



empowering  
people

# 2023 INTEGRATED REPORT

**AEEI**<sup>TM</sup> AFRICAN EQUITY  
EMPOWERMENT  
INVESTMENTS  
LIMITED



# OUR REPORTING SUITE

PRINT & ONLINE



**INTEGRATED REPORT**

ONLINE



**ANNUAL FINANCIAL STATEMENTS**

PRINT & ONLINE



**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 Integrated Report caters to the diverse needs of our stakeholder base and includes the following:

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

**NAVIGATIONAL TOOLS**

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

- Page reference for information elsewhere in the report
- King IV™

# HOW TO NAVIGATE OUR REPORT

Icons are used throughout our report, and the following icons are used to show the connectivity between sections:

**GLOSSARY OF ICONS**

**OUR CAPITALS**

Demonstrate how we used our capitals, and which trade-offs were made between our capitals, in order to create value.

- FINANCIAL CAPITAL**  
Access to cost-effective capital such as equity, reinvestment, associates and strategic investments
- MANUFACTURED CAPITAL**  
Our operational structures, property, plant and equipment
- HUMAN CAPITAL**  
We sustain the well-being, skills, knowledge, motivation, the productivity of our leadership teams, employees, consultants, service providers and contractors
- SOCIAL AND RELATIONSHIP CAPITAL**  
Our trusted relationships with our stakeholders are critical to our reputation and to delivering on our goals
- INTELLECTUAL CAPITAL**  
Our brand, patents, copyrights, software development and licences
  - Being an empowerment partner of choice
  - Collaborative research and development investments contribute to delivering on our strategy and business model
- NATURAL CAPITAL**  
Our business model includes the responsible use of natural resources, effective environmental management systems, goals to address carbon emissions, climate change, water, and electricity usage

**HOW WE MEASURE THE VALUE WE CREATE**

- FINANCIAL**  
Delivering sustainable returns to our shareholders
- EMPLOYEES**  
Ensuring the health and safety of our employees
- COST**  
Operating efficiently and being competitive
- ENVIRONMENT**  
Minimising our impact on the environment
- SOCIO-POLITICAL**  
Partnering with local communities, SMEs, and government
- PRODUCTION**  
Producing innovative and sustainable products that add value

In our report, we use the following icons to denote our:

- Value creation**
- Value preservation**
- Value erosion**

**OUR STAKEHOLDERS**

- SHAREHOLDERS, THE INVESTMENT COMMUNITY, AND CAPITAL PROVIDERS**
- EMPLOYEES**
- BUSINESS PARTNERS**
- REGULATORS**
- COMMUNITIES AND NGOS**

**OUR SUSTAINABLE DEVELOPMENT GOALS (SDGs)**



**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).

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# INTRODUCTION

## ABOUT OUR INTEGRATED REPORT

Our Integrated Report provides insight into the Company and the Group and is structured to show the relationship between the inter-dependent elements involved in our value creation and covers the period 1 September 2022 to 31 August 2023. It enables our providers of financial capital and all stakeholders to make an informed assessment of our ability to create sustainable value. It covers the Group's primary activities and subsidiaries and is the primary report to our stakeholders.

The Group's Annual Financial Statements provide a comprehensive report of the Group's financial performance for the year. Refer to the chief financial officer's report on pages 54 to 59 for an overview of the financial performance of the Group.

The Group's online Annual Financial Statements document is available for download on [www.aeei.co.za/investor-relations/annual-financial-statements/](http://www.aeei.co.za/investor-relations/annual-financial-statements/).

Our governance section provides an overview of the Group, and covers ethics, our governance framework, executive and non-executive director's profiles.

Our sustainability section provides an overview of our sustainable development goals (SDGs) and ESG achievements and objectives. It also covers our approach to sustainability, human capital, social and relationship capital, intellectual capital, natural capital, manufactured capital, and financial capital. The Sustainability Report includes information regarding sustainable development, human resources, transformation, stakeholder engagement, Broad-based Black Economic Empowerment (B-BBEE) and Global Reporting Initiatives.

Our Notice of Annual General Meeting (AGM) and form of proxy provide supporting information for shareholders to participate in the AGM and is available for download on [www.aeei.co.za/investor-relations/notices/](http://www.aeei.co.za/investor-relations/notices/).

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### OUR INTEGRATED REPORTING PROCESS

Our Integrated Report is guided by the International <IR> Framework of the International Integrated Reporting Council (IIRC); the 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; King IV™; and IFRS.

Our Integrated Report is prepared from board meetings, discussions, committee and exco meetings and insight and input provided by executive and non-executive directors. Our Integrated Report considers the following:

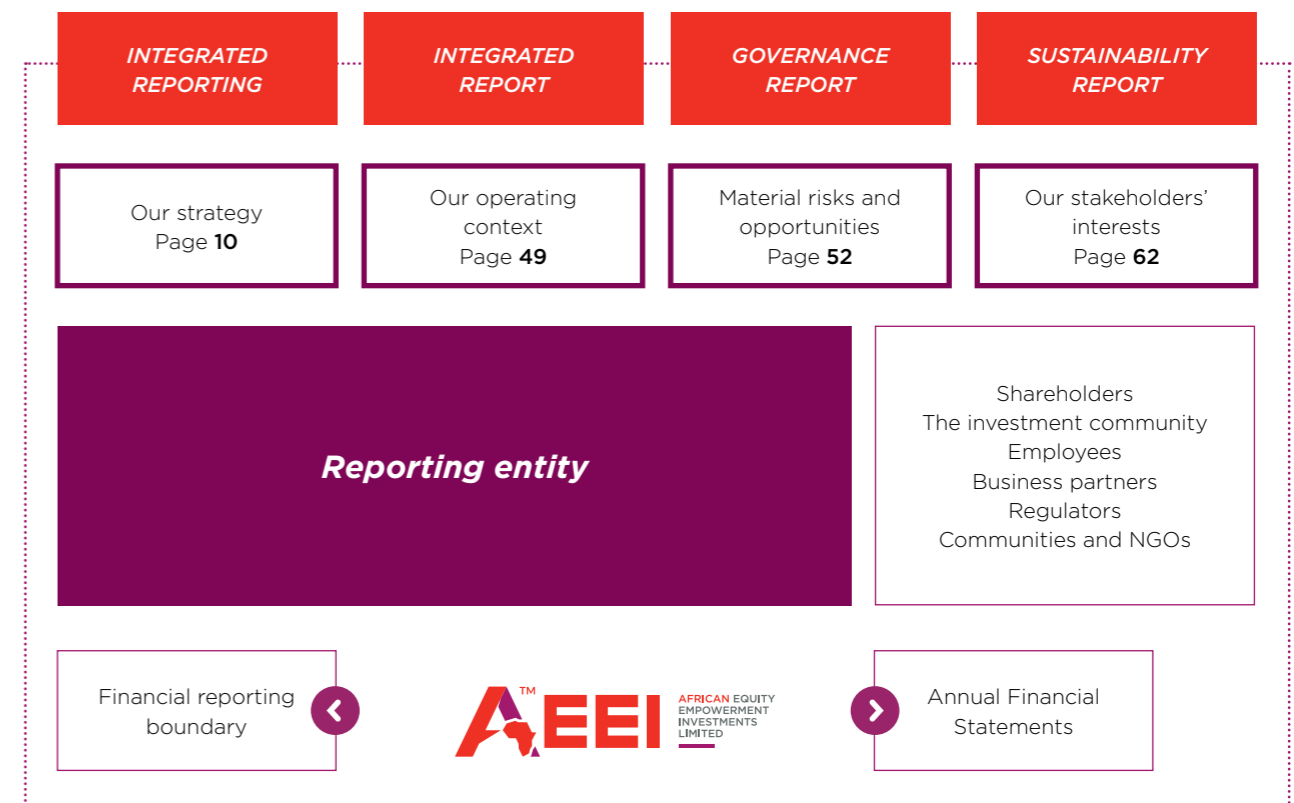
- *Our business model* – how we create value.
- *Outcomes* – our activities' material impact and influence on the six capitals.
- *The external environment* – material trends, risks, and opportunities.
- *Strategy* – our business strategy.
- *Stakeholders* – noting the material interests of our key stakeholders.

Our independent assurance providers provide oversight. Our Board of directors provides final approval of the Integrated Report.

Our Board of directors ensures the integrity of the Integrated Report through our integrated reporting processes. The Audit and Risk Committee provides internal assurance to the Board on executing the combined assurance plan.

### OUR REPORTING BOUNDARY

Our integrated reporting boundary covers the risks, opportunities and the outcomes faced by the Company.





## ABOUT OUR INTEGRATED REPORT CONTINUED

### OUR TARGETS AND STRATEGY

Our Integrated Report covers the strategic progress made during the 2023 financial year. In addition, it provides insight into the Group's strategy and financial and non-financial targets for the short-, medium- and long-term. Our business strategy and key targets remain unchanged, however, the execution of our strategy has been adapted, as necessary, to meet the challenges of: (i) the macroeconomic and external environments; (ii) the banking challenges faced by the Company and its subsidiaries, and to take the Company to the next level and beyond.

### OUR MATERIALITY AND MATERIAL MATTERS

This report aims to disclose matters that substantively affect our ability to create value over the short-, medium- and long-term. Our materiality process, that identifies our key material matters and is assessed regularly, is subject to Board approval. Accordingly, material matters and developments that influence our business model, strategy, and our long-term strategies (including our short-, medium- and long-term targets) are comprehensively dealt with throughout the report.

#### OUR APPROACH TO MATERIALITY

Our report provides information that we believe is relevant to current and prospective investors and other stakeholders who wish to make an informed assessment of our ability to generate value over the short-, medium- and long-term.

It also covers our business model and activities, as well as the impact of our activities on our ability to create, preserve, or erode value within the six capitals. Our ability to create value is determined by the material risks and opportunities facing our business, our response to our operating context, and our key stakeholders' material interests. It also covers our leadership team, our corporate governance principles, and our remuneration practices.

We compile a list of material matters that have the potential to impact our ability to create sustainable value for our stakeholders and, thereafter, prioritise the material matters in accordance with our operating context and rank the material matters by overall relevance. These are then deliberated at executive management level.

The validation of our material matters and the confirmation of their relevance to our strategy is done by the Audit and Risk Committee.



We identify issues that have the potential to impact our sustainability and create, preserve, or erode value for our stakeholders and continually assess them to ensure that they remain relevant to our strategy.

Our material matters inform our strategy, our targets, and the creation, preservation, or erosion of value within the six capitals.

As described on pages 48 and 53 our material matters influence our strategy and inform the contents of this report.

### OUR INTEGRATED RISK MANAGEMENT APPROACH

We believe that an effective risk governance model contains checks and balances to support appropriate consideration and management of risk and opportunity throughout the Group.

Further information can be found on page 100.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Our ESG policy covers the impact of our operations and forms part of our integrated thinking and value creation. It is one of the three main factors that investors measure when deciding whether to invest in a company. It informs our strategic decisions and operations with the objective to safeguard long-term value creation while ensuring transparency and accountability in our actions.

Further information is provided on page 74 of this Integrated Report.

### OUR OUTLOOK

Our outlook is determined by all the information regarding the challenges, opportunities and uncertainties we will likely encounter in pursuing our strategy and the potential implications for our business model and future performance.

Although our outlook is reflected throughout this report, information on our outlook can be found primarily in the following sections:

- Our material matters page 52
- Our value-creating business model pages 16 and 17
- Our chief executive officer's report page 44
- Our chief financial officer's report page 54

### OUR SUSTAINABLE DEVELOPMENT GOALS (SDGS)

#### SUSTAINABLE DEVELOPMENT GOALS

We aim to deliver societal and environmental value through our commitment to the United Nations Sustainable Development Goals (SDGs). In doing so, we have aligned our sustainability goals with our business strategy in respect of the six capitals and disclosures relating to our sustainability goals and business strategy have been cross-referenced in the report:



Further information on our capitals and goals can be found on 76 to 86.



## ABOUT OUR INTEGRATED REPORT CONTINUED

### OUR BOARD RESPONSIBILITY STATEMENT

Our Board acknowledges its responsibility to ensure the integrity of the Integrated Report and that it is not compromised. In its opinion, our Board believes it has applied its collective mind in the preparation and presentation of the Integrated Report and offers a balanced view of our strategy and how it relates to our ability to create value in the short-, medium- and long-term. The Board believes that it has adequately addressed the use of capitals, our strategy and business model. The Board confirms that the Integrated Report has been prepared in accordance with the International <IR> Framework.

Our Board is ultimately responsible for the Integrated Report, prepared under the supervision of executive management and is subject to rigorous internal and external reviews and controls and processes. The Integrated Report is submitted to the Audit and Risk Committee to review its content, relying on the assurance provided through the various reporting elements and then recommends the Integrated Report for approval to the Board.

Accordingly, the Integrated Report and the Annual Financial Statements for the Group for the year ended 31 August 2023 were approved by the Board.

### OUR BOARD OF DIRECTORS



**Valentine Dzvova**  
Chief executive officer



**Jowayne van Wyk**  
Chief financial officer



**Aziza Amod**  
Non-executive chairperson



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



**Gaamiem Colbie**  
Non-executive director



**Stephen Nthite**  
Independent non-executive director



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

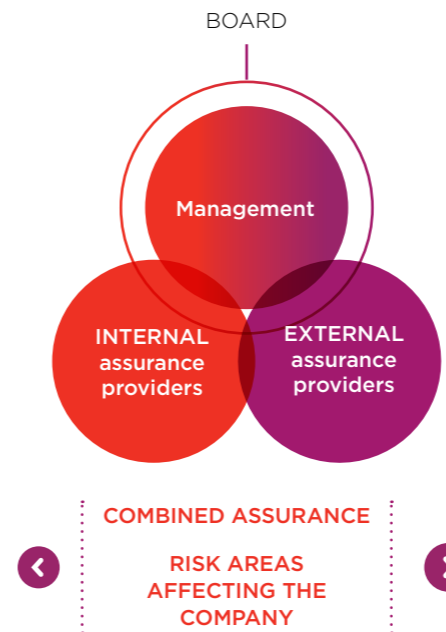


**Ambassador Membathisi Mdladlana**  
Independent non-executive director



**Bongikhaya Qama**  
Independent non-executive director

### COMBINED ASSURANCE



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 2023 consolidated Annual Financial Statements and have 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.

# AEEI AT A GLANCE



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# AEEI AT A GLANCE

## OUR MISSION STATEMENT

**African Equity Empowerment Investments Limited is a diversified Company that empowers people through profits and partnerships.**

## OUR VISION

Our vision is to be a dynamic, innovative company that creates superior stakeholder value.

## OUR STRATEGY

Our strategy is to grow through acquisitions and leverage our existing portfolio by maximising our net asset base and improving cash generation, thereby growing income sustainably and managing costs. We aim to create sustainable value for our stakeholders and to integrate sustainable development into our strategy, governance, management, and reporting, with the strategic objective of reducing our negative environmental impact.

Our business activities are geared to ensure long-term sustainable value for our stakeholders in the short-, medium- and long-term. Our capitals enable us to add value creating value for our shareholders. We use our capitals responsibly by evaluating the prospective returns of each capital deployed. We have integrated our business model into our strategy.

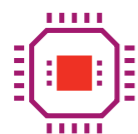
## WHERE WE OPERATE

Our primary market remains South Africa and we continue to expand our footprint into the rest of Africa. Outside of South Africa, we have a market presence in Asia, Dubai, Saudi Arabia, Spain, the United States of America, Eswatini, Malawi, Mauritius, Côte d'Ivoire, France, Belgium, and Canada.

## ORGANISATIONAL OVERVIEW



FISHING AND BRANDS



TECHNOLOGY



EVENTS AND TOURISM



HEALTH AND BEAUTY



BIOTHERAPEUTICS



STRATEGIC INVESTMENTS

## WHO WE ARE

AEEI was incorporated in 1996 and 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.

We have investments in fishing and brands, technology, events and tourism, health, and beauty, and biotherapeutics, all supporting Broad-Based Black Economic Empowerment (B-BBEE) and small, medium and micro-enterprises (SMMEs) as well as strategic investments. Our investments in our technology portfolio was reduced in the financial year through the unbundling of AYO Technology Solutions Ltd's shares to AEEI shareholders, however, our investments in SGT Solutions (Pty) Ltd and Global Command & Control Technologies (Pty) Ltd remain in this portfolio.

## OUR PURPOSE

We exist to empower previously disadvantaged individuals through job creation and maximising shareholder wealth generation through strategic investments.

## OUR VALUES AND WHAT DRIVES US

### respect and trust

**To always respect and trust:** Fellow employees, customers, partners, and stakeholders.

### integrity

**To always:** Act with integrity in whatever we do based on our values, principles, our Code of Ethics, and our Code of Conduct.

### people

**To always:** Respect fellow employees, partners, and all stakeholders and provide sustainable employment opportunities for our employees and others and create a safe and secure working environment.  
**To always:** Develop, attract, and retain the correct skills and structures to achieve and support our strategic growth.

### investment

**To stimulate:** Investment in the areas of green enterprises, including social innovation and societal development.

### stakeholders

**To serve our stakeholders through:** Good corporate governance, value creation and affordable products and services.

### accountability

**To have:** Responsible and accountable leaders who address the expectations of our diverse stakeholders and embrace their responsibilities efficiently.

### commitment

**To deliver:** On our promises and add value beyond expectations.

## WHAT DIFFERENTIATES US

- Our strategy and implementation plan with clear business focus areas
- Diversified investment portfolio, strong brand credentials and proven delivery
- B-BBEE partner of choice with solid empowerment credentials and return on investment
- Sustainable and organic growth while containing costs and driving efficiencies
- Our successful track record and excellent business reputation
- Our resilient loyal employees, strong management team and experienced executives leading our business units with a hands-on approach
- Our risk-based approach to the management of investments
- A desirable balance sheet with a low debt ratio and significant cash reserves
- Our strategic investment portfolio
- Investment in environmentally friendly products
- Proven transformation culture and results

## THE VALUE WE CREATED

	2023	Restated Group to 31 August 2022 R'000	2021
Revenue from continuing operations (R'000)	734 246	578 556	0
Revenue from discontinued operations (R'000)	2 103 909	1 754 914	0
Total assets (R'000)	1 711 962	6 029 757	6 449 826
Headline loss from discontinued operations	(172 907)	(196 856)	0
Headline (loss)/profit for continuing operations	103 510	14 404	0
Headline earnings per share (cents) from continuing operations	21.08	2.93	0
Headline loss per share (cents) from discontinued operations	(35.21)	(40.09)	0
Permanent employees (number)	768	1 838	2 089
Remuneration and benefits paid (R'000)	221 000	564 214	793 162
Training and development (R'000)	2 500	7 712	7 781
Payments made to government (VAT, income tax, rates, royalties and all other payments) (R'000)	54 281	227 256	250 865
Socio-economic and enterprise development	30 800	21 143	30 740

## OUR ORGANISATIONAL STRUCTURE, PRODUCT PORTFOLIO AND SERVICES

We have the following divisions and subsidiaries in the Group:

Division/Company	Ownership Percentage
Premier Fishing and Brands Ltd	56.23%
Premier Fishing SA (Pty) Ltd	100.00%
Marine Growers (Pty) Ltd	100.00%
Premfresh Seafoods (Pty) Ltd	100.00%
Talhado Fishing Enterprises (Pty) Ltd	80.66%

Division/Company	Description
<b>FISHING AND BRANDS</b>	<p><b>Premier Fishing &amp; Brands Limited</b> The First Choice</p> <p>Premier Fishing SA (Pty) Ltd (Premier Fishing), a division of Premier, is the largest black-owned and managed fishing company in South Africa. <i>Premier Fishing and Brands Ltd delisted from the JSE on 1 August 2023.</i></p> <p>Premier Fishing has existed since 1952 and has four operating divisions, two subsidiary companies and several joint-venture operations. It is a vertically integrated group that specialises in the harvesting, processing, and marketing of fish and fish-related products.</p> <p>Premier Fishing owns factories, facilities, and fishing vessels, operating in two South African provinces.</p> <p>Premier and its subsidiaries hold medium- to long-term fishing rights in West Coast rock lobster, South Coast rock lobster, small pelagics (anchovy and sardine), deep-sea hake trawl, longline hake, and squid. In addition, Premier Fishing owns an abalone farm and invests in organic agricultural products through the Seagro range of products.</p> <p>They offer sales, marketing, and production of West Coast rock lobster, South Coast rock lobster, longline hake, squid, fishmeal, abalone and Seagro (organic fertiliser).</p> <p>In the current financial year, Premier acquired an additional 30.35% stake in Talhado Fishing Enterprises (Pty) Ltd, bringing its shareholding to 80.66%. Premier is now the biggest squid player in the fishing industry.</p>
<b>Marine Growers (Pty) Ltd</b>	
<b>TALHADO</b>	
<b>Premfresh Seafoods</b>	

Division/Company	Ownership Percentage
SGT Solutions (Pty) Ltd	60.00%
Global Command & Control Technologies (Pty) Ltd	76.00%

Division/Company	Description
<b>TECHNOLOGY</b>	
<b>SGT SOLUTIONS</b>	<p>SGT Solutions (Pty) Ltd is a turnkey solutions integrator specialising in the design, supply, deployment, commissioning and maintenance of multi-technology telecommunication systems for mobile broadband and converged solutions through partnerships with our customers and technology providers. The company specialises in integrated, leading-edge and comprehensive solutions across the entire spectrum of telecommunications.</p>
<b>GC<sup>2</sup>T</b> GLOBAL COMMAND AND CONTROL TECHNOLOGIES	<p>Global Command &amp; Control Technologies (Pty) Ltd (GC<sup>2</sup>T) provides turn-key Enabled Awareness solutions to Defence, security and related technology customers and is the market leader for Enabled Awareness Solutions in developing world markets. GC<sup>2</sup>T's solutions allow for state-of-the-art technologies, products and architectures to be tailored to achieve commercial, government and military customer needs.</p>





## OUR ORGANISATIONAL STRUCTURE, PRODUCT PORTFOLIO AND SERVICES CONTINUED



### EVENTS AND TOURISM



AEEI Events and Tourism (Pty) Ltd	100.00%
espAfrika (Pty) Ltd	100.00%
Tripos Travel (Pty) Ltd	56.00%

This division comprises events management, travel solutions, and advertising sponsorship income through its radio station.

*espAfrika (Pty) Ltd (espAfrika)* is a cutting-edge globally competitive company in events management and travel solutions. Over the past decade, it has staged international music festivals throughout Africa. Under their management, the Cape Town International Jazz Festival is positioned as "Africa's Grandest Gathering."

*Tripos Travel (Pty) Ltd (Tripos)* has existed since 1970 and has two distinct operating divisions: Travel Management Services and Inbound Tours and Events.

While specialising in corporate travel, they provide a service to corporate and leisure markets.



### HEALTH AND BEAUTY



AfriNat (Pty) Ltd	100.00%
Orleans Cosmetics (Pty) Ltd	90.00%

This division manufactures, sells, and markets an extensive range of natural products for the food, agriculture, hygiene, and general health sectors, and imports and distributes four cosmetic brands from Europe, including a perfume range.

*AfriNat (Pty) Ltd (AfriNat)* is a national research and development, technical advisory, and manufacturer of agricultural products, specialising in the marketing and distribution of innovative, "next-generation" crop protection, crop health and plant life scientific brands.

They have over 20 years of experience in using complex bioflavonoids and fruit acid extracts as active ingredients. They present an integrated biological portfolio to farmers, packers and food manufacturers.

*Orleans Cosmetics (Pty) Ltd (Orleans Cosmetics)* imports and distributes six cosmetic brands from Europe exclusively in South Africa and neighbouring territories through retailers and beauty salons. The company has also expanded their portfolio into fine fragrances.

Orleans Cosmetics is the exclusive Southern African distributor of the following imported cosmetic brands and fine fragrances, each with a long international history:

- Gatineau
- NUXE
- Diago Dalla Palma
- Sothys
- Berdoues Parfums
- RVBLAB THE MAKE-UP

Orleans diversified its portfolio by bringing on board two locally produced products into its distribution portfolio:

- Elim
- Revive



### BIO-THERAPEUTICS



African Biotechnology and Medical Innovation Investments (Pty) Ltd	100.00%
Sekpharma (Pty) Ltd	100.00%
Bioclones (Pty) Ltd	73.69%
Integrated Bioworks (Pty) Ltd	100.00%
Ribotech (Pty) Ltd	60.02%

*Genius Biotherapeutics (Genius)* (known as Bioclones (Pty) Ltd) focuses primarily on healthcare applications and, more specifically, on biopharmaceutical products that are carbohydrate or protein in nature and are derived from living genetically modified cells.



### STRATEGIC INVESTMENTS



British Telecommunications Services South Africa (Pty) Ltd	30.00%
Sygnia Ltd	0.89%

The Group holds minority stakes in British Telecommunications Services South Africa (Pty) Ltd and Sygnia Ltd.

British Telecommunications Services South Africa (Pty) Ltd will purchase our 30% stake in a transaction that will be fully implemented by the end of December 2023. Agreements were concluded in September 2023.

Note: The Company unbundled its shareholding in AYO Technology Solutions Ltd on 31 July 2023.



# CREATING VALUE THROUGH OUR BUSINESS MODEL

## CREATING SHARED VALUE FOR SUSTAINABLE OUTCOMES IN THE SHORT-, MEDIUM- AND LONG-TERM

Our business model describes the process of transforming our six capitals as inputs, through our business activities, into outputs and outcomes that achieve our strategic objectives and create stakeholder value. Our business model is underpinned by strong corporate and social governance practices.

### OUR SIX CAPITALS AND PRIMARY INPUTS



#### FINANCIAL CAPITAL

Our ability to operate in a capital-constrained environment.

- Access to cost-effective capital
- Flexible balance sheet
- Transparent, relevant, and timely reporting to investors
- Ensured sustainability by managing the risks and capitalising on opportunities in our markets



#### MANUFACTURED CAPITAL

Our strategic approach in managing our assets.

- Our business structures and operational processes
- Property, plant and equipment
- Leased premises, furniture and fittings
- Market leaders in information technology and software
- Capital investment in our businesses
- Continuously innovate to deliver sustainable solutions
- Providing quality products and services



#### HUMAN CAPITAL

Focus on retaining our high performers and growing our talent pool.

- A strong Board
- An experienced and diverse management team and employee base
- Equal opportunities employer
- Investing in our employees' growth
- Building social capital
- Promote positive and objective performance management
- Fair and transparent remuneration
- Health, safety and well-being of employees
- Workplace transformation and diversity



#### INTELLECTUAL CAPITAL

Focus on sustainable, innovative products and processes in our business through our intangible assets.

- Brand identification
- Patents, trademarks and copyright
- Internally generated software licences
- Knowledge-based assets
- Collaborate research and development investments
- Innovative thinking and agility
- Unique customer solutions



#### SOCIAL AND RELATIONSHIP CAPITAL

Maintain strong relationships with all our stakeholders.

- Our trusted relationships with our stakeholders are key to our reputation, the delivery of our goals and central to the environment in which we operate
- Our material stakeholders
- Effective stakeholder engagement
- Leaders in transformation
- B-BBEE Level 4
- Our sustainable development goals (SDGs)
- Environmental, social and governance goals (ESG)



#### NATURAL CAPITAL

The amount of natural resources the Group uses during the normal course of business:

- Our direct use and impact of natural resources through our operations
- Effective management systems
- Our carbon emissions
- Water and electricity consumption

### OUTPUTS

DIVERSIFIED INVESTMENTS IN SUBSIDIARIES	STRATEGIC INVESTMENTS
FISHING AND BRANDS	BRITISH TELECOMMUNICATIONS SERVICES SOUTH AFRICA
TECHNOLOGY	SYGNIA
EVENTS AND TOURISM	
HEALTH AND BEAUTY	
BIO-THERAPEUTICS	

### PRIMARY OUTCOMES



#### FINANCIAL

- R560m market capitalisation (2022: R388m)
- Strong balance sheet with NAV of R1 208m (2022: R4 877m)
- Revenue R2.8bn (2022: R2.3bn)
- Headline loss (R63m) (2022: R182m)
- Headline loss per share (33.79c) (2022: 37.16c)
- Total assets R1.7bn (2022: R6.1bn)
- Cash utilised on operations of R74m (2022: R207m)
- NAV per share 246.07c (2022: 993.32c)
- Investment value of R73m (2022: R998m) from our investee companies



#### MANUFACTURED

- We ensured continuity of long-term supply of our products and services
- We provided quality ethical products and services
- We provided impactful and innovative business solutions to our clients
- We provided professional services and technical expertise to our clients
- We enhanced our procurement from community-based service providers and created employment
- We assisted with enterprise and supplier development funding
- We invested in our businesses through equity and shareholder loans
- We invested in capital expenditure in our business



#### HUMAN

- Remuneration and benefits paid R221m (2022: R564m)
- Salary increment of 6.5% across the Group (2022: 8%)
- Transformed employee base
  - 88.41% Black representation (2022: 82.37%)
  - 28.52% Female representation (2022: 29.76%)
- 768 employees (2022: 1 838)
- 20 temporary employees and contractors (2022: 178)
- R2.5m spent on training and development (2022: R7.7m)



#### INTELLECTUAL

- Retention of scarce skills
- Market leaders in various sectors across the Group
- Renewable energy solutions



#### SOCIAL AND RELATIONSHIP

- R1.9m spent on basic needs, social development and feeding programmes (2022: R3.3m)
- R3.5m invested in education, training and development programmes (2022: R4.4m)
- R30.8m invested in socioeconomic and enterprise development (2022: R21m)
- R56m paid in taxes (2022: R227m)



#### NATURAL

- We continued to install green energy at our abalone farm through a phased approach
- Production of natural sanitisers and cleaning products
- Sustainable products within the value chain

### STRATEGIC ACTIVITIES



Refer to our Risks and Opportunities on pages 101 to 103, Strategy and Performance on page 54 and Outlook (throughout this report)




## CREATING VALUE THROUGH OUR BUSINESS MODEL CONTINUED

### BELOW IS AN OVERVIEW OF THE FOLLOWING FACTORS IN RESPECT OF OUR STAKEHOLDERS:

- their concerns and needs
- the ways in which we addressed their needs
- the ways in which we engaged with them
- the ways in which we delivered value to them
- key metrics tracked by the Company
- the impact of value creation on our six capitals

### KEY STAKEHOLDERS THAT CONTRIBUTE TO OUR VALUE DRIVERS



 Refer to pages 62 to 70 detailing our stakeholders' concerns, their needs, how we addressed their needs, how we engaged with them, how we delivered value to them, key metrics we track, the capital impacted and reference to the SDGs.

# REFLECTIONS FROM OUR NON-EXECUTIVE CHAIRPERSON





## REFLECTIONS FROM OUR NON-EXECUTIVE CHAIRPERSON

AZIZA AMOD

“The secret of change  
is to focus all your energy  
not on fighting the old but  
on building the new.”  
– Socrates



AEEI was listed on the JSE on 3 May 1999 as a majority black-owned and black-controlled diversified investment holding Company. From its humble beginnings, it has grown its asset base to over R6bn. The Company has investments in fishing, technology, tourism and events, health and beauty biotechnology.

In 2023 we faced numerous challenges that demanded unwavering perseverance and resilience. It is public knowledge that we have had the threat of bank account closures, without any evidence of any transgressions by AEEI. Nedbank appealed the reopening of the accounts which was rejected by the court. Their case will be heard in late 2023, whilst Standard Bank has been requested to extend and keep the accounts open until 2024.

This situation has not made it a conducive environment “for business as usual” and presented the executives and management opportunities to strategise and put mechanisms in place to navigate the Company in achieving its goals.


### THE YEAR UNDER REVIEW

During this year, the management and Board devoted and spent a considerable amount of time on proposals of how to further unlock value for our shareholders. One of them being the delisting of the Company.

After much deliberation, the Board of AEEI considered delisting from the JSE as announced on SENS on 16 October 2023 given the current operating environment and does not warrant the exorbitant JSE-listed fees, accredited auditors fees and the funds can be better utilised on new investments.

Without the listing regulatory environment, management can focus on the Company’s core assets and future growth of the Company in a private capacity.

During the year, the Board and shareholders took the decision to delist Premier Fishing and Brands Ltd and consequently to unbundle its shares in AYO Technology Solutions Ltd.

 To learn more about this, please refer to page 57.

### NAVIGATING A CHALLENGING ECONOMY

As we look ahead to 2024, the country is bracing itself for another difficult year. The economy is estimated to have grown by 2.5% in real terms in 2022. However, largely as a result of intensive and load shedding, real GDP growth has been revised down to 0.9% for the year 2023.

The continuous levels of load shedding during the first part of the year resulted in reduced productive hours and this has exacerbated business confidence and growth in South Africa whilst also worsening the living conditions of our citizens and the rate of unemployment.

Although the government has committed to sound economic reforms, the implementation has been slow for growth and job creation.

Urgency is also needed to fight crime and improve the safety of all South Africans.

### GOVERNANCE


The AEEI Board remains one of the most transformed executive and board structures in the investment sector.

Through the various committee structures, we continually revise our risk strategies, social ethics and transformation, race and gender representation and diversity at Board level.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Our commitment to environmental, social and governance matters remains at the forefront and ensures that the Company is a responsible citizen. We remain committed to working towards the United Nation’s Sustainable Development Goals in the areas in which we operate.

The Company once again rated first in its sector for its disclosure on Environmental, Social and Governance in the Financial Services Investment sector of the Sustainability Data Transparency index from the total of the JSE listed companies.


 To learn more about this, please refer to our Governance section on page 23.



## REFLECTIONS FROM OUR NON-EXECUTIVE CHAIRPERSON CONTINUED

### BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

The Company ensured compliance with the B-BBEE Codes of Good Practice and received a revised level 2 Certificate for the year and will continue to try to achieve maximum points for all the elements going forward.

 Please refer to pages 80 and 81 for more information.

### OUTLOOK

Our outlook remains to ensure business continuity and take on opportunities that we are confident will grow with value in the future.

At AEEI we acknowledge our duty to enable transformation, gender equity, empowerment of our people and our social and environmental governance responsibilities. At the same time to create capital growth in our investments in generating shareholder value.

### APPRECIATION

Thank you to my fellow Board members for their continued support and successfully guiding the Company through a difficult and challenging macroeconomic environment.

My sincere appreciation goes to our executive team for their dedication, hard work and professionalism in steering the Company in this challenging period.

I would also like to thank our shareholders, external stakeholders and sponsors for their unwavering support.

Finally, I would like to express my sincere gratitude to the cornerstone of AEEI: our dedicated employees, whose unwavering commitment ensures the Company's success.

*"On the journey to success, tenacity of purpose is supreme."*

- Aliko Dangote



### AZIZA AMOD

Non-executive chairperson

# GOVERNANCE

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# GOVERNANCE

At AEEI, we are committed to the highest standards of 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.

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.

Our structure enables the Board to retain effective control while delegating authority to relevant committees.

Despite the challenging macroeconomic environment, we maintained business continuity and liquidity, reviewed the risks and opportunities, including the short-, medium- and long-term effects on our business, and ensured the well-being of our employees. This included a stakeholder-inclusive approach to executing our governance role and responsibilities while remaining committed to the principles of King IV™ recommendations entrenched in our policies, internal controls, terms of reference, procedures, and processes.

 Further information can be found on page 48 – Delivering on our strategy.

## 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 2023, 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.

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 PHILOSOPHY

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

## 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.

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



## GOVERNANCE CONTINUED

### 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.

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.

### APPLICATION OF AND APPROACH TO KING IV™

The Board aims to achieve the governance outcomes defined in King IV™, and 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.

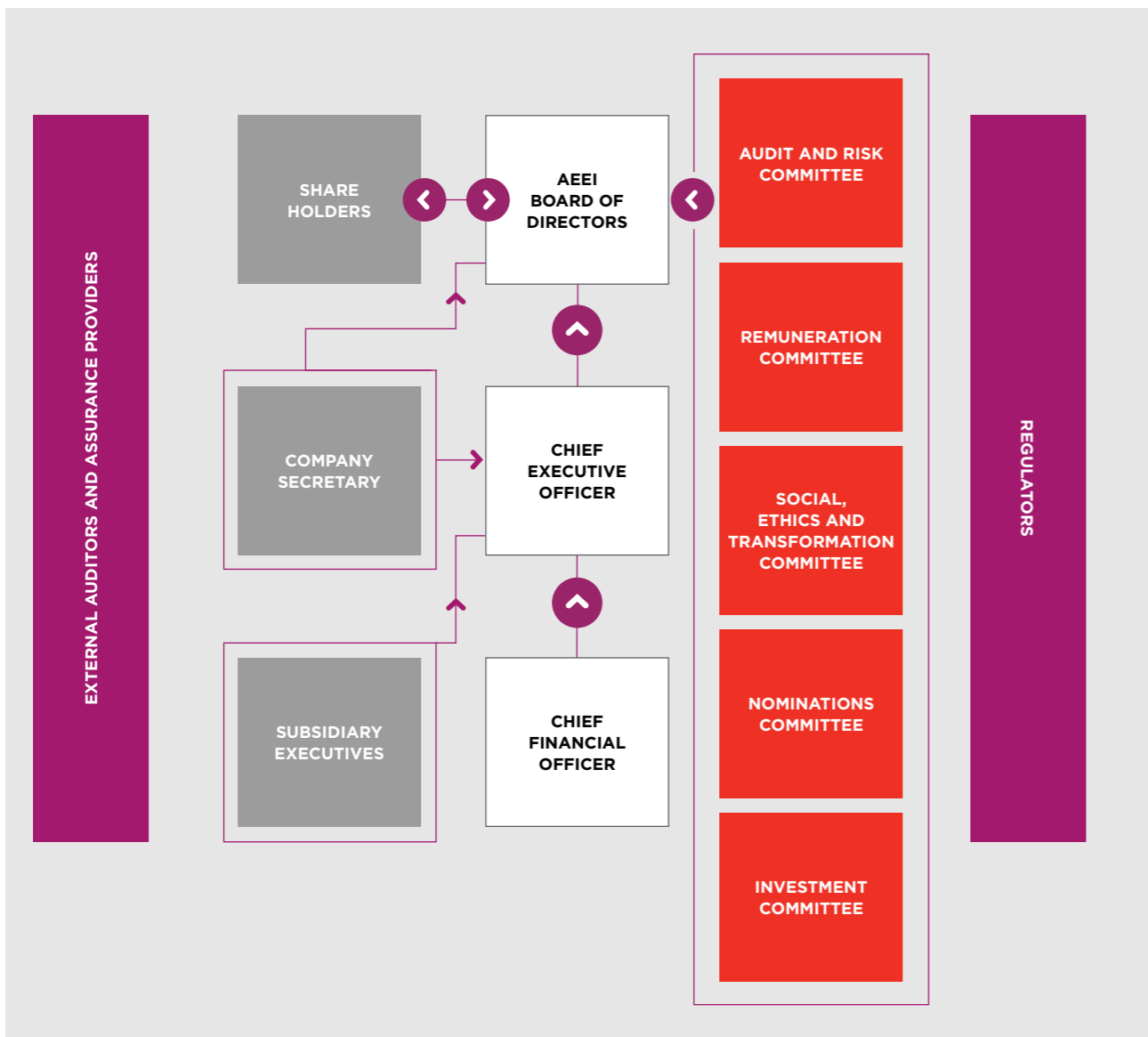
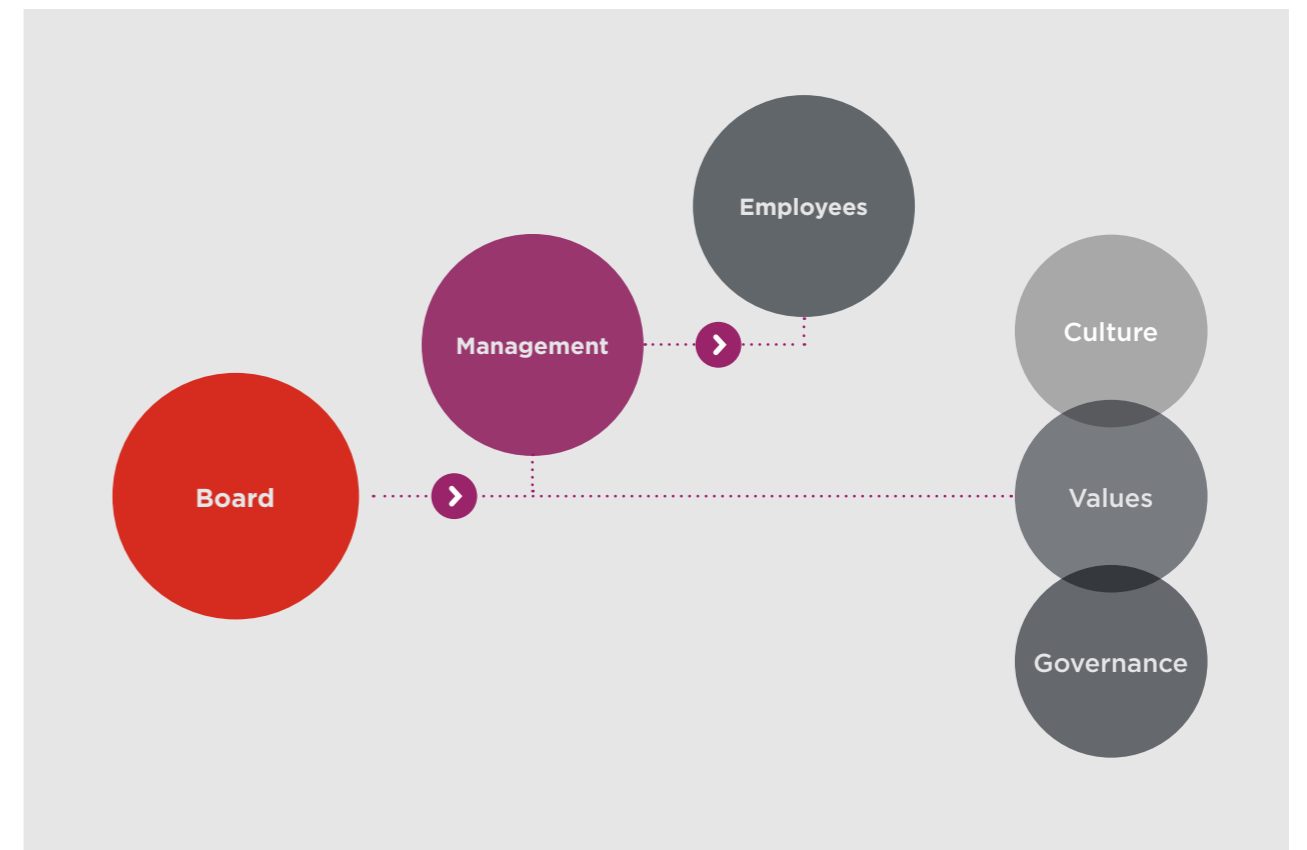
The Board remains committed to the principles of King IV™ and ensures that its recommendations are diligently applied to policies, terms of reference, procedures, processes, and controls. This leads to the alignment of the following SDGs.



AEEI's application and adoption of the various recommendations set out in King IV™ is outlined in our application statement, which is available on: [www.aeei.co.za/about-us/corporate-governance/king-iv-on-corporate-governance-report/](http://www.aeei.co.za/about-us/corporate-governance/king-iv-on-corporate-governance-report/).

### 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 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



# WHO GOVERNS US

## OUR BOARD STRUCTURE



### 1 Valentine Dzvova (40)

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 (37)

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



### 3 Aziza Amod (61)

NON-EXECUTIVE CHAIRPERSON  
Finance for Non-financial Managers  
Appointed: 12 November 2012



### 4 Willem Raubenheimer (64)

LEAD-INDEPENDENT NON-EXECUTIVE DIRECTOR  
CA(SA) BCom (Hons), Diploma in Forensic Accounting  
Appointed: 9 July 2020



### 5 Gaamiem Colbie (34)

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



### 6 Stephen Nthite (52)

INDEPENDENT NON- EXECUTIVE DIRECTOR  
Bachelor of Jurisprudence (BJuris), Bachelor of Laws (LLB), Admitted Attorney  
Appointed: 26 August 2021



### 7 Carin-Lee Geuking-Cohausz (56)

INDEPENDENT NON-EXECUTIVE DIRECTOR  
BA Social Sciences (undergraduate degree), Anthropology: Postgraduate degree, Psychology (Hon) and Clinical Psychology (MA)  
Appointed: 1 January 2022



### 8 Ambassador Membathisi Mdladlana (71)

INDEPENDENT NON-EXECUTIVE DIRECTOR  
BA Majors in Education and IsiXhosa  
Appointed: 27 August 2021



### 9 Bongikhaya Qama (46)

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



#### 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





# OBJECTIVES OF THE BOARD

## 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.

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.

## ETHICAL LEADERSHIP

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

## KING IV™

The Board is the principal decision-maker and is supported by various committees and the executive management team. 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.

The Board is responsible for the strategic direction of the Group and the Company's governance framework. The governance framework supports the Company's strategic focus areas. The Board's governance oversight is guided by its commitment to its responsibilities and governance objectives.

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.

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 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.

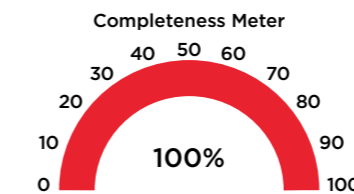
The Group is governed by its Code of Ethics and Code of Conduct. The Code of Ethics requires all directors, management, and employees to obey the law, respect others, be honest and fair, and protect the environment. The Code of Conduct articulates AEEI's commitment to doing business according to best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

Our Board and committees are monitored annually for effectiveness and transparency. 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.

## KING IV™ GOVERNANCE PERFORMANCE

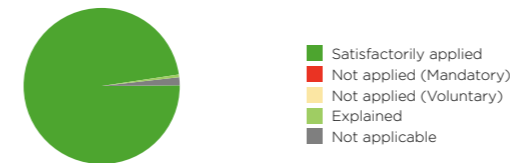
### King IV™ Management Review



### Practice Count

Satisfactorily Applied	397
Not Applied (Mandatory)	0
Not Applied (Voluntary)	0
Explained	2
Not Applicable	6

### Practice Count



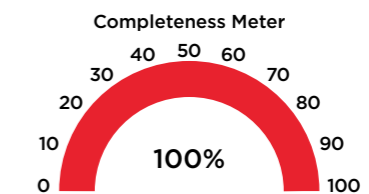
## RESPONSIBILITIES OF THE BOARD

The Board fulfils its primary governing roles and responsibilities: approving policies and planning, providing oversight and monitoring and setting and steering the company's strategic direction.

The Board has committed to fulfilling the following responsibilities:

- Delegate the management of the Group to the executive management team.
- Ensure compliance with appropriate legislation (including regulations), and best practices.
- Govern disclosures so that stakeholders can assess the performance of the Group effectively.
- Ensure that a robust strategy is in place and executed by management.
- Oversee the management of technology and information.
- Oversee the risk management function.
- Protect the interests of the Group's stakeholders and ensure responsible, fair, and transparent employee practices.

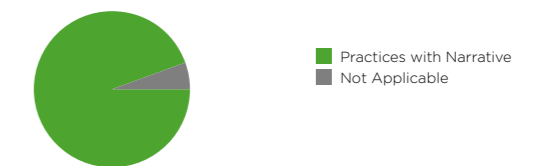
### King IV™ Report Writer - By Principle



### Practice Count

Practices with Narrative	16
Not Applicable	1

### Practice Count



## 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 future prospects.

The majority of our Board members are independent non-executive directors and comprise five independent non-executive directors, two non-executive directors and two executive directors who have 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.

## OBJECTIVES OF THE BOARD CONTINUED

### 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.

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.

Valentine Dzvova was appointed as a member to the Social, Ethics and Transformation Committee on 25 May 2023.

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.

### 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.

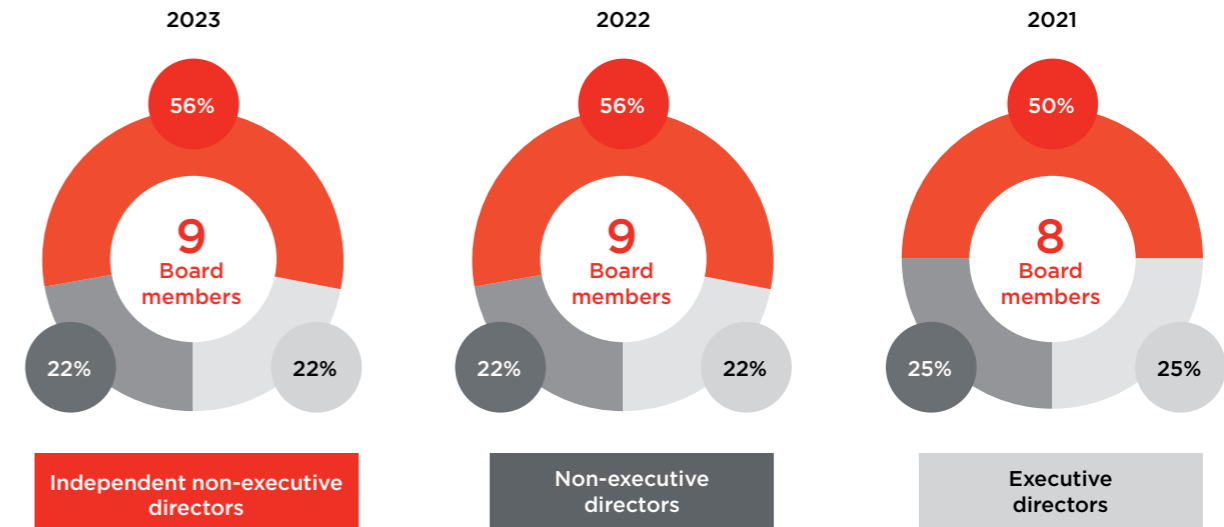
### DIVERSITY AT BOARD LEVEL - POLICY STATEMENT

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@aeei.co.za](mailto:cornell@aeei.co.za).

### EXECUTIVE AND NON-EXECUTIVE DIRECTORS %



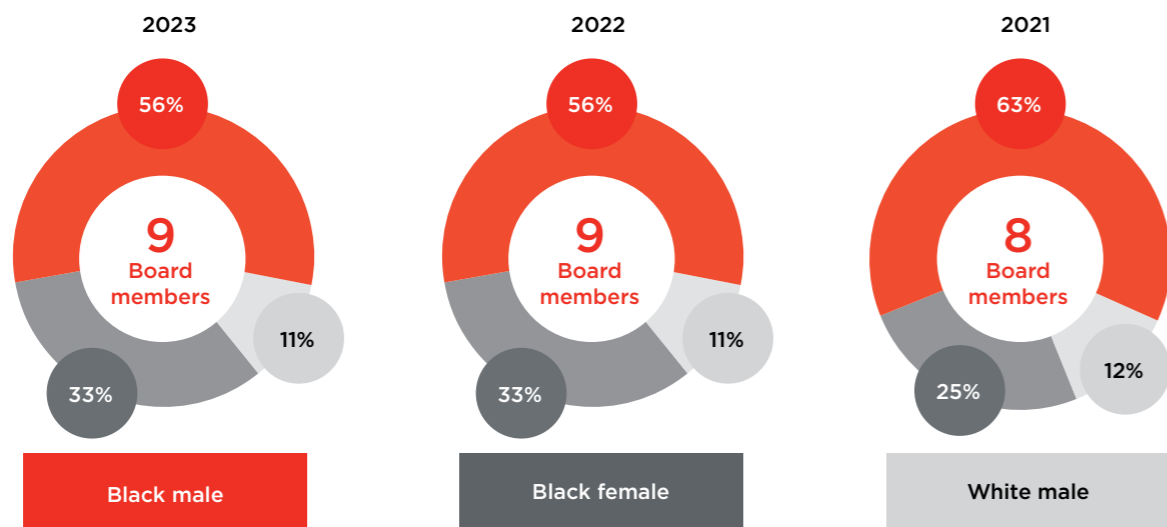
### PROMOTION OF DIVERSITY AT BOARD LEVEL %

2023 %	2022 %	2021 %	
89	89	88	Voting rights of black Board members
33	33	25	Voting rights of black women Board members
100	100	100	Black executive members
11	11	13	Black women executive members
44	44	43	Black independent non-executive Board members



## OBJECTIVES OF THE BOARD CONTINUED

### BOARD DEMOGRAPHICS %



### BOARD TENURE, KNOWLEDGE, AND SKILLS

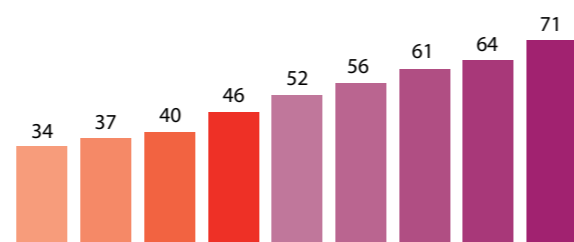


Non-executive directors must retire by rotation at the AGM or after nine years of being on the Board. The staggered rotation of members ensures the introduction of new expertise and perspectives while retaining valuable industry knowledge, skills and experience while maintaining continuity. King IV™ 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 is of the view that all non-executive directors are independent and specifically reviewed the independence of directors.

Tenure	Years
1 - 2 years	3
2 - 5 years	5
5 - 10 years	1

### EXECUTIVE AND NON-EXECUTIVE AGE

Age (years)



Average age

52 Years

Younger than 60 years	%
2023	66
2022	78
2021	75

### 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. The Board is well diversified to add value to the Group.

### KNOWLEDGE AND SKILLS

Knowledge and Skills	Number of Board Members
Leadership	8
Finance	8
Strategy	8
Compliance and governance	8
Risk and opportunity management	9
Taxation	5
Asset management	7
Technology and information governance	7
Environmental sustainability	6
Human resources - people management and remuneration	9
Mergers and acquisitions	7
Social, ethics and transformation governance	7

### ETHICAL AND RESPONSIBLE LEADERSHIP

The Board assumes ultimate responsibility for the Group's ethical performance and adherence to human rights principles. The Board provides effective leadership based on a principled foundation by setting an example of doing business responsibly, they have demonstrated their continued commitment to our values and ethical conduct. Responsible leadership, instilled by the values of responsibility, transparency, accountability, and fairness, has been a defining characteristic of the Company since its inception. The Company's fundamental objective has always been to do business ethically while building a sustainable company that recognises its activities' short and long-term impacts on the economy, society, and the environment in which we operate.

The continued enhancement of the Group's ethical culture remains top of mind through the relevant Board committees and the executive management, especially against the backdrop of various commissions of inquiry, state capture, and corporate failures. In addition, due to material matters, such as the lasting impact of COVID-19, and the Fourth Industrial Revolution, a challenging macroeconomic environment increases the emphasis on treating stakeholders fairly and the fight against corruption. Accordingly, this responsibility is delegated to executive management.

### CONFLICT OF INTEREST



Directors and the public officer are 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 signed register of the director's interests in and outside the Company.

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.

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.



## OBJECTIVES OF THE BOARD CONTINUED

### 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.

### ANNUAL FINANCIAL STATEMENTS

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 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.

### 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 as there is an increased focus on ESG-related matters from stakeholders.

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 2022, 2021 and 2020 and also won the award in 2015 and 2016 (Top in Sector).

### RESPECTED CORPORATE CITIZEN



AEEI is an economic entity and a good corporate citizen with a social and moral standing in society with all the attendant responsibilities.

Further information can be found on page 92.

### PRESCRIBED OFFICER

Valentine Dzvoza 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

Cornell Kannemeyer, the company secretary, is not a Board member and is not involved in the day-to-day operations of the Company. The Board satisfied itself that an arm's length relationship existed between the company secretary and the Company.

The Board considered the company secretary's qualifications, experience and competence and is satisfied that were appropriate. All directors had 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; and
- reviewed agreements and made recommendations to the executive management team.

### STRUCTURE OF DELEGATION





**OBJECTIVES OF THE BOARD CONTINUED**

**BOARD AND COMMITTEE STRUCTURE**

Name	Designation	Committee member				
		Nominations committee	Audit and risk committee	Remuneration committee	Social, Ethics and Transformation Committee	Investment committee
Aziza Amod	Non-executive chairperson					
Willem Raubenheimer	Lead independent non-executive director					
Valentine Dzvova	Chief executive officer					
Jowayne van Wyk	Chief financial officer					
Gaamiem Colbie	Non-executive director					
Bongikhaya Qama <sup>#</sup>	Independent non-executive director					
Membathisi Mdladlana <sup>#</sup>	Independent non-executive director					
Stephen Nthite <sup>#</sup>	Independent non-executive director					
Carin-Lee Geuking-Cohausz	Independent non-executive director					

<sup>#</sup> Standing for re-election at the Company's next AGM on 27 May 2024.

**Board committee updates:**

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.

**Corporate reports:**

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 role, responsibilities and focus areas for the year under review for each committee are comprehensively addressed on page 88 to 108.

**BOARD AND COMMITTEE ATTENDANCE**

	BOARD AND SPECIAL BOARD MEETINGS	AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE	NOMINATIONS COMMITTEE	INVESTMENT COMMITTEE
<b>Total number of meetings</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
% OVERALL ATTENDANCE	94%	88%	100%	100%	100%	80%
Valentine Dzvova*	6	-	-	2	-	2
Jowayne van Wyk	5	-	-	-	-	2
Aziza Amod	6	-	2	2	2	2
Gaamiem Colbie	6	4	2	-	2	2
Willem Raubenheimer	6	4	-	-	-	-
Bongikhaya Qama	6	3	2	2	2	-
Stephen Nthite	5	3	-	-	-	0
Membathisi Mdladlana	6	-	-	2	-	-
Carin-Lee Geuking-Cohausz	5	-	-	2	-	-

\* Valentine Dzvova was appointed as a member of the Social, Ethics and Transformation Committee effective 25 May 2023.



## OBJECTIVES OF THE BOARD CONTINUED

### BOARD ACTIVITIES

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 ongoing 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 Requirements, Companies Act, King IV™, and any other applicable regulatory requirements, including monitoring its strategic direction and approach to risk management.

### SEPTEMBER TO DECEMBER 2022

- Approved the 2022 Annual Financial Statements
- Approved the 2022 Integrated Report and online suite of reports
- Approved the Notice of AGM to shareholders and directors standing for re-election
- Discussed the reappointment of the external auditors
- Discussed the ongoing banking challenges faced by the Group
- Discussed the reputational risk matters
- Approved resolutions
- 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 AEEI in the report

### JANUARY TO APRIL 2023

- The AGM was held in February, with all resolutions and special resolutions passed by majority votes
- Discussed and approved the delisting of Premier Fishing and Brands Ltd
- Discussed and approved the unbundling of AYO Technology Solutions Ltd

### MAY TO AUGUST 2023

- Approved the interim results
- Approved the 2024 budget
- Reviewed the Business Continuity Plan and recommended changes
- Discussed the status and progress of the litigation with 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 the Board Annual Workplan.
- Engaged with all stakeholders on pertinent matters affecting the Group.
- Monitored and reviewed our investment portfolio in non-performing companies.

- Reviewed and discussed our succession planning, including Board skills and ensured that Board members were kept abreast of legislative changes.
- Managed reputational risk.
- Ensured and protected value for our various stakeholder groups.
- Engaged with regulators on pertinent matters.
- Reviewed and updated existing policies and procedures in line with legislative and governance changes.

- Engaged with regulators on pertinent matters.
- 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.



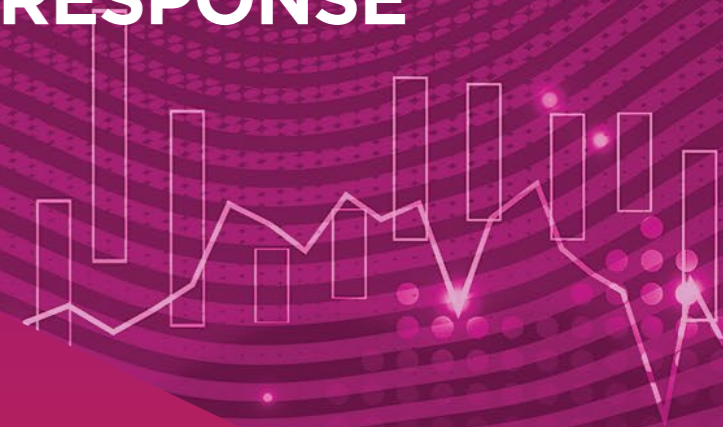
## OBJECTIVES OF THE BOARD CONTINUED

### 2024 AND BEYOND FOCUS AREAS

Some of the key focus areas of 2023 will continue in 2024.

- Delivery of the Group's strategy and targets.
- Successfully resolve all banking matters.
- Implement and execute projects and priorities.
- Enhance operational efficiencies across the Group.
- 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.
- Work with the regulators on the proposed delisting of the Company from the JSE.

# OUR STRATEGIC RESPONSE



### EXECUTIVE COMMITTEE'S STRATEGIC FOCUS AREAS

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

- Managing the cash flow management solutions, operational efficiencies, and liquidity of the business.
- Continued to manage the Company's reputation and brand.
- 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 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.
- Engaged extensively with lawyers and professional advisors with regards to ongoing court challenges with banking institutions.
- Work with the regulators on the proposed delisting of the Company from the JSE and provide relevant information to shareholders.
- Responded to the banking litigation and ensured the seamless integration of 3rd party and other alternative banking arrangements.
- Successfully completed corporate transactions, i.e. the delisting of Premier Fishing and Brands and the unbundling of the AYO Group.

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## CHIEF EXECUTIVE OFFICER'S REPORT

VALENTINE DZVOVA

Confronting hurdles  
with determination



As we look back on the past year, we recognise the persistence of challenges – some unexpected, others ongoing. Notably, the complexities surrounding our transactional banking facilities, compounded by the challenging macroeconomic conditions in South Africa, including ongoing load shedding and the rising cost of living. Global events, such as the Russia-Ukraine conflict, have further exacerbated the situation, affecting both local markets and the broader economic environment.

Nonetheless, we remain dedicated to upholding our values and forging a path forward. Your support and trust remain the bedrock of our journey, and we appreciate your continued confidence in our mission.

### THE YEAR IN REVIEW

Our Group revenue increased marginally by 21% from R2.3bn to R2.8bn, mainly due to revenue improvement in the IT division. The IT division's performance is included in our numbers only for 11 months due to the unbundling, which was effective on 31 July 2023. The IT division's revenue increase, together with a stellar 18% revenue increase from our fishing division resulted in this phenomenal top-line growth.

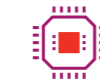
However, the Group made a loss before tax of R1.7bn (2022: R331m). This is mostly because of the losses from other sectors under the IT division, accounting adjustments for the reduction in the fair value of the investment in British Telecommunication Services South Africa (Pty) Ltd, and the loss from the unbundling of AYO. These once-off adjustments are explained in detail in the CFO's report. The Group continues to have a strong balance sheet, despite the unbundling of AYO's assets which represented about ±65% of the Group's assets.

The Group has maintained high liquidity levels by efficiently managing working capital, maximising operating efficiency, and delaying capital investments until the economy stabilises.

In terms of our banking facilities, we've experienced some temporary wins, allowing us to maintain our operating banking facilities for the time being. As a proactive measure, we've also implemented contingency plans involving third-party payment solutions. However, to ensure our long-term sustainability, it is imperative that we engage with the banks robustly to improve and solidify our relationship with them.

Notwithstanding our challenges, we initiated significant corporate transactions in the past year to continue our unwavering commitment to deliver on our promises to shareholders. At the beginning of the financial year, we made the strategic decision to delist Premier Fishing and Brands Ltd. This was driven by the belief that the benefits of being listed were no longer justified, and we aimed to redirect management's focus towards business growth, alleviating onerous and costly listing requirements.

We also unbundled AYO Technology Ltd (AYO) shares to AEEI shareholders, with the goal of unlocking inherent value. Historically, AYO shares have consistently traded at a significantly higher level than AEEI shares.



### TECHNOLOGY

AYO Technology Solutions Ltd (AYO) strives to become a leading Africa-based technology group, pioneering smart living and working throughout the continent and beyond. AYO has developed a diverse investment portfolio that touches on all aspects of technology, from connectivity and communications to software development and cloud-based services. AYO believes that it has made good investments in companies that are involved in the telecommunications sector and network solutions sector (managed services division), as well as companies that are involved in the workplace connectivity sector (unified communications division).

Although there are ample positive opportunities for this division's outlook, AYO has not escaped the aftermath of the pandemic, ongoing banking challenges, and brand damage. Despite this, the business managed to increase revenue by 28% from R1.7bn to R2.3bn. However, due to various factors, AYO contributed a loss before tax of R534m to AEEI in the 11 months that they were part of the Group. The settlement agreement that AYO concluded with the Public Investment Corporation (PIC) ended the High Court proceedings, which commenced in March. We believe that resolving this matter has positioned AYO for growth while unlocking value for AEEI shareholders who now directly hold shares in AYO following the unbundling.

During the current financial year, Global Command and Control Technologies (Pty) Ltd (GC<sup>2</sup>T), historically a subsidiary of AYO, transitioned under the control of AEEI. Consequently, GC<sup>2</sup>T continues to be categorised within the technology division. Notably, GC<sup>2</sup>T achieved remarkable performance during the year, marking its inaugural profitability with R2m (2022: loss of R22m) in profit before tax from revenue of R96m (2022: R45m), reflecting a year-on-year revenue growth of 113%.

Moreover, GC<sup>2</sup>T has cultivated a robust pipeline of substantial contracts, bolstering our confidence in its sustained profitability and the potential enhancement of shareholder equity value.

Following the unbundling of AYO, AEEI has adopted an equity accounting approach for its investment in SGT Solutions (Pty) Ltd (SGT), wherein AEEI holds a 60% ownership interest. SGT is a prominent turnkey solutions integrator, specialising in the comprehensive spectrum of services encompassing the design, procurement, deployment and maintenance of cutting-edge telecommunication systems catering to the needs of fixed, mobile and converged network operators. Additionally, the company is engaged in the innovation, development and marketing of DC power solutions tailored to the telecommunications sector.





## CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

In terms of financial performance, SGT reported a consistent revenue figure, maintaining it at R346m year-on-year. However, there was a slight reduction in profit before tax, amounting to 4.3%, with the current year's performance registering at R22m (2022: R23m).



### FISHING AND BRANDS

Premier Fishing and Brands Ltd (Premier) performed excellently in a year that saw the fishing division increasing its revenue by 20% from R475m to R568m and profit before tax by 344% from R 18m to R80m. The acquisition of an additional 30% in Talhado Fishing Enterprises (Pty) Ltd has boosted the bottom line and seen Premier becoming the biggest squid operator in the country. The delisting of Premier from the JSE is expected to further improve profitability, as listing costs will no longer be incurred.

We take into account our impact on the fishing industry and its associated communities. Premier's abalone farm in the Gansbaai area has not only provided crucial employment opportunities, but has also motivated us to pursue sustainability in this endeavour.

The fishing and brands division is sound, with plans for expansion to other territories outside of South Africa and adding to species diversification. We are excited about the future of Premier and that AEEI will continue to secure maximum value from this investment.



### HEALTH AND BEAUTY

It has been another challenging year for our cosmetics division, Orleans Cosmetics (Pty) Ltd (Orleans). The business still had to contend with the aftermaths of COVID-19 in the form of fewer sales due to constrained customers. This has been compounded by long delays in importing products due to supply chain challenges and in the current year, added pressure from the volatile exchange rates, which increased import costs to an extent that could not be fully passed on to the already-cash constrained customers.

Despite these difficulties, Orleans managed to increase revenue by 12% to R38m from R34m compared to the previous year. Securing the distribution rights for locally produced beauty products of Elim and Revive contributed significantly to this revenue increase. Orleans closed the year with a loss before tax of R0.8m (2022: R1.1m). This is an improved loss. Management will be negotiating new favourable purchasing and exchange rate terms when the overseas distribution agreements are renewed in the next few months. This will assist the company to better absorb the volatility of the beauty market and return to profitability. Our focus is also on identifying new distribution agreements that can be serviced by the current resource structure, thereby ensuring that the majority of new revenue directly contributes to the bottom line.

AfriNat (Pty) Ltd is strategically poised to thrive as a business of the future by specialising in organic and sustainable products, effectively addressing the challenges posed by the environmental impact of chemical fertilisers. It is a fledgling business with immense growth potential.



### EVENTS AND TOURISM

espAfrika (Pty) Ltd has not been able to stage the Cape Town International Jazz Festival for 2023 as anticipated. The team is currently finalising preparations for the City of Cape Town's Festival of Lights, which it has been staging on behalf of the City of Cape Town for the past three years. This has brought in some income for the events company and provided employment to events industry personnel who were hard hit by COVID-19. Plans are underway for a jazz festival to be hosted in 2024. We look forward to this prestigious event after a four-year hiatus.



### RESEARCH AND DEVELOPMENT - BIOTHERAPEUTICS

Genius has continued its intellectual property (IP) registration for the Generation 3 Dendritic Cell Vaccine. This protection extends to various international regions, including the USA, South America, China, Japan and Europe, and will extend until at least 2038. This safeguards the IP, ensuring that when the research is finalised, we can enter the respective markets with the technology or protect it in case similar IPs are registered.

This year, we have faced a temporary research standstill due to insufficient funding. We are, however, actively engaging with potential partners to complete the Phase I/IIa human trial project to establish the safety and efficacy of the solution.



### STRATEGIC INVESTMENTS

We continue to maintain holdings in Sygnia Ltd., which has historically contributed to the diversity of our investment portfolio and provided favorable returns through regular annual dividend flows. However, it's noteworthy that our shares in British Telecommunication Services South Africa (BTSA) were divested, as the company concluded a mutual settlement agreement with AEEI. This agreement resulted in the repurchase of Kilomix (Pty) Ltd's 30% share in BTSA, and the transaction was successfully completed on December 28, 2023. The settlement agreement effectively brought closure to the arbitration process between AEEI and BTSA.

## STRATEGIC OUTLOOK

Considering the ongoing litigation with various financial institutions, AEEI acknowledges the challenges that persist in its pursuit of its strategic objectives. Despite these impediments, there is an unwavering commitment to ensure the sustainability of AEEI while simultaneously working towards unlocking value for shareholders.

The strategic outlook encompasses:

- Addressing the banking challenges and rebuilding the relationship with banking institutions.
- Delisting AEEI addresses some of the challenges faced by the Group. Delisting would help mitigate excessive listing costs and allow AEEI to resolve current issues with greater expediency, a challenge that is difficult to surmount while adhering to JSE Listing Requirements.
- Group portfolio consolidation strategy, which involves divesting non-key assets and focusing on the growth of its profitable key assets. Despite economic and other challenges, the AEEI Group will continue to explore growth opportunities and partnerships within acceptable risk limits.

## GRATITUDE

In 2023, we faced both global and local challenges while operating with unique constraints. We would not still be standing as a Group had it not been for the unwavering support of every person employed in this Group – their sacrifices have not gone unnoticed. Working diligently and consistently through the uncertainties of the year, our employees are nothing short of incredible. The same appreciation goes out to all our other stakeholders who have shared our belief in the values of AEEI and its ethos and have continued to steadfastly support us.

**VALENTINE DZVOVA**  
Chief executive officer



# DELIVERING ON OUR STRATEGY

One of our key material matters is to create sustainable value for all our stakeholders and integrate sustainable development into strategy, governance, management, and reporting, with the strategic objective of reducing our negative impact on the environment. Our financial strategy is to grow through acquisitions and the leveraging of the existing portfolio by maximising the net asset base and improving cash generation, thereby growing income sustainably and managing costs.

**We exist to empower previously disadvantaged individuals through job creation and maximising shareholder wealth generation through strategic investments**



**Our vision is to be a dynamic and innovative company that creates superior stakeholder value**

## OUR STRATEGIC AMBITIONS

<b>Employer of choice</b>	<b>Sustainable business units</b>	<b>Innovative and sustainable products and solutions</b>	<b>Maintain zero operational fatalities</b>
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## DELIVERING ON OUR STRATEGY

Optimising our assets to sustain our business	Operating our asset base to its fullest potential	Growth of our businesses
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## STRATEGIC FOCUS AREAS

Unlock infrastructure to support the business over the short-, medium- and long-term	Identifying and realising opportunities based on our Group's asset base	Remain competitive through a reduced cost base Use of technology to remain competitive Creative business development
--	---	--

## KEY ENABLERS

Access to capital to enable support of the growth of our existing business and the ability to acquire more businesses	<i>Leadership and culture</i> – embedding a culture that fosters diversity, innovation, organisational effectiveness, employee health and safety	<i>Committed employees</i> who believe in the Company and its purpose	<i>Stakeholders</i> – engaging with key stakeholders for advice and support	<i>Product</i> – quality and consistency	<i>Efficient operational activities</i> to meet customer demands
---	--	---	---	--	--

Refer to pages 54 to 59 for further information on our performance and strategy.

## OUR OPERATING CONTEXT

Our executive management was responsible for developing and refining the Company's strategy, in collaboration with the Board, through observing the volatile Macroeconomic environment and regularly assessing the short- to medium term impact on our business. This included evaluating external factors, liquidity of our clients, our cash requirements, and ways to contain costs. In addition, executive management was responsible for implementing the strategy with the Board's oversight. The strategy includes the impact on the six capitals, the risks and opportunities facing the Company, and how the strategy is underpinned by the principles of sustainability and stewardship.

During the year, the Board had to review its operational plans towards achieving its strategy and objectives, identifying crucial focus areas, and modernising our infrastructure.

The health, safety, and well-being – including the mental health of employees and “the new way of work” – remain a key priority for us.

## CREATING VALUE THROUGH RELATIONSHIPS

Our report extends beyond financial reporting and includes non-financial performance, opportunities, risks, and outcomes attributable to or associated with our key stakeholders. Our financial performance is a result of how we interacted with all our various stakeholders.

The Group had challenges in its relationship with banking institutions, and we engaged with banking institutions in this regard and kept all our stakeholders abreast of developments in these engagements. We maintained communication with the JSE on listing and regulatory issues throughout the year, seeking their advice on transactions and responding to any concerns raised.

Our engagement with suppliers enabled us to ensure consistent delivery of products and services and better manage our working capital through negotiated terms. We also supported our suppliers by making payments on time. Our clients partnered with us and ensured that they paid us on time, which helped us manage our liquidity. Our commitment to creating strong bonds with our stakeholders based on mutual respect and understanding remains unwavering.

Through our various operations, we will continue to explore opportunities to maximise our Group's capital and operational efficiencies and play our part in creating long-term stakeholder value.



## DELIVERING ON OUR STRATEGY CONTINUED

### MATERIAL MATTERS IMPACTING OUR STRATEGY

Our materiality process includes identifying, assessing, compiling, prioritising, deliberating, applying and validating our material matters and developments that have the potential to impact our sustainability. Our strategy was impacted by a challenging operating environment, socioeconomic growth factors and uncertain geopolitical factors.



#### FINANCIAL

- We remained focused on protecting and safeguarding our assets.
- We continued to manage the variables under our control, improve our liquidity, and ensure resilience.
- We looked at streamlining our investment portfolio.

#### OUTCOMES

- We optimised business continuity.
- We maintained adequate liquidity levels.
- We reinvested revenue in our operational businesses to ensure self-sustainability.
- We ensured cost efficiencies and cost optimisation across all business units.
- We optimised business continuity as a result of failing electricity grid and various levels of load shedding.

#### RISKS AND CHALLENGES

- Uncertain geopolitical, Macroeconomic and Socioeconomic growth factors.
- Low GDP growth and high levels of unemployment.
- Increased competition and the threat of new entrants.
- High interest rates.

#### CAPITAL AFFECTED



#### THE ENVIRONMENT AND SOCIAL AND RELATIONSHIP CAPITAL

- Proactively identifying relevant and emerging legislation.
- Continue to refine our assurance approach, compliance, and risk management.
- Additional demands on regulation, governance, and risk management.

#### OUTCOMES

- We ensured transparency in our ESG reporting.
- Continue developing our relationships with our key stakeholders to build social capital.

#### RISKS AND CHALLENGES

- Entrenching corporate governance and ethics awareness in our businesses and employees.
- Regulatory and policy changes could have an impact on our business operations.
- Sound governance principles are critical in building trust and preventing corporate failure.
- Failing to meet human capital demands.

#### CAPITAL AFFECTED



#### BUSINESS OPERATIONS AND HUMAN CAPITAL

- We had to revisit our strategic priorities.
- We had to manage our financial and manufactured capital to ensure sustainability due to ongoing effects of the COVID-19 pandemic.
- Employee safety, health, and well-being remained paramount.

#### OUTCOMES

- The ability to create short- to medium-term value for our stakeholders in all our business operations.
- We had to review our risks, opportunities, and value chain.
- We reviewed our business operations in light of the failing electricity grid and put systems in place to mitigate the impact on our business operations.

#### RISKS AND CHALLENGES

- Changes in corporate restructuring and the new way of work.
- Remote working and downsizing office space.
- Supply chains have been interrupted and working patterns disrupted. As a result, the electricity crisis has had a material impact on our ability to create value in the short- to medium-term for our stakeholders. It has forced us to review our risks across our value chain and to reconsider our outlook and prospects.

#### CAPITAL AFFECTED



#### HUMAN CAPITAL AND SOCIAL AND RELATIONSHIP CAPITAL

- Global and environmental challenges continue to evolve and we have to consider the social and economic impact that our businesses have on the environment in which we operate.

#### OUTCOMES

- Ensure direct and indirect developmental outcomes from our activities:
  - Leverage investments
  - Employment
  - Skills development
  - Health and safety
  - Transformation
  - Community development
  - Environmental stewardship

#### RISKS AND CHALLENGES

- Integrating ESG factors into our business units.
- We need to harness innovation and technology and identify solutions to increase our efficiencies and consumption.

#### CAPITAL AFFECTED



#### CHALLENGING OUTLOOK

- The Gross Domestic per capita has been on a steady decline in 2023 and the forecast indicates that this will continue until 2028.
- The interest and exchange rate volatility rates continues to impact the cost of raising capital.
- The country's economic state is experiencing a fiscal crisis in an already depressed economy and negatively impacting consumers, businesses and investors.
- The interruption of electricity supply to reduce the demand on the power grid has a negative effect on the economy by reducing productivity and supply chain, loss in revenue, increasing operating costs, damaging equipment, decreasing economic growth, foreign investment and household income. With no improvement in sight, the economy cannot function to its full potential with insufficient electricity supply, the intentional sabotage of electricity power stations, and infrastructure damage.

#### CHALLENGING OUTLOOK

- The high interest rates continue to affect consumer confidence, severely reducing consumer spending.
- High fuel prices continue to affect production and logistics.
- The continued Ukraine-Russia war - Russian and Ukraine are big players in global food and oil markets. This impacts our economy as food prices such as grain and oil continue to rise.



## DELIVERING ON OUR STRATEGY CONTINUED

### MANAGING OUR MATERIAL RISKS RELATED TO OUR ACTIVITIES

Our risk management process is designed to identify, assess, quantify, and mitigate events by providing reasonable assurance that our strategic objectives will be achieved through the risk's potential positive and negative effects.

Our risk management approach continues to evolve as we define risks that may impact our ability to deliver sustainable value for our stakeholders. Our value creation strategy depends on management being able to leverage opportunities and the associated risks without jeopardising the direct interests of our stakeholders.

As new trends and developments shape the Macroeconomic environment, our themes have remained consistent but have been amended to reflect the pressure on revenue, the depressed economic climate, slow economic recovery, heightened cyber risk to ensure organisational resilience.

Refer to pages 101 to 105 for our material risks.

# OUR PERFORMANCE



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# CHIEF FINANCIAL OFFICER'S REPORT

JOWAYNE VAN WYK



“Financial success, as well as most success in life, is not about perfection, it’s about direction.”

– Author Unknown

## ENHANCING SHAREHOLDER RETURNS DESPITE A CHALLENGING OPERATING ENVIRONMENT

We ensure the continuity and growth of our business through the financial capital acquired from our equity and debt investors, as well as our retained earnings. This includes the ability to make strategic investments. Our value is created and preserved through:

- increasing net asset value (NAV), returns on investments, dividends and share price;
- investing in and growing our client franchises and our employees sustainably;
- following good ESG practices that ensure a sustainable business for the long-term; and
- increasing mental wellness awareness as a priority of human capital.

## OPERATING IN AN UNPRECEDENTED MACROECONOMIC ENVIRONMENT

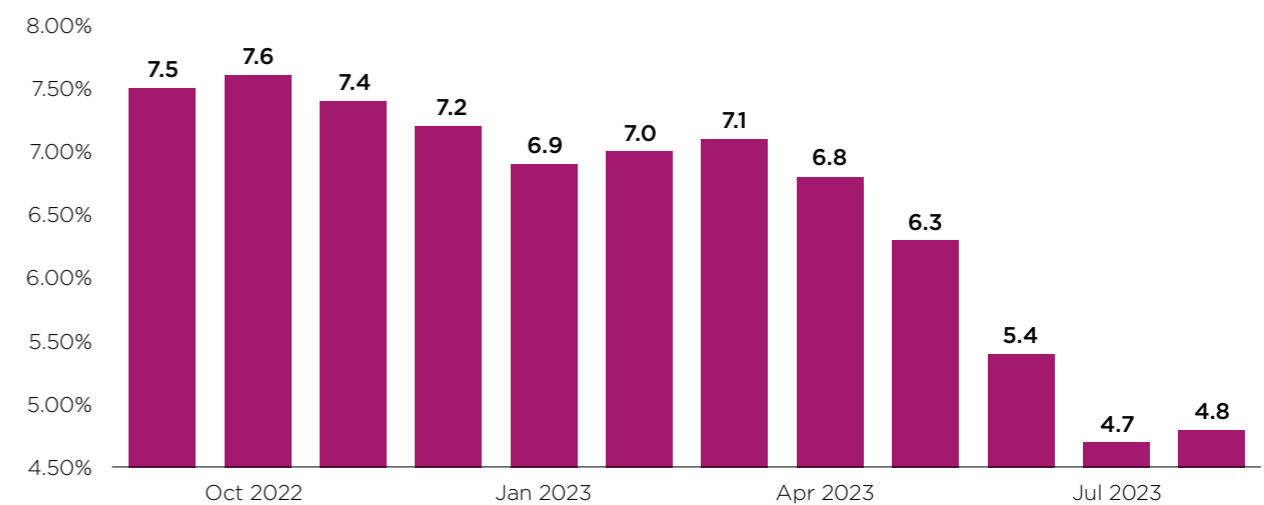
During the 2023 financial year, we went through a tumultuous period with high inflation and interest rates, which continue to place pressure on the business, volatile geopolitics, civil unrest, banking challenges and reputational damage, energy insecurity, the Russian-Ukraine war and a devalued rand. Despite this, we kept our focus to steady the ship for future growth.

As we continue to navigate this “new normal”, we lock arms (virtually) to find new ways of working and surviving.

AEEI’s sustainability and business model will continue to be resilient, flexible and adaptable. AEEI, as a diversified investment holding company, has delivered and reinvented itself as a Group for the financial year ending 31 August 2023.

## SOUTH AFRICAN GDP

The South African economy recorded a record average inflation of 4.8% for the 2023 financial year. The outlook for Southern Africa is to mobilise the private sector financing for climate growth and green growth ambitions. Growth is expected to slow down further, which weighs down on the environment further with the external debt burden which is forecast to remain high.



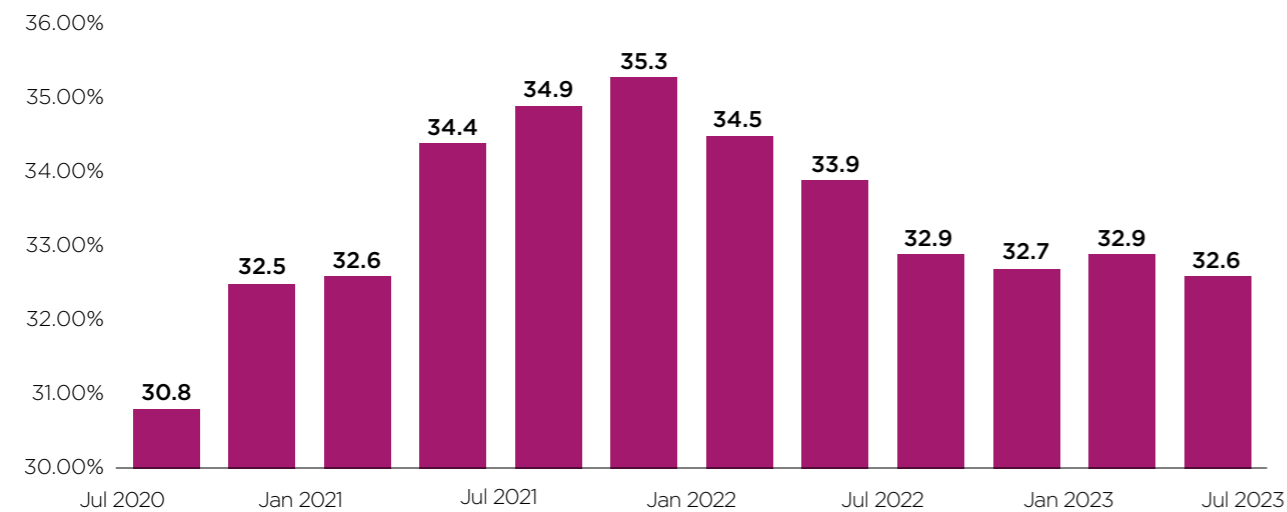
Source: TRADINGECONOMICS.COM | STATISTICS SOUTH AFRICA



## CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

### SOUTH AFRICAN UNEMPLOYMENT RATE

Equal opportunity and equal treatment in the labour market are at the core of decent work. With South Africa's current unemployment rate at 32.6%, significant job creation investments are essential to spur economic growth.



Source: TRADINGECONOMICS.COM | STATISTICS SOUTH AFRICA

### MATERIAL MATTERS THAT HAVE AFFECTED OUR STRATEGY

We identified our material matters in terms of relevance from our risk assessment process, which included uncertain events that could potentially negatively affect the Group. In addition, the risk assessment process took into account the legitimate and reasonable needs, interests and expectations of our material stakeholders in the best interests of the Group and the capital affected. Refer to Material Matters Impacting our Strategy on pages 50 and 51 for detailed information.

### DELIVERY ON OUR KEY FOCUS AREAS

#### 2023 FINANCIAL OVERVIEW

##### KEY PERFORMANCE INDICATORS

	August 2023 R'000	Restated 2022 R'000
Revenue	2 838 155	2 333 470
Total assets	1 711 962	6 029 757
AEEI Group net asset value	1 208 277	4 877 422
Group net asset value per share (cents)	246.07	993.32

##### INCOME STATEMENT

	August 2023 R'000	Restated 2022 R'000
Revenue	2 838 155	2 333 470
Loss before taxation	(1 703 524)	(330 829)

### DIVISIONAL REVENUE - 2023 IMPACT

#### SEGMENTS

- Fishing and Brands
- Technology
- Events and Tourism
- Health and Beauty
- Corporate
- Group Revenue

	August 2023 R'000	August 2022 R'000
- Fishing and Brands	565 537	470 416
- Technology	2 199 497	1 799 794
- Events and Tourism	20 423	10 643
- Health and Beauty	49 134	45 119
- Corporate	3 564	7 498
- Group Revenue	2 838 155	2 333 470

#### FISHING AND BRANDS DIVISION

Premier Fishing and Brands Ltd (Premier) was delisted from the JSE on 26 July 2023 and had an excellent year, with overall revenue increasing by 20% from R475m to R565m. The delisting of the Premier is expected to grow revenue further as listing costs will no longer occur. The squid sector saw improved catch rates, which was industry-wide. The export market for squid remains very strong as the market saw high prices per kilogram. Gross profit margins from 2022 to 2023 remained relatively consistent. Profit before tax rose to R80m (2022: R14m). This was primarily due to an increase in the squid catch rates and hence; volumes sold in the squid sector, compared to prior year. The export demand for the squid was very strong with selling prices per kilogram improving, and we were able to sell at better exchange rates than expected. Operating profit for this segment increased to R74 million (2022: R14m) and profit before tax increased to R80 million (2022: R19m, mainly for the reasons given above as well as executing some cost cutting measures across all sectors.

Premier increased its stake in Talhado Fishing Enterprises (Pty) Ltd from 50.31% to 80.65% during the financial year and is now the largest squid operator in the country.

The Premier Group will continue with its good management of the entire fleet and crew and continue the massive strides it has made in job creation, corporate social investment, and transformation. The fishing division plans to expand to territories outside of South Africa.

#### TECHNOLOGY

The Company unbundled its entire shareholding in AYO Technology Solutions Ltd effective 31 July 2023 to AEEI shareholders by way of a pro rata distribution in specie in the ratio of one AYO share for every 2.89 AEEI shares. The unbundling had an effect on the revenue and balance sheet of the Group, resulting in a loss before tax of R534m for the 11 months that they were part of the Group.

Following the unbundling of AYO, AEEI has adopted an equity accounting approach for its investment in SGT Solutions (Pty) Ltd (SGT), wherein AEEI holds a 60% ownership interest.

Global Communications and Technologies (Pty) Ltd (GC<sup>2</sup>T), historically a subsidiary of AYO, transitioned under the control of AEEI. GC<sup>2</sup>T continues to be categorised within the technology division and achieved a remarkable performance during the year, marking its inaugural profitability with R1.4m (2022: loss of R22m) in profit before tax from revenue of R96m (2022: R45m), reflecting year-on-year revenue growth of 113%.

#### EVENTS AND TOURISM DIVISION

The revenue of the events and tourism division increased marginally since the COVID-19 pandemic with more people travelling. The division's flagship event, the annual Cape Town International Jazz Festival, also known as "Africa's Grandest Gathering", was postponed during the financial year and is scheduled to take place in 2024. Streamlining of operating costs were necessary for the current year to curtail costs in the reality of having minimal income.

Tripos Travel (Pty) Ltd has had improved revenue from R17m to R20m in the past year due to the increased travel recovery. Corporate and leisure clients have begun travelling more frequently and this has increased revenue. Industry forecasts are positive for more growth in the next 6-12 months. Overall revenue in this division was R20m (2022: R10m).



## CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

### HEALTH AND BEAUTY DIVISION

Orleans Cosmetics (Pty) Ltd had a challenging year but managed to increase revenue by 12% from R34m to R38m.

The Company continues to recover from the COVID-19 pandemic with customer sales improving marginally. The volatile exchange rate and delay in deliveries of products from overseas suppliers due to global supply chain issues negatively affected sales.

The cosmetics industry remained resilient with the majority of sales occurring in the 'skincare products' category.

AfriNat (Pty) Ltd operates in three sectors:

- Agriculture: This sector encompasses both pre-and post-harvest activities.
- Hygiene and Sanitation: Dedicated to promoting cleanliness and health.
- Food Preservation: Focused on delivering sustainable solutions throughout the food production and processing journey, from seed to table.

The overall revenue for 2023 is R12.1m compared to R11.8m in the prior year. The revenue and overall loss are primarily attributed to logistical delays in raw materials, and they were unable to meet market requirements. The European markets deterred local citrus farmers from exporting, causing a ripple effect and leading to a minimal uptake of their products.

### RESEARCH AND DEVELOPMENT DIVISION

The research and development division are engaged in product development phases at various stages, including developmental work on the dendritic cell vaccine (DCV) for cancer immunotherapy and communicable diseases such as extreme drug-resistant tuberculosis.

Minimal progress was made during the year due to funding not being available. Our legal teams have registered and maintained the IP registrations into new territories worldwide for the maturation of the dendritic cells, which is the basis of this technology. Management continues to seek alternative funding partners to derive value from these high-potential innovative products.

### CORPORATE DIVISION AND STRATEGIC INVESTMENTS

The Group's strategic investments comprise:

- British Telecommunication Services South Africa (Pty) Ltd (BT);
- African Legend Investments (Pty) Ltd (ALI); and
- Sygnia Ltd (Sygnia).

Our strategic investments in BT and Sygnia continued to yield returns during the financial year:

- Sygnia's share price decreased marginally during the year, resulting in the value of our investment decreasing by R2m as of 31 August 2023.
- Our investment in African Legend Investments (ALI) decreased by R5.4m as of 31 August 2023.
- The corporate division incurred losses of R1.1bn, from a profit of R5.7m in the prior year. This is mainly due to the impairment of the BT investment of R702m, which brings the investment value to its recoverable amount of R290m. Bowwood (Pty) Ltd was disposed of during the year. The company did not generate revenue and contributed losses of R250k for 11 months to 31 July 2023 when it was sold.

In terms of financial performance, SGT Solutions (Pty) Ltd reported a consistent revenue figure, maintaining it at R346m year-on-year. However, there was a slight reduction in profit before tax, amounting to 4.3%, with the current year's performance registering at R22m (2022: R23m). AEEI has equity accounted profits of R9.4m in the current year.

Subsequent to the financial year-end, the Group disposed of investment in BT through a repurchase agreement (refer to the Post-balance sheet events on page 61).

### GROUP FINANCIAL POSITION

#### SUMMARISED BALANCE SHEET

	August 2023 R'000	August 2022 R'000
Non-current assets	920 460	3 036 320
Non-current assets held for sale	290 000	0
Current assets	501 502	2 993 437
Total assets	1 711 962	6 029 757
Total liabilities	503 685	1 152 335
Group's share of equity	474 209	2 569 520
Group's net asset value (cents)	246.07	993.32

### FINANCIAL OUTLOOK

Our fishing and brands division is well-positioned for growth over the next few years as listing costs will no longer be incurred, and the company is looking to expand to territories outside of South Africa. The allocation of the Fishing Rights Application Process (FRAP) 15-year quota allocation issued in 2022 will have a positive effective on the growth of the business.

### SPECIAL THANKS AND APPRECIATION

A special thank you goes to our incredible team and the employees in the Group. We could not have done it without you. I would like to thank you for making our year a success despite all the challenges and hurdles we faced to ensure the sustainability of our business with minimal distraction from outside forces by remaining focused.

2023 has been an extremely challenging year for AEEI and its subsidiaries, our team, associates, partners and stakeholders, and I would like to thank you graciously for your unwavering loyalty and support during one of our most turbulent years.

### CONCLUSION

AEEI has demonstrated that it is well-positioned to mitigate risk, flexible enough to change strategic direction in the face of adversity. The Group remains focused on further growth by improving its profitability and delivering greater value to its shareholders.

**JOWAYNE VAN WYK**  
Chief Financial Officer



# OUR KEY PERFORMANCE INDICATORS

## OUR STRATEGIC EXECUTION AND TRADE-OFFS FOR 2023

The Board's strategic focus was to continue unlocking shareholder value and responding to critical issues.

The macroeconomic climate, high-interest rates, volatile exchange rates, increase in fuel price and energy crisis led us to review our business operations and portfolio.

### FINANCIAL KPIS

- Revenue growth
- Increase net asset value
- Growth in total assets
- Normalised profit before tax
- Net cash from operating activities

### DELIVERING ON OUR STRATEGY

- We implemented our revised operational plans
- We discussed and implemented plans to optimise the allocation of financial capital
- We activated interventions to improve operational sustainability
- We implemented financial and human capital to optimise our resources
- We operated efficiently and responsibly
- We discussed and approved funding of the Company's investment portfolio
- We monitored the Company's investment strategy
- We monitored currency volatility and acted accordingly to minimise any potential impact

### TRADE-OFF CAPITALS IN PLAY



### NON-FINANCIAL KPIS

- Brand and reputation
- B-BBEE level
- Stakeholder relations
- Employee training and development
- Diversity
- Social development
- Enterprise development

### DELIVERING ON OUR STRATEGY

- We continuously monitored our brand and reputation and took appropriate action through living our purpose and engaging with our stakeholders
- We protected AEEI's reputation and value and increased brand visibility
- We increased our B-BBEE level of accreditation
- We approved the restructure of the business processes to enable service excellence
- We invested in our human capital
- We engaged talent by harnessing our employees' skills and abilities
- We invested in employee training and initiatives
- We continuously monitored transformation and employment equity at all levels in the Group
- We continued to improve on gender and race diversity in the Group

### TRADE-OFF CAPITALS IN PLAY



## OUR OUTLOOK AND PRIORITIES FOR 2024

Our aim for the next 12-18 months is to ensure business continuity and take on opportunities that we are confident we can harness in the future.

We are mindful that political uncertainties will arise with the upcoming elections in 2024 which could impact our priorities.

- ▶ Continue to manage our reputation and brand
- ▶ Ensure sustainability of the businesses by focusing on stringent cash management, operational efficiencies, and smart innovation
- ▶ Seek opportunities to increase revenue and profit without risking the assets of the business
- ▶ Deliver sustainable growth to shareholders
- ▶ Leverage the Group's combined synergistic power to achieve efficiencies
- ▶ Focus on selective acquisitions in line with the Group's risk appetite
- ▶ Continue to engage with our stakeholders proactively
- ▶ Grow our businesses through greater collaboration with our associates and strategic partners outside of South Africa and Africa
- ▶ Attract, retain, and develop our human capital
- ▶ Build a resilient workforce
- ▶ Maintain competitive remuneration to our employees
- ▶ Continue to drive transformation
- ▶ Create employment opportunities, especially for youth and women
- ▶ Continue to promote responsible business practices and good corporate governance
- ▶ Identify opportunities to expand our product portfolio
- ▶ Explore additional joint-venture partnerships
- ▶ Continue to practice responsible environmental management
- ▶ As announced on SENS on 16 October 2023, the Board has resolved to delist from the JSE. In the current operating environment and given the illiquidity of its shares, the Board is of the opinion that AEEI's remaining portfolio no longer warrants a listing on the JSE as it can no longer justify the costs and administrative burden of a listing relative to its benefits. Our focus in 2024 will be to cooperate with regulators to ensure that the delisting process is a success.

The Company will continue working towards improving its SDGs and to improve reporting on its ESGs Data Transparency Index.

## POST-BALANCE SHEET EVENTS

On 26 September 2023, Kilomix Investments (Pty) Ltd ("Kilomix"), a wholly-owned subsidiary of AEEI, entered into a share repurchase agreement ("Disposal Agreement") with BT Communications Services South Africa (Pty) Ltd ("BTSA"), a subsidiary of BT Limited ("BT"), in terms of which BTSA will acquire 30 000 ordinary shares, constituting 30% of the issued share capital of BTSA owned by Kilomix ("BTSA Shares"), for an aggregate amount of R290m ("Repurchase Price") ("the Disposal"). A circular containing the full details of the Disposal, including, inter alia, a notice of a general meeting of shareholders in order to consider and, if deemed fit to pass, with or without modification, the resolutions necessary to implement the Disposal, will be distributed to shareholders on or about 24 November 2023.

On 16 October 2023 AEEI announced on SENS its firm intention to make an offer to shareholders to repurchase their shares, followed by a proposed delisting from the Johannesburg Stock Exchange (JSE). The transaction is subject to regulatory and shareholder approvals.





# OUR STAKEHOLDER NEEDS AND EXPECTATIONS

We believe that the strength of our relationships with our key stakeholders is critical to achieving our strategic objectives and creating mutual value for the Company and its stakeholders. As such, our stakeholder management approach involves a thorough understanding of key stakeholders and assessing the material matters, including risks and opportunities. Our approach provides for our stakeholder's needs and meeting their expectations. We create and protect value and continue to look at minimising value erosion.

We continue to strive to respond timeously and appropriately to issues raised through our interactions as stakeholders' needs continue to evolve with new development and trends.



## SHAREHOLDERS, THE INVESTMENT COMMUNITY, AND PROVIDERS OF CAPITAL

Our engagement with our shareholders and the investment community emphasised the benefits to shareholders and the investment community through our financial performance.

We have a diverse shareholder base, with most of them taking a medium- to long-term view of their investment in AEEI.

We have a total of 7 133 shareholders as of 31 August 2023.

PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW WE ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW WE ENGAGED WITH THEM
<ul style="list-style-type: none"> <li>Liquidity concerns</li> <li>Business and operational performance</li> <li>Market confidence and share price</li> <li>Return on investment capital</li> <li>Reputational damage</li> <li>Banking facilities</li> <li>Shareholder returns</li> <li>Capital management</li> <li>Growth of the businesses</li> <li>Risks and opportunities</li> <li>Environmental constraints</li> <li>Impairments</li> </ul>	<ul style="list-style-type: none"> <li>Creating sustainable growth in our businesses</li> <li>Value-add and return on investments</li> <li>Share price appreciation</li> <li>Sound balance sheet</li> <li>Growth in net asset value</li> <li>Payment of regular dividends</li> <li>Experienced leadership team</li> <li>Transparent reporting and disclosure</li> <li>Ethical operations on a sustainable basis</li> <li>Managing costs</li> <li>Sound ESG practices in our business units</li> </ul>	<ul style="list-style-type: none"> <li>We adjusted the execution of our strategic activities</li> <li>We switched our primary focus from increasing our returns and profitability to resilience and stabilising our businesses in a volatile environment</li> <li>We regularly engaged with shareholders, investors, and capital providers to maintain relevance</li> <li>We made transparent disclosures by increasing our levels of reporting</li> <li>We addressed issues raised by different interested parties</li> <li>We repaid debt to strengthen the balance sheet and reduce long-term finance costs</li> </ul>	<p>We proactively communicated our strategy and activities to our shareholders, the investment community, and providers of capital through:</p> <ul style="list-style-type: none"> <li>our AGM;</li> <li>our interim results;</li> <li>SENS announcements and trading updates;</li> <li>our Integrated Report and annual financial statements;</li> <li>sustainability information;</li> <li>pre- and post-results feedback;</li> <li>print media to address reputational damage and banking facilities;</li> <li>various direct engagements with bankers, strategic partners, and shareholders to address reputational damage concerns;</li> <li>ad hoc online meetings (as requested); and</li> <li>our website - www.aeei.co.za.</li> </ul>

## HOW WE DELIVERED VALUE TO THEM - VALUE CREATION, VALUE PRESERVATION AND VALUE EROSION

The Group's negative outcome in results is against the backdrop of a very challenging year and tumultuous operating environment. We believe that our operational plans mitigated a more pronounced erosion of value. This resilience will ensure sustainability, resulting in long-term value creation.

- We executed our strategy to ensure the long-term sustainability of our investment portfolio by managing the risks and positioning ourselves to capitalise on opportunities in our markets.
- ⊕ We ensured transparent, relevant, and timeous reporting to provide investors with pertinent information to make informed decisions.
- We remained resilient.
- We operated within our risk appetite.
- Our revenue increased marginally from R2.33bn to R2.84bn
- Our headline earnings loss decreased from (R182m) to (R63m).
- Headline earnings loss per share decreased from (37.16c) to (33.79c).
- Normalised headline earnings loss increased from (R12.6m) to R11m.
- Normalised headline earnings loss per share increased from (2.56c) to 22.69c.
- Total assets decreased from R6bn to R1.7bn.
- No dividend was declared in order to extinguish debt and maintain adequate working capital levels.
- We used our capital responsibly, maintained sound corporate governance practices, and committed to transparent reporting.
- NAV per share decreased from 993.32c to 246.07c.

### KEY OBJECTIVES AND METRICS WE TRACK:

- NAV per share
- Share price performance
- NAV per share growth
- AGM voting outcomes
- Return on investments
- Headline earnings per share
- Earnings per share
- Liquidity
- Environmental, social and governance risks

### CAPITALS IMPACTED



⊕ Value creation   ○ Value preservation   - Value erosion

**OUR STAKEHOLDER NEEDS AND EXPECTATIONS CONTINUED****EMPLOYEES**

We value the relationship with our employees by taking into account training and development, human capital requirements, transformation and diversity.

PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW WE ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW WE ENGAGED WITH THEM
<ul style="list-style-type: none"> <li>Employee health and safety</li> <li>The evolving world of work</li> <li>Reputational damage and banking facilities</li> <li>The economy</li> <li>Transformation and diversity</li> <li>Job security in a volatile economic climate</li> <li>Market-related remuneration</li> <li>Clear career paths and opportunities for career development, including skills training</li> <li>Educational programmes</li> <li>Employee wellness programmes</li> <li>Corporate social investment and socio-economic development in communities</li> <li>Employee engagement and communication – the importance of open and honest feedback</li> <li>Protection of Personal Information (POPI)</li> </ul>	<ul style="list-style-type: none"> <li>A safe and healthy working environment</li> <li>Flexible working conditions</li> <li>Competitive, market-related remuneration</li> <li>Career development, growth, and opportunities in the Group</li> <li>Contributing to an inclusive society through employment equity and gender equality</li> <li>An environment that is enabling and empowering</li> </ul>	<ul style="list-style-type: none"> <li>We ensured the health and safety of our employees</li> <li>We addressed any reputational damage with all employees through various platforms</li> <li>We ensured acceptable working conditions for all employees</li> <li>We ensured remuneration is in line with market-related trends</li> <li>We invested in skills development and provided growth opportunities</li> <li>We remained committed to transformation and diversity, and this forms part of the Transformation Plan</li> <li>Socio-economic development (SED) and corporate social investment (CSI) projects focus on Company-specific areas of support</li> <li>We have bursary programmes to assist with secondary and tertiary education</li> <li>We created employment for interns and contractors</li> </ul>	<ul style="list-style-type: none"> <li>Feedback and input from our employees assist us in understanding and responding to their concerns and needs. Communication channels include: <ul style="list-style-type: none"> <li>open-door policy;</li> <li>electronic communication, and notice boards; and</li> <li>direct communication between managers, teams, and individuals.</li> </ul> </li> <li>Work performance reviews have been linked to personal development plans</li> <li>Performance evaluation, including job grading and job specification requirements</li> <li>We provide training and development opportunities</li> <li>Anonymous whistle-blowing hotline and dedicated email address</li> <li>Career development and succession plans are in place to achieve our strategic objectives and ensure that we have the right skills to succeed</li> </ul>

**HOW WE DELIVERED VALUE TO THEM - VALUE CREATION, VALUE PRESERVATION AND VALUE EROSION**

We assessed the relationship with our employees through the value we created, including performance against specific KPIs.

- Candidates for new vacancy positions are sourced from within the Group before being advertised externally. Preference is provided for transformation, gender and race diversity in the Transformation Plan.
- + Continued progress is being made in delivering on our Transformation Plan and strategy, including persons with disabilities.
- A decline in the number of misconduct incidents and Commission for Conciliation, Mediation and Arbitration (CCMA) referrals demonstrates an improvement in employee relations.
- + We paid R221m in salaries and wages.
- + We concluded a 6.5% salary increase across the Group.
- + We ensured business continuity.
- + We spent R2.5m on training and development with 23 employees receiving training.
- + We enabled our employees to work remotely.
- + We increased interventions on our employees' physical, mental, and financial well-being by providing emotional and mental health counselling.
- A pension/provident fund is in place to assist employees in investing for their future retirement. In addition, Group risk insurance, which is linked to the provident fund, provides a lump-sum payment in the event of the disability or death of an employee.
- Funeral cover is provided either through the existing retirement funds or as part of the collective bargaining council agreements.
- Share ownership schemes are in place in some subsidiaries and associate companies.

**KEY OBJECTIVES AND METRICS WE TRACK:**

- Employee health and welfare
- An innovative culture
- Employee attrition
- A diverse and inclusive employee profile
- Career development and employment opportunities

**CAPITALS IMPACTED**

+ Value creation   ○ Value preservation   - Value erosion



## OUR STAKEHOLDER NEEDS AND EXPECTATIONS CONTINUED



## BUSINESS PARTNERS

We value our relationship with our business partners and ensure their needs and expectations are met.

PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW WE ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW WE ENGAGED WITH THEM
<ul style="list-style-type: none"> <li>▪ <i>Clients:</i> <ul style="list-style-type: none"> <li>- Sustainability of our businesses and products</li> <li>- Innovative products and solutions</li> <li>- Ethical and quality products and brands</li> <li>- Competitive pricing and delivery</li> <li>- B-BBEE and transformation</li> </ul> </li> <li>▪ <i>Service providers and suppliers:</i> <ul style="list-style-type: none"> <li>- Long-term sustainable support for small black-owned supplier companies</li> <li>- Fair and transparent treatment and sustainability</li> <li>- Fair payment terms</li> </ul> </li> <li>▪ <i>Joint-venture partners:</i> <ul style="list-style-type: none"> <li>- Financial performance, transparency, growth and leadership</li> <li>- Reputational damage</li> <li>- Access to banking facilities and its impact on clients</li> <li>- The Protection of Personal Information (POPI)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Delivery of quality products and services</li> <li>▪ Distribution of innovative sustainable products and services</li> <li>▪ Developing innovative business solutions</li> <li>▪ The long-term security of supply</li> <li>▪ Environmental constraints and the impact on the economy</li> <li>▪ Pricing of products due to a depressed economy</li> <li>▪ Adherence to regulatory requirements</li> <li>▪ Good corporate governance and ethics practices</li> <li>▪ Adherence to POPI</li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Clients:</i> <ul style="list-style-type: none"> <li>- We supplied additional product ranges and innovative solutions, including technical expertise</li> <li>- We focused on manufacturing excellence, long-term security of supply and cost efficiencies</li> </ul> </li> <li>▪ <i>Service providers and suppliers:</i> <ul style="list-style-type: none"> <li>- We ensured timeous and fair payment terms</li> <li>- We engaged with suppliers on product relationships with small black-owned businesses to ensure their sustainability</li> </ul> </li> <li>▪ <i>Joint-venture partners:</i> <ul style="list-style-type: none"> <li>- We remained committed to ethical business practices and respected the interests of all our partners</li> </ul> </li> <li>▪ <i>Protection of Personal Information Act compliance:</i> <ul style="list-style-type: none"> <li>- We have a system in place to mitigate, identify and rectify any breaches</li> </ul> </li> <li>▪ <i>Reputational damage:</i> <ul style="list-style-type: none"> <li>- We addressed the adverse reputation of the Group through meetings, the media, and SENS disclosures</li> </ul> </li> <li>▪ <i>Access to banking facilities:</i> <ul style="list-style-type: none"> <li>- Despite the banking challenges, we ensured timeous payment to suppliers and service providers</li> <li>- We communicated with them and provided assurance that we had access to alternate banking facilities and payment solutions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ We engaged with them through various forums, including: <ul style="list-style-type: none"> <li>- quality and performance reviews;</li> <li>- contract negotiations and ongoing interactions in the ordinary course of business;</li> <li>- supplier audits, including POPI compliance;</li> <li>- industry forums;</li> <li>- updated service level and non-disclosure agreements in line with POPI; and</li> <li>- online meetings, telephonic and electronic interactions.</li> </ul> </li> <li>▪ We continued to foster relationships and understand our clients' needs and expectations</li> <li>▪ We continuously worked towards understanding the needs of our customers, service providers and joint-venture partners</li> <li>▪ We took an ethical approach to do business and remained open to clear and transparent business practices, alignment on standards, requirements, service, objectives, and customer satisfaction</li> <li>▪ We ensured that our B-BBEE scores met key clients' needs and <i>vice versa</i></li> </ul>

## HOW WE DELIVERED VALUE TO THEM - VALUE CREATION, VALUE PRESERVATION AND VALUE EROSION

We continued to:

- ⊕ Ensure continuity of long-term supply of products and services.
- ⊕ Provide impactful and innovative business solutions.
- ⊕ Provide professional services and technical expertise.
- ⊙ Ensure timeous delivery and payment.
- ⊙ Provide quality products and services.
- ⊙ Enhance our procurement from community-based service providers and create employment.
- ⊙ Adhere to regulatory compliance and laws in the supply of ethical products.
- ⊙ Strive for good corporate governance practices and ethical behaviour.
- ⊙ Assist with enterprise and supplier development.
- ⊙ Ensure appropriate environmental and social compliance.
- ⊙ Continued to install green energy at our abalone farm through a phased approach.
- ⊙ Safeguard the privacy of their information by developing and executing a detailed POPI implementation and tracking plan.

## KEY OBJECTIVES AND METRICS WE TRACK:

- Client satisfaction
- Client concerns and complaints
- Brand value amongst our peers
- Reputation
- Impactful solutions, new products, and new services are well received in the market
- Breach of POPI
- Monitor the impact of climate change on their operations, including water and electrical resources

## CAPITALS IMPACTED



⊕ Value creation   ⊙ Value preservation   ⊖ Value erosion

**OUR STAKEHOLDER NEEDS AND EXPECTATIONS CONTINUED****COMMUNITIES AND NGOs**

We maintained strong relationships in the communities in which we operate.

PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW WE ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW WE ENGAGED WITH THEM
<ul style="list-style-type: none"> <li>They expect us to create awareness of social and environmental issues they face and assist them in obtaining the desired outcomes for their communities, businesses, and families</li> <li>They expect us to be responsible corporate citizens and partner with community initiatives to contribute to socio-economic development and environmental issues</li> <li>Pioneer responsible corporate citizenship</li> </ul>	<ul style="list-style-type: none"> <li>Socio-economic development</li> <li>Partnering on common social and environmental issues</li> <li>Enterprise development</li> <li>Development of society through employment opportunities</li> <li>Financial access for learnership programmes</li> <li>Social welfare</li> </ul>	<ul style="list-style-type: none"> <li>We collaborated with them for the greater good regarding matters concerning society and the environment</li> <li>We addressed these through:               <ul style="list-style-type: none"> <li>socio-economic development programmes;</li> <li>enterprise development initiatives;</li> <li>development of society through employment opportunities and internships;</li> <li>financial access for learnership programmes;</li> <li>social welfare;</li> <li>environmental, social and governance matters; and</li> <li>embracing transformation in line with B-BBEE legislation.</li> </ul> </li> </ul>	<p>We continued:</p> <ul style="list-style-type: none"> <li>to ensure that social welfare is aligned with national policies;</li> <li>to support early childhood development as part of our socio-economic development;</li> <li>monthly disbursement of salaries to an NGO to employ Grade R teachers in one of our communities;</li> <li>to provide access to funding through defined learning programmes; and</li> <li>our contribution to the growth of small businesses through enterprise development initiatives.</li> </ul>

**HOW WE DELIVERED VALUE TO THEM - VALUE CREATION, VALUE PRESERVATION AND VALUE EROSION**

We ensured:

- + We provided basic and tertiary education support through our bursary, tertiary and learnership programmes.
- + Our investment in education, training and development programmes will continue to enhance further growth prospects.
- + Our partnership with community-based entities created new jobs and financial and in-kind support for new businesses.
- + Health, welfare and NGOs also received direct support.
- + We invested in sports facilities and programmes.
- We invested in an early childhood development (ECD) facility and continue to assist them with their basic needs.
- We ensured that the ECD facility could employ certificated early childhood development teachers by paying their monthly salaries.
- Paying our taxes and royalties to the government contributed to the welfare of society.
- + Our support of local businesses resulted in the promotion of social and economic development.
- + With the landscape changing in B-BBEE, we will continue to assist communities and businesses.
- + We ensured that our socio-economic contribution is aligned with the Government's National Development Plan.

**KEY OBJECTIVES AND METRICS WE TRACK:**

- Providing career opportunities
- Promoting education and learnership programmes
- Promoting socio-economic transformation by enabling economic inclusion, job creation and poverty alleviation
- Our impact on the environment
- Breach of human rights

**CAPITALS IMPACTED**

+ Value creation   ● Value preservation   - Value erosion

**OUR STAKEHOLDER NEEDS AND EXPECTATIONS CONTINUED****REGULATORS**

We value our relationship with our business partners and ensure their needs and expectations are met.

PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW WE ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW WE ENGAGED WITH THEM
<ul style="list-style-type: none"> <li>Ongoing compliance with regulatory frameworks and good governance</li> <li>Transformation, including gender and race diversity</li> <li>Environmental responsibility</li> <li>Socio-economic development</li> <li>Corporate social responsibility</li> <li>POPI compliance</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with all legal, regulatory frameworks and requirements</li> <li>Responsible taxpayer</li> <li>Participating in industry and regulatory groups</li> </ul>	<ul style="list-style-type: none"> <li>We maintained sound governance principles and procedures</li> <li>We ensured timeous regulatory submissions of all relevant regulations to authorities</li> <li>We have policies and procedures in place</li> <li>We are represented in industry bodies</li> <li>We remained sensitive to employment levels in line with regulatory requirements</li> <li>We invested in employee development</li> <li>We remained committed to ethical business practices and supported social and environmental sustainability</li> <li>Our corporate social initiatives promoted SED</li> <li>Protection of Personal Information Act compliance: We instituted an implementation plan for compliance which is tracked quarterly, and have a system in place to mitigate, identify and rectify any breaches</li> </ul>	<ul style="list-style-type: none"> <li>We continued to:               <ul style="list-style-type: none"> <li>ensure resilient business and management practices and processes;</li> <li>ensure compliance with all industry requirements and obtained clarity where necessary;</li> <li>maintain transparent communication;</li> <li>remain professional and reacted to matters raised promptly;</li> <li>report on ethics, governance, the impacts on society and our environmental stewardship; and</li> <li>interacted with regulators and industry stakeholders to ensure sound regulatory frameworks.</li> </ul> </li> <li>We ensured that all policies and agreements were updated with new legislative requirements</li> </ul>

**HOW WE DELIVERED VALUE TO THEM - VALUE CREATION, VALUE PRESERVATION AND VALUE EROSION**

We ensured:

- + We continue to pay all taxes as required.
- Payment to regulatory bodies was made timeously to ensure compliance.
- We contributed to government revenues by paying direct, indirect and employee taxes.
- + We continued to work closely with government and regulatory bodies to ensure compliance. Government's National Development Plan.

**KEY OBJECTIVES AND METRICS WE TRACK:**

- Delivery of compliance with regulatory changes and meeting regulatory requirements
- Maintaining and ensuring transparent and ethical business standards
- Direct and indirect tax contributions
- B-BBEE contributor status

**CAPITALS IMPACTED****SUSTAINABILITY**

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# SUSTAINABILITY

## SUSTAINABILITY GOVERNANCE

Sustainability is integrated into our strategy and how we do business. We see ourselves as custodians, managing our business ethically and remaining mindful of our environmental and social impacts with the wellbeing of future generations.

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

AEEI is committed to providing various stakeholders with ESG data that meets both local and international standards for accuracy, consistency, completeness, and reliability.

We subscribe to the United Nations Global Compact's 10 principles on human rights, labour, environment, and anti-corruption. The GRI index remains a key framework against which we disclose our information. AEEI is not a member of the Carbon Disclosure Project - Driving Sustainable Economies, Water Disclosure Project, nor is it a signatory to the UN Global Compact. However, policies, procedures, systems, and controls from environmental management are influenced by their recommendations as well as by the Task Force on Climate-Related Financial Disclosures (TCFD).



## OUR SUSTAINABILITY

Our products and services are the tangible outputs of our business activities, and our social and ethical responsibilities guide our day-to-day activities. Our ESG focuses on environmental areas that would impact our journey to environmental stewardship. AEEI's goal has always been to provide management with innovative solutions for every subsidiary and client while remaining committed to social responsibility and ESG.

## OUR APPROACH TO ENVIRONMENTAL, SOCIAL GOVERNANCE (ESG)

Our approach to sustainability is informed by:

- Basic regulatory and compliance guidelines
- King IV™ Report on Corporate Governance for South Africa 2016 (King IV™)
- The International Integrated Reporting <IR> Framework
- The Companies Act, 2008 (Act 71 of 2008), as amended (Companies Act)
- The JSE Listings Requirements
- JSE Sustainability Disclosure Initiative
- International best practices
- The Sustainability Data Transparency Index (SDTI)
- The Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB)

Embedding ESG is a continuous process with regulations continuing to evolve 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.

Our framework consists of 244 key sustainability indicators to track, document, and disclose our progress regarding our ESG.

This includes:

- Economic
- Governance
- Human Capital
- Health and Safety
- Environmental
- CSI/SED Expenditure

We benchmark our progress against our peers and our ESG rating remains in the top tier of the Financial Services Sector of companies listed on the JSE.



## SUSTAINABILITY CONTINUED

### OUR MATERIAL AREAS OF SUSTAINABILITY AND ESG

Our primary source of information was guided by internal and external stakeholder engagement resulting in the determination process.

### RESPONDING TO THE SUSTAINABLE DEVELOPMENT GOALS

We are committed to supporting our government's commitment to the SDGs in the areas we operate. We use guidance from industry bodies to inform internal and external stakeholder commitments and to measure our performance against 14 of the 17 SDGs.

Our operations contribute to many of the goals. We will continue to strengthen our commitment to the relevant SDGs with the assistance of our leadership team. Due to the instability of our operating environment in part due the Ukraine-Russia war, the global economic downturn, our financial performance is unstable and unpredictable. As a result, no specific financial targets have been set, however the Group has contributed financially to its SDGs. During the year, the Group continued to work on its non-financial targets.

 The Group's material matters, can be found on pages 50 and 51.

For its disclosure for Environmental, Social and Governance Data in the Financial Services: Investments sector of the Sustainability Data Transparency Index (SDTI) Reporting in South Africa, AEEI was ranked first in its sector by Integrated Reporting & Assurance Services (IRAS) for its reporting in 2022, 2021, 2020, 2016 and 2015 from the total of JSE-listed companies.

### SOCIAL IMPACT

The Group's success depends on the expertise, skills, productivity, wellness and motivation of our employees. Through our stakeholder approach, our aim is to grow our business to achieve sustainable value creation for all our stakeholders.

### OUR SOCIAL PRIORITIES

- Talent management
- Diverse workforce
- Training and development
- Human rights
- Industrial relations
- Employment equity and transformation
- Health and Safety
- Investing in CSI initiatives

### SUSTAINABLE DEVELOPMENT GOALS (SDGs)



We prioritised the six capitals with the SDGs that are aligned with our strategy:



# HUMAN CAPITAL



Our employees remain central to everything we do and are vital to our ambition to deliver an excellent stakeholder experience and sustainable, profitable revenue growth. They play a pivotal role in the Group's drive to achieve its strategic objectives.

## OUR APPROACH TO HUMAN CAPITAL

We aim to be an employer of choice by offering employee propositions and managing our human capital. This is done through attracting, developing and retaining employees with the right management and technical skills to drive and deliver on our strategy. We engage with our employees at all levels in the Group in understanding and responding to improving their skills and training needs. We continue to enhance transformation and diversity across the Group and to develop our current and future leaders by encouraging employees to utilise the bursary programmes. We ensure fair and responsible remuneration practices by implementing KPIs within individual business units. Communication and collaboration are enhanced across the Group through training, diversity, career pathing and embedding the best people management practices.

Our performance management process is in place for management to monitor and improve performance management and also identifies additional training, career paths and succession planning.

## KEY PERFORMANCE INDICATORS

- Ensure employees work in a healthy and safe environment
- Monitor employee job security as a result of the volatile economic climate
- Encouraging, reviewing and tracking training and development of employees to develop critical skills to drive business performance through external training institutions
- Embed and monitor diversity and cultural transformation across all levels with all recruits
- Ensure that employees are remunerated fairly and responsibly and are provided recognition for their performance
- Ensure the delivery of our strategic objectives by driving a high-performance culture, productivity, efficiency and monitoring costs
- Monitor employee job satisfaction, productivity, efficiency and costs
- Track employee attrition for the retention of critical skills

- Review and monitor to ensure that retention and succession plans for management are in place
- Ensure that employee's personal information is protected at all times

## 2023 PROGRESS

- We emphasised our employee value proposition and promoted a working environment that allows employees to deliver high-performance
- We encouraged remote working, thus ensuring better work performance and less stress and anxiety for employees
- We continued to promote and enable a healthy and safe environment for our employees
- We continued with our transformation and employment equity plans
- We continued with the development of critical skills to drive business performance and personal development of junior, middle and senior executives, as well as building leadership capability to enable productivity, high performance and sustainable growth
- We invested R3.6m in training and development initiatives

## OUR APPROACH TO NURTURING FUTURE TALENT

A skills audit and training needs analysis, including performance reviews, is used to fast-track the process to secure and retain future talent. The relevant skills and diverse ideas determine our operational excellence and the efficacy of our client-focused solutions and improvements. Our employees remain critical enablers of our strategy and key to improving our performance.

## PERFORMANCE REVIEWS

Individual key performance areas are aligned with the Group's objectives, and formal targets are set for the ensuing period, including identifying career development opportunities and skills training in their respective key performance areas. This review process forms part of the training report, skills development and succession plans. The employee's performance rating determines the salary increase during the annual salary review process. Specifics differ in each business unit, but as a minimum, each employee's incentive provides for

performance, contribution to employment equity and financial results. The Group acknowledges external trends that could affect employees and practices, and the Human Resources department plays a vital role in the sustainability of employment in the Group.

Some of the challenges faced are:

- Finding high-calibre talent
- Developing the next generation of leaders
- Retaining talent

## DIVERSE WORKFORCE

As one of the leading black empowerment companies, we believe that diversity helps us maintain our winning edge and remain committed to building a workforce that reflects the communities in which we operate. We strive to create an inclusive talent pool that taps into the potential across race, gender, sexual orientation and demographics throughout our businesses. We have intensified our efforts to entrench diversity and inclusiveness in our business units through training, mentorship and recruitment programmes.

## BURSARIES AND LEARNERSHIPS

Our employees continued to benefit through our extensive skills development, wellness and employment equity programmes, and the Group has fully complied with the Employment Equity Act No. 55 of 1998. Bursaries were awarded to children of employees and other candidates based on their matric or tertiary results, also considering their economic situation. During the year under review, training, learnerships and bursaries were awarded to deserving candidates in the Group (including internships and learnerships).

## INTERNS AND GRADUATE INTERNS

The Group continued to offer workplace exposure to interns and graduate interns. As a result, many of these interns have become permanent employees.

## HUMAN RIGHTS

Our commitment to human rights is embedded in our Human Rights Policy, Code of Conduct, Code of Ethics, and The Way We Work Policy. We aim to prevent human rights infringements such as child labour, forced or compulsory labour, unhealthy and unsafe working conditions and constraints on our employees' freedom of association. In addition, human rights are an integral part of our Supplier Code of Conduct and provisions are made in supplier and contractor agreements. We continue to subscribe to freedom of association and collective bargaining.

The Group adhered to all labour legislation in South Africa, including the Constitution of the Republic of South Africa, Labour Relations Act 66 of 1995, Employment Equity Act, 1998 (No.55 of 1998), Occupational Health and Safety Act, 1993 (No. 85 of 1993), Skills Development Act, 1998 (No. 97 of 1998), Skills Development Levies Act, 1999 (No. 9 of 1999) and Basic Conditions of Employment Act, 1997 (No. 75 of 1997).

## HEALTH AND SAFETY

The health and safety, including mental health, of all our employees within our Group remains of paramount importance. Our employees work in different environments in the Group; some are office-bound, some work remotely, others work at sea for extended periods, and some work at our manufacturing and processing facilities; hence health and safety are paramount. We monitored and ensured that our contractors abide by our health and safety rules and regulations. We continued to enhance safety on our fishing vessels under the direction and oversight of the Health and Safety Officer. We implemented measures for our fishers and vessels by incorporating local and relevant international standards based on risks identified by the company and the Authority (SAMSA).

Health and safety regulations are embedded in our working environment in our quest for an accident-free working environment. As such, we continued awareness of risk exposure and mental health throughout the year, with proactive monitoring taking place. We continued with our controls to proactively reduce our stakeholders' vulnerability to environmental, health and safety hazards. Our health and safety representatives continued training to keep abreast of protocols to ensure compliance in the workplace. We continued with our strategies to manage and minimise the potential impact of HIV/Aids and the consequential loss of skills and productivity. As a result, AEEI has an appropriate and comprehensive HIV/Aids strategy throughout its subsidiaries.

In addition, we have an active "Social, Ethics and Transformation Committee Monitoring Indicators and Workplan" in place, which is monitored by the executive team covering health and safety and the environment. The executive teams in the Group monitor best practices in terms of detailed monitoring indicators, prevailing laws and regulations.

## INDUSTRIAL RELATIONS

The Group has formal policies and procedures in line with the Labour Relations Act. In addition, subsidiary companies in the Group have an open relationship with the unions with whom they are involved.





## HUMAN CAPITAL CONTINUED

### EMPLOYMENT EQUITY AND TRANSFORMATION

#### EMPLOYMENT EQUITY

The Group continues to provide equal employment opportunities and promote internal employees. In addition, it remains committed to driving employment equity goals and enhancing diversity across the Group. As a Group, we ensure compliance with the Employment Equity Act. Senior executives work with the Department of Labour to ensure ongoing compliance and proactive implementation of regulations and plans. In addition, we continue to provide equal employment opportunities, promote internal employees and remain committed to driving our employment equity goals and enhancing diversity across the Group.

#### GENDER AND RACE DIVERSITY

Gender and race diversity are one of the Group's key performance areas. The Group believes that gender and race diversity at all levels in the Group maximises opportunities to achieve its business goals through an informed understanding of the diverse environments in which we operate. However, in our fishing subsidiary, which is a male-dominated environment, many fishing vessels are not conducive for women, who are in short supply due to preconceptions that being at sea is mainly for males. As a result, females take on essential roles like sales, marketing, fish processing and research. We have Board-approved gender and race diversity and broader diversity policies in place. The companies in the Group remain aware of complying with the requirements of the policies for any new recruitments.

#### WORKFORCE PROFILE

	2023 Number	2023 %	2022 Number	2022 %
African	406	52.86	913	49.67
Coloured	264	34.37	540	29.38
Indian	9	1.18	61	3.32
White	89	11.59	324	17.63
<b>TOTAL</b>	<b>768</b>	<b>100.00</b>	<b>1 838</b>	<b>100.00</b>
Total females	219	28.52	547	29.76
Total males	549	71.48	1 291	70.24
<b>TOTAL</b>	<b>768</b>	<b>100.00</b>	<b>1 838</b>	<b>100.00</b>

Permanent employees make up 99.45% (2022: 90.32%) of the workforce and contract workers, including Interns and fixed-term contracts, make up 0.55% (9.68%).

\* Note: The headcount in the Group declined in 2023 due to the unbundling of the AYO Technology Solutions Ltd Group.

# SOCIAL AND RELATIONSHIP CAPITAL



AEEI's strategic focus on being an exemplary custodian assists us in managing our impact on the communities around us and actively contributing to their socio-economic development through various initiatives. The Group is committed to investing in society's upliftment and playing a pivotal role in improving the quality of life among disadvantaged communities through its corporate citizenship initiatives. We continue to subscribe to a sustainable approach to conducting our business.

#### OUR APPROACH TO SOCIAL AND RELATIONSHIP CAPITAL

Our trusted relationships with our stakeholders are key to our reputation and to delivering on our goals and are central to the environment in which we operate. Many of the subsidiaries in the Group support their own initiatives in line with the Group's policy and their areas of operation. Our approach to managing our social and relationship capital in the Group is to:

- Support local businesses and promote social and economic development.
- Provide employment opportunities and skills development.
- Provide bursaries and learnership programmes and facilitate access to higher education for our youth.
- Provide support and fund various community initiatives in the communities in which we operate.
- Procure goods and services from previously disadvantaged individuals and Companies.
- Provide training and development through our internship programme.

#### KEY PERFORMANCE INDICATORS

- Ensure an ethical and transparent leadership team and ensure that corporate governance practices are adhered to through policies and procedures.
- Ensure compliance with laws and regulations by adhering to ethical standards and preventing corruption.
- Drive the CSI strategy across the Group through social, community and economic development.
- Support local businesses and promote social and economic development through positive stakeholder engagement.
- Provide employment opportunities and skills development for community members in areas where the Group operates.
- Provide training and development through our internship programme.

- Support independent SMMEs through financial and infrastructure support.
- Drive diversity and transformation throughout the Group to meet targets.
- Pay our taxes and royalties to the government.
- Meeting our B-BBEE targets in the Group.

#### 2023 PROGRESS

- We ensured that we operated ethically and have a transparent leadership team.
- We continued to drive diversity and transformation in our businesses.
- We ensured consistent and effective engagement with investors and stakeholders to align shareholder expectations with our strategy and targets.
- We prioritised our social investment projects in skills development, community development and the environment through our strategy across the Group and created value through socio-economic investment.
- We focused on improving educational outcomes through training, development, and investment in our youth.
- We continued to support an impoverished community's early childhood development (ECD) facility and paid the salaries of the ECD teachers.
- We supported various primary schools through feeding scheme initiatives.
- We supported various welfare organisations and NGOs.
- We provided internship and mentorship programmes.
- We ensured a closer working relationship with regulators.
- We continued to stimulate growth and partnerships with SMMEs.
- We contributed to enterprise, supplier and socio-economic development.



## SOCIAL AND RELATIONSHIP CAPITAL CONTINUED

- We fostered positive employee and union relationships.
- We supported local businesses and promoted social and economic development and supported SMMEs with interest-free loans.
- We provided employment opportunities, learnerships and skills development.
- We had no breach of ethical standards or corruption reported.
- We effectively monitored our risk management and regulatory compliance.
- We paid our taxes and royalties to the government.
- We maintained constructive relationships with our partners, business peers and sector organisations.

### OUTCOMES OF OUR ACTIVITIES

		2023	2022
Corporate Social Investment expenditure (Group)	R'000	6 712	10 519
Enterprise development (Group)	R'000	24 174	10 624
Expenditure for procurement (Group)	R'000	456 573	840 847
Value of total taxes paid in South Africa (Group)	R'000	54 281	227 256

### ENTERPRISE AND SUPPLIER DEVELOPMENT

We continue to strive to develop entrepreneurs and support SMMEs and small businesses in the communities in which we operate by stimulating economic growth and creating work opportunities. In addition to the value we create through our business units, we assist the communities through our enterprise development initiatives, contributing to economic development and transformation.

#### ENTERPRISE DEVELOPMENT

The Group's current enterprise development initiatives assist the development of HDSAs by providing opportunities and support, including financial support. The Group's preferential procurement policy contributed to the development of black-owned businesses by directing procurement spending to HDSA-owned businesses. The Group continues to improve its supplier development initiatives. All subsidiaries adhere to the Group's procurement policy. All our suppliers are encouraged to be evaluated to determine the extent of their transformation. Only B-BBEE verification certificates from an accredited verification agency, based on the gazetted B-BBEE codes, are acceptable.

AEEI's business units encourage enterprise development clients and suppliers to improve disclosures about their performance. This, in turn, helps us support them in building their capability and improving their performance. Increasing transparency and addressing sustainability in the supply chain allows them to build

customer trust, reduce costs, secure continuity of supply, respond to stakeholder needs and protect our brand. Collaboration with suppliers also encourages innovation to develop more sustainable products for our customers. Economic growth is key to addressing unemployment, gender and race equality and health and poverty issues. We, therefore, expect our enterprise development clients and suppliers to meet the same high standards in ethics, labour rights, health and safety and the environment. In addition, they are expected to adhere to our Enterprise and Supplier Code of Conduct.

#### SUPPLIER DEVELOPMENT

AEEI continues to look at ways to strengthen efficiencies within the traditional supplier base while increasing capacity and procurement from non-traditional, historically disadvantaged service providers. The efforts remain essential to promoting sustainability and creating value among our stakeholders. Some subsidiaries implemented entrepreneurship and supplier-based development programmes.

#### BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

AEEI ensured compliance with the amended B-BBEE Codes of Good Practice as revised from time to time and continues to drive its B-BBEE targets throughout the Group. We are fully committed to B-BBEE and have policies, including a work plan, to meet targets. We tried to ensure that we received maximum points for all the elements of our B-BBEE Certificate.

### PERFORMANCE AGAINST THE DTI'S SCORECARD

AEEI'S B-BBEE SCORECARD	B-BBEE TARGET POINTS, INCLUDING BONUS POINTS	2023	2022
		Performance	Performance
Ownership	25.00	23.00	25.00
Management control	19.00	10.52	11.02
Skills development	20.00	7.60	11.25
Enterprise and supplier development	42.00	46.00	43.41
Socioeconomic development	5.00	5.00	5.00
<b>TOTAL</b>	<b>111.00</b>	<b>92.12</b>	<b>95.68</b>
<b>B-BBEE STATUS LEVEL</b>		<b>4</b>	<b>2</b>

### CORPORATE SOCIAL INVESTMENT

We believe that socio-economic development goes beyond legislative compliance and continually strive to meet and exceed the benchmarks set by the B-BBEE Codes of Good Practice. The Group recognises the rights and responsibilities of businesses within a broader societal context and reinforces its aim to implement a social contract between business, government and civil society. By developing entrepreneurs and supporting SMMEs and small businesses in the communities in which the Group operates, we stimulate economic growth and create work opportunities. In addition to the value we create through our business units, we assist the communities through our enterprise development initiatives, contributing to economic development and transformation.

Our CSI programmes aim to create a sustained social impact through focused activities. The Group continues to invest in the upliftment of society and in playing a pivotal role in improving the quality of life in disadvantaged communities.

Our approach is to:

- encourage employee participation and volunteering in its CSI programmes;
- prioritise CSI across the Group, focusing on set initiatives that support societal challenges; and
- ensure the integration of community needs.

Our initiatives supported during the year were in line with our main focus areas:

- Arts and culture
- Education
- Sports development
- Enterprise development
- Social development
- Other (NGOs and community groups)

The Group spent R30.8m on socioeconomic and enterprise development in 2023.



# INTELLECTUAL CAPITAL



Our intellectual property includes our brands, patents, trademarks, copyrights, unique customer solutions, licences, knowledge-based assets, business processes and systems, research and development investment and our highly skilled and experienced employees.

We have 84 patents and trademarks across the Group.

## PRODUCT RESPONSIBILITY

As a Group, we ensure our products are safe for human consumption. Consumer awareness of the health hazards posed by synthetic fungicides/pesticides created a demand for healthier food options, resulting in higher restrictions based on “residue-free” food.

Our biological solutions are proprietary blends, some containing botanical extracts, organic nutrients, organic acids, amino acids and nano-fine calcium’s. Our hygiene and sanitation products comprise a proprietary blend of bioflavonoids, phenolic compounds and fruit acids, abundantly found in the human daily diet of fruits and vegetables. In our food technology, our range of plant-derived shelf-life extenders is specially formulated to extend the shelf life of products across various food matrices within the food and beverage industry.

Our fishing division is cognisant of preserving fish stocks and the ocean’s ability to replenish and renew itself in trying conditions. They ensure that they do not over-fish on their total allowable catch or purchase poached fish resources.

## BRANDS AND PRODUCTS

Some of our brands and products include:

- South Coast Rock Lobster
- West Coast Rock Lobster
- Squid
- Pilchards and Anchovy
- Seagro
- Abalone
- Cape Town International Jazz Festival
- Biological Solutions, Biological Remedies, Sanitation Products and Food Technology.

The Group invested R419k (2022: R8m) into research and development.

# NATURAL CAPITAL



Many of our subsidiaries do not have a direct impact on carbon emissions due to the nature of their industry.

Our fishing division has a zero-tolerance approach to illegal and unregulated fishing practices, which undermines fish stocks and negatively impacts food security. In addition, they ensure full legal compliance with all regulatory bodies in a highly regulated operating environment.

## KEY PERFORMANCE INDICATORS

- Effective environmental management system (fishing).
- Waste and electricity management (fishing).
- Allocation of capital to address long-term goals
- Practical water usage and management in our operations.
- Environmentally friendly products.
- Catch our TAC and increase our effort-based catches (fishing).
- Collaborate and partner with others to find innovative solutions to our processes and by-products.

## 2023 PROGRESS

We continued implementing renewable energy solutions in our fishing and brands division.

- Production of environmentally friendly products.
- Production of human-safe products.
- Reviewed and implemented further additions to the environmental management system in some of our operations.
- We reduced electricity consumption in our business operations.
- We reduced water consumption in our business operations.
- We allocated capital for the implementation of our long-term goals.
- Our fishing division promoted responsible fishing practices across their supply chain.
- Our fishing division created awareness amongst their seafaring employees to fish responsibly.
- Investment in research and development.

AEEI remains on-target for per person-hours worked by 5% within three years for energy, electricity, carbon emission and water.

## WATER CONSUMPTION

Our water consumption is potable for our employees and some of our production facilities. Our fishing division uses seawater at the abalone facility to grow spat in the tanks. The water is pumped from the ocean through channels into the various tanks. They do not discharge effluent water back into the ocean as this will affect marine life, but they return treated water into the ocean. Our other operating business units’ water consumption is minimal due to the nature of the business.

## WASTE

Waste generated and disposed of is limited to specific business operations. There are no measures in place to measure and/or report the volume of waste sent for recycling as it is minimal across the Group. Our fishing division’s amount of waste generated and disposed of is minimal. However, it is important to note that the bulk of what could be reported as “waste” would be organic material from fish processing. The vast majority of which is sent for use in the production of Seagro fertiliser is not considered waste.

- By-catch and crushed shells: The by-catch from the fishing operations does not get dumped back into the ocean. In terms of their licences, some of the by-catch (e.g. squid, octopus and kingklip) is sorted and sold while other products (e.g. silverfish) are given to the fishermen as “fry-up”.
- Environmental contamination: No waste is dumped at sea from the fishing vessels as this is illegal. The fishing vessels have significant controls to ensure that any/all spills are contained and disposed of when the vessels return to port. Oil spill kits are on board all vessels to soak up spills and is brought back to port for proper disposal. All oil spills are reported in terms of a mass balance process. The only spills that may occur is if or when a collision occurs, resulting in significant damage. Non-compliance could result in severe fines being imposed and fishing permits revoked.

## CARBON EMISSIONS

The Group continues to work toward reducing our carbon footprint for Scope 1 and 2.



## NATURAL CAPITAL CONTINUED

### CLIMATE CHANGE

Environmental pressures continue to influence our business activities regarding the production and consumption of our products. We monitor and observe when environmental conditions change and move resources to suitable areas.

### OUR ACTIONS THAT ENHANCED OUR OUTCOMES

We continue to pursue:

- The responsible use of our natural resources.
- The production of organic, environmentally sustainable products.
- The production of human-safe products.
- Effective environmental management systems.
- The responsible use of electricity and water.
- The reduction of carbon emissions.

- Using solar energy at our abalone farm contributes to our sustainable farming practices.
- The expansion of the abalone farm will create further employment opportunities.
- Innovative procedures to reduce our electricity and water consumption.
- Ways to convert natural capital into financial capital by deploying technology and other resources.
- Research and development activities to ensure the highest product quality is produced in our business operations.

AEEI and its subsidiaries are not members of the Carbon Disclosure Project – Driving Sustainable Economies, Water Disclosure Project or a signatory to the UN Global Compact. However, policies, procedures, systems and controls for environmental management are influenced by their recommendations and the Task Force on Climate-Related Financial Disclosures (TCFD).

## MANUFACTURED CAPITAL



Our processing and manufacturing capabilities underpin our strategic objective of supplying high-quality, affordable products, vertical integration in some aspects of our supply chain and the ownership of our processing and manufacturing facilities. Our processing and manufacturing facilities present a range of production capabilities and capacities aligned to our current and future commercial objectives. Not all of our subsidiaries process or produce products.

The Group has the following operational facilities and property:

- Factories and processing plants:
  - South Coast rock lobster
  - West Coast rock lobster and squid
  - Seagro
  - Abalone farm
  - Cold storage and warehousing
  - Abalone hatchery
  - Abalone grow-out facility
  - Grading and frozen processing plant
  - Grading and live product processing plants
  - Packing and freezing
- Property
  - Atlantic Abalone – 9 hectares
- Vessels
  - Wholly-owned – 7
  - Co-owned – 21
- Pharmaceutical, research and development state-of-the-art factory

The Group has the following brands through its subsidiaries:

Premier Fishing and Brands

- South Coast Rock Whole Frozen and Lobster Tails (Palinurus Gilchristi) – this cold-water specie is caught in the South Atlantic Ocean. The lobster is processed onboard the Company's HACCP approved vessels and offloaded into the PPECB-approved cold store for grading and weighing.
- West Coast Whole Live Lobster and Tails (Jasus Lalandii) – this cold-water specie is caught on the West Coast of South Africa. The whole live lobster is transferred from the vessels to the land-based

storage tanks, where they are purged, graded, and packed for the export market. The lobster tails are dewormed, chilled and drip-dried, blast frozen, graded and packed for the export market.

- Squid – this specie is caught in the Indian Ocean. After being caught, the squid is placed in clean plastic bins and weighed every four hours to keep it moist and clean. The squid is rinsed, blast-frozen and placed in plastic bags on board the vessels. Squid blocks are then transported to land-based cold storage on landing, where they are packed into boxes.
- Abalone (Haliotis midae) – The abalone farm is situated at the most southern port of Southern Africa in Gansbaai and has been operational for more than eighteen years. The farms consist of a hatchery, grow-out and grading facility, and a lie pack processing plant. This is a sustainable business that does not rely on quotas and currently has a holding capacity of 200 tons of cultured abalone.
- Hake – The hake quota is caught, processed, and marketed through a joint venture agreement.
- Pilchards – the pilchards are canned and sold into the South African market, and anchovy is used to produce fishmeal sold globally for animal feed.

All their facilities are HACCP and FDA approved.

AfriNat (Pty) Ltd

- Natural pre-harvest range – comprises bio-stimulant products formulated from bioflavonoids and other fruit acids which promote vigorous growth and the regeneration of healthy plants, leading to greater food safety and security and less food wastage. The products are used in spray programmes by farmers for maximum yields and better quality of fruits and vegetables.
- Biological solutions – are proprietary blends that contain botanical extracts, organic nutrients, organic acids, amino acids and nano fine calcium.



# FINANCIAL CAPITAL



Our financial capital is generated from our various business operations, processing, production facilities, breeding and procurement. Access to cost-effective capital such as equity, investments, associates and strategic investments enables us to operate in a capital constrained environment.

Refer to the CFO's Report on page 54 to 59 for detailed information regarding our performance, our financial capital outcomes and revenue generated.

# COMMITTEE REPORTS



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# COMMITTEE REPORTS

## NOMINATIONS COMMITTEE REPORT

NOMINATIONS COMMITTEE CHAIRPERSON - AZIZA AMOD		
MEMBERS	BY INVITATION	
Bongikhaya Qama Gaamiem Colbie	Valentine Dzvova – chief executive officer	
BOARD APPROVED CHARTER	NUMBER OF MEETINGS	COMMITTEE ATTENDANCE
Yes	2	100%
PRIMARY ROLE		

### ROLE

The committee's primary purpose is to ensure that the Board comprises the appropriate balance of knowledge, skills, experience, diversity and independence to discharge its governance role and responsibilities objectively and effectively. The committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

### REPORT OF THE COMMITTEE

In reviewing the Board composition, the Nomination Committee considered the benefits of all aspects of diversity to enable it to discharge its duties and responsibilities effectively. Our aim is 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.

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.

The Nominations Committee is:

- the custodian of appointments to the Board;
- is mandated to judge whether directors are overcommitted regarding Board positions. This enables directors and executives to meet their commitments and effectively discharge their duties; and
- assists the Board in identifying suitable candidates for appointment for election by the shareholders at the AGM.

### CHANGES DURING THE YEAR

Valentine Dzvova was appointed as a member effective 25 May 2023.

### 2023 FOCUS AREAS FEEDBACK

- 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.
- Provided briefings on changes in regulatory compliance, risk and laws.
- Ensured that a brief professional profile of each candidate standing for election at the AGM was compiled.
- Offered professional development for directors.
- Adopted the updated Nominations Charter.

### 2024 FOCUS AREAS

The committee identified the following focus areas, with some of the 2023 focus areas continuing into 2024:

- Conduct Board Assessments to evaluate the performance of the Board.
- Offer professional development programmes for directors.

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

**AZIZA AMOD**

*Chairperson of the Nominations Committee*

### CAPITAL IMPACTED





## COMMITTEE REPORTS CONTINUED

### INVESTMENT COMMITTEE REPORT

INVESTMENT COMMITTEE CHAIRMAN – GAAMIEM COLBIE		
MEMBERS	BY INVITATION	
Aziza Amod	None	
Stephen Nthite		
Valentine Dzvova		
Jowayne van Wyk		
BOARD APPROVED CHARTER	NUMBER OF MEETINGS	COMMITTEE ATTENDANCE
Yes	2	80%
PRIMARY ROLE		

#### ROLE

The committee has an independent role, operating as an overseer and a maker of recommendations to the Board to consider investment opportunities. Once the opportunities are approved, they are approved to the Board for approval. The deliberations of the committee do not reduce the individual and collective responsibilities of the Board members regarding their fiduciary duties and responsibilities, and they must continue to exercise due care and judgment in accordance with their statutory obligations.

#### REPORT OF THE COMMITTEE

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

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.

The Investment Committee's role is to assist the Board:

- In considering and recommending investment opportunities regarding acquisitions, listed securities and other corporate action in terms of the organisation's risk appetite in a transparent manner and sufficient evaluation has been afforded to such opportunities, including due diligence processes.

- To approve acquisitions and disposals in line with the limits of authority delegated to it and in line with the strategy determined by the Board.
- Review the performance of the Company's investment portfolio.

#### 2023 FOCUS AREAS FEEDBACK

- Monitored the impact of the Company's reputation and banking issues on the investment strategy.
- Reviewed the current investment portfolio for the Group to improve their performance.
- Highlighted the importance of Artificial Intelligence to improve the Group's current investments.
- Provided feedback on the Company's investment portfolio and its current valuations.
- Provided feedback on the delisting of Premier Fishing and Brands Ltd from the JSE.
- Provided feedback on British Telecommunications Services South Africa (Pty) Ltd's arbitration.
- Discussed and provided feedback on the unbundling of AEEI's shareholding in AYO Technology Solutions Ltd.
- Partially disposed of the investment in Sygnia Ltd.

#### 2024 FOCUS AREAS

The committee identified the following focus areas, with some of the 2023 focus areas continuing into 2024:

- Seek new investment opportunities.
- Preserve existing investments and be open to disposing of existing investments if it results in shareholder value preservation.

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

**GAAMIEM COLBIE**

*Chairman of the Investment Committee*

#### CAPITAL IMPACTED





## COMMITTEE REPORTS CONTINUED

### SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE CHAIRPERSON – CARIN-LEE GEUKING COHAUSZ		
MEMBERS	BY INVITATION	
Aziza Amod Bongikhaya Gama Membathisi Mdladlana Valentine Dzvova	Jowayne van Wyk Human resources representative	
BOARD APPROVED CHARTER	NUMBER OF MEETINGS	COMMITTEE ATTENDANCE
Yes	2	100%
PRIMARY ROLE		

The Social, Ethics and Transformation Committee is constituted in terms of its duties set out in section 72(4) of the Companies Act and its associated regulators.

#### ROLE

The committee's primary role is to supplement, support, advise and provide guidance on the effectiveness of sustainable development and social and ethics-related matters and to ensure that the Group is seen to be a responsible corporate citizen.

#### REPORT OF THE COMMITTEE

During the year, the 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™. The committee 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.

The committee supported, advised and provided guidance on the effectiveness of management's efforts regarding sustainable development, social, ethics and transformation matters and to ensure that the Group is and is seen to be a responsible corporate citizen. The committee monitored the ethics culture of the Group as the directors bear the ultimate responsibility for any form of corruption. Whistle-blowers are an integral part of our governance and assist management in identifying matters and taking appropriate action.

The Social, Ethics and Transformation Committee:

- Monitors and reports on organisational ethics, sustainable development, stakeholder relationships and human capital.
- Ensures that the Company remains committed to being a responsible corporate citizen.
- Ensures compliance with statutory duties and encourages leading practice to contribute to value creation.
- Monitors and reports on environmental, social governance and social development goals, including climate change, water and electricity resources, food security, health, infrastructures and ensuring environmental best practices.
- Monitors the Company's social impact, oversees compliance and ensures sound ethical and governance practices.
- Responsible for the oversight of transformation and assists the Board to lead transformation within the Company as well as ensures proper policies and procedures are in place.
- Ensures compliance with the B-BBEE Codes of Good Practice.

#### 2023 FOCUS AREAS FEEDBACK

- Monitored and ensured 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.
- Exercised oversight of the management of ethics and ethical standards by employees and others.
- Approved and implemented the updated Social, Ethics and Transformation Monitoring Indicators and Workplan as well as the Transformation Plan.

- Monitored labour, employment relationships, training and skills development, employment equity, the promotion of equality and the prevention of unfair discrimination.
- Monitored the use of protected disclosure and whistle-blowing mechanisms to detect breaches of ethical standards.
- Monitored, reviewed and ensured compliance with the Group's standing in terms of social and economic development and environmental practices.
- Ensured compliance and standing in the regulations governing B-BBEE as set out by the Department of Trade and Industry.
- Ensured that all employees and more specifically those who are in management and leadership roles lead broadly reflect the diverse profile of the South African and African populations and monitor gender and race diversity.
- Continued 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 – monitored the long-term economic value of the Company.
- Environmental sustainability – looked at improving brand value for the Company and driving resource management throughout our supply chain.
- Social sustainability – contributed to society through our practices and community relationships.
- Internal communication – continued to overcome barriers related to race, gender, culture and status and encouraged open, honest and effective communication.
- Monitored the Group's enterprise and supplier development.

#### 2024 FOCUS AREAS

The committee identified the following focus areas, with some of the 2023 focus areas continuing into 2024:

- Review and update codes, policies, frameworks and procedures.
- Monitor the Transformation Plan and take appropriate action.
- Monitor and update the committee's Monitoring Workplace Plan and Indicators.
- Ensure that all Employment Equity Plans are submitted timeously.
- Ensure that Workplace Skills Planning and Annual Training Reports are submitted timeously.
- Monitor ESG and the SDG goals.
- Work on improving the Company's B-BBEE Level of accreditation.

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.

**CARIN-LEE GEUKING-COHAUSZ**  
Chairperson of the Social, Ethics and Transformation Committee

#### CAPITAL IMPACTED







## COMMITTEE REPORTS CONTINUED

### AUDIT AND RISK COMMITTEE REPORT

AUDIT AND RISK COMMITTEE CHAIRMAN – WILLEM RAUBENHEIMER		
MEMBERS	BY INVITATION	
Gaamiem Colbie Bongikhaya Qama Stephen Nthite	Valentine Dzvoza Jowayne van Wyk Independent auditors Alan Ipp – Independent Consultant Internal auditor	
BOARD APPROVED CHARTER	NUMBER OF MEETINGS	COMMITTEE ATTENDANCE
Yes	4	88%
PRIMARY ROLE		

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.

#### ROLE

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 committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management.

#### REPORT OF THE COMMITTEE

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. The committee also reviewed and approved the Annual Financial Statements of the Company, the Group and its subsidiaries.

The committee:

- 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.
- 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 per the Board's risk appetite and ensured that the risk is maintained at an acceptable level.
- 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.

The Audit and Risk Committee confirms that the Company has, with consideration of 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 prepare and report on the financial statements effectively.

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 2024 financial year. Both audit firms appear on the JSE's list of accredited auditors.

#### 2023 FOCUS AREA FEEDBACK

- 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.
- Monitored the business resilience against an uncertain macroeconomic climate.
- Managed the banking facilities and legal proceedings.
- Ensured that the Group's financial systems, processes and controls were operating effectively and responsive to changes in the environment and industries in which we operate.
- Monitored the Business Continuity Plan/Disaster Recovery Plan.
- 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.
- Reviewed the internal audit function's effectiveness by monitoring the scope and execution of its audit plan, independence, skills, staffing and overall performance.
- Evaluated the internal auditor's independence, effectiveness, performance and compliance with its charter.
- Assessed and considered concerns regarding accounting practices and internal audits.
- Monitored the effectiveness of risk management and controls by evaluating the risk management report and Group risk register.
- Reviewed and discussed the preliminary audit risks identified by the external auditors and recorded appropriate action to be taken.
- 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 2024 financial year.
- Obtained assurance from the external auditors that adequate accounting records were maintained.
- Reviewed the Business Continuity Plan/Disaster Recovery plan as an ongoing process.
- Monitored the IT governance, systems integrity, stability and availability.
- Assessed and monitored cyber resilience on an ongoing basis.

#### 2024 FOCUS AREAS

The committee identified the following focus areas, with some of the 2023 focus areas continuing into 2024:

- 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.
- Review and consider the annual audit plan and related scope of work and determine the external auditors' terms of engagement and fees.
- Focus on the robustness of the internal control framework, financial reporting and internal financial controls.
- Monitor and review the Group's top risks, emerging risk and changing risk trends including management's response.
- Oversee the integration of environmental risks into the risk framework and the level of assurance applied.
- Monitor 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.
- As announced on SENS on 16 October 2023, the Board has resolved to delist from the JSE. In the current operating environment and given the illiquidity of its shares, the Board is of the opinion that AEEI's remaining portfolio no longer warrants a listing on the JSE as it can no longer justify the costs and administrative burden of a listing relative to its benefits. Our focus in 2024 will be to cooperate with regulators to ensure that the delisting process is a success.



## COMMITTEE REPORTS CONTINUED

### 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 experience and are adequately resourced.

### RISK MANAGEMENT AND MATERIAL RISKS

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

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 pages 101 to 104 of the risk management report.

### REGULATORY 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.

### 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 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.

### 2023 FOCUS AREAS AND GOVERNANCE OUTCOMES

The Group internal auditor undertook the following during the year:

- 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 2023 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.
- Reported on and updated the risk registers for each subsidiary on the risks identified and risk incidents.
- Reviewed the Company's governance processes and ethics and provided feedback to management.
- Analysed and evaluated the business processes and associated controls.
- Issued internal audit reports to subsidiaries and followed up on the implementation and action taken by management and monitored and challenged, where appropriate, action taken by management concerning the internal audit findings.
- 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.
- Appointed additional resources for the internal audit function.

### EXTERNAL AUDITORS

Crowe JHB and THAWT Inc. are the auditors for the fourth year and provided 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's 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 2023 consolidated Annual Financial Statements and provided an unmodified opinion.

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.



**WILLEM RAUBENHEIMER**

*Chairman of the Audit and Risk Committee*

### CAPITAL IMPACTED





## COMMITTEE REPORTS CONTINUED

### RISK MANAGEMENT REPORT

Risk management is the responsibility of the Board, with the reporting and monitoring function delegated to 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:	Objectives of risk management:	<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>
<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>	<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 allocate resources effectively.</li> </ul>	
<b>MANAGEMENT-BASED ASSURANCE</b>	<b>AUDIT AND RISK COMMITTEE ASSURANCE</b>	<b>INDEPENDENCE-BASED ASSURANCE</b>

### 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:



### 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. It 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.

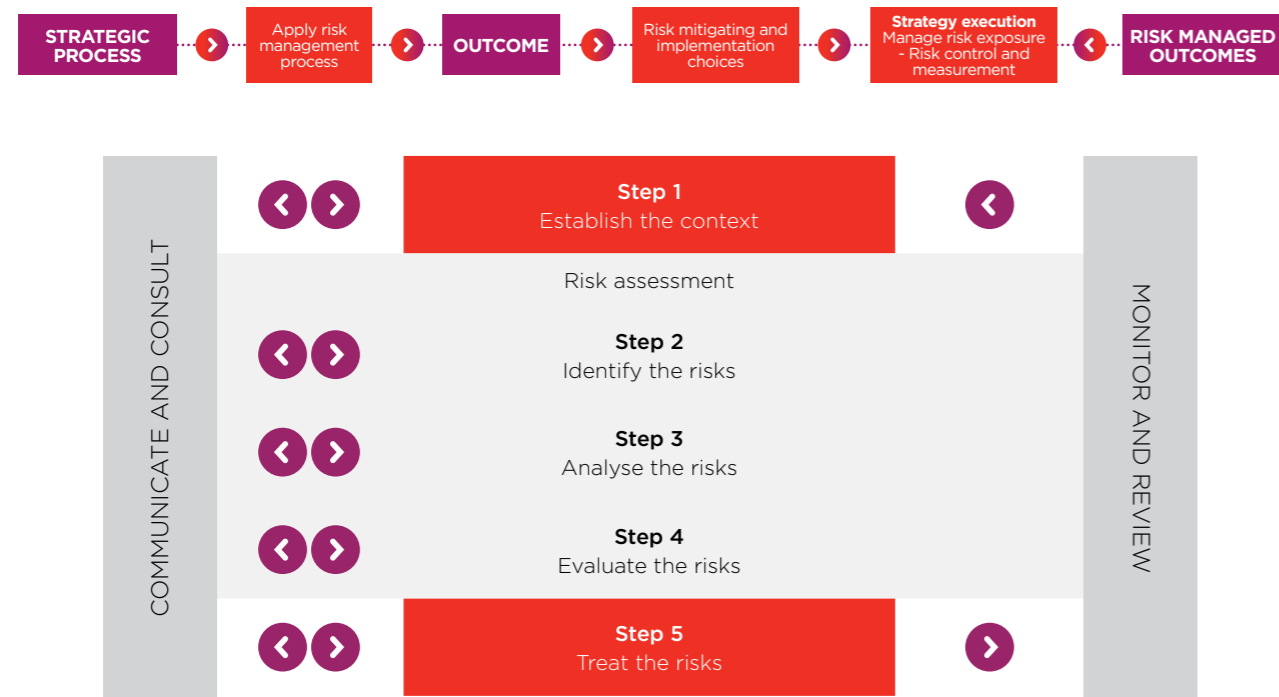
The Executive Committee of the divisional subsidiaries are accountable and responsible for managing risks within their business units and may delegate specific responsibilities appropriately. This process is evaluated by the Group's internal auditor, which provides the Audit and Risk Committee with the 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.



## COMMITTEE REPORTS CONTINUED

### RISK MANAGEMENT PROCESS

The structure of our risk management process is set out below.



COMMUNICATE AND CONSULT	➤ Communicate and consult with those involved in assessing risk and engage those involved in the treatment, monitoring and reviewing risk.
<b>Step 1</b> Establish the context	➤ Consider the environment internally and externally within which the risks are present.
<b>Step 2</b> Identify the risks	➤ Identify all possible uncertainties (risks) that may impact and prevent the organisation from achieving its objectives.
<b>Step 3</b> Analyse the risks	➤ Analyse and assess the risk in terms of likelihood and impact.
<b>Step 4</b> Evaluate the risks	➤ Compare the level of risk found during the analysis process and decide whether these risks are acceptable or require treatment.
<b>Step 5</b> Treat the risks	➤ Identify actions and controls to manage the inherent risks to an acceptable residual level. Assess the effectiveness of actions and controls.
MONITOR AND REVIEW	➤ Monitor risks and review the effectiveness of the treatment plan, strategies and management system.

### MATERIAL RISKS



RISK AND RATIONALE	CONSEQUENCES	MITIGATION	OPPORTUNITIES	LINK TO MATERIAL MATTER/ STRATEGY
1 <b>Lack of access to banking facilities</b>	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: <ul style="list-style-type: none"> <li>operational and business disruption;</li> <li>closure of operations;</li> <li>loss of income;</li> <li>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>	<ul style="list-style-type: none"> <li>Diversification of banking facilities to less traditional mainstream banks.</li> <li>Engage with banking institutions more robustly to re-establish a strong relationship which lays a foundation for long-term partnership.</li> </ul>	
2 <b>Loss of support from stakeholders due to reputational damage</b>	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: <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.</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>	






## COMMITTEE REPORTS CONTINUED

RISK AND RATIONALE	CONSEQUENCES	MITIGATION	OPPORTUNITIES	LINK TO MATERIAL MATTER/ STRATEGY
3 <b>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, the uncertain economic climate and the impact of the COVID-19 pandemic as we enter the fourth 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.</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>Revised our strategic priorities.</li> <li>The Group continues to follow the government’s COVID-19 protocols in dealing with the pandemic.</li> <li>Support services remain available to employees.</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>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. Improve margins that will optimise our business operations.</li> <li>Decrease losses and improve operational efficiency to reduce financial risk.</li> </ul>	
4 <b>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 requirements of 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.</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 being a good corporate citizen.</li> <li>Entrenching corporate governance and ethics awareness in our businesses and employees.</li> </ul>	

RISK AND RATIONALE	CONSEQUENCES	MITIGATION	OPPORTUNITIES	LINK TO MATERIAL MATTER/ STRATEGY
5 <b>Inability to raise funding due to reputational damage and economic downturn</b>	<p>The negative reputation that the Company is currently under, and 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. 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>	
6 <b>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 providers. 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 on the reputation of the Company; 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. 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> <li>Communication and promotion of safe IT protocols.</li> </ul>	<ul style="list-style-type: none"> <li>The Group can maintain data integrity and decrease downtime on a secure IT system. Uninterrupted business practices will lead to efficiency and maximising profits.</li> <li>Optimising “The Way We Work” in a digital world.</li> </ul>	



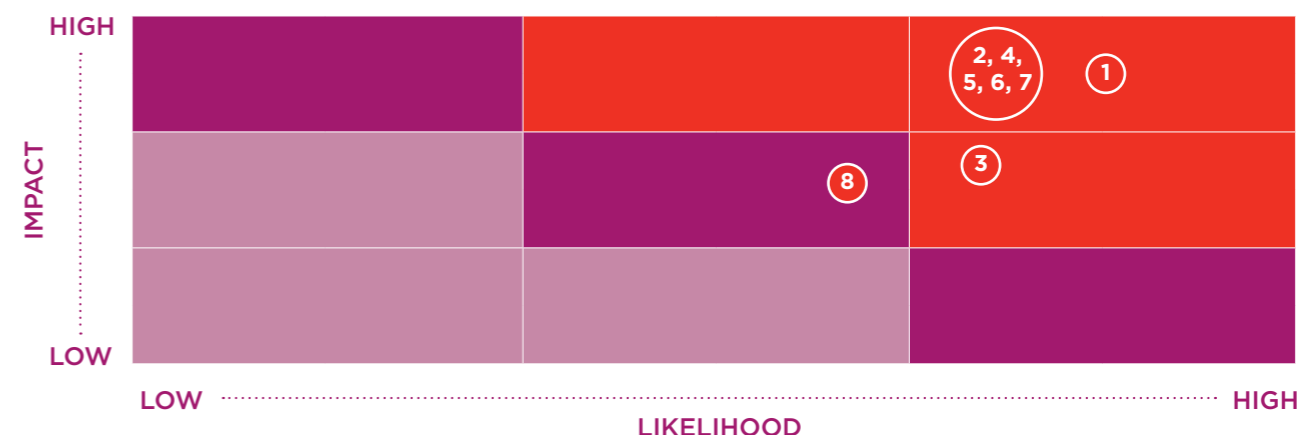
## COMMITTEE REPORTS CONTINUED

RISK AND RATIONALE	CONSEQUENCES	MITIGATION	OPPORTUNITIES	LINK TO MATERIAL MATTER/ STRATEGY
7 <b>Loss of critical skills due to reputational damage and the competitive job market</b>	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: <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>	 
8 <b>Inability to respond adequately to environmental challenges such as climate change</b>	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: <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 and penalties.</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.</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> <li>Integrating ESG factors into our business units.</li> </ul>	

## RANKING OF RISKS

RISK SCORE	RISK MAGNITUDE	RESPONSE
16-25	<b>High</b>	Unacceptable level of risk – High level of control intervention required to achieve an acceptable level of residual risk
8-15	<b>Medium</b>	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	<b>Low</b>	Mostly acceptable – Low level of control intervention required if any

## RISK METRICS



## 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

Our technology and information governance ensures that technology and information goals are met, mitigate risks, and deliver sustainable growth. Our technology and information governance framework promotes an ethical technology and information governance culture and awareness.

## REPORT OF THE COMMITTEE

During the year, the Group considered the latest emerging technology trends to ensure they remain abreast of changes. The 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.

## 2023 FOCUS AREA FEEDBACK

- Reviewed and managed any possible business interruptions from advanced cyber-attacks, ransomware and malicious software programmes.
- Reviewed the possible loss of information due to security breaches and assessed the effectiveness of cyber resilience.
- Monitored the ICT environment with remote working conditions and ensured that measures were in place for any information breach.
- Conducted assessments to monitor the effectiveness of the technology and information systems, including outsourced services.



## COMMITTEE REPORTS CONTINUED

- 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.
- 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.
- Disposed of obsolete technology and any information responsibly in line with good corporate governance and environmental practices.

### 2024 FOCUS AREAS

The committee identified the following focus areas, with some of the 2023 focus areas continuing into 2024:

- 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.
- 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.
- Monitor regulatory changes, considering the systemic developments and increased cyber risks.
- Ensure that the appropriate frameworks and policies are in place to monitor and explore the Fourth Industrial Revolution effectively.
- 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.

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.

We remain on high alert and cognisant of cybersecurity and its 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.

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



*SHAREHOLDERS,  
THE INVESTMENT  
COMMUNITY, AND  
CAPITAL PROVIDERS*



*EMPLOYEES*



*BUSINESS  
PARTNERS*



*REGULATORS*



## COMMITTEE REPORTS CONTINUED

### REMUNERATION COMMITTEE REPORT

REMUNERATION COMMITTEE CHAIRPERSON – GAAMIEM COLBIE		
MEMBERS	BY INVITATION	
Aziza Amod Bongikhaya Qama	Valentine Dzvoza – chief executive officer Alan Ipp – Independent Consultant	
BOARD APPROVED CHARTER	NUMBER OF MEETINGS	COMMITTEE ATTENDANCE
Yes	2	100%
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 of 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.

#### 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.

#### REPORT OF THE COMMITTEE

During the year, the committee reviewed the remuneration practices to ensure that they remain relevant and aligned with our strategy. The committee 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.

The committee ensured that our executives' remuneration is aligned with 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.

#### 2023 FOCUS AREA FEEDBACK

- Reviewed and determined the remuneration for executive and non-executive directors.
- Measured key performance against KPIs and strategic objectives.
- Reviewed the Remuneration Policy and Implementation Report for presentation at the AGM for separate non-binding advisory votes.
- Reviewed performance targets to ensure that they are both challenging and linked to the Group's revised strategic objectives.
- Considered 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 lasting impact of the COVID-19 pandemic and macroeconomic climate.
- Satisfied itself that the remuneration structure for senior executives does not raise environmental, social or governance risks, nor does it inadvertently motivate irresponsible behaviour.
- Retained absolute discretion to reduce variable compensation in light of risk and the Group's overall performance.
- Received guidance as required.
- Determined performance incentives and assessed remuneration components.

#### 2024 FOCUS AREAS

The committee identified the following focus areas, with some of the 2023 focus areas continuing into 2024:

- Ensuring that the implementation of the Remuneration Policy is in line with the Remuneration Implementation Policy.
- 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. 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.

#### DETERMINATION OF PERFORMANCE INCENTIVES

The Remuneration Committee reviewed the targets set for performance-related remuneration for the CEO, the executive management team, and senior management; these targets included individual performance factors and a combination of portfolio-specific targets. 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, medium, incentive bonuses.

#### REMUNERATION COMPONENTS

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

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

For the year under review, the 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.

#### GAAMIEM COLBIE

Chairman of the Remuneration Risk Committee





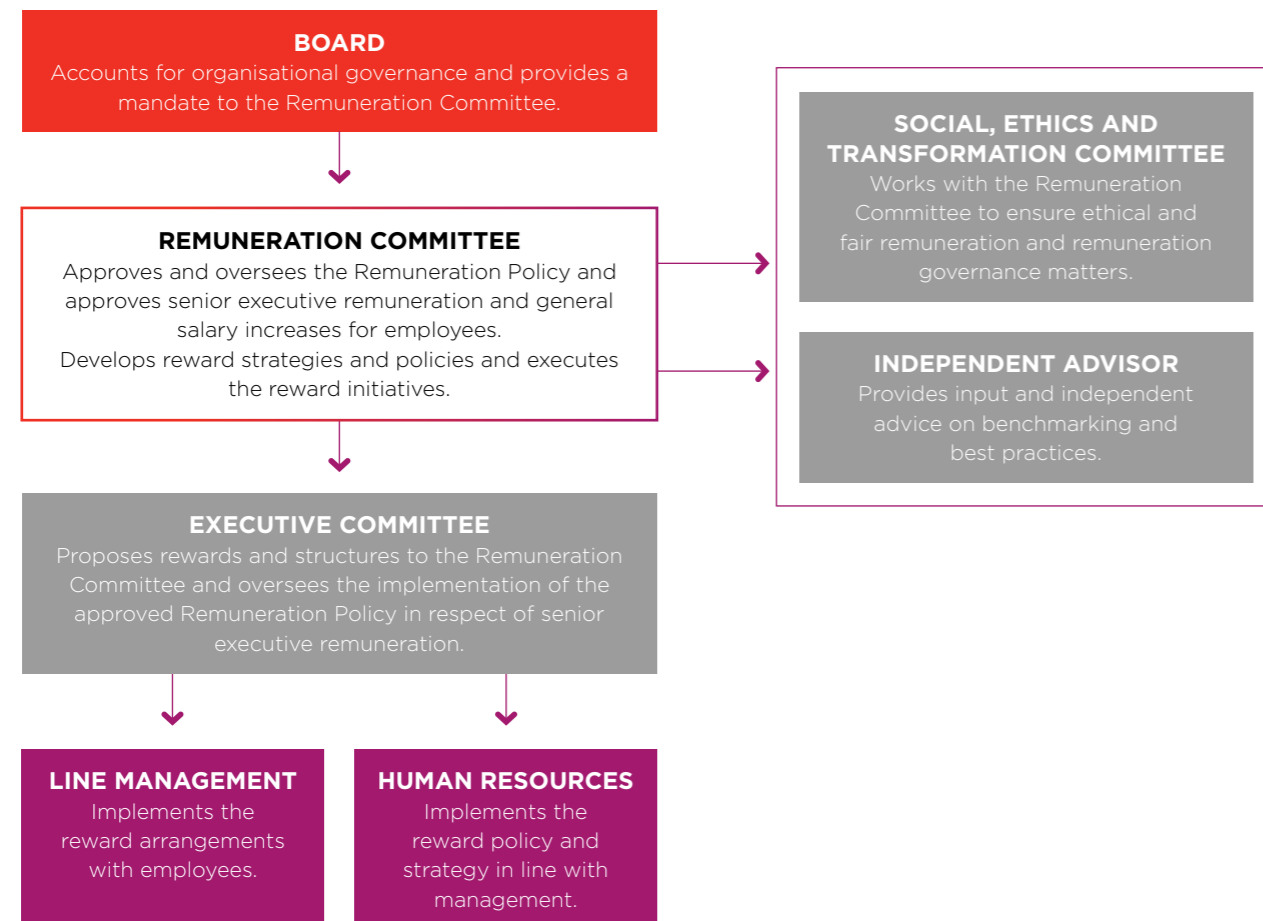


## COMMITTEE REPORTS CONTINUED

### 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



### RESPONSIBILITIES AND REPORTING

This Remuneration Report highlights our policy's key components and how these align with our performance and strategic objectives for the 2023 financial year.

AEEI'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 encourage 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.

#### Remuneration comprises the following key elements:

#### BASE SALARY

- Base salary is guaranteed annual pay on a cost-to-company basis.
- Benchmarking is performed with reference to companies comparable in size, industry, and business complexity.
- The level of responsibility that the individual assumes.

#### PERFORMANCE BONUSES

- Motivates executive directors and key management to achieve the strategic objectives of the Group.

#### OTHER BENEFITS

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

The above improves our employees' financial security.

#### METHODOLOGY

- 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.
- It takes into account the general market in which the business operates and the skills required.
- General adjustments to guaranteed pay levels are effective 1 September annually.
- 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.
- Performance bonuses are dependent on the financial performance and achievement of the individual's agreed strategic KPIs.
- Performance bonuses are not earned if the minimum financial target is not met.
- Performance bonuses are paid annually.
- This is determined as a fixed percentage of the base salary.

#### ELIGIBILITY

- All permanent employees in the Group.
- Commencing from junior management upwards.



## COMMITTEE REPORTS CONTINUED

### 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               <ul style="list-style-type: none"> <li>- Divisional operating profit</li> </ul> </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. 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 2023 financial year align with the Group's financial performance.

### GUARANTEED REMUNERATION

The 2023 guaranteed remuneration of the executive directors is set out below:

	2023 R'000	2022 R'000
Valentine Dzvova	2 857	2 598
Jowayne van Wyk	2 143	1 949

### 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 2023 financial year:

	Base Remuneration R'000	Performance Bonus R'000	Provident Fund & Medical Aid R'000	Company Contribution to Funeral Benefit UIF & Skills Development Levy R'000	Total R'000
<b>2023</b>					
Valentine Dzvova	2 392	500	433	32	3 357
Jowayne van Wyk	1 771	350	348	24	2 493

The 2023 annual remuneration of the non-executive directors is set out below:

	2023 R'000	2022 R'000
Aziza Amod	774	717
Willem Raubenheimer	528	489
Bongikhaya Qama	262	243
Ambassador Membathisi Mdladlana	262	246
Stephen Nthite	262	246
Carin-Lee Geuking-Cohausz	337	154
<b>TOTAL</b>	<b>2 425</b>	<b>2 095</b>

Gaamiem Colbie waived his non-executive director's remuneration for the 2023 financial year.

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.



## COMMITTEE REPORTS CONTINUED

### 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.
- Encourage superior performance and reward individual 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:

##### 1. 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.

##### 2. 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

#### 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 2023.

#### SALARY INCREMENT

The Remuneration Committee assessed and reviewed the performance including increases and bonuses for the CEO, CFO and increases for the non-executive directors. As a result, for the year ended 31 August 2023, a general salary increase was approved based on the annual average current price index of 6.5% for all employees in the Group and 8% for employees who have performed exceptionally well during the financial year.

#### DISCRETIONARY BONUS

A discretionary bonus may be awarded and calculated as a percentage of the qualifying executives, senior management and 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 executives, senior management and employee's.

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@aeei.co.za](mailto:cornell@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.



## COMMITTEE REPORTS CONTINUED

Results of the shareholders' votes at the most recent AGM held on 27 February 2023, as a percentage of the total number of shares voted at the AGM, are indicated below and therefore, no shareholder engagement was required:

	2023 %	2022 %	2021 %
Approval of the Remuneration Policy	99.99	84.30	97.30
Implementation of the Remuneration Policy	99.99	84.30	97.30
Non-executive directors' fees	99.99	84.30	100.00

# SUPPLEMENTARY INFORMATION

## DISCLAIMER

In this report, we make certain statements that relate to analysis and other information built on forecasts of future results based on historical data, based on estimations of new business and investment assumptions. These statements may also relate to our future prospects, developments, business strategy and estimates of amounts not yet determinable. Examples of these forward-looking statements include, but are not limited to, the Group's businesses, results of operation, financial condition and liquidity and statements regarding the effectiveness of actions taken by the Company.

As defined, these are forward-looking statements. These statements may be identified by words such as "expect," "look forward to," "anticipate," "intend," "plan," "believe," "seek," "estimate," "will," "project," or words of similar meaning, which are intended to identify such forward-looking statements but are not the exclusive means of identifying such statements. These are subject to a number of risks, uncertainties and factors, including, but not limited to, those described in disclosures in the risk management report.

Should one or more of these risks or uncertainties materialise or underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of AEEI may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. AEEI neither intends nor assumes any obligation to update or revise these forward-looking statements considering developments that differ from those anticipated. This forward-looking statement has not been reviewed or reported on by AEEI's auditors.

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# SHAREHOLDERS' INFORMATION

## ANALYSIS OF SHAREHOLDERS AS AT 31 AUGUST 2023

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total shares issued
1 - 5 000	6 650	93.23	1 819 960	0.37
5 001 - 10 000	156	2.19	1 264 915	0.26
10 001 - 100 000	228	3.20	7 627 956	1.55
100 001 - 1 000 000	79	1.11	28 729 318	5.85
1 000 001 - and more	20	0.28	451 580 285	91.97
<b>Total</b>	<b>7 133</b>	<b>100.00</b>	<b>491 022 434</b>	<b>100.00</b>

## MAJOR SHAREHOLDERS (5% AND MORE OF THE SHARES IN ISSUE)

	Number of shares	Percentage of total issued share capital
Sekunjalo Investment Holdings (Pty) Ltd	346 685 622	70.60
Miramare Investments (Pty) Ltd	25 859 927	5.27
Altopiano Investments (Pty) Ltd	25 163 893	5.12
<b>Total</b>	<b>397 709 442</b>	<b>81.00</b>

## DISTRIBUTION OF SHAREHOLDERS

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total shares issued
Individuals	6 964	97.63	44 372 065	9.04
Nominee companies and trusts	65	0.91	26 302 423	5.36
Public companies	16	0.22	27 941 848	5.69
Close corporations and private companies	88	1.23	392 406 098	79.92
<b>Total</b>	<b>7 133</b>	<b>100.00</b>	<b>491 022 434</b>	<b>100.00</b>

## NON-PUBLIC AND PUBLIC SHAREHOLDING

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total shares issued
<b>Non-public</b>	<b>4</b>	<b>0.11</b>	<b>417 195 744</b>	<b>84.96</b>
▪ Directors	4	0.06	11 961 912	2.44
▪ >Than 10% of I/C	1	0.01	346 685 622	70.60
▪ Associates	3	0.04	58 548 210	11.92
<b>Public</b>	<b>7 125</b>	<b>99.89</b>	<b>72 826 690</b>	<b>15.04</b>
<b>Total</b>	<b>7 133</b>	<b>100.00</b>	<b>491 022 434</b>	<b>100.00</b>

## SHARE TRADING STATISTICS

High	120
Low	69
Year-end	116
Volume traded (shares)	46 949 856
Value traded (rand)	44 602 363
Volume of shares traded as a percentage of the issued capital	10.00
Market capitalisation at 31 August 2023 (rand)	569 586 023
Market capitalisation at 30 November 2023 (rand)	559 765 575

## VOTING RIGHTS

### SHARE CAPITAL

#### AUTHORISED

1 000 000 000 "B" class ordinary shares (listed)

1 000 "A" class convertible redeemable cumulative preference shares

10 000 000 "B" class redeemable preference shares. 15% of the "B" class ordinary shares in issue at the beginning of the financial year are at the disposal of the directors in terms of a resolution of shareholders passed at the last AGM of the Company.

This authority remains in force until the next AGM of the Company.

"B" class ordinary shares each carry one vote per share.

#### ISSUED

491 022 434 "B" class ordinary shares.

#### Reconciliation of number of issued "B" class ordinary shares

	2023 R'000	2022 R'000
Opening balance	491 022	491 022
Closing balance	491 022	491 022



# SHAREHOLDERS' DIARY

FOR THE YEAR ENDED 31 AUGUST 2023

## FINANCIAL REPORTS

- Announcement of annual results
- Integrated Report
- Announcement of interim results
- Interim report

- November 2023
- January 2024
- May 2024
- May 2024

# INDEPENDENT ASSURANCE

## AUDITORS' REPORT

Crowe JHB (Crowe) and THAWT Inc., a member of Crowe Global, audited our 2023 consolidated Annual Financial Statements and provided an unmodified opinion thereon.



# ADMINISTRATION

## COMPANY SECRETARY

Company secretary      Cornell Kannemeyer      cornell@aeei.co.za

## EXECUTIVE MANAGEMENT TEAM

Chief executive officer      Valentine Dzvova      valentine@aeei.co.za  
 Chief financial officer      Jowayne van Wyk      jowayne@aeei.co.za  
 Prescribed officer      Valentine Dzvova      valentine@aeei.co.za

## BUSINESS ADDRESS AND REGISTERED OFFICE

10th Floor, Convention Towers  
 Corner Heerengracht and Walter Sisulu Avenues  
 Foreshore  
 Cape Town, 8001, South Africa  
 Postal address: PO Box 181, Cape Town, 8000, South Africa  
 Telephone: +27 21 427 1500

## EMAIL AND WEBSITE

Email address: info@aeei.co.za  
 Website: www.aeei.co.za

## COMPANY REGISTRATION NUMBER

1996/006093/06

## TRANSFER SECRETARIES

JSE Investor Services (Pty) Ltd  
 One Exchange Square, 2 Gwen Lane, Sandown, 2196  
 Postal address: PO Box 4844, Johannesburg, 2000, South Africa  
 Telephone: +27 11 713 0800  
 Telefax: +27 86 674 4381  
 Website: www.jseinvestorservices.co.za

## JOINT AUDITORS

Crowe JHB and THAWT Inc.

## JOINT SPONSORS

Vunani Capital and Merchantec Capital

## LISTING

Johannesburg Stock Exchange Sector: Diversified Industrials  
 Share code: AEE  
 ISIN code: ZAE000195731

## ABBREVIATIONS AND ACRONYMS

AEEI	African Equity Empowerment Investments Ltd (“the Company”) or (“the Group”)
AGM	Annual general meeting
B-BBEE	Broad-based Black Economic Empowerment
bn	Billion
CPI	Consumer price index
CSI	Corporate social investment
EBITDA	Earnings before interest, taxation, depreciation, and amortisation
ED	Executive director
EPS	Earnings per share
ESG	Environmental, social and governance
GDP	Gross domestic product
GRI	Global Reporting Index
HACCP	Hazard Analysis and Critical Control Points
HDSA	Historically disadvantaged in South Africa
HE	Headline earnings
HEPS	Headline earnings per share
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IRAS	Integrated Reporting & Assurance Services
JSE	JSE Limited
KING IV™	King IV™ Report on Corporate Governance for South Africa (2016)
m	Millions
POPI	Protection of Personal Information Act, No. 4 of 2013
R	South African rand
R'000	South African rands in millions
SASB	Sustainability Accounting Standards Board
SDGs	Sustainable Development Goals
SDTI	Sustainability Data Transparency Index
SME	Small and medium-sized enterprises
SMME	Small, medium, and macro enterprise
TAC	Total Allowable Catch
TCED	Task Force on Climate-related Financial Disclosures
VOORSKOT	Advance of Capital





