



AFRICAN EQUITY  
EMPOWERMENT  
INVESTMENTS  
LIMITED

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# 2021

## INTEGRATED REPORT

# HOW TO NAVIGATE OUR REPORT



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

## OUR CAPITALS

Demonstrates how we used our capitals, trade-offs in the capitals leading to value-creation

Financial Capital	Manufactured Capital	Human Capital	Social and relationship capital	Intellectual capital	Natural capital
Access to cost-effective capital such as equity, reinvestment, associates and strategic investments	Our operational structures, property, plant and equipment	We sustain the well-being, skills, knowledge, motivate, the productivity of our leadership teams, employees, consultants, service providers and contractors	Our trusted relationships with our stakeholders are key to our reputation and to deliver on our goals	<ul style="list-style-type: none"> <li>Our brand, patents, copyrights, software development and licences</li> <li>Being an empowerment partner of choice</li> <li>Collaborative research and development investments contribute to delivering on our strategy and business model</li> </ul>	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	Employees	Cost	Environment	Socio-political	Production
Deliver sustainable returns to our shareholders	Health and safety of our employees	Operating efficiently and being competitive	Minimise or impact on the environment	Partnering with local communities and SMEs, and government	Produce 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

### NAVIGATIONAL TOOLS

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

- Online reference for further information
- Page reference for information elsewhere in the report
- King IV™
- COVID-19

### SUSTAINABLE DEVELOPMENT GOALS (SDGs)

We have prioritised the following three capitals with the SDG's that are relevant and aligned with our business strategy

Human capital	
Social and relationship capital	
Natural capital	

### FEEDBACK

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

# OUR REPORTING SUITE



Our integrating reporting suite is available online at [www.aeei.co.za](http://www.aeei.co.za) in PDF format.

This integrated report is supplemented by our full suite of online publications, which caters to the diverse needs of our stakeholder base and includes the following:

Integrated report	Corporate governance report	Sustainability report	Investment portfolio report	Annual financial statements	Notice of AGM and proxy
Print & Online	Online	Online	Online	Online	Print & Online

Our reporting suite is compliant with:

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

Our report is informed by:

- Sustainability Data Transparency Index (SDTI)
- The Global Reporting Index (GRI) but not aligned to the GRI standards.
- SASB but not aligned to its standards

*All COVID-19 precautions, screening and safety measures were adhered to during the photography session*

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# INTRODUCTION



## ABOUT OUR INTEGRATED REPORT

Our integrated report is the primary report to our stakeholders. It is structured to show the relationship between the interdependent elements involved in our value creation.

Our integrated report is prepared by following the International <IR> Framework of the International Integrated Reporting Council (IIRC). It enables our providers of financial capital and all stakeholders to make an informed assessment of our ability to create sustainable value.

Our corporate governance section provides a brief overview of the Group, covering ethics, directors' and executive profiles, key policies and committee reports. The entire corporate governance report is available on [www.aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports/](http://www.aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports/).

We have provided a brief overview of our sustainability report, covering our approach to sustainability, human capital, social and relationship capital, corporate social investment and natural capital. For more information, refer to online Sustainability Report on [www.aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports/](http://www.aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports/).

Our investment portfolio report covers the various divisions within the Group. For more information, refer to the online Investment Portfolio Report on [www.aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports/](http://www.aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports/).

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 46 to 51 and the online Group's annual financial statements on [www.aeei.co.za/investor-relations/annual-financial-statements/](http://www.aeei.co.za/investor-relations/annual-financial-statements/).

Our notice of AGM and Proxy provides supporting information for shareholders to participate in the AGM and is available on [www.aeei.co.za/investor-relations/notices/](http://www.aeei.co.za/investor-relations/notices/).

## REPORTING SCOPE AND BOUNDARY

Our integrated report presents our strategic framework for creating value over the short, medium, and long-term in a way that gives stakeholders a holistic view of the African Equity Empowerment Investments Ltd (AEEI, the Company or the Group) Group and our future prospects. This report provides an overview, performance, and governance of the Company on delivering on our strategy over the past year. It reflects how we have created, preserved or eroded value over time. Our report provides information on our business model, material risks and opportunities, governance and operational performance for the financial year ended 31 August 2021. It also incorporates the financial reporting boundary of the Group and its subsidiaries. In addition, details of our investments in subsidiaries and strategic investments appear in our annual financial statements.

It also covers our response to the global COVID-19 pandemic, the resultant ongoing lockdown and the effects on the Company.



## THE IMPACT OF COVID-19

*Is there light at the end of the tunnel?*

COVID-19 has become the greatest global shock in decades, and the world's economy likely faces the worst recession since the 1930s.

South Africa, like many other countries across the globe, cannot escape the ongoing pandemic. The third wave of pandemic hit the country very hard and infection rates kept escalating with the Delta variant, with possibly a fourth wave in the near future. Like many other businesses, the resultant loss of employment and income will cause further damage to livelihoods, health, and sustainable development. While the country is set to emerge from the crisis weaker than it was going into, the pandemic has exposed long-standing structural weaknesses that have progressively worsened. Moreover, South Africa's weak recovery is putting pressure on public finance and businesses.

Before the onset of the COVID-19 pandemic, the South African economy was already struggling. The reasons being the unstable electricity supply, business confidence, the diversion of departmental funds to bail out state-owned enterprises, low consumer and business confidence and lack of structural reforms.

The COVID-19 pandemic exposed South Africa's biggest challenge to date – the job market with high levels of unemployment. The lower-income group suffered the most in job losses in comparison to higher-paid workers. Job recovery remains modest, with many businesses having to shut their doors permanently while others are still recovering from the stringent lockdown in March 2020 and the continuing varying restrictions instituted throughout the pandemic. However, there are some positive developments with an increase in start-up businesses and young entrepreneurs.

The outlook remains uncertain due to the many factors that influence the pandemic and associated restrictions will come to an end remain unknown. Such factors include subsequent waves of the pandemic in South Africa and abroad and the rate of vaccinations in the country and overseas. In addition, the virus continues to evolve with the many variants that are now spreading. Thus, it remains challenging to predict how the economic recovery will proceed and what setbacks will surface for as long as the pandemic continues.

Despite this, AEEI continued to manage the spread of the virus and business continuity by being proactive and responsible. Our COVID-19 committee and Compliance Officers monitor our actions and manage the risks in line with our Office Workplace Plan in terms of the Disaster Management Act, Regulation 16(6)(b). In addition, our executive team focuses on operational matters, including managing the business, its continuity plans, maintaining liquidity and managing risks.

At the start of COVID-19, we acted quickly to position our business to meet the challenges of the pandemic in uncharted territories. We worked closely with our stakeholders, worked on innovative ways to sustain our businesses, proactively supported our employees, service providers, suppliers while managing potential risks and challenges.



We responded by right-sizing our businesses to match current trading conditions. Unfortunately, this resulted in staff retrenchments. This comes after a year of using our financial resources to continue employing staff. This action will ensure the sustainability of the business, allowing us to employ more staff in the future when the macro environment, especially the COVID-19 pandemic, is under control.

Our capital expenditure has been halted as far as possible without harming our ability to operate now and in the future.

We embraced technology a lot more in the way we work as remote working enables us to continue operating in the reality of continued lockdowns and keeping our staff safe. We improved communication within the organisation to ensure that information is available in real-time as far as possible, enabling the identification of potential risks before they arise, which is vital in this dynamic COVID-19 environment. In addition, we improved communication with stakeholders, including our overseas suppliers, who assist us in ensuring that products are shipped on time and on reasonable terms, considering restrictions on the movement of goods.

## EFFECT OF COVID-19 AND RESPONSE STRATEGY

<b>Leadership and governance</b>	Maintaining high levels of corporate governance and leadership continues to remain critical through uncharted territory. The Board and management team continue to lead by example through their commitment and tenacity, providing support and guidance, and ensuring business continuity.
<b>Solvency and liquidity</b>	The Board and executive management reviewed the projects for the financial year and implemented the following: <ul style="list-style-type: none"> <li>• Working capital was preserved to secure the solvency and liquidity of the Group;</li> <li>• All major capital and project expenses have been deferred unless it was critical to the business unit; and</li> <li>• Certain planned investments have been deferred.</li> </ul>
<b>Employees</b>	The health and welfare of our employees remains a high priority <ul style="list-style-type: none"> <li>• Measures have been put in place to secure the well-being of all employees and their families.</li> <li>• Protocols and policies were put in place to align with requirements of Section 8 (1) of the Occupational Health and Safety Act, No. 85 of 1993.</li> <li>• COVID-19 has brought about high levels of stress and anxiety to everyone, and the Group has made support available. <ul style="list-style-type: none"> <li>– A 7-day Mental Health Survival online course was made available to all employees, including dealing with stress, anxiety, daily routines, depression, isolation, coping mechanisms, lifestyle adaptation, fitness, incorporating physical well-being etc.; and</li> <li>– COVID-19 employee assistance screening service provided to all employees, including medical attention.</li> </ul> </li> <li>• Daily on-site screening.</li> <li>• Transportation arrangements are in place for the most vulnerable employees.</li> <li>• As a result of COVID-19, some employees tested positive and had to self-quarantine. Unfortunately, we had some fatalities and wish to extend our heartfelt condolences to the families and our colleagues.</li> <li>• Online learning has been encouraged, with many employees taking the opportunity to further their skills capabilities.</li> </ul>
<b>COVID-19 Plan</b>	It was imperative to have a best practice return to work procedure in place, including training for the safe return of all employees during the various levels of lockdown. <ul style="list-style-type: none"> <li>• Training to all employees.</li> <li>• A continued phased approach to the resumption of work in the office during the various levels of lockdown.</li> <li>• Personal protective equipment made available to all employees.</li> <li>• We continuously monitor and ensured adherence to all protocols.</li> </ul>
<b>COVID-19 Recovery Plan</b>	Management continues to reflect on the changes that COVID-19 has brought daily, and our recovery plan is a work in progress. We continue to realign our operating strategies to the constantly changing environment. Our method is to streamline operations and ensure survival in this volatile environment so that our businesses have the chance to continue operating in the future. We know that stability will come; it's just a matter of when it will happen.



We continue to do all that we can to help our stakeholders during this unprecedented and uncertain time. During this period, we have had to restructure some business units. Unfortunately, employees took a salary reduction with some employees being deployed in other areas in the Group and, as a last resort retrenched.

Our key actions include:

Shareholders, the investment community and providers of capital	Employees	Business Partners	Communities & NGO's
<p>We kept our shareholders, the investment community and providers of capital abreast of our activities that would impact them</p> <ul style="list-style-type: none"> <li>Our primary focus remains on the liquidity and capital of the Company and the Group by:               <ul style="list-style-type: none"> <li>Streamlining operations by reducing expenditure;</li> <li>Optimum capital management;</li> <li>Negotiating with service providers and suppliers for better terms; and</li> <li>The optimum management of our debtors to ensure timely cash receipts.</li> </ul> </li> <li>We monitor our risks and emerging risks and take immediate action by:               <ul style="list-style-type: none"> <li>Keeping the Board and EXCO's abreast of industry trends and developments in macro environments;</li> <li>Continuous and robust communication with internal and external stakeholders; and</li> <li>Our adoption of agility in operating plans to respond to emerging risks.</li> </ul> </li> <li>We continue to manage what we can control - by reducing our costs.</li> <li>We remain committed to our strategic initiatives to support our growth in revenue and efficiencies by:               <ul style="list-style-type: none"> <li>Supporting organic growth in our businesses and acquiring new businesses at the right time and for the right price.</li> </ul> </li> </ul>	<p>The health, safety and wellbeing of our employees and their families remain a priority. We have continued to adhere to all protocols put in place at the start of the pandemic.</p> <ul style="list-style-type: none"> <li>Remote working for nearly all employees remains in place.</li> <li>However, some of our businesses are regarded as essential services providers, and protocols have been established to ensure their safety. Teams are split and work rotational shifts</li> <li>Due to technology, all meetings are held remotely.</li> <li>PPE continues to be made available to all employees with an increased focus on sanitation and health practices.</li> <li>Offices are sanitised regularly.</li> <li>Social distancing remains a priority to contain the spread of the virus.</li> <li>International travel has been put on hold and local travel within the country is restricted.</li> </ul>	<ul style="list-style-type: none"> <li>Social distancing remains in place.</li> <li>We try and refrain from physical client and service provider interaction as far as possible.</li> <li>We negotiated payment terms with some suppliers and adhered to them to ensure the continuity of their businesses.</li> <li>We maintained the quality of our products and services.</li> <li>We supported SMME's</li> </ul>	<p>The spread of COVID-19 exacerbated the high levels of inequality, poverty and unemployment, making our social and economic contributions more critical by supporting our people and communities. However, we were unable to have our usual "hands-on" approach with our communities.</p> <ul style="list-style-type: none"> <li>We continued to support our social investment programmes.</li> <li>We continued to ensure food security in our community projects by feeding the children at an ECD facility.</li> <li>We continue to assist those in the most impoverished areas with food parcels.</li> <li>We continued to support the payment of teachers salaries at an NGO to ensure the continuity of learning.</li> <li>We participated in community initiatives by giving back to communities and orphanages.</li> </ul>

## TARGETS AND STRATEGY

Our report covers the strategic progress made during the 2021 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. With the impact of COVID-19, AEEI adapted its business strategy and key targets to meet the challenges of the pandemic.

## 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. Accordingly, material matters and developments are comprehensively dealt with throughout the report. As described on pages 32 to 38, our material matters influence our strategy and inform the content of this report.

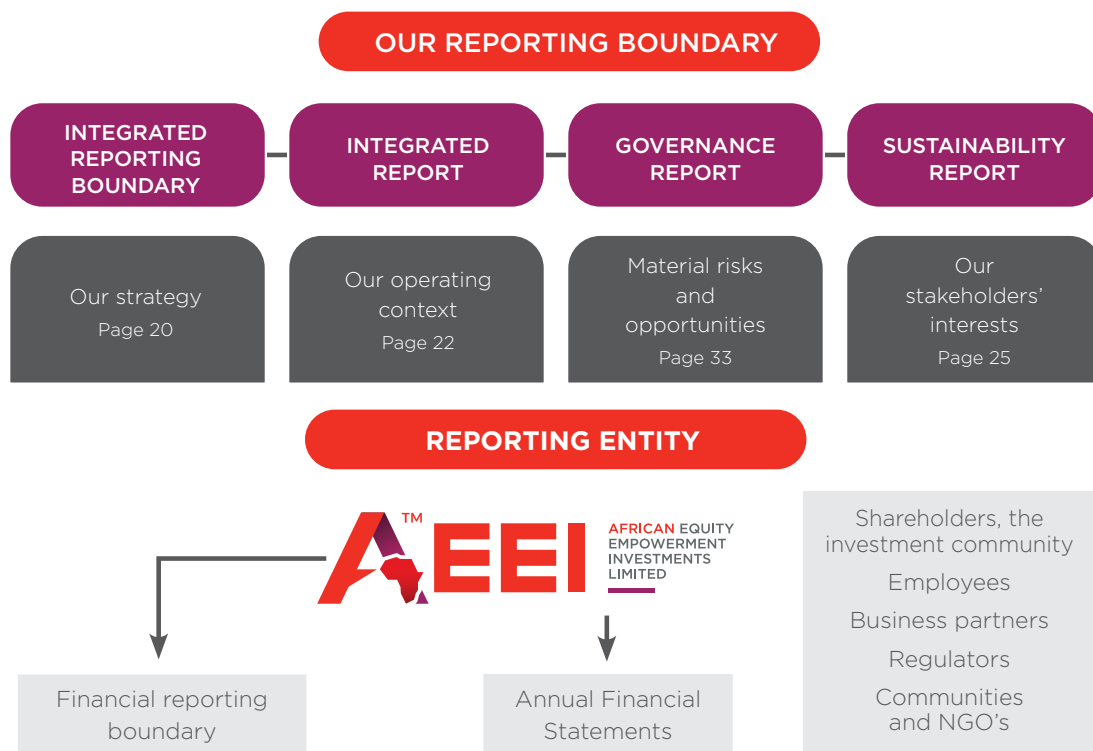
## OUR APPROACH TO MATERIALITY

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, activities and the impact on the capitals and how we created, preserved or eroded value. 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 interest. It also covers our leadership team, our governance and our remuneration practices.

## OUR REPORTING PROCESS

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



## OUR INTEGRATED RISK MANAGEMENT APPROACH

At AEEI, we believe that an effective risk governance model contains checks and balances to support appropriate consideration of risk and opportunity management throughout the Group. Further information can be found on page 39

## OUTLOOK

AEEI's outlook information is considered to be all the information that answers the questions in terms of:

What challenges, opportunities and uncertainties are we likely to encounter in pursuing our strategy, and what are the potential implications for our business model and future performance?

You can find our outlook information throughout this report and in the following sections:

Our material matters	-	Page 32
Our value-creating business model	-	Pages 18 and 19
Our chief executive officer's report	-	Page 40
Our chief financial officer's report	-	Page 46

## OUR BOARD RESPONSIBILITY STATEMENT

The Board is ultimately responsible for ensuring that the integrity of the integrated report is not compromised. In the Board's opinion, the report addresses all issues that are material to the Group's ability to create value and fairly represents the performance of the Group. Accordingly, the integrated report and the annual financial statements for the Group for the year ended 31 August 2021 were approved by the Board on 29 November 2021.

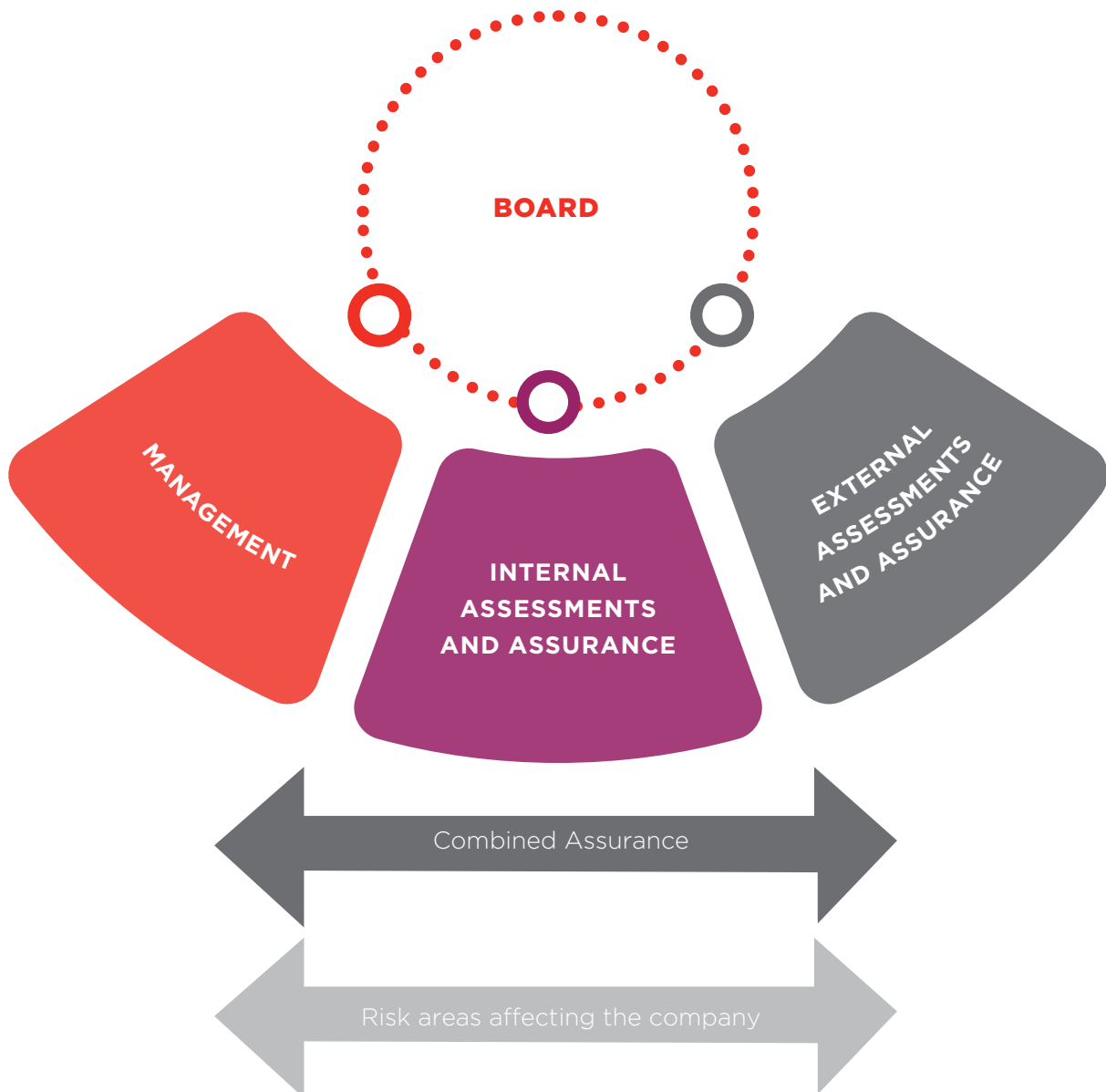
<b>Aziza Amod</b> Non-executive chairperson	
<b>Willem Raubenheimer</b> Lead independent non-executive director	
<b>Gaamiem Colbie</b> Non-executive director	<b>Valentine Dzvova</b> Chief executive officer
<b>Bongikhaya Qama</b> Independent non-executive director	<b>Jowayne van Wyk</b> Chief financial officer
<b>Ambassador Membathisi Mdladlana</b> Independent non-executive director	<b>Stephen Nthite</b> 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 areas to support the integrity of the management, monitoring and reporting of data. Crowe JHB (Crowe) and THAWT Inc., a member of Crowe Global, audited our 2021 consolidated annual financial statements and provided an unmodified opinion thereon.

The Board paid attention to the combined assurance, ensuring that our combined assurance model adequately addressed the Group's risk and material matters. The audit and risk committee provides internal assurance to the Board quarterly 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.

We continually optimise our combined assurance model to avoid 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.



# AEEI AT A GLANCE



## WHO WE ARE - ORGANISATIONAL OVERVIEW



**FISHING AND  
BRANDS**



**TECHNOLOGY**



**EVENTS AND  
TOURISM**



**HEALTH AND  
BEAUTY**



**BIOTHERAPEUTICS**



**STRATEGIC  
INVESTMENTS**

AEEI is a diversified investment holding and empowerment company. It has 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, some with international partners. Due to our diverse portfolio, our growth strategy continues on an upward trajectory.

AEEI was listed on the JSE on 3 May 1999 and is a majority black-owned and black-controlled investment holding company based in South Africa and is a subsidiary of Sekunjalo Investment Holdings (Pty) Ltd.

## WHERE WE OPERATE

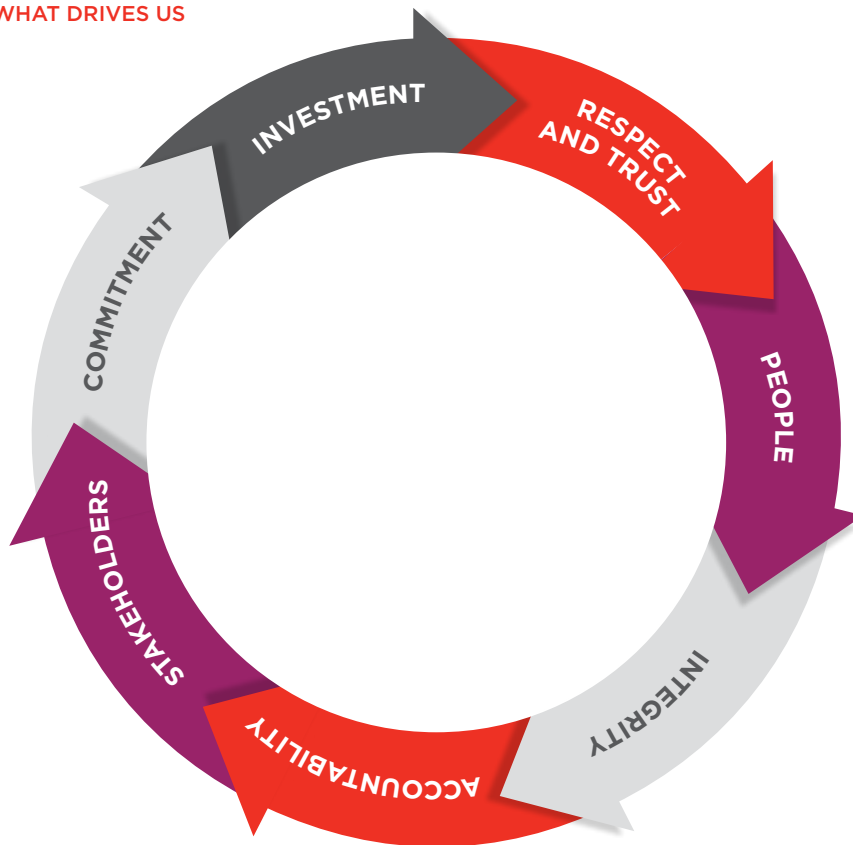
AEEI's primary market remains in South Africa and we continue to expand our footprint into the rest of Africa. Outside South Africa, we have a market presence in Asia, Dubai, Saudi Arabia, Spain, the United Kingdom, the United States, Ghana, Uganda, Zambia, Cameroon, Tanzania, Nigeria, Namibia, Kenya, Zimbabwe, Botswana, Ethiopia, Lesotho, Eswatini, Malawi, Mauritius, Côte d'Ivoire, France, Belgium and Canada.



#### OUR MISSION STATEMENT

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

#### OUR VALUES ARE WHAT DRIVES US



<b>RESPECT AND TRUST</b>	<i>To always respect and trust:</i> Fellow employees, customers, partners and stakeholders
<b>INTEGRITY</b>	<i>To always:</i> Act with integrity in whatever we do based on our values, principles, our Code of Ethics and our Code of Conduct
<b>PEOPLE</b>	<i>To always:</i> Respect fellow employees, partners and all stakeholders and provide sustainable employment opportunities for our employees and others and a safe and secure working environment. Develop, attract and retain the correct skills and structures to meet and support our strategic growth
<b>INVESTMENT</b>	<i>To stimulate:</i> Investment in the areas of green enterprises, including social innovation and societal development
<b>STAKEHOLDERS</b>	<i>To serve our stakeholders through:</i> Good corporate governance, value creation and affordable products and services
<b>ACCOUNTABILITY</b>	<i>To have:</i> Responsible and accountable leaders who address the expectations of our diverse stakeholders and embrace their responsibilities with efficiency
<b>COMMITMENT</b>	<i>To deliver:</i> 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 and 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 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

	2021	2020	2019
Revenue (R'000)	2 339 169	3 427 579	2 377 368
Total assets (R'000)	6 449 826	7 211 679	7 454 311
Headline earnings (R'000)	(84 946)	4 554	495 565
Headline earnings per share (cents)	(17.30)	0.94	100.89
Operational cash flow (R'000)	(197 860)	199 642	143 144
(Loss)/Profit before tax (R'000)	(180 849)	111 155	(2 388 102)
Total gross dividend to shareholders (R'000)	196 408	147 307	83 474
Permanent employees	2 089	2 059	2 201





## EVENTS AND TOURISM



<ul style="list-style-type: none"> <li>• AEEI Events and Tourism (Pty) Ltd</li> <li style="padding-left: 20px;">– espAfrika (Pty) Ltd</li> <li style="padding-left: 20px;">– Tripos Travel (Pty) Ltd</li> <li style="padding-left: 20px;">– Magic 828 (Pty) Ltd</li> </ul>	<p>100.00%</p> <p>100.00%</p> <p>56.00%</p> <p>40.00%</p>	<p>This division consists of events management, travel solutions, and advertising sponsorship income through its radio station.</p> <p>espAfrika (Pty) Ltd is a cutting-edge global competitive company in events management and travel solutions. Over the past decade, it has staged international music festivals throughout Africa. Under their leadership, the Cape Town International Jazz Festival is positioned as “Africa’s Grandest Gathering.”</p> <p>Tripos Travel (Pty) Ltd has been in existence since 1970 and has two distinct operating divisions: Travel Management Services and Inbound Tours and Events. While they are specialists in corporate travel, they provide a service to corporate and leisure markets.</p> <p>Magic 828 (Pty) Ltd is a medium wave (AM/MW) independent commercial music radio station, broadcasting throughout the Western Cape and streaming worldwide.</p>
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## HEALTH AND BEAUTY



<ul style="list-style-type: none"> <li>• AfriNat (Pty) Ltd</li> <li>• Orleans Cosmetics (Pty) Ltd</li> </ul>	<p>100.00%</p> <p>90.00%</p>	<p>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.</p> <p>AfriNat (Pty) Ltd supplies a range of natural biostimulants and agricultural pre-harvest products and a range of cleaning solutions under the brand ViBacSan® to the post-harvest industry and hygiene and sanitation sector. These products are human, animal and plant safe, internationally recognised and certified as such.</p> <p>Orleans Cosmetics (Pty) Ltd (Orleans Cosmetics) imports and distributes four cosmetic brands from Europe on an exclusive basis in South Africa and neighbouring territories through retailers and beauty salons. Approximately 30 months ago, they introduced fragrances to their range.</p> <p>Orleans Cosmetics is the exclusive Southern Africa distributor of the following imported cosmetic brands, each one with a long international history:</p> <ul style="list-style-type: none"> <li>• Gatineau</li> <li>• NUXE</li> <li>• RVB Skinlab/Diago Dalla Palma Professional</li> <li>• Sothys</li> <li>• Berdoues</li> </ul>
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## BIOTHERAPEUTICS



<ul style="list-style-type: none"> <li>• African Biotechnology and Medical Innovation Investments (Pty) Ltd</li> <li style="padding-left: 20px;">– Bioclones (Pty) Ltd</li> <li style="padding-left: 40px;">– Integrated Bioworks (Pty) Ltd</li> <li style="padding-left: 20px;">– Ribotech (Pty) Ltd</li> </ul>	<p>100.00%</p> <p>73.69%</p> <p>100.00%</p> <p>60.02%</p>	<p>Genius Biotherapeutics (Genius) focuses mainly on healthcare applications and, more specifically, on biopharmaceutical products (those derived from living genetically modified cells and are of a protein or carbohydrate nature).</p>
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## STRATEGIC INVESTMENTS



<ul style="list-style-type: none"> <li>• British Telecommunications Services South Africa (Pty) Ltd</li> <li>• Sygnia Ltd</li> </ul>	<p>30.00%</p> <p>1.735%</p>	<p>The Group holds minority stakes in British Telecommunications Services South Africa (Pty) Ltd and Sygnia Ltd.</p>
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Detailed information on each division including the profiles, operational performance, products and brands, business model, stakeholders, risk and governance is available in our online investment portfolio report.

## OUR VALUE-CREATING BUSINESS MODEL

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

OUR VISION, VALUES, PRINCIPLES AND GOVERNANCE STRUCTURES

### PRIMARY INPUTS



#### FINANCIAL CAPITAL

Revenue generated of R2.3bn (2020: R3.4bn)  
Other Income of R85m  
Cash utilised on operations of R198m (2020: R200m)



#### MANUFACTURED CAPITAL

Leased premises  
Furniture, fittings & software



#### HUMAN CAPITAL

R793m (2021: 2 089) employees cost  
(2020: R747m - 2 059 employees)  
Investment of R7.8m (2020:R12.5m) in spent on training, development and learnerships



#### INTELLECTUAL CAPITAL

Product development systems and process  
AEEI reputation



#### SOCIAL AND RELATIONSHIP CAPITAL

Engagement with stakeholders - refer to pages 25 to 31



#### NATURAL CAPITAL

Use of environmental resources:  
Total direct energy consumption (GJ) 9 581  
(2020:9 581)  
Total volume of electricity consumed (MWh)  
39 875 (2020:4 378)  
Total volume of water consumed (kl) 97 346  
(2020 49 841) per hours worked  
Total carbon emissions (Tonnes TCO<sub>2</sub>e) -  
Scope 1 - 17 792 (2020:2 010)

### STRATEGIC ACTIVITIES

Refer to page 20 for more details



#### INVEST

Acquire controlling stakes in subsidiaries that we can grow organically and through synergistic acquisitions

Acquire minority stakes in strategic investments with the potential to provide significant dividends and equity growth

A B-BBEE partner



#### GROW

Grow the portfolio of investments through harnessing synergistic benefits within the group and effective performance management by capitalising on AEEI's partnerships, empowerment credentials and brand



#### PARTNER

Enter into partnerships and collaborations with strategic partners to grow investee companies in which we own controlling stakes.

**OUR VISION, VALUES, PRINCIPLES AND GOVERNANCE STRUCTURES**

**OUTPUTS**  
Refer to page 16 & 17 for more details

DIVERSIFIED INVESTMENTS  
IN SUBSIDIARIES

STRATEGIC INVESTMENTS

FISHING AND BRANDS

BRITISH TELECOMMUNICATIONS SERVICES SOUTH AFRICA

TECHNOLOGY

SYGNIA

EVENTS AND TOURISM

HEALTH AND BEAUTY

BIOOTHERAPEUTICS

**PRIMARY OUTCOMES**  
Refer to page 21 for more details



**INVESTEE COMPANIES**

- Sustainable investee companies that contribute to our economy and create value for our stakeholders with investment value of R646m (2020: R631m)
- Strong mutually beneficial relationships with our investee companies



**FINANCIAL**

- Strong balance sheet with NAV of R5 414m (2020: R6 169m)
- High net asset value (NAV)
- Increased liquidity which allows us to reward our stakeholders through dividend payments and employment opportunities, among others
- Dividends of R196m paid (2020: R147m)

## OUR GROUP STRATEGY

### OUR CAPITALS ENABLE US TO ADD VALUE THAT CREATES VALUE FOR OUR STAKEHOLDERS

Our business activities are geared to ensure long-term sustainable value for our stakeholders in the short-, medium- and long-term. We use our capitals responsibly by evaluating the prospective returns of each capital deployed.

#### RESOURCES WE RELY ON

KEY INPUTS	ACTIVITIES	KEY INDICATORS	OUTCOMES	STAKEHOLDERS IMPACTED
<p><b>FINANCIAL CAPITAL</b></p> <p>Access to cost-effective capital such as equity, reinvestment, associates and strategic investments</p>	<ul style="list-style-type: none"> <li>Funding growth projects through the responsible use of capital</li> <li>Cash generated through our investment portfolio</li> <li>Responsible use of assets</li> <li>Investing in strategic investments</li> <li>Diversified investment portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Net asset value (NAV) down by 12.25%</li> <li>Headline earnings per share down by (1 957.29%)</li> <li>A strong balance sheet with high liquidity</li> <li>Creating and sustaining shareholder value</li> <li>Impairments</li> </ul>	<ul style="list-style-type: none"> <li>Dividends declared</li> <li>R251m paid in taxes</li> <li>R242m Reinvested</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Employees</li> </ul>
<p><b>MANUFACTURED CAPITAL</b></p> <p>Our operational business structures, property, plant and equipment</p>	<ul style="list-style-type: none"> <li>Providing quality products and services</li> <li>Capital investment in our businesses</li> <li>Having leading facilities</li> <li>Continuously innovate to deliver sustainable solutions</li> <li>Operate assets safely and reliably</li> </ul>	<ul style="list-style-type: none"> <li>Market leaders in information technology</li> <li>Investment in our business units</li> <li>Leader in sustainable products and solutions</li> </ul>	<ul style="list-style-type: none"> <li>Maintained good quality products and excellent services to our clients despite the impact of COVID-19 on our operations</li> <li>Investment in our businesses through equity and shareholder loans</li> <li>Investment of R65m in capital expenditure</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Clients</li> <li>Society</li> </ul>
<p><b>HUMAN CAPITAL</b></p> <p>We sustain the well-being, skills, knowledge, motivate the productivity of our leadership teams, employees, consultants, service providers and contractors</p>	<ul style="list-style-type: none"> <li>A diversified employee base</li> <li>A strong Board</li> <li>An experienced and diverse management team</li> <li>Providing equal opportunities by addressing skills shortage</li> <li>Race and gender diversity</li> <li>Investing in our employees</li> <li>Training and skills development</li> <li>Development of personal growth plans</li> <li>Promote performance management</li> </ul>	<ul style="list-style-type: none"> <li>R793m paid in salaries, wages and benefits</li> <li>5% salary increment across the Group</li> <li>2 089 total employees (2020: 2 059)</li> <li>609 temporary employees and contractors (2020: 61)</li> <li>R7.9m spent on training and development (2020: R12.5m)</li> </ul>	<ul style="list-style-type: none"> <li>Transformed employee base                             <ul style="list-style-type: none"> <li>- 61.10% black male</li> <li>- 34.90% female representation</li> </ul> </li> <li>Staff compliment increased by 1.46%</li> <li>33 employees retrenched</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> </ul>

KEY INPUTS	ACTIVITIES	KEY INDICATORS	OUTCOMES	STAKEHOLDERS IMPACTED
<p><b>INTELLECTUAL CAPITAL</b></p> <p>Our brand, patents, trademarks, copyrights, software development and licences, being an empowerment partner of choice and collaborative research and development investments</p>	<ul style="list-style-type: none"> <li>Brand identification</li> <li>Unique customer solutions</li> <li>Knowledge-based assets</li> <li>Patents, trademarks and copyrights</li> <li>Software licences</li> <li>Innovative thinking and ability to adapt to change</li> </ul>	<ul style="list-style-type: none"> <li>Market leader in various segments across the Group</li> <li>Renewable energy solutions</li> </ul>	<ul style="list-style-type: none"> <li>Market leaders in IT infrastructure</li> <li>Retention of scarce skills</li> <li>Increase in brand value</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Clients</li> </ul>
<p><b>SOCIAL AND RELATIONSHIP CAPITAL</b></p> <p>Our trusted relationships with our stakeholders are key to our reputation and to deliver on our goals</p>	<ul style="list-style-type: none"> <li>Effective stakeholder engagement</li> <li>Investors and funders</li> <li>Communities</li> <li>Employees</li> <li>Leaders in transformation</li> </ul>	<ul style="list-style-type: none"> <li>Relationship with our key stakeholders</li> <li>Sustainable development goals (SDGs)</li> </ul>	<ul style="list-style-type: none"> <li>R30.7m socio-economic development</li> <li>R251m paid in taxes</li> <li>Level-5 B-BBEE</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Shareholders</li> <li>Regulators</li> <li>Clients</li> <li>Society</li> </ul>
<p><b>NATURAL CAPITAL</b></p> <p>The responsible use of natural resources, effective management systems and goals address carbon emissions, climate change, water and electricity usage</p>	<ul style="list-style-type: none"> <li>Responsible use of natural resources</li> <li>Effective environmental management systems</li> <li>Responsible use of electricity and water</li> <li>Reduction of carbon emissions</li> </ul>	<ul style="list-style-type: none"> <li>Capital expenditure on renewable energy</li> <li>Environmentally friendly offices</li> <li>Use of environmentally friendly products</li> </ul>	<ul style="list-style-type: none"> <li>Capital used for financing of renewable energy</li> <li>Production of natural sanitisers and cleaning products developed by a wholly-owned subsidiary</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Clients</li> <li>Society</li> </ul>



VALUE CREATION



VALUE PRESERVATION



VALUE EROSION

# OUR OPERATING CONTEXT AND STRATEGIC RESPONSE



## NON-EXECUTIVE CHAIRPERSON'S REPORT

As the non-executive chairperson of the Board of AEEI, I am delighted to present my 2021 financial year-end report. Amidst the current COVID-19 pandemic's impact on the global economy and uncertainty, AEEI adjusted its business strategy and business model to meet the challenges. AEEI has coped well in adapting to the "new normal" to quickly meet the changes faced by the businesses and the wider Group.

*"Difficulties mastered are opportunities won." - Winston Churchill*

AEEI displayed exceptional resilience in the face of the many challenges, due mainly to the COVID-19 pandemic that disrupted all aspects of our lives and fundamentally forced people and businesses to adapt to a new way of being. Almost everyone and every business has been affected by the COVID-19 pandemic by way of people's livelihoods and sustainability of businesses due mainly to the enforced "lockdown" situation globally.

Despite the current adverse conditions, it is inspiring to see the unwavering strength of people and businesses to survive.

In South Africa, the basis of the economic recovery plan was linked to the country's vaccine roll-out initiative. This was disrupted by the civil unrest in the Gauteng and KwaZulu Natal provinces during July. It has also highlighted our responsibility to play an even more active role in fully addressing social inequality and injustices within our Group and our communities.

Unfortunately, no one can offer a fool-proof guarantee of when the pandemic will end. Now, as we enter a period of complexity, uncertainty, and new opportunities – the "Never Normal" – I am hopeful that we can now positively look forward to a phase of recovery while the future remains unstable and unpredictable.

AEEI is focused on and remains determined to realise its transformation goal of inspiring inclusive growth for all our people. AEEI continues to transform and redefine an ecosystem across the Group for further advancing dignity, healing, freedom, and equality for all.

I am optimistically confident that the Group will make steady progress based on the recovery plan already in execution, and we reap the benefits for all our employees, shareholders and stakeholders in the year ahead.

## NEVER NORMAL

The culture at AEEI is an all-inclusive one, and more than ever this year, we relied on our employees' efforts, dedication, commitment, and teamwork to reach our goals.

I am proud and grateful to acknowledge that our employees stepped up and embraced new technology (virtual meetings), which have brought about greater efficiency and has allowed for more accessible communication with each other.

While businesses will never be the same again, as a Board, we are fully committed to remaining flexible and committed to meeting our objectives. This includes creating value for our shareholders while safeguarding and ensuring the business sustainability of AEEI for the livelihoods of our employees and our stakeholders.

## COVID-19 AND OUR EMPLOYEES

At the start of the pandemic, we acted swiftly and put measures in place to secure the well-being of our employees and their families. We introduced and implemented the requirements of Section 8(1) of the Occupational Health and Safety Act by providing Personal Protection Equipment, hand sanitisers, masks, sanitised offices for our workforce and initiated social distancing measures. There has also been a rotation of teams working in the office, with all employees having the option to work from home during lockdown levels 1-3.

Some of our subsidiaries were deemed "Essential Services" and have navigated their way around the pandemic as best as possible.



While we made every effort to protect our employees and their families, sadly a few of our employees succumbed to the virus. Unfortunately, this has had an enormous impact on those left behind, and we continue to express our sincere and deepest condolences to their families and friends. Refer to pages 7 to 9 for the detailed report.

## RESTRUCTURING FOR BUSINESS SUSTAINABILITY

The effect of the pandemic, together with operating in a volatile global economic climate and a challenging socio-political arena, impacted some of our business units. Although we applied a host of scenario planning options to our business model, several of which were implemented. This unfortunately led to restructuring some business units, with some employees taking a salary reduction, others were deployed elsewhere within the Group and retrenchment was considered a last resort.

## KEY BOARD FOCUS AREAS FOR THE 2021 FINANCIAL YEAR

AEEI's resilience during uncertain times is testimony to its value system and work ethic since its listing on the JSE in 1999. Reflecting on our key focus areas, I wish to highlight the following:

- Premier Fishing and Brands Ltd obtained a Level 1 B-BBEE rating for two of its subsidiaries, being both Premier Fishing (Pty) Ltd and Marine Growers (Pty) Ltd.
- Remote work, online education and social distancing created a demand for products and services delivered by the technology companies in our Group.
- AfriNat's VibacSan range of products was accredited with the SABS international standards and the new SANAS 1853:2020 standards.

## GOVERNANCE AND TRANSFORMATION AT AEEI

Throughout the year, we maintained the highest levels of corporate governance. The Groups adherence to market conduct principles was also closely monitored. More details on our corporate governance is available on <https://aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports/>.

The Board is particularly proud of the work that has gone into transforming and diversifying our leadership teams. As a result, AEEI has one of the most transformed Board of directors in the investment sector, and this will stand us in good stead as we drive the business to stability and increased growth.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Sustainability, social responsibility, and ethics are at the forefront of our business. AEEI and its listed entities have a long-standing commitment to carry out its business responsibly, striving to influence positively and affect meaningful change, recognising that its actions today enable the reality of tomorrow. The group's policies and practices are updated regularly to remain compliant with the relevant laws, rules, regulations, codes, and standards, including but not limited to the JSE Listings Requirements and the King IV™ principles.

## APPRECIATION

In closing, I would like to express my gratitude to my fellow Board members for their guidance, input, and valuable contributions. Thank you also to our shareholders and stakeholders for your continued support. It would be remiss of me not to honour our valuable employees – we are very grateful and appreciative of your support and dedication under challenging conditions. On behalf of the Board, I thank you for your valuable contributions.

## CONCLUSION

When the pandemic recedes, executives cannot expect office life to be as it was. But they can create a “new work world” that will keep employees happy and productive. So I look forward to chairing AEEI's next phase of its growth and prosperity.

*“The strength of the team is each individual member.*

*The strength of each member is the team.” – Phil Jackson*



**AZIZA AMOD**

Non-executive chairperson

## OPERATIONAL CONTEXT - MATTERS IMPACTING OUR VALUE

<b>The COVID-19 pandemic</b>	The pandemic had a significant impact on our business model and the Group. Various sectors of the economy have had to close for extended periods while others have closed permanently, supply chains have been interrupted and working patterns disrupted. As a result, the pandemic 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 relook at our future outlook and prospects.
<b>Challenging outlook</b>	The pandemic continues to highlight the country's depressed economy, with the unemployment rate being at the highest level, the profound negative impact on businesses, consumers and investors. We therefore need to encourage investment in our country and the socio-economic challenges need to be addressed to contribute to a stable operating environment. In addition, the poor credit global ratings has an impact on the cost of raising capital.
<b>Investors and stakeholders</b>	Investors and stakeholders have showed an increased interest in environmental, social and governance issues over the past few years. We need to continue developing our relationships with our key stakeholders to build social capital.
<b>Financial liquidity</b>	The pandemic has highlighted the importance of adequate working capital management in an environment where revenues fell sharply without a quick corresponding reduction in operating expenses. We have reflected on these lessons and have right-sized our businesses to maintain adequate liquidity levels.






## OUR STAKEHOLDER NEEDS AND EXPECTATIONS

### BUILDING VALUE AND RELATIONSHIPS WITH OUR STAKEHOLDERS

Building and maintaining trust and respect with our various stakeholders positively impacts our reputation and is essential in addressing risks and opportunities. While we strive to respond timeously and appropriately to issues raised during our interactions, the COVID-19 pandemic has reinforced how we create a more equitable future as our stakeholders' needs have evolved with these developments and new trends.

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 our stakeholders. As such, our stakeholder management approach involves gaining a thorough understanding of key stakeholders and assessing the matters that are material to them, including risks and opportunities. Our approach manages stakeholders' expectations and how much material matters impact them and the Group.

### KEY STAKEHOLDERS THAT CONTRIBUTE TO OUR VALUE DRIVERS

 <p>SHAREHOLDERS, INVESTMENT COMMUNITY AND CAPITAL PROVIDERS</p>	 <p>EMPLOYEES</p>	 <p>REGULATORS</p>	 <p>COMMUNITIES AND NGOs</p>	 <p>BUSINESS PARTNERS</p>
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BELOW IS AN OVERVIEW OF STAKEHOLDER CONCERNS, HOW WE ADDRESSED THESE CONCERNS, HOW WE ENGAGED WITH THEM AND HOW WE DELIVERED VALUE TO THEM THROUGH VALUE CREATION, VALUE PRESERVATION AND VALUE EROSION:

	<b>SHAREHOLDERS, THE INVESTMENT COMMUNITY AND PROVIDERS OF CAPITAL</b> We have a broad shareholder base, with most of them taking a medium to long-term view of their investment in AEEI. They consist of shareholders, analysts and providers of capital. We have a total of 4 055 shareholders as of 31 August 2021		
<b>PRIMARY CONCERNS</b>	<b>THEIR NEEDS AND EXPECTATIONS</b>	<b>HOW WE ADDRESSED THESE CONCERNS AND EXPECTATIONS</b>	<b>HOW WE ENGAGED WITH THEM</b>
<ul style="list-style-type: none"> <li>Impact of COVID-19 on the business</li> <li>Post COVID-19 impact on the business</li> <li>Reputational damage</li> <li>Banking facilities</li> <li>The business and operational performance</li> <li>Acceptable return on investment capital</li> <li>Shareholder returns</li> <li>Use of capital management</li> <li>Growth of the businesses</li> <li>Group strategy, including risks and opportunities</li> <li>Environmental constraints</li> <li>Demands on governance</li> <li>Impairments</li> <li>Protection of Personal Information (POPI)</li> </ul>	<ul style="list-style-type: none"> <li>The impact of COVID-19 pandemic on sales and supply</li> <li>Managing costs</li> <li>Creating sustainable growth in our businesses</li> <li>Value-add and return on investments</li> <li>Growth in net asset value</li> <li>Payment of regular dividends</li> <li>Allocation of capital to businesses</li> <li>Experienced leadership team</li> <li>Transparent reporting and disclosure</li> <li>Ethical operations on a sustainable basis</li> <li>Responsible corporate governance and ethics</li> </ul>	<ul style="list-style-type: none"> <li>Switched our primary focus from increasing our returns and profitability to resilience and stabilising businesses in a volatile environment</li> <li>Adjusted the execution of our strategic activities to respond to the COVID-19 pandemic environment</li> <li>Made transparent disclosures throughout the COVID-19 pandemic by increasing our levels of engagement and reporting</li> <li>Delivered on our strategy to develop balance and sustainability in the businesses</li> <li>Regular engagement with shareholders, investors and capital providers to maintain awareness</li> <li>Addressed adverse media reports and we are committed to issues raised by the different interested parties</li> <li>Safeguarding Personal Information</li> <li>POPI compliance: We instituted an Implementation Plan for compliance which is tracked quarterly, and have a system in place to mitigate, identify and rectify any security breaches</li> </ul>	<ul style="list-style-type: none"> <li>We proactively communicated our strategy and activities to our shareholders, the investment community and providers of capital through:                             <ul style="list-style-type: none"> <li>Our Annual General Meeting</li> <li>Our interim results</li> <li>SENS announcements and trading updates</li> <li>Pre-results and post-results feedback</li> <li>Our integrated report and online suite of reports</li> <li>Sustainability information</li> <li>Media – print, radio broadcasts and social media</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><i>Ad hoc</i> online meetings (as requested)</li> <li>Our website – <a href="http://www.aeei.co.za">www.aeei.co.za</a></li> </ul> </li> </ul>

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

The Group's financial performance is reflected in the environment in which we had to operate:

- ⊖ Our revenue decreased by 3.4% from R3.4bn to R2.3bn.
- ⊖ Our headline earnings decreased from R4.5m to (R84.8m).
- ⊖ Headline earnings per share decreased from 0.94c to (17.27c).
- ⊖ Normalised headline earnings decreased from R175m to (R4m).
- ⊖ Total assets decreased marginally from R7.2bn to R6.4bn.
- ⊕ A final dividend of 10c per share was declared to shareholders, equating to a total annual dividend of 40c for the financial year. Thus, total dividends paid to shareholders for the 2021 financial year-end equated to R196m.
- ⊖ Net cash generated from operating activities decreased from R200m to (R198m).
- ⊖ NAV per share decreased slightly from 1 256.46c to 1 102.54c.
- ⊖ This negative outcome in our results is against the backdrop of a very challenging year where the actual effects of the pandemic started emerging. We believe that our operational plans mitigated a more pronounced erosion of value. This resilience will ensure sustainability, thus resulting in long-term value creation.
- ⊕ We ensured transparent, relevant and timeous reporting to provide investors with pertinent information to make informed decisions.
- ⊕ We executed our strategy to ensure the long-term sustainability of our investment portfolio by managing the risks and positioning ourselves for opportunities in our markets.
- ⊕ We used our capital responsibly, maintained sound corporate governance practices, provided transparent disclosures and reporting, as well as executive remuneration, and paid a dividend to our shareholders.

### KEY OBJECTIVES AND METRICS WE TRACK:

- The ongoing impact of COVID-19
- Dividends paid
- 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




VALUE CREATION



VALUE PRESERVATION



VALUE EROSION

		EMPLOYEES	
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>• Job security in terms of COVID-19</li> <li>• Employee health and safety</li> <li>• The evolving world of work</li> <li>• The economy</li> <li>• Competitive market-related remuneration and equal pay</li> <li>• Clear career paths and opportunities for career development, including skills training</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive market-related remuneration</li> <li>• Career development, growth and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• We tried to maintain job security across the Group despite the impact of COVID-19</li> <li>• Additional health and safety protocols and procedures have been put in place and PPE throughout the COVID-19 pandemic</li> <li>• Ensured acceptable working conditions for all employees</li> <li>• Fair treatment and market-related remuneration</li> <li>• Investment into skills development</li> </ul>	<ul style="list-style-type: none"> <li>• We instituted a 7-day Mental Health Survival online course made available to all employees, including dealing with stress, anxiety, daily routines, depression, isolation, coping mechanisms, lifestyle adaptation, fitness, incorporating physical well-being etc.</li> <li>• COVID-19 employee assistance screening service provided to all employees, including medical attention</li> <li>• Work performance reviews have been linked to personal development plans</li> </ul>

<ul style="list-style-type: none"> <li>• Secondary and tertiary education programmes</li> <li>• Transformation and diversity</li> <li>• Preferred procurement from B-BBEE-accredited companies</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 supported by flexible work practices, especially in light of COVID-19</li> <li>• Employment opportunities in the Group</li> <li>• Contributing to an inclusive society through employment equity and gender equality</li> <li>• Safeguarding Personal Information – cyber security and selling of information</li> </ul>	<ul style="list-style-type: none"> <li>• Maintained a good working relationship with trade unions</li> <li>• The Group remains 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>• Bursary programmes are in place to assist with secondary and tertiary education</li> <li>• Created employment for interns and contractors</li> <li>• POPI compliance – policies and procedures have been put in place to safeguard and information</li> <li>• POPI 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>• 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>- newsletters, electronic communication and notice boards; and</li> <li>- CEO's communiqué and direct communication between managers, teams and individuals</li> </ul> </li> <li>• Regular internal meetings with trade union representatives</li> <li>• Induction programmes</li> <li>• Performance evaluation, including job grading and job specification requirements</li> <li>• Training and development</li> <li>• Anonymous whistle-blowing hotline</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> <li>• Training on the Protection of Personal Information</li> </ul>
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**HOW WE DELIVERED VALUE TO THEM - VALUE CREATION, VALUE PRESERVATION AND VALUE EROSION**

We assessed the quality of the relationship with our employees through the value we created, including performance against specific key performance indicators.

- Candidates for new vacancy positions are sourced from within the Group before being advertised externally. Preference is provided for transformation and gender and race diversity in terms of the Transformation Plan.
- ⊕ Continued progress is being made in delivering on our Transformation Plan and strategy, inclusive of 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 concluded a 5% salary increase across the Group.
- ⊕ We continued with online training throughout the lockdown period, and 1 176 employees received training.
- ⊕ We enabled more than 90% of 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 towards 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 part of the collective bargaining council agreements.
- Share ownership schemes are in place in some subsidiaries and associate companies.
- ⊖ Regrettably, 33 employees were retrenched, and some redeployed due to changes in operational requirements and the restructuring of some business units.

**KEY OBJECTIVES AND METRICS WE TRACK:**

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

⊕ VALUE CREATION
○ VALUE PRESERVATION
⊖ VALUE EROSION



## BUSINESS PARTNERS

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> Quality, ethical products, sustainability of our businesses, delivery and standards, cost competitiveness, brands, B-BBEE and transformation, innovative products and solutions</li> <li>• <i>Service providers:</i> Fair treatment and sustainability, and fair payment terms. Long-term sustainable support for small black-owned supplier companies</li> <li>• <i>Joint-venture partners:</i> Financial performance, transparency, growth and leadership</li> <li>• Protection of Personal Information (POPI) compliance</li> <li>• Reputational damage</li> <li>• Access to banking facilities and impact on clients</li> </ul>	<ul style="list-style-type: none"> <li>• The environmental constraints and the impact on the economy during COVID-19</li> <li>• Delivery of quality products</li> <li>• The long-term security of supply</li> <li>• Pricing of products</li> <li>• Developing innovative business solutions</li> <li>• Technical expertise</li> <li>• Distribution of innovative sustainable products</li> <li>• Adherence to regulatory requirements</li> <li>• Good corporate governance and ethics</li> <li>• Association with a Group that has a good reputation</li> <li>• Adherence with the Protection of Personal Information Act</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Clients:</i> We supplied additional product ranges and innovative solutions during the pandemic, including technical expertise.</li> <li>• We focused on manufacturing excellence, long-term security of supply and cost efficiencies</li> <li>• <i>Service providers:</i> Timeous and fair payment terms and sustainability. Engaged with suppliers on product relationships with small black-owned businesses to ensure their sustainability</li> <li>• <i>Joint-venture partners:</i> We remained committed to ethical business practices and respected the interests of all our partners</li> <li>• <i>Protection of Personal Information Act compliance:</i> 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> <li>• <i>Reputation damage:</i> We addressed the adverse reputation of the Group through meetings, media and SENS disclosures</li> <li>• <i>Access to banking facilities:</i> Despite the banking challenges, we ensured timeous payment to suppliers and service providers. Furthermore, we communicated with them and assured them that we had access to alternate banking facilities and payment solutions</li> </ul>	<ul style="list-style-type: none"> <li>• In a fast-changing competitive environment, we continue to foster relationships and understand our clients' needs and expectations.</li> <li>• We continuously worked towards understanding our customers, service providers and joint-venture partners</li> <li>• We took an ethical approach to do business and remain to 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 meet key clients' needs and <i>vice versa</i></li> <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, engagements and telephonic and electronic interaction</li> </ul> </li> </ul>



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

We continued to:

- ⊕ Provide professional services and technical expertise
- ⊕ Provide impactful and innovative business solutions
- ⊖ Provide quality products and services during the pandemic
- ⊖ Ensure timeous delivery and payment
- ⊕ Ensure continuity of long-term supply of products and services
- ⊖ Adhere to regulatory compliance and laws in the supply of ethical products
- ⊖ Strive for good corporate governance practices and ethical behaviour
- ⊖ Enhance our procurement from community-based service providers, thus creating employment
- ⊖ 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
- ⊖ We ensured the health and safety of our clients in line with our social-distancing practices and the use of digital platforms
- ⊖ We have a detailed POPI implementation and tracking plan in place

### KEY OBJECTIVES AND METRICS WE TRACK:

- Reputation
- POPI compliance
- Client satisfaction
- Managing and ensuring a reputable brand
- Addressing client concerns and complaints
- Providing impactful solutions that make a difference



VALUE CREATION



VALUE PRESERVATION



VALUE EROSION





	REGULATORS		
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>• Protection of Personal Information 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 on 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>• <i>Protection of Personal Information Act compliance:</i> 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>– maintain transparent communication;</li> <li>– pay attention to detail;</li> <li>– remain professional and reacted to matters raised promptly;</li> <li>– ensure resilient business and management practices and processes;</li> <li>– ensure compliance with all industry requirements and obtained clarity where necessary;</li> <li>– report on ethics, governance, the impacts on society and our environmental stewardship; and</li> <li>– participate in industry meetings and interacted with regulators and industry stakeholders to ensure sound regulatory frameworks.</li> </ul> </li> <li>• All policies and agreements have been updated under POPI compliance</li> </ul>

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

We ensured:

- ⊖ That payment to regulatory bodies was made timeously to ensure compliance;
- ⊖ That we contributed to government revenues through the payment of direct, indirect and employee taxes the amount of R251m;
- ⊕ We will continue to pay all taxes as required
- ⊕ We worked closely with regulators during the pandemic

**KEY OBJECTIVES AND METRICS WE TRACK:**

- Delivery of compliance with regulatory changes and meeting regulatory requirements
- Direct and indirect tax contributions
- B-BBEE contributor status




VALUE CREATION



VALUE PRESERVATION




VALUE EROSION

	COMMUNITIES AND NGOs		
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>We collaborated with them for the greater good regarding matters concerning society and the environment</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> <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> </ul>	<ul style="list-style-type: none"> <li>Socio-economic development</li> <li>Enterprise development</li> <li>Development of society through employment opportunities</li> <li>Financial access for learnership programmes</li> <li>Social welfare</li> <li>Environmental matters</li> <li>Partnering on common social and environmental issues</li> </ul>	<p>We addressed these through:</p> <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 matters</li> <li>Embracing transformation in line B-BBEE legislation</li> </ul>	<p>We continued:</p> <ul style="list-style-type: none"> <li>to support early childhood development as part of our socio-economic development;</li> <li>making a monthly payment of salaries to an NGO to employ Grade R teachers in one of our communities – this is the foundation for learning opportunities;</li> <li>to provide access to funding through defined learning programmes;</li> <li>to ensure that social welfare is aligned with national policies; 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 support for basic and tertiary education through our bursary, tertiary and learnership programmes
  - We invested in building an early childhood development facility for Grade R learners in 2018 and continued to assist them with their basic needs
  - We ensured that the facility could employ certificated early childhood development teachers by paying their monthly salaries
  - + Our investment in education and training and development programmes will continue and will enhance further growth prospects
  - + Our partnership with community-based entities resulted in creating new jobs and financial and in-kind support for new businesses
  - + Health, welfare and NGOs also received direct support
  - 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 government's National Development Plan
- ( – Principle 16)

**KEY OBJECTIVES AND METRICS WE TRACK:**

- Providing career opportunities
- Promoting socio-economic transformation by enabling economic inclusion, job creation and poverty alleviation
- Promoting education and learnership programmes

+ VALUE CREATION    
 ○ VALUE PRESERVATION    
 - VALUE EROSION

## MATERIALITY, RISKS AND OPPORTUNITIES

### OUR MATERIAL MATTERS

Our material matters are challenges and opportunities that could substantively affect the Group's ability to create sustainable value over the short, medium and long-term for our stakeholders. We identified our material matters in terms of relevance from the risk assessment process. This process includes uncertain events that could potentially negatively affect the Group, i.e. opportunities not materialising. It also takes into account the legitimate and reasonable needs, interests and expectations of all material stakeholders in the execution of the Board's governance role and responsibilities and in the best interests of the Group.

We focused our reporting on our sustainable business development directly affecting the Group's ability to create value as well as the Group's impacts and responses to the expectations of its stakeholders.

In defining our material themes, we focused on the following internal and external factors:

INTERNAL FACTORS	EXTERNAL FACTORS
<ul style="list-style-type: none"> <li>• Strategic focus areas</li> <li>• Business model</li> <li>• Managing liquidity and sustainability during the COVID-19 pandemic</li> <li>• Responsible use of capital generated to ensure a healthy financial position</li> <li>• Governance and ethics</li> <li>• Responsible corporate citizen</li> <li>• Issues raised through stakeholder engagements</li> <li>• Group policies, values, Code of Conduct and Code of Ethics</li> <li>• Risk management process</li> <li>• Provide and maintain quality infrastructures</li> </ul>	<ul style="list-style-type: none"> <li>• COVID-19 and the impact on the economy</li> <li>• Regulatory compliance</li> <li>• Protection of personal information and cybersecurity</li> <li>• Competitors</li> <li>• Reporting frameworks</li> <li>• Local and global, environmental, and socio-economic developments</li> <li>• Responsible investments practices</li> <li>• Reputation</li> </ul>

### HOW WE DETERMINED OUR MATERIAL MATTERS

Through a formal process, the Board committees and executive management identified material matters in terms of relevance that could impact the value we create over time, including our ability to deliver on our purpose.



Refer to pages 33 to 38 for further information on our material matters.


Our material matters are assessed continually to ensure that our strategy remains relevant in an evolving operating environment. We have used our top risks and opportunities arising from our operating context and stakeholder relationships as key in determining material matters on which to report.

## MATERIAL RISKS AND OPPORTUNITIES

The Board delegated the management of risk to the audit and risk committee. One of the key components of the committee was to review the top 10 material matters to respond to new and emerging risks and ensure alignment with regulatory changes and best practices that the Company may face. This required quick decision-making and effective risk management to mitigate exposure and to harness opportunities. In addition, the committee considered stakeholder needs, corporate governance principles, risk trends, global trends and external dynamics.

Our material matters, key risks and opportunities represent the issues that have the most impact on our ability to create sustainable value for our stakeholders.

We identified the following material matters:

 MATERIAL MATTER - FINANCIAL					
MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER	REPORT SECTION
<ul style="list-style-type: none"> <li>Impact of COVID-19 on the business:                             <ul style="list-style-type: none"> <li>liquidity and capital</li> <li>risks and emerging risks</li> <li>cost containment</li> </ul> </li> <li>Business model</li> <li>Responsible use of capital generated to ensure a healthy financial position</li> <li>Reputational damage</li> <li>Access to banking facilities</li> <li>Asset efficiency</li> <li>Growth of businesses through associates and investments</li> <li>Strategic focus areas</li> <li>Shareholder returns</li> </ul>	<ul style="list-style-type: none"> <li>Growth and income sustainably</li> <li>Increase operating profit, cash flow and assets</li> <li>Create medium to long-term shareholder value</li> <li>Improve cost containment</li> </ul>	<ul style="list-style-type: none"> <li>The impact of the COVID-19 pandemic affecting the sustainability of the business</li> <li>AEEI requires long-term shareholders that understand our businesses and support our strategy</li> <li>Reputational damage erodes investor trust, client base and hinders acquisitions and sales</li> <li>Lack of access to banking facilities - affects the ability to trade efficiently, thus negatively affecting financial performance and, ultimately stakeholder value</li> </ul>	<ul style="list-style-type: none"> <li>Board</li> <li>Executive committee</li> <li>Audit and risk committee</li> <li>Investment committee</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Providers of capital</li> <li>Investment community</li> <li>Employees</li> <li>Business partners</li> </ul>	<ul style="list-style-type: none"> <li>Chairperson's report</li> <li>CEO's Report</li> <li>CFO's report</li> <li>Responding to the impact of COVID-19</li> </ul>
<p><b>COMBINED ASSURANCE:</b> Operational reviews, risk management, audit and risk committee, investment committee and internal and external assurance of financial information</p>					



**MATERIAL MATTER - HUMAN CAPITAL**

MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER	REPORT SECTION
<p>COVID-19</p> <ul style="list-style-type: none"> <li>- employee health and safety</li> <li>employee job security</li> <li>Employee recruitment and retention of critical skills</li> <li>Remuneration and employee recognition</li> <li>Employee job satisfaction and diversity</li> <li>Training and development of employees</li> <li>Diversity and cultural transformation</li> <li>Labour productivity and efficiency</li> <li>Labour costs</li> <li>Management retention and succession</li> <li>Protection of Personal Information</li> <li>Group policies, values, Code of Conduct and Code of Ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Create employment and opportunities for employee growth</li> <li>• Develop the human capital strategy, key relationships and monitor progress against KPIs and targets</li> <li>• Create a company that leads in both profits and sustainable business practices</li> </ul>	<ul style="list-style-type: none"> <li>• The health and safety of our employees remain a key concern during the pandemic</li> <li>• Human capital is a key input in the Group's cost efficiency and competitiveness</li> <li>• Diverse human capital</li> <li>• Succession plans for senior executives and management</li> <li>• Retention of key skills</li> <li>• Cyber risk and personal competitiveness</li> <li>• Diverse human capital</li> <li>• Succession plans for senior executives and management</li> <li>• Retention of key skills</li> <li>• Cyber risk and personal information being leaked and sold</li> </ul>	<ul style="list-style-type: none"> <li>• Board</li> <li>• Remuneration committee</li> <li>• Executive committee</li> <li>• Social, ethics and transformation committee</li> </ul>	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Shareholders</li> <li>• The investment community</li> <li>• Providers of capital</li> <li>• Clients (existing and potential)</li> <li>• Employees</li> <li>• Regulators</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration committee report</li> <li>• Human capital report</li> <li>• Social, ethics and transformation committee report</li> <li>• Responding to the impact of COVID-19</li> <li>• Corporate governance report</li> </ul>

**COMBINED ASSURANCE:** Regular management review, policies and procedures, remuneration committee, and social, ethics and transformation committee functions





**MATERIAL MATTER – BUSINESS OPERATIONS**

MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER	REPORT SECTION
<ul style="list-style-type: none"> <li>COVID-19                             <ul style="list-style-type: none"> <li>maintain a liquidity position</li> <li>managing business continuity plans</li> <li>managing risks</li> </ul> </li> <li>Capital investment in our businesses</li> <li>Stimulate economic growth by investing in small business development</li> <li>Risk and capital requirements</li> <li>Risk management</li> <li>Innovative, quality products and services</li> <li>Provide and maintain high-quality infrastructures</li> <li>Reputation and brand management</li> <li>Protection of Personal Information</li> </ul>	<ul style="list-style-type: none"> <li>Monitor and execute strategies</li> <li>Monitor and maintain liquidity of the Group</li> <li>Balance in the business</li> <li>Focus on costs</li> <li>Stimulate growth with SMMEs</li> <li>Grow and secure product range and market share</li> <li>Launch new innovative products and services</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 – ongoing pandemic could affect business resilience</li> <li>Exchange rate volatility may have an impact on business performance</li> <li>The uncontrollable costs of diesel and electricity have a direct negative impact on our profitability</li> <li>Labour strikes and salary demands affect operations</li> <li>Interruptions to operations due to natural disasters although rare, have the potential for a significant impact on our businesses</li> <li>A robust Information Technology and Cybersecurity environment is imperative, especially in this era of remote working and more digital interactions</li> <li>Managing the Group's reputation and brand gives the Group legitimacy to operate and opens up more value-creating opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Board</li> <li>Executive committee</li> <li>Investment committee</li> <li>Audit and risk committee</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>The investment community</li> <li>Providers of capital</li> <li>Employees</li> <li>Clients</li> <li>Regulators</li> </ul>	<ul style="list-style-type: none"> <li>CEO's report</li> <li>CFO's report</li> <li>Investment portfolio report</li> <li>Responding to the impact of COVID-19</li> <li>Corporate governance report</li> </ul>

**COMBINED ASSURANCE:** Operational reviews, investment committee, and audit and risk committee functions



**MATERIAL MATTER - MACROECONOMIC**

MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER	REPORT SECTION
<ul style="list-style-type: none"> <li>Shareholder satisfaction</li> <li>Return on investment</li> <li>Socio-economic stability in key markets</li> <li>Alternative technologies</li> <li>Competitors</li> </ul>	<ul style="list-style-type: none"> <li>A diverse portfolio of investments</li> <li>Organic growth of portfolio</li> <li>Growth by acquisition</li> <li>Increase business into other sectors</li> <li>Further expansion into Africa</li> </ul>	<ul style="list-style-type: none"> <li>The Group's strategy is to minimise risk through its diverse portfolio</li> <li>Changes in the economic landscape requires diversification and innovation</li> <li>Not achieving investment targets erodes value over time</li> <li>Failure to innovate in areas critical to our clients will lead to loss of competitive edge and ultimately affects our ability to create value</li> </ul>	<ul style="list-style-type: none"> <li>Board</li> <li>Executive committee</li> <li>Investment committee</li> <li>Audit and risk committee</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>The investment community</li> <li>Providers of capital</li> <li>Employees</li> <li>Clients</li> <li>Regulators</li> <li>Communities</li> </ul>	<ul style="list-style-type: none"> <li>CEO's report</li> <li>Investment portfolio report</li> </ul>

**COMBINED ASSURANCE:** Operational reviews, investment committee and audit and risk committee functions





MATERIAL MATTER - THE ENVIRONMENT

MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER	REPORT SECTION
<ul style="list-style-type: none"> <li>Energy consumption</li> <li>Water usage</li> <li>Carbon footprint</li> <li>Environmental impact</li> <li>Environmentally friendly products</li> <li>Reporting frameworks</li> </ul>	<ul style="list-style-type: none"> <li>Create a Company that leads business practices</li> <li>Reduce the negative impact on the environment</li> <li>Green energy alternatives</li> <li>Produce environmentally friendly products</li> </ul>	<ul style="list-style-type: none"> <li>We aim to ensure that we actively manage our impact on the environment through an effective environmental management system for waste, water and electricity</li> </ul>	<ul style="list-style-type: none"> <li>Board</li> <li>Executive committee</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>The investment community</li> <li>Providers of capital</li> <li>Employees</li> <li>Clients (existing and potential)</li> <li>Regulators</li> </ul>	<ul style="list-style-type: none"> <li>Environmental sustainability</li> <li>Investment portfolio report</li> <li>Social, ethics and transformation report</li> </ul>

**COMBINED ASSURANCE:** Management review, audit and risk committee function, social, ethics and transformation committee, internal audit, policies and procedures





**MATERIAL MATTER - SOCIAL AND RELATIONSHIP CAPITAL**

MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER	REPORT SECTION
<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Ethical and transparent leadership</li> <li>• Governance and ethics</li> <li>• Social community and economic development</li> <li>• Transformation</li> <li>• B-BBEE</li> <li>• Collaborative stakeholder engagement</li> <li>• Corporate social investment</li> <li>• Support independent SMMEs</li> <li>• Local and global, environmental and socio-economic development</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations governing our diverse business portfolio as all business units depend on this</li> <li>• Adhering to ethical standards and avoiding corruption</li> <li>• Adhering to good corporate governance in the Group</li> <li>• Maintaining an acceptable B-BBEE accreditation</li> <li>• Meeting transformation targets</li> <li>• Creating value through social investment</li> <li>• Promoting social and economic development by assisting SMMEs</li> <li>• Effective risk management and compliance</li> </ul>	<ul style="list-style-type: none"> <li>• AEEI's business depends on close relationships with key stakeholders</li> <li>• Government is an important industry stakeholder for most of our businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Board</li> <li>• Executive management</li> <li>• Social, ethics and transformation committee</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders</li> <li>• The investment community</li> <li>• Providers of capital</li> <li>• Employees</li> <li>• Clients</li> <li>• Regulators</li> <li>• Communities</li> </ul>	<ul style="list-style-type: none"> <li>• CEO's report</li> <li>• Corporate governance report</li> <li>• Risk management report</li> <li>• Social, ethics and transformation committee report</li> <li>• Sustainability report</li> </ul>

**COMBINED ASSURANCE:** Management review, policies and procedures, social, ethics and transformation committee function



## RISKS RELATED TO OUR ACTIVITIES

Our risk management approach continues to evolve as we continue to define risks that may impact our ability to deliver sustained value creation 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.

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.

The Board delegated the management of risks to the audit and risk committee and is committed to effective risk management to pursue the Group's strategic objectives to grow shareholder value sustainably. In our material matters, our key risks and opportunities represent the issues that have the most impact on our ability to create sustainable value for our stakeholders. As new trends and developments shape the macro-economic environment, our themes have remained consistent but have been amended to reflect the impact of the COVID-19 pandemic.

A key responsibility of the audit and risk committee was to review the top material risks that the Group faces, respond to new and emerging risks, and ensure alignment with regulatory changes and best practices. In doing so, the committee took stakeholder needs into account, including corporate governance principles, risk trends, global trends and external dynamics. With our sound management of risk, we are able to anticipate and respond to operating changes and make decisions under conditions of uncertainty.

<b>Our top risks</b>	<ol style="list-style-type: none"> <li>1. COVID-19 global pandemic and lockdown</li> <li>2. Reputation</li> <li>3. Unstable economic, social and political environment</li> <li>4. Loss of major customers</li> <li>5. Reallocation of long-term fishing rights</li> <li>6. Reputational damage - relationship with banking institutions</li> <li>7. Limited access to funding</li> <li>8. Regulatory compliance</li> <li>9. Information Technology and cyber risk</li> <li>10. Environmental challenges</li> </ol>
<b>Emerging risks</b>	<ul style="list-style-type: none"> <li>• Business resilience – the uncontrollable elements such as pricing, exchange rate volatility and inflation could impact our earnings</li> <li>• The delivery of strategic projects and business opportunities</li> <li>• Cybersecurity and privacy in a more digital and remote working environment</li> <li>• Business security and crisis management – the pandemic resulted in some of our business unit's operations being halted, calling into question the sustainability of their business models</li> <li>• The effects of climate change on sustainability</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Improving margins that will optimise our business operations</li> <li>• Enhancing our existing assets</li> <li>• Optimising our plant and equipment</li> <li>• Optimising “The Way We Work” in a digital world</li> <li>• Acquiring good businesses at favourable prices as a result of the pandemic</li> </ul>

Refer to the online corporate governance report's governance of risk management section for further information on the above risks.

# OUR STRATEGIC RESPONSE



## CHIEF EXECUTIVE OFFICER'S REPORT

What an extraordinary year it has been. While there have at times been cause for celebration, this year has been marred by extreme challenges. These included repeated lockdowns and the country mired in uncertainty and disruption on a scale that has never been experienced before.

When I forecasted the performance of the Group in my 2020 report, I mentioned that the year ahead would be challenging, and with the effects of the pandemic becoming more apparent daily, that is precisely what has unfolded. It is evident in our financial performance, which is subdued in comparison to the previous year.

This restrained financial position is also reflected in South Africa's GDP decline of 7%, the worst since World War II. In addition, the country has also seen a surge in unemployment to circa 34,4%. While these factors are at play in the operating environment, our businesses' shrinking customer and client base also increased. As a result, this necessitated a shift in our operational plans while still supporting our overall Group strategy and the need to adapt and navigate the current environment. We concentrated on stabilising existing businesses, and shoring up their survival techniques, to be ready for the opportunities that will return once the pandemic reaches stabilisation.

Despite everything this past year has thrown at us – the anticipated and the unexpected – we are proud to have been able to continue safeguarding the wellbeing of our employees and their families. Their resilience has contributed to helping our business do more than keep its head above water but has allowed us to swim.

## GROUP PERFORMANCE APPRAISAL

As the full effects of the pandemic matured, our Group's revenue declined by 32% to R2.3bn. The expected revenue decline resulted from significant contracts that ended during the financial year, which affected our technology division. Balancing this, our fishing division posted a stellar year with an increase in revenue of 27% to R570m. As a result of the decline in revenue, our EPS decreased from 1.93c to a loss of 26.48c. The Group continues to have a strong balance sheet, despite taking impairments on some investments. Efficient working capital management, streamlining operations and delaying, and delaying capital investments until the economy stabilises have seen the Group maintain high liquidity levels.

## DIVISIONAL OVERVIEW

### FISHING AND BRANDS

Premier Fishing and Brands Ltd (Premier or the Premier Group) had a better year following its 2020 challenging environment, including lockdowns, riots in Hong Kong and scarce squid fish resources – which were down by 45% in that period .

As a result of eased lockdowns in the international markets, marginal improvements were realised in international fish prices. A significant improvement in squid stocks saw revenue for Premier Fishing increasing by 27% and profit after tax by 1%. Pressure on margins and once off expenditure contributed to the lower profit increase relative to the revenue increase. Although still lagging pre-covid levels, this excellent set of results is a major improvement and all the more remarkable considering the COVID-19 pandemic continues to influence global markets.

Sustainability in the fishing sector is of vital importance. Speaking directly to this, the abalone farm expansion is nearing completion after months of lockdown disruption. Based on the current spat growth, Premier expects the abalone farm to produce between 300 and 350 tons of abalone annually upon completion of the expansion (current: 260 tons ). The Fishing Rights Allocation Process (FRAP 2021) is underway. Premier's empowerment credentials and history of productivity in responsibly using their allocated fishing rights make them well-positioned to retain their current FRAP allocations. The fishing and brands division is sound, and we are confident that AEEI will continue to secure maximum value from this investment.

### TECHNOLOGY

In the face of an adverse trading environment, coupled with the loss and non-renewal of contracts, the gross revenue of AYO Technology Solutions Ltd (AYO) shrunk by 47% to R1.7bn. The ongoing and relentless, unfair treatment of AYO in the media also contributed negatively to this division's ability to swiftly deliver its strategy. Despite this, AYO acquired Kathea Communications in March 2021, which will see AEEI's technology division becoming the largest distributor of headset equipment in Africa, positioning AYO to capitalise on the remote working explosion. The pandemic has catapulted the world into the digital age, with millions of people doing business and conducting everyday life online.

Our technology division's subsidiaries are well placed to respond to this emerging trend of 'everything online' and 'everything remote,' which has accelerated the globe towards the Fourth Industrial Revolution (4IR). Our expanding footprint covers:

- Remote working - Sizwe Africa IT Group Ltd, Kalula (Pty) Ltd, Puleng (Pty) Ltd, Kathea Communications (Pty) Ltd;
- Remote banking - Payment gateways and financial services through its investment in the fintech fund, Bambelela Capital (Pty) Ltd;
- Remote Learning - Sizwe Africa IT Group Ltd and its eLearning solutions (a first of its kind in South Africa); and
- Remote access - Puleng (Pty) Ltd.

Although there are ample positive opportunities for this division's outlook, AYO has not escaped the aftermath of the pandemic. As cash-strapped clients delay purchases, AYO expects a subdued demand for its products and services in the short to medium term. At the same time, they are preserving cash for the sustainability of their businesses. However, AYO remains committed to achieving its vision of being the leading empowered digital and technology service provider for business partners across the African continent. AYO has a strong balance sheet, competent, highly skilled employees, and a committed leadership team to deliver its mission.

AYO also continues to commit to keeping the channels of participatory communication open with South Africa's Public Investment Corporation (PIC), who invested in AYO.

## EVENTS AND TOURISM

The events and tourism division has been badly impacted by the fallout from local and international COVID-19 restrictions. The ban on business and leisure travel and the prohibition of large gatherings hampered this division's ability to generate income. Consequently, espAfrika (Pty) Ltd (espAfrika), the producers of the world-renowned Cape Town International Jazz Festival (CTIJF) - "Africa's Grandest Gathering" - were unable to stage the event during the current financial year.

It is anticipated that with prevailing government regulations in place, 'Africa's Grandest Gathering' may only occur in 2022.

Due to these conditions, most of espAfrika's staff complement were retrenched in the current financial year to streamline costs.

The travel business, Tripos Travel (Pty) Ltd (Tripos), also felt the severe impact of successive national lockdowns and the imposed local and international travel restrictions. The business has been right-sized to cater to a reduction in activity, thereby curbing operating losses. The first two months of the new financial year, as lockdown eased and with South Africa taken off the "red list" of countries, have already shown an increase in travel enquiries and sales. Revenue is expected to increase during the upcoming 'holiday season,' provided that no further lockdowns occur.

The Group's radio station investment, Magic 828 (Pty) Ltd (Magic), embarked on a restructuring exercise, resulting in a significant reduction of losses and funding requirements. However, revenue did not improve as we had envisaged, due to many corporates holding back on their marketing spend. Nevertheless, we believe that the management team's renewed focus on direct national sales will yield positive results in the year ahead.

## HEALTH AND BEAUTY

The health and beauty division has also proved to be relatively durable, notwithstanding the reduction in consumer spending and consumer numbers curtailed due to the COVID-19 trading conditions. Revenue was 2.1% up from the previous year. However, a delay in price increases for its products and sales disruption due to the July riots resulted in Orleans Cosmetics (Pty) Ltd posting an operating loss for the year.

At the time of writing this report, the first quarter of trading in the 2022 financial year has been very encouraging. We are confident that the exclusive distribution agreements that were successfully renewed in December 2020 with Gatineau, RVB, Sothys and Nuxe will retain value and will be realised as the pandemic wanes, and the economy improves.

Despite achieving organic growth, our agriculture products subsidiary, AfriNat (Pty) Ltd (AfriNat), had a challenging year. Various factors influenced their performance, including adverse climate conditions, which pushed significant sales into the new financial year. Further, a tough export market and a stronger exchange rate put pressure on farmers' cashflows, which has had a direct negative impact on input costs for the season. There have also been price delays on AfriNat's products due to farmers only being willing to secure business at old prices. As a result, revenue was reduced by 3.6%, however, the Company made a marginal profit for the year.

Nonetheless, the outlook for the new financial year is promising. Trial work will continue to broaden our reach into the other major export fruit classes. AfriNat will also be pursuing untapped regions and markets, such as Gauteng and KwaZulu-Natal, and have already started negotiations with marketing agencies for these regions. Another market the Company is growing into is the food processing and preservation pack houses.

AfriNat is a business of the future, as it works with organic and sustainable products that is good for the environment. It is a fledgling business with immense growth potential.

## RESEARCH AND DEVELOPMENT

There was not much progress on the dendritic cell vaccine project, mainly due to the second and third waves of the COVID-19 pandemic, which prevented work from being done at Groote Schuur Hospital. Genius has registered and maintained generation 3 dendritic cell maturation intellectual property rights in nine regions, including the USA, South America, China, and Europe, effective until 2038. These rights increase the value proposition and moves Genius closer to its goal of developing a cancer vaccine.

Genius is assessing and evaluating many technologies that may assist in detecting and managing COVID-19, from diagnostics tests to antibody solutions going forward. These include rapid tests developed locally and monoclonal antibodies that can be used as prophylaxis and treatments. However, these projects are still being evaluated from a feasibility perspective.

## STRATEGIC INVESTMENTS

We disposed of our investment in SAAB Grintek Defence (Pty) Ltd in November 2020 for R150m because SAAB exercised a call option on our shares. This was a profitable investment, and the funds received further bolstered our cash reserves. As indicated in various SENS announcements, and despite media reports to the contrary, we continue to hold shares in British Telecommunications Services South Africa (Pty) Ltd (BTSA), as well as Sygnia Ltd. Both add to the diversity of our investment portfolio and yield good returns through regular annual dividend flows.

## 2022 – DIGGING DEEP...AGAIN

If I had a crystal ball, this report would have painted a rosier picture, and I would be able to assure you of a bumper year in 2022. But I do not, so I cannot guarantee that 2022 will be the year we all want it to be. With some confidence, I can, however, say that AEEI and our underlying investments remain resolute in our determination to succeed...again and again for many years to come.

This will require us all to dig deep and continue to play to our core strengths. Despite the slow re-opening of markets, progressive uptake of vaccinations and the development of workable solutions to enact a more inclusive society – the world over and while we can predict certain financial modelling outputs, the pandemic aftershock is far from over.

For that reason, and notwithstanding my unbounding enthusiasm for our businesses and its potential, I am cognisant of the continued uncertainty the future holds for all of us. I am therefore cautious in my outlook and approach. AEEI will remain focused on strategic cost-savings and operational efficiencies in the year ahead, as it did in 2021, and it may also require the disposal of non-performing assets. This will assist in safeguarding the underlying value the Group has built over many years and which we cannot allow to be eroded. Although the future is uncertain, we are prepared for it and take advantage of opportunities as they present themselves.

AEEI has also once again stayed its decision to transition to a passive investment holding company, electing to remain hands-on as required and needed.

The health of our balance sheet aside, we are also committed to the wellbeing of our people, as we recognise that without their contributions, we would not be in the position that we are currently in.

## GRATITUDE AND APPRECIATION

Eric Hoffer, the author and moral and social philosopher, once said: "The hardest arithmetic to master is that which enables us to count our blessings." Yet, at this time, I have found that counting my blessings has become easier – many of them have to do with this incredible business and the people who make it work.

If any cloud can have a silver lining, then the pandemic has reaffirmed for me just how important our human relationships are. I started this same paragraph in last year's report with this sentiment, and the appreciation I feel for everyone in our organisation, our shareholders, partners, suppliers, and more has not waned. If anything, it has grown.

Being the CEO of any company in 'normal' times is not always a walk in the park. However, there's another dimension added when leading a business during a challenging period such as this. I am thus filled with admiration for how everyone has once more risen to the occasion and helped steer AEEI through the mire of COVID-19.

There is something to be said for being in the same boat and all pulling in the same direction, as we have done and continue to do. I have seen it bring out the best in people at AEEI this past 18 months.

To work remotely or not, that was the question this year. First, a series of devastating lockdowns saw many of us working from our homes. Then restrictions were lifted, and we returned to the office, followed by needing to work from home once again. This could have negatively impacted our business, but fortunately, it was the opposite. Notwithstanding the enormous stresses these disruptions have had on everyone's lives and wellbeing, I have noted a more profound regard and camaraderie among our teams now – yet another blessing – who also continue to deliver their best to AEEI. My sincere thanks to each of you for all that you do. A detailed report on the impact of COVID-19 can be found on pages 7 to 9.

I am, as always, deeply respectful of our Board of Directors, who continue to guide us on this journey and thank them for their insight and counsel.

To end, another quote that resonates is by John F Kennedy: "*As we express our gratitude, we must never forget that the highest appreciation is not to utter words, but to live by them.*"

Therefore, this is my pledge to you, that beyond my heartfelt words of thanks and counting each of the blessings above and more besides, I will act with purpose, tempered by kindness, accept the wisdom offered, rise to the challenge, and celebrate each small win, and lead this Company so that together we can continue to create and share value and worth in the years to come.

Thank you



**VALENTINE DZVOVA**  
Chief executive officer



## DELIVERING OUR STRATEGY

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

PURPOSE		VISION			
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					
Employer of choice	Sustainable business units	Maintain zero operational fatalities	Innovative and sustainable products and solutions		
DELIVERING ON OUR STRATEGY					
Optimising our assets to sustain our business	Operating our asset base to its fullest potential	Growth of our businesses			
STRATEGIC FOCUS AREAS					
Unlock infrastructure to support the business over the short, medium and long-term 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					
<i>Access to capital</i> 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 46 to 51 for further information on our performance and strategy.

### STRATEGIC REVIEW/OBJECTIVES/FOCUS AREAS

The COVID-19 pandemic affected major industry trends requiring the Board to review its operational plans towards achieving its strategy, objectives and focus areas. Executive management is responsible for developing and refining the strategy in collaboration with the Board, which the Board will approve. In addition, executive management is responsible for implementing the strategy with oversight by the Board. The strategy includes the impact on the six capitals, the risks and opportunities facing the Company and how it supports the principles of sustainability and stewardship.

### CREATING VALUE THROUGH RELATIONSHIPS

This 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 interact 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 also maintained communications with the JSE on listing and regulatory issues throughout the year, seeking their advice on transactions and responding to any concerns they 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.



# SUSTAINABILITY



The Board is accountable and responsible for producing solid financial results, including managing the Company's environmental and social impact and addressing the expectations of key stakeholders.

AEEI is aware of and appreciates the evolution of governance. The Group's core purpose, business model, performance, risks, opportunities and sustainable development are inseparable elements of the value-creation process. The Board of AEEI oversees and drives a strategic approach to sustainability that responds to the interests of all key stakeholders while protecting and creating value.

## MATERIAL AREAS OF SUSTAINABILITY

We have identified the following material areas of sustainability:

MATERIAL AREAS OF SUSTAINABILITY
<b>Ensuring sound governance</b>
<ul style="list-style-type: none"><li>• Through our sustainability governance practices</li><li>• Engaging our stakeholders</li><li>• Fostering ethical behaviour and good governance</li></ul>
<b>Developing people</b>
<ul style="list-style-type: none"><li>• Workplace transformation and diversity</li><li>• Promoting from within the organisation</li><li>• Skills development</li><li>• Attracting and retaining talent</li></ul>
<b>Responsible products and services to our customers</b>
<ul style="list-style-type: none"><li>• Financing and empowerment infrastructure</li><li>• Treating our clients fairly</li><li>• Promoting responsible investment</li></ul>
<b>Investing in a prosperous society</b>
<ul style="list-style-type: none"><li>• Transformation and empowerment</li><li>• Responsible procurement and enterprise</li><li>• Corporate social investment</li></ul>
<b>Promoting environmental responsibility</b>
<ul style="list-style-type: none"><li>• Managing our direct environmental impact</li><li>• Climate change and energy</li><li>• Promoting sustainable water usage</li><li>• Materials and waste management</li></ul>

## SUSTAINABILITY GOVERNANCE FRAMEWORK

The ultimate sustainability responsibility rests with the Board, and the Board has tasked the social, ethics and transformation committee to manage and monitor 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. AEEI's goal has always been to provide management with innovative solutions to every subsidiary and client while remaining committed to social responsibility.

BOARD OF DIRECTORS		
The Board of directors is primarily responsible for overseeing sustainability issues through the committees listed below:		
CHIEF EXECUTIVE OFFICER		
The CEO is accountable to the Board for the implementation of the Group's strategy and the overall management of the Group		
AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE
<ul style="list-style-type: none"> <li>Responsible for overseeing and reviewing the integrated reporting process.</li> <li>Reviews the annual financial statements, interim reports and preliminary results announcement.</li> <li>Ensures integration in terms of integrated reporting and the application of our business model.</li> <li>Ensures that the combined assurance model is applied.</li> <li>Oversees the internal audit function.</li> <li>Responsible for risk management and considers the top risks and monitors the progress of mitigating risks. Findings and recommendations are reported at Board level.</li> <li>Responsible for the governance of technology and information.</li> <li>Recommends the services of the external auditor.</li> </ul>	<ul style="list-style-type: none"> <li>Reviews and approves the remuneration and benefits policy and the reward philosophy and strategy adopted by the Company.</li> <li>Ensures that the Company remunerates responsibly, fairly and transparently.</li> <li>Reviews and approves the reward philosophy and strategy.</li> <li>Determines the remuneration packages of the executive directors and senior managers.</li> <li>Recommends to the Board the fees to be paid to non-executive directors for their services.</li> </ul>	<ul style="list-style-type: none"> <li>Ensures that the Company is and remains a committed, socially responsible corporate citizen.</li> <li>Reports on organisational ethics, sustainable development and stakeholder relationships.</li> <li>Ensures compliance with statutory duties and encourages leading practice by having the social, ethics and transformation committee progress beyond mere compliance to contribute to value creation.</li> <li>Monitors the Company's social impact, oversees compliance and ensures sound ethical and governance practices.</li> <li>Responsible for the oversight of transformation management, ensuring that management has implemented and maintained an effective transformation management process in the Group.</li> <li>Assists the Board to lead transformation within the Company and ensure appropriate policies and procedures are in place.</li> <li>Ensures compliance with the amended B-BBEE Codes of Good Practice as revised from time to time.</li> <li>Managing and ensuring best environmental practices.</li> </ul>
DAILY RESPONSIBILITY IS DELEGATED TO DIVISIONAL MANAGEMENT		

The Group's material matters, the stakeholders affected, and how we manage them can be found on pages 33 to 38.

Our full sustainability report can be found on [www.aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports/](http://www.aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports/).

# OUR PERFORMANCE



## CHIEF FINANCIAL OFFICER'S REPORT

*Growth is never by mere chance; it is the result of various forces working together*

### ENHANCING SHAREHOLDER RETURNS DESPITE A CHALLENGING OPERATING ENVIRONMENT

The financial capital we source from our equity and debt investors and our retained earnings enables our business continuity and growth, including making strategic investments. Our value is created and preserved through:

- increasing NAV, returns on investments, dividends and share price;
- maintaining a robust balance sheet to protect against downside risk (as was evident during the COVID-19 pandemic);
- investing in and growing our client franchises and our employees sustainably; and
- following good ESG practices that ensure a sustainable business for the long-term.

### OPERATING IN AN UNPRECEDENTED MACROECONOMIC ENVIRONMENT

During the 2021 financial year, we went through the most radical transformation the world has ever seen. The outbreak of the COVID-19 pandemic led to a change in workforce behaviour and continues to impact businesses due to the various lockdowns.

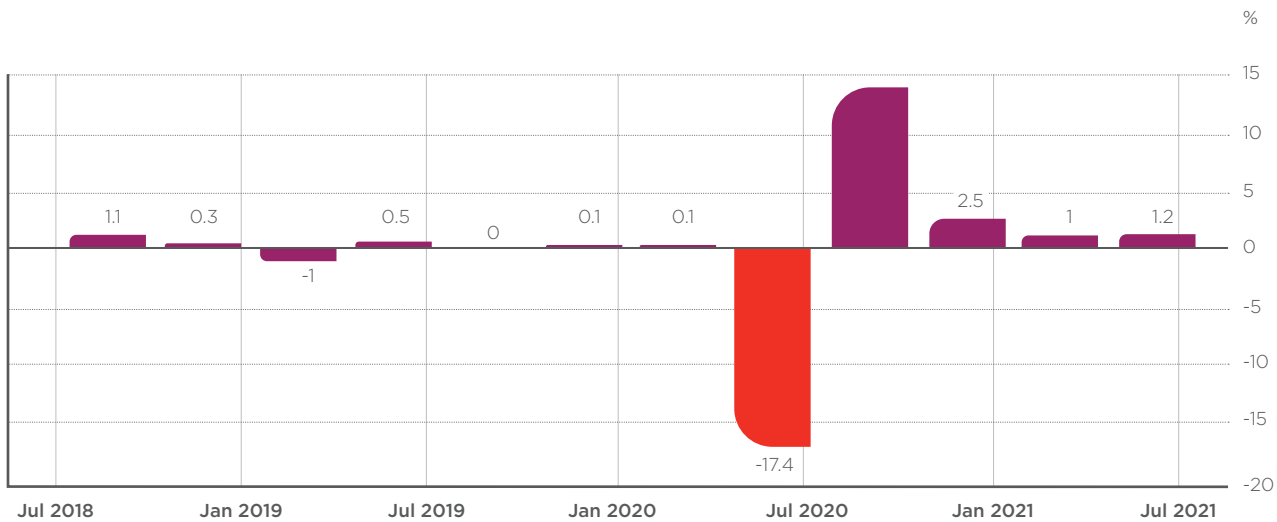
The lockdowns led to a slowdown in global growth, which severely impacted economic activity, with businesses and individuals coming under severe pressure with some recovery starting to occur. Nevertheless, we navigated the COVID-19 pandemic and remained resilient with a robust balance sheet. Although our profitability was impacted with lower than expected revenues and increased impairments, we managed our cash flow and expenses to remain resilient.

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 to the “new normal.” AEEI, as a diversified investment holding company, has delivered and reinvented itself as a Group for the financial year ending 31 August 2021.

*“You can't control what happens, but you can learn resilience in the face of change.” Robyn Conley Downs*

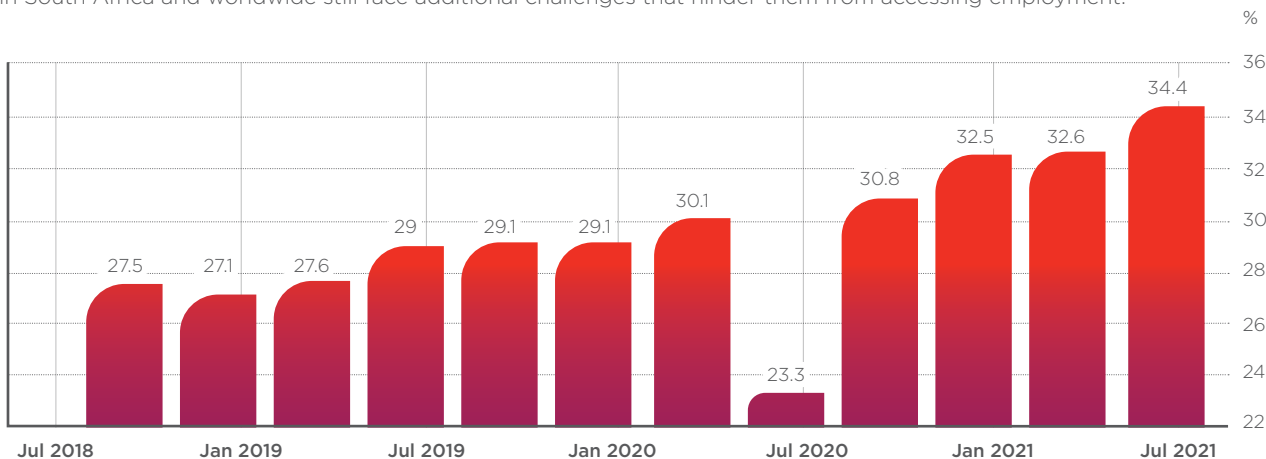
The South African economy recorded its fourth consecutive quarter of Gross Domestic Product (GDP) growth, expanding by 1.2% for the 2021 financial year. However, despite the gains made during the year, the economy is 1.4% smaller than before the COVID-19 pandemic.



**South African GDP**

Source: *TRADINGECONOMICS.COM | STATISTICS SOUTH AFRICA*

Equal opportunity and equal treatment in the labour market are at the core of decent work. The unemployment rate in South Africa stands at 34.4%, and many job creation investments are needed to stimulate economic growth. Unfortunately, women in South Africa and worldwide still face additional challenges that hinder them from accessing employment.



**South African unemployment rate**

Source: *TRADINGECONOMICS.COM | STATISTICS SOUTH AFRICA*

According to the South African Revenue Commissioner (SARS), the tax revenue collection outlook for 2021/2022 looks positive, despite the crippling effects the COVID-19 pandemic continues to have on the country's economy.

**COVID-19 - IMPACT ON THE FINANCIAL PERFORMANCE AND POST-PANDEMIC RECOVERY**

Due to the proliferation and pervasive nature of COVID-19, the business world has been disrupted like never before. This has paved the way for technology to play a dominant role and has accelerated the Fourth Industrial Revolution (4IR) for developed and developing economies.

AEEI, like any other business, has been impacted by the COVID-19 pandemic. As a result, our financial performance reflects the challenging operating environment. However, despite the challenges, we maintained a strong balance sheet, capital and liquidity. We limited our capital expenditure as far as possible without harming our ability to operate now and in the future.

We have right-sized our businesses to match trading conditions to ensure sustainability. We will continue to work closely with our stakeholders, find innovative ways to sustain our businesses, and proactively support our employees, service providers, and suppliers while managing potential risks and challenges.

## DELIVERY ON OUR KEY FOCUS AREAS

### 2021 FINANCIAL OVERVIEW

KEY PERFORMANCE INDICATORS	AUGUST 2021 R'000	AUGUST 2020 R'000	% CHANGE
Revenue	2 339 169	3 427 579	(31.75)
Operating profit	(277 991)	18 892	(1 571.47)
Profit before tax	(180 849)	111 155	(262.70)
Total assets	6 449 826	7 211 679	(10.56)
AEEI Group net asset value	5 413 723	6 169 486	(12.25)
Group net asset value per share (cents)	1 102.54	1 256.46	(12.25)
Operating cash flows	(197 860)	199 642	(199.11)

### INCOME STATEMENT

	AUGUST 2021 R'000	AUGUST 2020 R'000	% CHANGE
Revenue	2 339 169	3 427 579	(31.75)
Cost of sales	(1 659 382)	(2 613 080)	36.50
<b>Gross profit</b>	<b>679 787</b>	<b>814 499</b>	<b>(16.54)</b>
<b>GP as % of revenue</b>	<b>29</b>	<b>24</b>	<b>5</b>
Other income	85 486	154 386	(44.63)
Other operating expenses	(1 043 264)	(949 992)	(9.82)
Operating profit	(277 991)	18 892	(1 571.47)
Net impairments, impairment reversals and write-off	(133 217)	(89 560)	(48.75)
Fair value adjustments	57 277	(108 558)	152.76
Investment revenue	162 420	247 321	(31.40)
Profit from equity-accounted investments	52 521	74 819	(29.80)
Finance cost	(22 943)	(37 759)	27.76
<b>(Loss)/Profit before taxation</b>	<b>(180 848)</b>	<b>111 155</b>	<b>(262.70)</b>
<b>Taxation</b>	<b>(84 506)</b>	<b>(92 275)</b>	<b>8.40</b>
<b>Profit after taxation</b>	<b>(265 354)</b>	<b>18 880</b>	<b>(1 505.48)</b>

### DIVISIONAL REVENUE - 2021 IMPACT

SEGMENTS	AUGUST 2021 R'000	AUGUST 2020 R'000	% CHANGE
<b>Revenue</b>			
- Fishing and Brands	569 852	447 403	27.37
- Technology	1 700 818	2 885 214	(41.05)
- Events and Tourism	7 448	33 907	(78.03)
- Health and Beauty	44 454	45 412	(2.11)
- Corporate	16 597	15 643	(6.10)
<b>Group revenue</b>	<b>2 339 169</b>	<b>3 427 579</b>	<b>(31.75)</b>

## FISHING AND BRANDS DIVISION

Premier Fishing and Brands Ltd, the fishing and brands division, delivered an astonishing performance after last year's results. Revenue growth in 2021 increased by 27.37% The squid sector delivered excellent results, with catch rates increasing by 46% for the year under review compared to the prior year's adverse rate of (47%) primarily due to changes in climatic conditions. The lobster sales increased by 5%. These increases had a material impact on their revenue for the 2021 financial year.

## TECHNOLOGY DIVISION

Due to the volatile economic climate, AYO Technology Solutions Ltd's (AYO) revenue decreased by 41% to R1.7bn. Clients across industry verticals and sectors switched into cash preservation mode and suspending infrastructure expenditure. As a result, AYO's fixed nature covering human capital costs and reduced working capital requirements resulted in a net loss after tax of R258m.

AYO acquired Kathea Communications (Pty) Ltd in March 2021, becoming the largest distributor of headset equipment in Africa, positioning AYO to capitalise on available opportunities brought about by work-from-home and other changes in workforce behaviour.

AYO's balance sheet remains buoyant, with total assets approximating R4.2bn and robust cash reserves. The AYO Board remains confident that its solid asset base will ensure that AYO weathers future lockdown restrictions.

## EVENTS AND TOURISM DIVISION

The revenue of the events and tourism division decreased due to the COVID-19 pandemic restrictions, which led to the cancellation of events and large public gatherings, including the annual Cape Town International Jazz Festival, also known as "Africa's Grandest Gathering." Due to the postponement of events and the Cape Town International Jazz Festival, the company will incur a small loss for the year under review.

The third wave of COVID-19 severely impacted the travel business with very little corporate and leisure travel taking place, resulting in the closure of the Inbound Travel sector. However, despite little income from traveling, the company reduced its debt drastically during the year under review by streamlining operations, thus freeing up cash to service debt. As a result of the above, the company will make an operational loss for the year under review. A renewed interest has been shown post-financial year-end after travel restrictions were relaxed.

Magic 828 (Pty) Ltd experienced a tumultuous financial year, with the COVID-19 pandemic negatively impacting sales revenue and a decline in advertisement income. In addition, the hard lockdown severely impacted them with a constrained cash flow, leading to the cancellation of advertising contracts, a cost-cutting exercise including reducing their marketing expenses and right-sizing their operations. Unfortunately, the impact of the COVID-19 pandemic resulted in staff retrenchments in this division.

## HEALTH AND BEAUTY DIVISION

Orleans Cosmetics (Pty) Ltd had a particularly challenging year and made an operating loss at the EBIT level of R0.76m. However, they benefitted from a revaluation of intangible assets of R3.65m (2020 impairment of R3.65m) as distribution agreements with the overseas Principals have been renewed or extended. The overall EBIT was, therefore, a profit of R2.8m.

The impact of the COVID-19 pandemic affected their operating results for the financial year. In addition, the recent unrest affected their revenue for July by 25% compared to June, resulting in an EBIT loss of R399k, leading to the year-end financial results being lower than expected.

AfriNat (Pty) Ltd operates in three sectors: agriculture which includes pre-and post-harvest, hygiene and sanitation, and food preservation, focused on providing sustainable solutions in food production and processing from seed to table.

Before the COVID-19 pandemic lockdown in 2020, we saw a spike in hygiene and sanitation sales, which subsequently reduced in 2021, with alcohol sanitisers being commonplace. Despite our superior product, it was not widely used as the Department of Health mandated alcohol sanitisers as the preferred option.

We saw a growth of over 15% on the agricultural sales side, which would have been higher if our imported raw materials were not delayed from Europe. Unfortunately, we were unable to meet all the orders before the financial year-end and are still receiving delayed orders that will only move into production post year-end.

The overall revenue for 2021 is R13.1m with a profit of R65k. The revenue and overall loss are primarily attributed to the delay in raw materials and a few territories that saw late rains, which delayed purchases. In addition, in some regions, we could not get price increases because of input cost pressures which were residual effects of the previous year.

## RESEARCH AND DEVELOPMENT DIVISION

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

There was very little progress during 2021, mainly due to the second and third waves of the COVID-19 pandemic, which prevented work from being done at Groote Schuur Hospital. In addition, 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.

## STRATEGIC INVESTMENTS

AEEI disposed of its investment in SAAB Grintek Defence (Pty) Ltd during the current financial year. As a result, the debt was settled from the profit on the sale.

## GROUP FINANCIAL POSITION

SUMMARISED BALANCE SHEET	ACTUAL AUGUST 2021 R'000	ACTUAL AUGUST 2020 R'000	% CHANGE
Non-current assets	2 862 570	2 696 310	6.17
Current assets	3 587 256	4 515 369	(20.55)
Total assets	6 449 826	7 211 679	(10.56)
Non-current liabilities includes deferred tax liability	435 083	287 148	(51.52)
Current liabilities	601 020	755 045	20.40
Total liabilities	1 036 103	1 042 193	0.58
Group's share of equity	2 831 017	3 199 645	11.52
Group's net asset value per share (cents)	1 102.54	1 256.46	(12.25)

## CASH FLOW

CASH FROM OPERATING ACTIVITIES	AUGUST 2021 R'000	AUGUST 2020 R'000	% CHANGE
Cash generated from operations	(250 642)	103 551	(342.05)
Net cash from operations	(197 860)	199 642	(199.11)

## MATERIAL MATTERS THAT HAVE AFFECTED OUR PERFORMANCE

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, it took into account the legitimate and reasonable needs, interests and expectations of all material stakeholders in the best interests of the Group. Refer to Materiality, Risks and Opportunities on pages 32-39 for detailed information.



## FINANCIAL OUTLOOK

Our fishing and brands division remains on track to deliver an improvement in the squid catch landings, as actual catch rates for the 2022 financial year are already looking very promising. The Fishing Rights Allocation Process (FRAP), coming up before the end of 2021, may potentially impact the business. Management is addressing this issue with a potential ground-breaking B-BBEE transaction in Premier Fishing SA (Pty) Ltd that will increase their B-BBEE significantly.

The work from home and eCommerce markets have shown to be resilient, with a substantial number of consumers seeing the value of online shopping and working from home. With its diverse basket of products, AYO directly addresses this shift and is well-placed to be an ICT partner of choice to help businesses achieve their own goals.

The health and beauty division withstood the COVID-19 pandemic to deliver positive results in 2021, and the trajectory is looking extremely positive for the 2022 financial year.

## 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. Thank you for making our year a success despite all the challenges to ensure the sustainability of our business with minimal distraction from outside forces and remaining focused.

During this challenging year for AEEI and its subsidiaries, our team, associates, partners and stakeholders, I would like to thank you graciously for your unwavering loyalty and support during one of the most turbulent years.

## CONCLUSION

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



**JOWAYNE VAN WYK**  
Chief financial officer

## POST-BALANCE SHEET EVENTS

On 23 September 2021, AYO subscribed for 30% of ordinary shares in Crealpha (Pty) Ltd (Crealpha) for a nominal amount. As part of the shareholders agreement AYO has also provided Crealpha with a R30m working capital loan to enable the company's expansion. Crealpha is a cloud data services business that enables the Group to expand its service offering as part of the Group's go-to-market strategy.

On 1 October 2021, AYO subscribed for an additional 30 ordinary shares in 4Plus Technology Venture Fund Africa (Pty) Ltd (4Plus) for a subscription price of R24m. AYO now holds a total of 28% of the ordinary shares in issue of 4 Plus.

On 1 November 2021, AYO concluded an asset for share agreement in which AYO disposed of its 100% shareholding in Puleng Technologies (Pty) Ltd (Puleng) for a consideration of R20m in exchange for redeemable and cumulative preference shares from the purchaser for a total consideration of R20m. Puleng is a cyber security company which focuses on the development of efficient Governance, Risk and Compliance (GRC) programmes and providing data centre infrastructure which effectively protects sensitive client data.

A final dividend of 10 cents per share was approved by the Board of directors of AEEI in respect of the financial year ended 31 August 2021. The dividend is payable on 3 January 2022 to shareholders recorded in the register of the Company at close of business on 31 December 2021.

## OUR KEY PERFORMANCE INDICATORS


### 2021 STRATEGIC EXECUTION AND TRADE-OFFS

During the year, the Board's strategic focus was continuing the COVID-19 response strategy, unlocking shareholder value and sustaining the business. Accordingly, all other strategic matters were deferred and will resume in 2022.

The Board had to make various decisions during the financial year due to the impact of the COVID-19 pandemic, and the adverse effect impacted our ability to create value for our stakeholders in the short-term. This ripple effect affected our strategic objectives, creating shareholder value and impacting the six capitals.

FINANCIAL KPIs	DELIVERING ON OUR STRATEGY	TRADE-OFF CAPITALS IN PLAY
<ul style="list-style-type: none"> <li>Revenue growth</li> <li>Normalised profit before tax</li> <li>Net cash from operating activities</li> <li>Increase net asset value</li> <li>Growth in total assets</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of our revised operational plans</li> <li>We optimised our capital by investing strategically by creating sustained value for our stakeholders</li> <li>We operated efficiently and responsibly</li> <li>We discussed and approved funding of the Company's investment portfolio and growth opportunities</li> <li>Monitored the Company's investment strategy</li> <li>We discussed and implemented the allocation of financial capital</li> <li>Approved dividend payments to shareholders</li> <li>We monitored currency volatility and took action accordingly to minimise any potential impact</li> <li>We looked at interventions to improve operational sustainability</li> <li>We implemented financial and human capital to optimise our resources</li> </ul>	



NON-FINANCIAL KPIs	DELIVERING ON OUR STRATEGY	TRADE-OFF CAPITALS IN PLAY
<ul style="list-style-type: none"> <li>• Brand and Reputation</li> <li>• B-BBEE level</li> <li>• Stakeholder relations</li> <li>• Employee training and development</li> </ul>	<ul style="list-style-type: none"> <li>• We continuously reviewed our brand reputation through living our purpose and engaging with our stakeholders</li> <li>• We looked at ways to increase our B-BBEE level of accreditation</li> <li>• We profiled the Company through various platforms</li> <li>• We protected AEEI's reputation and value and increased brand visibility</li> <li>• We invested in our human capital</li> <li>• We approved the restructure of the business processes to enable service excellence despite the impact of COVID-19</li> <li>• We engaged talent by harnessing our employee skills and abilities</li> <li>• We invested in employee training and initiatives</li> <li>• We continuously monitor transformation at all levels in the Group</li> <li>• We monitored transformation and employment equity</li> <li>• We continued to improve on gender and race diversity in the Group</li> </ul>	

*Note: The impact of the COVID-19 pandemic during the year under review severely impacted all of our financial and non-financial KPIs.*



<b>FINANCIAL PERFORMANCE</b>	Revenue R2.3bn (2020: R3.4bn)	Headline earnings per share (17.27c) (2020: 0.94c)	Dividends R196m (2020: R147m)
<b>EMPLOYEES</b>	Paid - R793m (2020: R747m)  No of employees 2 089 (2020: 2 059)	Skills Development R7.7m (2020: R12.5m)	Diversity Executive management - 100% black (2020: 100% black)  34.90% Women (2020 - 40.79%)  82.39% Black employees (2020: 80.33%)
<b>SOCIAL DEVELOPMENT</b>	R30.7m spent during the financial year including basic needs, nutrition and feeding programmes (2020: R17.4m)	R3.8m spent on education (2020: R2.5m)	R12.8m spent on enterprise development (2020: R1.6m)

## OUR FUTURE OUTLOOK AND PRIORITIES 2022

AEEI continues to nurture its existing business and looks forward to embarking on its next growth phase when the volatility of the current operating environment is under control. The timing for our next growth phase is very dependent on how the COVID-19 environment unfolds and stabilises. For the next 12-18 months, our aim is to ensure our businesses survive and stabilise, ready to take on the opportunities that we are confident will be in the post environment.

- Ensure survival and sustainability of the businesses through the COVID-19 pandemic by focusing on operational efficiencies, smart innovation and stringent cash management
- Proactively engage with our stakeholders
- Manage our reputation and brand
- 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 further
- Focus on selective acquisitions in line with the Group's risk appetite
- 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
- Create employment opportunities especially for youth and women
- Continue to promote responsible business practices and good corporate governance
- Expand product portfolio
- Explore joint-venture partnerships
- Practice responsible environmental management

# SUMMARISED GOVERNANCE REPORT

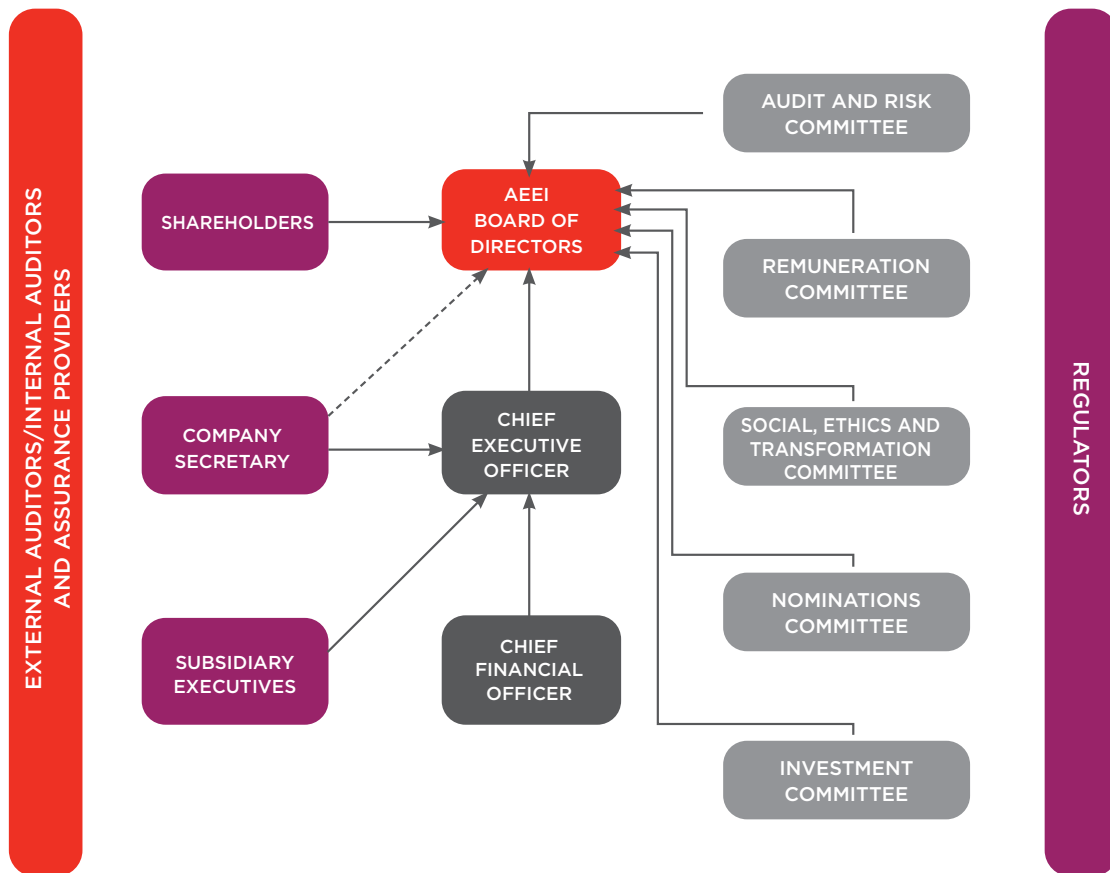


## A SNAPSHOT OF OUR CORPORATE GOVERNANCE

This year, we have chosen to provide a summarised overview of our corporate governance report, reviewing the main focus areas that impact value creation and briefly outlining our strategic response. More detailed information on our governance policies and activities is provided in the following online reports:

- Corporate governance report
- Audit and risk committee report
- Remuneration report
- Sustainability report

## OUR GOVERNANCE STRUCTURE



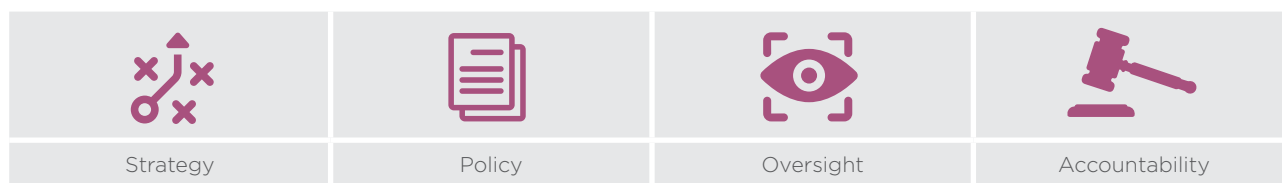
## OUR GOVERNANCE FRAMEWORK

The governance framework supports the Company's strategic matters. The framework flows to the subsidiaries and divisional levels to ensure that the business has a structure within which management can operate effectively.

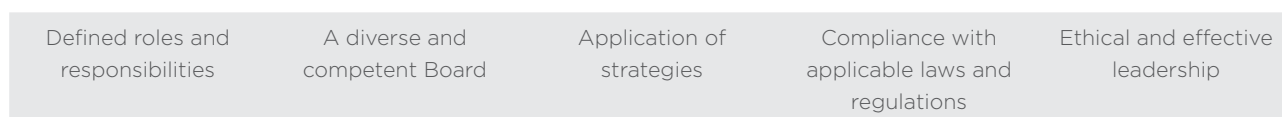
The Board plays a pivotal role in strategic planning and has established clear KPIs to measure the Company's strategic objectives. In addition, the Board ensures that its sound governance framework will enhance good corporate governance, improve internal controls and enhance the Company's performance.

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.

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



This leads to good governance practices through:



## GOVERNANCE

Our governance structures, leadership and processes ensure that our business is well-managed and controlled and supports 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. Our sound corporate governance and ethics processes ensure that we deliver against our strategy to create long-term value for our stakeholders. To achieve sustained value, we need to establish and maintain trust with our stakeholders. Our structure enables the Board to retain effective control while delegating authority to relevant committees.

During the year, we had to re-align our operational plans and business model due to the unprecedented challenges of the COVID-19 pandemic to retain financial stability, business continuity and liquidity, risks and opportunities, and the short, medium and long-term effects on our business. This included a stakeholder-inclusive approach to executing our governance role and responsibilities while remaining committed to the principles of King IV™ recommendations entrenched in our policies, internal controls, terms of reference and procedures and processes. Further information can be found on page 43 - Delivering on our strategy. For more information on how the Company has applied the principles of King IV™, refer to our report 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/).

## STATEMENT OF COMPLIANCE AND COMMITMENT

The Board is pleased to report that for the year ended 31 August 2021, the Company has fully complied with the provisions as set out in its Memorandum of Incorporation (MOI), the Companies Act, 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 reflect national and international corporate governance standards, developments, and best practices.

## CUSTODIANS OF GOVERNANCE

### Primary governance roles and collective responsibility



### 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 year ahead;
- approve policies 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.

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/).



**WHO GOVERNS AND LEADS US**



**NON-EXECUTIVE  
CHAIRPERSON**

Aziza  
Amod



**LEAD-INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

Willem  
Raubenheimer



**CHIEF EXECUTIVE  
OFFICER**

Valentine  
Dzvoza



**CHIEF FINANCIAL  
OFFICER**

Jowayne  
van Wyk



**NON-EXECUTIVE  
DIRECTOR**

Gaamiem  
Colbie



**INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

Bongikhaya  
Qama



**INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

Ambassador  
Membathisi  
Mdladlana



**INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

Stephen  
Nthite

## EXPERTISE OF OUR BOARD

<b>Aziza Amod (59)</b> Non-executive chairperson	<b>Willem Raubenheimer (62)</b> Lead-independent non-executive director	<b>Valentine Dzvova (38)</b> Chief executive officer	<b>Jowayne van Wyk (35)</b> Chief financial officer
<p><b>Appointed:</b> 12 November 2012</p> <p>BCom (Hons) CA(SA) Diploma in Forensic Accounting</p> <p><b>Appointed:</b> 9 July 2020</p> 	<p>BCom (Hons) CA(SA) Diploma in Forensic Accounting</p> <p><b>Appointed:</b> 9 July 2020</p> 	<p>CA(SA), ACMA, CGMA (Charter Global Management Accountant), Certified Internal Auditor Postgraduate Diploma in Accounting BCom Accounting</p> <p><b>Appointed:</b> 12 March 2020</p> 	<p>CA(SA) BAcc Hons BCom Accounting SAICA Independent Reviewer Certificate</p> <p><b>Appointed:</b> 1 August 2020</p> 
<p><b>Gaamiem Colbie (32)</b> Non-executive director</p> <p>BTech Cost and Management Accounting Postgraduate Diploma: Professional Accountant in Practice Professional Accountant (SA)</p> <p><b>Appointed:</b> 30 August 2019</p> 	<p><b>Bongikhaya Qama (44)</b> Independent non-executive director</p> <p>Project Management Finance for Non-Financial Managers Certificate Customer Relations Certificate Facilitation and Data Management Certificate</p> <p><b>Appointed:</b> 2 July 2020</p> 	<p><b>Ambassador Membathisi Mdladlana (69)</b> Independent non-executive director</p> <p>BA Majors in Education and IsiXhosa</p> <p><b>Appointed:</b> 27 August 2021</p> 	<p><b>Stephen Nthite (50)</b> Independent non-executive director</p> <p>Bachelor of Jurisprudence (BJuris) Bachelor of Law (LLB) Admitted Attorney</p> <p><b>Appointed:</b> 26 August 2021</p> 

**EXPERTISE**

- Leadership
- Finance
- 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

## CHANGES TO THE BOARD

During the year under review, the Board accepted the resignation of Ismet Amod as a non-executive director effective 31 March 2021.

With the focus on growing the Board's independence and the loss of intellectual capital due to the resignation and maintaining our social and relationship capital, Stephen Nthite and Ambassador Membathisi Mdladlana were appointed as independent non-executive directors on 26 and 27 August 2021, respectively.

Following the Board's changes during the year, we believe that we have the right team to guide the Company into the future.

For more information regarding the current composition and diversity of the Board, refer to page 63 of this report.

## PRESCRIBED OFFICER

Valentine Dzvova is the prescribed officer of the Company. The prescribed officer must perform her function and exercise her duties to the same standard of conduct applicable to all directors and is subject to the same liability provisions.

Since her appointment, she exercised executive control over the management of the Group's subsidiaries. In addition, she regularly participated in the general executive control of the Group's business units and activities.

She is not remunerated separately for this function.

## COMPANY SECRETARY

Damien Terblanche is the company secretary and is accountable to the Board.

During the year, the company secretary:

- Guided the directors in terms of their duties, responsibilities and powers, and responsibilities and liabilities under the Companies Act and King IV™.
- Made the Board made 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 conducted in a proper and orderly manner.
- Disclosed the corporate actions, SENS announcements and directors' dealings in securities and ensured compliance with the JSE Listings Requirements and the Companies Act.
- Reviewed agreements and made recommendations to the executive management team.

The Board is satisfied that an arm's length relationship exists between the company secretary and the Company. He is not a board member, is not involved in the Company's day-to-day operations, and is not a prescribed officer.

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

## STRATEGIC FOCUS AREAS OF THE EXECUTIVE COMMITTEE

Key focus areas of the executive committee during the year:

- Developing and implementing the Group's revised strategy and business model
- Managing the effects of the COVID-19 pandemic by focusing on human capital, stringent cash management solutions, operational efficiencies and liquidity of the business
- Managed the day-to-day operations of the Company
- Monitored and managed the capital requirements and allocating and investing the Company's resources responsibly
- Managed the adverse effect on the reputation and brand of the Company
- Proactively engaged with stakeholders
- Prepared the 2022 budget for the Board's approval
- Provided reports to the Board relating to overall performance and risk management of the Group
- Being the custodian of good corporate governance and ensuring that the Company is a respected corporate citizen
- Provided strategic guidance and input to the subsidiaries in the Group
- Provided strategic and operational support to subsidiaries in the Group
- Managed the investment portfolio of the Company in line with the Company's investment strategy

The key focus areas for the Company are comprehensively addressed throughout this report.

## OBJECTIVES OF THE BOARD




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


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 and outcomes performance;


### 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.  - Principles 1-3)


### Governance areas

The Board provides leadership and vision to the Group to sustain growth and delivery on our strategic focus areas and purpose for all stakeholders. They conduct their duties collectively and individually, applying integrity, responsibility, accountability, competence, fairness and transparency.  - Principles 11-15)

### Governing structures and delegation

The Board provides guidance and oversight to the Group on the management of risk compliance, remuneration governance, and enterprise risk management to fully support the good governance practices.  - Principles 6-10)

### 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.  - Principles 4-5)

### Stakeholder relationships

The Board ensures a stakeholder-inclusive approach.  - Principles 16-17)

### Non-executive and executive director agreements

Non-executive directors sign a Non-executive Agreement with the Company which details their duties, fees and obligations. In addition, all directors are subject to retirement by rotation in terms of the Company's MOI.

Executive directors have an Executive Agreement in place and are subject to a 3-month notice period.

## RESPONSIBILITIES OF THE BOARD



As recommended in King IV™, the Board works to fulfil its primary governing roles and responsibilities, namely to:

- approve policy and planning;
- provide oversight and monitoring; and
- set and steer the 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), appropriate 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.

## BOARD COMPOSITION AND SKILLS

The Board comprises four independent non-executive directors, two non-executive and two executive directors who have the appropriate balance of knowledge, skills, experience, diversity and independence to discharge their duties effectively and objectively.

### KNOWLEDGE, SKILLS AND EXPERIENCE

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

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

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

### BOARD EFFECTIVENESS

As of 31 August 2021, the Board comprised of eight directors. The size gives the Board adequate membership for its five committees while maintaining adequate levels of independence. Accordingly, in terms of the Company's MOI, the Board shall consist of a minimum of four directors and a maximum of twenty directors. This ensures the Board and management's capacity and time to guide the Group's strategy. With the evolution of reporting requirements and changes in the Company's environment, it was essential to review the Board's agenda items before each meeting to ensure that it stays aligned with good governance and ethics and meets current needs, best practices, and matters of strategic importance.

Our Board and committees are monitored annually for effectiveness and transparency. In addition, the internal valuations of the Board and committees are conducted annually and reviewed for the value that directors add to the Company. It was concluded that the Board and committees operate efficiently, openly and transparently, and there is a good level of discussion between members and attendees. However, the findings addressed some areas for improvement that will be addressed appropriately.

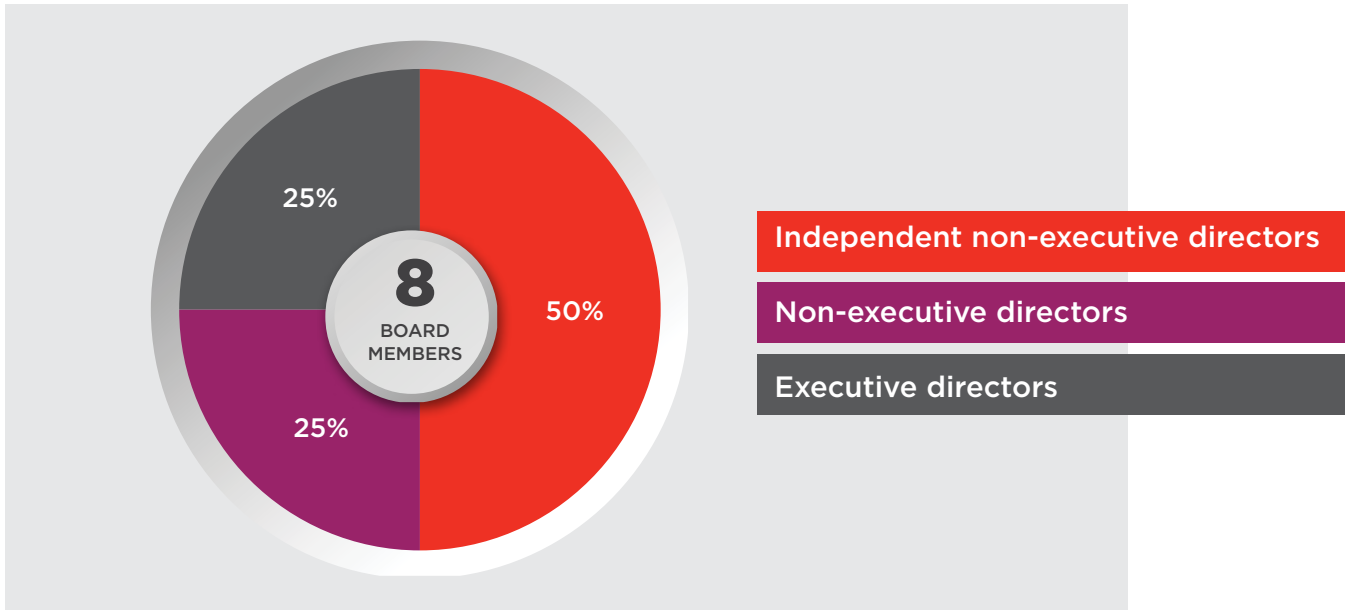
**INDEPENDENCE** 

**PROTECTING THE INTEREST OF ALL SHAREHOLDERS**

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

Non-executive directors bring independent judgement and experience to the Board’s deliberations and decisions, with the structure of the Board ensuring that no one individual or group of individuals has unfettered powers of decision-making. None of the non-executive directors have served on the Board for nine years or longer.

**EXECUTIVE AND NON-EXECUTIVE DIRECTORS %**



AEEI’s policy is to maintain a Board structure comprising a majority of independent non-executive directors.

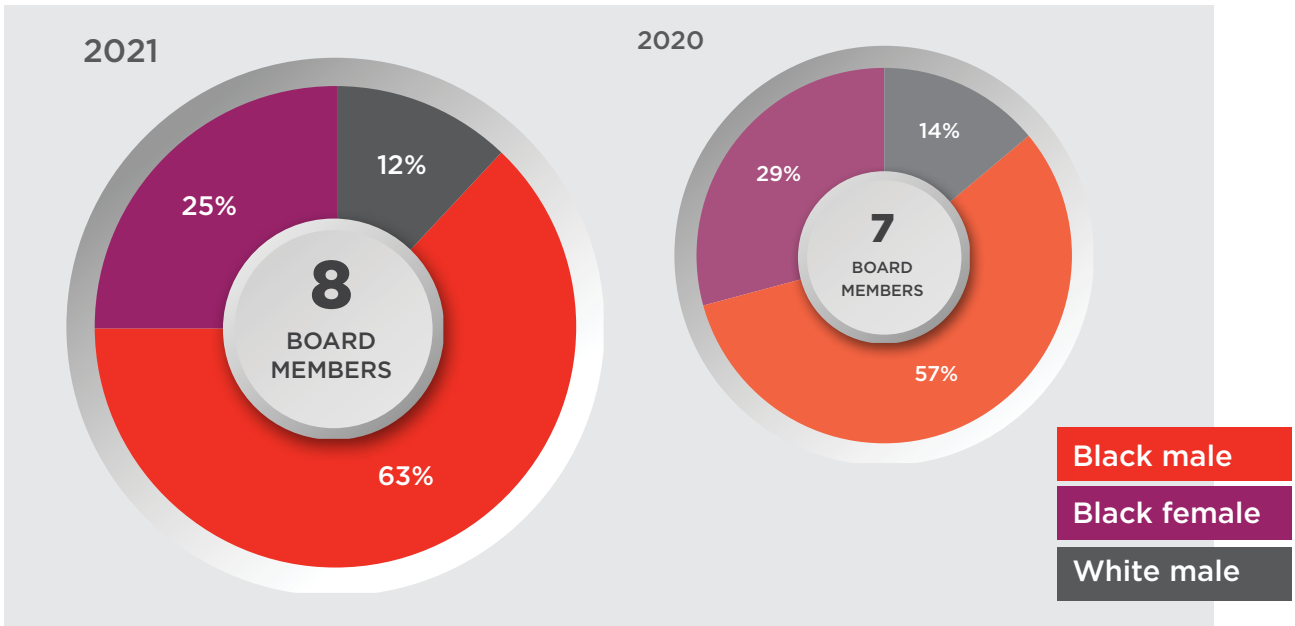
**BOARD DIVERSITY** 

AEEI is committed to promoting diversity at Board level and remain transformed and continue to meet diversity targets. AEEI’s Diversity Policy considers and promotes the validity of the voluntary diversity targets having due regard for the demographics of South Africa and the Group’s customer profile. In considering the new appointments, the nominations committee considered 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 continues to look at promoting diversity in terms of further gender equity representation.

**PROMOTION OF DIVERSITY AT BOARD LEVEL %**

2021 %	2020 %	
88	86	Voting rights of black Board members
25	29	Voting rights of black women Board members
100	100	Black executive members
13	14	Black women executive members
50	43	Black independent non-executive Board members

**BOARD DEMOGRAPHICS %**



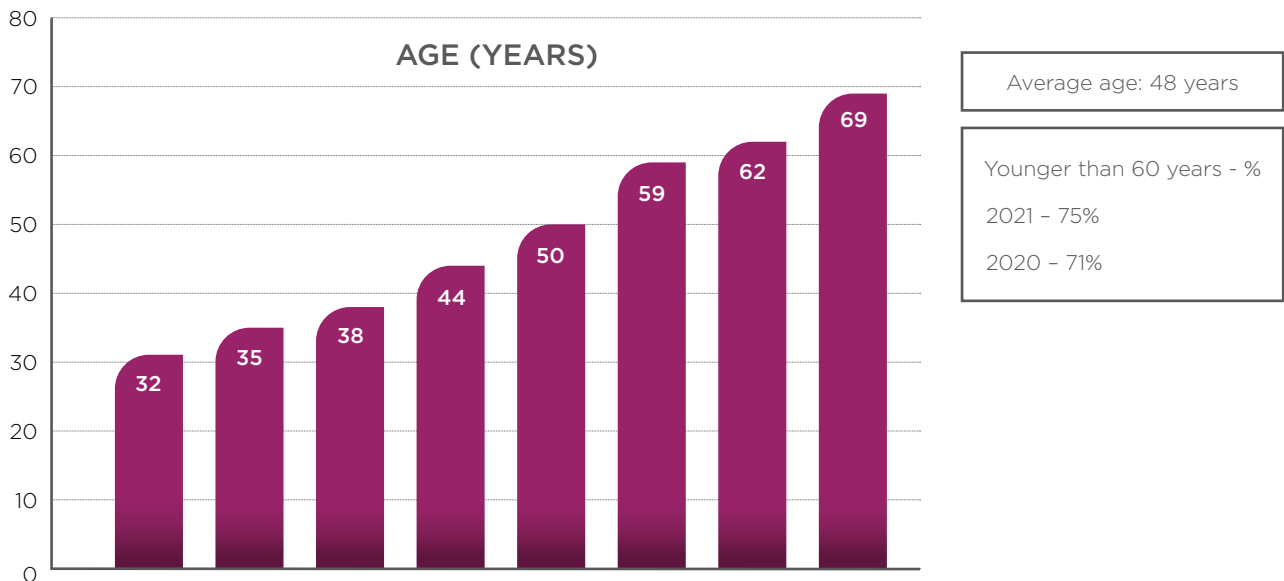
**BOARD TENURE AND EXPERIENCE**

In AEEI's policy, non-executive directors must retire by rotation at the AGM or after nine years of being on the Board as a non-executive director. 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.

**NON-EXECUTIVE'S TIME ON THE BOARD**

< 1 YEAR	2
1-3 YEARS	5
5-8 YEARS	1

**EXECUTIVE AND NON-EXECUTIVE AGE**





## 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. 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.

The continued enhancement of the Group's ethical culture remains top of mind through the relevant Board committees as well as 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 impact of COVID-19, 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.

### 2021 BOARD ACTIVITIES

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

-  Effective control
-  An ethical culture
-  Good performance
-  Legitimacy

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

The non-executive chairperson and chief executive provide the company secretary with agenda items to be discussed at the Board meetings. A board pack with information to be discussed 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.

### PERFORMANCE AGAINST STRATEGIC OBJECTIVES

At each Board meeting, the CEO and CFO provided feedback and updates on the progress made against the Company's strategic objectives and performance. They advised the Board on material matters, strategic risks, the effects of the ongoing COVID-19 pandemic on the performance of the business units and the preservation and optimisation of capital. In addition, they provided feedback on employee health and wellness and extended lockdown levels in light of the ongoing pandemic.

### 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.

**TIMELINE**

SEPTEMBER TO DECEMBER 2020	JANUARY TO APRIL 2021	MAY TO AUGUST 2021
<ul style="list-style-type: none"> <li>• Approved the annual financial statements and final dividend declaration to shareholders</li> <li>• Approved the 2020 integrated report and online suite of reports</li> <li>• Approved the Notice of AGM to shareholders</li> <li>• Discussed the reappointment of the external auditors</li> <li>• Discussed banking challenges faced by the Group and the Board's response to it</li> <li>• Advised shareholders that SAAB Grintek Defence (Pty) Ltd exercised its Call Option regarding the Shareholder's Agreement. The Company entered into a binding Closing Memorandum for the disposal of the shares at the agreed price.</li> <li>• Advised shareholders of a proposed Broad-based Black Economic Empowerment transaction to be implemented at a major subsidiary</li> </ul>	<ul style="list-style-type: none"> <li>• The AGM was held in February, with all resolutions and special resolutions were passed by majority votes</li> <li>• Resignation of Board member</li> <li>• Appointment of member to the audit and risk committee</li> <li>• Discussed the Group's investment portfolio and the impact of the ongoing COVID-19 pandemic on the business units</li> <li>• Discussed the Group's investment strategy and that it remains sustainable to ensure the Company provides value to its shareholders</li> <li>• Discussed banking challenges faced by the Group and progress report on alternate banking facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Approved the interim results and dividend declaration to shareholders</li> <li>• Discussed the accreditation of the joint external auditors</li> <li>• Advised shareholders that British Telecommunications South Africa (Pty) Ltd wished to exercise its call option. The matter is currently being resolved at a shareholder level between the two parties.</li> <li>• Appointment of new Board members</li> <li>• Reconstitution of Board committees</li> <li>• Approved the 2021 budget</li> </ul>

**OUR APPROACH TO COMPLIANCE** 

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

**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.




**CONFLICT OF INTEREST** 

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

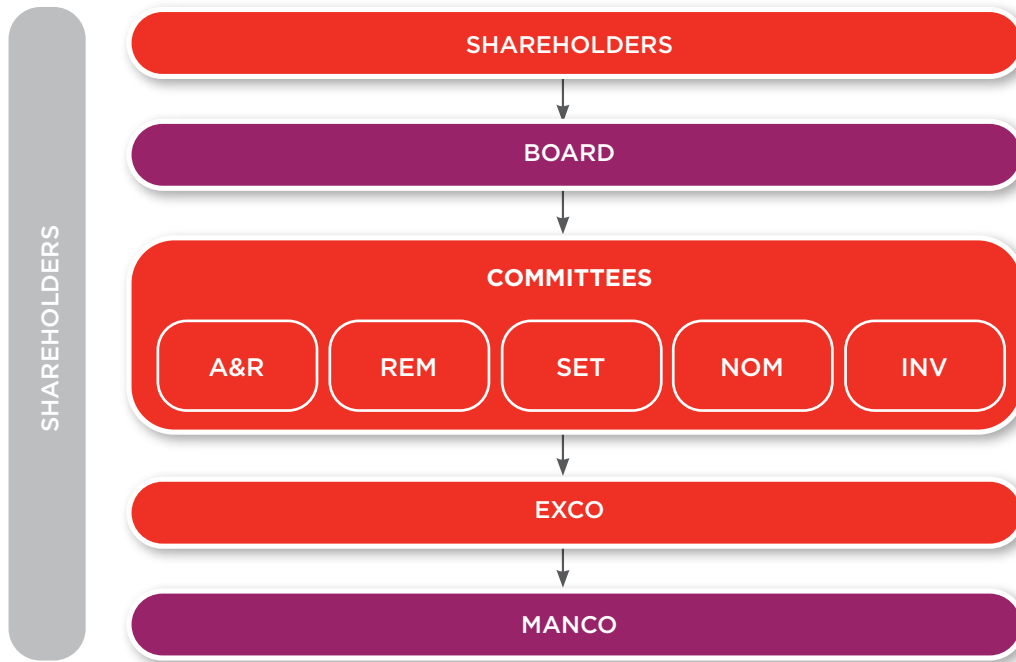
Directors and officers are also required to inform the Board timeously of conflicts or potential conflicts of interest that they may have relating to particular items of business or other directorships. At the start of each Board meeting, the chair requests Board members to declare any actual and/or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

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 take appropriate action immediately against the relevant director or prescribed officer.

**RESPECTED CORPORATE CITIZENSHIP**

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 is provided in the AEEI's sustainability report available online at [www.aeei.co.za/integrated-report](http://www.aeei.co.za/integrated-report).  - Principle 3)

**STRUCTURE OF DELEGATION**



REGULATORS	<b>A &amp; R</b>	Audit and risk committee	<b>REM</b>	Remuneration committee	<b>NOM</b>	Nominations committee
	<b>SET</b>	Social, ethics and transformation committee			<b>INV</b>	Investment committee

## OVERVIEW OF OUR COMMITTEES

BOARD OF DIRECTORS - CHAIRPERSON - AZIZA AMOD				
Audit and risk committee	Remuneration committee	Social, ethics and transformation committee	Nominations committee	Investment committee
<b>Chairman:</b> Willem Raubenheimer	<b>Chairperson:</b> Aziza Amod	<b>Acting chairperson:</b> Aziza Amod	<b>Chairperson:</b> Aziza Amod	<b>Chairman</b> Gaamiem Colbie
<p>The audit and risk committee's primary purpose is:</p> <ul style="list-style-type: none"> <li>to ensure the integrity of the financial statements;</li> <li>to oversee the effectiveness of the internal financial controls; and</li> <li>the internal and external audit function.</li> </ul>	<p>The committee was established:</p> <ul style="list-style-type: none"> <li>to assist the Board with the monitoring of the Group's remuneration practices; and</li> <li>perform the statutory functions as required in terms of King IV™, the JSE Listings Requirements and the Companies Act.</li> </ul>	<p>The social, ethics and transformation committee:</p> <ul style="list-style-type: none"> <li>is committed to sustainable development;</li> <li>is therefore responsible for ensuring that the Group ethically conducts its operations; and</li> <li>ensures that it meets current needs without compromising the ability of future generations to meet their needs.</li> </ul>	<p>The nomination committee:</p> <ul style="list-style-type: none"> <li>is the custodian of appointments to the Board; and</li> <li>assists the Board in identifying suitable candidates for appointment for election by the shareholders at the AGM.</li> </ul>	<p>The committee has an independent role:</p> <ul style="list-style-type: none"> <li>operating as an overseer;</li> <li>making recommendations to the Board for its consideration and final approval in terms of investment opportunities; and</li> <li>ensuring that investments are adjudicated to ensure that they are both a strategic fit with synergistic benefits to the current level of return, with a reasonable payback period based on the specific industry.</li> </ul>
<p>The full role, responsibilities and focus areas for the year under review for each committee are comprehensively addressed in the full corporate governance report, available on <a href="http://www.aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports/">www.aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports/</a>.</p>				





Chairperson



Chairman



Committee member



EXECUTIVES

Name	Designation	NOM	A&R	REM	SET	INV
<b>AEEI Shareholding</b>	<b>Major directorships</b>					
<b>Valentine Dzvova</b> 0%	<b>Chief executive officer</b> British Telecommunications South Africa (Pty) Ltd Premier Fishing and Brands Ltd Orleans Cosmetics (Pty) Ltd Magic 828 (Pty) Ltd Ribotech (Pty) Ltd Bioclones (Pty) Ltd espAfrika (Pty) Ltd AfriNat (Pty) Ltd Tripos Travel (Pty) Ltd Taval Investments (Pty) Ltd					
<b>Jowayne van Wyk</b> 0%	<b>Chief financial officer</b> Premier Fishing SA (Pty) Ltd Orleans Cosmetics (Pty) Ltd Magic 828 (Pty) Ltd Ribotech (Pty) Ltd Bioclones (Pty) Ltd espAfrika (Pty) Ltd AfriNat (Pty) Ltd Tripos Travel (Pty) Ltd Rexcore Innovations (Pty) Ltd Jowasgrill (Pty) Ltd					

NON-EXECUTIVE DIRECTORS

<b>Aziza Amod #</b> 0%	<b>Non-executive chairperson</b> Premier Fishing and Brands Ltd AYO Technology Solutions Ltd Health System Technologies (Pty) Ltd Orleans Cosmetics (Pty) Ltd Magic 828 (Pty) Ltd espAfrika (Pty) Ltd					
<b>Willem Raubenheimer</b> 0.12% Direct and indirect	<b>Lead independent non-executive director</b> Ticoma Petroleum (Pty) Ltd Zudotrix (Pty) Ltd Bledlow Investments (Pty) Ltd Nara Investments (Pty) Ltd					
<b>Gaamien Colbie</b> 0% Direct	<b>Non-executive director</b> Brightside Consulting (Pty) Ltd Property 360 (Pty) Ltd AEEI Corporate Finance (Pty) Ltd Independent Media (Pty) Ltd Loot Online (Pty) Ltd 3 Laws Capital (Pty) Ltd Sagarmatha Technologies Limited Bowwood and Main No.180 (RF) (Pty) Ltd Africa Community Media (Pty) Ltd African News Agency (Pty) Ltd ANA Publishing (Pty) Ltd Cape Sunset Villas (Pty) Ltd Sekunjalo Capital (Pty) Ltd Sekunjalo Properties (Pty) Ltd Silo Cape Waterfront Property Investments (Pty) Ltd					

**NON-EXECUTIVE DIRECTORS**

<b>Bongikhaya Qama#</b> 0%	<b>Independent non-executive director</b> South African National Civic Organisation Genutek (Pty) Ltd					
<b>Ambassador Membathisi Mdladlana#</b> 0%	<b>Independent non-executive director</b> High Commissioner to Canada					
<b>Stephen Nthite#</b> 0%	<b>Independent non-executive director</b> Thibedi Nthite Attorneys Inc. Kopano Ke Matla Trust					

# Standing for election/re-election at the Company's next AGM on 24 February 2022.

- The structure of remuneration committee is up for review at the next nominations committee to ensure that the majority of the members are independent non-executive directors.
- The structure of the social, ethics and transformation committee is up for review at the next nominations committee to elect a chairman to replace the acting chairperson.

<b>NOM</b>	Nominations committee
<b>A&amp;R</b>	Audit and risk committee
<b>REM</b>	Remuneration committee
<b>SET</b>	Social, ethics and transformation committee
<b>INV</b>	Investment committee

The nominations committee is mandated to make judgements on whether directors are overcommitted in terms of board positions. This enables directors and executives to meet their commitments and effectively discharge their duties.

**BOARD AND COMMITTEE ATTENDANCE**

	BOARD AND SPECIAL BOARD MEETINGS	AUDIT & RISK COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS & TRANSFORMATION COMMITTEE	NOMINATIONS COMMITTEE	INVESTMENT COMMITTEE
<b>Total number of meetings</b>	<b>9</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>4</b>
Aziza Amod	9	N/A	2	2	2	4
Valentine Dzvoza	9	N/A	N/A	N/A	N/A	4
Jowayne van Wyk	9	N/A	N/A	N/A	N/A	4
Willem Raubenheimer	9	4	N/A	N/A	N/A	N/A
Gaamie Colbie	9	4	2	N/A	2	4
Bongikhaya Qama	9	2	N/A	2	N/A	N/A
Ismet Amod*	3	2	1	1	1	2
Ambassador Membathisi Mdladlana	1	0	0	0	0	0
Stephen Nthite	1	0	0	0	0	0

\*Ismet Amod resigned from the Board and its committees on 31 March 2021.

**COMMITTEE APPOINTMENTS DURING THE YEAR**

- Aziza Amod was appointed to the social, ethics and transformation committee on 18 March 2021 and acting chairperson after Ismet Amod's resignation on 31 March 2021.
- Bongikhaya Qama was appointed to the remuneration and nominations committees on 31 August 2021.
- Ambassador Membathisi Mdladlana was appointed to the social, ethics and transformation committee on 31 August 2021.
- Stephen Nthite was appointed to the audit and risk committee and the investment committee on 31 August 2021.

**ATTENDANCE**

All directors attended 100% of the meetings of the Board and the committees on which they served during the 2021 financial year. Board and committee meetings were held in line with the Group's financial reporting cycle.



## REMUNERATION COMMITTEE



### LETTER FROM THE CHAIRPERSON OF THE REMUNERATION COMMITTEE AZIZA AMOD

Dear Shareholders

This remuneration report sets out the Group's remuneration philosophy and policy, emphasising non-executive and executive directors. It also describes how the remuneration policy has been implemented and discloses payments made to non-executive and executive directors during the year as required by the provisions of King IV™. This report will be considered and voted upon at the forthcoming AGM of shareholders on behalf of the remuneration committee.

The remuneration committee consists of one independent non-executive director and two non-executive directors who have the prerequisite skills. In addition, the CEO and consultant attend the committee meetings by invitation.

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

In this regard, we continuously reviewed our remuneration practices during the year to ensure that they remain relevant and aligned to our revised strategy. We also ensured that any resultant changes did not have a material effect on our human capital. Remuneration and reward systems continue to remain sensitive matters, especially in the socio-political environment. The committee will continue to review and adapt to changes in market conditions to ensure that our policy and principles remain appropriately aligned with our overall business strategy.

We are committed to maintaining strong relationships with our shareholders, built on trust and a clear understanding of the quantum, rationale and drivers of executive remuneration and that our remuneration policy and practices have been implemented.

**Aziza Amod**

Chairperson of the remuneration committee



## REMUNERATION COMMITTEE REPORT AND OUTCOMES

### BACKGROUND

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

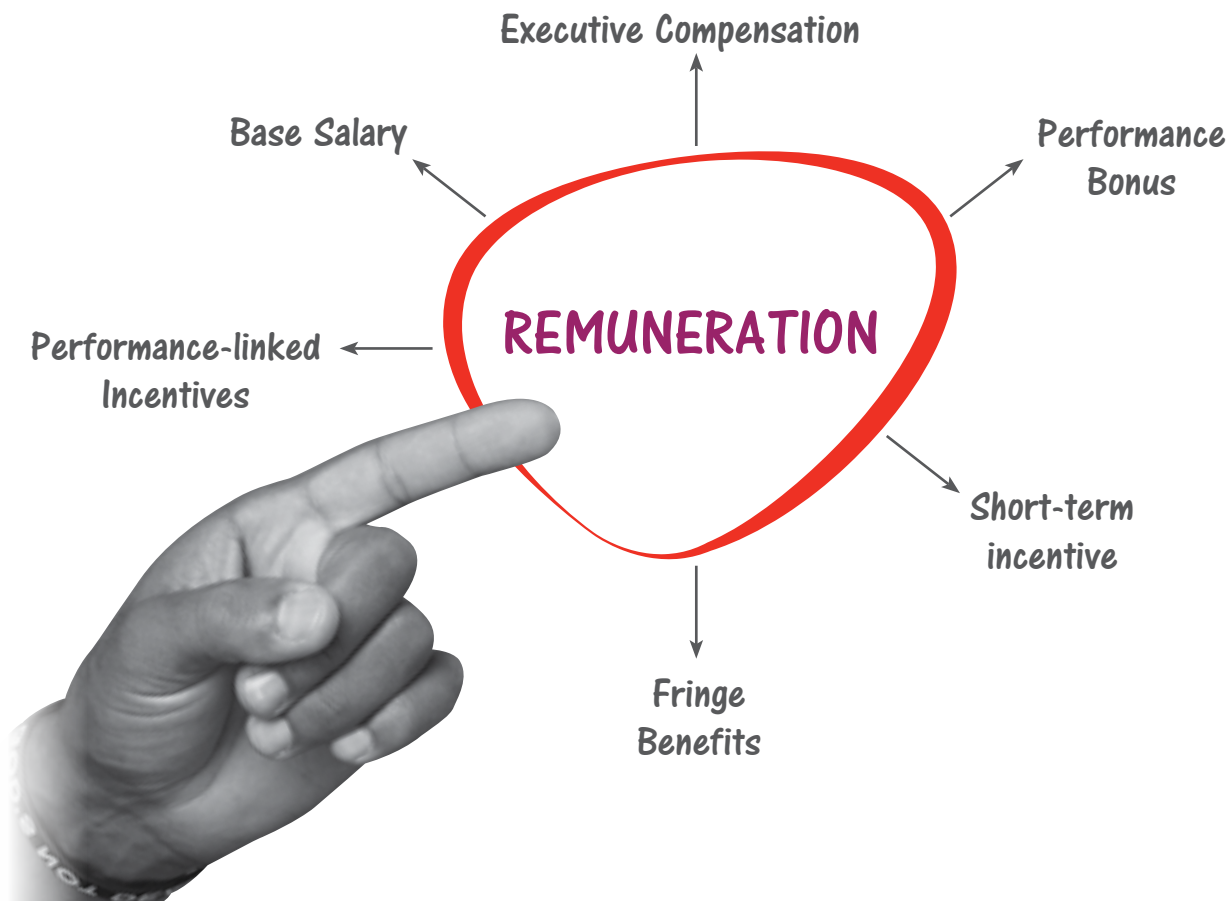
### RESPONSIBILITIES AND REPORT

This remuneration report highlights our policy's key components and how these align with our performance and strategic objectives for the 2021 financial year.

Our executives' remuneration is aligned to the long-term strategic goals of the Group to deliver sustainable value to shareholders, and build the business, remained a key focus. 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.

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 inspire them to realise their full potential and believe in rewarding them accordingly. Accordingly, we consistently applied the principle that our remuneration should be fair and competitive and reflect the Group's performance as well as the business units.

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 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.



## COMMITTEES ROLES AND RESPONSIBILITIES

NAME	ROLE AND GOVERNANCE	2021 FOCUS AREAS	2022 FOCUS AREAS AND BEYOND
<p><b>Chairperson</b></p> <p>Aziza Amod</p> <p><b>Members</b></p> <p>Gaamiem Colbie</p> <p>Bongikhaya Qama</p> <p><i>(Appointed 31 August 2021)</i></p>	<p><b>Role</b></p> <p>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.</p> <p><b>Governance</b></p> <p>The Board established the 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.</p> <p>The Board tasked the committee to oversee the implementation of the remuneration policy, enabling it to achieve the Group's strategic objectives, translating 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.</p>	<p>During the financial year, the remuneration committee:</p> <ul style="list-style-type: none"> <li>reviewed and determined the remuneration for the executives;</li> <li>measured key performance against KPIs and strategic objectives;</li> <li>reviewed and determined the remuneration for non-executive directors;</li> <li>reviewed the remuneration policy and implementation report for presentation at the annual general meeting for separate non-binding advisory votes;</li> <li>reviewed performance targets to ensure that they are both challenging and linked to the Group's revised strategic objectives;</li> <li>took into account the remuneration and employment conditions of all employees, the performance of the Group and the individual, current views and guidelines of shareholders, market conditions and the impact of the COVID-19 pandemic;</li> <li>continued to keep under review the relationship of risk to remuneration;</li> <li>satisfied itself that the remuneration structure for senior executives does not raise environmental, social or governance risks, nor does it inadvertently motivate irresponsible behaviour;</li> <li>retained absolute discretion to reduce variable compensation in light of risk and the Group's overall performance;</li> <li>received external guidance as required;</li> <li>determined performance incentives; and</li> <li>assessed the remuneration components.</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring that the implementation of remuneration is in line with the remuneration policy.</li> <li>Ensure the continued fulfilment of the requirements of the remuneration committee's policy.</li> <li>Continue with dialogue with stakeholders ensuring the relevance and appropriateness of the Remuneration Policy in achieving our strategic objectives.</li> <li>Ensure that the Remuneration Policy and resultant outcomes support our strategic objectives and are appropriate in the environment of unprecedented health, safety and economic challenges resulting from the COVID-19 pandemic. The duration, nature and extent of these challenges are uncertain.</li> <li>Monitor changes in executive remuneration, especially those of our competitors, including the COVID-19 pandemic.</li> <li>Focus on fair and responsible remuneration.</li> </ul>

Ismet Amod resigned on 31 March 2021.

To assist the committee with the implementation of its mandate, the CEO attended the meetings by invitation. Committee members do not decide on their own remuneration. In line with its Charter, the committee held two meetings during the year.

## DETERMINATION OF PERFORMANCE INCENTIVES

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

### Remuneration components

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

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

### Remuneration comprises the following key elements:

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

**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 annual general meeting of the Company.

**PRESCRIBED OFFICER**

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

**PERFORMANCE APPRAISALS**

The committee reviewed performance appraisals for the Group executive management and management at subsidiaries. In addition, the committee was part of the appraisal process for the performance of the CEO and CFO. The performance appraisals are based on specific elements, including KPIs and any assessments through shareholder objectives 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, their participation in the activities of the Board and its committees is considered. Changes to the fee structure are effective 1 September, subject to the approval by shareholders at AEEI's AGM 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 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, the committee is satisfied that the variable remuneration outcomes for the 2021 financial year align with the Group's financial performance.

### Guaranteed remuneration

The committee agreed to recommend to the Board the approval of a general salary increase based on the current price index of 5% for all employees in the Group, in line with inflation.

The 2021 guaranteed remuneration of the executive directors is set out below:

	2021 R'000	2020 R'000
V Dzvova	2 064	734
J van Wyk	1 748	120

The 2020 figures only reflect their time on the Board.

### 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%

The achievement of targets for executive directors in respect of the 2021 financial year:

	Achievement of financial targets	Achievement of non-financial targets	Total as a percentage of maximum	Maximum bonus of guaranteed remuneration
V Dzvova	100%	100%	100%	-
J van Wyk	100%	100%	100%	-

There are no long-term incentives for executive directors.

The table below sets out the remuneration received by executive directors for the 2021 financial year:

2021	Base remuneration R'000	Performance Bonus R'000	Provident Fund & Medical Aid R'000	Expense Allowance R'000	Total R'000
V Dzvova*	1 717	-	324	23	2 064
J van Wyk	1 440	300	288	20	2 048

\*V Dzvova waived her performance bonus

The 2021 annual remuneration of the non-executive directors is set out below:

Non-executive	2021 R'000	2020 R'000
A Amod	682	207
W Raubenheimer*	350	33
B Qama*	231	32
I Amod	172	207
J van Wyk*	-	176
N Ramathodi*	-	252
Ambassador M Mdladlana	-	-
S Nthite	-	-
<b>TOTAL</b>	<b>1 435</b>	<b>907</b>

\*The 2020 figure for J van Wyk reflects his remuneration for his time served on the Board as an independent non-executive director.

\*The 2020 figures for W Raubenheimer, B Qama and N Ramathodi only reflects their time served on the Board

G Colbie waived his non-executive directors' remuneration for the 2021 financial year.

Ambassador M Mdladlana and S Nthite were not remunerated for their attendance at the last board meeting.

AEEI covers all reasonable travelling and accommodation expenses incurred to attend Board and committee meetings.

Non-executive directors do not have any employment contracts or receive any benefits associated with permanent employment.

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

## AEEI'S REMUNERATION POLICY

### INTRODUCTION

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

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

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

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

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

The remuneration policy is designed to achieve the following strategic objectives:

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

The remuneration policy addresses the Group's remuneration and includes provision 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; and
- the Company to attract, engage and retain talent to drive performance and to meet the Group's strategic objectives.

## **EXECUTIVES AND EMPLOYEES**

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

Cost-to-company remuneration incorporates the following elements:

### **Base salary**

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

### **Benefits**

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

- membership of the pension/provident fund (providing death, disability and dread disease benefits);
- medical aid;
- unemployment insurance fund; and
- funeral cover.

## **COMPLIANCE**

The remuneration policy is reviewed each year 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 2021.

### SALARY INCREMENT

The committee reviewed the targets set in terms of performance-related remuneration for the CEO, executive management team and senior management in the Group, including individual performance factors and a combination of portfolio-specific targets. As a result, for the year ended 31 August 2021, a general salary increase was approved based on the annual average current price index of 5% for all employees in the Group.

### DISCRETIONARY BONUS

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

The 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 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 decision be communicated to the Company so that consideration can be given to those reasons. Please forward any comments to the company secretary at [damien@aeei.co.za](mailto:damien@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; and
- develop a formal response to shareholders that articulates the concerns raised, the details of where the changes will be made to address concerns raised and provide responses for areas where the Company, despite the shareholder feedback, believes its current policy and/or implementation is adequate.

Results of the shareholders' votes at the most recent AGM held on 25 February 2021, as a percentage of the total number of shares voted at the AGM, is indicated below and therefore, no shareholder engagement was required:

	2021 %	2020 %	2019 %
Approval of the remuneration policy	97.30	99.85	100
Implementation of the remuneration policy	97.30	99.85	100
Non-executive directors' fees	100.00	99.85	100

# 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 impact of the COVID-19 pandemic on the Group's businesses, results of operation, financial condition and liquidity and statements regarding the effectiveness of actions taken by the Company to address or limit the impact of COVID-19 on the business.

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 in light of developments that differ from those anticipated. This forward-looking statement has not been reviewed or reported on by AEEI's auditors.

## SHAREHOLDERS' INFORMATION

### ANALYSIS OF SHAREHOLDERS AS AT 31 AUGUST 2021

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total shares issued
1 - 5 000	3 503	86.39	1 694 301	0.35
5 001 - 10 000	173	4.27	1 426 243	0.29
10 001 - 100 000	262	6.46	8 746 643	1.78
100 001 - 1 000 000	88	2.17	29 940 527	6.10
1 000 001 - and more	29	0.72	449 214 720	91.49
<b>TOTALS</b>	<b>4 055</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	303 756 325	61.86
Miramare Investments (Pty) Ltd	44 859 927	9.14
<b>TOTAL</b>	<b>348 616 252</b>	<b>71.00</b>

**DISTRIBUTION OF SHAREHOLDERS**

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total shares issued
Individuals	3 887	95.86	53 606 295	10.92
Nominee companies and trusts	74	1.82	31 840 230	6.48
Public companies	14	0.35	11 321 269	2.31
Close corporations and private companies	80	1.97	394 254 640	80.29
<b>TOTALS</b>	<b>4 055</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>8</b>	<b>0.20</b>	<b>362 367 892</b>	<b>73.80</b>
<i>Directors</i>	3	0.07	627 250	0.13
<i>&gt;Than 10% of I/C</i>	1	0.02	303 756 325	61.86
<i>Associates</i>	4	0.10	57 984 317	11.81
<b>Public</b>	<b>4 047</b>	<b>99.80</b>	<b>128 654 542</b>	<b>26.20</b>
<b>TOTAL</b>	<b>4 055</b>	<b>100.00</b>	<b>491 022 434</b>	<b>100.00</b>

**SHARE TRADING STATISTICS**

High	175
Low	50
Year-end	110
Volume traded (shares)	813 549
Value traded (rand)	6 193 095
Volume of shares traded as a percentage of the issued capital	1.26
Market capitalisation at 31 August 2021 (rand)	540 124 677
Market capitalisation at 30 November 2021 (rand)	446 830 415

**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 carries one vote per share.

*Issued*

491 022 434 "B" class ordinary shares

	2021 '000	2020 '000
Reconciliation of number of issued "B" class ordinary shares		
Opening balance	491 022	491 022
Closing balance	491 022	491 022

## SHAREHOLDERS' DIARY

FOR THE YEAR ENDED 31 AUGUST 2021

### FINANCIAL REPORTS

Announcement of annual results	December 2021
Integrated report	December 2021
Announcement of interim results	May 2022
Interim report	May 2022

### Dividend payment

Gross dividend (cents per share)	10.00
Dividend net of dividend withholding tax (cents per share)	8.00
Last day to trade <i>cum</i> dividend	Tuesday, 28 December 2021
Trading <i>ex-dividend</i> commences	Wednesday, 29 December 2021
Record date	Friday, 31 December 2021
Date of payment	Friday, 3 January 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 29 December 2021 and Friday, 31 December 2021, both days inclusive.

## ADMINISTRATION

### COMPANY SECRETARY

Company secretary      Damien Terblanche      [damien@aeei.co.za](mailto:damien@aeei.co.za)

### EXECUTIVE MANAGEMENT TEAM

Chief executive officer      Valentine Dzvova      [valentine@aeei.co.za](mailto:valentine@aeei.co.za)

Chief financial officer      Jowayne van Wyk      [jowayne@aeei.co.za](mailto:jowayne@aeei.co.za)

Prescribed officer      Valentine Dzvova      [valentine@aeei.co.za](mailto:valentine@aeei.co.za)

### BUSINESS ADDRESS AND REGISTERED OFFICE

1<sup>st</sup> Floor, Waterway House North, 3 Dock Road, Victoria & Alfred Waterfront, 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](mailto:info@aeei.co.za)

Website: [www.aeei.co.za](http://www.aeei.co.za)



**COMPANY REGISTRATION NUMBER**

1996/006093/06

**TRANSFER SECRETARIES**

JSE Investor Services (Pty) Ltd

13th Floor, 19 Ameshoff Street, Braamfontein, 2001

Postal address: PO Box 4844, Johannesburg, 2000, South Africa

Telephone: +27 11 713 0800

Telefax: +27 86 674 4381

Website: [www.jseinvestorservices.co.za](http://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



[WWW.AEEI.CO.ZA](http://WWW.AEEI.CO.ZA)