, taking into account all factors and risks that may impact the integrity of the Integrated Report.
- Considered the impact of the volatile economic climate and market conditions.
- Monitored the impact of the COVID-19 pandemic and business resilience against an uncertain macroeconomic climate.
- Interrogated, approved, reviewed and evaluated the adequacy and efficacy of the risk policy, procedures and controls applied in the day-to-day management of the business.
- Reviewed sustainability and the integration of environmental, social and governance issues and risks.
- Reviewed and ensured governance compliance.
- Reviewed regulatory compliance and interrogated the efficiency of management's activities regarding increased risk.
- Assessed processes and procedures to mitigate cyber threats.

The Audit and Risk Committee has confirmed that the Company has, with consideration to all entities included in the consolidated group IFRS financial statements, established appropriate financial reporting procedures and that those procedures are operating to ensure that it has access to all financial information of the Group, to allow the Group to effectively prepare and report on the financial statements.

The Audit and Risk Committee was provided with the information in paragraph 22.15(h) of the JSE Listings Requirements by Crowe JHB and THAWT Inc. The committee used the information to assess the suitability for the appointment of both Crowe JHB and THAWT Inc. as the external auditors and the audit partners.

The Audit and Risk Committee has nominated and recommended to shareholders the re-election of Crowe JHB and THAWT Inc. at the forthcoming AGM as the external audit firms and Gary Kartsounis and Gil Gorgulho as the designated audit partners respectively, responsible for performing the functions of auditor, for the 2023 financial year. Both audit firms appear on the JSE's list of accredited auditors.

### EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

The committee satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements that the chief financial officer and the finance function have the appropriate expertise and are adequately resourced.

# OUR COMMITTEE REPORTS

## 2023 FOCUS AREAS

The committee identified the following focus areas for the year ahead:

- Manage the banking facilities and legal proceedings still to take place.
- Review the quality and integrity of the Integrated Report, including the Annual Financial and Interim Statements and public announcements regarding the financial results.
- Ensure that the Group's financial systems, processes and controls are operating effectively and responsive to changes in the environment and industries in which we operate.
- Review the business performance against targets.
- Monitor the Business Continuity Plan/Disaster Recovery Plan.
- Review the internal audit function's effectiveness by monitoring the scope and execution of its audit plan, independence, skills, staffing and overall performance.
- Review the scope, independence and objectivity of the external auditors, Crowe JHB and THAWT Inc.
- Consider the annual audit plan and related scope of work and determine the external auditors' terms of engagement and fees.
- Continue to focus on the robustness of the internal control framework and financial reporting.
- Review and monitor the internal financial controls.
- Continue to monitor the Group's top risks.
- Continue to review the risks and changing risk trends or new emerging risks and management's response.
- Oversee the integration of environmental risks into the risk framework and the level of assurance applied.
- Continue monitoring the impact of the COVID-19 pandemic on the business's short-, medium- to long-term strategy.
- Monitor the IT governance, systems integrity, stability and availability.
- Assess and monitor cyber resilience on an ongoing basis.
- Continue to focus on governance and the regulatory control environment.

## STAKEHOLDERS

Key stakeholders impacted:



## MATERIAL RISKS

One of the key components of the committee was to review the material risks related to our activities and to respond to new and emerging risks and ensure alignment with regulatory changes and best practices that the Company may face. In doing so, the committee considered stakeholder needs, corporate governance principles, risk trends, global trends and external dynamics.



**Refer to page 42 of the risk management report**

The committee is satisfied that it has complied with its legal and regulatory responsibilities for the 2022 financial year.



**Mr Willem Raubenheimer**

*Chairman of the Audit and Risk Committee*

## AUDIT FUNCTION

### GROUP INTERNAL AUDIT

The internal audit operates under a defined charter and policy approved by the Audit and Risk Committee. The charter conforms to the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics set out by the Institute of Internal Auditors and AEEI's Code of Conduct.

The primary objective of the Group's internal auditor during the year was to provide an independent objective assurance function and consulting role on the adequacy and effectiveness of the Group's governance, risk management and internal control systems. The Group's internal auditor reports functionally to the Audit and Risk Committee and administratively to the CEO. The Audit and Risk Committee monitored the effectiveness of the internal audit function in terms of its scope, independence, skills, execution of its plan and overall performance.

The system of internal control is designed to ensure that significant risks are appropriately identified, managed and provide reasonable assurance that:

- the Company's assets and information are safeguarded;
- operations are efficient and effective; and
- applicable laws and regulations are adhered to.

The audit methodology has further evolved to provide more extensive assurance and takes a risk-based approach to audit performance.

### 2022 FOCUS AREAS AND GOVERNANCE OUTCOMES

During the year, the Group internal auditor undertook the following:

- Prepared and submitted an annual internal audit plan for approval to the Audit and Risk Committee, which included risk-based operational and system audits on the Group's governance and business processes for 2022 for review and approval.
- Provided feedback to the Audit and Risk Committee on progress made on the annual internal audit plan, including key internal findings, issuing of final audit reports, internal financial controls, key risks identified and summarising the results of the internal audit activity and management's progress in addressing control weaknesses.
- Updated the risk registers for each subsidiary on the risks identified.
- Reported on risk incidents for the year.
- Reviewed the Company's governance processes and ethics and provided feedback to management.
- Systematically analysed and evaluated the business processes and associated controls.
- Followed a risk-based approach.

- Issued internal audit reports to subsidiaries and followed-up on the implementation and action taken by management.
- Monitored and challenged, where appropriate, action taken by management concerning the internal audit findings.
- Monitored and reported on the risk management process to the Audit and Risk Committee.
- Liaised with the external auditors as part of the combined assurance process, where internal audit followed up and ensured that management implemented the external auditors' recommendations from the prior year.
- Provided a source of information on fraud, corruption, unethical behaviour and irregularities.
- Monitored the impact of COVID-19 on the business in the short-, medium- and long-term.
- Internal audits were performed at most subsidiaries during the year, and the findings were presented to the relevant CEOs.
- Appointed additional resources for the internal audit function.
- Liaised with management and the external auditors regularly.

### EXTERNAL AUDITORS

As auditors of a public interest company, Crowe JHB and THAWT Inc. are the auditors for the third year, with Gary Kartsounis and Gil Gorgulho serving as the partners.

Crowe JHB and THAWT Inc. provide an audit opinion in accordance with the Companies Act, the JSE Listings Requirements and King IV™. Under Company law, their responsibility is to the shareholders of the Group. In addition, they have professional responsibilities to report irregularities in terms of section 45(1) of the Auditing Profession Act, 2005, and key audit matters in their audit report to the committee.

During the year, the external auditors:

- Provided the committee with their annual audit plan, related scope of work, terms of engagement and fees for the year.
- Liaised with the Group internal auditor and attended the Audit and Risk Committee meetings by invitation.
- Attended the AGM, where the company's Annual Financial Statements for the financial year are presented to respond to any questions relevant to the audit of the Financial Statements.
- Audited the 2022 consolidated Annual Financial Statements and provided an unqualified opinion.

HOW TO NAVIGATE  
OUR REPORT

OUR REPORTING  
SUITE

ABOUT THIS  
REPORT

GOVERNANCE  
REVIEW

OUR APPLICATION  
AND APPROACH  
TO KING IV™

WHO GOVERNS  
AND LEADS US

OUR COMMITTEE  
REPORTS

# OUR COMMITTEE REPORTS

## RISK MANAGEMENT REPORT

The Board seeks to govern risks to support the Group in delivering on its strategic objectives to grow shareholder value. The risk management process forms an integral function of the Audit and Risk Committee.

The Board is committed to effective proactive risk management and considers business and potential emerging risks when approving budgets and setting strategies. The internal audit assists in identifying, assessing and recording the strategic risks facing the Group and where appropriate, monitoring mitigating actions. Executive management continuously reviews the risk and control procedures to improve risk identification, assessment and monitoring. Proactive risk management is an essential element of good corporate governance and an enabler in realising opportunities and enhancing its capabilities to anticipate and manage risks.

### GOVERNANCE OF RISK MANAGEMENT

BOARD		
STRATEGY, RISK APPETITE AND POLICY		
Risk ownership	Risk control and monitoring	Independent assurance and validation
CEO and executive committee	Audit and Risk Committee	Internal and external assurance
Implementing and recording	Internal verification	Independent verification
Delegated Board authority to: <ul style="list-style-type: none"><li>Develop and implement the business strategy.</li><li>Measure and manage performance.</li><li>Implement internal controls and a risk management framework within the agreed appetite.</li><li>Improve operational performance by assisting and improving decision-making and planning</li></ul>	Objectives of risk management: <ul style="list-style-type: none"><li>Design and deploy the overall risk management framework.</li><li>Develop and monitor policies and procedures.</li><li>Monitor adherence to the risk management framework and strategy.</li><li>Provide a sound basis for integrated risk management and internal control as components of good corporate governance.</li><li>Provide the Board with key information to make risk-informed decisions and to effectively allocate resources.</li></ul>	<ul style="list-style-type: none"><li>Provide a level of assurance that material risks are effectively managed.</li><li>Assurance that the risk management process is functioning as designed and identifies improvement opportunities.</li><li>Provide independent and objective assurance of the effectiveness of corporate governance standards and business compliance.</li></ul>
MANAGEMENT-BASED ASSURANCE	AUDIT AND RISK COMMITTEE ASSURANCE	INDEPENDENCE-BASED ASSURANCE

## THREE LINES OF DEFENCE MODEL

The Company realises the importance of managing risks, responsibilities and accountability in compliance with the **THREE LINES OF DEFENCE MODEL**.

### First line of model

Management is responsible for the implementation of business strategies, the identification of risks and the design of related controls. In addition, it is the responsibility of management to monitor the controls implemented to mitigate the risks.

### Second line of model

Risk management is the second line of model, where risks are assessed, evaluated and measured. The residual risk is then measured against the risk appetite and tolerance levels set by the Board.

### Third line of model

The internal and external assurance providers are the third line of model. The Group's internal auditor continued to assess the risk management process's adequacy and effectiveness during the year, and the results were communicated to the Audit and Risk Committee.

## MATERIAL MATTERS

Material risks identified are linked to the strategic objectives and the following six material matters were identified, with each material matter having strategic objective/s:



FINANCIAL



HUMAN CAPITAL



BUSINESS OPERATIONS



MACRO ECONOMIC



THE ENVIRONMENT



SOCIAL AND RELATIONSHIP

## OUR APPROACH TO RISK MANAGEMENT

The Audit and Risk Committee assesses, manages, and reports on all material risks, as well as on the impact, the mitigation and the management of those material risks.

The Audit and Risk Committee assesses whether the risk management process is effective under the current circumstances by identifying and evaluating risks to determine whether the business operations have managed their risks in line with the Group's strategy. The committee further considers the impact on the sustainability of the business and the external and internal environments to identify key developments related to our risks, implications and responses.

The Executive Committee of the divisional subsidiaries are accountable and responsible for managing risks within their business units and may delegate specific responsibilities appropriately. This process is evaluated by the Group internal auditor, which provides the Audit and Risk Committee with the assurance that significant business risks are systematically identified, assessed and reduced to acceptable levels in line with the Board's risk appetite and risk tolerance levels. Each subsidiary tables its risk register at subsidiary Board meetings under financial, operational, strategic, legal, human resources and other risk categories. Action plans are monitored and discussed to reduce the risks to acceptable levels in line with the Group's risk appetite and tolerance levels. The risk evaluation in the risk register reports significant risks to the Audit and Risk Committee, which then reports these risks to the Board.

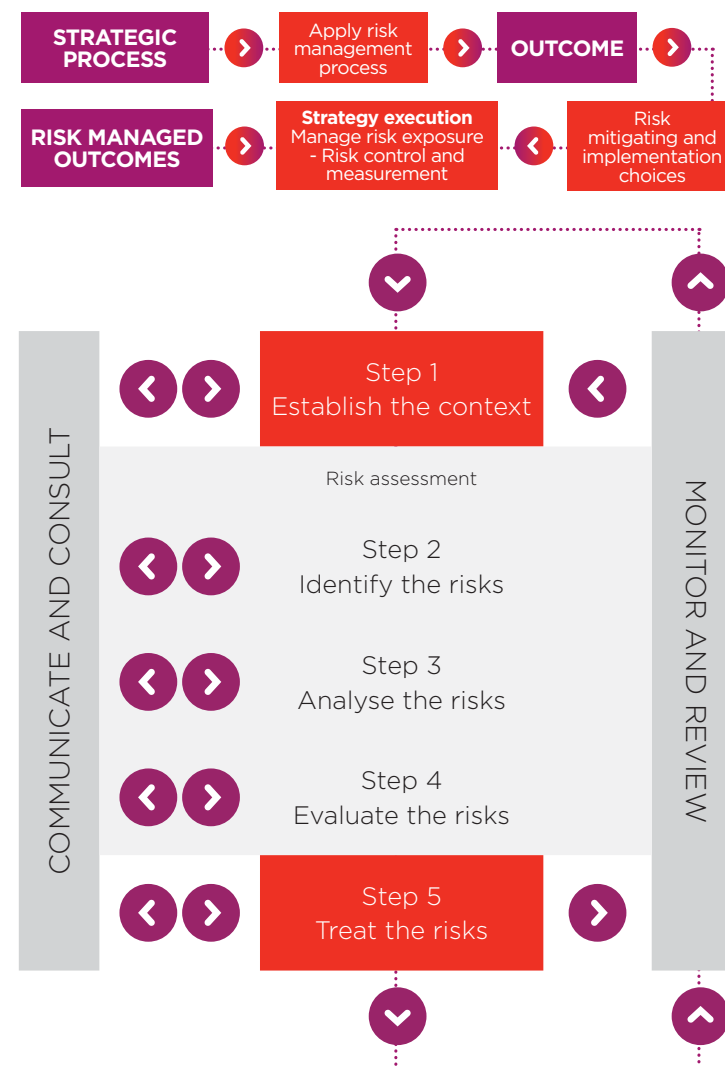
- HOW TO NAVIGATE OUR REPORT
- OUR REPORTING SUITE
- ABOUT THIS REPORT
- GOVERNANCE REVIEW
- OUR APPLICATION AND APPROACH TO KING IV™
- WHO GOVERNS AND LEADS US
- OUR COMMITTEE REPORTS



# OUR COMMITTEE REPORTS

## RISK MANAGEMENT PROCESS

The structure of our risk management process is set out below. This structure continues to be rolled out across the entire Group and is in line with industry standards.



<b>Communicate and consult</b>	Communicate and consult with those involved in assessing risk and engage those involved in the treatment, monitoring and reviewing risk.
<b>Establish the context</b>	Consider the environment internally and externally within which the risks are present.
<b>Identify the risks</b>	Identify all possible uncertainties (risks) that may impact and prevent the organisation from achieving its objectives.
<b>Analyse the risks</b>	Analyse and assess the risk in terms of likelihood and impact.
<b>Evaluate the risks</b>	Compare the level of risk found during the analysis process and decide whether these risks are acceptable or require treatment.
<b>Treat the risks</b>	Identify actions and controls to manage the inherent risks to an acceptable residual level. Assess the effectiveness of actions and controls.
<b>Monitor and review</b>	Monitor risks and review the effectiveness of the treatment plan, strategies and management system.

## MATERIAL RISKS



FINANCIAL



HUMAN CAPITAL



BUSINESS OPERATIONS



MACRO ECONOMIC



THE ENVIRONMENT



SOCIAL AND RELATIONSHIP

RISK AND RATIONALE	CONSEQUENCES	MITIGATION	OPPORTUNITIES	LINK TO MATERIAL MATTER/ STRATEGY
<b>1 Lack of access to banking facilities</b>	<p>The relationship of the Group with banking institutions has been strained and has culminated in some bank account closures. If this continues there is a risk of:</p> <ul style="list-style-type: none"> <li>operational and business disruption;</li> <li>closure of operations;</li> <li>loss of income through loss of major customers and inability to attract new customers;</li> <li>reputational damage.</li> <li>Retrenchment of employees;</li> <li>unnecessary legal fees; and</li> <li>limited access to bank funding.</li> </ul>	<ul style="list-style-type: none"> <li>Transparent communication with all stakeholders regarding our banking facilities.</li> <li>The Group looked at alternative banking arrangements and kept stakeholders abreast of the Group's situation.</li> <li>The Group had to review its business operations and processes.</li> </ul>	<p>Diversification of banking facilities to less traditional mainstream banks.</p> <p>Engage with banking institutions more robustly to re-establish a strong relationship which lays a foundation for long-term partnership.</p>	 
<b>2 Loss of support from stakeholders due to reputational damage</b>	<p>As a Company that is in the public eye there is a risk that stakeholders may cease supporting the Company due to negative media articles, perceived governance implementation failures and bank account closures. This would result in:</p> <ul style="list-style-type: none"> <li>loss of credibility and legitimacy due to negative media and untested allegations that it cannot control;</li> <li>operational and business disruption; and</li> <li>inability to trade and continue business operations.</li> </ul>	<ul style="list-style-type: none"> <li>Transparent communication with material stakeholders regarding media allegations.</li> <li>Engaged with third parties that raised issues that may have the potential to damage/impact our reputation.</li> <li>Regular engagement with institutions regarding any concerns raised.</li> <li>Meticulous compliance with the relevant laws, regulations and Acts.</li> </ul>	<ul style="list-style-type: none"> <li>Increase our focus on building our brand and reputation.</li> <li>Improve our communication with stakeholders.</li> <li>Improve our relationships with shareholders and institutions to support our growth plans.</li> </ul>	 

HOW TO NAVIGATE OUR REPORT

OUR REPORTING SUITE

ABOUT THIS REPORT

GOVERNANCE REVIEW




OUR APPLICATION AND APPROACH TO KING IV™






WHO GOVERNS AND LEADS US

OUR COMMITTEE REPORTS







# OUR COMMITTEE REPORTS

RISK AND RATIONALE	CONSEQUENCES	MITIGATION	OPPORTUNITIES	LINK TO MATERIAL MATTER/ STRATEGY
<b>3 Loss of business demand due to the economic recession, tarnished reputation and the negative impact of COVID-19</b>	<p>The economic recession in local and international markets and the uncertain economic climate and the impact of the COVID-19 pandemic as we enter the third year and return business recovery to pre-COVID-19 levels could result in:</p> <ul style="list-style-type: none"> <li>a negative effect on the growth and sustainability of the business;</li> <li>a negative effect on business operations;</li> <li>decrease in revenue.</li> <li>negative impact on liquidity;</li> <li>employee infection or demise;</li> <li>stringent laws and regulations;</li> <li>inability to export products; and</li> <li>loss of significant clients and market share.</li> </ul>	<ul style="list-style-type: none"> <li>The Group had to review its business operations, processes and structures under the “new norm”.</li> <li>The Group continues to follow the government’s COVID-19 protocols in dealing with the pandemic.</li> <li>The following services remain available and accessible for employees: <ul style="list-style-type: none"> <li>health-line for COVID-19 support;</li> <li>financial support;</li> <li>counselling services for individuals and families;</li> <li>advisory services on health, daily behaviours and planning; and</li> <li>managerial advice for oversight and keeping in contact during remote working.</li> </ul> </li> <li>Streamlining and resizing businesses to reduce operational expenditure and the strain on cash resources.</li> <li>Management teams identified areas of innovation in operations to increase efficiency and develop products and services that respond to the current environment.</li> </ul>	<ul style="list-style-type: none"> <li>The health and safety of employees are optimised.</li> <li>Productivity increased due to saving on travel time to the workplace.</li> <li>The pandemic has necessitated new revenue streams from the demand for products and services.</li> <li>Enhancing our assets.</li> <li>Optimising our plant and equipment.</li> <li>Improve margins that will optimise our business operations.</li> </ul>	  

RISK AND RATIONALE	CONSEQUENCES	MITIGATION	OPPORTUNITIES	LINK TO MATERIAL MATTER/ STRATEGY
<b>4 Non-compliance with regulatory requirements resulting in fines and penalties</b>	<p>The ever-changing regulatory environment could result in inadequate controls and processes. Inadequate monitoring and response to the applicable legislation could result in:</p> <ul style="list-style-type: none"> <li>a negative effect on the reputation of the Company;</li> <li>a decrease in community support;</li> <li>loss of income; and</li> <li>negative effect on stakeholder relationships.</li> </ul>	<ul style="list-style-type: none"> <li>Training and awareness are continuously assessed and provided across the Group.</li> <li>Policies and procedures are updated regularly to adapt to all new regulations and legislative requirements.</li> <li>King IV™ compliance review completed annually through a Governance Instrument.</li> <li>The use of field experts and consultants to ensure compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with applicable laws and regulations governing the Group’s results in the Group is seen as a being good corporate citizen.</li> </ul>	 
<b>5 Inability to raise funding due to reputational damage and economic downturn</b>	<p>The negative reputation that the Company is currently under in addition to the economic downturn could result in:</p> <ul style="list-style-type: none"> <li>a loss of stakeholder confidence;</li> <li>a negative effect on the sustainability of the business and business operations;</li> <li>loss of income; and</li> <li>slow growth.</li> </ul>	<ul style="list-style-type: none"> <li>Continuous communication of the value proposition of our products, services and businesses.</li> <li>Build agility in the way we conduct our businesses.</li> <li>Diversification of products, brands, services and companies we invest in.</li> <li>Continue to seek alternative markets for our products, brands and services.</li> <li>Insurance cover has been taken out where applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Focus on our acquisition strategy to ensure revenue is not negatively affected.</li> <li>Improve communication with our markets regarding our value proposition.</li> <li>Focus on internal reviews and reflect on the success of our strategy.</li> <li>Acquiring good businesses at favourable prices.</li> </ul>	  

# OUR COMMITTEE REPORTS

RISK AND RATIONALE	CONSEQUENCES	MITIGATION	OPPORTUNITIES	LINK TO MATERIAL MATTER/ STRATEGY
<b>6 Business interruption due to information technology systems downtime or breaches</b>	<p>There is potential for downtime and security breaches due to inadequate IT integration into strategy, outdated systems, lack of knowledge by employees and undefined reliance on third party IT service provides. This could result in:</p> <ul style="list-style-type: none"> <li>a negative effect on business operations and sustainability;</li> <li>a harmful effect the reputation of the Company;</li> <li>possible financial loss; and</li> <li>business interruptions in the Group's systems from malicious software and increasingly advanced cyber and ransomware attacks, leading to a loss of information and an increased risk of fraud.</li> </ul>	<ul style="list-style-type: none"> <li>Restrict access to the Group's communication and technology systems through e.g., firewalls.</li> <li>The monitoring of the IT systems for possible IT-related breaches, cyber ransomware attacks and malicious software.</li> <li>The rollout and implementation of the new IT system.</li> <li>Back-ups are performed daily and stored on different external servers and off-site.</li> <li>Service level agreements with third party IT service providers.</li> </ul>	<ul style="list-style-type: none"> <li>The Group can maintain data integrity and decrease downtime on a secure IT system.</li> <li>Uninterrupted business practices will lead to efficiency and maximising profits.</li> <li>Optimising "The Way We Work" in a digital world.</li> </ul>	 
<b>7 Loss of critical skills due to reputational damage and the competitive job market</b>	<p>Limited investment in scarce skills and programmes, inadequate skills transfer and limited training opportunities focussed on technical skills, inadequate succession planning, negative brand reputation and non-competitive employee incentive schemes could result in employees looking at other opportunities resulting in:</p> <ul style="list-style-type: none"> <li>a negative effect on the sustainability of the business and business operations; and</li> <li>a negative effect on the reputation of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>A bursary scheme is in place.</li> <li>Market-related remuneration and equal pay.</li> <li>Career development opportunities, including internal skills training.</li> <li>Employee wellness programmes.</li> <li>Training and upskilling of employees.</li> <li>Succession planning for critical skills is on the Board agenda.</li> </ul>	<ul style="list-style-type: none"> <li>Become an employer of choice by offering an ethical working culture and an environment that attracts and retains superior employees.</li> </ul>	 

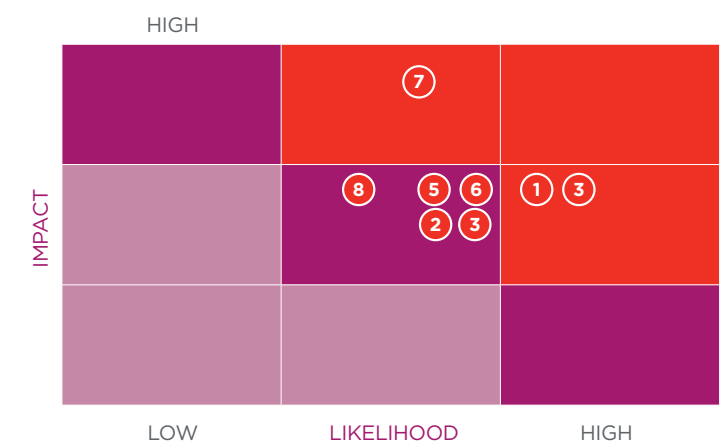
RISK AND RATIONALE	CONSEQUENCES	MITIGATION	OPPORTUNITIES	LINK TO MATERIAL MATTER/ STRATEGY
<b>8 Inability to respond adequately to environmental challenges such as climate change</b>	<p>Being the controlling shareholder of a fishing company and other large companies in various sectors with the potential for a significant carbon footprint, there is a risk that our response to these challenges could be inadequate resulting in:</p> <ul style="list-style-type: none"> <li>an increase in carbon emissions which negatively impacts our position in the communities that we operate in;</li> <li>lack of continuous monitoring of climate change and waste management; and</li> <li>non-compliance with regulatory laws regarding environmental sustainability resulting in fines, penalties and reputational damage.</li> </ul>	<ul style="list-style-type: none"> <li>Adherence to marine management policies from the Marine and Coastal Management to ensure no overfishing takes place.</li> <li>Recycling and better waste removal techniques are being employed across the Group.</li> <li>Communication on climate change in the organisation so that employees are more aware and can make climate-friendly changes in their own lives.</li> </ul>	<ul style="list-style-type: none"> <li>There is an opportunity for the Group to maintain a clean, safe environment, reduce carbon emissions and be seen as a good corporate citizen.</li> </ul>	

## Emerging risks:

- Business resilience – the uncontrollable elements such as pricing, exchange rate volatility, and inflation could impact our earnings
- The delivery of strategic projects and business opportunities
- Cybersecurity and privacy in a more digital and remote working environment
- Business security and crisis management – the pandemic resulted in some of our business unit's operations being halted, calling into question the sustainability of their business models
- The effects of climate change on sustainability

## RISK METRICS

RISK SCORE	RISK MAGNITUDE	RESPONSE
16-25	High	Unacceptable level of risk – High level of control intervention required to achieve an acceptable level of residual risk
8-15	Medium	Unacceptable level of risk, except under unique circumstances or conditions – Moderate level of control intervention required to achieve an acceptable level of residual risk
1-7	Low	Mostly acceptable – Low level of control intervention required if any



# OUR COMMITTEE REPORTS

## TECHNOLOGY AND INFORMATION

The Board is responsible for technology and information governance in the Group and delegated technology and information governance management to the Audit and Risk Committee to promote an ethical technology and information governance culture and awareness.

The Audit and Risk Committee governs technology and information to support the organisation in setting and achieving its strategic objectives. However, it has delegated this responsibility to management to implement and execute effective technology and information management. As a result, management is accountable for the operational governance of technology and information management.

## COMPLIANCE FOR TECHNOLOGY GOVERNANCE

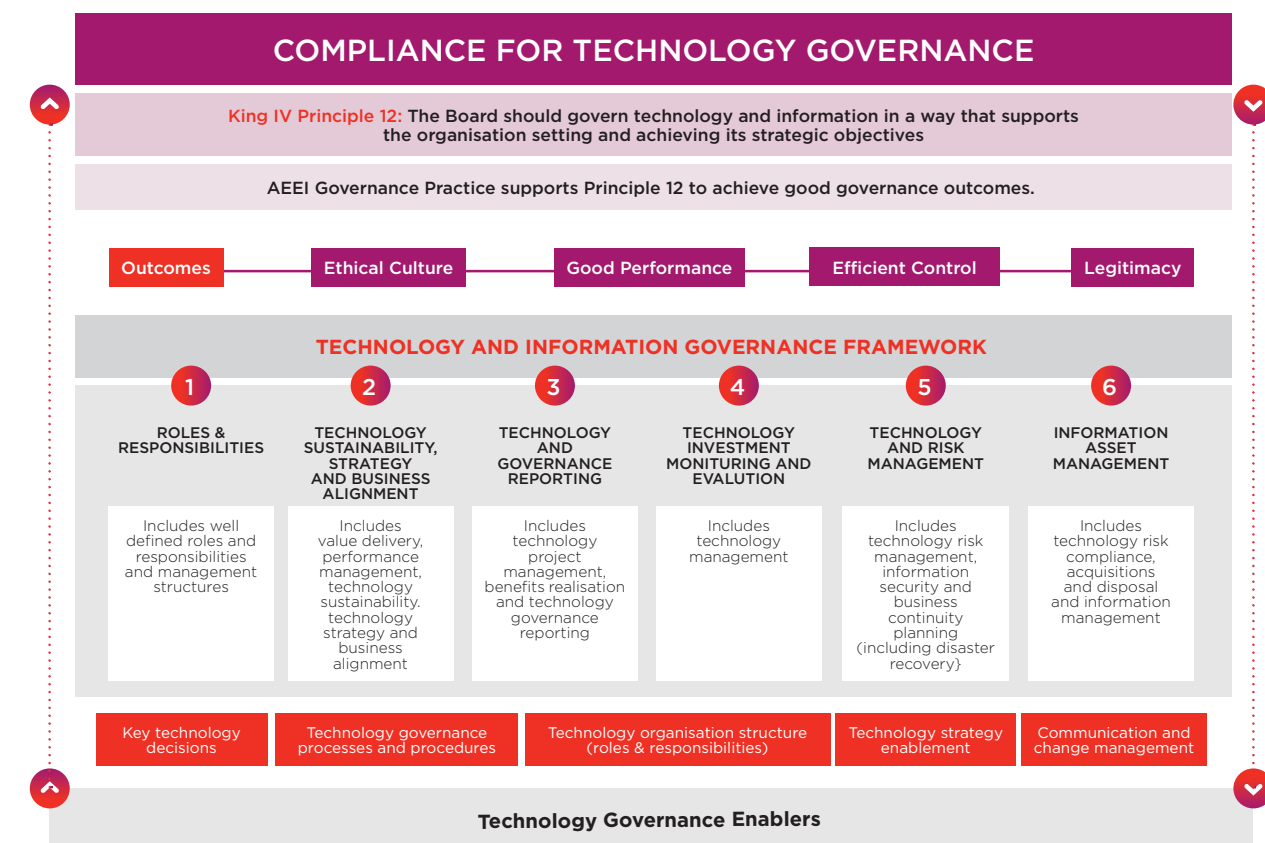
The objective of technology and information governance is to direct technology and information endeavours to ensure that its performance meets the following objectives:

- Alignment of technology and information with the Group and realisation of the promised benefits.
- Use technology and information to enable the Group by exploiting opportunities and maximising benefits.
- Responsible use of technology and information resources.
- Appropriate management of technology and information-related risks.

Our technology and information governance ensures that technology and information goals are met, mitigate risks, and deliver sustainable growth.

The Group continued with its baseline principles to develop and implement a technology and information governance framework. These principles incorporate King IV™ recommendations, Control Objectives for Information Technology (COBIT) and Information Technology Infrastructure Library standards.

Our technology and information governance framework promotes an ethical technology and information governance culture and awareness.



## REPORT OF THE COMMITTEE

The technology industry morphed in 2022 in response to the ongoing impact of the COVID-19 pandemic, with transformative changes accelerated due to the importance of digital operations and additional technology challenges. During the year, some of the key focus areas were addressing the technological advances, disruption of operations, opportunities and risks that it could pose, the IT strategy and ongoing management of operational stability.

With employees working remotely, the importance of cybersecurity and cyber-attacks posed a risk in protecting information. Employees were made aware of the importance of cybersecurity, breaches, and their potential impact on the business units.

The latest IT Audit Technology Risks Survey results from around the world show a dynamic threat landscape, specifically cybersecurity, privacy, data and regulatory compliance. The key findings are:

- Cybersecurity, related breaches and related risk issues (ransomware, loss of data, etc.) – cybersecurity is ranked as a major technology risk with related cyber issues such as data privacy, managing security incidents, disaster recovery, access risk and third-party risk as they can lead to reputation damage, loss of revenue/customers and regulatory scrutiny and fines across every industry and organisation.
- Data governance and data integrity are being scrutinised – these risk issues are complex given the frequency and magnitude of changes, external disruptions and volatility.
- Regulatory compliance burden and risk are increasing rapidly – IT Departments and IT audit teams are scrambling to keep pace with new data privacy and data security rules as well as changing legal and regulatory compliance requirements that have growing implications for organisational data management and technology-related activities.

During the year, the Group considered the latest emerging technology trends to ensure they remain abreast of changes. The IT Steering Committee reviewed and reported on new technologies and innovations that could improve network access, security and efficiency, creating new ways of working and identifying opportunities.

## 2022 FOCUS AREAS

The key focus areas for the year included the following:

- Reviewed and managed any possible business interruptions from advanced cyber-attacks, ransomware and malicious software programmes, including but not limited to:
  - Phishing
  - Ransomware
  - Cloud vulnerabilities
  - General data protection regulation (POPI)
  - Cyber intrusions
  - Privacy violations
  - Mistaking compliance for protection
  - Third-party exposure
- Reviewed the possible loss of information due to security breaches.
- Ensured that Information Technology was utilised effectively to support and enhance the business operations.
- Continued to integrate technology and information with employees and processes throughout the organisation.
- Assessed the effectiveness of cyber resilience.
- Integrated the risks involved in information and technology management in the organisation.
- Monitored the ICT environment with remote working conditions due to the COVID-19 pandemic and ensured that measures were in place for any information breach.
- Monitored the health and well-being of employees with remote working.
- Conducted assessments to monitor the effectiveness of the technology and information systems, including outsourced services.
- Maintained an ethical and responsible use of technology and information and compliance with relevant laws.
- Maintained a technology architecture that achieves strategic and operational objectives.
- Monitored the implementation of POPI compliance.
- Reviewed the IT Governance policies and procedures to ensure alignment with best practices and trends.
- Reviewed IT Governance and made recommendations to management for outsourced services at subsidiary level.

# OUR COMMITTEE REPORTS

- Ensured that data protection software is in place and working.
- Monitored intelligence in a manner that can proactively respond to issues.
- Reviewed and reported on the performance and the risks of any third party and outsourced service providers.
- Assessed the value provided to the organisation from investments in technology and information management.
- Disposed of obsolete technology and any information responsibly in line with good corporate governance and environmental practices.

## 2023 FOCUS AREAS

Some of the 2022 focus areas will be carried through into 2023.

- Continue to monitor the effectiveness of IT governance and strategic planning as this will assist the businesses to realise and optimise benefits through the effective management of IT-enabled investments.
- Monitor the Business Continuity and Disaster Recovery Plan and provide feedback to management.
- Manage third-party services and review service level agreements to ensure compliance.
- Review IT Governance policies and procedures to ensure compliance.
- Monitor the IT system's integrity, stability and availability to maintain data integrity and decrease downtime.
- Review hardware and software, network equipment and changes and ensure compliance with business standards.
- Assess the effectiveness of cyber resilience on an ongoing basis.
- Continue to monitor emerging risks and possible business interruptions to the Group's IT infrastructure and cybersecurity.
- Continue to monitor regulatory changes, taking into account the systemic developments and increased cyber risks.
- Continue to ensure that the appropriate frameworks and policies are in place to monitor and explore the Fourth Industrial Revolution effectively.
- The long-term impact of the COVID-19 pandemic on the technology sector.
- Roll out new IT software and set up a resilient, flexible, secure network and disaster recovery system.

- Ongoing implementation and monitoring of POPI compliance.
- Ongoing employee training regarding security breaches.
- Oversee the successful deployment of the Group's platform in the technology space.
- Build or acquire technologies for the future.
- Partner with key customers/suppliers to fulfil demand at high peaks.

## RISK MITIGATION

The Group depends on its IT systems to meet its business needs and sustainability objectives. All risks identified are monitored and reduced to an acceptable level by executive management. We encourage a high standard of security monitoring, data protection, business service availability and network reliability and ensure that IT maintenance is performed and reviewed constantly through monthly reporting.

We remain abreast of best practices, threats from phishing, ransomware, and other cyber threats that could impact business operations, financial statements, legal exposure and the Company's reputation. In the current year, greater user awareness and training were put in place to keep us updated on the threats and risks in the IT environment.

During the year under review, we had one email impersonation incident, which the IT department addressed immediately and no damage was reported in terms of loss of information. However, we remain on high alert and cognisant of cybersecurity and the implications, taking into account the protection of our stakeholders, which remains a high priority. One aspect driving risks and security is our governance and internal audit to ensure that the Group's information assets are secure.

## TOP 10 CYBER THREATS

According to experts, the top ten cybersecurity threats are:

- *Social engineering* – any network is hackable if an employee can be duped into sharing access.
- *Third-party exposure* – vendors, clients and app integrations with poor security can provide access to an otherwise well-protected network.
- *Configuration mistakes* – even the most cutting-edge security software only works if installed correctly.

- *Poor cyber hygiene* – employee training is essential to ensure those with network access maintain safe cyber practices.
- *Cloud vulnerabilities* – online data storage and transfer provides increased opportunities for a potential hack.
- *Ransomware* – hackers can capture sensitive data or take down networks and demand payment for restored access.
- *Mobile device vulnerabilities* – devices that connect to multiple networks are exposed to more potential security threats.
- *Internet of Things (IoT)* – smart technology users may not realise that any IoT device can be hacked to obtain network access.
- *Poor data management* – when massive amounts of unnecessary data are kept, it is easier to lose and expose essential information.
- *Inadequate post-attack procedures* – security patches must be as strong as the rest of the cybersecurity protections.



Further details of the above top 10 cyber threats can be found on: [www.embroker.com/blog/top-10-cybersecurity-threats-2022/](http://www.embroker.com/blog/top-10-cybersecurity-threats-2022/).

Embroker Team (October 13, 2022 Top 10 Cybersecurity Threats in 2022).

For the year under review, the Audit and Risk Committee is satisfied that it has fulfilled all its statutory duties assigned by the Board. The chairman of the committee reports to the Board on the committee's activities at each Board meeting.

## STAKEHOLDERS

Key stakeholders impacted





# OUR COMMITTEE REPORTS

## REMUNERATION COMMITTEE



### REFLECTIONS FROM THE CHAIRMAN

Dear Shareholders

As the chairman of the Remuneration Committee, I am pleased to present my first Remuneration Committee Report.

The past two years have been extremely difficult for our employees, business units and clients as the COVID-19 pandemic continues to impact the global economy, trading conditions and the social landscape. The challenges of the COVID-19 pandemic will have a lasting effect and we will need to live with the various variants in the foreseeable future.

New international trends are changing the remuneration and governance landscape significantly with institutional investors and regulators being more specific regarding what they want from companies in which they are invested which includes ESG and human capital measurements. The focus on the vertical and horizontal pay gap continues to grow – the CEO's salary compared to that of the lowest paid worker. Many companies are moving towards paying a living wage rather than a minimum wage to make an impact on people's lives. The horizontal pay gap, also known as the gender pay gap remains a highly controversial issue.

This Remuneration Report sets out the Group's remuneration philosophy and policy, transparency principles and disclosures set out in King IV™, the JSE Listings Requirements and the Companies Act. It describes how the Remuneration Policy has been implemented and discloses payments made to non-executive and executive directors during the year. This report will be considered and voted upon at the forthcoming AGM of shareholders on behalf of the Remuneration Committee.

In the face of the deteriorating macroeconomic environment and slower growth due to the COVID-19 pandemic, the Group's remuneration objectives for motivating and retaining employees continued to be severely compromised. As a result, we shifted our objectives to financial and short-term operational resilience while championing the King IV™ Code on Corporate Governance and in line with our commitment to fair and responsible remuneration.

During the year, we reviewed our remuneration practices to ensure that they remain relevant and aligned with our strategy. We also ensured that any resultant changes did not have a material effect on our human capital and that the Group remains committed to implementing fair, transparent and responsible remuneration practices that support our business model and strategy.

Remuneration and reward systems continue to remain sensitive matters, especially in the socio-political environment. As such, the committee will continue to review and adapt to changes in market conditions to ensure that our policy and principles remain appropriately aligned with our overall business strategy. We remain committed to maintaining strong relationships with our shareholders, built on trust and a clear understanding of the quantum, rationale and drivers of executive remuneration and that our Remuneration Policy and practices have been implemented.

**Gaamien Colbie**

*Chairman of the Remuneration Committee*

## REMUNERATION COMMITTEE REPORT AND OUTCOMES

### BACKGROUND

This report describes the material matters and summarises the Group's approach to transparent, fair and responsible remuneration. It sets out how the committee discharged its duties regarding the statutory requirements and other duties assigned by the Board. It also provides an overview of the Group's remuneration philosophy and remuneration framework.

### ROLES AND ACCOUNTABILITIES

#### BOARD

Accounts for organisational governance and provides a mandate to the Remuneration Committee.



#### REMUNERATION COMMITTEE

Approves and oversees the Remuneration Policy and approves senior executive remuneration and general salary increases for employees.  
Develops reward strategies and policies and executes the reward initiatives.



#### SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

Works with the Remuneration Committee to ensure ethical and fair remuneration and remuneration governance matters.

#### INDEPENDENT ADVISOR

Provides input and independent advice on benchmarking and best practices.



#### LINE MANAGEMENT

Implements the reward arrangements with employees.



#### HUMAN RESOURCES

Implements the reward policy and strategy in line with management.

# OUR COMMITTEE REPORTS

## RESPONSIBILITIES AND REPORTING

This Remuneration Report highlights our policy's key components and how these align with our performance and strategic objectives for the 2022 financial year.

AEEL's ethos is an appreciation for an employee's commitment, diligence, care, and attention to detail. We respect and recognise our employees for their contributions during the year and inspire them to realise their full potential and believe in rewarding them accordingly. Accordingly, we consistently applied the principle that our remuneration should be fair, transparent, and competitive and reflect the Group's and business units' performance.

Our executives' remuneration is aligned to the long-term strategic goals of the Group to deliver sustainable value to shareholders and to build the business. Critical decisions and their related impact in setting targets in terms of performance-related remuneration were made for the executives and senior management of the Group. Weightings of performance, as well as specific financial targets, were reviewed and amended accordingly. The committee was satisfied and will continue to monitor remuneration against the appropriate strategic objectives, performance, and market benchmarks.

The Committee remains mindful to ensure overall remuneration was appropriate for the performance of the Group against its operational peers. In doing so, the committee considered the challenging macroeconomic environment, the ongoing impact of the COVID-19 pandemic, the overall risk environment, its risk appetite and risk profile and the need to attract, retain, and motivate key talent to deliver the Group's strategic objectives.

## COMPOSITION OF THE COMMITTEE

The Remuneration Committee consists of two non-executive directors and one independent non-executive director.

<b>Chairman</b>	Gaamiem Colbie*
<b>Members</b>	Aziza Amod Bongikhaya Qama
<b>By invitation</b>	Valentine Dzvova – chief executive officer Alan Ipp – Independent Consultant
<b>Number of meetings held</b>	Two

\* Gaamiem Colbie was appointed as the chairman of the committee effective 1 April 2022.

## GOVERNANCE, ROLE, AND SCOPE

### Governance

The Board is responsible for the governance of remuneration matters by setting the direction for how remuneration should be approached and addressed on an organisation-wide basis and has delegated this responsibility to the Remuneration Committee.

The Board established the Remuneration Committee to monitor the Group's remuneration practices and perform the statutory functions required in King IV™, the JSE Listings Requirements, and the Companies Act. The committee is governed by its charter, which is reviewed annually.

The Board tasked the Remuneration Committee with overseeing the execution and implementation of the Remuneration Policy, the achievement the Group's strategic objectives, and the translation of positive results into market-related, yet affordable, performance-linked rewards. It also ensures balanced and transparent outcomes that align with shareholder interests over the short- and long-term. In addition, our policy ultimately enables the attraction and retention of valuable talent.

The chairman provides feedback to the Board after each meeting, which includes key decisions made and relevant discussion.

### Role

The Remuneration Committee's primary purpose is to implement the guiding principles in the application of remuneration governance, practices, and policies and to ensure that the Group remunerates fairly, responsibly, and transparently to promote the achievement of the strategic objectives as well as positive outcomes in the short, medium, and long term.

### Scope

The Remuneration Policy aims to provide for competitive market-aligned remuneration, the need for which remuneration having been balanced with the need for cost containment. The policy needs to be seen within the context of total rewards, which embraces all elements of an employee value proposition for the Group including career and growth opportunities, recognition, culture and values, compensation, benefits, and the work environment. The total reward is differentiated between the various categories of employees, structured to meet their specific needs, in our South African businesses.

## 2022 FOCUS AREAS

During the financial year, the Remuneration Committee assisted the Board by:

- Determining, agreeing and developing the Group's overall policy on remuneration in line with the requirements of applicable laws, JSE Listings Requirements and King IV™ to give effect to the Board's direction on fair, responsible and transparent remuneration.
- Ensuring compliance with applicable laws.
- Reviewing and determining the remuneration for the executives.
- Measuring key performance against KPIs and strategic objectives.
- Reviewing and determining the remuneration for non-executive directors.
- Reviewing the Remuneration Policy and Implementation Report for presentation at the AGM for separate non-binding advisory votes.
- Reviewing performance targets to ensure that they are both challenging and linked to the Group's revised strategic objectives.
- Considering the remuneration and employment conditions of all employees, the performance of the Group and the individual, current views and guidelines of shareholders, market conditions and the impact of the COVID-19 pandemic and macroeconomic climate.
- Continuing to keep under review the relationship of risk to remuneration.
- Satisfying itself that the remuneration structure for senior executives does not raise environmental, social or governance risks, nor does it inadvertently motivate irresponsible behaviour.
- Retaining absolute discretion to reduce variable compensation in light of risk and the Group's overall performance.
- Receiving guidance as required.
- Determining performance incentives and assessing the remuneration components.

## 2023 FOCUS AND BEYOND

- Ensuring that the implementation of the Remuneration Policy is in line with the Remuneration Implementation Policy.
- Ensure the continued fulfilment of the requirements of the Remuneration Committee's Policies.
- Continue dialogue with stakeholders ensuring the relevance and appropriateness of the Remuneration Policy in achieving our strategic objectives.
- Ensure that the Remuneration Policy and resultant outcomes support our strategic objectives and are appropriate in the environment of unprecedented health, safety and macroeconomic challenges including the impact of the COVID-19 pandemic. The duration, nature, and extent of these challenges are uncertain.
- Monitor changes in executive remuneration, especially those of our competitors.
- Focus on fair, responsible, and transparent remuneration.

# OUR COMMITTEE REPORTS

## DETERMINATION OF PERFORMANCE INCENTIVES

The Remuneration Committee reviewed the targets set in terms of performance-related remuneration for the CEO, the executive management team, and senior management; these targets include individual performance factors and a combination of portfolio-specific targets. In addition, the Group has formal and informal frameworks for performance that are directly linked to either an increase in total cost to company or annual short-term incentive bonuses.

Remuneration comprises the following key elements:

BASE SALARY	<ul style="list-style-type: none"><li>Base salary is guaranteed annual pay on a cost-to-company basis.</li><li>Benchmarking is performed with reference to companies comparable in size, industry, and business complexity.</li><li>The level of responsibility that the individual assumes.</li></ul>
PERFORMANCE BONUSES	<ul style="list-style-type: none"><li>Motivates executive directors and key management to achieve the strategic objectives of the Group.</li></ul>
OTHER BENEFITS	<ul style="list-style-type: none"><li>Membership of the pension/provident fund (providing death, disability and dread disease benefits).</li><li>Medical aid.</li><li>Unemployment Insurance Fund.</li><li>Funeral cover.</li></ul> <p>The above improves our employees' financial security</p>
METHODOLOGY	<ul style="list-style-type: none"><li>Annual increase parameters are set, taking into account the financial performance, general economic environment, governance compliance, strategy, risk management practices, individual performance, and the Group's performance.</li><li>It takes into account the general market in which the business operates and the skills required.</li><li>General adjustments to guaranteed pay levels are effective 1 September annually.</li><li>Executive directors have key financial measures, including profits, cash flow and asset growth weighted to 70% and the remaining 30% weighted to non-financial measures for most of the executives in the Group.</li><li>Performance bonuses are dependent on the financial performance and achievement of the individual's agreed strategic KPIs.</li><li>Performance bonuses are not earned if the minimum financial target is not met.</li><li>Performance bonuses are paid annually.</li><li>This is determined as a fixed percentage of the base salary.</li></ul>
ELIGIBILITY	<ul style="list-style-type: none"><li>All permanent employees in the Group.</li><li>Commencing from junior management upwards.</li></ul>

## REMUNERATION COMPONENTS

The CEO and executive management team's performances are assessed against predetermined objectives that include, *inter alia*, strategic leadership, execution of the strategy through business results and stakeholder relations.

The Board recognises that the successful delivery of the Group's objectives should constitute both financial and non-financial performance measures.

## CONDITIONS FOR DETERMINING PERFORMANCE BONUSES

FINANCIAL TARGETS	NON-FINANCIAL TARGETS
<ul style="list-style-type: none"><li>Executive directors:<ul style="list-style-type: none"><li>Profit before tax</li></ul></li><li>Key management</li><li>Divisional operating profit</li></ul>	<ul style="list-style-type: none"><li>Performance against individual job requirements</li><li>Operational efficiencies</li><li>Organic growth</li><li>Strategic acquisitions</li></ul>

The Group aims to ensure that the performance-based remuneration of executive directors and senior management should form a significant portion of their expected total compensation. Accordingly, the committee ensures an appropriate balance between fixed and performance-related elements of executive remuneration and the aspects of the package linked to short-term performance and those linked to long-term shareholder value creation.

## EXECUTIVE DIRECTORS' SERVICE CONTRACTS

Executive directors do not have fixed-term contracts but have permanent employment agreements with the Company. The remuneration of executives is determined on a cost-to-company basis and is subject to an annual review by the Remuneration Committee. Provident or pension fund and healthcare provision form part of the overall cost-to-company packages. Executive directors are members of the Group's provident fund and are required to retire as a director of the Board at the age of 65 unless requested by the Board to extend their term. There are no other special benefits for executive directors.

The contracts of executive directors do not contain termination packages or excessive notice periods. An executive director may, subject to the provisions of the Companies Act, No. 71 of 2008 and the JSE Listings requirements, be appointed by contract for such period as the Board may determine. Executive directors are not subject to retirement by rotation at the AGM of the Company.

## PRESCRIBED OFFICER

Valentine Dzvova is not remunerated separately for her role as the prescribed officer of the Company.

## PERFORMANCE APPRAISALS

The Remuneration Committee reviewed performance appraisals for the Group executive management and management of subsidiaries. In addition, it was part of the appraisal process for the performance of the CEO and CFO. The performance appraisals are based on specific elements, including KPIs when considering salary increases.

## NON-EXECUTIVE DIRECTORS' REMUNERATION

The non-executive directors receive fees for serving on the Board and its committees. The fees for non-executive directors are reviewed annually by the Nominations Committee. Thereafter, it is referred to the Remuneration Committee, which seeks to ensure that the fees are market-related and presented to the shareholders for approval.

The Board recommends the fees to shareholders for approval at the AGM of the Company. In addition, the contribution of each non-executive director, and their participation in the activities of the Board and its committees is considered. Changes to the fee structure are effective 1 September each year, subject to the approval by shareholders at the AGM, which is typically held between February and April of each year. The annual fees payable to non-executive directors are, as in the past, fixed and not subject to the attendance of meetings. However, in the event of non-attendance regularly, this will be reviewed and amended accordingly.

## IMPLEMENTATION OF REMUNERATION

The Remuneration Committee ensured that total remuneration is aligned with sustainable value-creating strategic objectives and the legitimate expectations of all stakeholders while being mindful of the income gap in South Africa. As a result, it is satisfied that the variable remuneration outcomes for the 2022 financial year align with the Group's financial performance.

- HOW TO NAVIGATE OUR REPORT
- OUR REPORTING SUITE
- ABOUT THIS REPORT
- GOVERNANCE REVIEW
- OUR APPLICATION AND APPROACH TO KING IV™
- WHO GOVERNS AND LEADS US
- OUR COMMITTEE REPORTS

# OUR COMMITTEE REPORTS

## GUARANTEED REMUNERATION

The 2022 guaranteed remuneration of the executive directors is set out below:

	2022 R'000	2021 R'000
Valentine Dzvova	2 598	2 064
Jowayne van Wyk	1 949	1 748

## SHORT-TERM INCENTIVE

Performance bonuses are paid to executive directors based on financial and non-financial performance targets.

The table below sets out the targets for actual targets achieved:

Performance	Weighting	Threshold	Target
Profit before tax	70%	70%	70%
Non-financial targets	30%	30%	30%

There are no long-term incentives for executive directors.

The table below sets out the remuneration received by executive directors for the 2022 financial year:

2022	Base Remuneration R'000	Performance Bonus R'000	Provident Fund & Medical Aid R'000	Company contribution to UIF & Skills Development Levy	Total R'000
Valentine Dzvova	2 175	500	393	30	3 098
Jowayne van Wyk	1 610	350	316	23	2 299

The 2022 annual remuneration of the non-executive directors is set out below:

	2022 R'000	2021 R'000
Aziza Amod	717	682
Willem Raubenheimer	489	350
Bongikhaya Qama	243	231
Ismet Amod	-	172
Ambassador Membathisi Mdladlana	246	-
Stephen Nthite	246	-
Carin-Lee Geuking-Cohausz	154	-
TOTAL	2 095	1 435

*Gaamiem Colbie waived his non-executive directors' remuneration for the 2022 financial year. Ambassador Membathisi Mdladlana and Stephen Nthite were not remunerated for their attendance at the August 2021 board meeting.*

*Carin-Lee Geuking-Cohausz's remuneration only reflects her attendance at meetings since her appointment on 1 January 2022.*

AEEI covers all reasonable travelling and accommodation expenses incurred by directors in order to attend Board and committee meetings.

Non-executive directors do not have any employment contracts, nor do they receive any benefits associated with permanent employment.

The Board has approved the information provided in this report on the recommendation of the Remuneration Committee. For the year under review, the Remuneration Committee is satisfied that it has fulfilled and complied with its obligations and statutory duties as reflected in its charter in terms of the policy and duties assigned by the Board.

## AEEI'S REMUNERATION POLICY

### INTRODUCTION

AEEI's Remuneration Committee is primarily responsible for overseeing the remuneration and incentives of the Group's executive directors and key management and providing strategic guidance.

To assist in achieving AEEI's long-term strategic goals, the Remuneration Committee has a formal Remuneration Policy in place. In addition, each major subsidiary has its own Remuneration Committee and a policy specific to its business unit, including the industry in which it operates, taking into account AEEI's long-term strategic goals.

The Remuneration Committee's main aim is to assist the Board in fulfilling its responsibilities in establishing formal and transparent policies and guiding principles of a standardised approach in applying remuneration practices within all its business units and functions.

### OVERVIEW OF THE MAIN PROVISIONS OF THE REMUNERATION POLICY

The Remuneration Policy is aimed at aligning remuneration practices that will enable the committee to support the Group in achieving its strategic objectives, translating these into market-related, yet affordable performance-linked rewards, and ensuring balanced and transparent outcomes that align with shareholders' interests over the short and long-term, and ultimately enable the attraction and retention of valuable talent. Our remuneration approach aligns with our ethical approach, corporate governance philosophy, shared values, and best practices.

The Remuneration Policy is designed to achieve the following strategic objectives:

- Support the attainment of AEEI's strategic business objectives and strategies.
- Attract, retain, and motivate key and talented individuals.
- Compete in the marketplace to be an employer of choice.
- Reward individual, team and business performance and encourage superior performance.
- Support AEEI's shared values.
- Promote the achievement of the Group's strategic objectives within its risk appetite.
- Promote positive outcomes.
- Promote an ethical culture and responsible corporate citizenship.

The Remuneration Policy addresses the Group's remuneration and includes provisions for:

- Arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the organisation.
- The use of performance measures that support positive outcomes across the economic, social, and environmental context in which the Group operates and all the capitals that the Group uses or affects.
- The Company to attract, engage, and retain talent to drive performance and to meet the Group's strategic objectives.

### EXECUTIVES AND EMPLOYEES

The remuneration of the executives is reviewed annually by the Remuneration Committee, which seeks to ensure that balance is maintained between the fixed (base salary) and variable (discretionary bonus) elements of remuneration, as well as between the short-term (base salary and discretionary bonus) and the long-term financial performance objectives of the Group.

Cost-to-company remuneration incorporates the following elements:

#### Base salary

Base salary is guaranteed annual pay on a cost-to-company basis. It is subject to annual review, and adjustments are effective 1 September of each year, coinciding with the commencement of the Group's financial year. Benchmarking is performed with reference to companies comparable in size, industry, business complexity and the level of responsibility that the individual assumes.

#### Benefits

Benefits form part of the total cost-to-company and include:

- Membership of the pension/provident fund (providing death, disability and dread disease benefits).
- Medical aid.
- Unemployment insurance fund.
- Funeral cover.



# OUR COMMITTEE REPORTS

## COMPLIANCE

The Remuneration Policy is reviewed annually to ensure that the remuneration framework remains effective in supporting the achievement of the Company's business objectives and remains in line with best practices. AEEI complied with the Remuneration Policy and relevant remuneration governance codes and statutes. The recommended practice, as stated in Principle 14 of King IV™, has been applied and is explained throughout this report through the outcomes achieved.

During the year, the committee engaged the services of an independent external advisor to support our endeavours to act independently and provide specialist input.

## NON-BINDING ADVISORY VOTES ON THE REMUNERATION POLICY AND IMPLEMENTATION REPORT

In the event that more than 25% of the votes are cast on the resolutions at the AGM, the Board will invite dissenting shareholders to send reasons for such votes in writing. Thereafter, further engagements may be scheduled to address legitimate and reasonable objections and concerns raised appropriately.

## IMPLEMENTATION REPORT

This part of the report focuses on the performance outcomes against the targets set for 2022.

## SALARY INCREMENT

The Remuneration Committee reviewed the targets set in terms of performance-related remuneration for the CEO, executive management team and senior management in the Group, including individual performance factors and a combination of portfolio-specific targets. As a result, for the year ended 31 August 2022, a general salary increase was approved based on the annual average current price index of 8% for all employees in the Group and 10% for the CEO and CFO.

## DISCRETIONARY BONUS

A discretionary bonus may be awarded and calculated as a percentage of the qualifying executive/senior management/employee's base salary according to seniority and the level of responsibility assumed. Qualifying executives and senior management may receive a discretionary cash bonus, dependent on meeting both financial and qualitative strategic performance objectives. Employees may receive a discretionary cash bonus, dependent on meeting their personal and the Company's strategic objectives. Financial, qualitative, personal, and Company strategic performance are aimed at ensuring sustainable long-term value creation to the benefit of all stakeholders. The total base salary and bonus paid will be deemed to be fair to the Company and the executive/senior manager/employee.

The Remuneration Committee will assess the CEO and executive management team's performance against a set of predetermined objectives that include, inter alia, strategic leadership, execution of the strategy through business results and stakeholder relations. The successful delivery of the Group's objectives constitutes financial and non-financial performance measures, with the key financial measures, including profits, cash flow, and asset growth weighted to 70% and the remaining 30% weighted to non-financial measures for most executives in the Group. The committee remains mindful of ensuring that overall remuneration is appropriate for the performance of the Group and in relation to its operational peers. In doing so, the Remuneration Committee will consider the overall risk environment, its risk appetite and risk profile and the need to attract, retain, and motivate key talent to deliver the Group's strategic objectives.

☑ =  
☐ =  
(☐ = Principle 14)

## SHAREHOLDER VOTING/FEEDBACK

As required by King IV™ and the JSE Listings Requirements, the Company will put a non-binding advisory vote to shareholders regarding the approval of the Remuneration Policy and the Implementation Report. The Company seeks the support from its shareholders at the upcoming AGM. If any shareholders are inclined not to support the resolutions, we would ask that the reasons for such a decision be communicated to the Company so that consideration can be given to those reasons. Please forward any comments to the company secretary at [cornell.kannemeyer@aeei.co.za](mailto:cornell.kannemeyer@aeei.co.za).

Should either vote receive 25% or more votes against, the Company will:

- Issue a SENS announcement regarding the outcome of the voting results.
- Invite shareholders to engage with the Company regarding their dissatisfaction with either of the votes.
- Schedule engagements with concerned shareholders to record their concerns and objections.
- Assimilate all responses and schedule a Remuneration Committee meeting to analyse concerns and issues raised to formulate changes to the policy and implementation required.
- Develop a formal response to shareholders that articulates the concerns raised, the details of where the changes will be made to address concerns raised and provide responses for areas where the Company, despite the shareholder feedback, believes its current policy and/or implementation is adequate.

Results of the shareholders' votes at the most recent AGM held on 24 February 2022, as a percentage of the total number of shares voted at the AGM, are indicated below and therefore, no shareholder engagement was required:

	2022 %	2021 %	2020 %
Approval of the Remuneration Policy	84.30	97.30	99.85
Implementation of the Remuneration Policy	84.30	97.30	99.85
Non-executive directors' fees	84.30	100.00	99.85

## STAKEHOLDERS

Key stakeholders impacted:



# OUR COMMITTEE REPORTS

## NOMINATIONS COMMITTEE



Dear Stakeholder

It is my pleasure to report on the Nominations Committee's activities during the year.

This committee's primary role is to ensure that the Board comprises the appropriate balance of knowledge, skills, experience, broader diversity and independence to discharge its governance role and responsibilities objectively and effectively. The Nomination Committee is the custodian of Board appointments which is formal and transparent.

In reviewing the Board composition, the Nomination Committee considered the benefits of all aspects of diversity to enable it to effectively discharge its duties and responsibilities. In identifying suitable candidates for appointment to the Board, the committee considers candidates on merit against objective criteria and with due regard to the benefits of a broader diversity on the Board. We aim to target a Board size and composition that promotes independence, skills and accountability, and encourages constructive decision-making to execute its duties effectively and meet regulatory requirements.

The Company's policy is to maintain a Board structure comprising a majority of non-executive directors of whom a majority should be independent. We aim to target a Board size and composition that promotes independence, skills, and accountability and encourages constructive decision-making to execute its duties effectively and meet regulatory requirements.

## NOMINATIONS COMMITTEE'S COMPOSITION

The Nominations Committee consists of one independent non-executive director and two non-executive directors who have the prerequisite skills.

<b>Chairperson</b>	Aziza Amod
<b>Members</b>	Bongikhaya Qama Gaamiem Colbie
<b>By invitation</b>	Valentine Dzvoza - chief executive officer
<b>Number of meetings held</b>	Three

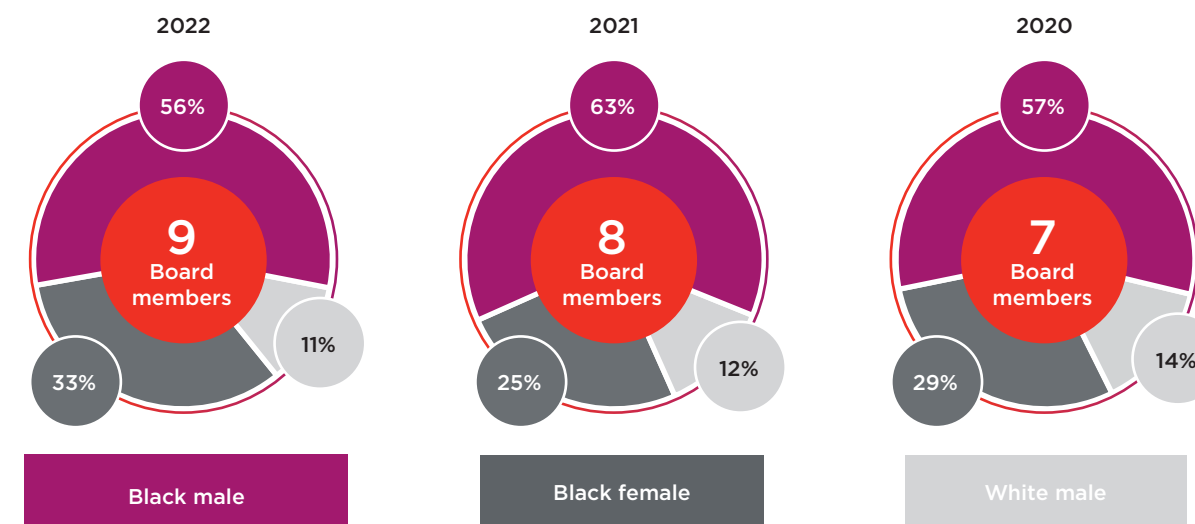
## REPORT OF THE COMMITTEE

Statistics indicate that only 28% of companies listed on the JSE40 have women represented at Board level. Women are not only poorly represented at the highest level, but make up 50.70% of the total population and account for 43.40% of total employment in South Africa. Female representation in JSE-listed companies, whether at the CEO level or on the Board remains dismal. At AEEI, we have increased our female representation year-on-year from 29% in 2020 to 33% in 2022. Some listed companies have no female representation and less than 10% have reached gender parity at board level. Since it became compulsory for JSE-listed companies to have a Gender Policy at the Board level, very few companies have achieved their targets, with some companies regressing and others reversing appointments of female directors.

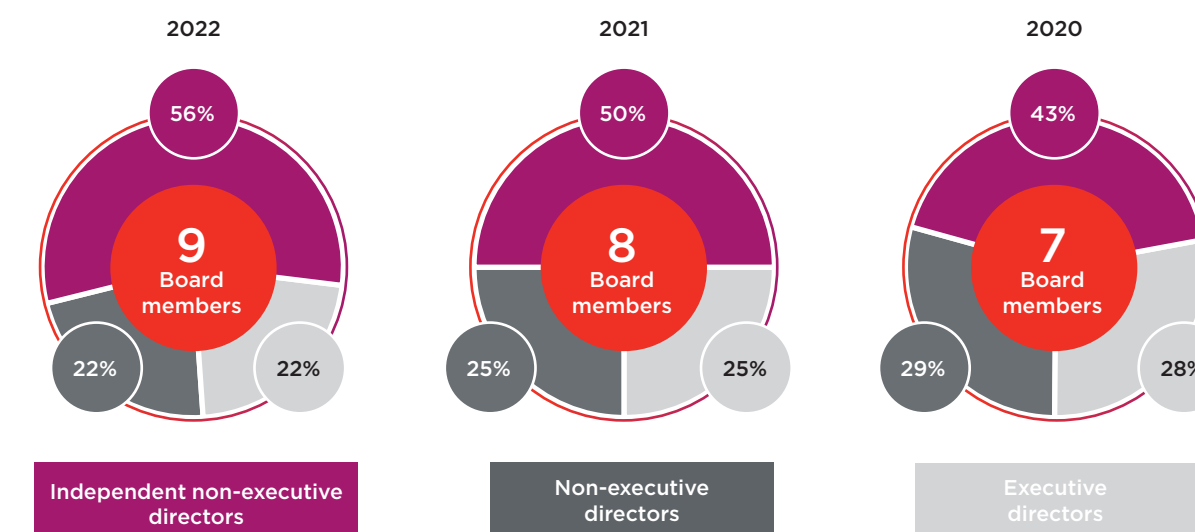
With the focus on growing our Board's independence and diversity and the implementation of our Transformation Plan, the committee went through a vigorous process looking at diversity in terms of further gender equity representation, with two candidates being interviewed during the year under review. The committee deliberated on the candidates and Carin-Lee Geuking-Cohausz was appointed to the Board on 1 January 2022. The Board comprises nine members, of which five are independent non-executive directors, two non-executive directors, and two executive directors. The Nominations Committee is satisfied with the current composition regarding diversity, age, skills, expertise and experience.

Our non-executive directors bring independent judgement and experience to the Board's deliberations and decisions, with the structure of the Board ensuring that no one individual or group of individuals has unfettered powers of decision-making. The size of our Board gives adequate membership for its five committees while maintaining adequate levels of independence.

## BOARD DEMOGRAPHICS %



## EXECUTIVE AND NON-EXECUTIVE DIRECTORS %



# OUR COMMITTEE REPORTS

## 2022 FOCUS AREAS

- Provided regular briefings on changes in regulatory compliance, risks, laws and the environment in which the Company operates.
- Conducted Board Assessments to evaluate the performance of the chairperson and the Board and confirmed their performance, independence, balance of power, fiduciary duties, ethical leadership, corporate governance and the effective discharge of their duties.
- Performed reference and background checks of the candidate and her qualifications before her nomination.
- Reviewed the reappointment of directors concerning retirements due to rotation.
- Ensured that a brief professional profile of each candidate standing for election at the AGM was compiled.
- Ensured regular briefings on legal and corporate governance developments, risks and changes in the organisation's external environment.
- Approved the updated Nominations Committee Charter.

## Changes during the year

- With the focus on gender equity representation and broader diversity, the committee successfully appointed an independent non-executive director to the Board subject to shareholder approval at the next AGM. Carin-Lee Geuking-Cohausz was appointed to the Board effective 1 January 2022 and as a member of the Social, Ethics and Transformation Committee. She was appointed as the chairperson of the Social, Ethics and Transformation Committee effective 1 April 2022.
- Gaamiem Colbie was appointed as the chairman of the Remuneration Committee effective 1 April 2022.

## 2023 FOCUS AREAS

- Review the formal succession plans for the Board, chairperson, CEO and executive management team.
- Offer professional development programmes for directors.

For the year under review, the Nominations Committee is satisfied that it has fulfilled its statutory duties assigned by the Board.



**Aziza Amod**

*Chairperson of the Nominations Committee*

## STAKEHOLDERS

Key stakeholders impacted



## SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE



Dear Stakeholder

As the chairperson of the Social, Ethics and Transformation (SET) Committee, it is my pleasure to present my first report on the activities on behalf of the SET Committee during the year under review as recommended by the JSE Listings Requirements, Companies Act and King IV™. During the year under review, I took over as chairperson of the SET Committee from the acting chairperson, Aziza Amod.

During the year, the SET Committee assisted the Board in ensuring that the Group is and remains a committed, socially responsible corporate citizen. In addition, it performed the statutory functions required in terms of the Companies Act and King IV™. We assisted the Board in effectively discharging its responsibilities for the oversight of transformation management, Environmental, Social and Governance (ESG), as well as the UN's Social Development Goals (SDGs) and ensuring that management implemented and maintained an effective management process in the Group. In addition, we assisted the Board in ensuring that appropriate policies and procedures to address the above are in place.

We monitored the tone from the top down, including the ethics culture of the Group and how the Group responded to these, as directors bear the ultimate responsibility for any corruption that occurs within the Company. Whistle-blowers are an integral part of compliance-focused corporate governance business models as they assist executives in identifying matters. The Group's Code of Conduct is a public statement of ethical conduct that consistently applies.

## SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE'S COMPOSITION

<b>Chairperson</b>	Carin-Lee Geuking-Cohausz*
<b>Members</b>	Bongikhaya Qama Membathisi Mdladlana Aziza Amod
<b>By invitation</b>	Valentine Dzvova – chief executive officer Jowayne van Wyk – chief financial officer
<b>Number of meetings held</b>	Two

\* Appointed as a member on 1 January 2022 and chairperson effective 1 April 2022.

## REPORT OF THE COMMITTEE

Our commitment to sustainable development involved ensuring that the Group conducted its operations in a manner that meets current needs without compromising the ability of future generations to meet their needs. Our primary role is to supplement, support, advise and provide guidance on the effectiveness of management's efforts in respect of sustainable development, social, ethics and transformation matters and to ensure that the Group is and is seen to be a responsible corporate citizen.

The guidance, oversight, policy direction and monitoring of these initiatives by the SET Committee give substance to its moral mandate to balance the Company's need to compete for limited resources in the interest of commercial success with the need to sustain the health of the ecosystem we live in, with its interconnected social, economic and natural elements. This means we accept that we must support our stakeholders in reinforcing their own sustainability. The SET Committee's challenge is not merely to ensure that the Company is on the prescribed track, but that we continue to contribute to bending the moral arc towards social, economic and environmental justice.

# OUR COMMITTEE REPORTS

The SET Committee performed all its necessary functions to fulfil its role, including but not limited to:

- Monitoring the Group's activities with due regard to legislative, legal and codes of best practice relating to:
  - Social and economic development
  - Good corporate citizenship
  - The environment, including health and safety
  - Labour relations
  - Consumer relations
  - SDGs
- Ensuring that the Group is and remains committed to being a responsible corporate citizen.
- Reported on organisational ethics, sustainable development and stakeholder relationships.
- Ensured compliance with statutory duties and encouraged leading practice by having the SET Committee progress beyond mere compliance to contribute to value creation.
- Ensured compliance with the amended Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice as revised from time to time.
- Monitored the Group's social impact and compliance and ensured sound ethical and governance practices.
- Oversight of transformation management, ensuring that management has implemented and maintained an effective transformation management process in the Group.
- Assisted the Board in leading transformation within the Group and ensured appropriate policies and procedures were in place.
- Assisted the Board in monitoring environmental challenges and ensuring appropriate measures were in place.
- Oversight of implementing POPI Policy and procedures.

As a responsible employer, we adhered to all labour legislation and laws. The Group's employment equity policy affirms the commitment to equal opportunities relating to affirmative action and the achievement of employment equity. The Company lodged its B-BBEE Certificate with the B-BBEE Commissioner during the year.

## 2022 FOCUS AREAS

- Monitored and continued to assess the impact of the COVID-19 pandemic on the business with a focus on the health and safety of our employees.
- Oversaw the monitoring and reporting of ESG imperatives and the alignment with the UN SDGs.
- Reviewed the findings of the ESG Data Transparency Index and Sustainability Data Performance and the recommendations provided.
- Updated the Social, Ethics and Transformation Monitoring Indicators and Workplan.
- Monitored the anonymous hotline and email to ensure no corruption or fraud was reported.
- Monitored the POPI Implementation Plan.
- Monitored the Transformation Plan and provided input.
- Monitored environmental practices and looked at ways to decrease our carbon footprint.
- Monitored employee relations, focusing on improving gender equality and strategies to address historical disparities.
- Ensured ongoing training and development of employees.
- Ensured the timeous submission of the SETA Mandatory Grant Applications.
- Reviewed the B-BBEE Scorecard for areas of improvement and requested a re-evaluation of the black ownership element as the verification agency miscalculated the information.
- Reviewed enterprise development and assisted SMMEs.
- Reviewed ways to strengthen efficiencies within the traditional supplier base and increase capacity and procurement from non-traditional historically disadvantaged service providers.
- Reviewed socio-development initiatives and the broader impact on society.
- Ensured that all regulatory obligations were met, including submitting Employment Equity Plans to the Department of Labour.
- Approved the updated Social, Ethics and Transformation Committee Charter.
- Approved the updated Social, Ethics and Transformation Committee Workplan.

- Approved the following policies:
  - Climate Change Policy
  - Environmental, Social and Governance/ Sustainability Reporting Policy
  - Human Rights Policy
- Ensured employee awareness around the following updated policies:
  - Code of Conduct
  - Code of Ethics
  - Protection of Personal Information Act
  - The Way We Work
- Reviewed and approved the services to be provided by Integrated Reporting Assurance Services for the 2022 financial year.

## 2023 FOCUS AREAS

Some of the 2022 focus areas will be carried through into 2023.

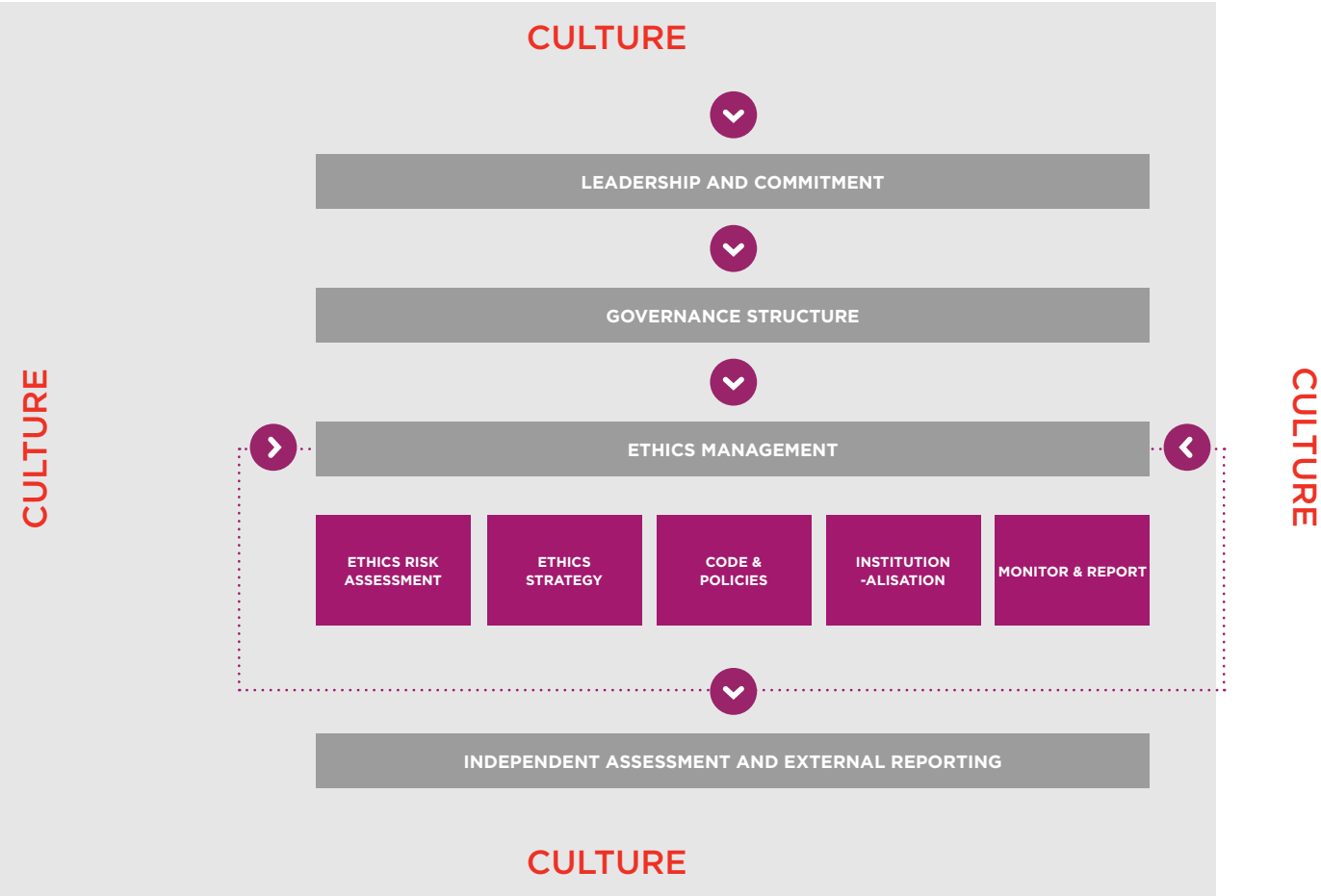
- Monitor and ensure that the Group is seen as a responsible corporate citizen through societal and environmental initiatives and the Group's contribution to the development of communities in which the Group's activities are conducted.
- Exercise oversight of the management of ethics.
- Monitor adherence to the Group's ethical standards by employees and others.
- Monitor the implementation of the updated Social, Ethics and Transformation Monitoring Indicators and Workplan and provide guidance.
- Monitor labour, employment relationships, training and skills development, employment equity, the promotion of equality and the prevention of unfair discrimination.
- Monitor the use of protected disclosure and whistle-blowing mechanisms to detect breaches of ethical standards and deal with such disclosures appropriately.
- Monitor, review and ensure compliance to the Group's standing in terms of social and economic development.
- Monitor and review environmental practices in the Group and improve thereon.
- Ensure compliance and standing in the regulations governing B-BBEE as set out by the Department of Trade and Industry.
- Monitor the Group's consumer relationships, including advertising, public relations and compliance with consumer protection law.
- Ensure that employees who manage and lead broadly reflect the diverse profile of the South African and African populations and monitor gender and race diversity.
- Continue to create and nurture a working environment and a corporate culture that attracts and retains the best talent and skills by following our employment equity plan.
- Economic sustainability - to create long-term economic value.
- Environmental sustainability - improve brand value for the Company and drive resource management throughout our supply chain.
- Social sustainability - contribute to society through our practices and community relationships.
- Internal communication - continue to overcome barriers to communication related to race, gender, culture and status, and encourage open, honest and effective communication.
- Transformation image and profile - continue to ensure that the Group's image and profile are aligned with its transformation strategy.



# OUR COMMITTEE REPORTS

## OUR GOVERNANCE FRAMEWORK

Our actions affect not only ourselves but also those around us. Ethical behaviour is equally essential in the workplace as it is in our personal lives. A successful business depends on the trust of various stakeholders – employees, managers, executives, customers, suppliers and competitors.



## OUR FRAMEWORK FOR COMPLIANCE – REGULATION 43 OF 2011

CAPACITY AND CAPABILITY	PROCESSES AND PROCEDURES	POLICIES
<ul style="list-style-type: none"><li>Understand how the SET Committee can be embedded in the business culture.</li><li>Build relationships with other committees.</li><li>Review different types of training and select training programmes and target groups.</li><li>Integrate the SET Committee considerations into these groups.</li></ul>	<ul style="list-style-type: none"><li>Form a SET Committee base limit for the Company.</li><li>Undertake the SET Committee risk assessment.</li><li>Integrate the SET Committee into the ongoing management of a project or act on findings as appropriate.</li></ul>	<ul style="list-style-type: none"><li>Identify what SET Committee considerations are already included in policies.</li><li>A policy statement regarding the SET Committee considerations and Board Charter.</li><li>Define management responsibilities.</li><li>Ensure policy implementation and results are reviewed systematically.</li></ul>

## OUR TRANSFORMATION PHILOSOPHY

The Group is committed to its shared values, including people, accountability, integrity, commitment, stakeholders, respect, trust and investment. We believe in developing and empowering our employees and enhancing performance by “growing our timber”.

### BUSINESS CASE

Understand what the SET Committee is and how it relates to the business. Identify the risks, responsibilities and opportunities and build a business case for the SET Committee. Obtain executive commitment and engage with colleagues.

### STRATEGY

Check what other committees are doing that may overlap with the SET Committee, identify potential risks and opportunities and revise the strategy in light of the SET Committee considerations.

### TRACKING PERFORMANCE

Use the provisions of the Companies Act to track performance and the SET Committee Charter. Developed and implemented a methodology for acquiring quantitative and qualitative data, reviewing data and including it in the SET Committee reporting. Report to shareholders at the AGM.

Management is responsible for the preparation, presentation, and integrity of information and all matters the committee should be informed of.

☑ =  
☐ =  
☐ = Principles 2, 3, 4, 13 and 16)

The chairperson of the SET Committee reports to the Board on the committee's activities at Board meetings.

For the year under review, the SET Committee is satisfied that it has fulfilled its statutory duties and obligations assigned by the Board. It also fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act, and there were no instances of material non-compliance to disclose.

**Carin-Lee Geuking-Cohausz**  
Social, Ethics and Transformation Committee chairperson

# OUR COMMITTEE REPORTS

## ETHICS GOVERNANCE

### LEADERSHIP COMMITMENT

The Board accepts collective responsibility for setting the tone for how ethics and ethical behaviour should be implemented, is committed to the highest standards of ethics, and has adopted an integrated approach to managing the Group.

The Board tasked the Social, Ethics and Transformation Committee with ethics oversight. Our governance structures and processes ensure that our business is conducted ethically while considering the interest of stakeholders, the economy, society and the environment. The committee governs ethics in the Group in a way that supports the establishment of an ethical culture and exercises ongoing oversight of the management of ethics, resulting in applying the Group's ethical standards as detailed below. In addition, it ensures that employees and stakeholders familiarise themselves with the Group's ethical standards.

### AN ETHICAL CULTURE

DIMENSION NAME	DIMENSION DESCRIPTION
Clarity	The degree to which the rules and procedures are accurate, concrete and complete, so employees understand what is expected regarding ethical conduct.
Positive role modelling	The degree to which management sets an excellent example for the Group and its employees.
Feasibility	The degree to which the Group's targets correspond to predetermined values and norms.
Support/Commitment	The degree to which employees endorse the proper use of corporate assets and the active realisation of the interests of the Group and its stakeholders.
Transparency	The degree to which employees conduct themselves and how the effects are manifested.
Open communication	The degree to which employees can discuss ethical dilemmas.
Accountability	The degree to which employees are called to account for unethical behaviour.
Enforcement	The degree to which employees are punished for irresponsible conduct or rewarded for responsible behaviour.

☑ =  
☐ =  
(☐ = – Principles 2, 13 and 16)

### CODES, POLICIES AND FRAMEWORKS


The following codes, policies and frameworks play a role in ethics governance. They explain the elements involved in governing ethics and the implementation thereof and are reviewed annually:

- Anti-corruption and Bribery Policy
- Code of Conduct
- Code of Conduct for Strategic Partners
- Code of Ethics
- Competition Law
- Directors' Declaration of Interests
- Employee Handbook
- Gifts and Hospitality
- PAIA Manual
- POPI Policy
- Procurement Policy
- Social, Ethics and Transformation Committee Workplan
- The Way We Work

### ETHICS MANAGEMENT

The SET Committee plays a pivotal role in managing ethics and maintaining a robust ethical culture across the Group.

The Code of Ethics and Code of Conduct form part of the Employee Handbook and is available on our website at:

 [https://aeei.co.za/about-us/corporate-governance/charters\\_policies/](https://aeei.co.za/about-us/corporate-governance/charters_policies/)

As part of our induction process, employees must acknowledge the Employee Handbook, which includes, amongst others, Electronic Communications Policy, Social Media Policy, Confidentiality Agreement, Disciplinary Code, Divulging Group Information, Occupational Health and Safety and The Way We Work. Training and awareness occur regularly and all employees are made aware of any changes to the codes, policies and frameworks.

## HUMAN RIGHTS

### LEADERSHIP COMMITMENT

The leadership of the Company oversees human rights in the workplace.

The Company and its subsidiaries recognise human rights as a fundamental value. It is committed to upholding, protecting and promoting the human rights of its employees as well as people within the communities and sphere of influence within which it operates. This commitment is enshrined in the AEEI's Code of Conduct, Code of Ethics and The Way We Work Policy, by which all Group companies are bound.

### OVERVIEW

Our Human Rights Policy provides guidance to employees on the behaviours expected in accordance with the Company's culture and values, as set out in the Code of Conduct, Code of Ethics and The Way We Work Policy. We promote fair and sound human rights practices within the Group and effect the United Nations Global Company Principles insofar as it relates to human rights.

Human Rights are considered to be inalienable fundamental rights to which a person is inherently entitled simply because he/she is a human being, regardless of nationality, location, language, religion, ethnic origin or any other status according to the Constitution of South Africa.

### OUR CORE HUMAN RIGHTS

#### Ethics

The Company expects all employees, contractors and suppliers to share its commitment to high moral, ethical and legal standards and create conditions where all can work with dignity. We require our suppliers to respect human rights and act in full accordance with our policies and guidelines concerning social responsibility, labour standards and human rights. We commit to openly and transparently reporting on human rights violations within our value chain, should these occur.

#### Diversity and Inclusion

AEEI takes a zero-tolerance approach to harassment and discrimination. Regarding employment status and treatment, no employee or partner will be discriminated against due to race, religion, colour, ethnicity, national origin, disability, sexual orientation, gender, gender identity, gender expression, marital status or other arbitrary means. We place diversity at the heart of what we do, and we build a work environment and Company culture that celebrates tolerance and difference. Our priority is the safety and well-being of our employees, and we work together to identify and eliminate harassment in all its forms.

### No Forced Labour and/or Compulsory Labour

We do not permit any form of forced or compulsory labour within our operations and supply chain. Work must always be chosen freely and employees fairly remunerated. We also commit to upholding the due diligence of employment agencies, recognising that individuals should never pay to work.

### No Child Labour

We respect the rights of young people as stated in the UN Convention on the Rights of the Child, whereby all children have the right to an education, play, and have their basic needs met. To this end, AEEI operates as a business prohibiting all forms of child labour and exploitation. Accordingly, AEEI only employs those who are 18 years old and above and, in all cases, takes reasonable steps to verify the age of workers upon employment.

### Workplace Health and Safety

The safety, health and well-being of our employees are a top priority. The Company aims to provide and maintain a safe, healthy and productive workplace throughout our operations and supply chain that complies with applicable laws, regulations and internal standards. We work within a framework of zero harm and strive to mitigate and remedy risk wherever we find it. We commit to providing appropriate protective equipment and training, and agreed to procedures that meet health and safety risks across the business and consider the specific needs of different facilities and job functions.

### Working Hours, Pay and Benefits

The Company complies with applicable labour and employment legislation and strives to remunerate employees competitively relative to the comparable industry and market norms.

### Freedom of Association and Collective Bargaining

The Company respects the employees' right to join, form or not to join a labour union. It is committed to establishing a constructive dialogue with organised labour and the freely chosen representatives of employees and to bargain in good faith within the appropriate national legal frameworks.

### Conducting Business as a Responsible Member of Society

The Company respects the rights of people in the communities impacted by its activities. It seeks to identify risks and adverse impacts that may potentially affect local communities. It finds ways to consult and engage with communities to craft workable solutions to address/avoid/minimise and/or mitigate concerns.

- HOW TO NAVIGATE OUR REPORT
- OUR REPORTING SUITE
- ABOUT THIS REPORT
- GOVERNANCE REVIEW
- OUR APPLICATION AND APPROACH TO KING IV™
- WHO GOVERNS AND LEADS US
- OUR COMMITTEE REPORTS

# OUR COMMITTEE REPORTS

## Access to Water and Sanitation

AEEI recognises the link between employee health and access to clean water and sanitation facilities as a fundamental human right. Acknowledging and providing for our employees' inherent dignity and basic needs is vital to their well-being, and we work to ensure safe and easily accessible access to clean water, sanitation and hygiene.

## Environment

We monitor and take measures to mitigate the impact of our business activities on the environment. In addition, we comply with all applicable local laws regarding the environment, resources and waste disposal. We believe that protecting the environment is a collective responsibility, involving all elements of our business and engagement with local communities to ensure that our operations do not negatively impact their livelihoods and human rights.

## REDUCING HUMAN RIGHTS BREACHES ACROSS OUR SUPPLY CHAIN

AEEI works within a responsible sourcing framework, integrates human rights compliance within its procurement and awarding processes, and is an integral element of supplier relationship development. To do business with us, our suppliers must commit to our Human Rights Policy in its entirety and communicate the Policy to their workforce and own supply chain.

## REPORTING ETHICAL AND HUMAN RIGHTS RISKS

While we strive through our policies and procedures to identify breaches of human rights throughout our supply chain, we also rely on our managers, employees, business partners and other stakeholders to bring evidence of human rights risk or infringement to our attention.

We foster a culture of safety and empowerment around speaking against human rights abuse throughout our operations and those of our suppliers. Employees, contractors and service providers are encouraged to report any suspected policy violations by the Company, its representatives or suppliers and service providers to the relevant executives or senior managers or through the anonymous email address or hotline.

## STAKEHOLDERS

Key stakeholders impacted



## INVESTMENT COMMITTEE



Dear Stakeholder

As the chairman of the Investment Committee, it is my pleasure to present the report on behalf of the Investment Committee.

This Investment Committee has an independent role, operating as an overseer and makes recommendations to the Board for its consideration and final approval. The Investment Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

The investment climate during the year under review has been extremely challenging with the volatile geopolitics, the waning COVID-19 pandemic and inflation, including but not limited to environmental, social and governance prioritisation. High-interest rates continue to place further pressure on businesses and affect investment opportunities. The banking challenges and reputational damage faced by the Group also added another layer of investment difficulty.

The Investment Committee consists of one independent non-executive director, two non-executive directors and two executive directors who are well balanced and have legal, financial and strategic expertise to fulfil the committee's duties.

The Investment Committee performed all the functions necessary to fulfil its role as set out in the charter.

## INVESTMENT COMMITTEE'S COMPOSITION

<b>Chairman</b>	Gaamiem Colbie
<b>Members</b>	Stephen Nthite
	Aziza Amod
	Valentine Dzvova – chief executive officer Jowayne van Wyk – chief financial officer
<b>Number of meetings held</b>	Three

## REPORT OF THE COMMITTEE

During the year under review, the Group traded under extremely tough economic conditions, given the Group's reputational and banking issues. This affected the acquisition strategy and the potential loss of investments. The Investment Committee reviewed its investment and acquisition strategy and noted that the Group could lose value in some of its assets. The Investment Committee reviewed its current investment portfolio, its current value, prior period values, profit and losses and management provided input and made specific recommendations.

## 2022 FOCUS AREAS

- Took a conservative approach to its investment strategy in light of the reputational and banking issues.
- Reviewed the Company's methodology for valuing investments.
- Discussed the impact of COVID-19 on operational investments.
- AEEI disposed of its investment in Magic 828 (Pty) Ltd effective 31 July 2022.
- Discussed the merits and prospects of the arbitration with British Telecommunications Services South Africa (Pty) Ltd.
- Discussed and considered the non-binding offer to acquire the Company's 30% shareholding in British Communication Services South Africa (Pty) Ltd subject to Conditions Precedent, and an independent, fair and reasonable opinion.
- Discussed the termination of the acquisition of Italian Summer as the Conditions Precedent were not fulfilled;
- Deliberated on alternative strategies to ensure that acquisitions are still made despite the banking challenges; and
- Approved the updated Investment Committee Charter.

HOW TO NAVIGATE  
OUR REPORT

OUR REPORTING  
SUITE

ABOUT THIS  
REPORT

GOVERNANCE  
REVIEW

OUR APPLICATION  
AND APPROACH  
TO KING IV™

WHO GOVERNS  
AND LEADS US

OUR COMMITTEE  
REPORTS

# OUR COMMITTEE REPORTS

## 2023 FOCUS AREAS

Some of the 2022 focus areas will be carried through into 2023.

- Monitor the impact of the reputational and banking issues, as this could affect the investment strategy.
- Review the investment portfolio of the Group for:
  - Potential acquisitions that have synergies with existing businesses and fit our investment criteria; and
  - Follow through on potential acquisitions and disposal of assets that are pending.
- The committee will continue to look at investing in companies with the following characteristics:
  - Strong investment partners that are aligned with our strategic objectives;
  - Leading brands;
  - Defined growth strategy;
  - Successful track record; and
  - Management expertise.
- High-growth sector.

## OPPORTUNITIES

The Investment Committee is currently in negotiations around new opportunities. These opportunities still have to be adjudicated and will only be concluded if the investment criteria are satisfied. Before the conclusion of any new opportunities, the investment committee ensures that:

- negotiations are transparent;
- indicative proposals are in line with the Group's policy;
- risks and risk appetite are evaluated;
- a formal due diligence is conducted in terms of legal, technical and financial aspects;
- the legal team reviews agreements; and
- the Board is apprised of any significant developments before the conclusion.

## STRATEGIC INVESTMENTS

Through the Company's non-controlling strategic investments, it has been able to add value and influence the business process to create wealth and achieve transformation. As a result, the Company has historically been the partner of choice for multinationals seeking a B-BBEE partner that brings value through active participation in its businesses.

Through its investment portfolio, AEEI continues to:

- hold a portfolio of investments in businesses that are diversified;
- acquire control of the majority of its operational investments;
- acquire and maintain non-controlling equity in strategic investments;
- acquire and maintain non-controlling equity in its associates;
- add value, influence business processes, and provide management expertise and synergies with existing investments;
- provide capital investment to grow the business;
- provide and maintain high-quality infrastructures and assets;
- create sustainable wealth for all its stakeholders;
- maintain sound corporate governance, business and ethical practices;
- stimulate economic growth by assisting and adding value to SMMEs;
- promote an entrepreneurial culture; and
- be open and transparent in its reporting.

## ASSOCIATE INVESTMENTS

The Group also holds a 30% equity interest in British Telecommunications Services South Africa (Pty) Ltd. This investment is accounted for as an associate as a result of having significant influence in its decision-making.

For the year under review, the Investment Committee is satisfied that it has fulfilled all its statutory duties assigned by the Board. As the chairman of the Investment Committee, I report to the Board on the committee's activities at Board meetings.



**Gaamiem Colbie**

*Chairman of the Investment Committee*

## STAKEHOLDERS

Key stakeholders impacted

