



SUSTAINABILITY REPORT 2018

CONTENTS

SUSTAINABILITY REPORT

| | |
|----|-------------------------------------|
| 3 | SUSTAINABILITY GOVERNANCE FRAMEWORK |
| 12 | ECONOMIC SUSTAINABILITY |
| 13 | ENVIRONMENTAL SUSTAINABILITY |
| 14 | HUMAN CAPITAL |
| 20 | TRANSFORMATION |
| 26 | SOCIAL SUSTAINABILITY |

SUSTAINABILITY REPORT

“What counts in life is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead.”

Nelson Mandela

The Group continually strives to meet and exceed the benchmarks set by the B-BBEE Codes of Good Practice. In light of this, its initiatives include corporate social investment in different areas and fields. These include skills development, enterprise and supplier development, as well as ensuring that employment equity structures and programmes are in place within the Group.

AEEI is aware of and appreciates the evolution of governance and that the Group’s core purpose,

business model, performance, risks, opportunities and sustainable development are inseparable elements of the value-creation process. The Group is aware that the responsibility and accountability, in addition to producing solid financial results, of business leaders include managing the Company’s environmental and social impact, as well as addressing the expectations of stakeholders, including regulators, investors, customers and employees.

MATERIAL AREAS OF SUSTAINABILITY

ENSURING SOUND GOVERNANCE



Our sustainability governance practices
Engaging our stakeholders
Fostering ethical behaviour and good governance

DEVELOPING PEOPLE



Workplace transformation and diversity
Success
Skills development
Attracting and retaining talent

RESPONSIBLE PRODUCTS AND SERVICES TO OUR CUSTOMERS



Financing and empowerment infrastructure
Treating our clients fairly
Promoting responsible investment

INVESTING IN A PROSPEROUS SOCIETY



Transformation and empowerment
Responsible procurement and enterprise
Corporate social investment

PROMOTING ENVIRONMENTAL RESPONSIBILITY



Managing our direct environmental impact
Climate change and energy
Promoting sustainable water usage
Materials and waste management

Refer to the Abridged Integrated Report for more information.

SUSTAINABILITY GOVERNANCE FRAMEWORK

AEEI's business is built on a strong foundation, including its business model, core values and principles. Our products and services are the tangible outputs of our business activities and our social and ethical responsibilities guide our day-to-day activities. All forms of sustainability are extremely important in our strategy and operational activities. AEEI's goal has always been to provide

innovative solutions to every subsidiary and client while remaining committed to social responsibility. The full report can be found on www.aeei.co.za.

The ultimate responsibility of sustainability rests with the Board and the Board has tasked the social, ethics and transformation committee to manage and monitor sustainability.

BOARD OF DIRECTORS

The Board of directors is primarily responsible for overseeing sustainability issues through the committees listed below:

CHIEF EXECUTIVE OFFICER

The CEO is accountable to the Board of directors for the implementation of the Group's strategy and the overall management of the Group

AUDIT AND RISK COMMITTEE

- Responsible for overseeing and reviewing the integrated reporting process
- Reviews the annual financial statements, interim reports and preliminary results announcement
- Ensures integration in terms of integrated reporting and the application of our business model
- Ensures that the combined assurance model is applied
- Oversees the internal audit function
- Responsible for risk management, considers the top risks and monitors the progress of mitigating risks. Findings and recommendations are reported on at Board level
- Responsible for the governance of technology and information
- Recommends the services of the external auditor

REMUNERATION COMMITTEE

- Reviews and approves the remuneration and benefits policy and the reward philosophy and strategy adopted by the Company
- Ensures that the Group remunerates responsibly, fairly and transparently
- Reviews and approves the reward philosophy and strategy
- Determines the remuneration packages of the executive directors and senior managers
- Recommends to the Board the fees to be paid to non-executive directors for their services

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

- Ensures that the Group is and remains a committed socially responsible corporate citizen
- Reports on organisational ethics, sustainable development and stakeholder relationships
- Ensures compliance with statutory duties and encourages leading practice by having the social, ethics and transformation committee progress beyond mere compliance to contribute to value creation
- Monitors the Group's social impact, oversees compliance and ensures sound ethical and governance practices
- Responsible for the oversight of transformation management, ensuring that management has implemented and maintained an effective transformation management process in the Group
- Assists the Board to lead transformation within the Group and to ensure that there are appropriate policies and procedures in place
- Ensures compliance with the amended B-BBEE Codes of Good Practice as revised from time to time

DAILY RESPONSIBILITY IS DELEGATED TO DIVISIONAL MANAGEMENT

SUSTAINABILITY GOVERNANCE FRAMEWORK - continued

In addition to the careful stewardship of natural resources, the Group continually works towards sustainable development by eradicating poverty and income inequalities, with the goals being employment, accessing quality and affordable basic services, and fostering a stable and just society.

The Board remains firmly committed to the development of intellectual and human capital. In line with this, the performance assessment of senior managers includes an assessment of how they have developed the human capital of the Group, especially the development of historically disadvantaged individuals. The Board has affirmed its practice regarding procurement by its subsidiaries from black economic empowerment companies, enterprise and supplier development as well as socio-economic development.

The Group has policies in place to ensure that the subsidiaries act in an environmentally friendly manner that considers the existence of the communities in which the subsidiaries' operations are located. AEEI and its various business units are not considered to make a particularly

heavy demand on the natural environment. However, businesses in the Group are committed to being industry leaders and adding value to the services they provide 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's carbon emissions are low and we have a very low direct impact on the environment, but we are affected by the environment in which we operate and by how climate change affects our business. We commit our businesses to a journey of responsible environmental 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.

The Group's material matters, the stakeholders affected and how we manage them can be found on pages 5 to 11.

(King IV™ - Principles 3, 4, 10, 11, 13, 14, 15 and 16)

SUSTAINABILITY GOVERNANCE FRAMEWORK - continued

MATERIAL MATTERS AND KEY PERFORMANCE INDICATORS - 2018 PROGRESS ON THE SIX CAPITALS:

The following report details the material matters, key performance indicators, our 2018 progress, the risks related to the material matter and the opportunities created by the material matters on the six capitals:

|  FINANCIAL CAPITAL | MATERIAL MATTER Responsible use of our capital generated |
|---|--|
| KEY PERFORMANCE INDICATORS <ul style="list-style-type: none"> • Review asset efficiency • Growth of the businesses through strategic investments • Ensure continued shareholder returns • Reinvestment into growth • Dividends paid to shareholders • Manage debt and gearing • Maintain Group debt and gearing | 2018 PROGRESS <ul style="list-style-type: none"> • Retained sound capital levels and liquidity in the Group • Continued to focus on optimal capital allocation • Listed our technology division • Maintained a well-diversified portfolio of investments and risk framework • Procured alternative funding for our capital growth investments • Continued with our Vision 2020 Vision to invest in growth while containing costs and driving efficiencies • To date we are on track with our Vision 2020 Vision expectations • Continued with streamlining and standardising procurement spend for future cost savings • Executed selective growth projects: <ul style="list-style-type: none"> - Acquired further shares in espAfrika - Acquired further shares in Magic 828 (Pty) Ltd - The Group through its subsidiary Premier Fishing SA (Pty) Ltd acquired a 50.31% stake in Talhado Fishing Enterprises (Pty) Ltd • Paid dividends and interim dividends to shareholders • Maintained Group debt and gearing WHAT ARE THE RISKS RELATED TO OUR MATERIAL MATTERS <ul style="list-style-type: none"> • Limited access to funding may slow down the ability to capitalise on the various growth initiatives • Exchange rate volatility may have both a negative and positive effect on the performance of the businesses • Debtor recovery or late payments from public customers could create liquidity risk WHAT ARE THE OPPORTUNITIES CREATED BY THE MATERIAL MATTERS <ul style="list-style-type: none"> • Explore opportunities in new associate and strategic investments to unlock further revenue streams • Growth by acquisition • Organic growth • Review further business opportunities within our current strategic investments • Work towards listing the biotechnology division |

SUSTAINABILITY GOVERNANCE FRAMEWORK - continued


**HUMAN
CAPITAL**
MATERIAL MATTER

Employee recruitment and retention of key skills

KEY PERFORMANCE INDICATORS

- Retention of critical skills
- Training and development of employees
- Develop critical skills to drive business performance
- Remuneration and employee recognition
- Drive a high-performance culture to ensure delivery of our strategic objectives
- Employee job satisfaction, diversity, productivity and efficiency
- Employee health and safety
- Drive diversity and cultural transformation
- Drive Vision 2020 Vision goals
- Support training institutions (external)
- Maintain zero fatalities in the Group

2018 PROGRESS

- Emphasised our employee value proposition
- Offered competitive remuneration – increase in remuneration and bonus paid
- Training conducted after needs analysis was completed and is ongoing
- Spent R1 481 506 on training and development
- Performance reviews updated
- Continued to promote a working environment that allows employees to deliver high performance
- Continued to embed our Vision 2020 Vision
- Continued with the development of critical skills to drive business performance
- Continued to transform our businesses
- Continued with the personal development of junior, middle and senior executives
- Continued building leadership capability to enable productivity, high performance and sustainable growth
- Reviewed succession plans and identified key personnel
- Further identified employee development
- Transformation and equity employment plans rolled out
- Maintained zero fatalities

WHAT ARE THE RISKS RELATED TO OUR MATERIAL MATTERS

- Higher than market-related salary demands
- Developing critical skills
- The inability to retain skills and high-calibre employees
- The inability to find suitable accredited training and development service providers
- The inability to recruit skilled employees
- Low employee attrition
- Labour strikes and demands
- The challenge of training inexperienced employees could take longer than anticipated

WHAT ARE THE OPPORTUNITIES CREATED BY THE MATERIAL MATTERS

- Employee development – bursaries and learnerships
- Identify and offer internships and learnerships in identified disciplines
- Increase capabilities of junior management
- Increase capabilities of middle management
- Employee health and safety
- Wellness programmes
- Create an entrepreneurial culture

SUSTAINABILITY GOVERNANCE FRAMEWORK - continued



MANUFACTURED CAPITAL

MATERIAL MATTER

- Capital investment in our businesses
- Business operations
- Access to reliable infrastructures
- Investment into plant and equipment

KEY PERFORMANCE INDICATORS

- Produce quality products and services
- Provide and maintain high-quality infrastructures and assets
- Stimulate economic growth through sustainable small business development
- Through our associates, look at returns but also focus on risk and capital requirements
- Through our strategic investments, look at returns but also focus on risk and capital requirements

2018 PROGRESS

- Created employment
- Continued to launch new products and services to meet our clients' needs
- Continued our focus on cross-selling
- Offered innovative products and services to clients
- Manufactured own products
- Strengthened our strategic alliance with our international partners
- Continued to stimulate growth and partnerships with SMMEs
- Enterprise development
- Supplier development
- Socio-economic development
- Maintained infrastructures and assets through regular maintenance
- Invested in plant and equipment
- Continued to reduce our environmental footprint through the manufacture of organic products
- Worked with our associates to improve relationships and skills transfer
- Continued with green energy installation

WHAT ARE THE RISKS RELATED TO OUR MATERIAL MATTERS

- Failure to raise capital for investment into our businesses
- Increased competition
- The inability to produce goods and services timeously for clients
- Increased pricing on imports

WHAT ARE THE OPPORTUNITIES CREATED BY THE MATERIAL MATTERS

- Expansion of the abalone farm
- Enhance planning and increase catch rates
- Increase the number of external quota holders
- Growth of our product portfolio
- Review options in terms of product diversification
- Optimisation of product portfolio and cost savings
- Further expand product range and offering into the food, beverage, hygiene and agricultural sectors
- Development in the local manufacturing environment
- Registration of products in Africa, South America and the SADC region

SUSTAINABILITY GOVERNANCE FRAMEWORK - continued


**INTELLECTUAL
CAPITAL**
KEY PERFORMANCE INDICATORS

- Provide shareholder satisfaction and return on investment
- Skilled, experience and technically qualified employees and leaders
- Review the risk of alternative technologies from competitors
- Patented technologies

MATERIAL MATTER

- Macro-economic considerations
- Accreditation including patents, trademarks, intellectual property and the JSE

2018 PROGRESS

- Listed the technology division
- Diversified portfolio of investments, associates and strategic investments
- Payment of dividends to shareholders
- Built own intellectual property to reduce the risk of alternative technologies
- Continued to focus on research and development activities
- Partnered with academic institutions, research bodies and industry peers to develop and implement new technologies
- Proprietary systems and licensed trademarks are managed on an ongoing basis

WHAT ARE THE RISKS RELATED TO OUR MATERIAL MATTERS

- The risk of not achieving investment targets
- Changes in the economic landscape – relating to exchange rate volatility, interest rates, etc.
- The loss of major clients
- Failure to innovate in areas that are critical to our clients and innovation to drive growth
- Failure in our business processes and management systems

WHAT ARE THE OPPORTUNITIES CREATED BY THE MATERIAL MATTERS

- Organic and acquisitive growth
- Increase business in the private sector
- Increase business in the public sector
- Further expansion into Africa and abroad
- Opportunities to invest in other areas of our strategic growth path
- Building our own intellectual property
- Payment of dividends
- Work towards listing the biotechnology division

SUSTAINABILITY GOVERNANCE FRAMEWORK - continued


**SOCIAL AND
RELATIONSHIP
CAPITAL**
MATERIAL MATTER

- Sustained confidence of investors in our business
- Ethical and transparent leadership
- Compliance with laws, codes, standards and regulations
- Corporate social investment (CSI) development
- Collaborative stakeholder engagement
- Support independent SMMEs
- Social community and economic development

KEY PERFORMANCE INDICATORS

- Drive the CSI strategy across the Group by investing in social services in our communities and creating value through social investment
- Paying our taxes and royalties to government
- Drive B-BBEE targets in the Group
- Drive diversity and transformation throughout the Group
- Adhering to ethical standards and preventing corruption
- Supporting local business and promoting social and economic development
- Provide employment opportunities and skills development
- Training and development through our internship programme

2018 PROGRESS

- Continued to prioritise our social investment projects in skills development, community development and the environment through our strategy across the Group and created value through socio-economic investment
- Continued to drive diversity and transformation in our businesses
- Focused on improving educational outcomes in the Western Cape and Overberg regions through training and development and investment into our youth
- Education – built an early childhood development classroom (ECD) in an impoverished community
- Continued to pay salaries for ECD teachers in an impoverished community
- Ensured closer working relationships with regulators
- Fostered positive employee and union relationships
- Focused on managing risk in terms of the Group's risk appetite and tolerance
- Supported local businesses and promoted social and economic development
- Provided employment opportunities and skills development
- Ensured consistent and effective engagement with investors and stakeholders with the objective of aligning shareholder expectations with our strategy and targets

SUSTAINABILITY GOVERNANCE FRAMEWORK - continued



SOCIAL AND RELATIONSHIP CAPITAL (continued)

KEY PERFORMANCE INDICATORS

- Investing in the future of our youth by facilitating access to higher education
- Effective risk management and compliance
- Effective partnerships with business peers, sector organisations and research bodies
- Collaborative relationships with customers and suppliers
- Open channels of communication

2018 PROGRESS

- Continued to create awareness of the Code of Ethics and Code of Conduct, including the whistle-blowing facility
- Continued to create awareness of The Way We Work Policy
- No breach of ethical standards or corruption reported
- Effectively monitored risk management and compliance
- Paid our taxes and royalties to government
- Maintained constructive relationships with our partners, business peers and sector organisations


WHAT ARE THE RISKS RELATED TO OUR MATERIAL MATTERS

- Compliance with regulatory and legislative requirements requires the Group to keep abreast of changes, failing which could have a reputational impact and result in a fine
- Investor and stakeholder confidence in our businesses
- Negative reputation
- Industry regulations can impact the business performance

WHAT ARE THE OPPORTUNITIES CREATED BY THE MATERIAL MATTERS

- AEEI is seen to be a responsible corporate citizen
- Promoting social and economic development by assisting small businesses to grow and add value
- Assisting small businesses to grow within the events industry to grow community-based services
- Delivering on CSI strategies by investing in social services in our communities and creating value
- Delivering on diversity and transformation
- Delivering on our B-BBEE targets
- Paying our taxes and royalties to government will contribute to social needs
- Providing employment opportunities and skills development
- Investing in our youth by facilitating access to higher education
- Strong risk management
- New investors
- Ongoing proactive and transparent relationships with our regulators
- Assisting to steer the economy towards a stable environment
- Fostering synergistic relationships between private and public sectors
- Fostering an entrepreneurship culture

SUSTAINABILITY GOVERNANCE FRAMEWORK - continued

| | |
|---|--|
|  | <p>MATERIAL MATTER</p> <ul style="list-style-type: none"> • Review energy efficiency and the use of alternative energy in our operations • Water consumption • Waste management |
| <p>KEY PERFORMANCE INDICATORS</p> <ul style="list-style-type: none"> • Effective environmental management system (fishing) • Waste and electricity management (fishing) • Allocation of capital to address long-term goals • Waste management • Effective water usage • Environmentally friendly products • Investment in research and development and partnering with others to find innovative solutions related to our processes and by-products | <p>2018 PROGRESS</p> <ul style="list-style-type: none"> • Continued with the implementation of renewable energy • Reviewed and implemented further additions to the environmental management system • Reduced electricity consumption • Reduced water consumption • Capital allocated for the implementation of long-term goals in terms of Vision 2020 Vision <p>WHAT ARE THE RISKS RELATED TO OUR MATERIAL MATTERS</p> <ul style="list-style-type: none"> • The uncontrollable cost of electricity and possible load shedding • The uncontrollable costs of petrol and diesel • Environmental footprint • The uncontrollable cost of water • The unknown water crisis in the Western Cape <p>WHAT ARE THE OPPORTUNITIES CREATED BY THE MATERIAL MATTERS</p> <ul style="list-style-type: none"> • Further implementation of renewable energy through a phased approach • Convert natural capital into financial and societal value by deploying technology and other resources • Implementation of innovating procedures in the reduction of electricity and water consumption • Leveraging industry expertise on waste management • Leveraging industry expertise on alternative water resources |

(King IV™ - Principles 4, 5, 11, 13 and 16)

ECONOMIC SUSTAINABILITY

Refer to page 98 of the abridged integrated report for the value-added statement.

| VALUE DISTRIBUTION | 2018 % | 2017 % | 2016 % |
|---------------------|-----------|-----------|-----------|
| Employees | 44.069 | 58.2 | 43.8 |
| Retained for growth | 20.605 | 10.4 | 30.0 |
| Debt providers | 7.050 | 9.0 | 10.7 |
| Government | 16.981 | 13.1 | 8.3 |
| Communities | 1.531 | 1.0 | 1.3 |
| Capital providers | 9.764 | 8.3 | 5.9 |

| | 2018 R'000 | Restated* 2017 R'000 | 2016 R'000 |
|---|---------------|----------------------------|---------------|
| Total revenue* | 700 691 | 576 607 | 735 569 |
| Total profits (before tax)* | 6 010 650 | 631 338 | 287 740 |
| Total assets | 7 362 276 | 2 822 153 | 1 691 219 |
| Total liabilities | 1 697 227 | 784 033 | 690 184 |
| Percentage of revenue generated in South Africa | 74% | 72% | 64.1% |
| Percentage of net profit after tax generated in South Africa | 98% | 90% | 32% |
| Total compensation paid to executive directors (AEEI Board) | 11 968 | 6 690 | 5 819 |
| Total compensation paid to employees and contractors (including wages and benefits) | 258 643 | 198 012 | 191 709 |
| Total compensation paid to prescribed officers | 0 | 0 | 0 |
| Rand value of HDSA procurement | 982 403 | 444 620 | 325 023 |
| Rand value of Group procurement | 1 338 205 | 867 264 | 495 643 |
| Rand value of Company procurement (AEEI) | 43 221 | 15 657 | 9 071 |
| Rand value of all payments to governments (VAT, income tax, rates and taxes, royalties, and all other payments) | 77 087 | 86 279 | 80 538 |
| Percentage of total taxes paid in South Africa | 100% | 100% | 100% |
| Total rand value of research and development spend | 9 504 | 13 700 | 10 151 |
| Total rand value of dividends to be paid/payable to AEEI shareholders | 43 238 | 25 804 | 16 203 |
| Total rand value of dividends paid by subsidiary companies to shareholders | 149 604 | 58 983 | 31 600 |
| Total rand value of earnings retained | 4 498 479 | 866 280 | 505 241 |

* These figures have been restated.

ENVIRONMENTAL SUSTAINABILITY

| | 2018 | 2017 | 2016 |
|--|----------|----------|----------|
| Total direct energy consumption (GJ) | 9 872 | 9 181 | 9 113 |
| Total direct energy consumed per person worked | 7.83 | 1.59 | 1.60 |
| Total indirect energy consumption | 2 323 | 2 110 | 2 014 |
| Total indirect energy consumed per person hour worked | 1.84 | 0.36 | 0.35 |
| Total electricity consumption (MWh) | 848 | 785 | 781 |
| Total electricity consumed per person hour worked (MWh/HW) | 0.000180 | 0.000039 | 0.000040 |
| Total energy consumption in gigajoules | 12 195 | 11 291 | 11 127 |
| Average volume of carbon emissions per hour worked (tons Co ₂ e/HW) | 0.01 | 0.001 | 0.001 |
| Total water consumption (kℓ) | 51 780 | 56 411 | 55 496 |
| Total non-hazardous waste (tons) | 40 | 38 | 35 |
| Total hazardous waste (tons) | 0 | 0 | 0 |
| Total volume of waste sent for recycling (m ³) | 25 | 25 | 23 |

AEEI is fully committed to and cognisant of the necessity for environmentally sound practices. The Group has set the following targets for reduction in:

- Electricity - 15%
- Water - 50%
- Energy - 20X%

The fishing and brands division has identified monitoring and measuring programmes to further increase its environmental accountability and sustainable fishing practices.

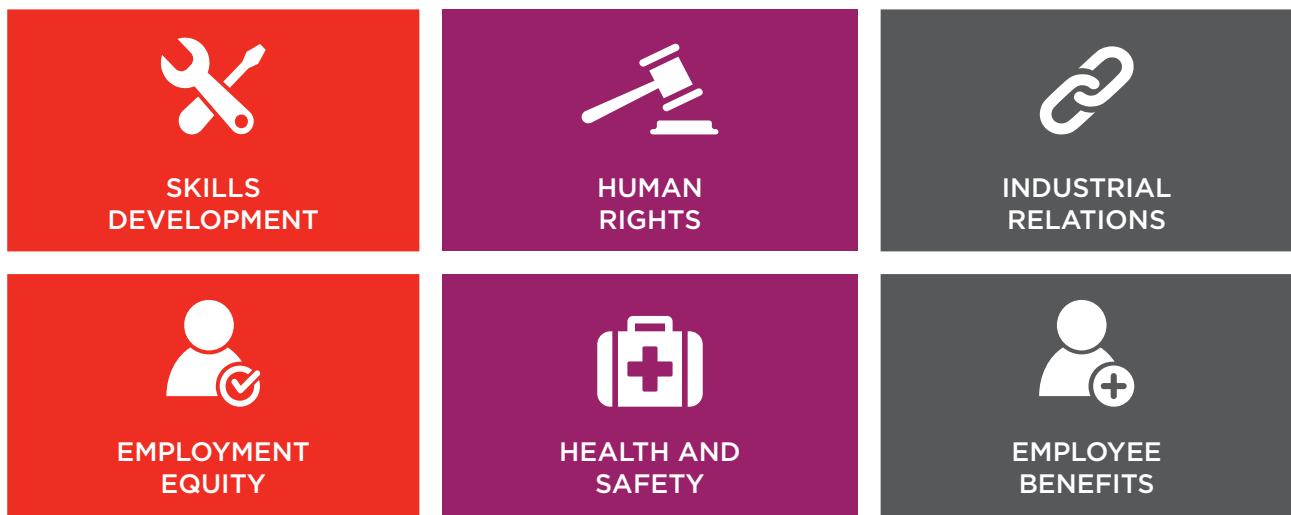
AEEI is not a member of the Carbon Disclosure Project - Driving Sustainable Economies, Water Disclosure Project or a signatory to the UN Global Compact.

HUMAN CAPITAL

Our employees are central to everything we do. They are a vital part of our ambition to deliver a great stakeholder experience and sustainable, profitable revenue growth, and to play a pivotal role in the Group's drive to achieve its Vision 2020 Vision strategic objectives.

The Group continues to create a working environment that supports our vision and ambition by creating an inclusive enjoyable workplace so that our employees can thrive as part of our dynamic business. Employee engagement is extremely important to ensure that we meet our strategic objectives.

COMPANY PRODUCTIVITY



AEEI continues to ensure that it nurtures, understands and values its employees with the same care and coherence that it fosters for its other stakeholders. We engaged with all levels of employees through a variety of regular and ongoing initiatives for both collective and individual interfaces. We continue to allow our employees the opportunity to further develop their skills and abilities through our various skills programmes, and to benefit from being part of a progressive and dynamic organisation.

Through the continuous internal capacity building, employee upliftment, job involvement, training and promotion programmes, half-yearly reviews and individual development performance reviews and programmes, with and beyond the Group's employment equity and workplace skills plan and the adoption of relevant diverse recruitment, the Group reached its objective during the year under review. Management and labour representatives continue to pay close attention to meeting the challenges of accelerated employee growth and development, as set out in the Department of Labour's national skills development strategy.

AEEI encourages the pride that its teams feels in working for the Group and is proud and grateful for the passion they put into serving the Group's stakeholders. This pride is reflected in the manner in which our employees play an ambassadorial role for our Group.

Refer to pages 90 to 97 of the abridged integrated report for further information on delivering value to our stakeholders.

PERFORMANCE REVIEW

Managers in the Group conducted formal reviews of their direct reports including career development opportunities and skills training in their respective key performance areas during the year. The key performance areas are aligned with the Group's objectives and formal targets are set for the ensuing period. This review process forms part of the training report, skills development and succession plans. The performance rating of the employee will determine the salary increase during the annual salary review process. However, specifics differ in each business unit, but as a minimum each employee's incentive provides for performance, employment equity and financial results.

HUMAN CAPITAL - continued

The Group acknowledges external trends that could affect employees and practices and the Human Resources department plays a vital role in the business philosophy of the Group.

NURTURING FUTURE TALENT

The career development and succession planning of employees in the Group remains a key priority. To secure and retain future talent, a skills audit and training needs analysis, including revised performance reviews (formerly role blue prints) were completed during the year to fast track the process. Continual investment in skills retention allows for focused development of identified employees. The Group has an active policy to encourage individuals wishing to study further.

The purpose of succession planning is to ensure that plans are in place to develop potentially suitable candidates for the future and the focus also remains on the retention of key and critical skills in the Group.

CHANGES DURING THE YEAR

During the year under review, our key changes included:

- The launch of a transformation plan which is designed to assist our businesses to deliver their full potential
- We simplified our performance review process and reduced the frequency of reviews and the number of categories to free up time for line managers to talk to their employees and focus on developing their capabilities
- Identifying further training to upskill employees for junior management positions
- Identifying further training for middle and senior management

BURSARIES AND LEARNERSHIPS

Our employees continued to benefit through our extensive skills development, wellness and employment equity programmes and the Group has fully complied with the Employment Equity Act.

Bursaries were awarded to children of employees as well as to other candidates based on their matric or tertiary results, also considering their economic situation. During the year under review, 14 learnerships (2017: 12), 102 bursaries (2017: 90) and 426 employees (2017: 381) undertook training. A total of R1 481 506 (2017: R2 570 000) was spent on training during the year.

INTERNS AND GRADUATE INTERNS

The Group continued to offer workplace exposure to interns and graduate interns during the year. Many of these interns have become permanent employees.

NOTICE PERIOD

The notice period time frame depends on the issue at hand, most of which are covered by the Labour Relations Act, 1995 (No. 66 of 1995) (Labour Relations Act). Depending on the specific issue the notice period can range from 24 hours to 30 days.

HUMAN CAPITAL - continued

HUMAN RIGHTS

The Group adhered to all labour legislation in South Africa, including the Constitution of the Republic of South Africa, Labour Relations Act, Employment Equity Act, Occupational Health and Safety Act, 1993 (No. 85 of 1993), Skills Development Act, 1998 (No. 97 of 1998), Skills Development Levies Act, 1999 (No. 9 of 1999) and Basic Conditions of Employment Act.

The Group subscribes to freedom of association and collective bargaining and has employee-elected forums consisting of both organised (unionised) and non-organised (non-unionised) members, which are involved in deliberations and an ongoing drive to ensure equity in all aspects of the workplace.

The Group decree is that:

- employees are educated on human rights;
- no child labour is permitted;
- no forced and compulsory labour is permitted; and
- there is zero tolerance towards fraud, corruption and related activities.

We expect our suppliers, partners and customers to uphold our standards and contribute positively towards enforcing human rights.

The Group confirms that there were no human rights violations for the period under review.

INDUSTRIAL RELATIONS

The Group has formal policies and procedures in place in line with the Labour Relations Act.

Subsidiary companies in the Group have an open relationship with the unions with whom they are involved and engage with the following unions: Food and Allied Workers Union, the Trawler and Line Fishermen's Union and the National Certificated Fishing and Allied Workers Union.

PEOPLE WITH DISABILITIES

During the year, the Group continued to work on improving its recruitment process to accommodate people with disabilities. At an AEEI level, the Company directly employs five people with disabilities.

GENDER AND RACE DIVERSITY

The Company believes that gender and race diversity at all levels in the Group maximises opportunities to achieve its business goals through an informed understanding of the diverse environments in which we operate. Gender and race diversity is one of the Group's key performance areas. A gender diversity policy was adopted and approved at Board level during the prior year. During the year under review the Board also adopted a race diversity policy and the companies in the Group remain aware of complying with the requirements of the policies on any new recruitments.

The headcount in the Group, as at the end of August 2018, reflected 889 (2017: 856) permanent employees. The headcount increase is a result of the acquisition of businesses during the year. During the year, temporary employment was created for more than 3 276 people through the Cape Town International Jazz Festival and "The Royal Escape Experience". In addition, 124 seasonal employment opportunities were created in our fishing and brands division and does not include the 420 employees in Talhado.

EMPLOYMENT EQUITY ACT

The Group has been successful in providing equal employment opportunities and in promoting internal employees and is committed to driving employment equity goals and enhancing diversity across the Group.

The Group subscribes to the Employment Equity Act and senior executives work with the Department of Labour to ensure ongoing compliance and proactive implementation of regulations and plans. Open dialogue is encouraged between employees and management through our information sessions and committees.

In terms of section 22 of the Employment Act of South Africa, herewith a summary of the Group's 2018 Employment Report in respect of its operations as at 31 August 2018, required by section 21 of the Act.

Refer to page 17 for a detailed report.

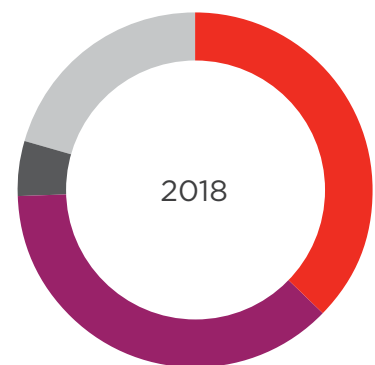
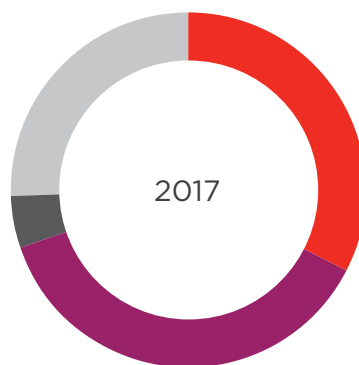
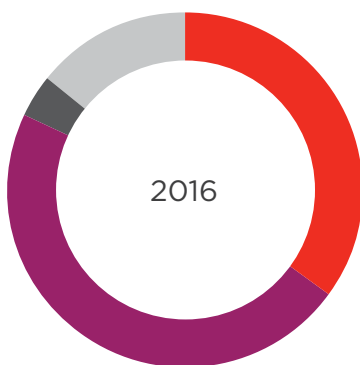
HUMAN CAPITAL - continued

EMPLOYEE DIVERSITY

AEEI has played an active role in the advancement of previously disadvantaged persons, a fact that is reflected in the Group's workforce. Most of its employees are from historically disadvantaged communities.

| CATEGORY | MALE | | | | FEMALE | | | | TOTAL |
|---|------------|------------|-----------|------------|------------|------------|-----------|-----------|------------|
| | AFRICAN | COLOURED | INDIAN | WHITE | AFRICAN | COLOURED | INDIAN | WHITE | |
| AEEI Board members | 2 | 1 | 1 | 2 | 1 | 3 | 0 | 0 | 10 |
| Board executives (excluding AEEI Board members) | 6 | 8 | 5 | 16 | 3 | 9 | 0 | 1 | 48 |
| Senior management | 5 | 6 | 2 | 15 | 1 | 4 | 1 | 9 | 43 |
| Middle management | 11 | 11 | 4 | 27 | 6 | 11 | 3 | 20 | 93 |
| Skilled upper | 28 | 45 | 9 | 42 | 56 | 36 | 13 | 22 | 251 |
| Semi-skilled | 38 | 18 | 3 | 15 | 20 | 25 | 3 | 9 | 131 |
| Labour/unskilled | 78 | 51 | 0 | 0 | 37 | 14 | 0 | 0 | 180 |
| Seasonal | 35 | 77 | 1 | 0 | 3 | 8 | 0 | 0 | 124 |
| Contract workers (including interns and fixed-term contracts) | 1 | 0 | 0 | 0 | 2 | 3 | 0 | 3 | 9 |
| Total | 204 | 217 | 25 | 117 | 129 | 113 | 20 | 64 | 889 |

* The above figures exclude the 434 employees in Talhado Fishing Enterprises (Pty) Ltd.



| | |
|--|--------|
| ■ African | 35.00% |
| ■ Coloured | 47.06% |
| ■ Indian | 3.82% |
| ■ White | 14.12% |

| | |
|---------------|------------|
| Total Males | 466 |
| Total Females | 214 |
| TOTAL | 680 |

Female 36.67%

| | |
|--|--------|
| ■ African | 32.75% |
| ■ Coloured | 37.18% |
| ■ Indian | 4.78% |
| ■ White | 25.29% |

| | |
|---------------|------------|
| Total Males | 537 |
| Total Females | 321 |
| TOTAL | 858 |

Male 63.33%

| | |
|--|--------|
| ■ African | 37.46% |
| ■ Coloured | 37.12% |
| ■ Indian | 5.06% |
| ■ White | 20.36% |

| | |
|---------------|------------|
| Total Males | 563 |
| Total Females | 326 |
| TOTAL | 889 |

HUMAN CAPITAL - continued

HEALTH AND SAFETY

The health and safety of all our employees at our places of employment remains of paramount importance. The Group rigorously applies health and safety regulations in its quest for an accident-free working environment.

The Group actively created greater awareness of risk exposure in these areas and controls were increased to proactively reduce its stakeholders' vulnerability to environmental, health and safety hazards. Strategies are

in place to manage and minimise the potential impact of HIV/Aids and the consequential loss of skills and productivity. AEEI has an appropriate and comprehensive HIV/Aids strategy throughout its subsidiaries.

The social, ethics and transformation committee continues to review the Group's compliance with applicable health and safety laws and the compliance department actively monitors and reports on compliance with the relevant legislation in this regard.

EMPLOYEES

| | 2018 | 2017 | 2016 |
|--|-------|-------|-------|
| Number of fatalities | 0 | 0 | 0 |
| Number of first-aid cases | 34 | 22 | 26 |
| Number of medical treatment cases | 0 | 0 | 0 |
| Number of lost-time injuries | 8 | 10 | 16 |
| Total number of recordable injuries (medical treatment, lost time and fatalities) | 42 | 36 | 16 |
| Fatal injury frequency rate | 0% | 0% | 0% |
| Lost-time injury frequency rate | 1.182 | 0.347 | 0.563 |
| Total recordable injury frequency rate - reported | 1.269 | 0.346 | 0.562 |
| 2018 target for lost-time injuries | 0 | 0 | 0 |
| Number of employees and contractors receiving voluntary counselling and testing for HIV/Aids | 0 | 0 | 0 |
| Employees tested for HIV/Aids | 5 | 5 | 3 |
| HIV/Aids prevalence rate | 0% | 0% | 0% |

EMPLOYEE BENEFITS

Employees are extremely important stakeholders in the success of the Group. In order to foster the growth and well-being of the employees of the Group, the following is in place:

- Provident fund
- Medical aid
- Group risk insurance (linked to the provident fund)
- Employment equity

- Skills development
- Learnership programme
- Disciplinary code
- Employee retention
- Funeral cover



For more information refer to the remuneration report in the abridged integrated report on page 98 as well as the section on material issues - human capital on page 6.

HUMAN CAPITAL - continued

| EMPLOYEES | 2018 | 2017 | 2016 |
|---|-------------|-------------|-------------|
| Number of employees | 617 | 858 | 680 |
| Number of contractors | 3 276 | 3 120 | 3 250 |
| Number of employees and contractors | 4 155 | 3 976 | 3 930 |
| Percentage of employees who are deemed HDSA | 87.50% | 74.71% | 85% |
| Percentage of employees who are women | 37.1% | 37.4% | 31.5% |
| Percentage of employees who are permanent | 99.8% | 99% | 98% |
| Percentage of employees who are unionised | 10% | 19% | 19% |
| Percentage of employees and contractors operating in South Africa | 100% | 100% | 100% |
| Percentage of management deemed "HDSA" | 57.0% | 77.8% | 73% |
| Employee turnover as percentage | 13% | 17% | 18% |
| Number of days lost due to absenteeism | 1 130 | 1 241 | 1 576 |
| Total number of person days lost | 0.2 | 0.2 | 0 |
| Total compensation paid to employees (rand) | 258 643 000 | 198 012 000 | 191 709 000 |
| Person hours worked - reported | 5 663 575 | 5 781 525 | 5 689 715 |
| Person hours worked - calculated | 6 823 584 | 7 252 224 | 7 168 320 |
| Total number of employees trained | 426 | 381 | 372 |
| Rand value of total employee training spend | 1 481 506 | 2 570 000 | 2 372 218 |
| Percentage of employees trained in South Africa | 100% | 100% | 96% |
| Percentage of training spend in South Africa | 100% | 100% | 91% |
| Number of days lost due to industrial action/strikes | 0 | 0 | 0 |

Note: The above excludes AYO and Talhado.

TRANSFORMATION

“Culture does not change because we desire to change it. Culture changes when the organisation is transformed; the culture reflects the realities of people working together every day.”

Frances Hesselbein

OUR TRANSFORMATION PHILOSOPHY

AEEI's aim is to be the employer of choice in the market place. AEEI continues to champion transformation within the Group and has been recognised for its contribution to this process. For AEEI, transformation is beyond the need for B-BBEE but is inclusive of transformation and is part of the corporate culture, ethics and values of the organisation.

The revised codes implemented by the Department of Trade and Industry signalled major changes in the B-BBEE environment making it easier for some companies to comply and more difficult for others.

As a generic enterprise, AEEI complies with all five elements under the new codes.

B-BBEE SCORECARD AND RATING LEVEL 1 CONTRIBUTOR – AMENDED GENERIC ENTERPRISE

Transformation is important to AEEI and the Company manages transformation beyond the scorecard. It is a strategic imperative for growth, prosperity and continuity.

| | 2018 Element Score | Generic 2018 Weighting |
|---|--------------------------|------------------------------|
| Ownership | 25.00 | 25 |
| Management | 17.20 | 19 |
| Skills development | 20.33 | 20 |
| Enterprise and supplier development | 39.50 | 40 |
| Socio-economic development | 5.00 | 5 |
| Total Score | 107.03 | 109 |
| B-BBEE Status level | 1 | |
| B-BBEE Procurement Recognition level | 135% | |

| | Flow through | Modified flow through |
|------------------------------|-----------------|-----------------------------|
| Black Ownership | 73.72% | N/A |
| Black Women Ownership | 38.29% | N/A |
| Designated Group Supplier | Yes | |
| Empowering Supplier | Yes | |

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

As a corporate citizen, we remain committed to the principles of transformation and the revised Broad-based Black Economic Empowerment (B-BBEE) Codes of Good Practice and view this as a competitive advantage. We continue to support and empower individuals and the businesses and communities we serve.

At AEEI we acknowledge that transformation is key to long-term growth and sustainability. We view transformation as a moral, strategic and business imperative with increased focus on succession planning, talent identification and development with a strong transformation bias to ensure the future leaders of the Group. An assessment and a gap analysis was performed from which plans have been put in place to address areas that require improvement. We no longer consider transformation as a standalone material aspect as it is now fully embedded in the relevant business processes and performance management systems.

Over the past two years we have seen changes to the B-BBEE regulations and legislation as well as the new reporting requirements for JSE-listed companies and the B-BBEE Commission, which are now in full force. The amendments in legislation have changed how we engage with businesses to ensure our compliance as a listed entity.

We continue to re-assess our B-BBEE strategies and continue to place this high on our agenda in order to stay at the forefront of transformation. Failure to embrace transformation risks losing relevance with suppliers, government, customers and the communities. It is also a key consideration with customers when evaluating sourcing decisions.

Transformation in the Group is guided by the Group's Transformation Philosophy and Transformation Policy and is monitored and managed by each subsidiary's board. Feedback is provided on a quarterly basis to the social, ethics and transformation committee.

Our transformation focus for the year ahead prioritises employment equity in the subsidiaries and increasing representation through enterprise and supplier development.

TRANSFORMATION - continued

During the year under review, the Company worked relentlessly to improve on the prior year's scorecard. The following actions contributed to changes in our scorecard from the previous year:

- Actively engaging with our new major black shareholders
- Improvements in the development and upskilling of our junior, middle and senior management
- Implementing strategies to improve on our skills development and employed disabled learners in line with the Group's diversity objectives
- Engaging with our suppliers to obtain B-BBEE certification
- Increasing our enterprise development in the agricultural and business incubation sectors
- Reviewing our procurement with EME and QSE suppliers and made a concerted effort to increase our spend in the SME sector

- Reviewing our socio-economic development programmes and agreeing to make a greater social impact by focusing on our community initiative, Where Rainbows Meet Training and Development's early childhood development requirements

OWNERSHIP

Ownership is considered a priority element and, as a JSE-listed investment holding company, AEEI contributes to the empowerment of its underlying investments through its ownership credentials. It is imperative that we continuously engage with and meet the needs of our major black shareholders for them to retain their shareholding in the Company. AEEI continues to engage with potential new black investors through various forums.

The table below shows the results of an independent analysis of AEEI's ownership as at 31 August 2018:

| | ECONOMIC INTEREST 2018 % | VOTING RIGHTS 2018 % | ECONOMIC INTEREST 2017 % | VOTING RIGHTS 2017 % |
|---|--------------------------------|----------------------------|--------------------------------|----------------------------|
| B-BBEE shareholders | 73.72 | 73.72 | 76.53 | 76.53 |
| Female B-BBEE shareholders | 38.29 | 38.29 | 36.06 | 36.06 |
| Economic interest of black natural people | 73.72 | 73.72 | 61.17 | 61.17 |

MANAGEMENT CONTROL

The Group has been successful in providing equal employment opportunities and in promoting internal employees, and is committed to driving employment equity goals and enhancing diversity across the Group. The Group subscribes to the Employment Equity Act and senior executives work with the Department of Labour to ensure ongoing compliance and proactive implementation of regulations and plans.

All the Group's businesses have employment equity committees and employment equity plans in place. The committees meet on a quarterly basis to review the reports submitted and an evaluation is done to check if the subsidiaries are on target to meet their goals.

Identifying, attracting and retaining qualified candidates to support our employment equity targets remain a challenge due to the low turnover in employees. Due to the highly technical nature of some of the Group's subsidiaries, some companies require managers with specific qualifications or skills built up over a long experience and training. These skills and experience are highly sought after and when these skills are present in an equity employee,

long-term retention becomes a challenge. Our skills development and employment equity plans aim to develop the necessary skills and experience to improve gender and race representation in the higher management levels. The social, ethics and transformation committee monitors and measures performance against employment equity plans and ensures that annual reports are submitted in accordance with the Employment Equity Act. The new three-year Transformation Plan was rolled out across all subsidiaries in the Group commencing during the year under review. The social, ethics and transformation committee will monitor and measure performance against the Transformation Plan.

In terms of our employment equity levels, we have progressed well with the following scores:

- 79.76% (2017: 74.71%) of the total Group's workforce comprises historically disadvantaged South Africans (HDSAs)
- HDSAs in top management is 5.64% (3.14% in 2017)
- HDSAs in senior management is 4.89% (2.09% in 2017)

Refer to page 17 on employee diversity.

TRANSFORMATION - continued

As part of our Vision 2020 Vision which includes various targets as well as our B-BBEE rating under the new codes, we will continue to promote and drive excellence and opportunities across our workforce by:

- further promoting empowerment and transformation at all levels in the Group;
- fostering equality within our work environment irrespective of gender, race, creed and other forms of diversity;
- meeting employment equity targets;
- ensuring full compliance with the changing regulatory requirements on employment;
- further entrenching The Way We Work, the Code of Ethics and Code of Conduct across the Group; and
- implementing a standardised report to review and monitor our progress across the Group on our diversity status.

SKILLS DEVELOPMENT

Skills development was a high priority for the year under review. At AEEI, we value our employees as they are the foundation of the Group's sustainable success. The Group has bursary and learnership programmes in place that encourage growth and further education. The employees in the Group are actively involved with the University of the Western Cape, the University of Cape Town (UCT), UCT's Graduate School of Business (GSB), Stellenbosch University, Cape Peninsula University of Technology and various other tertiary institutions.

The Group complies with the Skills Development Act, whereby relevant reports are submitted timeously to the Sector Education and Training Authority (SETA). The skills development plans ensure that both the strategic needs of the business and the personal development needs of all employees are incorporated and that implementation is planned and budgeted for during the year. The training and development of employees within subsidiary companies is an important strategic objective of the Group. The Group continues to commit a significant investment into our skills development programmes, internal and external training as well as our learnerships with the aim being to develop the required skills to support our employment equity plans.

EMPOWERING WOMEN

Special emphasis continues to be placed on building leadership capacity among women in the Group. The Group continues to inspire and support empowering women in all its business units. In order to retain women with career advancement opportunities, we continue the promotion and development of women and this continues to gain momentum in the Group.

DIVERSE WORKFORCE

AEEI remains committed to building a workforce that reflects the communities in which we operate. As one of the leading black empowerment companies we believe that diversity helps us maintain our winning edge. Throughout our businesses, we strive to create an inclusive talent pool that taps into the potential found across race, gender, sexual orientation and demographics. We have intensified our efforts to entrench diversity and inclusiveness in all our business units through training, mentorship and recruitment programmes.

During the year under review 426 employees were trained (2017: 381) and a total of R1 481 506 (2017: R2 570 000) was spent on training.

As part of our Vision 2020 Vision, some of our high-level strategic focus areas include:

- fostering equality within our work environment irrespective of gender, race, creed and other forms of diversity;
- personal development plans for employees;
- promoting skills development and learnership programmes;
- promoting performance management;
- building leadership capacity among women;
- engaging with our employees at all levels which provides us with the necessary feedback and input in understanding and responding to improving their skills and training needs;
- ensuring that jobs are available for learners after completion of learnership programmes; and
- ensuring full compliance with the changing regulatory requirements and that all Workplace Skills Plans, Annual Training Reports and Pivotal Reports as per SETA requirements have been developed.

TRANSFORMATION - continued

ENTERPRISE AND SUPPLIER DEVELOPMENT

Enterprise development is an essential element to economic growth and can be done through investing time, knowledge and capital to assist SMMEs establish, expand or improve their businesses as well as empowering modest income-generating informal activities to grow and contribute to the local economy.

The Group's current enterprise development initiatives assisted the development of HDSAs by providing opportunities and support including financial support. The Group's preferential procurement contributed to the development of black-owned businesses by directing procurement spend to HDSA-owned businesses. The Group continues to work to improve on its supplier development initiatives. All subsidiaries in the Group adhere to the Group's procurement policy. All our suppliers are encouraged to be evaluated to determine the extent of their transformation. Only B-BBEE verification certificates from an accredited verification agency based on the gazetted BEE codes are acceptable.

Economic growth is key to addressing unemployment, gender and race equality, health and poverty issues. We expect our enterprise development clients and suppliers to meet the same high standards of ethics, labour rights, health and safety, and the environment that we apply to our own operations and they are expected to follow our Enterprise and Supplier Code of Conduct.

Our business units continually work to improve sustainability standards and performance throughout their supply chain by:

- embedding sustainability into core business practices by integrating the Code of Conduct into contracts and assessing their sustainability performance through AEEI's business scorecard;
- engaging with suppliers and enterprise development clients to improve performance through audits, corrective actions and follow-up engagements;
- assisting to steer the economy towards a stable environment that nurtures growth and increases the country's economic competitiveness;

- partnering to build capability through training and regular dialogue;
- fostering relationships between the private and public sectors to embrace social investment as a common vision; and
- fostering an entrepreneurship culture among previously disadvantaged groups.

LOCALISATION

The Group continues to pursue partnerships with key stakeholders and form joint venture initiatives to promote localisation. Our business units continue to engage with their principles to identify opportunities for local manufacture and to promote skills transfer in line with South Africa's National Development Plan 2030.

AEEI's business units encourage enterprise development clients and suppliers to improve disclosures about their performance. This in turn helps us to support them in building their capability and improving their performance. Increasing transparency and addressing sustainability in the supply chain allows them to build customer trust, reduce costs, secure continuity of supply, respond to stakeholder needs, and protect our brand. Collaboration with suppliers also encourages innovation to develop more sustainable products for our customers.

SUPPLIER DEVELOPMENT

AEEI continues to look at ways to strengthen efficiencies within the traditional supplier base while also increasing capacity and procurement from non-traditional, historically disadvantaged service providers. The efforts remain essential to promoting sustainability and creating value among our stakeholders.

The supplier workshop initiated in 2016 will continue with:

- all divisions in the Group to further their B-BBEE compliance;
- all divisions in the Group to accelerate empowerment within their procurement operations; and
- the Group's supply chain as new suppliers are considered under the terms of transformation and black economic empowerment.

TRANSFORMATION - continued

GUIDING PRINCIPLES

The following principles apply to all our business units:

- Operate ethically and in compliance with applicable laws
- Value employees, embrace diversity and promote a fair and respectful workplace
- Provide a safe and healthy workplace and strive to reduce the environmental footprint of products and operations
- Be an asset to local communities by supporting programmes as well as ongoing economic development
- Promote engagement with and the development of diverse suppliers and enterprise development clients
- Strengthen management systems that govern responsible operations
- Work with enterprise development clients and suppliers to improve performance

The Group invested R172 440 in enterprise development projects (excluding AYO and Talhado) compared to R1 587 536 in 2017. The Group's preferential procurement from HDSAs increased to R982 403 055 from R444 620 000 in 2017.

Our Vision 2020 Vision includes various targets. Below are some high-level strategic focus areas:

- Continue to operate ethically and in compliance with applicable laws
- Continue to value suppliers and embrace diversity
- Continue to provide a safe and healthy workplace and strive to reduce the environmental footprint of products and operations
- Support local communities
- Engage with and further develop diverse suppliers and enterprise development clients
- Strengthen management systems that govern responsible operations

- Evaluate and work with enterprise development clients and suppliers to improve performance
- Continue to procure from empowering suppliers and designated groups
- Develop and define a matrix on "empowering supplier" for integration in the subsidiaries
- Negotiate shorter payment terms
- Continue to pursue partnerships with key stakeholders and form joint venture initiatives to promote localisation
- Further identify opportunities for local manufacture and the promotion of skills transfer

SOCIO-ECONOMIC DEVELOPMENT

The corporate social investment programmes, which are managed through AEEI and the Sekunjalo Development Foundation, aim to create a sustained social impact through focused activities. The Group continues to invest in the upliftment of society and in playing a pivotal role in improving the quality of life in the disadvantaged communities.

The Group believes that socio-economic development goes beyond legislative compliance and continually strives to meet and exceed the benchmarks set by the B-BBEE Codes of Good Practice. The Group recognises the rights and responsibilities of businesses within a broader societal context and reinforces its aim to implement a social contract between business, government and civil society.

By developing entrepreneurs and supporting SMMEs and small businesses in the communities in which the Group operates, we in turn stimulate economic growth and create work opportunities. In addition to the value we create through our business units, we assist the communities through our enterprise development initiatives, which contribute to economic development and transformation.

TRANSFORMATION - continued

Some of the Group's socio-economic development initiatives include:

- building an early childhood development facility;
- paying salaries to early childhood development teachers;
- learnership programmes raise the skill levels of previously disadvantaged individuals;
- financial and in-kind contributions to early childhood development, youth centres and adult teacher training;
- organisational involvement and sponsorship of start-up workshops held annually;
- investment in several emerging, black-owned technology enterprises at an enterprise development level through business incubation programmes;
- access to resources that encourage innovation;
- supporting entrepreneurs as they extend their product offering;
- placement of interns in our various business units;
- full administration support and services – including infrastructure;
- assisting with start-up costs for new business ventures;
- infrastructure development;
- bursary programmes;
- imparting skills and resources to small businesses to improve business management capacity;
- offering learning programmes within the digital space; and
- developing small businesses within the entertainment industry and to grow community-based services.

The Group spent R6 657 143 on socio-economic development/corporate social investment initiatives in 2018 excluding AYO and Talhado compared to R15 851 542 in 2017.

Our Vision 2020 Vision includes various targets. Below are some high-level strategic focus areas:

- Continue to support the communities within which we operate
- Continue with the contributions to early childhood development, youth centres and adult teacher training
- Provide access to education for previously disadvantaged children from Grade R to 12
- Assist with access to resources – financial and in-kind
- Support entrepreneurs and assist with their development
- Assist with infrastructure development
- Provide learnership programmes
- Provide bursaries
- Provide internship programmes
- Provide investment for business incubation programmes
- Continue to provide administration support and services – including infrastructure
- Assisting with start-up costs for new business ventures

TRANSFORMATION TARGET FOR 2019

- AEEI – improve on our B-BBEE transformation plans
- Subsidiaries – maintain and improve their B-BBEE target going forward on the new codes

SOCIAL SUSTAINABILITY

For AEEI, social sustainability and corporate citizenship goes beyond legislative compliance. It recognises the rights and responsibilities of businesses within a broader societal context and reinforces AEEI's mission of being a dynamic and innovative Company that creates superior stakeholder value.

The Group is aware of the critical role that a business should play in the upliftment and development of the previously disadvantaged majority. The Group is committed to investing in the upliftment of society and in playing a pivotal role in improving the quality of life among the disadvantaged communities through its corporate citizenship initiatives. We continue to subscribe to a sustainable approach in conducting our business.

AEEI's strategic focus on being an exemplary custodian assists us to manage our impact on the communities around us and actively contribute to their socio-economic development through various initiatives.

Many of the subsidiaries in the Group support their own initiatives in line with the Group's policy and their areas of operation.

It is for this reason that we need to give back to the communities in which we operate by:

- driving the corporate social investment strategy across the Group by investing in social services in our communities and creating value through social investment;
- supporting local business and promoting social and economic development;
- providing employment opportunities and skills development;
- providing training and development through our internship programme;
- investing in the future of our youth by facilitating access to higher education;
- paying our taxes and royalties to government;
- driving the B-BBEE targets in the Group;
- further driving transformation throughout the Group;
- adhering to ethical standards and preventing corruption;
- ensuring effective risk management and compliance;
- promoting social and economic development;
- promoting partnerships with business peers, sector organisations and research bodies;
- having open channels of communications; and
- ensuring that the Group is and is seen to be a responsible corporate citizen.

SOCIAL SUSTAINABILITY - continued

CORPORATE SOCIAL INVESTMENT (CSI)

The Group invests directly in some of its CSI programmes while others are managed through the Sekunjalo Development Foundation (SDF). The aim is to create a sustained social impact through focused activities. AEEI and the SDF have selected focus areas that have an impact on individual and societal development and play a significant role in nurturing young people who represent the future.

AEEI and the SDF's approach is to:

- encourage employee participation and volunteering in its CSI programmes;
- prioritise CSI across the Group, focusing on set initiatives that support societal challenges; and
- ensure the integration of community needs.

| | | |
|---|--|---|
|  <p>ARTS AND CULTURE</p> |  <p>EDUCATION</p> |  <p>SPORTS DEVELOPMENT</p> |
| <ul style="list-style-type: none"> • The Sekunjalo Edujazz Concert • Cape Town International Jazz Festival • Delft Big Band - Youth Music Programme • Steenberg High Jazz Band • African Musicians Trust | <ul style="list-style-type: none"> • Back to School programme • Learnership programme • Internship programme • Premier Fishing Bursary Trust • Premier Fishing Learnership Programme • Where Rainbows Meet - Training and Development • Rygate Cubs | <ul style="list-style-type: none"> • Saldanha Bay Rugby Club • Gansbaai and Hawston Primary Schools • Western Province Boys Hockey |
|  <p>ENTERPRISE DEVELOPMENT</p> |  <p>SOCIAL DEVELOPMENT</p> |  <p>OTHER</p> |
| <ul style="list-style-type: none"> • Funding for businesses • Anela Agri Enterprise Development • Engeli Enterprise Development | <ul style="list-style-type: none"> • AEEI/Health System Technologies annual golf day • Women in Praise • Things on Wheels • The Sunflower Fund • The Amy Foundation • Durbanville Children's Home • Mandela Day Initiative • Women's Day - women in shelters | <ul style="list-style-type: none"> • Sekunjalo Development Foundation • Direct support for NGOs and community groupings |

SOCIAL SUSTAINABILITY - continued

AEEI and the SDF continue to move away from *ad hoc* requests towards focused areas, which are shaped by an increasing need to ensure effective stakeholder relations and the socio-economic needs of the communities in which the Group conducts its business.

For the year ahead, AEEI and the SDF will continue with its CSI programmes in the focused areas below with more emphasis in the areas of social and enterprise development.

The Group participated in the following during the year under review:

ARTS AND CULTURE

THE SEKUNJALO EDUJAZZ CONCERT

The Sekunjalo Edujazz Concert will be celebrating 18 years of home-grown talent at the Artscape Theatre this year and is an accolade to South Africa's musical calendar.

The Sekunjalo Edujazz Concert's mission is to support, promote and develop young, talented musicians, assisting them in their music careers by affording them the opportunity to perform with some of South Africa's music legends. They are also given the opportunity to learn and be mentored by a host of legends in local music.

The objectives of the Sekunjalo Edujazz Concert are to raise funds for educational bursaries for impoverished students in the Western Cape, and also to promote the rich culture of jazz music in Cape Town by staging a well-known group or artist alongside up-and-coming Cape Town International Jazz Festival young artists from either primary or high school. More than 75 schools in the Western Cape benefited from the concert during the year under review.

Over the years, our investment in the music students has played an integral part in making their dreams come true, and it continues. Many of our students have advanced by backing those legends that they initially shared a stage with and many have become musicians in their own right. Kyle Shepherd, Don Vino Prins, Leanne Fortuin, Lana Crowster, Darren English, Jamie Faull, Delft Big Band, Adelia Douw, Shaun Bratz, Lorenzo Blignaut and Kim van der Westhuizen are just a few of our students. Lana Crowster won the espYoungLegends Competition in 2016 and was featured at the 2016 Cape Town International Jazz Festival. She also participated in The Voice SA alongside Kimberleigh van der Ventel.

We would like to acknowledge the Artscape Theatre and espAfrika for their tremendous support throughout the years.

You can follow the Sekunjalo Edujazz Concert on Facebook. To follow The Sekunjalo Edujazz Journey from inception, visit www.aeei.co.za.

CAPE TOWN INTERNATIONAL JAZZ FESTIVAL

The Cape Town International Jazz Festival is world renowned as Africa's Grandest Gathering. The 19th annual festival attracted more than 35 000 visitors, and more than 40 international and local artists participated in the event held over two days on five stages.

In 2016, The Cape Town International Jazz Festival 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.

Preceding the festival, espAfrika held a series of workshops targeted at previously disadvantaged individuals, which included school workshops, arts journalism, music business, master classes and gigs for kids and the pre-festival free community concert. espAfrika also has mentoring programmes and internships across all departments, including media and marketing, project management, talent, production, logistics and public relations. Our children from Where Rainbows Meet and our music students from the Edujazz Big Band are active participants in these workshops.

DELFT BIG BAND - YOUTH MUSIC DEVELOPMENT PROGRAMME

The SDF continues to support The Delft Big Band with many of their students participating in the Edujazz Big Band. This development programme is targeted at vulnerable youth from high schools in Leiden, Rosendal and Voorbrug in the Western Cape. Through this programme, which has early intervention as a core element, music is used as a vehicle to equip the youth with valuable life skills. Currently more than 100 learners from these areas participate in the programme of which more advanced musicians make up the Delft Big Band. When the programme started, none of the students had either picked up or played a musical instrument.

Members of the band have undertaken two tours of Sweden, a tour of France and performed at the Liverpool Brouhaha Festival, the Edinburgh Jazz and Blues Festival and the London Jazz Festival. The Delft Big Band performed at the 2015 Cape Town International Jazz Festival, several high-profile and NGO events, the Sekunjalo Edujazz Concert, The Cape Town Big Band Festival and the Community Jazz Festival in Gugulethu for

SOCIAL SUSTAINABILITY - continued

the Amy Biehl Foundation and also collaborated with the SA Army Band where they received standing ovations.

STEENBERG HIGH JAZZ BAND

Steenberg High has been a recipient of the Edujazz bursaries since 2003. Since the band was formed in 2011 under the leadership of ex-learner, Sammy Webber, the band and the young musicians have blossomed. Their first public performance was at the Edujazz concert in 2012 where they blew the crowd away. The SDF assisted the school jazz band by sponsoring a sound system for their band and continues through the services of Sammy Webber.

They were also featured at the 2013 Cape Town International Jazz Festival. A number of students attending Steenberg High are residents in the Vrygrond community and benefit from our back-to-school drive.

AFRICAN MUSICIANS TRUST

We provide support for the African Musicians Trust, whose objective is to engage, equip, support, guide and educate South African musicians and empower them to grow their careers by providing a platform for marketing, public relations, events management, training and networking. They are also looking to provide a medical aid and a provident fund for musicians to enable them to live with dignity in their latter years.

EDUCATION

BACK TO SCHOOL PROGRAMME

The Back to School programme initiated in 2013 continues to grow year on year. For the year under review, more than 750 students from the community of Vrygrond and surrounding areas were assisted with the payment of their school fees, school clothing and school stationery to keep them in school for the year. Some of these students have gone back to school with the financial assistance of the Company. Some of these students have also benefited from the Company's bursary programme, which continues to be rolled out in the fishing communities of Hermanus and Gansbaai.

PREMIER FISHING BURSARY TRUST

This bursary trust assists employees to further educate their dependants who want to study at a tertiary institution. The bursary also includes dependants in grades 11 and 12 wanting to qualify for future higher education by assisting them with additional lessons. To date, the bursary trust has assisted more than 75 dependants.

PREMIER FISHING LEARNERSHIP PROGRAMME

The learnership programme covers all employees in the advancement of skills and training in society and the contribution to the socio-economic conditions of society. To date, the learnership programme has assisted more than 145 employees.

WHERE RAINBOWS MEET - TRAINING AND DEVELOPMENT FOUNDATION

Selwyn Early Childhood Development (ECD) Programme

Where Rainbows Meet - Training and Development Foundation is based in the community of Vrygrond, the oldest informal settlement in the Western Cape. The foundation is based within the community, providing services for that community and is managed and facilitated by members from the same community and surrounding areas.

The programme was started in 2009 with four children and now hosts nearly 700 children in various programmes. The need arose as the children were left unsupervised and alone on the streets during the day, because their parents were involved in alcohol and drug abuse. A safe, supervised environment was created for these young children during the day and they are encouraged to attend other programmes on offer.

As part of government's ECD programme, the Group has ensured that these young learners are provided with the best foundation phase education and in doing so provided financial support for qualified ECD teachers' salaries for the year under review.

Employees in the Group are active participants in the quest to give back to the communities within which the Group operates and became involved in this community project with a hands-on approach. Ongoing employee support took place during the year under review and with the contribution from the Company they could assist in the basic day-to-day needs of the children in the foundation phase of the programme.

BURSARIES AND LEARNERSHIPS

Various subsidiaries in the Group offer bursaries and learnerships to members of the communities in which they operate.

SOCIAL SUSTAINABILITY - continued

INTERNS AND GRADUATE INTERNS

The Group continues to offer workplace exposure to interns and graduate interns, and some of these interns have become permanent employees.

SPORTS DEVELOPMENT

SALDANHA BAY RUGBY CLUB

The Saldanha Bay Rugby Club, situated in the heart of the West Coast, is open to all members of the community. The club has a strong focus on sports development for the youth. The Sekunjalo Development Foundation continues with sponsorship of their rugby teams. We previously assisted with their gymnasium for their clubhouse as it allows players to condition themselves to be more competitive.

GANSBAAI AND HAWSTON PRIMARY SCHOOLS

The Gansbaai and Hawston Primary Schools, situated in the Overberg region, were assisted with sponsorship of their sports teams. This resulted in the students being able to actively participate in sports development at a competitive level.

WESTERN PROVINCE BOYS HOCKEY

The Western Province U16A hockey team received sponsorship, which enabled them to participate at national level. They are the current titleholders of the tournament, and have been for the past eight years. Over the last 10 years, they won the tournament nine times and were the runners up in the other instance. During July 2017, they retained their championship status, with some of the young champions being selected to play for the South African hockey team.

ENTERPRISE DEVELOPMENT

FUNDING FOR BUSINESS

We continue to assist female black empowerment companies in various industries in South Africa with start-up costs. Ongoing financial assistance and infrastructure is provided monthly to assist with the operational costs, including mentoring and business skills.

ANELA AGRI ENTERPRISE DEVELOPMENT FUND

The Anela Enterprise Development Fund provides loan funding at prime less 5% to Grassroots capital which lends to end beneficiaries at prime less 2%, retaining 3% of the loan funding for its costs and risks taken. Prescient Investment Management (Cape Town), a registered financial services provider, administers and manages the fund.

As the funds are distributed directly to a specific emerging black entity, an enterprise development agreement was signed between AEEI and the end beneficiary for a five-year period.

This year, AEEI's contribution has provided financial assistance and technical support from Grassroots capital to an emerging farmer.

ENGELI ENTERPRISE DEVELOPMENT (ENGELI)

Engeli was established in 2011 by a group of enterprise development specialists who have extensive experience, both locally and abroad. The team consists of skilled and experienced engineers, technologists, business support specialists, lawyers and accountants and provides B-BBEE business solutions which include strategy formulation, marginal cost analysis, design and implementation of B-BBEE interventions (ownership, skills development, enterprise and supplier development, procurement and socio-economic development), transformation and localisation, fund management and capital raising, supply chain development and business incubation, SMME support and skills development.

Engeli is a 51% black-owned and 51% black women-owned company and is a verified Black Fund Manager trading under its Financial Services Board licence.

AEEI contributed funding towards black business incubation during the year under review.

SOCIAL SUSTAINABILITY - continued

SOCIAL DEVELOPMENT

AEEI/HEALTH SYSTEM TECHNOLOGIES ANNUAL GOLF DAY

Since it was launched in 2004, this event has raised more than R1.3m for public sector hospitals and clinics. Public sector hospitals and clinics in the Western Cape including Groote Schuur (paediatric ward), GF Jooste, Brooklyn Chest Hospital, Mowbray Maternity, Somerset Hospital, Victoria Hospital, DP Marais SANTA Hospital, Westfleur Hospital, Helderberg Hospital, Prince Albert Hospital, Clanwilliam Hospital, Caledon Hospital, Lentegeur Hospital and Khayelitsha Hospital have all been recipients of the generous proceeds raised at this golf day, which is now a firmly established annual event.

Victoria Hospital used their funds to build and sustain a palliative care unit. Palliative care concentrates on the improvement of quality of life for those unfortunate people with debilitating or terminal illnesses. With more pressing priorities in the public healthcare system, patients are typically left with little or no palliative care.

The DP Marais SANTA Hospital, one of the few facilities that caters for TB patients in the Western Cape, has also been a beneficiary. Caledon Hospital utilised their funds to extend the capacity of one of its units.

Lentegeur Hospital is one of three major psychiatric hospitals in the Western Cape, serving as a referral centre for a third of the province's population. It also serves as a teaching hospital with strong academic links to University of Cape Town, Stellenbosch University, University of Western Cape and Cape Peninsula University of Technology. The highly visible Lentegeur Spring Project is to re-establish the hospital as a "green" hospital and more importantly as a symbol of hope and regeneration. Its main aim is to transform the way the hospital and mental illness are seen by the communities it serves, and also provide a stimulus for the regeneration of these communities with the restoration of hope and identity through a sense of attachment to land, community and the environment. The project was adopted as a flagship

of the Provincial Health Department of the Western Cape and of the Premier's 110% Green Campaign.

The proceeds of this year's golf day went to Paarl Hospital. The proceeds will be used for the hospital's upgrades, programmes and planned expansion.

WOMEN IN PRAISE

The SDF supports the Kraaifontein Centre for Abused Women and Children through the women's month calendar, where a concert was scheduled with a major artist as well as up-and-coming and semi-established artists. All proceeds from the concert went to the centre.

THINGS ON WHEELS

Things on Wheels supports schools in the communities in the Western Cape. Their mobile feeding scheme provides children in impoverished areas with access to a meal or sandwich daily. The SDF continues to assist with funding for this project.

THE AMY FOUNDATION

AEEI provided financial support to The Amy Foundation, which is a non-profit organisation that offers programmes to develop and empower youth living in the challenged and vulnerable communities of the Western Cape. The programmes place a focus on the creative side of the child's brain and supplements the shortcomings of the educational system in the townships of South Africa.

Reaching more than 2 000 youth every day, the programmes are having a very positive effect on the youth as well as the communities in which they live. They provide educational and cultural activities that offer students healthy alternatives to all the negative influences within their society by unlocking their creative talents thus creating future emotionally well-rounded individuals, leaders and entrepreneurs for South Africa.

The foundation currently operates five after-school care centres including Nyanga, Gugulethu, Mannenberg and Crossroads, each hosting more than 300 students per day.

SOCIAL SUSTAINABILITY - continued

DURBANVILLE CHILDREN'S HOME

The SDF provided financial support to the Durbanville Children's Home. This home started in 1883 and fills the gap in service provision for vulnerable children by using dedicated, professional services to support children in need of care and their families, with the aim of restoring them to a healthy family relationship.

Durbanville Children's Home is a programme of BADISA, a church-based non-governmental welfare organisation. BADISA provides professional assistance as well as a policy and guidelines for the home, ensuring that it meets the ever-changing needs of children in need of care and safety. Durbanville Children's Home is also registered with the Department of Social Development and is therefore subject to governmental policies and principles.

MANDELA DAY - 67 MINUTES - MANDELA MONTH

This year, to coincide with Mandela month, AEEI decided to add further value to one of its community initiatives and looked at how we could make a social impact and leave a legacy with one of our projects. ECD plays an important role in instilling skills and abilities that children need for their future and advancing their growth. This year, AEEI sponsored the building of an ECD facility for Where Rainbows Meet Training and Development Centre

in Vrygrond. The classroom accommodates approximately 70 children in Grade R and will prepare them for Grade 1. The ECD programme also caters for infants up to school readiness age.

OTHER

SEKUNJALO DEVELOPMENT FOUNDATION (SDF)

The SDF has made a significant number of *ad hoc* donations to various organisations and causes. We believe that these groups are doing very necessary work in their respective communities and we gladly support them.

DIRECT SUPPORT FOR NGOS AND COMMUNITY GROUPINGS

The Group acknowledges its responsibility to the social upliftment of the communities within which it operates. Through the continuation and expansion of its social responsibility programmes, the SDF provides donations or other support to various individuals, NGOs, community projects and education causes.

The Group has committed itself to contributing to the alleviation of hunger, poverty, illiteracy, unemployment, crime and all those ills that negatively affect the moral fibre of South African society.

SOCIAL SUSTAINABILITY - continued

RETURN ON CORPORATE SOCIAL INITIATIVES

0.1% SPEND VS PROFIT (excluding AYO and Talhado)

| | IMPACT | RETURN ON INVESTMENT |
|--|--------------------|---|
|  ARTS AND CULTURE | SOCIETY | <ul style="list-style-type: none"> • Shared value with communities and organisations • Education of arts and culture, especially in the music arena • Education and mentorship • Self-sufficient – many of our students have become musicians in their own right and have become self-sufficient, and some are the only breadwinners in their families • Benefits to the communities • Promotion of African Arts and Culture |
|  EDUCATION | COMMUNITIES | <p>Education is a global equaliser. With education, people and communities around the world can become self-sufficient and prosper. Our investments in education in the communities has resulted in the following:</p> <ul style="list-style-type: none"> • Improved education outcomes • Increased literacy rates • Development of learnership programmes • Development of an internship programme • Increased student engagements and performance • Training • Skills development • Access to early childhood development – live, learn and play • Nurtured growth and entrepreneurship • Provided employment opportunities • Empowered previously disadvantaged women and men to actively participate in building healthy communities |
|  SPORTS DEVELOPMENT | COMMUNITIES | <ul style="list-style-type: none"> • Promotion of sports development in impoverished communities |

SOCIAL SUSTAINABILITY - continued

RETURN ON CORPORATE SOCIAL INITIATIVES (continued)

| | IMPACT | RETURN ON INVESTMENT |
|--|---------------------------|---|
|  <p>ENTERPRISE DEVELOPMENT</p> | <p>COMMUNITIES</p> | <ul style="list-style-type: none"> • Promotion of an entrepreneurship culture • Ensured stability, growth and profitability of young entrepreneurs • Promotion of supply chain development and business incubation • Promotion of emerging farmers at grassroots level • Promotion of businesses owned, and businesses run by women to become sustainable • Workforce development • Assisted to steer the economy towards a stable environment |
|  <p>SPECIAL PROJECTS</p> | <p>ENVIRONMENT</p> | <ul style="list-style-type: none"> • Created awareness around sustainability, pollution, water, air, electricity and other |
|  <p>SOCIAL DEVELOPMENT</p> | <p>SOCIETY</p> | <ul style="list-style-type: none"> • Ensured a better quality of life • Promoted education • Improved access to childcare and families • Promoted access for women in shelters • Supported NGOs to build capacity and improve efficiency of resources to the communities they support • Ensured a better quality of life for people with disabilities • Provided skills development through our various initiatives • Provided internship • Social education |

CSI/SED EXPENDITURE

| | 2018 | 2017 | 2016 |
|---|-----------------------|-------------|--------------|
| Rand value of CSI/SED | R6 657 143 | R15 851 542 | R14 754 652 |
| Percentage of CSI/SED spend invested in South Africa | 100% | 100% | 100% |
| Education | R617 000 | R562 543 | R552 146 |
| Skills development | R 1 873 923 | R1 235 641 | R1 124 530 |
| Health and HIV/Aids | R0 | R0 | R0 |
| Basic needs/social | R683 774 | R641 256 | R636 012 |
| Enterprise development | R172 440 | R1 587 536 | R1 486 513 |
| Arts and culture | R1 100 900 | R7 721 354 | R7 651 871 |
| Infrastructure development | R711 323 | R1 562 445 | R1 435 299 |
| Rand value spend on environmental management projects | R58 900 | R345 256 | R0 |
| Rand value spend on small business development | R540 000 | R859 562 | R745 624 |
| Discretionary spend | R1 338 205 000 | R81 840 184 | R240 549 000 |
| Spend as a percentage of net profit after tax | 0.1% | 2.3% | 7.1% |

Note: The above excludes AYO and Talhado.