

MATERIALITY ASPECTS AND OUR RESPONSE TO STAKEHOLDERS' INTERESTS

OUR MATERIAL MATTERS

AEEI's material matters are those 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 which have a potentially negative effect on 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.

AEEI 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.

DEFINING OUR MATERIAL THEMES


INTERNAL FACTORS <ul style="list-style-type: none"> • Strategic focus areas and KPIs • Group policies, values, Code of Conduct and Code of Ethics • Board discussions and engagement with senior executives • Issues raised through stakeholder engagements • Risk management process 	EXTERNAL FACTORS <ul style="list-style-type: none"> • Regulatory requirements • Economic, environmental, global and socio-political developments • Reporting frameworks • GRI reporting • Responsible investments
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MANAGING OUR MATERIAL MATTERS

PROCESS	The process of managing our material matters
IDENTIFICATION	Through a formal process by each Board committee, including executives in the Group, material matters were reviewed and identified in terms of relevance, including information from meetings, engagements with key stakeholders, industry developments, regulations and economic research
PRIORITISATION	We prioritise our material matters based on their potential impact
VALIDATION	Management evaluates the potential impact as well as AEEI's risk tolerance and implements strategies to mitigate against negative outcomes
REPORTING	Management provides updates at each Board and committee meeting, in formal communications with employees, through interactions with regulatory bodies and in shareholder reports
MONITORING	Executive review and audit and risk committee oversight. Management continuously monitors and evaluates against performance and in consultation with stakeholders

VISION 2020 VISION – continued

The following material matters were identified:



MATERIAL MATTER: FINANCIAL

<p>MATTERS</p> <ul style="list-style-type: none"> • Responsible use of capital generated to ensure a healthy financial position • Asset efficiency • Listed our technology division on the JSE • Growth of businesses through associates and strategic investments • Shareholder returns 	<p>RELEVANCE</p> <ul style="list-style-type: none"> • Execution of our Vision 2020 Vision requires the successful integration of our acquisitions and strategic investments • AEEI requires long-term shareholders that understand our businesses and support our strategy 	<p>STRATEGY COMPONENT</p> <ul style="list-style-type: none"> • Double revenue by 2020 • Maximise growth and income sustainably • Increase operating profit, cash flow and assets • Create medium - to long-term shareholder value • Cost containment
<p>STAKEHOLDERS</p> <ul style="list-style-type: none"> • Shareholders • Providers of capital • Strategic partners 	<p>GOVERNANCE STRUCTURE</p> <ul style="list-style-type: none"> • Board • Executive committee • Audit and risk committee • Investment committee 	<p>REPORT SECTION</p> <ul style="list-style-type: none"> • Chairperson’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



MATERIAL MATTER: HUMAN CAPITAL

MATTERS

- Employee recruitment and retention of key skills
- Remuneration and employee recognition
- Employee job satisfaction and diversity
- Training and development of employees
- Employee health and safety
- 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
- Diverse human capital
- Succession plans for senior executives and management
- Retention of key skills

STRATEGY COMPONENT

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

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
- Social, ethics and transformation committee

REPORT SECTION

- Remuneration
- Human capital
- Social, ethics and transformation

COMBINED ASSURANCE:

Regular management review, policies and procedures, remuneration committee, and social, ethics and transformation committee functions

VISION 2020 VISION – continued



MATERIAL MATTER: BUSINESS OPERATIONS

MATTERS

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

RELEVANCE

- The 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
- Stimulate growth with SMMEs
- Grow and secure product range and market share
- Launch new products and services

STAKEHOLDERS

- Shareholders
- Customers
- Government
- Employees
- Trade unions

GOVERNANCE STRUCTURE

- Board
- 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 functions



MATERIAL MATTER: MACROECONOMIC

MATTERS

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

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
- Listed the technology division
- List the biotechnology division
- Increase business into other sectors
- Further expansion into Africa

STAKEHOLDERS

- All stakeholders

GOVERNANCE STRUCTURE

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

REPORT SECTION

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

COMBINED ASSURANCE:

Operational reviews, investment committee, and audit and risk committee functions

VISION 2020 VISION – continued



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

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
- Executive committee

REPORT SECTION

- CEO's report
- Environmental sustainability (responsible investments report)
- Social, ethics and transformation report

COMBINED ASSURANCE:

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



MATERIAL MATTER: SOCIAL AND RELATIONSHIP CAPITAL

MATTERS

- Compliance with laws and regulations
- Ethical and transparent leadership
- Governance
- Social community and economic development
- Transformation
- B-BBEE
- 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 an acceptable 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, ethics and transformation committee

REPORT SECTION

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

COMBINED ASSURANCE:

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

(- Principle 4)



For more information refer to the sustainability report on page 9.