


## SUSTAINABILITY GOVERNANCE FRAMEWORK - continued

**MATERIAL MATTERS AND KEY PERFORMANCE INDICATORS - 2019 PROGRESS ON THE SIX CAPITALS**

The following section details the matters that AEEI deem to be material to creating value, the relevant key performance indicators, our 2019 progress, the risks related to the material matters and the associated opportunities. We track our progress according to the six capitals (i.e. financial, manufactured, intellectual, human, social and relationship, and natural) that are defined by the International Integrated Reporting Council's Integrated Reporting <IR> Framework as the resources and relationships that are used and affected by an organisation.

 <b>FINANCIAL CAPITAL</b>	<b>MATERIAL MATTER</b> Responsible use of our capital generated
<b>KEY PERFORMANCE INDICATORS</b> <ul style="list-style-type: none"> <li>• Review asset efficiency</li> <li>• Growth of the businesses through strategic investments</li> <li>• Ensure continued shareholder returns</li> <li>• Reinvestment into growth</li> <li>• Dividends paid to shareholders</li> <li>• Manage debt and gearing</li> <li>• Maintain group debt and gearing</li> </ul>	<b>2019 PROGRESS</b> <ul style="list-style-type: none"> <li>• Retained sound capital levels and liquidity in the Group</li> <li>• Continued to focus on optimal capital allocation</li> <li>• Maintained a well-diversified portfolio of investments and risk framework</li> <li>• Procured alternative funding for our capital growth investments</li> <li>• Continued with our Vision 2020 Vision to invest in growth while containing costs and driving efficiencies</li> <li>• To date we are on track with our Vision 2020 Vision expectations</li> <li>• Continued with streamlining and standardising procurement spend for future cost savings</li> <li>• Executed selective growth projects:               <ul style="list-style-type: none"> <li>- Acquired additional shares in espAfrika resulting in ownership changing to 100%</li> <li>- Acquired 80% shareholding in Saab Grintek Technologies (Pty) Ltd now known as SGT Solutions</li> <li>- Acquired 88% share capital in Global Command and Control Technologies (Pty) Ltd (GC<sup>2</sup>T)</li> <li>- AEEI, through its subsidiary, AYO acquired a 55% stake in Sizwe Africa IT Group (Pty) Ltd</li> <li>- AEEI, through its subsidiary, AYO acquired a significant minority stake in Yunani Group Ltd</li> </ul> </li> <li>• Paid dividends and interim dividends to shareholders</li> <li>• Maintained Group debt and gearing</li> </ul> <b>WHAT ARE THE RISKS RELATED TO OUR MATERIAL MATTERS</b> <ul style="list-style-type: none"> <li>• Limited access to funding may slow down our ability to capitalise on the various growth initiatives</li> <li>• Exchange rate volatility may have both negative and positive effects on the performance of the businesses</li> <li>• Debtor recovery or late payments from public customers could create liquidity risk</li> </ul> <b>WHAT ARE THE OPPORTUNITIES CREATED BY THE MATERIAL MATTERS</b> <ul style="list-style-type: none"> <li>• Explore opportunities in new associate and strategic investments to unlock further revenue streams</li> <li>• Growth by acquisition</li> <li>• Organic growth</li> <li>• Review further business opportunities within our current strategic investments</li> <li>• Work towards listing the biotechnology division</li> </ul>