

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

ROLE OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The social, ethics and transformation committee was established to assist the Board in ensuring that the Group is and remains a committed socially responsible corporate citizen, and to also report on organisational ethics, sustainable development and stakeholder relationships. This role includes organisational ethics, which covers statutory duties and encourages leading practice by having the social, ethics and transformation committee progress beyond mere compliance to contribute to the creation of value in the Group.

The committee also assists the Board in effectively discharging its responsibilities for oversight of transformation management, ensuring that management has implemented and maintained an effective transformation management process in the Group. It also assists the Board to lead transformation within the Group and to ensure that there are appropriate policies and procedures in place to address transformation by levelling the playing fields both socially and economically for broader participation by all South Africans.

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

One of the main purposes of the committee is to ensure compliance with the amended B-BBEE Codes of Good Practice, as revised from time to time, and to measure the Company in terms of compliance under the elements in terms of the Department of Trade and Industry's Codes of Good Practice.

OUR TRANSFORMATION PHILOSOPHY

The B-BBEE Codes of Good Practice, promulgated in 2007, emphasised the need to extend empowerment to a broader base of South Africans. They provided guidelines and a balanced scorecard to measure the transformation of a business entity from an empowerment perspective.

AEEI's aim is to be an employer of choice in the marketplace. AEEI continues to champion transformation within the Group and has been recognised for its contribution to this process. For AEEI, transformation goes beyond compliance with B-BBEE and includes the transformation of the culture, ethics and values of the Group.

As a Group, we believe in the development and empowerment of our employees and to enhance performance by "growing our timber". We recognise that today's best is the benchmark we must surpass tomorrow. The Group is committed to its shared values which include: people, accountability, integrity, commitment, stakeholders, respect and trust, and investment. Refer to page 38 of the abridged integrated report for more details on our common vision and common objectives.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT - continued

REPORT OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The social, ethics and transformation committee assisted the Board in ensuring that the Group is and remains a committed, socially responsible corporate citizen. It performed the statutory functions required in terms of the Companies Act and King IV™. The committee's obligation to sustainable development involved ensuring that the Group conducted its operations in a manner that meets existing needs without compromising the ability of future generations to meet their needs. The committee provided support, advice and guidance on the effectiveness or otherwise of management's efforts in respect of sustainable development and social, ethics and transformation matters.

As a responsible employer, we adhered to all labour legislation. The Group's employment equity policy affirms the commitment to equal opportunities relating to affirmative action and the achievement of employment equity. The committee has been proactive within the Group to ensure understanding and compliance of the revised B-BBEE Codes. The Company lodged its B-BBEE Certificate with the BEE Commissioner during the year. Refer to page 20 of the sustainability report for further details.

We monitored the tone at the top; the ethics culture of the Group and how the Group responds to these as directors bear the ultimate responsibility for any corruption that occurs within an organisation; and the emphasis of King IV™ on ethical leadership. The establishment of an ethical culture and being a responsible corporate citizen also makes it quite clear that mechanisms must be in place to prevent corruption and a board is ultimately responsible for good corporate governance. Whistle-blowers are an integral part of compliance-focused corporate governance business models as they assist executives in identifying problems. The Group's Code of Conduct is a public statement, and AEEI is committed to good corporate governance and ethical conduct and consistently applies this.

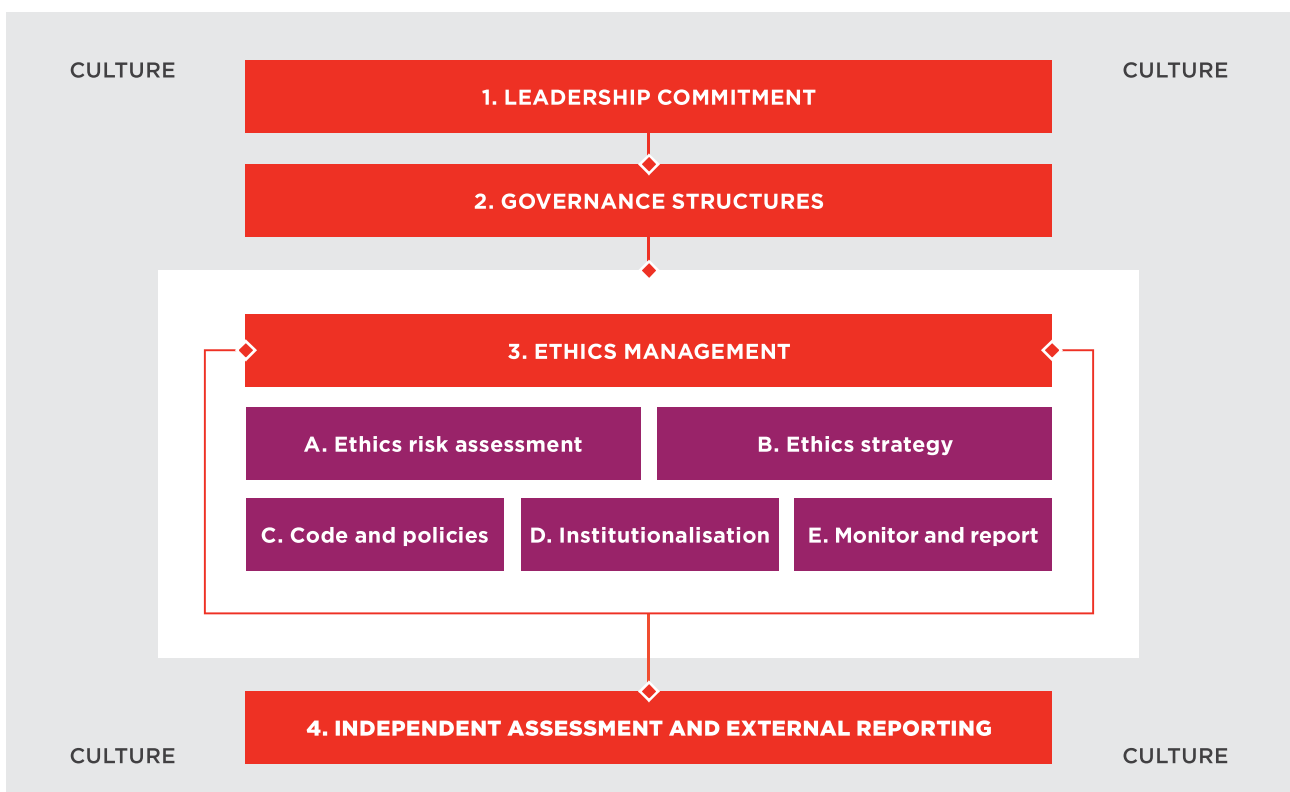
Due to the restructure of the Board, the committee was reconstituted post year-end.



Mrs Aziza Begum Amod

Chairperson of the social, ethics and transformation committee

GOVERNANCE OF ETHICS FRAMEWORK



SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT - continued

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

The following six ethical terms form the foundation of trust upon which our business is built:

- Ethics
- Values
- Morals
- Integrity
- Character
- Law

During the year, the committee undertook the following:

- Rolled out a social, ethics and transformation committee “Monitoring Indicators and Workplan”
- Governed the ethics of the Group in a way that supports the establishment of an ethical culture and monitored the Group’s activities, having regard to all relevant legislation, legal requirements, codes of best practice through ongoing employee awareness around the following policies:
 - The Way We Work Policy
 - Anti-corruption and bribery
 - Code of Conduct
 - Code of Ethics
- Complied with the ethics framework

TRACKING PERFORMANCE

- Used topics in the Companies Act to track performance and the social, ethics and transformation committee’s (SETC) charter
- Developed and implemented methodology for acquiring quantitative and qualitative data
- Reviewed data and included it in the SETC’s reporting
- Reported at the AGM

BUSINESS CASE

- Understanding what the SETC is
- Understanding how it relates to business
- Identify the risks, responsibilities and opportunities
- Building the business case for the SETC
- Obtaining executive commitment
- Engaging colleagues

STRATEGY

- Finding out what other committees are doing that may overlap with the SETC
- Identifying potential risks and opportunities
- Revise strategy in light of the SEC’s considerations

FRAMEWORK FOR COMPLIANCE REGULATION 43 OF 2011

CAPACITY AND CAPABILITY

- Understand how the SEC can be embedded in the business culture
- Build relationships with other committees
- Review different types of training, select training programmes and target groups
- Integrate SETC considerations into these groups

PROCESSES AND PROCEDURES

- Form an SETC base limit for the company
- Undertake SETC risk assessment
- Integrate the SETC into ongoing management of a project or act on findings as appropriate

POLICIES

- Identify what SETC considerations are already included in policies
- Develop a policy statement regarding SETC considerations and Board Charter
- Define management responsibilities
- Ensure policy implementation and results are reviewed systematically

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT - continued

- Ensured that employees and stakeholders familiarised themselves with the Group's ethical standards
- Exercised ongoing oversight of the management of ethics which resulted in the application of the Group's ethical standards to the processes for the recruitment and evaluation of employees, as well as the sourcing of suppliers
- Monitored, reviewed and made recommendations to the Board to amend policies and procedures regarding the Group's:
 - personnel manuals and ensured that all policies are in line with the amended Basic Conditions of Employment Act, 1997 (No. 75 of 1997), the Employment Equity Act, 1998 (No. 55 of 1998) as well as skills development;
 - compliance against the UN Global Compact's 10 principles in the areas of human rights, labour, the environment and anti-corruption;
 - ongoing human resources, employment relationships and skills development through the contribution of educational development of employees by conducting a skills audit and training analysis which identified training needs; and
 - the promotion of equality and prevention of unfair discrimination.
- Recommended the Maternity/Parental Leave policy to the Board for adoption and implementation
- Monitored, reviewed and ensured compliance with the Group's standing in terms of social and economic development and ensured that the business units contribute and give back to the communities in which they operate, and made recommendations
- Monitored, reviewed and ensured that the businesses in the Group recognise that they have a responsibility to apply good environmental practices and to improve on their environmental performance as part of the Group's strategy and commitment to sustainability; to meet and where possible exceed environmental legislation and regulatory requirements; and to promote sustainability by monitoring their environmental impact in terms of health and public safety, including the impact of their activities and/or products or services
- Monitored and ensured that the Group is seen to be and is a responsible corporate citizen through societal and environmental initiatives and the Group's contribution to the development of communities in which the Group's activities are conducted, including sponsorship, donations and charitable giving
- Monitored the Group's consumer relationships, including advertising, public relations and compliance with consumer protection laws
- Monitored the anonymous tip-off line and dedicated email address and confirmed that no corruption or fraud was reported
- Monitored the three-year Transformation Plan rolled out in 2018
- Reviewed the B-BBEE status of the Group's subsidiaries
- Implemented and tracked the long-term goals in terms of the Group's Vision 2020 Vision
- Reviewed and made recommendations to the skills development plans and the placement of interns in the Group
- Reviewed and made recommendations to employing more people with disabilities
- Reviewed and made recommendations on the learnership and mentorship programmes
- Reviewed the equity ownership of the Group
- Reviewed and made recommendations on the employment equity plans
- Contributed to our corporate social investment programmes
- Contributed to our social economic, enterprise development and supplier development initiatives
- Reviewed the roles of human resources
- Continued to build on our solid empowerment credentials – empowerment partner of choice
- Ensured that all regulatory obligations were met, including the submission of employment equity plans to the Department of Labour

( - Principles 2, 13 and 16)

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT - continued

PLANNED AREAS OF FUTURE FOCUS

- Monitor the committee's Monitoring Indicators and Workplan and provide guidance and input.
- Continue to govern ethics in the Group in a way that continues to support the establishment of an ethical culture as detailed below:

DIMENSION NAME	DIMENSION DESCRIPTION
CLARITY	The degree to which the rules and procedures are accurate, concrete and complete, so that employees understand what is expected with regard to ethical conduct
POSITIVE ROLE MODELLING	The degree to which management sets a good example for the Group and its employees
FEASIBILITY	The degree to which the Group's targets correspond to predetermined values and norms
SUPPORT/COMMITMENT	The degree to which employees endorse the proper use of corporate assets and the active realisation of the interests of the Group and its stakeholders
TRANSPARENCY	The degree to which employee conduct and the effects thereof are manifested
DISCUSSABILITY	The degree to which employees can discuss ethical dilemmas
APPROACHABILITY	The degree to which employees are called to account about unethical behaviour
ENFORCEMENT	The degree to which employees are punished for irresponsible conduct or rewarded for responsible behaviour

- Monitor labour and employment relationships, training and skills development, employment equity, promotion of equality and the prevention of unfair discrimination
- Exercise oversight of the management of ethics and, in particular, oversee that it results in the following:
 - Application of the Group's ethical standards to the processes for the recruitment, evaluation of employees, as well as the sourcing of suppliers
 - Having sanctions and remedies in place for when the Group's ethical standards are breached
 - Monitor the use of protected disclosure and whistle-blowing mechanisms to detect breaches of ethical standards and deal with such disclosures appropriately
 - Monitor adherence to the Group's ethical standards by employees and other stakeholders through, among others, periodic independent assessments
- Monitor, review and ensure compliance to the Group's standing in terms of social and economic development
- Monitor and review environmental performance to ensure that the businesses in the Group recognise that they have a responsibility to apply good environmental practices and to improve on their environmental performance
- Ensure compliance and standing in terms of the regulations governing B-BBEE as set out by the Department of Trade and Industry
- Monitor and ensure that the Group is seen to be a responsible corporate citizen through societal and environmental initiatives and the Group's contribution to the development of communities in which the Group's activities are conducted
- Monitor the Group's consumer relationships, including advertising, public relations and compliance with consumer protection law
- Employer of Choice – continue to create and nurture a working environment and a corporate culture that attracts and retains the best talent and skills; to redress residual inequalities with regard to race, gender and disability in accordance with our employment equity plan; and to accelerate the development and retention of a diverse pool of skilled employees in order to achieve equitable representation in all occupational categories and levels of employment

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT - continued

- Gender and race diversity – continue to value all people who make up the diverse population of South Africa and to accelerate and cultivate an environment where diversity is valued and prospers
- Leadership and management – ensure that employees who manage and lead broadly reflect the diverse profile of the South African and African populations and that they are appropriately empowered and skilled to manage the Company towards its strategic objectives
- Economic sustainability – create long-term economic value
- Environmental sustainability – brands and practices – to further improve brand value for the Company
- Environmental sustainability – resource stewardship – to drive resource management throughout our supply chain
- Social sustainability – stakeholders – to contribute to a society through our own practices and relationships with communities
- Internal communication – to continue to overcome barriers to communication related to race, gender, culture and status and to encourage open, honest and effective communication between all people, both individually and within the appropriate communication forums
- Transformation image and profile – continue to ensure that the Group's image and profile are aligned with its transformation strategy and the changing South African and African environments

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

( – Principles 2, 3, 4, 13 and 16)

For the year, the committee is satisfied that it has fulfilled all its statutory duties assigned by the Board. The chairperson of the social, ethics and transformation committee reports to the Board on the activities of the committee at Board meetings. The committee was reconstituted post year-end.