



INTEGRATED BUSINESS **OVERVIEW**

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ABOUT THIS REPORT

African Equity Empowerment Investments Limited is committed to the principles of integrated reporting in terms of our thinking and approach to long-term value creation and the role we play as a corporate citizen.

The leadership of the Group develops and directs the strategy and manages the business in an integrated way. Management takes into account the interests of our stakeholders and takes cognisance of capital resources required for the strategy.

This integrated report follows on our Vision 2020 Vision as reported on in the 2016 integrated report. It aims to provide a balanced, accurate and accessible assessment of our strategy, performance and opportunities and how they relate to material financial, economic, social and environmental and governance matters.

In preparing our integrated report we were guided by the following:

- The International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework
- King IV Report on Corporate Governance™ for South Africa 2016 (King IV™)
- The Johannesburg Stock Exchange (JSE) Listings Requirements
- The International Financial Reporting Standards (IFRS)
- The Companies Act, 2008 (No. 71 of 2008), as amended (the Companies Act)
- The Global Reporting Initiative (GRI) G4 Guidelines
- Broad-based Black Economic Empowerment (B-BBEE) Regulations

to ensure that the contents are aligned with material matters impacting our ability to create value.

SCOPE, BOUNDARY AND REPORTING CYCLE

Our integrated report covers the performance of the AEEI Group for the financial year ended 31 August 2017, with material restatements of line items in the statement of other comprehensive income and is primarily targeted at our providers of capital. Refer to note 53 of the audited financial statements. It takes into account the interests, concerns and information requirements of a wider group of stakeholders. This report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders.

The Group's income is generated mainly in South Africa. 54% is generated from Asia, America, Africa, Europe, Dubai, the United Kingdom (UK), the United States of America (USA), Ghana, Uganda, Zambia, Cameroon,

Tanzania, Nigeria, Namibia, Kenya, Zimbabwe, Botswana, Spain, Saudi Arabia, Ethiopia, Lesotho, Swaziland, Mauritius, Madagascar and Malawi. This report aims to enable our readers to obtain a balanced view and to make an informed assessment of the Group's ability to create stakeholder value in the short, medium and long-term.

MATERIALITY AND MATERIAL MATTERS

AEEI applied the principle of materiality in assessing which information is to be included in this report. This report focuses particularly on those matters and provides material information which relates to the Group's strategy, governance, performance and sustainability in respect of all business units and sectors, which comprise strategic investments, food and brands, technology, health and beauty, biotherapeutics and events and tourism. All non-financial indicators include subsidiaries, but exclude strategic investments unless specifically indicated. Through a formal process by Board committees and executive management of the Group, material matters were identified and in terms of relevance, were approved by the Board of AEEI. Material matters and developments are comprehensively dealt with throughout the report. Our material matters, as described on pages 42 to 48 influence our strategy and inform the content of this report.

COMBINED ASSURANCE AND INTERNAL CONTROL

AEEI has a combined assurance model, which includes internal and external assessment of key strategic risks, internal controls and other material areas to support the integrity of the management, monitoring and reporting data. Management provides the Board with assurance on its accountabilities in terms of the implementation and monitoring of the Group's risks register and plan, as well as the controls related to the Group's day-to-day activities, while fostering a strong ethical climate to ensure compliance.

The Board, with the support of the audit and risk committee, is ultimately responsible for the system of internal control, which is designed to identify, evaluate, manage and provide reasonable assurance against material misstatement and loss. The audit and risk committee applied the combined assurance model to seek and optimise the assurance provided by management, the internal auditor and external assurance providers to ensure a strong ethical climate and to ensure compliance. They also monitored the relationship between the external assurance providers and the Company.

As AEEI is listed on the JSE, it complies with the JSE Listings Requirements, the Companies Act and King IV™.

Certain information included in this report has been externally assured and reviewed including:

- The integrated report was reviewed by our external auditors, Grant Thornton Cape Inc.
- The consolidated and separate annual financial statements for the year ended 31 August 2017 have been audited by Grant Thornton Cape Inc.
- External verification has been provided for the B-BBEE accreditation level. The verification is carried out by an organisation accredited by the Independent Regulatory Board of Auditors (IRBA).
- External verification in terms of the JSE Listings Requirements and the Companies Act were performed on the integrated report and the consolidated and separate annual financial statements for the year ended 31 August 2017.
- The sustainability information included in this integrated report has been externally reviewed, but not assured, by Integrated Reporting and Assurance Services (IRAS) and the rest of this integrated report was not subject to an independent audit or review (refer to the statement from IRAS on page 133).
- The sustainability review has not been independently assured, however, certain information contained in this review has been scrutinised by the Group's own internal control functions.

The information reported on is derived from the Group's own internal records and information available in the public domain.

The Board reviewed the effectiveness of controls for the year ended 31 August 2017, principally through a process of management self-assessment, including confirmation from executive management. It also considered reports from the internal audit, the external auditor and other assurance providers. (*King IV™ – Principle 5*)

DISCLAIMER: FORWARD-LOOKING STATEMENTS

In this report we make certain statements that relate to analyses and other information based on forecasts of future results based on historical data, which are based on estimations of new business and investment assumptions. These statements may also relate to our future prospects, developments and business strategy. 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 and in the risk management report.

Should one or more of these risks or uncertainties materialise, or should 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.

SIGNIFICANT CHANGES DURING THE REPORTING PERIOD

Effective 1 September 2016, the Group acquired 51% of the equity in Kalula Communications (Pty) Ltd, trading as Headset Solutions and effective 1 October 2016, concluded the acquisition of 57% equity in Puleng Technologies (Pty) Ltd. Effective 1 May 2017, the Group acquired 90% of the equity in Orleans Cosmetics (Pty) Ltd. The Group purchased additional shares in Sygnia Ltd, increasing our stake to 1.735%.

On 2 March 2017, the Group successfully listed its fishing and brands division on the JSE – now trading as Premier Fishing and Brands Ltd.

DIRECTORS' RESPONSIBILITY AND APPROVAL OF THE INTEGRATED REPORT

The AEEI Board is ultimately responsible for ensuring the integrity of the integrated report and acknowledges its responsibility to ensure that the integrity of the integrated report is not compromised. The audit and risk committee also reviewed and recommended the integrated report and annual financial statements to the Board for approval. The Board has applied its mind to the integrated report and believes that it addresses all material matters and fairly represents the integrated performance of the Group.

The integrated report and the annual financial statements for the Group for the year ended 31 August 2017 were approved by the Board of directors and signed on their behalf by Reverend Dr VC Mehana and Mr K Abdulla on 7 November 2017. (*King IV™ – Principle 15*)

The special resolutions passed during the year for the Company relate to the approval of/for:

- the remuneration for executive and non-executive directors;
- inter-company financial assistance;
- financial assistance for the acquisition of shares in a related or inter-related company;
- the Company or its subsidiaries to repurchase Company shares; and
- the amendment to the Memorandum of Incorporation of the Company in relation to fractions.

We welcome your feedback and comments on the integrated report. Please address any queries to the corporate affairs and sustainability director, Cherie Hendricks at cherie@aeei.co.za.

WHO WE ARE

African Equity Empowerment Investments Limited (AEEI or the Company or the Group) 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.

The Group holds strategic investments in BT Communication Services, Saab Grintek Defence, Pioneer Foods and Sygnia and some with international partners. We also have investments in fishing and brands, technology, health and beauty, biotherapeutics and events and tourism, all supporting B-BBEE and small, medium and microenterprises (SMMEs).

Our growth strategy is underpinned by our diverse portfolio and is reflected in our results. This growth strategy has laid a strong foundation for the next phase of the Group's evolution, which is reflected in our achievements in terms of Vision 2020 Vision. Growth in revenue increased from R735 759 in 2016 to R1 052 196 in 2017. Assets increased from R1 691 219 in 2016 to R2 822 153 in 2017.

MISSION STATEMENT

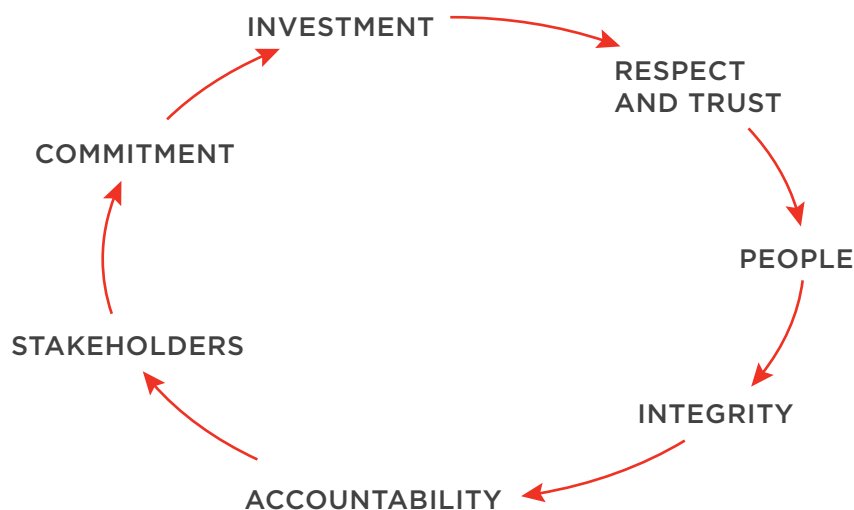
African Equity Empowerment Investments Limited is a diversified company that empowers people through profits and partnerships.

VISION STATEMENT

We are a dynamic and innovative company that creates superior stakeholder value.

OUR SHARED VALUES

We are driven by our values:



WHERE WE OPERATE

While AEEI's primary market remains in South Africa, we continue to expand into the rest of Africa. Outside South Africa we have a market presence in Asia, Europe, the USA, Africa, Ghana, Uganda, Zambia, Cameroon, Tanzania, Nigeria, Namibia, Kenya, Zimbabwe, Botswana, Spain, Saudi Arabia, Ethiopia, Lesotho, Swaziland, Mauritius, Madagascar and Malawi through our subsidiaries.



WHO WE ARE – continued

KEY FACTS

3 May 1999DATE OF LISTING
ON THE JSE**R1 719 688 019**MARKET
CAPITALISATION
AT 31 AUGUST 2017**61.17%**MAJORITY
SHAREHOLDER
Sekunjalo Investment
Holdings (Pty) Ltd**858**NUMBER OF
PERMANENT
EMPLOYEES**3 120**NUMBER OF
CONTRACTORS**V&A Waterfront,
Cape Town**

HEAD OFFICE

28%INCOME
GENERATED OUTSIDE
SOUTH AFRICA**1**

B-BBEE LEVEL

81.11%BLACK
OWNERSHIP

2 822 153

TOTAL ASSETS (R'000) 2016: 1 691 219 | 2015: 1 345 471

466 232

HEADLINE EARNINGS (R'000) 2016: 211 930 | 2015: 152 614

94.89

HEADLINE EARNINGS per share (cents) 2016: 43.13 | 2015: 31.06

25 804

DIVIDEND DECLARED 2016: 12 283 | 2015: 9 827

WHO WE ARE – continued

REVENUE CONTRIBUTION PER DIVISION

2010



2011



2012



2013



2014



2015



2016



2017



OUR KEY PERFORMANCE INDICATORS (KPIs)

FINANCIAL KPIs	2016 ACHIEVEMENT	2017 ACHIEVEMENT	2018 TARGET
REVENUE GROWTH	Achieved 12%	Achieved 43%	Increase revenue growth by 20%
OPERATING PROFIT	Achieved 53%	Achieved 111%	Increase operating profit by 20%
NET CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL	Achieved 47%	Achieved 18%	Increase cash flows by 15%
INCREASING NET ASSET VALUE	Achieved 24%	Achieved 100%	Increase net asset value by 20%
GROWTH IN TOTAL ASSETS	Achieved 264%	Achieved 65%	Grow total assets by 20%

NON-FINANCIAL KPIs	2016 ACHIEVEMENT	2017 ACHIEVEMENT	2018 TARGET
B-BBEE	Level 1 status	Level 1 status	Retain Level 1 status
HEALTH AND SAFETY	Zero fatalities	Zero fatalities	Maintain zero fatality
STAKEHOLDER RELATIONSHIPS	Increased communication to stakeholders	Increased communication to stakeholders	Increase stakeholder communication through various platforms
EMPLOYEE TRAINING AND DEVELOPMENT	372 employees undertook training	381 employees undertook training	Continue with training and development

As a B-BBEE business, AEEI has strong roots among historically disadvantaged individuals (HDIs) and community organisations. These form the majority of the Group's shareholder base. Black ownership of AEEI exceeds 81.11% and the majority of its economic benefits are enjoyed by previously disadvantaged stakeholders.

AEEI is recognised by its peers as a pioneer in promoting the interests of HDIs and previously marginalised communities. The Group's commitment to transformation, including employment equity, skills, social and enterprise development and corporate social investment, makes it a role model for B-BBEE.

WHO WE ARE – continued

OUR VALUE-CREATING BUSINESS MODEL

**FINANCIAL CAPITAL**

Capital: R1,3bn
 Assets: R2,8bn
 Strategic investments: R425m
 (excluding BT)



Read more on page 125.

**HUMAN CAPITAL**

858 permanent employees
 Employment created for
 3 120 contractors



Read more on page 126.

**MANUFACTURED CAPITAL**

Quality products
 Quality services
 Innovative organic products
 Capital investment in our
 businesses to increase
 capacity and efficiency
 Plant and equipment



Read more on page 127.

**INTELLECTUAL CAPITAL**

Patents
 Copyrights
 Software licences
 Strategic partnerships
 Empowerment partner of choice
 Software development
 Skill and experience of
 management and employees
 Consistently investing in training
 Collaborative research and
 development investments



Read more on page 128.

**SOCIAL AND
RELATIONSHIP CAPITAL**

Stakeholder engagement
 Leader in transformation
 Leader in social responsibility



Read more on page 129.

**NATURAL CAPITAL**

Responsible use of natural
 resources, effective environmental
 management systems and long-
 term goals to address carbon
 emissions, water usage and
 electricity usage



Read more on page 131.

WHAT SETS US APART

Vision 2020 Vision strategy, implementation plan with clear short, medium and long-term business strategies	Strong brand, credentials and proven delivery	Sustainable and organic growth while containing costs and driving efficiencies	Diversified business portfolio
Hands-on approach in our business development strategy	Built on solid empowerment credentials and return on investment	Successful track record and excellent business reputation	Strong management team and experienced executives leading our business units
Strong risk-based management of investments	Strategic investment portfolio	Low debt and gearing ratio	B-BBEE partner of choice
Rated as one of the JSE's most transformed companies	Maintained our B-BBEE Level 1 status since 2010	Investment in renewable energy and environmentally friendly products	Proven transformation culture and results

WHO WE ARE – continued

OUR RECENT AWARDS/ACHIEVEMENTS

AEEI achieved the following:

Winner – Highest Sustainability Data Transparency Index score – Financial services sector in 2017 by the IRAS out of over 300 Top JSE-listed companies

Level 1 B-BBEE status

2017 – Empowerdex's most empowered JSE listed companies

1st Place – Most Empowered Black-Owned Company

Winner of the Empowerdex 100 Most Empowered Companies in 2016

Winner of the Empowerdex Top 100 Empowered Management Control Company in 2016

Runner-up in the Empowerdex Most Empowered Black Ownership under amended Codes of Good Practice

Accorded the honour to open the JSE in recognition of consistent financial growth over several years, as well as a strong trading period in the last 12 months and recognised by its peers with several top awards and consistent financial performance – Raging Bull Trophy

FLOW OF INCOME AND EXPENSES

INCOME	<ul style="list-style-type: none"> Income is generated through the sales of products and services provided Management fees
OTHER INCOME	<ul style="list-style-type: none"> Private equity income is derived from the realisation or revaluation of investments and dividends received This includes private equity income and fair-value adjustments, among others Fair-value adjustments arise from the hedging of our balance sheet to mitigate fixed interest rate and basis risk Associate income is generated through our investments in non-controlling shareholdings
EXPENSES	<ul style="list-style-type: none"> We invest in our operations through infrastructure, technology and marketing We also invest in developing, motivating and retaining employees
IMPAIRMENT CHARGES	<ul style="list-style-type: none"> Fair-value adjustments arise from the hedging of our balance sheet to mitigate fixed interest rate
TAX	<ul style="list-style-type: none"> Taxation is the regulatory requirement to pay direct and indirect taxes

WHO WE ARE – continued

PRODUCTS AND SERVICES PROVIDED BY THE GROUP

THROUGH OUR VARIOUS BUSINESS ACTIVITIES, THE FOLLOWING PRODUCTS AND SERVICES ARE PROVIDED:



FISHING AND BRANDS

Sales, marketing and production of west coast rock lobster, south coast rock lobster, canned fish products, longline hake, squid, fishmeal, abalone and Seagro (organic fertiliser).



TECHNOLOGY

The information and communication technology (ICT) group has evolved through continuously adapting to the needs of local and international ICT markets. The ICT group has grown both organically and acquisitively and is positioned as the most empowered ICT group of scale offering numerous end-to-end solutions to a host of industries. Through its divisions, subsidiaries and associates, the ICT group provides solutions to both the public and private sectors within South Africa and abroad, with its private sector customer base comprising mostly blue chip multinationals. The key strengths and foundation of the ICT group are its strong Board, management and specialised skills base. The ICT group maintains strong relationships and agreements with principals such as Nokia Siemens, InterSystems, Cisco, Microsoft, IBM, Riverbed etc., who provide their customers with continuous access to the latest world-class technologies.



HEALTH AND BEAUTY

Manufacture, distribution sale and marketing of an extensive range of natural products that are human, animal and plant safe and internationally recognised in the food, agriculture, hygiene and general health sectors. Imports and distributes four cosmetic brands from Europe and is the sole distributor of these products in Southern Africa.



BIOTHERAPEUTICS

Research and development of biopharmaceuticals and biosimilars for commercialisation.



EVENTS AND TOURISM

Events management, travel solutions as well as advertising and sponsorship income.



The above excludes our strategic investment portfolio.

For further information refer to pages 87 to 90 of our responsible investments report.

OUR INVESTMENT PHILOSOPHY

AEEI'S HIGH-LEVEL INVESTMENT PHILOSOPHY IS TO:

- hold a portfolio of investments in businesses that are diversified;
- acquire control of the majority of its operational investments;
- acquire and maintain non-controlling stakes in strategic investments;
- add value, influence business processes, provide management expertise and synergies with existing investments;
- provide capital investment to grow the business;
- ensure above-market shareholder returns; and
- provide and maintain high-quality infrastructure and assets.

AEEI HAS A TRACK RECORD OF BEING AN EMPOWERMENT PARTNER OF CHOICE. AEEI INVESTS IN COMPANIES WITH THE FOLLOWING CHARACTERISTICS:

- Strong investment partners that are aligned with our strategic objectives
- Leading brand in its fields
- Defined growth strategy



Refer to the investment committee report on page 116 for further details.

RISKS RELATED TO OUR ACTIVITIES



RISK

- Financial
- Strategic
- Economic
- Human resources
- Information and technology
- Legal compliance
- Environmental
- Operational
- Reputation



Refer to Governance of Risk Management on page 97 for further information on the above risks.

GROUP STRUCTURE



**FISHING AND
BRANDS**



TECHNOLOGY



**HEALTH AND
BEAUTY**



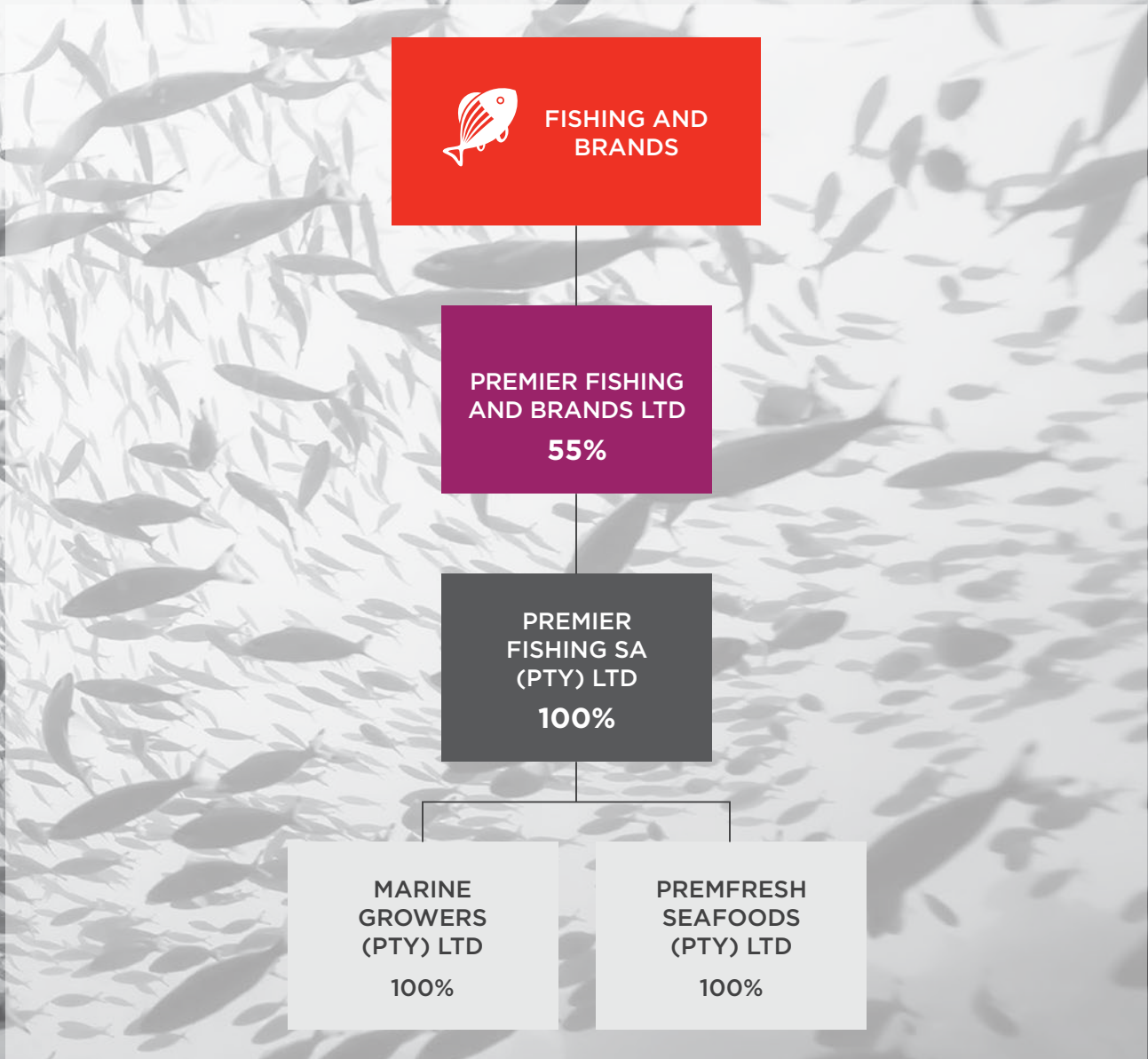
BIOTHERAPEUTICS



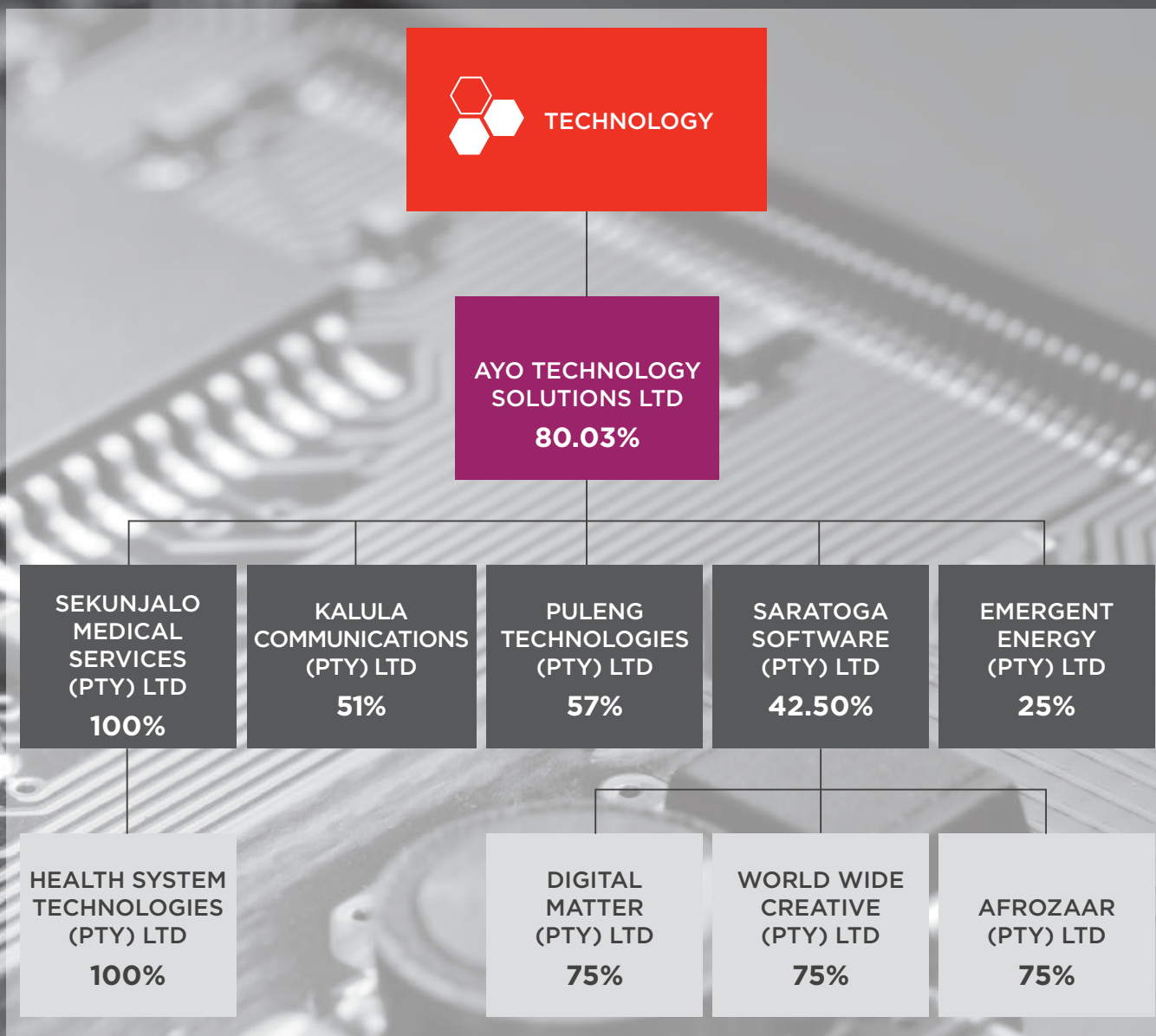
**EVENTS AND
TOURISM**



**STRATEGIC
INVESTMENTS**



GROUP STRUCTURE – continued





GROUP STRUCTURE – continued



BIOTHERAPEUTICS

AFRICAN
BIOTECHNOLOGY &
MEDICAL INNOVATION
INVESTMENTS (PTY) LTD

100%

INTEGRATED
BIOWORKS
(PTY) LTD

60%

BIOCLONES
(PTY) LTD

73.69%

RIBOTECH
(PTY) LTD

60.02%



**EVENTS AND
TOURISM**

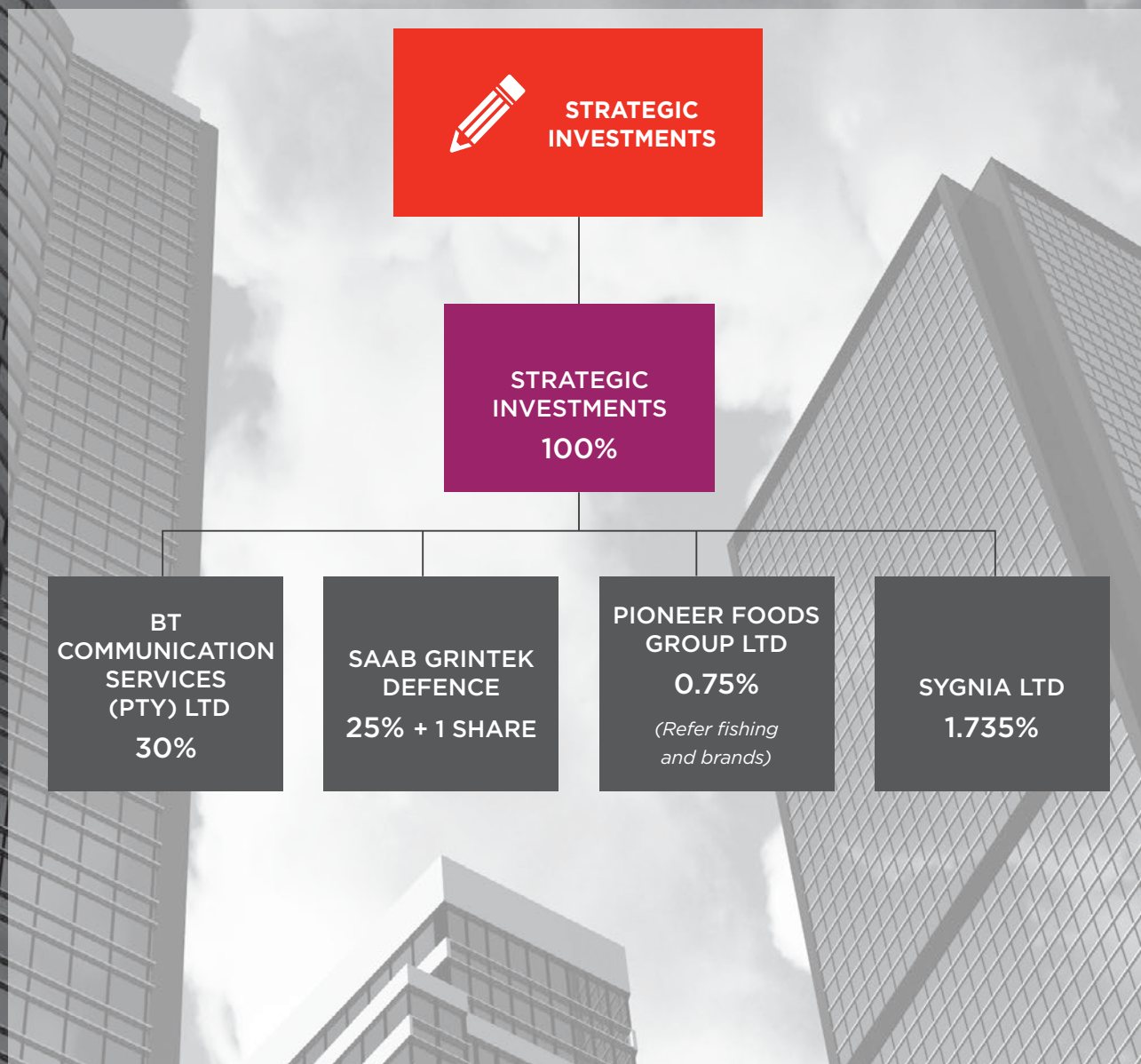
**AEEI EVENTS
AND TOURISM
(PTY) LTD**
100%

**ESPAFRIKA
(PTY) LTD**
51%

**TRIPOS TRAVEL
(PTY) LTD**
56%

**MAGIC 828
(PTY) LTD**
40.1%

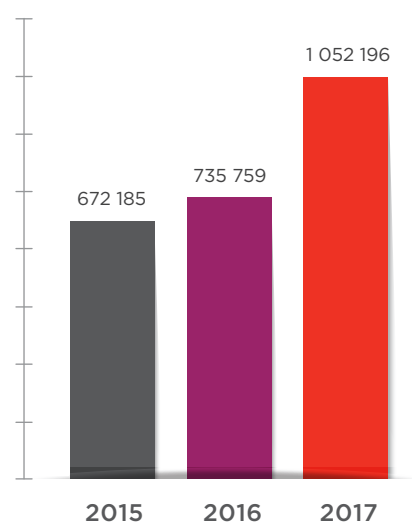
GROUP STRUCTURE – continued



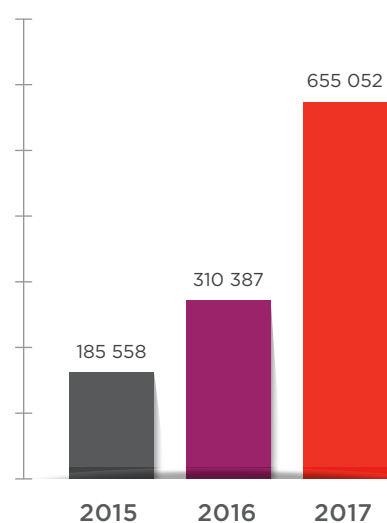
FINANCIAL HIGHLIGHTS

	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
Revenue	1 052 196	735 759	672 185	620 549	569 198
Profit before tax	680 890	287 740	185 747	108 192	58 665
Profit after tax (including portion attributable to non-controlling interests)	528 672	208 527	149 256	102 433	30 352
Headline earnings	466 232	211 930	152 615	78 552	29 829
Net asset value – Group	2 038 120	1 001 035	804 549	665 072	476 996
Net asset value – Company	1 978 739	1 844 846	969 438	787 220	754 559
Total assets – Group	2 822 153	1 691 219	1 345 471	1 178 084	903 230
Total assets – Company	2 605 945	2 415 582	1 247 695	1 005 834	944 667
Earnings per share (cents)	97.10	44.09	31.12	19.76	6.08
Headline earnings per share (cents)	94.89	43.13	31.06	16.03	6.10
Net asset value per share – Group (cents)	260.00	186.52	144.93	115.81	96.50
Net asset value per share – Company (cents)	402.72	375.47	197.31	160.22	154.20

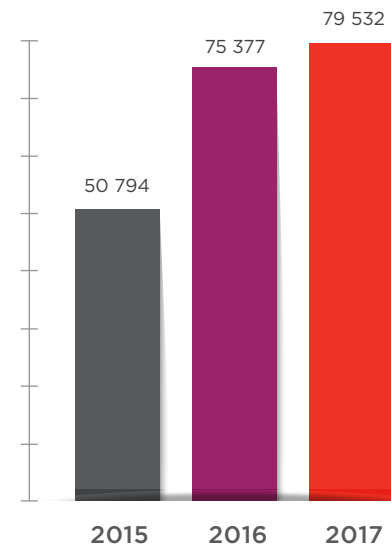
REVENUE
R'000



OPERATIONAL PROFIT
R'000



OPERATIONAL CASH FLOW
R'000



FIVE-YEAR REVIEW

STATEMENT OF FINANCIAL POSITION

	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
ASSETS	2 822 153	1 691 219	1 345 471	1 178 084	903 230
Property, plant and equipment	154 527	147 086	153 422	138 266	126 890
Intangible assets and goodwill	466 967	395 472	396 529	391 836	50 108
Investments, loans and other receivables	1 216 141	868 151	530 406	429 238	531 789
Deferred tax assets	17 578	17 310	16 162	11 901	17 498
Current assets	966 940	263 200	228 952	204 991	174 818
EQUITY	2 038 114	1 001 035	804 549	665 072	476 996
Equity attributable to equity holders of the parent	1 277 487	916 452	712 106	569 036	472 234
Non-controlling interest	760 627	84 583	92 443	96 036	4 762
LIABILITIES	784 033	690 184	540 922	513 012	426 234
Non-current financial liabilities	250 256	265 210	115 622	137 446	149 873
Deferred tax liabilities	211 046	299 102	239 015	210 489	132 721
Current liabilities	322 376	130 176	186 285	165 077	143 640
Liabilities of disposal	(360)	-	20 000	1 852	2 127
Net asset value					
Group	2 038 114	1 001 035	804 549	665 072	476 996
Company	1 978 739	1 844 846	969 439	787 220	754 559
Net asset value per share (cents)					
Group	260.00	186.52	144.93	115.81	96.50
Company	402.72	375.47	197.31	160.22	154.20

STATEMENT OF COMPREHENSIVE INCOME

	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
Revenue	1 052 196	735 569	672 185	620 549	569 198
Profit before depreciation and amortisation (EBITDA)	677 332	331 068	208 841	118 128	99 124
Profit before taxation	680 891	287 740	185 747	108 192	58 665
Taxation	(155 029)	(79 332)	(36 491)	(5 759)	(28 313)
Profit for the year from continuing operations	525 862	216 504	149 256	102 433	30 352
Profit for the year from discontinued operations	2 810	119	–	–	–
Profit for the year	528 672	208 527	149 256	102 433	30 352
Attributable to:					
Equity holders of the Company	477 089	216 623	152 897	96 802	29 734
Minority interests	51 583	(8 096)	(3 641)	5 631	618
Headline earnings	466 232	211 930	152 615	78 552	29 829
	cents	cents	cents	cents	cents
Earnings per share	97.10	44.09	31.12	19.76	6.08
Headline earnings per share	94.89	43.13	31.06	16.03	6.10
Diluted earnings per share	97.10	44.09	31.12	19.76	6.08

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

African Equity Empowerment Investments Limited is a leading black economic empowered JSE-listed company, who creates value for its stakeholders through its innovative and sustainable business model, concise strategy, diverse product portfolio and strategic investments, complimented by an experienced and empowered leadership team focused on stakeholder wealth creation as well as communities.

SEGMENTAL OVERVIEW

RESPONSIBLE INVESTMENTS

PRODUCT
PORTFOLIO

WHAT WE DO

STATUS PROGRESS ON 2017 OUTLOOK

OUTLOOK FOR 2018



FISHING AND BRANDS

WHAT WE DO

Premier Fishing and Brands Ltd recently listed on the JSE. Premier Fishing SA (Pty) Ltd, a division of Premier Fishing and Brands, is the largest 100% black-owned fishing Company in South Africa. The Premier Group holds medium- to long-term fishing rights in west coast rock lobster, south coast rock lobster, small pelagics, hake deep-sea trawl, hake longline and squid. They own an abalone farm and invests in organic agriculture and processes wild abalone.

STATUS PROGRESS ON 2017 OUTLOOK

- Revenue increased to R408m from R402m in 2016
- EBITDA increased to R79m from R78m in 2016
- Expansion of the abalone farm through a phased approach commenced – ongoing
- *Implemented centralised procurement for the entire Premier Group**
- *Increased factory utilisation through the newly established trading operation**
- *Installed a fully operational in-house clinic at the abalone farm**
- Assisted small businesses to grow and add value – achieved and ongoing
- Delivered sustainable returns to shareholders – achieved and ongoing
- Continued to drive an efficient cost base – achieved and ongoing
- Enhanced planning to increase catch rates – achieved and ongoing
- Listed the Company in March 2017 – achieved
- Focused on the environment impact of their business – ongoing
- Acquisition of small to medium sized fishing companies – ongoing
- Increase abalone spat production once expansion of the abalone farm is completed – commenced and ongoing
- Continuous growth of outside quota holders – achieved and ongoing
- Explored other growth opportunities present in the market – ongoing
- Product diversification to further penetrate foreign markets – ongoing
- Procurement of fish species for local and international markets and enhance marketing capacity – ongoing

OUTLOOK FOR 2018

- Abalone farm – 150 tonnes production capacity is expected to be installed by the end of the 2018 financial year
- A fully functional canning facility to be constructed by March 2018 with in-house canning to commence in April 2018
- Employment for 50 people will be created at the abalone farm
- Acquisition of small to medium-sized fishing companies
- Continue with the expansion of the abalone farm through a phased approach
- Increase abalone spat production once expansion of the abalone farm is complete
- Further installation of renewable energy through a phased approach
- Continuous growth of outside quota holders
- Explore other growth opportunities present in the market
- Product diversification to further penetrate foreign markets
- Procurement of fish species for local and international markets and enhance marketing capacity



More information on page 140.

* Not included in the Outlook for 2017 but has been achieved.

CREATING SHARED VALUE FOR SUSTAINABLE OUTCOMES – continued



TECHNOLOGY

WHAT WE DO

The AYO Technology Solutions Group is an empowered ICT group offering numerous end-to-end solutions to a host of industries. Solutions include: specialist provider of optimised and integrated healthcare ICT solutions; network services; collaboration services, including Immersive Telepresence, Managed local area network (LAN) and information processes and technology (IPT) Services, System Integration, Enterprise Security Management, Converged Infrastructure, Enterprise Storage Management, Efficiency and Waste Management, Audio Technology Provider and Unified Communications, mobile solutions, strategic digital services, asset tracking and renewable energy.

STATUS PROGRESS ON 2017 OUTLOOK

- Acquired two new businesses
- Penetrated markets outside South Africa by implementing and embarking on a Proof of Concept and a support contract for hospitals in Dubai
- *Contributed to the technology required for the National Health Insurance by working with the Council for Scientific and Industrial Research (CSIR) on integrating existing clients' data**
- *Developed and implemented an electronic continuity of care record**
- *Acquired telemedicine solutions by becoming a value-added reseller and forming a joint venture to market the product**
- Maintained service level agreements at more than 95% of compliance – ongoing
- Grew revenue by expanding customer base and maintained an efficient cost base – ongoing
- *Achieved new branding in terms of Publisher's Toolbox**
- *Developed new product by using new technology**
- Implemented phase 1 of the transformation from digital marketing agency to a strategic innovation agency – ongoing
- *Drove efficiencies by shifting from an internal development team to outsourced development partners**
- *Increased revenue from current key accounts through greater strategic value-adds**
- Penetrated the African market with expansion into four countries
- *Closed the first Tracksmart deal and secured the rights to certify and distribute a battery-powered safe global positioning system (GPS) tracking unit**
- Improved partnerships with financial institutions to package solutions for clients
- Secured long-term managed services contract with leading financial services and telecommunications organisations
- *Introduced subscription-based cloud and managed services**
- *Penetrated the lower end of the market to cater for smaller contact centres and unified communications customers**

OUTLOOK FOR 2018

- Expand on Proof of Concept implementation and establish an Electronic Health Record in African countries
- Expand clinical functionality at existing clients and explore data warehouse solutions
- Further develop opportunities to become a technology provider of choice
- Continue to explore the acquisition of companies with complementary technologies and services while growing organically through new developments
- Expand consulting service offerings into international markets and improve market positioning
- Grow product portfolio in the digital publishing and marketing sector
- Expand into new sectors with innovative products
- Retain business won
- Create and use a unique, consistent and persuasive consulting experience that attracts new clients and engages existing clients
- Expand client base into fuel and non-fuel tanker fleets
- Grow the footprint of certain projects into the rest of the client's operations
- Expand into new commercial sectors with innovative security products
- Grow cloud and subscription-based services across a portfolio for data and user security
- Continue organic growth coupled with growth through acquisitions of complementary businesses and the acquisition and/or development of additional products



More information on page 143.

* Not included in the Outlook for 2017 but has been achieved.



HEALTH AND BEAUTY

WHAT WE DO

Included in this division are the manufacturing, sales and marketing of an extensive range of natural products for the food, agriculture, hygiene and general health sectors and the import and distribution of four cosmetic brands from Europe.

STATUS PROGRESS ON 2017 OUTLOOK

- *Acquired new business in the cosmetics industry**
- Research initiatives taken to commercialisation of products
- Successful registration of additional products
- Introduction of pre-harvest products to the local market
- Diversified products and markets – achieved
- Expanded into new markets – achieved
- Retention of business – ongoing

OUTLOOK FOR 2018

- Growth of product portfolio into other sectors
- Conclude joint venture negotiations in two sectors
- Expand into new sectors with innovative products
- Retention of business
- Expand into new markets outside South Africa
- Work towards a future listing
- Focus on strengthening cosmetic brands
- Explore additional agencies in fragrance and make-up



More information on page 147.

* Not included in the Outlook for 2017 but has been achieved.



BIOTHERAPEUTICS

WHAT WE DO

Included in this division is the research and development of biopharmaceuticals and biosimilars for commercialisation.

STATUS PROGRESS ON 2017 OUTLOOK

- Work towards a future listing of the business – ongoing
- Pre-clinical work on breast cancer
- Infrastructure and facility improvements – ongoing
- Regulatory and preparation process validation for production – ongoing
- Development work on cancer immunotherapy – ongoing
- Development for biosimilar drug – ongoing
- Production of protein-based reagents for use in research laboratories and industrial applications – ongoing

OUTLOOK FOR 2018

- Work towards a future listing
- Update regulatory requirements
- Continue with infrastructure and facility improvements
- Regulatory and preparation process validation for production
- Continue with clinical work on breast cancer to human trials
- Continue with development work on cancer immunotherapy
- Secure additional funding
- Generate revenue from sale of laboratory agents
- Ongoing research and development in granulocyte-colony stimulating factor (G-CSF)



More information on page 152.

CREATING SHARED VALUE FOR SUSTAINABLE OUTCOMES – continued

EVENTS AND
TOURISM

WHAT WE DO

This division features a cutting-edge global competitive company in events management and travel solutions. Over the past decade, the events company staged international music festivals throughout Africa and under their leadership the Cape Town International Jazz Festival, has been named the fourth best jazz festival worldwide. In 2016 it was voted one of the World's Best Festivals by FEST 300 and voted the Best Festival in Cape Town in the OFLOCAL 2015 poll. Included in this division is a travel and tourism company and a medium-wave commercial music radio station.

STATUS PROGRESS ON 2017 OUTLOOK

- Worked towards developing owned events – achieved
- Expanded into new markets outside the Western Cape – achieved – secured two new annual events
- Hosted a two successful events – Cape Town International Jazz Festival and the Royal Escape Experience
- Delivered sustainable returns to stakeholders
- *Maintained good staff morale and a rewarding working environment**
- Looked at opportunities to grow in the travel, tourism and entertainment industries and expanding footprint – ongoing
- *Marketing campaign in the travel industry resulted in growing outbound leisure sales**
- *System enhancements to measure productivity and improve service**
- *Travel sector elected as the official travel partner for the Cape Town International Jazz Festival**
- Considered and promoted a crossover radio station offering a format appealing to a section of the region's population – achieved
- Continued with brand awareness and increased listenership
- Ongoing involvement of outside broadcasts and assisting community radio stations
- *Created affordable packages for entities previously not advertising on the radio stations**

OUTLOOK FOR 2018

- Successfully launch the new music events
- Further develop the Royal Escape Experience Brand
- Secure sponsorship for existing and new events
- Expand into new markets outside South Africa
- Continue working on customer service through educational trips, training and workshops for staff
- Meet performance targets in the travel sector
- Grow the corporate client market in the travel sector
- Work towards further extending our footprint outside the Western Cape in the long-term
- Develop, promote and sell outbound travel packages
- Increase brand awareness and listenership
- Look at opportunities to expand Magic 828 through government business
- Extend broadcasting via programming
- Increase advertising
- Increase their broadcast area
- Further growth in listenership



More information on page 154.

* Not included in the Outlook for 2017 but has been achieved.



STRATEGIC INVESTMENTS

WHAT WE DO

The Group's strategic investments consist of stakes in British Telecoms South Africa (BT), Saab Grintek Defence (Saab), Pioneer Food Group (Pioneer Foods) and Sygnia Ltd.

2017 PROGRESS

- Explored further business opportunities – process is ongoing
- Looked for further opportunities in new strategic investments – ongoing
- Further acquisition in Sygnia concluded in August 2017

OUTLOOK FOR 2018

- Review further business opportunities within our current strategic investments
- Increase stakes in existing strategic investments
- Continue to look for and explore further opportunities in new strategic investments
- Acquire further strategic investments



More information on page 162.

VISION 2020 VISION

ORGANISATIONAL STRUCTURE



FISHING AND
BRANDS



TECHNOLOGY



HEALTH AND
BEAUTY



EVENTS AND
TOURISM



BIOTHERAPEUTICS



STRATEGIC
INVESTMENTS



OPERATIONAL
INVESTMENTS



RESEARCH AND
DEVELOPMENT

BUSINESS MODEL AND STRATEGIC GROWTH OBJECTIVES

CREATING STAKEHOLDER VALUE

KPIs

- Increase revenue to R1,6bn by 2020
- Increase operating profit by 2020
- Double total assets by 2020
- Pay regular dividends

OBJECTIVES

- Increase revenue
- Increase profit
- Increase assets
- Increase cash generation
- Increase NAV

KPIs

- Employee retention
- Employee development plans
- Gender equality and diversity
- Further develop and promote skills development
- Employment equity

OBJECTIVES

- Attract quality employees
- Retention of employees
- Gender equality and diversity
- Employment equity
- Employee development plans

KPIs

- Pay regular dividends to shareholders
- Steady organic growth increase year on year
- Acquire new operational companies in foods and brands and information technology, etc.
- Acquire new strategic investments
- List technology division
- Listed fishing and brands division separately

OBJECTIVES

- Maintain and improve on our sustainable and well-governed organisation
- Grow further organically
- Increase operational companies in the fishing and brands and technology divisions by acquisition
- Increase equity in new and existing strategic investments
- List technology division in the short to medium-term
- Listed fishing and brands division in March 2017

KPIs

- Profile the Company regularly
- Communicate regularly with stakeholders
- Advertise regularly
- Present regularly to market analysts and institutions
- Improve overall Company performance

OBJECTIVES

- Build the AEEI brand
- Enhance brand recognition
- Protect the AEEI reputation and value
- Increase brand visibility

VISION 2020 VISION – continued

OUR STRATEGY TO 2017 AND PROGRESS MADE IN TERMS OF OUR VISION 2020 VISION

AEEI's business model, investment approach and philosophy resulted in it acquiring control of the majority of its operational investments as well as holding minority equity in strategic investments. This enables it to add value through its extensive expertise and networks, while promoting an entrepreneurial culture within its management structure and staff. Through our assets and investments, we drive the businesses to become efficient on a sustainable basis, which generates revenue, dividends and cash flow to support the Group as a whole.

“Vision without action is merely a dream. Action without vision just passes the time. Vision with action can change the world.”

Joel A Barker

One of AEEI's key strategic objectives is to create sustainable value for all its stakeholders and to integrate sustainable development into strategy, governance, management and reporting, with the objective of reducing the negative impact on the environment.

AEEI's financial strategy is to grow through acquisitions and leveraging the existing portfolio by maximising the net investment asset base and improving cash generation, thereby growing income sustainably and managing its costs.

Through the Company's achievement of economic growth and its social contract, it remains one of the few Company's to have consistently topped the rankings in its sectors overall over the last few years and is placed as the number one empowerment Company in South Africa.

As a result of AEEI being recognised for its leadership qualities in the transformation of society and its innovative business model in South Africa, the Company continues to be invited to participate in a number of global forums and multilateral organisations.

AEEI's strategic approach to risk is to regularly assess whether the risk process is effective in identifying and evaluating risks and to determine whether the business operations have managed the risks in line with the Group's strategy while considering mitigation action and the overall sustainability of the business.

The Group's businesses are on track to deliver on its growth plans and goals towards achieving its Vision 2020 Vision strategic planning for the 2020 financial year.

The Board of directors delegated the action plans to the Group's executive management for implementation with clear deliverables. The Group's executives provide feedback at the quarterly Board meetings on progress made.

The following high-level KPIs are ongoing:

- Double revenue
- Increase operating profit substantially
- Increase operational cash flow significantly
- Increase NAV significantly
- Substantially increase or double total assets
- Separate listing of the IT business
- Regular payment of dividends to shareholders
- Create medium- to long-term shareholder value
- Develop positive director and stakeholder involvement in the strategy
- Building the AEEI brand
- Create employment and opportunities for employee growth
- Create a Group that leads in both profits and sustainable business practices.

Listed below are the Group's 2017 achievements:

- Group revenue grew to R1 052m from R736m
- Group profit before tax grew to R681m from R288m
- Cash generated from operations increased from R75m to R79m
- Group NAV increased from R1bn to R2bn
- Group assets grew to R2.8bn from R1,7bn
- Listed the fishing and brands division in March 2017
- Increased equity stake in one of our strategic investments

- A significant reduction in debt to equity
- Solid cash management
- Payment of dividends and interim dividend
- Purchased 90% stake in a cosmetics company
- Acquired 51% and 57% stakes respectively in two technology companies
- Provided a safe and healthy workplace and strived to reduce the environmental footprint of products and operations and supported local communities
- Engaged with and further developed diverse suppliers and enterprise development clients
- Strengthened management systems that govern responsible operations
- Pursued partnerships with key stakeholders and formed joint venture initiatives to promote localisation
- Further identified opportunities for local manufacture and the promotion of skills transfer
- Fostered equality within our work environment irrespective of gender, race, creed and other forms of diversity
- Developed personal plans for employees and promoted performance management
- Further promoted skills development and learnership programmes
- Continued to build leadership capacity among women
- Engaged with our staff at all levels, which provided us with the necessary feedback and input in understanding and responding to improving their skills and training needs
- Adoption of King IV™
- Ensured full compliance with the changing regulatory requirements

AEEI continues to support the development of a positive public attitude towards increased innovation, the stimulation of new green enterprises, upskilling new and existing employees and managers, investing in research and development and developing research centres relevant to our industry and intellectual property.

VISION 2020 VISION – continued

OUR COMMON VISION AND COMMON OBJECTIVES

OUR SHARED VALUES

What shared value means to us: Understanding stakeholder expectations and societal needs and communicating through stakeholder engagements.

WE ARE DRIVEN BY OUR VALUES

RESPECT AND TRUST



To always respect and trust fellow employees, customers, partners and all stakeholders.

PEOPLE



To always respect fellow employees, partners and all stakeholders. To provide sustainable employment opportunities for all of our employees and others as well as a safe and secure working environment and to maintain zero fatality. Develop, attract and retain the correct skills and structures to meet and support our strategic growth.

INTEGRITY



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

ACCOUNTABILITY



To have responsible and accountable leadership that addresses the expectations of diverse stakeholders and to embrace these responsibilities with efficiency.

STAKEHOLDERS



To serve our stakeholders through good corporate governance, value creation and affordable products and services.

COMMITMENT



To deliver on our promises and add value beyond expectations.

INVESTMENT



To stimulate investment in the areas of green enterprises, social innovation and societal development.

OUR COMMON OBJECTIVES

To sustain profitability by partnering with communities and government in a social contract to achieve economic growth and giving more South Africans access to this growing prosperity.

OUR COMMON GOAL

To ensure that the Group delivers long-term value to all its stakeholders; increases shareholder wealth, economic transformation and the development and upliftment of social communities; and builds long-term stakeholder relationships.

OUR INTEGRATED VALUE CHAIN

The Group looked at innovative ways to sustain its existing businesses by adapting to changing environments and through our acquisition and new business development approaches. With our risk management approach and the impact of changing markets, competitors and the economic environment, management is constantly aware of how the Group can improve sustainability through constant change.

VALUE CREATION USING SIX CAPITALS

When making decisions on how to manage and grow our businesses, AEEI takes into account the six capitals, including the resources required. These are critical to AEEI's ability to create value. AEEI uses the input of each capital for the effective production and delivery of services and goods, thereby creating value for our stakeholders.



FINANCIAL CAPITAL

Creating and sustaining shareholder value and funding growth projects through the responsible use of access to capital, cash generated, use of assets as well as investing in strategic investments



HUMAN CAPITAL

Addressing the shortage of skills, productivity, diversity and excellence through employee retention, training and skills development

Continue to develop personal plans for employees and promote performance management



MANUFACTURED CAPITAL

Having leading facilities, providing quality products and services and capital investment in our businesses to enable them to operate assets safely and reliably



INTELLECTUAL CAPITAL

Retaining our intellectual capital, which includes our unique customer solutions, brands, knowledge-based assets, patents, copyrights, software, licences, protocols and procedures; forming strategic partnerships; and being an empowerment partner of choice



SOCIAL AND RELATIONSHIP CAPITAL

Attaining this capital through effective stakeholder engagement initiatives and being leaders in transformation and social responsibility



NATURAL CAPITAL

Responsibly using natural resources, putting effective environment management systems and long-term goals in place to reduce carbon emissions and water and electricity usage

OUTCOMES FOR OUR STAKEHOLDERS

The Board and executive management → evaluated risks → assessed the impact on our material matters → and evaluated the impact on our strategic priorities.

VISION 2020 VISION – continued

OUR INTEGRATED REPORTING MODEL

AEEI's strategy is to create sustainable value for all shareholders and stakeholders and to ensure that the Company remains attractive to investors by optimising shareholder returns. AEEI's sustainable value creation goes beyond short-term profitability and takes into account the broader economic, social and environmental factors.

Our approach to addressing these matters is to prioritise those most important to achieve medium- to long-term sustainable businesses.

We have identified strategic enablers in order for us to execute our business model and achieve sustainable value creation. *(King IV™ – Principle 4)*

SOUND GOVERNANCE

We can only be a sustainable business if we deliver on our promise by promoting good corporate governance, which is an integral part of our business model that is built on delivering good governance outcomes in terms of an ethical culture, effective control, good performance and legitimacy. Our sound governance platform is embedded in our corporate culture. *(King IV™ – Principle 6)*

DEVELOPMENT OF PEOPLE

Together with financial capital, our employees are our single most important resource. It is important for AEEI to attract and retain the right calibre of people, to keep them motivated in a safe, supportive working environment and remunerate them accordingly. In doing so, AEEI continued with training and development during the year and ensured that employee development plans are in place for the retention of employees.

The AEEI Group continued to instil a culture of excellence and opportunity for all employees. *(King IV™ – Principle 14)*

SOCIETY

In order to remain sustainable as a business, we contributed towards social and economic development and developing partnerships that enhanced our long-term viability in a stable and growing economy.

In order to create an enabling environment and develop and enhance markets for our products, we were proactive and responsive to our stakeholders' interests and ensured that we implemented best practices when it came to responsible investing. Our aim is to invest in businesses that have a sustainable approach to doing business.

(King IV™ – Principle 3)

ENVIRONMENT

AEEI and its various business units in which it operates are not considered to make a particularly heavy demand on the natural environment. However, businesses in the AEEI Group are committed to being industry leaders and added value to the services they provided by implementing sustainable business practices that minimise the impact that their operations have on the environment. Environmental commitments are an integral part of their day-to-day activities.

AEEI has a very low direct impact on the environment, but we are affected by the environment in which we operate and by the effect that climate change in general has on our business. We commit our businesses to a journey of responsible environment stewardship. We acknowledge that a stable economy and a sustainable business require a sustainable environment. Our fishing and brands division works closely with the relevant authorities to safeguard various fish species and pays careful attention to the environmental impact of its operations.

(King IV™ – Principle 3)

OUR FUTURE OUTLOOK AND PRIORITIES FOR 2018

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Execute our strategic agenda in line with our Vision 2020 Vision • Increase revenue and operating profit • Drive organic growth • Focus on pursuing selective acquisitions • Maintain a strong stakeholder focus • Further expand into new markets outside South Africa and the African continent and grow our business through greater collaboration with strategic partners | <ul style="list-style-type: none"> • Drive greater strategic alignment between our businesses for greater operational coordination • Leverage the Group's combined power to further achieve efficiencies and growth • Increase efforts to share skills and experience between our businesses • Continue to promote responsible business practices and governance throughout the Group | <ul style="list-style-type: none"> • Continue building a culture of excellence, of which our employees are proud to be part • Further build brand awareness • Practice responsible environmental management by helping to monitor, manage and reduce our direct and indirect environmental impact • Through our business initiatives, social development programmes and innovative leadership, narrow the gap between the rich and poor |
|--|---|---|

OUR KEY STAKEHOLDER ENGAGEMENT AND RELATIONS

AEEI places great value on the high standards of ethics, communication, transparency of information in terms of the Promotion of Access to Information Act, 2000 (No. 2 of 2000) (Promotion of Access to Information Act), regulatory and other directives relating to the dissemination of information.

The Company has identified stakeholder groups with whom it engages in a structured manner. Refer to key stakeholders on page 85 for full details.

AEEI appreciates the role of its stakeholders and remains committed to nurturing impactful relationships that deliver mutual benefits and encourage transparent, objective and relevant communication. The Group recognises that its businesses are one of the stakeholders in the

socioeconomic and environmental system. It is essential for the Group to compete successfully in an increasingly complex and ever-changing business environment and to systematically bring about the change needed for sustainable development. We built and maintained trust and respect with our various stakeholders, thus ensuring a positive impact on our reputation.

We addressed essential risks and opportunities and responded timeously and appropriately to issues raised in our interactions with our various stakeholders.

(King IV™ – Principle 16)

OUR VALUE ADD

A measure of the value created by the Group is the amount of value added by its diverse activities to the cost of raw materials, products and services purchased. Refer to our value-added statement on page 84 for full details.

VISION 2020 VISION – continued

MATERIALITY ASPECTS AND OUR RESPONSE TO STAKEHOLDERS' INTEREST

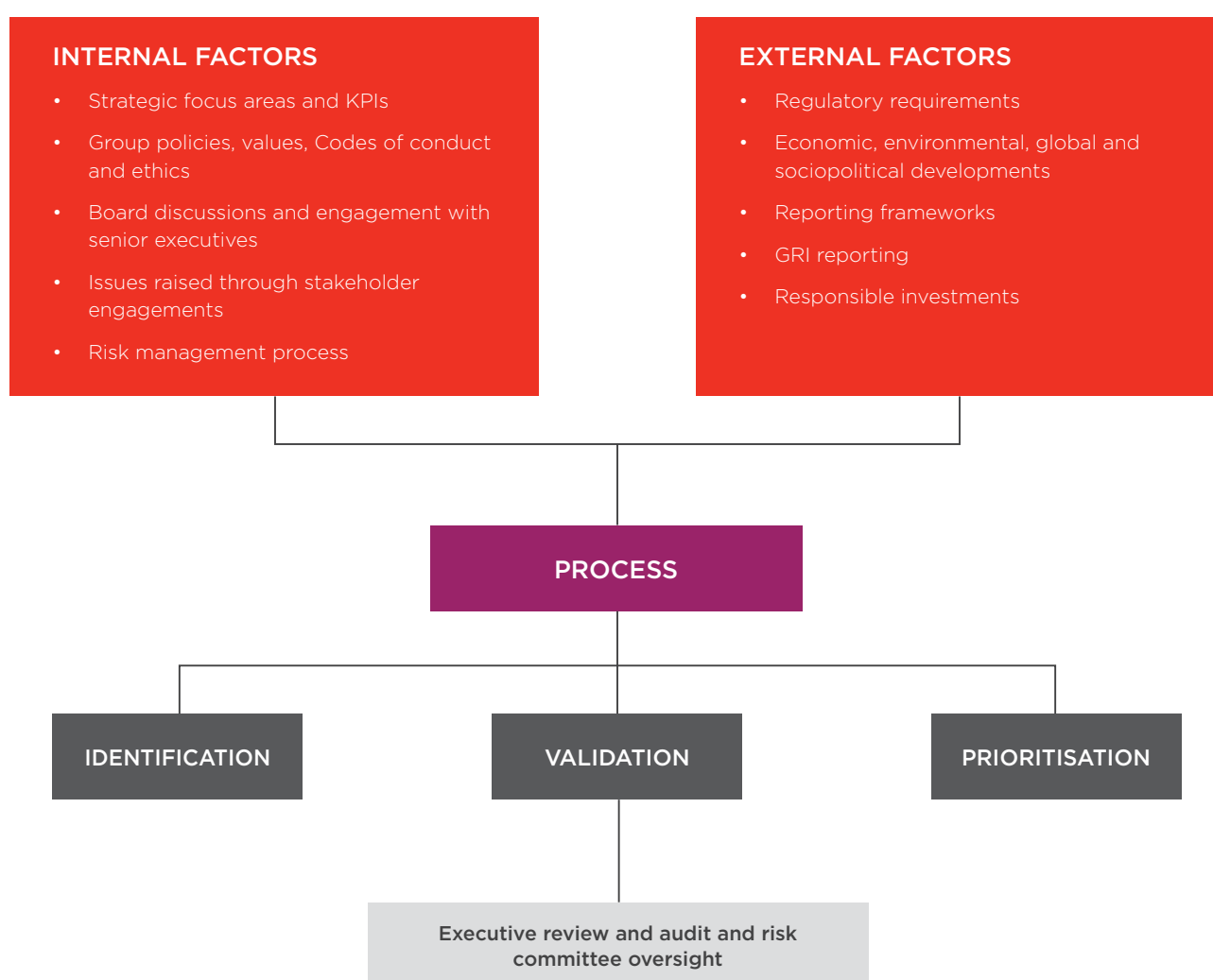
OUR MATERIAL ISSUES

The AEEI Group focused its reporting on sustainable development and those directly affecting the Group's ability to create value, as well as the Group's impacts and responses to the expectations of its stakeholders.

AEEI's material matters are those challenges and opportunities that could substantively affect the Group's ability to create value over the short, medium and long-term sustainably or impact our stakeholders.

We identified our material matters in terms of relevance from the risk assessment process. This process includes uncertain events with a potential negative effect on the Group i.e. opportunities not being captured or 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.

DEFINING OUR MATERIAL THEMES



Through a formal process by each Board committee including executives in the Group, material matters were identified in terms of relevance. These material matters were approved by the AEEI Board. The process takes into account the issues raised, their relevance, our strategic component, the stakeholders, our governance structure and where further information can be found in the integrated report.

The following material matters were identified:



MATERIAL MATTER: FINANCIAL

MATTERS

- Responsible use of capital generated
- Asset efficiency
- Growth of businesses through strategic investments
- Shareholder returns
- Listed our fishing and brands division

RELEVANCE

- AEEI requires long-term shareholders that understand our businesses and support our strategy
- Execution of our Vision 2020 Vision requires the successful integration of our acquisition and strategic investments

STRATEGY COMPONENT

- Double revenue
- Increase operating profit, cash flow and assets
- Listing of IT business
- Create medium- to long-term shareholder value
- Maximise growth and income sustainably
- Cost containment

STAKEHOLDERS

- Shareholders
- Providers of capital
- Strategic partners

GOVERNANCE STRUCTURE

- Board
- Executive committee
- Investment committee
- Audit and risk committee

REPORT SECTION

- Chairman's report
- CEO's report
- CFO's report
- Strategy
- Vision 2020 Vision

COMBINED ASSURANCE:

Operational reviews, risk management, audit and risk committee and internal and external assurance of financial information

VISION 2020 VISION – continued



MATERIAL MATTER: HUMAN CAPITAL

MATTERS

- Employee recruitment and retention of key skills
- Training and development of employees
- Employee health and safety
- Remuneration and staff recognition
- Employee job satisfaction and diversity
- Maintain zero fatalities
- Diversity and cultural transformation
- Labour productivity and efficiency
- Labour costs
- Management retention and succession

RELEVANCE

- Human capital is a key input in the Group's cost efficiency and competitiveness
- Succession plans for senior executives and management are managed
- Retention of key skills
- Diverse human capital

STRATEGY COMPONENT

- Create employment and opportunities for employee growth
- Create a Company that leads in both profits and sustainable business practices
- Develop the human capital strategy, key relationships and monitors progress against KPIs and targets

STAKEHOLDERS

- Shareholders
- Customers (existing and potential)
- Suppliers
- Government
- Employees and trade unions
- Regulatory bodies
- Industry bodies
- Consultants
- Service providers

GOVERNANCE STRUCTURE

- Board
- Remuneration committee
- Executive committee

REPORT SECTION

- Remuneration
- Human capital

COMBINED ASSURANCE:

Regular management review, policies and procedures and remuneration committee function





MATERIAL MATTER: BUSINESS OPERATIONS

MATTERS

- Capital investment in our businesses
- Quality products and services
- Provide and maintain high-quality infrastructures
- Stimulate economic growth through investing in small business development
- Risk and capital requirements

RELEVANCE

- The AEEI Group's strategy is to minimise risk through diversification, best practice manufacturing processes and managing customer relationships
- Exchange rate volatility may have an impact on business performance
- The uncontrollable costs of diesel and electricity
- Labour strikes and salary demands
- Interruptions to operations due to natural disasters
- Cybersecurity

STRATEGY COMPONENT

- Develop strategy
- Monitor and execute strategies
- Balance in the business
- Focus on costs
- Grow and secure product range and market share
- Launch new products and services
- Stimulate growth with SMMEs

STAKEHOLDERS

- Shareholders
- Customers
- Government
- Employees
- Trade unions

GOVERNANCE STRUCTURE

- Board and executive committee
- Investment committee
- Audit and risk committee

REPORT SECTION

- CEO's report
- Vision 2020 Vision
- CFO's report
- Responsible investments



COMBINED ASSURANCE:

Operational reviews, investment committee and audit and risk committee function

VISION 2020 VISION – continued



MATERIAL MATTER: MACROECONOMIC

MATTERS

- Shareholder satisfaction
- Return on investment
- Alternative technologies
- Competitors
- Socioeconomic stability in key markets

RELEVANCE

- The Group's strategy is to minimise risk through its diverse portfolio
- Strategic investments
- Changes in the economic landscape
- Not achieving investment targets
- Failure to innovate in areas critical to our clients

STRATEGY COMPONENT

- Diverse portfolio of investments
- Strategic investments
- Organic growth of portfolio
- Growth by acquisition
- Listed the fishing and brands division
- List technology division
- List biotechnology division
- Increase business into other sectors
- Further expansion into Africa

STAKEHOLDERS

- All stakeholders

GOVERNANCE STRUCTURE

- Board
- Executive management
- Investment committee
- Audit and risk committee

REPORT SECTION

- CEO's report
- Vision 2020 Vision
- Responsible investment

COMBINED ASSURANCE:

Operational reviews, investment committee and audit and risk committee function





MATERIAL MATTER: NATURAL CAPITAL - THE ENVIRONMENT

MATTERS

- Energy consumption
- Water usage
- Carbon footprint
- Environmental impact
- Environmentally friendly products

RELEVANCE

- Our aim is to ensure that we actively manage our impact on the environment through an effective environmental management system for waste, water and electricity management

STRATEGY COMPONENT

- Capital has been allocated to address the Group's long-term goals
- Create a Company that leads in both profits and sustainable business practices
- Reduce the negative impact on the environment
- Green energy alternatives
- Produce environmentally friendly products

STAKEHOLDERS

- Shareholders
- Customers (existing and potential)
- Suppliers
- Government
- Employees and trade unions
- Regulatory bodies
- Industry bodies
- Consultants
- Service providers

GOVERNANCE STRUCTURE

- Board and executive committees monitor continuous progress against targets

REPORT SECTION

- CEO's report
- Environmental sustainability (responsible investments)

COMBINED ASSURANCE:

Management review, audit and risk committee function, internal audit, policies and procedures



VISION 2020 VISION – continued



MATERIAL MATTER: SOCIAL AND RELATIONSHIP

MATTERS

- Compliance with laws and regulations
- Ethical and transparent leadership
- Governance
- B-BBEE
- Transformation
- Social community and economic development
- Collaborative stakeholder engagement
- Corporate social investment
- Support independent SMMEs

RELEVANCE

- AEEI's business depends on close relationships with key stakeholders
- Government is an important industry stakeholder for most of our businesses
- Incentive programmes

STRATEGY COMPONENT

- Compliance with laws and regulations governing our diverse business portfolio, as some business units depend on this
- Adhering to ethical standards and avoiding corruption
- Adhering to good corporate governance in the Group
- Maintaining Level 1 B-BBEE accreditation
- Meeting transformation targets
- Creating value through social investment
- Promoting social and economic development by assisting SMMEs
- Effective risk management and compliance

STAKEHOLDERS

- All stakeholders

GOVERNANCE STRUCTURE

- Board
- Executive management
- Social and ethics committee
- Transformation committee

REPORT SECTION

- CEO's report
- Corporate governance report
- Risk management report
- Social and ethics committee report
- Transformation committee report
- Sustainability report

COMBINED ASSURANCE:

Management review, policies and procedures, social and ethics committee and transformation committee

(King IV™ – Principle 4)



For more information refer to the sustainability report on page 122.