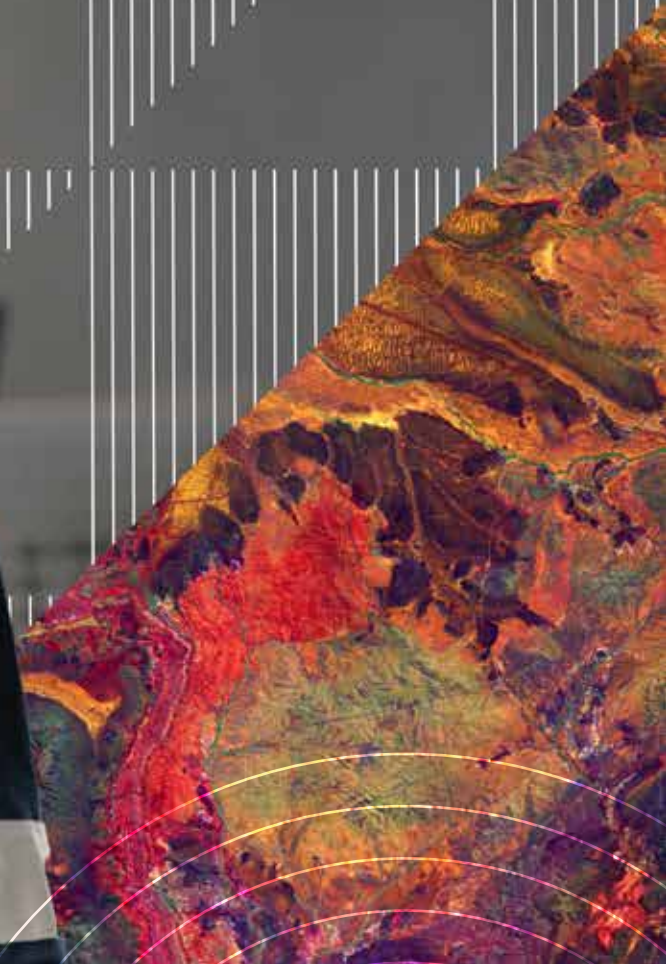


# Integrated Report

For the year ended  
31 December 2023



We Are One AECI, for a Better World



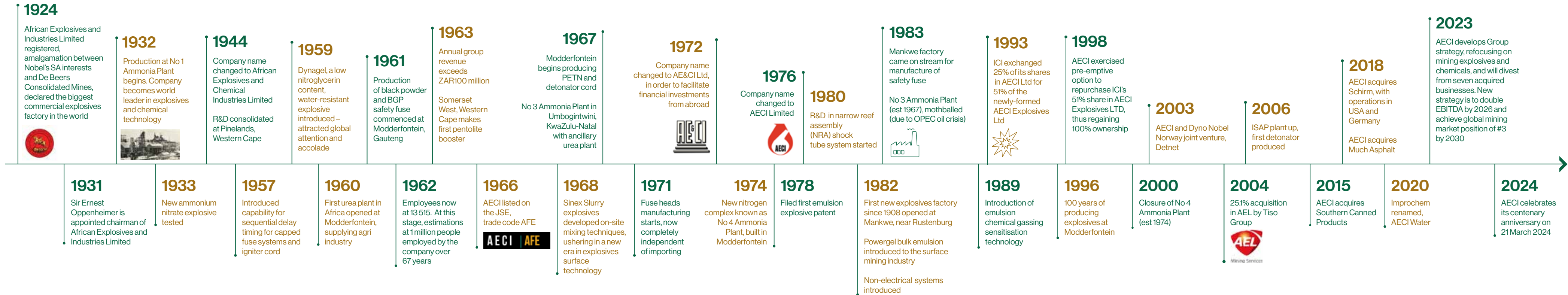


# Our 100-year journey – key milestones and achievements

A century ago, the amalgamation of a leading global entity with a South African powerhouse resulted in the establishment of AECI, originally known as African Explosives & Industries Limited. This move took place in conjunction with a notable boom in the mining industry in South Africa, driven by the increased demand for natural resources across the world. AECI swiftly established itself as a leader in the sector as it pioneered optimising the use of mining explosives.

The AECI journey is characterised by three significant themes that have solidified its position, competitive advantage and shareholder value creation namely:

- Agility in spotting opportunities and leveraging them
- Innovation excellence that has stood the company in good stead globally over the years
- Good governance as a foundation to the business. The Group embodies resilience and has shown persistent courage in overcoming both macro and microeconomic challenges while continuing to demonstrate commitment and capacity to meet the changing requirements of customers





We are a mining solutions and chemicals company employing 7 189 people.  
We have a presence in 22 countries on six continents.

Founded in 1896 to service South Africa's burgeoning gold and diamond mining industries, the company was formally established in 1924 and listed on the Johannesburg Stock Exchange in 1966. At the end of 2023, we had a market capitalisation of R11.6 billion (R9.2 billion in 2022). A mainstay of the South African economy, we have expanded our presence and evolved our product and service offering to a broad base of customers over the years.

Optimising the portfolio to create a platform for growth

Until 31 December 2023, our operating businesses were structured into four key segments: AECI Mining, AECI Water, AECI Agri Health, and AECI Chemicals. In alignment with our strategy and optimising our portfolio to create a platform for growth, we will focus on AECI Mining and AECI Chemicals and divest of businesses with limited synergies with the chosen core businesses. The AECI Chemicals business will be restructured and repositioned to provide operational and financial support through cash generation to drive the Mining business's growth. A new segment, named AECI Managed Businesses was introduced, to house all businesses to be divested through a structured competitive process. Businesses included in this segment are: AECI Schirm, AECI Much Asphalt, AECI Animal Health, AECI SANS Fibers, AECI Food and Beverage and AECI Public Water. The Board's role in setting and steering the strategic direction of the Group is set out on page 18.

We have defined a new corporate and portfolio strategy with a restated purpose:

**We Are One AECI, for a Better World.** By reaffirming our purpose, we aim to reinforce our collective commitment as a unified team towards creating a better world. The strategy is designed to transform our organisation, with an ambition to double the profitability, by EBITDA, of the mining and chemicals business by 2026 and attain a global market position in mining of #3 by 2030.

**OUR THEME:**  
*Charting our course: Honouring 100 years of legacy, forging ahead for the next century*

We stand together with a shared vision of a better world. With nearly a century of unwavering dedication behind us, we recognise that longevity in business is not only a testament to our sustained success, but also to our unshakeable foundation for growth.

In today's fast-paced and ever-evolving business landscape, adaptability and reinvention are our guiding principles. We understand that to secure our place in the next century, we must embrace change, progress our strategy to seize new opportunities, and navigate market shifts with agility and profitability.

We firmly believe that our strength lies in unity, for a better world. Our legacy is one of empowerment, not just for our people, but for our communities and stakeholders alike. As we embark on the journey into the next century, we remain a values-led organisation, 100% committed to continuous improvement and betterment.

Our focus on the future is steadfast as we build on our already good foundation to remain a winning, learning and ever-growing organisation. We are wholly dedicated to creating sustainable competitive advantages through continued improvement. Our roadmap includes fostering a winning culture, assembling the industry's finest team, nurturing our core strengths for growth, championing operational excellence, driving innovation, and executing change with precision.

Together, we honour our past, embrace the present, and fortify our business for a future that promises even greater achievements, progress, and a positive impact on the world.

Contents

<b>1. OVERVIEW</b>	3	Board and Committee diversity and independence	57
About our report	3	Our governance structures	59
Our approach to materiality	3	Strategic focus areas of the Board in 2023	60
Ensuring the integrity of our report	3	Committee reports	61
Integrated thinking	3	Our Group Executive Committee	68
The continuous improvement and evolution of our Integrated Report and the process followed to produce it	3	<b>5. OUR PERFORMANCE</b>	69
The purpose, scope and boundary of our report	4	2023 results highlights	69
Navigating our report	4	From our Group CFO	70
Forward-looking statements	4	Our business segmental review	72
Our reporting suite	5	AECI Mining	72
Approval by the Board	6	AECI Chemicals	73
Our purpose, values and guiding principles	7	AECI AgriHealth	74
<b>2. THIS IS AECI</b>	8	AECI Water	75
Our operating business segments, products and services	8	<b>6. BUILDING A BETTER WORLD</b>	76
Our geographic reach	9	Sustainability drivers are integrated in our strategy	76
Our investment case	10	Our business principles are founded on upholding the fundamental principles of the UN Global Compact	77
Key features of 2023	11	Our social and environmental performance	77
Our approach to creating enterprise value	12	Our approach to sustainability and creating enterprise value	78
Contributing to the achievement of the UN Sustainable Development Goals (SDGs)	13	Economic sustainability	78
<b>3. OUR BUSINESS</b>	14	Our role in society	79
Our strategy at a glance	14	Our social responsibility	82
Sustainability in action	16	Enterprise and supplier development (ESD)	83
Chairman's review	17	Safety and health	83
Group Chief Executive Officer's review	20	Our environmental sustainability	84
Our operating context	22	Environmental incidents	84
Our business model	28	Our environmental stewardship	85
Our strategy	30	<b>7. REMUNERATION IN SUPPORT OF SUSTAINABLE VALUE CREATION</b>	86
Our guiding principles	32	2023: A year of strategic insight and adaptation	87
Managing strategic execution risks	34	Remuneration governance	87
Material matters	37	Business performance and key remuneration outcomes for 2023	87
Risk and opportunity management	38	Short-term incentive	87
Value delivered to stakeholders	46	Long-term incentive	88
Overview of stakeholder groups	47	Key issues raised by shareholders and addressed by the Board	90
Our stakeholder map	47	Impact of the strategy on remuneration	91
The needs and expectations of our stakeholders	48	<b>8. ADDITIONAL INFORMATION</b>	93
<b>4. OUR GOVERNANCE</b>	55	Our assurance certificate	93
What Governance means to AECI	55	Glossary of terms	94
Governance in support of value creation	55	Corporate information	IBC
Our Board of Directors	56		

OVERVIEW

About our report

Our Integrated Report is a testament to our organisation's enduring journey and resilience. It encompasses our strategy, business model and governance processes. It evaluates our economic and environmental, social and governance outcomes to provide a balanced, transparent and integrated view of our commitment to creating and safeguarding value in the year under review and our prospects of creating sustainable enterprise value in the short, medium and long term. We are dedicated to addressing any factors that may diminish value, be it in the short or long term, through our unwavering commitment to creating and safeguarding value.

Our approach to materiality

We apply the principle of materiality when assessing what information should be included in our Integrated Report. We define material matters as those most relevant to the Group's ability to create, maintain, or erode enterprise value over the short, medium, and long term through our annual materiality determination process. On page 37, we provide an overview of this process. We define the short term as the upcoming 12 months, the medium term as spanning from 12 months to three years, and the long term as extending beyond three years.

Ensuring the integrity of our report

The Board of Directors facilitates an effective control environment that supports the integrity of information. The Group's financial, operating, compliance and risk management controls are assessed by the Group's Internal Audit function and overseen by the Audit Committee.

We are in the process of maturing our internal audit and risk management practices through the implementation of a Governance, Risk and Compliance (GRC) strategy. This involves a fundamental change in reporting, emphasising the assurance of risk controls and implementing more robust and deeply embedded risk management processes. Additionally, at a Group level, specific Board committees have been designated to oversee risk controls for each top risk, evaluate the effectiveness of these controls in adequately mitigating risks. These committees will also assess the assurance needed over the controls from a three lines of defence perspective.

Type of assurance provided on our Integrated Report

Audit of our Annual Financial Statements
Financial, operational, compliance and risk management controls
B-BBEE Commission notice of compliance
Limited Assurance Report on Selected Key Performance Indicators

Providers of assurance and monitoring

External auditors Deloitte & Touche
Group internal audit function
Internal Steering Committees (see  )

Integrated thinking

Integrated thinking, which leads to integrated decision-making and working collectively, underpins our value creation and preservation strategy. It guides our strategic decisions and transparent communication across governance structures. We recognise that the interconnectedness of the various aspects of our business contributes to our overall value proposition.

Integrated reporting is a natural extension of integrated thinking. It provides our stakeholders with a clear and cohesive report that reflects our commitment to sustainable value creation and preservation.

The continuous improvement and evolution of our Integrated Report and the process followed to produce it

We are committed to an ongoing journey of refining our corporate reporting for transparent and balanced communication to all stakeholders. This year's improvements involved a comprehensive gap analysis of our 2022 Integrated Report against the Integrated Reporting Framework, with the aim of elevating our 2023 Integrated Report to meet global best practice standards, including a focus on enhancing the flow, readability and comprehension of our business.

- Key enhancements encompass:
- AECI's strategies for value creation, preservation, and safeguards against value erosion
  - An enhanced business model clearly aligning outcomes with the six capitals, highlighting where value was created, preserved or eroded
  - Utilisation of icons to visually emphasise the connectivity of information, highlighting the relationships between risks, material matters, stakeholders, strategic pillars and capital considerations

Our report preparation involved ongoing discussions with senior management and Directors, site visits, and meetings with executives throughout the year. The Vice President of Investor Relations led a cross-functional team with representatives from businesses across the Group and subject-matter experts across the organisation.

This collaboration ensured the effective coordination of report content, offering a comprehensive view of our performance and progress for the financial year. Contributions from the Group Executive Committee (Exco) and Board members, who participated in various approval processes, contributed to the quality and transparency of the report's content.

Our Group Chief Executive Officer has supervised the preparation of our Integrated Report, which was reviewed and approved by the Board on the recommendation of the Audit Committee.



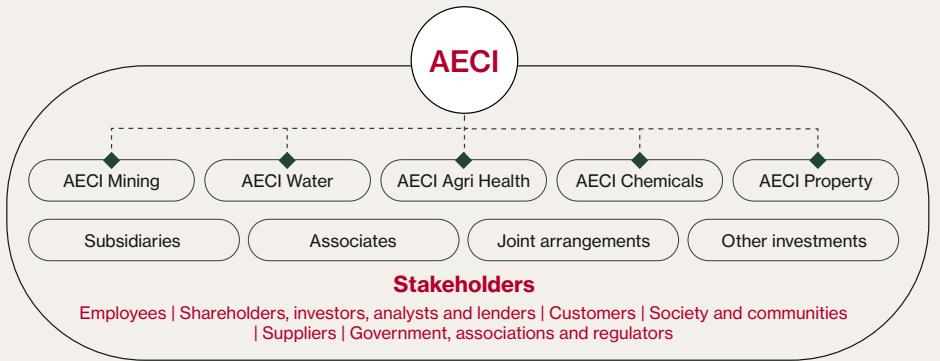
Chemistry Laboratory, Sasolburg, South Africa

The purpose, scope and boundary of our report

Our Integrated Report, published annually, covers the period 1 January to 31 December 2023. Any significant or material events occurring after this period and up to the approval of this report have been included. Its primary purpose is to provide the information that the investment community and debt providers require to make an informed assessment of our performance in terms of creating, sustaining or eroding value during the year under review. It also provides information on what our performance is likely to be in the medium to long term. In addition, we aim to provide information relevant to our other key stakeholders, including our employees, customers, government, regulators and society.

The boundary of our report includes financial and non-financial reporting across the Group's businesses in Africa, Europe, Southeast Asia, North America, South America and Australia. It aligns with the reporting boundary of our Annual Financial Statements.

Reporting boundary for the Integrated Report



Navigating our report

Throughout this report, we use the following navigational icons to show the interconnectivity between core concepts and the various sections of this report.

We use icons in our report, these are set up below:

**Capitals**

Financial Capital

Human Capital

Manufactured Capital

Intellectual Capital

Natural Capital

Social & Relationship Capital

**Stakeholders**

Employees

Shareholders, investors, analysts and lenders

Customers

Communities

Suppliers

Governments, industry forums and regulators

Internal and industry forums

**Strategic Pillars**

A high-performance culture underpinned by passionate and engaged people

Optimise our portfolio

Drive operational and functional excellence

Deliver step change in growth

**Material Matters**

Climate Resilience

Social Responsibility and Human Capital Excellence

Business Performance and Partnerships

Governance and Compliance

The reporting frameworks

The key frameworks and standards that our reporting suite is guided by or complies with include:

International Integrated Reporting Framework (Integrated Reporting Framework)	IR
Companies Act 71 of 2008, as amended (Companies Act)	IR GR AFS SR RR AGM
JSE Listings Requirements JSE Debt Listings Requirements JSE Sustainability and Environmental Disclosure	IR GR AFS SR TTR RR
King IV Report on Corporate Governance™ for South Africa 2016 (King IV™)	IR GR AFS SR RR
International Financial Reporting Standards (IFRS) and SAICA Financial Reporting Guide	AFS
10 Principles of the United Nations Global compact (UNGC)	IR GR SR
United Nations Sustainable Development Goals (UN SDGs)	IR GR SR
Global Reporting Initiative (GRI) Standards	IR SR
Task Force for Climate-related Financial Disclosures (TCFD)	IR SR
Responsible Care® programme	IR SR
Greenhouse Gas Protocol	IR SR
FTSE Russell ESG Ratings Tax Transparency Framework	IR SR
World Economic Forum (WEF) ESG reporting metrics, 2020	IR SR
Task Force on Nature-related Financial Disclosures (TNFD)	IR SR
Committee Terms of Reference	IR GR AFS SR RR AGM

*\*Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved*

Forward-looking statements

This report contains certain forward-looking statements about the Group's financial position, results, strategy, operations and businesses. These statements and forecasts involve risk and uncertainty as they relate to events and depend on circumstances that occur in the future. Various factors could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Consequently, no reliance should be placed on such expectations, estimates and intentions expressed in such forward-looking statements, as they may change due to new information, future events or otherwise.

Our reporting suite

These reports are available on our website

**IR Integrated Report**

Our Integrated Report is our primary report to all stakeholders interested in our ability to create value over time. It provides the information the investor community, rating agencies and providers of debt require to make an informed assessment of the company's performance in creating, sustaining or eroding value, both in the year under review and in the mid to long term.

**GR Governance Report**

Our Governance Report explains our Board's governance philosophy. It also sets out our approach to achieving good governance by applying the principles and practices articulated in the King IV™ and in compliance with the JSE Listings Requirements.

**AFS Annual Financial Statements**

Our Annual Financial Statements provide a comprehensive overview of financial performance, which enables our stakeholders to understand our financial position.

**SR Sustainability Report**

Our Sustainability Report, which has a multi-stakeholder focus, provides a detailed account of the Group's sustainability programmes, targets and performance. This report is intended to provide a holistic picture of our environmental and social impacts on stakeholder value in the short, medium and long term.

**TTR Tax Transparency Report**

Our Tax Transparency Report describes our tax landscape, vision and objectives, governance and tax risk management. It also addresses how we engage with our stakeholders, which includes our relationships with the revenue authorities and public advocacy. We report on our tax contribution across our markets and the types of taxes we pay.

**RR Remuneration Report**

Our Remuneration Report provides details of how the remuneration framework is structured, the remuneration outcomes and how that aligns with the creation of long-term sustainable value, for both shareholders and other key stakeholders.

**AGM Notice of Annual General Meeting**

The Notice of the 100<sup>th</sup> Annual General Meeting (AGM), which includes the form of proxy and shareholding profile, and provides information required by shareholders.

**i More info**

These reports are available on our website, [www.aeciworld.com/integrated-reports-and-afs](http://www.aeciworld.com/integrated-reports-and-afs), or on request from Investor Relations ([AECIInvestorRelations@aeciworld.com](mailto:AECIInvestorRelations@aeciworld.com))



Approval by the Board

Our Integrated Report for the year ended 31 December 2023, is one of our primary communication channels with our stakeholders. It has been prepared to provide a balanced, transparent, and integrated review of the Group's financial performance and our material sustainability matters during the financial year.

The Board acknowledges its oversight of the integrity of the Group's Integrated reporting. The Directors confirm that, in their opinion, the 2023 Integrated Report provides an accurate and balanced account of our performance and prospects and addresses all material matters. The Board is of the opinion that the Integrated Report is presented in accordance with the Integrated Reporting Framework.

The Audit Committee oversees the preparation of this report and interrogates the content, process and assurance concerning its integrity. The other Board committees also provided oversight of the content related to their respective mandates. The Audit Committee recommended the 2023 Integrated Report for approval by the Board.

The Board reviewed the 2023 Integrated Report to satisfy itself as to its integrity and the balance achieved in the

report and to consider whether the report reflects the collective mind of the Board. The Board considered materiality for the purposes of the Integrated Report and the effect that the presence or absence of information might have on the accuracy or validity of a statement in the Integrated Report or a decision by stakeholders. The Board satisfied itself with the authenticity of information used for internal decision-making by management, the Board and its committees, and the integrity of the Integrated Report.

The Board is of the view that, to the best of its knowledge and belief, the Integrated Report addresses matters material to stakeholder decision-making by explaining the impact of the Group's value-creation process over time. It considers the Group's impact on its stakeholders and the environment in which it operates.

The Board approved the report on 19 April 2024.



**Dr Khotso Mokhele**  
Chairman



**Holger Riemensperger**  
Group Chief Executive Officer



**Rochelle Gabriels**  
Group Chief Financial Officer



**Samuel Coetzer**  
Independent Non-executive Director



**Steve Dawson**  
Independent Non-executive Director



**Walter Dissinger**  
Independent Non-executive Director



**Fikile De Buck**  
Independent Non-executive Director



**Patty O'Brien**  
Independent Non-executive Director



**Marna Roets**  
Independent Non-executive Director



**Philisiwe Sibiya**  
Independent Non-executive Director

We Are One AECI, for a Better World



Umbogintwini industrial complex, KwaZulu-Natal, South Africa

Our purpose, values and guiding principles

Our purpose

We are committed to delivering sustainable solutions for a better world through innovation and excellence founded on our 100-year-old pioneering spirit. Through the achievement of our ambition, we are dedicated to making a positive impact on the world through responsible business practices and innovative solutions. This is the purpose of **We Are One AECI, for a Better World** and drives everything we do.

In restating our purpose and ambition, we sought to clearly express our broader goals as an organisation, ensuring our longevity by focusing on:

- Our collective commitment as a unified team towards creating a better world
- A more optimised portfolio with mining as the core
- Operational and functional excellence
- Capital allocation and balance sheet optimisation



Our values guide our actions and decisions



**Bold**



**Innovative**



**Going Green**



**Being Engaged**



**Being Responsible**

These values are the foundation for our guiding principles, further defining our team's ethos. We emphasise execution excellence, focus and discipline as our guiding principles that serve as a foundation for our culture and guide behaviour and decision-making at all levels. These principles drive our commitment to achieving sustainable growth and value creation for all stakeholders through a culture of accountability, efficiency and continuous improvement. They guide behaviour and decision-making at all levels in the Group, thus enabling ethical decision-making, transparency and compliance with regulations and standards.



Distribution Warehouse, Lillanton, Boksburg, South Africa

THIS IS AECI

Our new operating business segments, products and services aligned to the Group strategy

Focus on AECI Mining and AECI Chemicals, divesting of our managed businesses.

We aim to deliver sustainable solutions for a better world through innovation and excellence founded on our 100-year-old pioneering spirit. This is the purpose of **We Are One AECI, for a Better World** and drives everything we do.

Segment	Segment businesses	Revenue (inter-segment eliminations not shown)	Number of Employees	Synergies	Products and services	Customer sectors
<b>AECI MINING</b> Core Business Main growth vehicle	Mining Explosives Mining Chemicals	<b>2023: R19 621m</b> 2022: R18 096 million	<b>4 065</b>	Customer sharing Capability sharing Cost sharing	Mining explosives, detonators, blasting services  Collectors, frothers, depressants for mineral extraction and tailings treatment  Emulsifiers for explosives manufacture	Mining
<b>AECI CHEMICALS</b> Reorganised and repositioned to provide operational and financial support through cash generation to drive AECI Mining business growth	Traded Chemicals Industrial and Specialty Chemicals Agriculture Water Treatment	<b>2023: R10 186m</b> 2022: R10 679 million	<b>858</b>		Bulk chemicals  Blended chemical products  Water treatment chemicals, technology, equipment and plant  Crop protection products and plant nutrients	Industrial  Mining  Manufacturing  Agriculture
<b>AECI MANAGED BUSINESSES</b> For divestment	Schirm Much Asphalt Animal Health Sans Fibers Food and Beverage Public water	<b>2023: R7 633m</b> 2022: R6 957 million	<b>1 937</b>			Agriculture  Industrial  Manufacturing  Road infrastructure  Food and beverage  Public water  Animal feed and products  Textile
<b>AECI PROPERTY AND CORPORATE SERVICES</b>	Property and Corporate services	<b>2023: R611m</b> 2022: R568 million	<b>329</b>		Property leasing and provision of utilities  Corporate support functions	Tenants and utilities users

Segments: AECI Mining, AECI Chemicals, AECI Managed Businesses, AECI Property and Corporate Services\*

\* 2023 AECI Property and Corporate Services earnings included a R182 million Covid-19 insurance claim payment that will not repeat

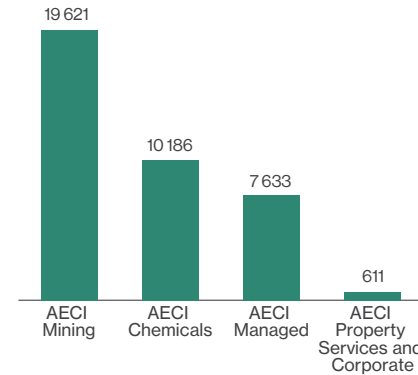
EBIT: Earnings before interest and taxation is defined as profit before interest, taxation and share of profit of equity-accounted investees, net of taxation

EBITDA: Earnings before interest, taxation, depreciation and amortisation calculated as profit from operations and equity-accounted investees plus depreciation, amortisation and impairments. EBITDA is not audited.

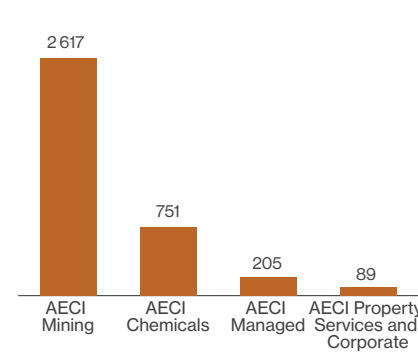
Contribution of each segment to the Group – new segments

Please note: inter-segment eliminations not shown

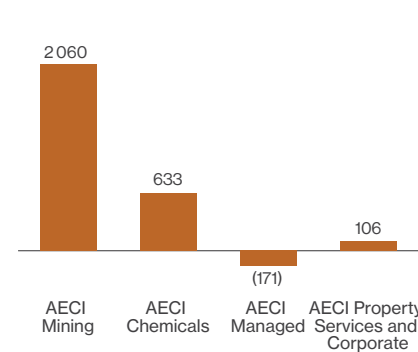
Revenue by segment (Rm)



EBITDA by segment (Rm)

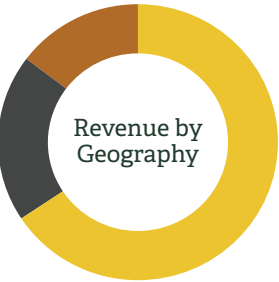
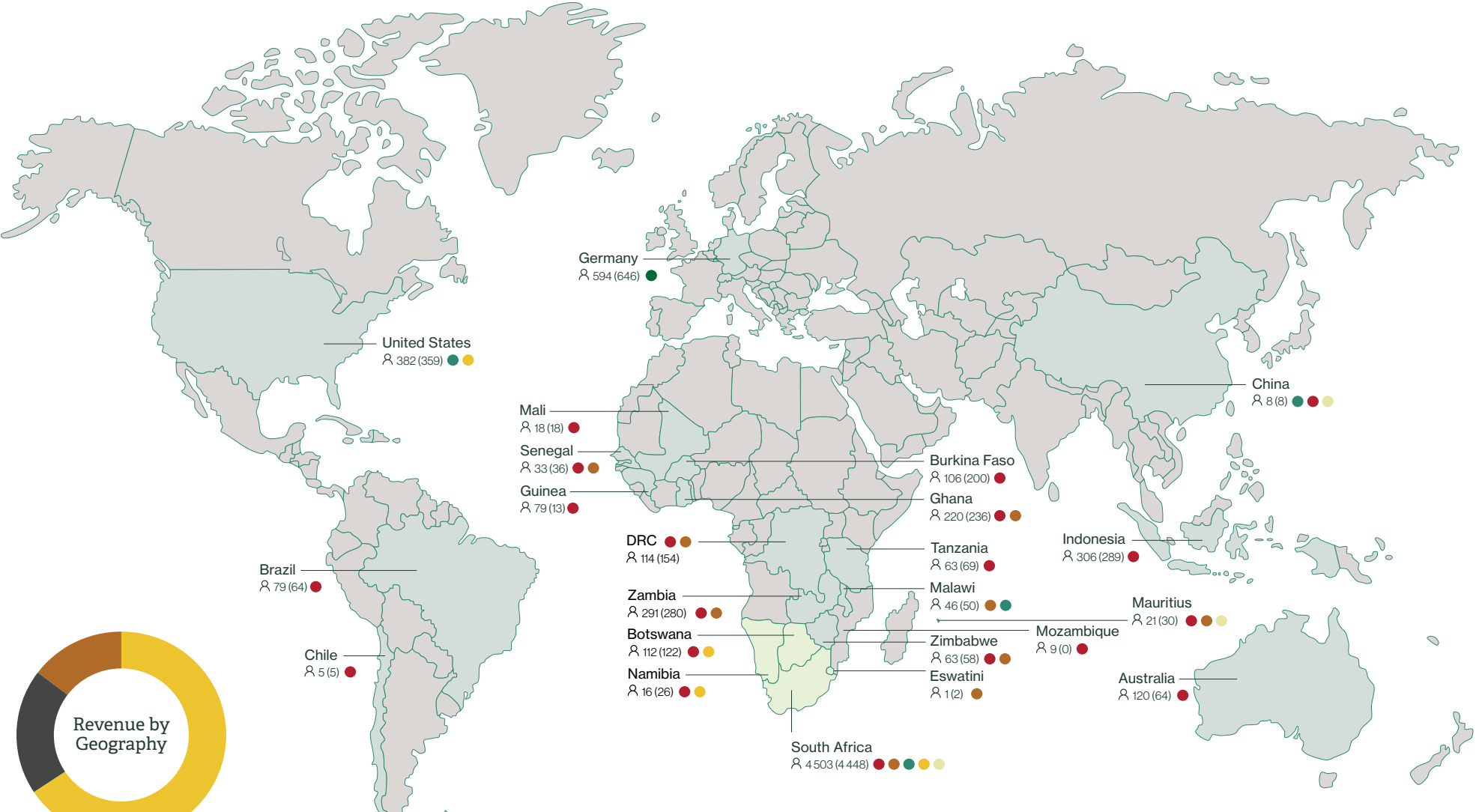


EBIT by segment (Rm)



Our geographic reach

Our geographic presence and key company highlights



- Southern African Customs Union 57%
- The rest of the African continent 22%
- The rest of the world 21%

7 189 people

22 countries

6 continents

- AECI Mining
- AECI Water
- AECI Agri Health
- AECI Chemicals
- AECI Property Services and Corporate

Number of employees



# Our Investment Case

With a solid history of consistently delivering innovative, safe, and high-quality products in the mining and chemicals sector, we stand as a testament to excellence. Our commitment to quality earnings growth and robust cash generation in our core mining operations has allowed us to excel consistently in a dynamic market. Leveraging our deep expertise and extensive knowledge of products and markets, we have developed a clear and robust capital allocation policy, offering stability through a stable dividend payout. Our ongoing portfolio reorganisation and optimisation efforts create a solid platform for a significant step-out growth opportunity, positioning us for substantial expansion.

01

## A Legacy of Resilience

Strong resilience, built over a 100-year legacy, we are a trusted partner to our customers and the communities in which we operate. This is our core foundation for the next 100 years.

02

## Excellence

Operations and functional excellence, enable us to become the most profitable mining and chemicals business.

03

## Innovation Catalyst

To be a catalyst for innovation combined with a focus on customer centricity.

04

## Profitable Growth

Expansion into selected markets.

05

## Value Creation

Value creation through a disciplined Capital Allocation strategy and focusing on our core strengths to attain the #3 Global Leader position by 2030.

# Key features of 2023

## Financial and non-financial outcomes

For the environment							
<b>Zero</b> major or serious environmental incidents  (2022: zero)	Decreased scope 1 emissions by <b>20%</b> (2022: 1%) and scope 2 increased by <b>0.1%</b> (2022: decreased by 4%)	Electricity from renewables <b>840MWh</b> (2022: 10MWh)	Potable water consumption decreased by <b>6%</b> (2022: increased by 2%) Effluent discharge to sea or sewer decreased by <b>13%</b> (2022: increased by 4%)				
For our employees							
Safety – TRIR <b>0.35</b> (2022: 0.27 restated)	Fatalities <b>2</b> (2022: 0)	Salaries and wages <b>R5.9bn</b> (2022: R5.0 bn)	Number of employees <b>7 189</b> (2022: 7 168)				
For society							
Improved female representation at top levels to <b>28%</b> (2022: 27%) Board and Executive Committee female representation exceed 40% target	B-BBEE contributor status in South Africa <b>Level 3</b> 2022: (Level 3)	Total tax contribution <b>R3.4bn</b> (2022: R2.8bn)					
For providers of Financial Capital							
Revenue up 5% <b>R37.5bn</b> (2022: R35.6m)	EBITDA <b>R3.7bn</b> (2022: UP 3% R3.6bn)	HEPS <b>1 137c</b> (2022: DOWN 12% 1287 cents)	Maintenance Capex <b>R869m</b> 67% of total R1305m capex (2022: R600m 39% of total R1 552m capex)	Total dividends declared <b>219cps</b> (2022: DOWN 72% 872cps)	EPS <b>1 112c</b> (2022: UP 27% 878 cents)	Gearing at <b>35%</b> (2022: 45%)	Working capital <b>15% of revenue</b> (2022: 19% of revenue)



AECI head office, Johannesburg South Africa



AECI head office, Johannesburg South Africa



# Our approach to creating enterprise value


Various capitals (financial, human, manufactured, intellectual, social and relationship and natural) are integral to all aspects of our business and serve as the foundation for creating long-term value. Our activities use these capital inputs to maximise value creation while mitigating the risk of value erosion.



### Value Creation

- In our commitment to value creation, we continuously strive to develop innovative chemical and mining solutions that align with the evolving needs of our customers and the broader market and the growing demand for operational efficiency.
- We optimise our portfolio by focusing resources on achieving excellence in our operations and functions, fostering the growth of our core competencies. This involves releasing businesses with no apparent synergies and ensuring prudent capital allocation to strengthen the balance sheet.
- Our research and development efforts drive innovation, the creation of more efficient and environmentally friendly products and processes, contributing to our market-winning formula and sustained long-term financial performance. The pursuit of sustainability, including green business opportunities, leverages our intellectual capital.
- Trust is paramount in the value creation process, necessitating transparency and proactive stakeholder engagement.
- By honing our skills and expertise, we are able to identify and exploit value-creating opportunities effectively, positioning ourselves for success.





### Value Erosion

- Unintended value erosion poses challenges that we proactively measure, manage and address. Economic downturns, market fluctuations and regulatory changes are potential threats, but our focus on creating a safe environment for our people, effective risk mitigation and adaptability helps defend against erosion.
- Climate change and associated weather pattern fluctuations also pose a risk to our operational continuity. Additionally, environmental and safety incidents are recognised as risks, emphasising the importance of comprehensive SHE management systems as well as climate response measures.
- Adapting to changing industry trends and customer preferences is key to preventing value erosion. Through meaningful relationships with our stakeholders we foster shared value and actively work to reduce instances of value erosion, reinforcing our commitment to sustainable practices.



### Value Preservation

- Delivering on our Zero Harm and ESG commitments, aligning every operational decision with our purpose, and committing to Net Zero by 2050, reinforces our dedication to preserving value.
- To preserve value, we prioritise maintaining the quality and safety of our products and services. Our commitment to risk management and compliance is crucial, as we operate in industries where safety and environmental regulations play a significant role.
- Managing operational efficiencies and on time in full delivery of our products and services safeguards our profitability and shareholder value.

## Contributing to the achievement of the UN SDGs

We recognise the significance of contributing to the SDGs. Our commitment to sustainability, social responsibility, and positively impacting the world remains unchanged. We have considered the contribution we can make to all 17 SDGs and have identified 10 SDGs to which we can make the most significant contribution. By aligning our efforts with the SDGs and focusing on areas where we can drive meaningful change, we demonstrate our dedication to creating a better future for all.



See  page 10



Umbogintwini industrial complex,  
KwaZulu-Natal, South Africa



# OUR BUSINESS

## Our strategy at a glance

Our strategy aims to drive sustainable growth, profitability, and environmental responsibility across the entire portfolio.



See pages 30 to 34.



AECI Speciality Chemicals plant, Chloorkop, South Africa

### To achieve a sustainable competitive advantage, we will focus on four strategic pillars:

**A high-performance culture underpinned by passionate and engaged people:** We will create a winning culture that promotes diversity, equity and inclusion while building the industry's best team through attracting and retaining capabilities and talent.

**Optimise our portfolio:** We will focus resources on what we are good at to grow the core, divest from businesses with no apparent synergies and ensure prudent capital allocation to strengthen the balance sheet.

**Drive operational and functional excellence:** We will drive change through innovation, embracing sustainable practices, and striving for operational, commercial and functional excellence. This commitment extends to delivering on promises made to our stakeholders, achieving quality earnings growth, while actively building renewable energy solutions for a greener, more sustainable future.

**Deliver a step change in growth:** We will grow the core of our operations in a well-managed, responsible manner by building global-standard businesses while securing a prominent #3 market position by 2030 and maximising cash generation from our South African-based Chemicals business.



Umbogintwini industrial complex, KwaZulu-Natal, South Africa



## Sustainability in action

### Impactful initiatives



#### Better Mining

- Steam consumption below 30%
- Leveraging used oil into processes
- Project Titania, transform waste from Ammonium Nitrate plant into valuable products
- 67% reduction of CO<sub>2</sub> emissions by pioneering improved emulsion



#### Better Water

- 44ML of potable water generated for Harmony Gold
- Solar powered, D2 Water filtration skids provide potable water to clinics, schools and community centres
- Hippo rollers provide access to clean drinking water in remote communities



#### Better Food and Agri Systems

- Mega-Inliner® system reduces the use of water in chemical washing for food transport
- 75% of waste generated is reused and recycled



#### Better Chemistry

- Maximising the use of 100% of Anchor Yeast's biogas
- Reduction in chemical exposure and environmental impact by use of alternative fluorine-free firefighting foams



More information on these and other projects can be found in the [SR](#).

## Chairman's review



**Dr Khotso Mokhele**  
CHAIRMAN

*"In today's fast-paced and ever-evolving business landscape, adaptability and reinvention are our guiding principles. We understand that to secure our place in the next century, embracing change, refining our strategy to seize new opportunities, and adeptly navigating market shifts are essential for sustained growth and profitability."*

### Dear stakeholders

In 2024, we mark a milestone of 100 years since AECI's founding in 1924. We celebrate this milestone with great and justified pride given the company's history, which closely parallels the development of the mining and chemicals industries in South Africa and the African continent. Over time, success on the African continent was leveraged beyond Africa into Australia, South America and Asia. The resilience that saw AECI through its first century gives us great confidence as we embark on the second century. The birth of AECI occurred amid the challenges humanity faced following the end of the First World War. Our second century commences in a world unsettled by the geopolitical and environmental challenges we have experienced in the past few years, and that show no signs of abating. Nevertheless, we are confident in our people's ability to build a Group that will stand the test of time.

In this report, we present you with an overview of the landscape in which we operate, our Group results for the 2023 financial year, and the plan we have in place to ensure our longevity as a value creator for all its stakeholders.

### Our landscape

The year under review saw the continuation of profound geopolitical shifts, the development of new ones and ongoing economic instability, all of which have defined the global landscape over the past few years. Escalating Russia-Ukraine and Israel-Hamas conflicts, as well as rising tensions in other parts of the Middle East, further exacerbate our operating environment. The repercussions of this turmoil reverberate deeply within our operations, influencing socioeconomic and macroeconomic conditions that significantly impact the supply and demand dynamics of our product and solution offerings. The intricate interplay between our operations and the broader economic landscape is evident in the persistent challenge posed by commodity volatility and the surge in commodity prices.

The chemical industry is undergoing a transformative shift driven by sustainability, influencing customer demands, manufacturing and supply chains. As the industry moves towards achieving Net Zero emissions, a significant percentage of businesses face risks in the next decade, necessitating a fundamental shift in business models to capture value in a resource-efficient economy.

Addressing climate change has become a pivotal influence on our strategic direction. By understanding the significant risks and transformative opportunities climate change presents, we acknowledge the increasing frequency of extreme weather events that can disrupt our operations, affect local communities and impact crucial infrastructure that underpins our supply chains. We understand the critical role AECI can play in shaping the future of sustainable energy solutions.

We remain resolute in our commitment to resilience and agility as we respond to these multifaceted industry and global challenges. Our strategic approach is anticipatory, positioning us to focus on our core strengths, endure storms, seize opportunities and contribute meaningfully to the well-being of our stakeholders.



AECI Greenhouse Research Farm, Bapsfontein, South Africa



### Strategy refresh

As mandated by the Board, the overarching objective was to ensure that our business remains robust, relevant and fit for the future. Recognising the importance of proactive measures to mitigate external challenges, the Board oversaw the strategy development process, which they approved in November 2023.

As part of the comprehensive strategy execution effort, our roadmap emphasises building a winning culture, assembling a top-tier team, nurturing core strengths for growth, championing operational excellence, driving innovation, and executing precise change. Aligned with our overarching purpose, **We Are One AECI, for a Better World**, our goal is to double the profitability of our core businesses (Mining and Chemicals) by 2026 and secure the number three global market position in Mining by 2030 (see pages 30 – 44).

In order to achieve this, the portfolio will be optimised to focus on Mining and Chemicals, strategically divesting of managed businesses. This strategic shift positions us to weather current challenges and thrive in a future requiring adaptability and resilience to achieve sustainability.

As we forge ahead, we are confident that our strategy will fortify our position and contribute significantly to the well-being of our stakeholders and the realisation of our vision for a better world.

### Commitment to sustainability

Reflecting on our rich history, spanning a century of innovation and growth, we would like to emphasise the inherent connection between our success and our commitment to sustainability. Beyond it being our moral obligation as responsible corporate citizens, sustainability has been a driving force behind our enduring legacy.

Over the years, we have witnessed a transformative shift in global awareness towards sustainable practices. Our longstanding dedication to environmental stewardship, from the early days of our operations to the present day, holds us in good stead as we navigate the challenges ahead (see page 16).

We recognise the substantial opportunities in developing and implementing sustainable technologies, practices and products. These opportunities align with our core values, open doors to new markets and reduce operational costs. The economic benefits derived from our sustainability initiatives are not just incidental but integral to our business strategy.

As we navigate the evolving business landscape, we remain steadfast in our commitment to sustainability. It is a journey that safeguards the environment for future generations and ensures our company's continued relevance and prosperity in a world that increasingly values sustainability as a fundamental business principle. We reaffirm our dedication to aligning with international goals and objectives by integrating the UNSDGs into our business strategy to achieve broader environmental and societal goals (see page 13).

Furthermore, recognising the urgent need to address climate change, we have set our

sights on a tangible and ambitious target of achieving Net Zero by 2050. This goal is a pledge and a dynamic commitment to mitigating our environmental impact and advancing towards a sustainable future. We know this journey will require innovation, collaboration, and resilience, and we embrace this challenge with unwavering resolve. Our 2023 <sup>SR</sup> provides further detail on our commitment and the development of our Net Zero by 2050 pathway.

Collectively, we aim to champion sustainability as a responsibility and a cornerstone of our enduring success as we forge ahead into the next century, building further on our legacy that not only endures, but also contributes to a more sustainable and prosperous world.

### The safety of our people always comes first

The safety and well-being of our people and the communities in which we operate are paramount, and we are deeply committed to achieving Zero Harm throughout our entire value chain. We currently face challenges in this area, which sadly include two tragic fatalities suffered during the period under review and an increase in total recordable injuries. The Board wishes to express its sincere condolences to the families, colleagues and friends affected by these tragedies.

### Corporate governance

Effective corporate governance has been a critical factor in the Group's century-long success, instilling confidence among stakeholders in our business's enduring sustainability and reputation. Our proven track record underscores the efficacy of our processes and our ability to adapt to the dynamic changes in the working environment. Our company must uphold its legacy of effective and ethical leadership, responsible corporate citizenship, and best practices (see <sup>GR</sup> pages 5 – 6).

### Strategic leadership

Guided by a diverse Board, our governance structure aligns with the goals and objectives of our strategy. Several key management changes have been implemented to navigate changes in our operational environment and foster sustainable growth, which will be covered in the Group Chief Executive's report.

During this time of transition, the Group Executive Committee must comprise the right mix of leaders, some of whom have been with the company for many years and have deep organisational insights and a proven track record and those who can bring fresh perspectives informed by their experience outside of the organisation. The Board is confident that they have the combined experience, commitment and passion to steer AECI into the next century (see page 68).

### The AECI Board

Towards the end of 2023, we underwent an external Board performance assessment, analysing our strategic focus, risk management, innovation and values-led leadership. The assessment also evaluated how well individual members of the Board perform their functional roles, their effectiveness as a team, and their ability to lead the Board successfully in normal times and under significant pressure. The report highlighted strengths, gaps and presented recommendations in the form of a Board improvement plan



(see <sup>SR</sup> page 26). This serves as a springboard for enhancing the Board's effectiveness. In early 2024, we will review the outcomes and address areas for further bolstering our governance practices.

We will be looking to strengthen the Board's IT and ESG expertise through external guidance, deepening discussions on ESG, carbon footprint and emissions, allocating more time to emerging issues (AI, Block Chain, etc.), and transitioning to a more strategic oversight role after the past 18 months of operational focus.

The year 2023 proved transformative for the executive management team, Mark Dytor, Group Chief Executive and Executive Director, retired effective 31 January 2023, after 39 years of service. Samuel Coetzer, Independent Non-executive Director, was appointed as the Interim Group Chief Executive for the period 1 February 2023 to 30 April 2023. Aarti Takoordeen, Group Chief Financial Officer and Executive Director left the Group as at 26 April 2023 and Rafael Fernandes served as the Acting Group Chief Financial Officer from May 2023 to 31 December 2023.

Holger Riemensperger was appointed as the Group Chief Executive, and Executive Director of the Group with effect from 1 May 2023. Rochelle Gabriels was appointed as the Group Chief Financial Officer and Board Executive Director, effective 1 January 2024. Khabonina Ramoupi was appointed as Chief People Officer on 1 August 2023.

Additional changes included the retirement of Godfrey Gomwe as Non-executive Director and Mark Kathan stepping down as Executive Director of AECI Ltd and Managing Director of AECI Mining effective 31 October 2023.

I welcome to this iconic company those members of the Board and Executive who joined us during this period and wish those who left the company the best as they embark on their new endeavours. The evolution of the Group Executive Committee that occurred in 2023, together with the evolution of the Board that has taken place over a few years, has resulted in dynamic and diverse leadership of the company that is fit to lead the company as we embark on our journey into our second century. We are confident in the ability of the Board and the Executive team to execute their mandates based on their extensive skillset and experience.

### Looking ahead

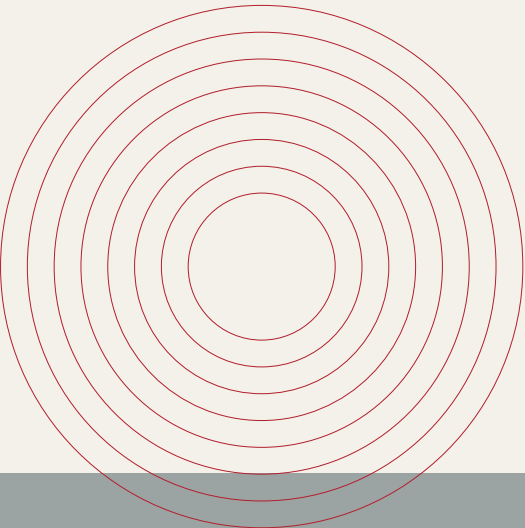
As we chart our course into the next century, we do so with determination and a strengthened foundation. I am genuinely enthused about the trajectory

ahead and the opportunities that await us. Together, with the dedication of our people and the collective efforts of all stakeholders, we will overcome challenges, seize opportunities, and continue building a legacy that resonates with the values and aspirations that have guided the Group since its inception. Executing the strategy adopted during the year under review will receive the obsessive and single-minded focus of both the Board and the Executive.

I want to express my appreciation to the Board, Group Executive Committee members and all those who have contributed to AECI's remarkable journey thus far. Your commitment and dedication have been instrumental to our success, and I look forward to working together as we shape our future and contribute to a better world for the next 100 years and beyond.

Sincerely,

**Dr Khotso Mokhele**  
Chairman of the Board





# Group Chief Executive Officer’s review



**Holger Riemensperger**  
GROUP CHIEF EXECUTIVE OFFICER

*“AECI stood strong for its first 100 years. Our responsibility is to ensure it has the strength and capability to stand strong for the next century. With our strategy and operating model, we will be better positioned to transform our organisation and achieve our ambition of becoming the most profitable mining explosives and mining chemicals company by 2026 while securing a prominent #3 global market position in our industry.”*

## Dear stakeholders

I joined AECI on 1 May 2023 and my journey thus far has been life-changing. I am humbled by the full support and unceasing encouragement I have received from our Board, our customers who regard us as an institution and our investors and shareholders who appreciate our vision. At the core of my heartfelt thanks are the AECI people from across the world, in all operations and sites, who drive me to push harder than I ever have.

## AECI, a reflection

Our core division, AECI Mining, consistently generates reliable profits throughout the business cycle, contributing 71% of Group EBITDA in 2023. The segment’s 12% EBITDA growth to R2 616 million (2022: R2 342 million), contributed significantly to our overall Group performance. However, our Group’s EBITDA and margin were impacted by high finance costs associated with AECI Schirm, a loss-making segment.

Apart from AECI Mining and AECI Chemicals, AECI Agri Health was our next largest revenue-generating segment, contributing 20% of Group revenue over the past three years. However, its EBITDA margin of 0.8% and free cash flow of R192 million (outflow) are relatively lower compared to other segments, mainly impacted by AECI Schirm.

AECI Chemicals, on the other hand, is a business highly influenced by the macroeconomic conditions in South Africa, yet it remained a significant cash flow generating segment with R469 million free cash flow.

Reflecting on our past capital allocation decisions, not all have proven to be value-enhancing. In fact, over the past five years, almost half (49%) of our capital expenditure has yielded returns below weighted average costs of capital (WACC). AECI Mining has invested the least amount in expansion capital expenditure, while AECI Agri Health has allocated the most resources in this area. Read more on pages 70 – 75.


## Strategy review – building, for the next 100 years

In 2023, the Board gave the executive management team a twofold mandate:

- continue to advance our existing strategic execution plans; and
- critically evaluate whether our strategy and operating model are still suitable for achieving our overall organisational purpose, ensuring the longevity of the Group.

In examining the appropriateness of our purpose, ambition, strategy and operating model, we found that our complex and fragmented portfolio lacks synergy and significantly limits our earnings potential. This complexity resulted from the Group’s acquisition strategy over the past two decades, which has led to an underperforming and disjointed portfolio.

To ensure our continued relevance and long-term success, we had to reassess whether our current actions are positioning us for sustained prosperity for the next century.

A key aspect of our evaluation was the integration of sustainability into our strategy, operations and business practices. We are proud to have received recognition in the Beyond Awards for our comprehensive and impactful contributions towards the achievement of 17 of the UN SDGs. This acknowledgement highlights our commitment to embracing sustainability as a holistic concept, encompassing environmental protection and social and economic inclusion. Sustainability is a crucial measure of our performance and our relationship with stakeholders. By prioritising sustainability, we are better positioned to create long-term value for all our stakeholders, now and into the future (see  page 22).

## Refreshing our strategy

Given our long history, the depth of knowledge and experience within our Board and leadership team, and our unwavering commitment to sustainability, we are confident that our new corporate and portfolio strategy will facilitate transformation and success.

To ensure understanding and buy-in, we introduced our strategy to our shareholders and funders during our Capital Markets Day on 6 November 2023. Additionally, we conducted awareness-raising sessions with our employees, business partners, and other stakeholders through various virtual and one-on-one engagements.

## An updated operating model built for purpose

In order to ensure longevity and success in the future, the Board and the Group Executive Committee have carefully examined our operating model and leadership structures to determine if they are optimal for delivering our strategy. To unlock value through strategy execution, our operating model focuses on the following key elements:

- **Business unit accountability and go-to-market approach:** We believe in empowering independent operations with strong profit and loss ownership, enabling them to adapt effectively to the needs of global customers.
- **Support from the centre:** This involves providing governance, support, expertise, and resources to foster synergies and drive efficiency, competitiveness, and profitability.
- **Excellence in support functions:** Our support functions are oriented towards providing exceptional service and delivering high performance to drive business success.
- **Organisational efficiency:** We aim to eliminate duplication and optimise performance and deliverables, ensuring that resources are utilised effectively.
- **Focused and effective organisation:** We are streamlining our management layers to reduce complexity, promote agility and flexibility, and facilitate efficient decision-making.

*“Resilience empowers us to harness excellence, focus and discipline, propelling us to realise our brave and bold strategic ambitions. With unwavering determination, we overcome obstacles and forge ahead, embracing challenges along the way. It is through resilience that we transform our aspirations into achievements, creating a legacy worthy of admiration, for the next 100 years.”*

## AECI’s updated Group Executive Committee structure

Considering external factors and our aspirations, we have restructured our operating model along clear business and functional lines to enhance clarity and improve performance. By aligning our operating model with our strategy, we are confident that we can drive growth and achieve our organisational goals effectively.

After revising our operating model, we carefully considered the reorganisation of our Group Executive Committee to ensure accountability aligned with our strategy. Throughout this process, it became evident that introducing new roles was necessary to deliver on our ambitions effectively. As of 1 January 2024, our Group Executive Committee has been restructured to align with our updated operating model, fostering alignment and focus.

- EVP Mining, Thinus Bierman as an interim appointment
- EVP Chemicals, Dean Murray
- Chief Operations Officer, Denvor Govender
- Group Chief Financial Officer, Rochelle Gabriels
- Chief People Officer, Khabonina Ramoupi
- Chief Legal and Governance and Compliance Officer, Cheryl Singh
- Chief Transformation Officer, Rafael Fernandes

The newly formed Group Executive Committee consists of core leaders who will guide the business and ensure the successful execution of our strategy. Their expertise and experience within the organisation provide deep insights and a proven track record. We have also welcomed new members who bring fresh perspectives and insights from their experience outside our organisation.

For a comprehensive overview of the individuals occupying the Group Executive Committee portfolios and their specific areas of accountability, please refer to page 68 of this report. Our Group Executive Committee comprises the right mix of leaders to drive our organisation forward and achieve our strategic goals.

## Looking to 2026 and beyond

As we embark on this exciting new chapter in our history, we have defined a bold corporate and portfolio strategy that will transform our organisation and its future. Our vision is to organically double our EBITDA in our core business by 2026 while securing a prominent third position in the market by 2030. We are optimising our portfolio to focus on Mining and Chemicals, strategically divesting from managed businesses to achieve these goals.

In today’s ever-changing world, adaptation and evolution are essential for success. Recognising this, we have invested in a clear and unifying strategy that aligns with the current landscape. With our updated operating model, robust execution plans, and a thorough understanding of the risks involved in strategy execution, we are well-equipped to steer our organisation towards the strategic outcomes we have put down. Our Board, Group Executive Committee, and teams will work with excellence, discipline, and focus to ensure the successful execution of our strategy.

Executing our strategy requires us to deliver on short-term priorities while investing in our future competitive advantage over the medium to long term. We are fully committed to driving sustainable growth and have embedded a sustainability mindset throughout our organisation. With a strong foundation built over 100 years, we are confident in our ability to achieve our ambitious goals.

I am thrilled and motivated by the opportunities that lie ahead for our people, and all stakeholders. We will successfully realise these brave ambitions by executing our strategy and further entrenching sustainability practices into our operations. Together, with the dedication of our teams, we are poised for a prosperous future.

## Spotlight on safety, focus on Zero Harm

We remain committed to Zero Harm. The two tragic fatalities and a life-altering injury that took place in our operations during 2023 underscore the critical need to continue prioritising safety throughout our value chain. There was also a significant increase in our total recordable injuries, with 15 reported compared to six in 2022, resulting in a decline in the Group’s Total Recordable Incident Rate (TRIR) from 0.27 (restated) in December 2022 to 0.35 in December 2023.

A comprehensive safety intervention plan emphasising leadership accountability and involving both leadership and safety, health, environment, and quality (SHEQ) teams is currently in progress. Our thoughts are with the families and colleagues affected, and we extend our sincerest condolences to them. Safety remains our top priority, and we are unwavering in our efforts to embed a culture of Zero Harm.

## In closing

Many thanks to all our stakeholders for their support, that have contributed to our success over the years. With your continued support we will achieve our ambition and meet all our obligations and continue to create value for all our stakeholders for the next 100 years.

Sincerely,

**Holger Riemensperger**  
Group Chief Executive Officer



Umbogintwini industrial complex, KwaZulu-Natal, South Africa



# Our operating context

## External environment

The environment in which we operate is a key consideration in developing our strategy and our ability to deliver on it. It also impacts our efforts to create and preserve value (see pages 28 – 29), our risks and opportunities (see page 41 – 45), and our ability to contribute to the SDGs (see page 48). It impacts our stakeholders (see pages 48–54), and several material matters (see pages 37–38) we have identified are part of our external environment.

With a century of unwavering dedication and pioneering excellence behind us, our sustained success provides a strong foundation for our continued growth in the face of a fast-paced and ever-evolving business landscape. With the launch of our strategy in November 2023, we are choosing to secure our place in the next century by embracing change and seizing profit-enhancing opportunities while navigating market shifts with agility. The execution of the strategy will be a multi-year journey driven through our Transformation Management Office (TMO). We intend to drive inorganic and organic growth by entering new markets and developing new products to expand our customer and geographic reach.

- AECI Mining will continue to grow internationally, focusing on Asia Pacific, expanding in Latin America, and entering North America, leveraging our skills, expertise, and solution-focused track record.
- AECI Chemicals' performance will continue to be tied to the South African macroeconomic environment and commodity price shifts; however, operational and commercial excellence initiatives will contribute positively to performance, focusing on cost reduction, improving efficiencies and cash delivery.



AECI Nitrate plant, Lilianton, Boksburg, South Africa



Brisbane, Australia

## Link to risks, strategy and material matters

### Increasing commodity price volatility

7 8

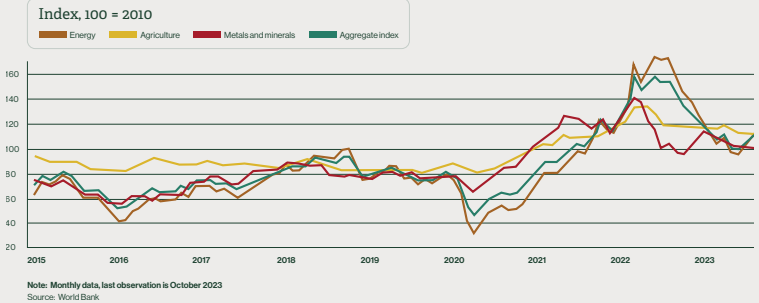


#### Context

The World Bank's commodity price index declined by 24% in 2023, the sharpest drop since the pandemic. The widespread decline was led by base metals, with prices falling 15.7%, and European natural gas prices plummeting 36.0%. Gold prices increased.

Global macroeconomic shocks have been the main source of increasing commodity price volatility. The intricate interplay between our business and the broader macroeconomic landscape is evident in the impact of commodity price changes. Geopolitical disruptions have resulted in repercussions that have echoed throughout our industry, causing changes in historic commodity price cycles.

Ammonia and Sulphur are the main commodity chemicals used in our operations; sourced locally and via imports. The impact of frequent price fluctuations extends beyond mere market dynamics; they also shape our production costs, pricing strategies and therefore agreements with customers. Changes in commodity prices impact both our revenue and working capital management and introduce complexity to our strategic decision-making processes. Despite sharp drops from 2022 peaks, commodity prices remain at high levels.



#### Response

Our contract arrangements with our customers have cost pass-through mechanisms.

#### Outlook

Our near-shoring strategies provide us with a blend of cost-effectiveness and operational ease enabling us to take advantage of lower costs while keeping our supply chain relatively compact.

Commodity prices are projected to continue moderating on the back of softer global demand and adequate supplies. Amid the global economic slowdown, weaker private consumption, business spending and capital investment are expected to weigh on commodity demand and curb price growth. However, the outlook remains highly uncertain due to elevated geopolitical risks, which could lead to supply disruptions and intensify price volatility, especially in energy markets.

Demand for some critical minerals is soaring, a trend which supports our chosen strategy of focusing on mining as the core of the Group. With electric vehicles now comprising one in five cars sold globally, the demand for minerals used in electric vehicles and battery production, such as cobalt, lithium and molybdenum, will continue to soar. In the short term, they have followed the downward trend in base metals prices, although prices remain volatile due to the stratified and concentrated nature of mineral markets. Firming global growth, along with policies to expand renewable energy infrastructure, are expected to underpin a rebound in metal and mineral prices in 2025. Global investment in clean energy infrastructure has grown by almost 28% between 2021 and 2023 and continues to rise rapidly, propelling a demand surge for copper, lithium and nickel (Source: World Bank, 2023).



Climate change

10

Context	<p>Climate change has a significant influence on our strategic direction. We recognise the imperative to contribute to addressing this global challenge and understand that it not only poses a significant risk, but also offers transformative opportunities. We acknowledge the increasing frequency of extreme weather events, which can disrupt our own operations, affect local communities, and impact the crucial infrastructure like road, rail and ports that underpin our supply chains.</p> <p>Moreover, the growing emphasis on environmental responsibility from customers, governments, regulators and civil society has direct implications on our strategy. The green credentials of products and sustainable business practices have become critical considerations in today's market.</p>
Response	<p>We are proactively aligning our strategy with the evolving environmental dynamics, not only to mitigate climate-related risks, but also to position ourselves as a forward-thinking and environmentally responsible organisation.</p>
Outlook	<p>Embracing sustainable practices, reducing our environmental footprint, and innovating for a greener future are integral components of our strategy as it responds to the pressing challenges posed by climate change.</p> <p>Our industry is undergoing a transformative shift driven by the need to find sustainable solutions, meet customer demands, manufacturing and supply chain challenges. As our industry moves towards achieving Net Zero emissions, 20–30% of businesses face the risk of being irrelevant in the next decade, necessitating a fundamental shift in business models to capture opportunities and create value in a resource-efficient economy.</p> <p>Investments in renewable energy generation and transmission are gaining prominence, creating new business opportunities.</p> <p>As local Net Zero ambitions rise, the industry is adjusting operations to align with regional sustainability goals. Globally, our industry is urged to elevate its sustainability efforts, setting, and meeting ambitious key performance indicators (KPIs) for a meaningful impact on the environment and society.</p>

Energy transition

10

Context	<p>The global energy landscape is undergoing a profound transformation, and we recognise the role we can play in shaping the future of sustainable energy solutions.</p> <p>Under the scenario of Net Zero emissions by 2050, the International Energy Agency (IEA) (2023) projects demand for copper to grow by a factor of 1.5, that for nickel and cobalt to double, and that for lithium to increase six times by 2030. This could raise prices substantially, as mining and refining are hard to scale up and are highly concentrated geographically. In the integrated-world baseline, the model indicates that world prices of the four key minerals considered could rise by about 90%, on average, along the Net Zero-emissions-scenario path to 2030.</p> <p>The shift towards renewable energy sources, as well as bioenergy, is gaining momentum. The focus on sustainable agriculture practices is also becoming increasingly prominent.</p>
Response	<p>In response to this energy transition, we are actively exploring innovative solutions to align with evolving needs in our business and in the sectors where we operate. This involves in-depth research into alternative sources of energy for our operations as well as new greener product solutions that integrate seamlessly with sustainable practices.</p> <p>We have made a deliberate decision to focus on renewable energy sources for our operations where practically feasible and integrate them into our energy mix. In addition to the impact of our renewable energy plants, several of our initiatives have resulted in improved energy efficiency and in some cases, re-use.</p> <p>The largest mining companies are prioritising critical minerals, energy transition, climate strategies and the decarbonisation of operations in future investment plans, presenting opportunities for the Group.</p> <p>Additionally, we are assessing and adapting to changes in agricultural practices, ensuring alignment with global trends that prioritise environmental stewardship.</p>
Outlook	<p>Policy developments in 2022 and 2023 related to the transition to renewable energy sources and associated critical minerals have yielded considerable near and medium-term opportunities for the energy and mining sectors.</p> <p>Electric vehicles will continue to support demand for industrial metals in 2024. Global registrations of battery electric vehicles are forecast to grow by 16.2% in 2024 to 13.3 million units, accounting for about 18.1% of global passenger vehicle sales (Source: S&amp;P Global Mobility, 2023). This in turn is expected to lift demand for copper, lithium, nickel, cobalt and other metals used in battery production. Australia is expecting to see strong investment in its green metals space, as the country is poised to benefit owing to its rich reserves of critical minerals and government support for mining. While securing transition metals projects in their portfolios, major mining companies will also continue to focus on reducing their exposure to coal assets.</p> <p>Bioenergy presents itself as a promising avenue for AECI, with sustainable agriculture practices being a key focus. By strategically adapting to the evolving needs of the agricultural sector, we aim to contribute to the broader energy transition and create sustainable value.</p> <p>Existing policy incentives should allow the industry outlook for certain renewable energy investments to remain attractive over the next few years.</p>

De-globalisation of supply chains

8

Context	<p>A convergence of factors, ranging from the pandemic to geopolitical tensions, has led to significant and persistent disruptions in global supply chains. Ongoing challenges, including pandemic-induced backlogs and the Russia-Ukraine conflict, have continued to impede global supply chains, characterised by prolonged lead times and escalated shipping costs. Furthermore, adverse weather conditions worldwide have negatively affected infrastructure and supply chains, impacting both the supply of raw materials and the transportation of goods.</p> <p>In response to these challenges, there is a growing trend towards deglobalisation in supply chains, with companies actively diminishing their reliance on global networks for the manufacturing and distribution of goods and services. This shift is evident through various strategies, such as repatriating manufacturing to domestic locations, diversifying suppliers, and increasingly depending on regional or local sources for inputs.</p> <p>As a result, manufacturers are showing an increasing interest in securing reliable domestic supply chains. This shift in preference could potentially translate into heightened demand for our products and services, as companies seek dependable and local solutions amidst the evolving global supply chain landscape.</p>
Response	<p>In response to the challenges posed by progressively scarcer resources, global supply chain shortages, regulatory control and political constraints, we are strategically adapting our business to enable resilience in our operations.</p>
Outlook	<p>A combination of geopolitical, economic, technological and environmental factors contributes to the anticipation that barriers to global supply chains may increase in the foreseeable future. Companies are likely to face the challenge of navigating these complexities to maintain efficient and resilient supply chain operations.</p> <p>The medium-term outlook for the mining sector remains strong, particularly after the global economy returns to a solid footing and energy security/transition efforts continue to gain pace.</p>

South Africa's infrastructure and macroeconomic challenges

4

Context	<p>Loadshedding persists as one of South Africa's foremost challenges, significantly impacting day-to-day business operations by hindering productivity, reliability and increasing production costs.</p> <p>Furthermore, supply chain challenges resulting from port congestion as well as the decline of the rail and port infrastructure and systems, impact trade and shipment delays.</p> <p>Like in most countries following the pandemic, businesses in South Africa are also grappling with commodity price fluctuations as well as elevated inflation and interest rates. These factors collectively undermine profitability and pose ongoing challenges to sustainable operations.</p> <p>In addition, port congestion and trade routes globally were impacted by disruptions due to extreme weather and geopolitical disruptions.</p>
Response	<p>Due to the nature of our explosive business, our mining operations are classified as national key points, therefore not affected by loadshedding. The rest of the businesses are subjected to load curtailment. Most of the impact of loadshedding in our businesses comes from our customers, who at times can be severely impacted.</p> <p>As a business we have made deliberate decisions to invest in renewable energy sources for our operations, where feasible, for integrating into our energy mix.</p> <p>Where appropriate we have diversified our procurement by implementing innovative sourcing strategies, adding resilience to our supply. In terms of Ammonia sourcing, we have activated the use of our Richards Bay storage facility, to import Ammonia for our use, to enhance procurement flexibility and ensure a diversified supply chain.</p> <p>With the implementation of sound working capital management systems, new procurement and supply chain management strategies and initiatives through the TMO function, the Group is well-positioned to take advantage of the recovery in macroeconomic conditions.</p>
Outlook	<p>The IMF estimates 2024 GDP to grow by about 1.0% year-on-year on the back of improved global growth expectations, however freight and energy supply constraints will persist over the year, if lessening somewhat, providing potential growth limitations.</p> <p>We will continue to explore alternative sustainable initiatives to deliver enhanced energy efficiency. As part of the strategy, we have numerous self-driven opportunities and levers across our businesses to drive efficiencies and growth as well as EBITDA savings.</p> <p>In South Africa, we recognise that we have an important role to play in contributing towards a growing economy and thriving communities, which we do through several initiatives.</p>



Digital disruption		5		
Context	Our commitment to driving digital transformation is not just a strategic choice; it is a necessary response to the dynamic business environment. The implementation of digital solutions is envisioned to enhance customer satisfaction, accelerate time-to-market and boost overall profitability.			
	As industries navigate uncertainties arising from global events, the digitalisation journey becomes a key enabler for adapting to changing circumstances. Digital disruption becomes not just a technological evolution, but a strategic imperative to stay ahead in a landscape characterised by rapid shifts in customer expectations and market dynamics.			
Response	In an era marked by digital innovation, we are harnessing the power of technology to secure our future and maintain a competitive edge.			
	As markets evolve, customer expectations change and supply chains face disruptions. In line with global technology imperatives, we are implementing a comprehensive digitalisation strategy that will transform how we do business.			
	This strategy encompasses the integration of cutting-edge technologies, including artificial intelligence and the Internet of Things, to optimise operations, streamline processes, and automate tasks. We are fostering a culture of continuous innovation to stay at the forefront of digital trends within the chemicals and agriculture industry.			
Outlook	Our digitalisation strategy encompasses a multifaceted approach, including the optimisation of operations through streamlined processes, task automation, and the harnessing of data-driven insights for informed decision-making. We aim to leverage digital technologies not only to enhance operational efficiency, but also to stay ahead of market trends, achieve sustained customer satisfaction, accelerate speed-to-market, and ultimately boost profitability.			
	The use of AI-based technologies in the mining industry are expected to accelerate, allowing companies to make more accurate decisions faster, improve health and safety, boost efficiency and ensure human errors are almost negligible, all while helping create smaller environmental footprints (Source: Deloitte, 2023). We consider this an opportunity to improve our value added services to our customers.			

## Internal environment

The effectiveness of our strategy execution is influenced not only by external factors such as material matters, risks and opportunities, but also significantly by our internal environment. In 2023, our internal landscape was marked by key leadership changes and new appointments to support the change in direction and focus for the Group (see page 68).




We introduced a new operating model and leadership structures aligned with the strategy to optimise efficiencies in executing the strategy and unlocking value. Read more about our revised operating model and executive structure in the Group Chief Executive's report on (see pages 20 – 21).

We aim to move our organisation from a traditional culture to a vibrant culture focused on operational excellence, efficiency and accountability and to become more adaptive and innovative. This is a change that demands new behaviours from leaders and employees which may frequently conflict with existing corporate cultures. To intentionally align culture, strategy and structure, ensure employee participation and manage employee response, a change management programme was launched in the last quarter.



AECI Speciality Chemicals plant, Chloorkop, South Africa

## Explaining our materiality themes

In the 2023 Sustainability Report  we provide further details on the four materiality themes as they relate to the ESG principles. The Integrated Report  covers the details of the materiality matrix, see  pages 37–38:

Material matter	What it means to AECI	Strategic response	Future outlook
 Climate Resilience	Climate resilience is central to our commitment to thrive amidst the challenges of climate change. We prioritise comprehensive risk assessments, proactive adaptation and sustainable innovations to minimise our carbon footprint. Our dedication extends to resilient supply chain practices, alignment of our product offerings with our sustainability values, community engagement and employee education.	We launched our comprehensive climate change strategy.  Our environmental vision underscores resource and energy conservation and pollution prevention.  Active management of climate change risks.  Our strategic response integrates immediate operational considerations and a forward-looking commitment to achieving Net Zero emissions by 2050.	<ul style="list-style-type: none"><li>Formalisation of a Supplier Code of Conduct in 2024</li><li>Align our sustainability policy will be aligned with the strategy</li><li>Continue to invest in water sustainability initiatives</li><li>Continue to develop in-house formulated products focused on softer greener chemicals</li><li>Develop a balanced sustainability reporting guidance</li></ul>
 Social Responsibility and Human Capital Excellence	We are dedicated to creating positive societal impact and fostering sustainable community development. Anchored in our purpose, <b>We Are One AECI, for a Better World</b> , we view ourselves as catalysts for positive change, particularly in vulnerable communities.  Human capital excellence is a foundational element in our strategy linked emphasising the vital role that purpose-led, passionate and engaged people play in steering the success of our organisation (see page 33).	Our strategy includes workplace culture, ethics, community engagement, diversity, health, safety and environment, social practices and human rights.  We cultivate a culture of excellence with purpose-led, passionate and engaged people. Our human capital blueprint fosters inclusivity and empowers employees.  We actively engage in meaningful social responsibility initiatives to enhance the quality of life in communities around our operations.  We are committed to equal access to resources and opportunities, irrespective of race, gender, sexual orientation or economic status.  The safety, health and well-being of our employees, contractors and communities is paramount (see page 83).  We uphold human rights with unwavering commitment, aligned to the UNGC principles	<ul style="list-style-type: none"><li>Scaling our sustainable programmes globally and integrating social responsibility into our EVP</li><li>Continue to drive social responsibility aligned with the Group's strategic imperatives</li><li>Increasing stakeholder engagement</li><li>Enhance support structures for employees and managers</li><li>Globalisation of our talent management process and framework, deploying skills where needed</li><li>Align all incentive schemes with our new strategy</li><li>Employee engagement survey to measure the impact of the action plans implemented following the 2021 survey</li><li>Develop and roll out a comprehensive employee recognition programme</li></ul>
 Business Performance and Partnerships	Economic performance/financial constraints (See page 23)  Geopolitical factors (See page 25)  Socio-economic and political factors (See page 25)  Technology and innovation (See page 26)  Supply chain (See page 25)  Stakeholder partnerships (See pages 46–54)	<b>Economic performance/financial constraints</b> Execution of our strategy (See pages 32–34)  <b>Geopolitical factors</b> We scan global developments and shifts and assess the implications on the business. Using business analytics and applicable tools we use predictive analysis in our procurement and supply chain functions to proactively implement mitigation measures.  <b>Socio-economic and political factors</b> Geographical diversification, acquisitions, disposals and organic growth and portfolio management approach adopted in each pillar.  <b>Technology and innovation</b> We are leveraging technology to secure our future and stay competitive.  <b>Supply chain</b> We collaborate closely with suppliers to develop joint risk mitigation strategies, enhance problem-solving and strengthen overall supply chain management.	<ul style="list-style-type: none"><li>Divest of all businesses within AECI Managed Business</li><li>Pro-actively address infrastructure challenges through specific projects, e.g. supply chain interventions and alternative energy solutions</li></ul>
 Governance and Compliance	Effective corporate governance is foundational to fostering a positive corporate culture and building stakeholder confidence. The commitment to good governance, characterised by transparency, honesty and strong ethical principles, goes beyond regulatory compliance (see the full 2023  .	The AECI Board oversees and upholds all corporate governance systems and processes, ensuring the Group conducts business with the highest integrity.  The Board facilitates the achievement of strategic objectives while maintaining overall responsibility for the Group's success. This approach involves holding employees accountable with well-defined performance measures aligned to strategic goals, creating sustainable value for stakeholders and promoting ethical behaviour.	<ul style="list-style-type: none"><li>A culture survey including ethics aspects is planned for 2024</li><li>Execution of the Group integrated Governance Risk and Compliance strategy</li><li>Ongoing development of the Net Zero by 2050 pathway</li><li>Board evaluation outcomes, support of the Board's effective execution of duties and ongoing contribution to the Company's value</li></ul>



Our business model

Our financial, human, manufactured, intellectual, natural, social and relationship capitals facilitate every aspect of our business and our ability to create long-term value. In this report, we have accordingly defined our structure, activities and performance against our strategy in terms of the six capitals.

We endeavour to responsibly manage the diverse resources and relationships that facilitate our business activities, aiming to maximise the value we create and preserve while minimising the value we erode. In doing so, we ensure our sustainability for the future.

How our stock of capitals contributes to value creation

**Financial**

The financial capital available to us to maintain and grow our business includes the cash generated by the sale of our products and services, and the resources we obtain from equity funding and debt. These resources make it possible for us to achieve our strategic objectives and to grow the stock of all our other capitals.

**Human**

Through their collective knowledge our diverse, passionate, purpose-led, ethical, skilled and experienced people, who are guided to be bold, innovative, responsible and engaged by our values, create value and make it possible for us to deliver on our strategic objectives.

**Manufactured**

Fundamental to our business are the infrastructure and operational processes, which make up our manufactured capital. The Group employs its stock of manufactured capital to position ourselves as the supplier of choice in the markets in which we operate. The assets of our property division and the services they provide to the business are also part of our manufactured capital.

**Intellectual**

Our intangible assets, including our brand, reputation, robust governance structures, knowledge and expertise, experience in operations, processes and licenced technologies as well as our innovative product and solution developments contribute to the achievement of our strategic objectives and our stock of intellectual capital.

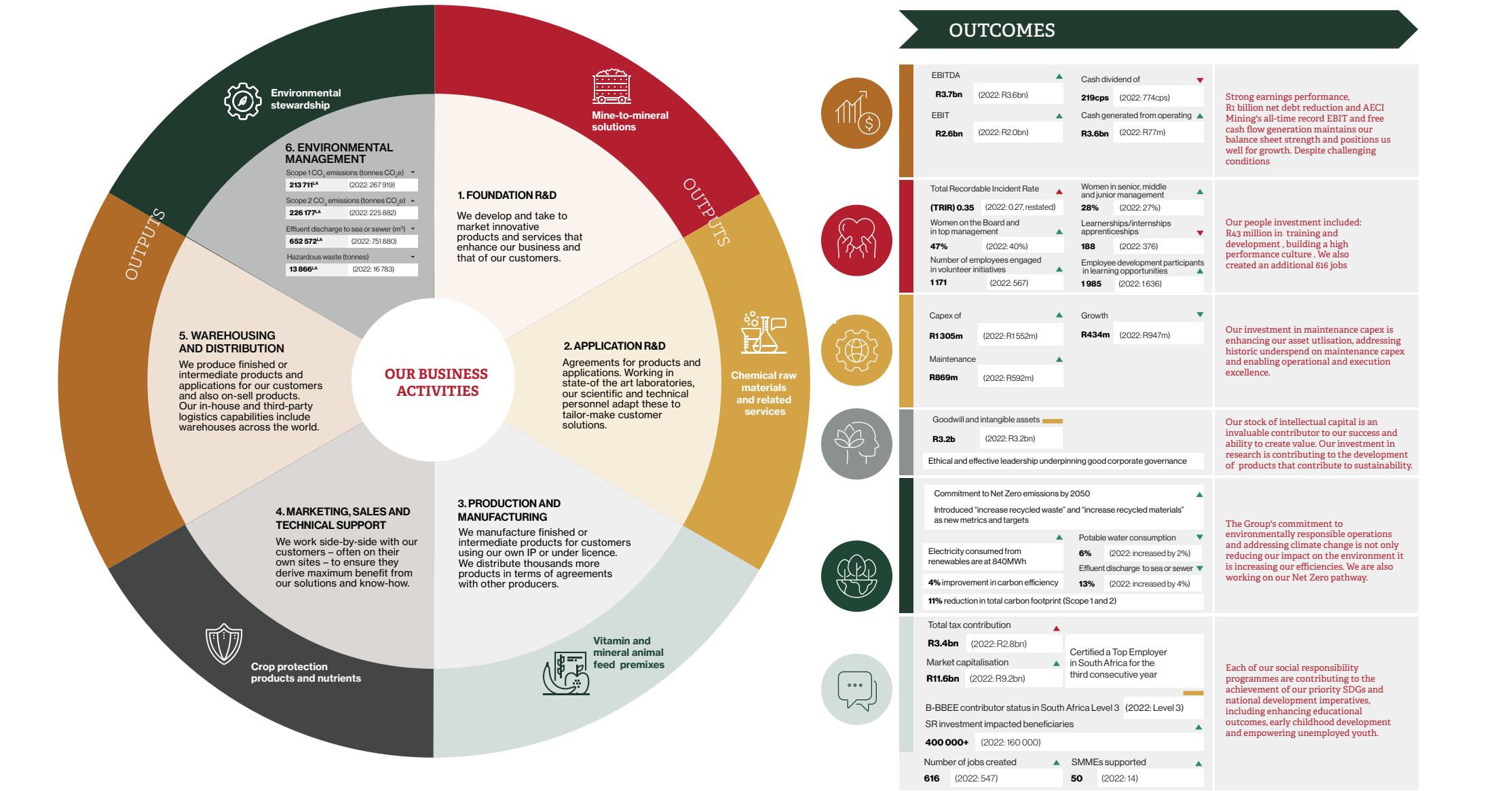
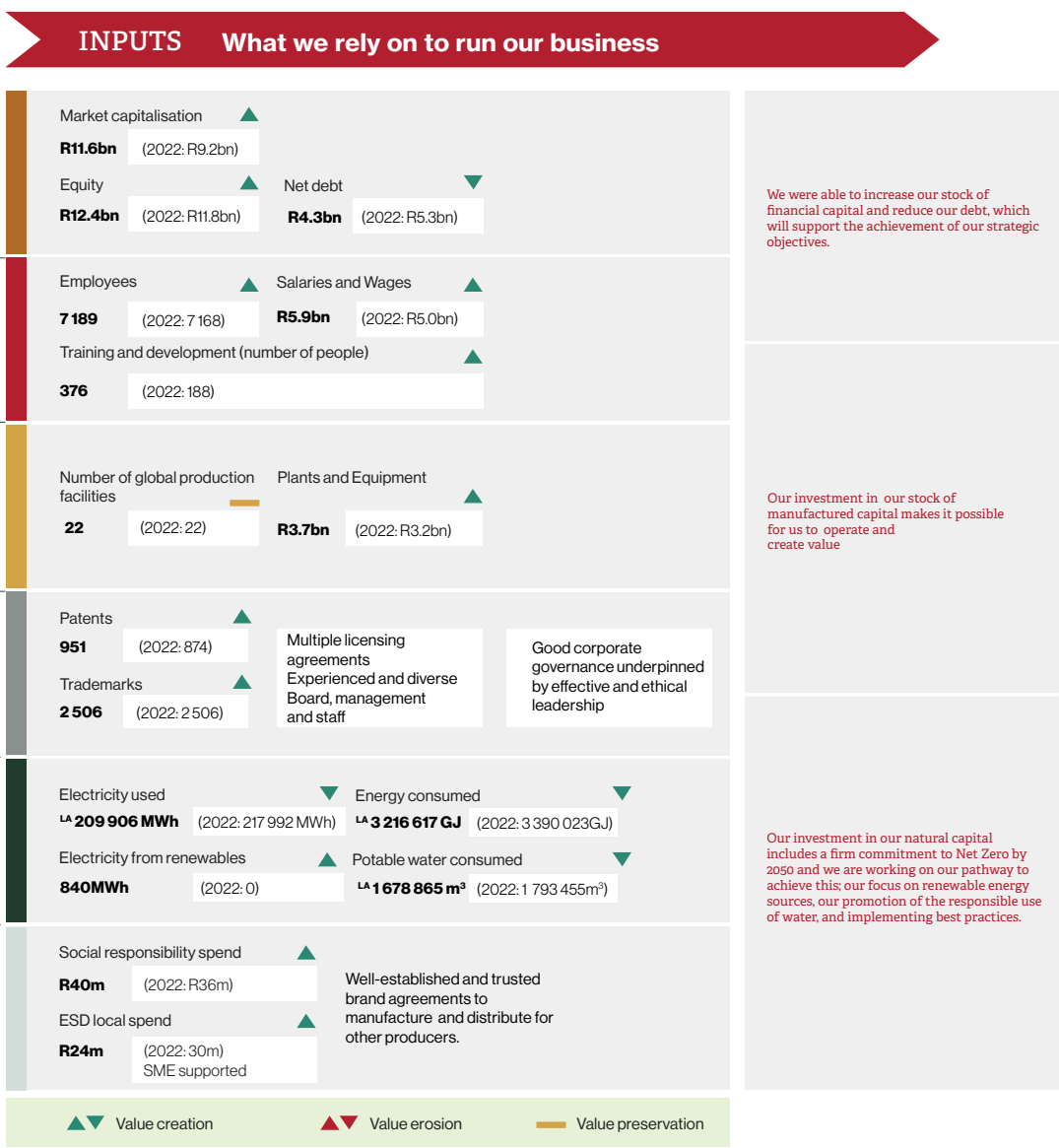
**Natural**

Our stock of natural capital includes our independently certified ISO14000:2015 environmental management system. Our approach to minimising our impact on the environment in which we operate is based on international best practice, legal compliance and maintaining our environmental and social licence to operate.

**Social and Relationship**

The contribution we make to the long-term sustainability of the communities in which we operate, and the relationships we have that are central to our business, contribute to our stock of social and relationship capital. Our relationships with our stakeholders impact directly or indirectly on our business and its reputation. These relationships are vital inputs to our business model, constantly evolving through our activities as they are increased, decreased or transformed.

Our skilled people (human capital) use our Group's patents, trademarks and processes (intellectual capital) and property, plant and equipment (manufactured capital) to create and preserve value for our many stakeholders, among them customers, society, investors (financial capital) and communities (social capital). We depend on financial capital from shareholders and lenders, raw materials and other products and services (natural and manufactured capital), and partners (social and relationship capital) in our business activities. In pursuit of our growth strategy, we strive to maximise positive outcomes and minimise instances in which value is eroded.





## Strategic trade-offs impacting our capitals

Our ability to execute our strategy and create long-term value is closely tied to the trade-offs we make in the form of capital invested today to achieve future sustainable enterprise value. While we strive to maximise our value creation in the short to medium term and to minimise any negative impacts, strategic decisions sometimes require making investments that may impact value creation in the short to medium term, but will ensure the longevity of our businesses.



### INVESTING IN OUR PLACE IN THE NEXT CENTURY

The change process necessary to achieve our strategy's objectives requires significant investment. This change is necessary to address our underperformance on several matrices.



### EXCELLENCE INITIATIVES

We have begun work on several operational, commercial and functional excellence initiatives to improve our profits and are investing in new growth and value-creation opportunities.



### DIGITAL INNOVATION

Our financial investment in accelerating digitalisation with a focus on sustainable value delivery is through the global expansion of AECI Mining's digitalisation strategy to achieve seamless integration with the mining value chain. AECI Water and AECI Plant Health are investing in digital innovation to provide technology-enabled water solutions and Agri solutions that maximise yields and maintain commercial farming viability. Our investment in our human capital digital roadmap is streamlining governance processes, enhancing automation and employee experience in line with our culture.



### TALENT RETENTION AND DEVELOPMENT

To support the growth and diversification that are part of our strategy, we have increased our international headcount. To ensure we have the talent with the appropriate skills to achieve our strategic objectives, we invested R43 million in training and development in 2023, and in building the high-performance culture, we need to achieve our goals.



### INVESTING IN SAFETY TO ACHIEVE INCREASED FUTURE PRODUCTIVITY

Following the two tragic work-related fatalities we recorded in 2023, we increased our investment in Group-wide safety improvement initiatives intended to keep our people safe, and through improving our safety performance improve our productivity, efficiencies and financial performance.



### TO INCREASE LONG-TERM VALUE CREATION WHILE REDUCING OUR CURRENT PORTFOLIO

The disposal of managed businesses will affect our bottom line in the short term, but our ability to create value will benefit in the medium to long term from the disposal of these businesses.



### OUR PLANNED OUTCOME

Through the investments we are currently making in execution excellence, using the existing strength of our core businesses and our disciplined approach to capital allocation and execution, we believe we can double the profitability of our core business (Mining and Chemicals) by 2026, create a platform for expansionary growth, and become #3 in the global mining market by 2030.

## Our strategy

### The year under review

With a shared vision of a successful future and nearly a century of steadfast commitment behind us, we acknowledge that our business achievements reflect our sustained success and serve as a steadfast foundation for our ongoing expansion. Recognising the imperative of evolution, we understand that embracing change is pivotal to securing our position in the forthcoming century.

Over the past financial year, the Board has diligently overseen a comprehensive review of our strategy, conducted by our executive and management teams, considering both internal dynamics and external factors. This new strategic direction aims to fortify our operations, ensuring our resilience in the face of external pressures while nurturing internal strengths. Our proactive stance empowers us to seize emerging opportunities and navigate market shifts with agility and profitability, positioning us as a sustainable and relevant entity for the future.

### The change compound



At its inception, AECI was primarily a mining and chemicals enterprise. However, over time, it evolved into a diversified industrial conglomerate with a complex and fragmented product portfolio, resulting in limited synergy across its divisions. The Group operated under a decentralised structure, leading to reduced effectiveness in strategic decision-making at both the corporate and divisional levels.

Furthermore, the Group's growth and sustained performance were hampered by several underperforming businesses, and despite strong fundamentals, the Group faces internal and external challenges that make change imperative. Research suggests that organisations with diversified business models often struggle to match the performance of those with focused and streamlined operations. In the case of AECI, this underperformance was starkly evident in the company's share price, which declined by 15% between 2013 and 2023, contrasting sharply with the 65% increase in the JSE All Share index over the same period.

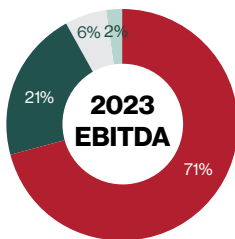
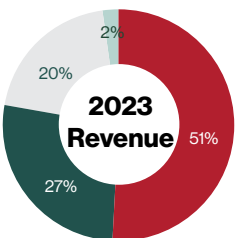
Our stakeholders also seek a more focused Group with mining as the core, strategic clarity and execution excellence.

In response to these challenges, we are implementing an optimised portfolio strategy that prioritises centres of excellence while maintaining a core focus on our mining sector. This strategic shift aims to streamline our operations, enhance efficiency, and leverage our expertise in crucial areas. By concentrating our efforts on areas where we have a competitive advantage and strong market potential, we will position ourselves for sustainable growth and improved performance.

**To achieve excellence, focus and discipline, we looked at addressing three questions:**

- What is our core business, and which business has the most synergies to the core?
- Which businesses are delivering value and should be maintained?
- What is the recommended portfolio strategy for the Group?

### 1. AECI Mining is the core of our Group



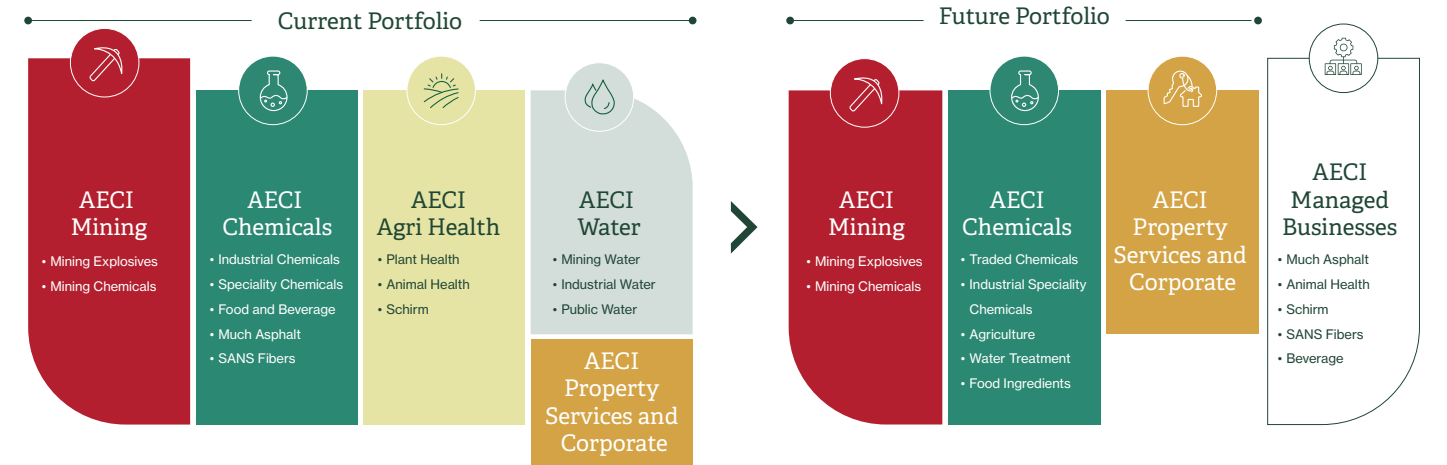
Mining	Chemicals	Managed
Property Services and Corporate		

### 2. Focus on mining and chemicals, divesting of managed businesses

Segment	Businesses within the segment	Synergies	Products and services	Customer sectors
<b>AECI Mining</b> <ul style="list-style-type: none"><li>Core business</li><li>Main growth segment</li></ul>	Mining Explosives Mining Chemicals	Customer sharing Capability sharing Cost sharing	Mining explosives, detonators, blasting services Collectors, frothers, depressants for mineral extraction and tailings treatment Emulsifiers for explosives manufacture	Mining
<b>AECI Chemicals</b> <ul style="list-style-type: none"><li>Reorganised and repositioned</li><li>To provide operational and financial support through cash generation to drive Mining business growth</li></ul>	Traded Chemicals Industrial and Specialty Chemicals Agriculture Water Treatment		Bulk chemicals Blended chemical products Water treatment chemicals, technology, equipment and plant Crop protection products and plant nutrients	The industrial and mining water sectors Industrials and manufacturing Agriculture
<b>AECI Managed Businesses</b> <ul style="list-style-type: none"><li>For divestment</li></ul>	Schirm Much Asphalt Animal Health SANS Fibers Food and Beverage Public water	Limited synergies with Mining and Chemicals		Agriculture Industrial and manufacturing Road infrastructure Food and beverage Public water Animal feed and products Textile industry
<b>AECI Property and Corporate Services</b>	Property and Corporate services		Property leasing and provision of utilities Corporate support functions	Tenants and utilities users

### 3. Our portfolio strategy

Our portfolio strategy involves a comprehensive approach to managing our range of products, services and investments to optimise performance and achieve our strategic objectives.





# Our guiding principles

A commitment to execution excellence, focus and discipline unifies our team. These guiding principles (or values) hold us accountable for implementing our strategies, achieving our goals, and delivering the desired performance returns. We also prioritise responsible governance processes to act in the best interests of our stakeholders.

01

**Excellence**  
Operations and functional execution

02

**Focus**  
Core businesses existing strength

03

**Discipline**  
Capital allocation and execution



Umbogintwini industrial complex, KwaZulu-Natal, South Africa

## We are adopting both medium-term and long-term approaches to our strategy to ensure sustainable growth and success

This dual approach involves:

**Towards 2026:** We are setting specific, achievable goals, objectives and targets that we aim to accomplish. These are designed to address immediate challenges, capitalise on current opportunities, and drive measurable progress towards our long-term vision.

**Post 2026 and towards 2030:** In parallel, we are developing a clear, aspirational long-term vision that outlines our desired future state and strategic direction over the coming decades. This vision serves as a guiding beacon, informing our decisions and actions as we navigate towards our ultimate goals.

By balancing short-term priorities with long-term aspirations, we can effectively manage immediate needs and future opportunities, ensuring that the Group remains adaptable, resilient and well-positioned for sustained success in the years to come.

### Approaching 2026

Building the base for value delivery through a high-performance culture, operations excellence and portfolio optimisation.

01 Culture

02 People

03 Portfolio

04 Performance

05 Growth

### Post 2026

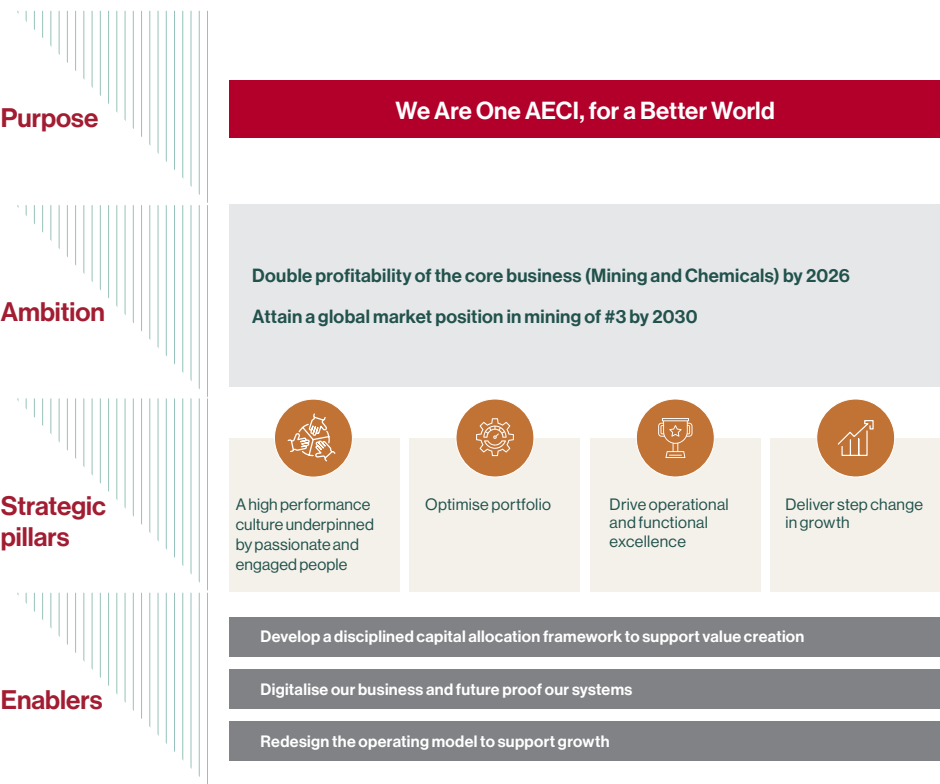
Future prospects will be investigated using a methodical process that takes into account both organic and inorganic growth opportunities in order to achieve our ambition of attaining a #3 global market position in mining by 2030.

We are cultivating an engaged workforce and fostering a performance-driven culture to execute our strategic initiatives effectively. As we embark on a comprehensive reorganisation effort in line with our new operating model, our roadmap underscores our dedication to cultivating a winning culture, assembling a top-tier global team, nurturing our core strengths for growth, promoting operational and commercial excellence, fostering innovation and executing change with precision. This approach ensures that we are well-positioned to navigate challenges and capitalise on opportunities in our pursuit of sustained success.

Additionally, leveraging our competitive advantages is paramount to enhancing profitability, generating robust cash flow and delivering superior returns. We are committed to fostering discipline across all businesses and throughout the Group. Our focus on operational excellence will drive efficiencies, elevate profitability and unlock additional value in EBITDA.

Our strategy aims to drive sustainable growth, profitability and environmental responsibility across the entire portfolio.

## Strategy model



To ensure sustainable competitive advantage, we are focusing on four strategic pillars:

- A high-performance culture:** Underpinned by passionate and engaged people: We will create a winning culture that promotes diversity, equity and inclusion while building the industry's best team by attracting and retaining capabilities and talent.
- Optimise our portfolio:** We will focus resources on what we are good at to grow the core, divest businesses with no apparent synergies and ensure prudent capital allocation to strengthen the balance sheet.
- Drive operational and functional excellence:** We will drive change through innovation, embracing sustainable practices, and striving for operational, commercial and execution excellence. This commitment extends to delivering on promises to our stakeholders, achieving quality earnings growth while actively building renewable energy solutions for a greener, more sustainable future.
- Deliver a step change in growth:** We will grow the core of our operations in a well-managed, responsible manner by building global-standard businesses while securing a prominent #3 global market position in mining by 2030 and maximising cash generation from our South African-based Chemicals business.

Three key enablers have been identified to support consistent value delivery and growth:

- Execute an enhanced capital allocation framework:** A dynamic framework to maintain balance sheet resilience while enabling capital allocation to relevant, accretive investment opportunities.
- Digitalise our business and future-proof our systems:** Accelerate digitalisation with a focus on sustainable value delivery (e.g., intelligent product planning, demand forecasting, dynamic inventory planning, digital-enabled salesforce, pricing, finance digitisation, digital procurement).
- Redesign the operating model to support growth:** Ensure strong profit and loss ownership in each business unit and increase the value brought by the corporate centre to the business units by driving functional excellence.

### Demonstrating strategy execution through measurable KPIs

To ensure alignment with our purpose, vision and strategy, the Board has approved a set of measurable and clear targets, encompassing financial and non-financial strategic indicators (KPIs) at both Group and business levels. The KPIs encompass the consideration of all capitals and are linked to our strategic pillars. These targets are benchmarks against which our progress and success in executing our strategy can be measured. By defining these targets, we establish a framework for accountability and focus, guiding our efforts towards realising our overarching objectives.

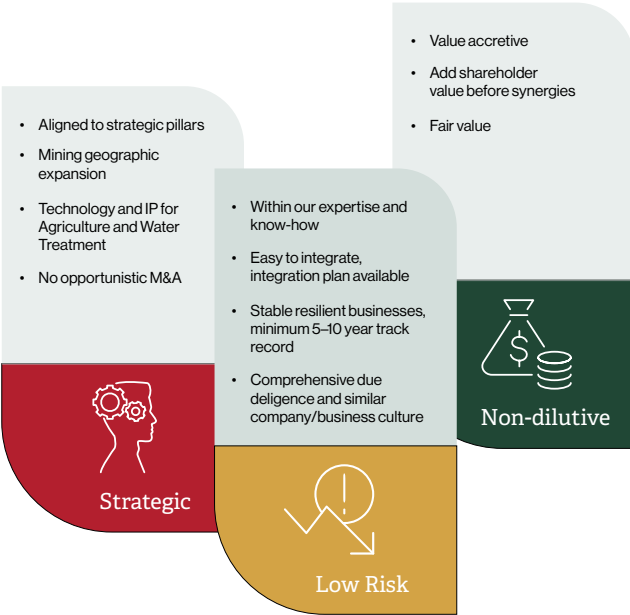
Category	KPI	Actual 2022 (base year)	Target 2026
Operational	EBITDA (Rm)	3 570	5 600–6 300
	EBITDA margin (%)	10.0	13–15
	Free cash flow conversion ratio (FCF/EBITDA)	(15)	31–34
Investment	ROIC (%)	11.6	17–21
Balance sheet	Net working capital (%)	19	14–16
	Gearing (%)	45	20–40
Capital allocation	Maintain and optimise operations	0.8x	0.8x–1.2x depreciation
	Net debt/EBITDA	1.5x	<2.5x
	Dividend yield (%)	8	2–5
	Net debt/FCF	(10x)	2x–4x
Environmental	Total Carbon Footprint (Scope 1 and Scope 2)	494ktCO <sub>2</sub> e	10% reduction by 2025 from a 2022 baseline
	Effluent discharge (Sea or sewer)	751km <sup>3</sup>	10% reduction by 2025 from a 2022 baseline
Operational	Safety (TRIFR)	0.27 (restated)	Zero Harm
Social	Gender Equity	27%	31% female representation at top, senior and middle management by 2025



Future opportunities through a disciplined approach

Looking beyond 2026, we intend to drive inorganic growth by entering new markets and developing innovative new products. This expansion will enable us to broaden our customer base and geographic footprint, solidifying our position as a global leader.

Our approach to mergers and acquisitions will be characterised by strategic foresight, minimal risk exposure, and a commitment to preserving shareholder value. We will pursue opportunities that align closely with our strategic objectives, ensuring that each transaction enhances rather than dilutes our organisational value.



Managing strategic execution risks

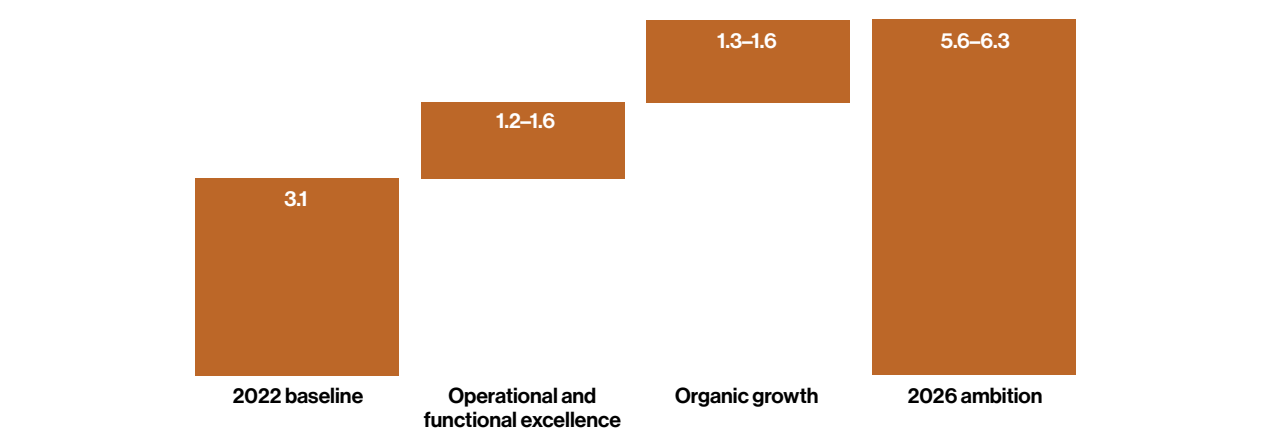
Identifying risks with substantial implications for the execution of our strategic initiatives was paramount as a fundamental aspect of our strategy review process. This crucial step ensures that our strategy execution is well-guided and fortified with effective risk mitigation strategies and clear accountability structures. By comprehensively recognising and assessing the risks linked to our strategic objectives, we can proactively tackle potential challenges, uncertainties and vulnerabilities, fostering a more resilient and successful path towards attaining our strategic goals.

Strategy execution

The implementation of our strategy will unfold as a multi-year journey overseen by our Transformation Management Office (TMO). This dedicated office ensures focused attention on driving the strategy forward and tracking progress effectively. By establishing the TMO, we aim to maintain dedicated oversight and coordination, enabling us to monitor and track progress meticulously, thereby driving successful implementation and achieving our 2026 ambition.

Our operational and functional excellence initiatives are expected to deliver between R1.2 billion to R1.6 billion in EBITDA by 2026, based on opportunities identified through the strategy development process. Organic growth opportunities in AECI Mining and AECI Chemicals are expected to contribute about R1.3 billion to R1.6 billion in EBITDA by 2026.

Building towards our 2026 ambition






Performance against strategy in 2023

2023 was a year of transition, led by Group Exco changes and the launch of our strategy in November 2023. In the midst of change, the Board and management were focused on ensuring continuity in all our businesses. During the year, efforts by the Group enabled us to achieve the following results:

	2025 target	2022	2023	Comments
Zero harm				
Total recordable rate	>0.25	0.27* restated	0.35	<ul style="list-style-type: none"><li>Two fatalities in the year</li><li>Decline due to an increase in minor injuries in AECI Schirm USA</li></ul>
Process safety reportable incidents	0	10	11	<ul style="list-style-type: none"><li>Zero major process safety incidents (2022: 0)</li></ul>
Process Safety Product Safety Total Incident Rate (PSTIR) (All Incidents)	0	0.81	0.63	<ul style="list-style-type: none"><li>Process Safety Total Incident Rate (PSTIR) – inclusive of all incidents, improved to 0.63 (2022: 0.81)</li><li>Continued improvement because of implementation of best practice in alignment with the American Institute of Chemical Engineers (AIChE)</li></ul>
Product Transportation Serious Incidents	0	4	1	<ul style="list-style-type: none"><li>Despite an improvement, unfortunately one major incident occurred in the Democratic Republic of Congo (DRC) resulting in a fatality</li><li>Overall severity of incidents decreased despite increase in TiOP</li></ul>
Transportation Indicator of Performance (TiOP) (All Incidents)	0	0.37	0.55	
Occupational Illnesses (Recordable)	0	1	1	<ul style="list-style-type: none"><li>One Noise-induced Hearing Loss (NIHL) case recorded in the year</li></ul>
ESG				
Moderate environmental incidents	0	6	3	<ul style="list-style-type: none"><li>Lowest ever moderate environmental incidents</li><li>Improved performance resulting from continual focus on management of environmental upsets in operations and extended value chain</li></ul>
Potable water – consumption (m³)	1 614 168	1 793 455	1 678 865	<ul style="list-style-type: none"><li>6% decrease in water consumption due to focused initiatives in our businesses</li></ul>
Effluent discharge – sea or sewer (m³)	679 170	751 880	652 572	<ul style="list-style-type: none"><li>13% reduction from 2022</li></ul>
CO <sub>2</sub> footprint – scope 1 and 2 (tCO <sub>2</sub> e)	442 820	493 801	439 888	<ul style="list-style-type: none"><li>11% reduction from prior year</li></ul>
Gender equality – females (senior, middle and junior levels)	31%	27%	28%	<ul style="list-style-type: none"><li>Modest improvement in the year and remains a focus</li><li>Pleasingly, Board and executive committee female representation exceeded 40% target</li></ul>



	Target	2022	2023	Comments
Financial and Risk Stewardship				
• Improve earnings (operating)		R2 047m	<b>R2 571 m</b>	• Core business revenue of R30.6bn (2022: R29.4bn) and EBITDA of R3.5bn (2022: R3.2bn) • AECI Mining, growth engine of the Group – Managed business continue to underperform
• Improve cash generation (free cash flow)		(R527m)	<b>R2 415m</b>	• Improvement resulted from higher profitability and stringent working capital management in the latter part of the year
• Reduce working capital – as % of revenue	14% –16%	19%	<b>15%</b>	• Focus on inventory management resulted in improved working capital, coupled with improved accounts receivable days partially offset by stagnant accounts payable days
• Reduce gearing	20% –40%	45%	<b>35%</b>	• 10pts improvement on the back of stringent working capital management in the latter part of the year
• Execute refinancing programme in 2023	• Debt capital market public auction and loan syndication completed • Both processes were oversubscribed and achieved favourable pricing outcomes			
• Provide a clear capital allocation framework in 2023	• Completed  See page 71			
• Provide transparency, improve disclosure and guidance in 2023 and going forward	• Strengthened the investor relations team • Finance team operating model and structure being improved • Currently implementing the "OneWorld Programme" which will result in one source of truth			
• Implement a new Black ownership scheme in 2023	• Incorporating learnings and improvements from the previous transaction • Further announcements will be made in due course in line with regulatory and shareholder requirements			
Focus on Key Growth Enablers				
• Refine Group's growth strategy	 See pages 30 –34			
• Change culture				
• Align business structure for growth				
Business Excellence				
• Deliver AECI Schirm Germany Turnaround project	• Turnaround project successfully executed • Losses in AECI Schirm Germany significantly decreased in 2023, business expected to break-even in 2025 • 2022 included R471 million on impairment of PPE and Right-of-Use assets, operational losses and a deferred tax write-off • AECI Schirm has been classified as a managed business, however, management is still committed to the turnaround strategy			
• Portfolio review and optimisation	 In progress, see page 33			
• Exit underperforming businesses				
• Maintain and optimise operations	0.8x–1.2x of depreciation	0.8x	<b>1.1x</b>	• Maintenance capex accounted for 67% of total capex • Current year spend in line with guidance and correcting for historical underspend on maintenance capex
Close Leadership Gap				
• Appoint new Group CEO and Group CFO				• Holger Riemensperger appointed as Group CEO • Rochell Gabriels appointed Group CFO

## Material matters

### Determining our material matters

Materiality is the guiding principle for identifying issues crucial to our business. While sustainability has long been integral to our strategic intent, we formalised our commitment in 2019 through our first materiality assessment.

We aim to establish an annual materiality process to regularly update our assessment starting in 2024. In 2023, due to several constraints, we conducted an online survey-focused materiality analysis emphasising internal priorities in line with our strategy.

The survey, which included our Board, Executive Committee and Senior Leaders, aimed to deepen our understanding of materiality within the Group, its internal significance and the maturity of our current approach.

In determining our material matters, we consider aspects affecting our ability to create value, including their impact on our revised strategy, strategic sustainability imperatives, governance performance and commitments.

### Material matters – our process

<b>Identify</b> <ul style="list-style-type: none"> <li>The previous materiality assessment was used as a foundation for the 2023 update of which matters are material in 2023</li> <li>We conducted a 2023 online survey-focused materiality analysis targeted at the Board, Executive Committee and Top Senior Leaders</li> <li>Guided by the principle of materiality, we identified issues crucial to our business and its strategic intent</li> </ul>	
<b>Prioritise</b> <ul style="list-style-type: none"> <li>Responses to the materiality survey were evaluated and analysed</li> <li>Senior Management deliberated on matters identified as material and assessed their impact, prioritising them accordingly, before they were signed off by the Board</li> <li>Aspects affecting value creation, the impact of matters identified as material on our strategy, sustainability imperatives, governance performance and the Group's commitments were considered</li> </ul>	
<b>Integrate</b> <ul style="list-style-type: none"> <li>The matters identified as material are addressed in our reporting</li> <li>Ongoing monitoring and assessment at the Board and executive levels</li> </ul>	

### Materiality survey outcomes

The identified issues were ranked and assessed in accordance with their significance and impact and plotted on a materiality matrix.

## Materiality Matrix

This list of 20 material topics is specific to our business and includes issues that we intend to manage, measure and report on regularly. We believe that these are issues that are of most significance to business and that our stakeholders are most interested in understanding.





The matters identified as material to the Group in 2023 have been grouped under four materiality themes.

#### 5 Materiality Themes 2022



#### Explaining our materiality themes

Further details of the four materiality themes are provided on page 27, and they cover the following elements for each of the materiality themes:

1. What each material theme means to AECI
2. Our strategic response
3. Outlook

#### 4 Materiality Themes 2023



#### The way forward

In 2024, we will adopt a double materiality approach to identify and prioritise matters that create value (inward-focused) and identify the Group's impact on society, communities and the environment (outward-focused). This process will address our commitment to sustainable practices and our increased awareness of environmental, social and governance (ESG) considerations.

#### Risk and opportunity management

##### Risk management approach

We are on a maturity journey to integrate and embed proactive risk and opportunity management throughout the business. In today's dynamic business environment, marked by rapid changes and constant evolution, we recognise the importance of adaptability and reinvention as guiding principles. As part of our maturity journey to sustainable growth and resilience, we strive towards adopting a structured risk management approach to ensure consistency in assessing and treating all risk types across every component of our operations. We strive to integrate this approach into critical business processes to safeguard our enduring success and proactively identify and manage risks and exploit opportunities.

We are committed to optimal risk and opportunity management, endorsed by the leadership and mandate from our Board, which prioritises its importance. Safety, health and risk mitigation are focal points at all operational levels, and we target re-establishing our safety record. Safety remains one of the top priorities in ensuring our workforce's well-being and our operations' sustainability.

Our Enterprise Risk Management (ERM) Framework is the foundation of our risk management strategy, designed to identify, assess and manage potential risks and opportunities. This framework enables management to make informed decisions, encouraging calculated risk-taking. The ERM Framework provides a solid basis for sound risk and opportunity management and internal control and aligns with the principles of good corporate governance.

#### Risk management philosophy

We are committed to adhering to and upholding the principles outlined in The King IV™, specifically the Code of Corporate Practices and Conduct. In accordance with this code, the Board takes responsibility for governing risk and guiding the approach to, and resolution of, risks within the organisation.

Risk governance encompasses:

- Considering opportunities and associated risks during the strategy planning process.
- The potential positive and negative effects of risks on the achievement of organisational objectives, as well as receiving assurance regarding the effectiveness of the risk management process.

The Group Risk Management team plays a vital role, being accountable to the Board for the risk and opportunity management process's design, implementation and monitoring. Their responsibility extends to embedding risk and opportunity management into the organisation's day-to-day activities. This commitment ensures that we comply with governance standards and continue to build and strengthen the risk and opportunity management culture throughout the organisation.

##### Risk governance and oversight

A robust risk governance structure is essential for effective communication of risks.

The Board is pivotal in overseeing and monitoring senior leadership's management of risks and opportunities across the Group. To fulfil this mandate, the Board has empowered the Risk Committee to review key strategic risks, assess risk dashboards, risk mitigations and monitor emerging global and local risks and opportunities pertinent to the Group.

Accountability for managing risks that impact individual businesses or have the potential to do so rests with the management teams of each business. The Group's risk management function facilitates risk workshops, aiding business management in identifying and assessing risks. This collaborative effort ensures that identified risks are managed as effectively as possible.

Quarterly updates on key risks are presented to the Risk Committee. Through the Risk Committee, the Board reviews presented risks and mitigation strategies.

#### Key developments in 2023

##### The role of the risk function in the strategy refresh process

In the past year, we adopted a proactive stance, integrating and embedding risk management at the core of the strategy process and this involvement will continue into the strategy execution phase. Risk factors were integrated into the decision-making process at every point. Identified risks related to strategic execution will be closely monitored to support the successful implementation of the strategy.

##### Assurance and oversight

We continued to mature our risk management practices. This involves a fundamental change in reporting, emphasising the assurance of risk controls and implementing more robust and deeply embedded risk management processes. Additionally, at the Group level, specific Board committees have been designated to oversee risk controls for the relevant top strategic risks, evaluating the effectiveness of these controls in place to mitigate risks adequately. These committees will also assess the assurance needed over the controls from a three lines of defence perspective.

##### Group risk management training

Additional risk training sessions were conducted for key risk management stakeholders to strengthen business understanding of the ERM Framework.

##### Emerging risks

The landscape of emerging risks encompasses internal and external factors that require consideration and proactive management. Internally, strategic execution and the sustained momentum thereof remains a top priority. Ensuring the attraction and retention of top talent, optimal capital allocation, and improved digitalisation are regarded as key enablers to drive our strategic goals forward effectively.

Internationally, growing global geopolitical tensions, supply chain constraints, increased cost of living, rising inflation and interest rates contribute to a complex external environment that demands adaptive and agile risk management strategies.

Externally, global macroeconomic risks were a substantial consideration, particularly concerning the continuity of our supply chain in the mining business and the stability of the supply of raw materials. Our reliance on crucial materials from external suppliers introduces an additional layer of vulnerability.

Infrastructure challenges in South Africa, notably those related to Eskom and Transnet and the persistent threat of loadshedding, port congestion and rail transport availability, present operational risks that require strategic mitigation.

The potential for social unrest in Sub-Saharan Africa poses security risks and could disrupt our business operations.

Lastly, climate change and its associated extreme weather patterns, such as severe storms and cyclones, necessitate a proactive approach to mitigate potential impacts on our operations. We will continue to identify and exploit business opportunities arising from climate change risks. The complex nature of these emerging risks emphasises the importance of a holistic risk management strategy to safeguard the resilience and sustainability of our organisation.

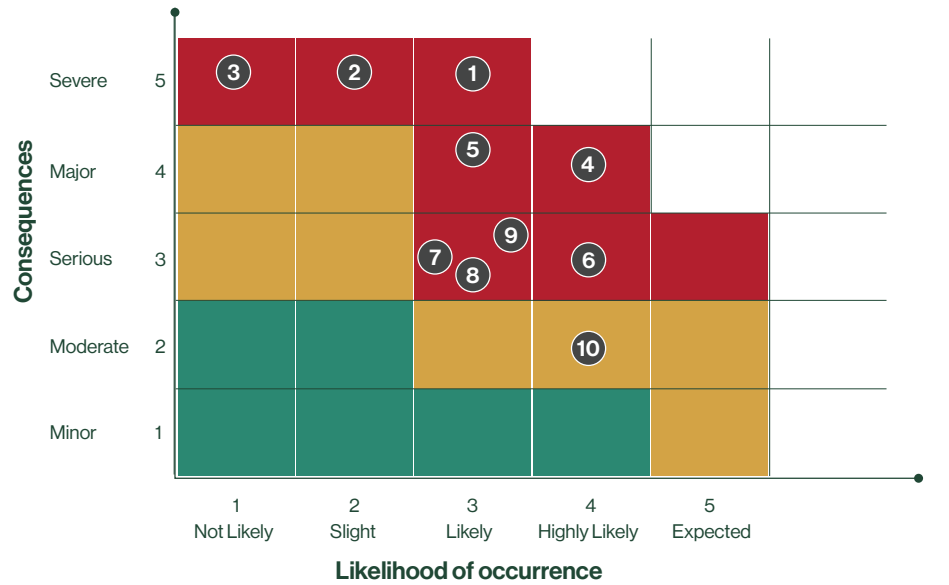
##### Outlook for 2024

##### Improvement of ERM maturity

During 2024, we will embark on improving the ERM maturity in the Group, which should derive the following benefits: risk

reduction, improved performance, improved efficiencies and integrated assurance. The key Risk Management initiatives earmarked for 2024 are aligning Group risk taxonomies, revising the risk and control rating scales and embedding the three lines of defence model.

#### Inherent Risk Heatmap 2023















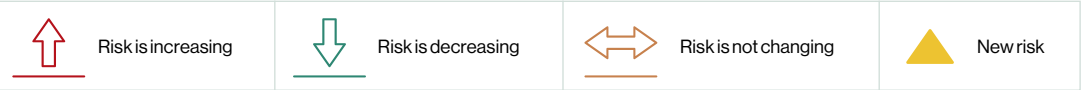
**Note:** While climate change and global warming were among the top risks in 2022, and climate resilience is one of our material matters in 2023, their likelihood and severity decreased in 2023 due to internal control improvements and various risk mitigation measures. AECI will continue vigilantly monitoring these risks as part of our ongoing Enterprise Risk Management (ERM) processes.











The matters material to our ability to create, sustain or erode enterprise value and their associated risks in 2023

Materiality themeBusiness performance and partnerships				
 Material matters	<b>Economic performance/financial constraints</b> Macroeconomic fluctuations and commodity cycle shifts affect product supply and demand dynamics, production costs and pricing. This can impact the demand for our products, their competitiveness, earnings growth and net working capital levels. Maintaining financial performance resilience is vital to ensuring sustained growth plans and competitiveness		<b>Geopolitical factors</b> Global geopolitical changes, intensified by events like the Russia-Ukraine conflict, pose challenges that affect our operations. Socio-economic and macroeconomic conditions significantly influence both the supply of, and demand for, our products, requiring strategic resilience to navigate disruptions in this complex global context	
Risk	Description of risk	Our response to the risks	Opportunities it creates	Trend
	<b>Continuing operational losses from the AECI Schirm Germany business</b> Continued operational losses from AECI Schirm Germany and ineffective execution of the turnaround project, resulting in increased debt burden, further cash flow constraints, loss of shareholder confidence, decline in share price and reputational damage	Board mandate to dispose of the Schirm business Realise benefits of the turnaround project	Execute AECI strategy to build a fit-for-purpose organisation focused on our core businesses and delivering on key strategic ambitions	
Capitals affected	Stakeholders affected	Strategic Pillars impacted	Primary Board Committee providing oversight	Outlook
			AECI Board (Operational Performance) Audit Committee (Financial Performance)	Focused internal mergers and acquisitions (M&A) team and external M&A advisors to drive the sale of the Schirm business
Materiality themeBusiness performance and partnerships				
 Material matters	<b>Socio-economic and political factors</b> Unstable political environments, potential infrastructure challenges, and socioeconomic uncertainties pose risks. Factors such as the stability of State-Owned Enterprises (SOEs), infrastructure reliability and political stability are critical considerations that have a direct ability to operate efficiently		<b>Technology and innovation</b> The era of digital innovation and its critical role in maintaining competitiveness is a key factor in our business which requires substantial investment	
Risk	Description of risk	Our response to the risks	Our response to the opportunities (where applicable)	Trend
	<b>Continued funding of loss-making assets and rising cost of debt</b> Increased debt levels and high-interest burden driven by unproductive loans and the continued funding of loss-making assets resulting in reduced financial flexibility and insufficient liquidity to meet growth plans and/or remain competitive in the market	<ul style="list-style-type: none"><li>Stress test scenarios</li><li>Quarterly going concern assessment</li><li>Daily cash position monitoring</li><li>Sufficient headroom facility</li></ul>	Drive balance sheet optimisation to increase funding capacity and deliver growth	
Capitals affected	Stakeholders affected	Strategic pillars impacted	Primary Board Committee providing oversight	Outlook
			Audit Committee (Financial Performance)	Balance sheet optimisation initiatives to drive focused attention on net working capital management including trends analysis for decision-making



Materiality themeSocial responsibility and human capital excellence				
 Material matters	Health and safety: The safety, health, and well-being of our employees, contractors, and communities are paramount. We are addressing the increased number of serious injuries we had in 2023.			
Risk	Description of risk	Our response	Opportunities it creates	Trend
	<b>Catastrophic SHE incidents</b>  The occurrence of a catastrophic incident during either: 1) the manufacturing of highly hazardous materials, on an AECI site; 2) transportation of materials (off-site); or 3) utilisation of highly hazardous products, by AECI employees, on a customer site  Examples of the most significant events include catastrophic fires, dust or vapour cloud explosions, explosive material explosions, toxic releases, runaway reactions or BLEVEs (Boiling liquid expanding vapour explosions)  The incident could potentially result in major loss of life, on or off-site (exacerbated by increased population around sites), significant infrastructure or property damage, significant environmental impact, reputational harm and/or fines, penalties and closure of a business or asset	<ul style="list-style-type: none"><li>Comprehensive safety, health and environmental management systems</li><li>Emergency preparedness and business continuity plan</li><li>Supplier management systems (Transporters)</li><li>Process safety management</li><li>Community interaction and land management</li><li>Regular employee training</li></ul>	Safety training driving understanding and compliance Drive consistent application of Zero Harm	
Capitals impacted	Stakeholders impacted	Strategic pillars impacted	Primary Board Committee providing oversight	Outlook
			SHE Committee	Continued focus on improvement of safety, health and environmental management systems Effective business continuity plan (BCP) processes in place



Materiality themeBusiness performance and partnerships				
Material matters	<b>Socio-economic and political factors</b> Unstable political environments, potential infrastructure challenges, and socio-economic uncertainties pose risks. Factors such as the stability of State-Owned Enterprises (SOEs), infrastructure reliability, and political stability are critical considerations that have a direct impact on our ability to operate efficiently.			
Risk	Description of risk	Our response	Opportunities it creates	Trend
4	<b>Unfavourable South African macro and political environment and potential social unrest</b> The following risk exists due to the Group's exposure to the South African environment which is facing several macroeconomic and political challenges that may result in disruption to business operations and restrict achievement of business growth targets (see page 27)	<ul style="list-style-type: none"><li>Geographical diversification, acquisitions and organic growth strategy as determined by the strategy</li><li>Portfolio management approach adopted</li><li>Alternative power back-up supply at key sites</li><li>AECI Umbogintwini site is on the National Key Points list</li><li>SASRIA Insurance Cover</li></ul>	Ambition to become a global business. Developing a world-class business by capturing opportunities for expansion and diversification in other geographical markets	
Capitals affected	Stakeholders affected	Strategic pillars impacted	Primary Board Committee providing oversight	Outlook
			Risk Committee	Continued internationalisation of the AECI business through growth of the core mining business
Materiality themeBusiness performance and partnerships				

Material mattersTechnology and innovation We are implementing a comprehensive digitalisation strategy, aligned with global technology imperatives. It encompasses stringent IT governance standards and cybersecurity measures.				
Risk	Description of risk	Our response	Opportunities (where applicable)	Trend
5	<b>Cybersecurity incidences</b> AECI's Digital Assets may be compromised through cybersecurity breaches/unauthorised access, e.g. phishing, malware or ransomware attacks  Loss of sensitive and confidential information and data	<ul style="list-style-type: none"><li>Execution of Cyber Security Plan and Roadmap</li><li>Execute IT Disaster Recovery Plan when applicable</li><li>Security Operating Centre (SOC) and Microsoft monitoring tools</li><li>Regular communication and awareness from Group IT on cybersecurity risks</li><li>Cyber Insurance Cover – approved insurers in London</li></ul>	Continue to strengthen the security control environment through adoption of new technology and continue to enhance cybersecurity plans and programmes to ensure business continuity	
Capitals affected	Stakeholders affected	Strategic pillars impacted	Primary Board Committee providing oversight	Outlook
				Proactively increase security measures and controls through implementation of network security plan
Materiality themeGovernance and compliance				
Material matters	<b>Regulatory compliance and ESG value generation</b> The Group's commitment to good governance, characterised by transparency, honesty, and strong ethical principles, goes beyond regulatory compliance to embrace ESG values		<b>Supply chain management</b> We collaborate closely with suppliers to develop joint risk mitigation strategies, enhance problem-solving, and strengthen overall supply chain management	
Risk	Description of risk		Opportunities created	Trend
6	<b>Potential non-compliance with localisation obligations</b> Potential non-compliance relating to localisation obligations in countries AECI operates in, resulting in possible fines, penalties, loss of competitiveness, business opportunities, licence to operate and erosion of business value	<b>Localisation Policy</b> Proposed new investments and changes in investments are reported to the Foreign Investment Committee (FIC) and appropriate screening is performed  Quarterly FIC reporting to the Risk Committee on progress of localisation requirements	Regularly engage with regulators and other stakeholders on existing and emerging issues, thereby improving our ability to comply and strengthening relationships with regulators and policymakers	
Capitals affected	Stakeholders affected	Strategic pillars impacted	Primary Board Committee providing oversight	Outlook
			Social, Ethics and Sustainability Committee Risk Committee	Continue adherence to localisation obligations through various projects and initiatives



Materiality theme				
Business performance and partnerships				
Material matters	Economic performance/financial constraints Macroeconomic fluctuations and commodity cycle shifts affect product supply and demand dynamics, production costs and pricing. This can impact the demand for our products, their competitiveness, earnings growth and net working capital levels. Maintaining financial performance resilience is vital to ensuring sustained growth plans and competitiveness. Our acquisition strategy over the last 20 years has led to a fragmented and underperforming portfolio			
Risk	Description of risk	Our response	Opportunities (where applicable)	Trend
7	<b>Volatile shifts in commodity cycles and prices</b> Volatile business performance, due to shifts in commodity cycle and elevated commodity prices, resulting in potential business disruptions, compromised competitiveness and lower profitability	<ul style="list-style-type: none"><li>Back-to-back agreements with customers</li><li>AECI Mining – Rise-and-fall clauses applied on a monthly basis</li></ul>	Continue to optimise portfolios and drive commercial excellence with the objective to focus on growth in core businesses, as well as driving operational and functional excellence	
Capitals affected	Stakeholders affected	Strategic pillars impacted	Primary Board Committee providing oversight	Outlook
			AECI Board (Business Performance) Audit Committee	Dedicated and focused attention on Procurement excellence and Commercial excellence initiatives in the business
Materiality theme				
Business performance and partnerships				
Material matters	Supply chain factors Converging factors are severely disrupting global supply chains, resulting in prolonged lead times, escalating shipping costs, further exacerbated by global weather conditions. These factors are impacting the supply of raw materials and transportation of goods highlighting the need for strategic resilience and adaptability in managing supply chains efficiently			
Risk	Description of risk	Our response	Opportunities created	Trend
8	<b>South Africa: Ammonia supply chain disruption</b> Major supply disruption (scarcity and high pricing) from key or sole suppliers within the Group value chain. This risk is exacerbated by geopolitical tensions, resulting in business disruption and elevated prices of raw materials	<ul style="list-style-type: none"><li>Ammonia commodity policy</li><li>Back-to-back agreements with customers</li><li>AECI Mining – Rise-and-fall clauses applied on a monthly basis</li><li>Real time asset monitoring and management (RAMM) facility (Richards Bay) available in order to obtain ammonia</li><li>Supply risk assessment and supplier performance management with regard to key suppliers</li></ul>	Implementation of robust supplier risk management programmes, that mitigate the risk of supply disruptions by providing additional and more sustainable sources of supply	
Capitals affected	Stakeholders affected	Strategic pillars impacted	Primary Board Committee providing oversight	Outlook
			Risk Committee	Diversification of ammonia supply outside South Africa and sourcing of alternatives to ammonia

Materiality theme				
Social responsibility and human capital excellence				
Material matters	Workplace culture and business ethics At AECI, we nurture a workplace culture of excellence, anchored by purpose-led passionate individuals. Our human capital blueprint guides the cultivation of an inclusive, purpose-driven environment, fostering a culture where employees are empowered to contribute meaningfully.			
Risk	Description of risk	Our response	Opportunities (where applicable)	Trend
9	<b>Loss of top-level, diverse talent and critical skills</b> Loss and/or lack of critical skills within the business to support the new operating model and strategy execution. The loss of critical skills is further heightened by the current transitional phase of the business as it implements its new operating model	Comprehensive succession planning programmes in place  Talent management, leadership development and retention strategies	Create a compelling employee value proposition	
Capitals affected	Stakeholders affected	Strategic pillars impacted	Primary Board Committee providing oversight	Outlook
  	 	  	Remuneration and Human Capital Committee	Implementation of the talent management, leadership development and retention initiatives
Materiality theme				
Climate resilience				
Material matters	Climate resilience Climate resilience is central to our core values, representing our commitment to thriving amid the challenges of climate change. We prioritise comprehensive risk assessments, proactive adaptation and sustainable innovations to minimise our carbon footprint. Our dedication extends to resilient supply chain practices, alignment of our product offerings with our sustainability values, community engagement and employee education. By aligning operations with stringent environmental standards, ensuring supply chain resilience, and contributing to communities, we not only future-proof our business, but also promote a more sustainable and resilient global ecosystem, fostering a circular economy			
Risk	Description of risk	Our response	Opportunities (where applicable)	Trend
10	<b>Climate change/global warming</b> Failure to implement measures to mitigate and adapt to climate change Climate change/global warming leading to extreme weather events as well as challenges arising from the slow transition to a low carbon economy This may negatively affect operations and customers, further resulting in scarcity of critical resources and higher costs	R&D of new/alternative products for affected markets Effects of climate change are monitored and mitigation strategies are in place Sustainability framework with relevant reduction goals and targets Investment in solar power generation Abatement technology at AECI Mining Explosives' Nitrates facility to reduce CO <sub>2</sub> levels and improve compliance	ESG initiatives with strategic projects in key market segments Commercialisation of innovative technology that enables the efficient use of natural resources	
Capitals affected	Stakeholders affected	Strategic pillars impacted	Primary Board Committee providing oversight	Outlook
  	   	 	Social, Ethics and Sustainability Committee	<ul style="list-style-type: none"><li>Diversification into various geographic regions</li><li>Extreme weather scenario planning and disaster response plans</li></ul>



# Value delivered to stakeholders

## Fostering stakeholder inclusivity – drivers of sustainability

Recent global events have underscored the interdependence of the environment and various stakeholders in the business world, including suppliers, customers, governments, non-profit entities and society. We acknowledge this interconnectedness and fully support collaborating with stakeholders to achieve mutually beneficial results.

Maintaining and bolstering stakeholder trust is crucial to the value-creation process, necessitating transparency and proactive engagement. We take pride in our diverse network of stakeholders, uniting different sectors to drive value for a better world.

We actively pursue transparency and cultivate dynamic relationships to foster sustainable value creation. Our stakeholders offer invaluable insights into economic, environmental, and social challenges that impact our value-creation process.

### These insights aid:

- Understanding stakeholder perspectives on value
- Identifying emerging trends of significance
- Pinpointing material issues
- Identifying risks and opportunities
- Formulating and assessing strategies
- Mitigating risks
- Implementing initiatives, including strategic and accountable responses to material concerns



## Our approach to stakeholder management and governance

Our stakeholder management operates under a structured Board-approved framework designed to nurture a consistent and harmonised approach to engaging with our stakeholders across all 22 countries in which we operate. The approval of the stakeholder management framework (SMF) at the Board in February 2023 was the start of a journey that seeks to ensure that our stakeholder engagement activities are integrated and undertaken in a coordinated manner to improve the effectiveness of our engagement efforts. The framework will build on, coordinate and leverage our current stakeholder management efforts and enable us to understand and respond effectively to legitimate stakeholder concerns.

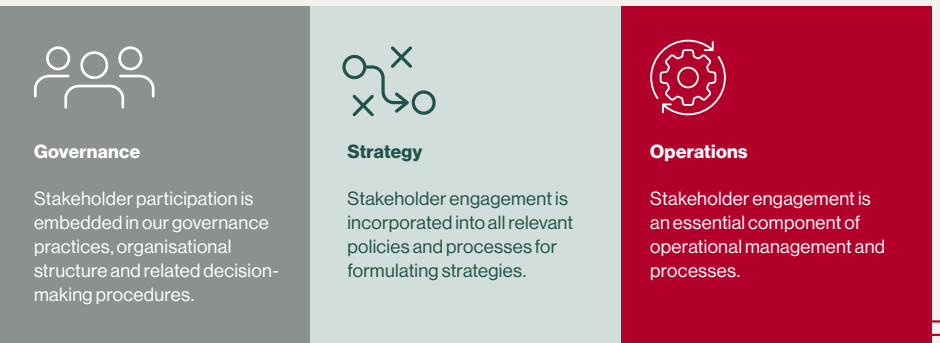
Our approach is characterised by a deliberate commitment to consider our stakeholders' perspectives, insights, concerns and contributions in the context of our intricate and highly diverse business strategies and processes.

The SMF serves as a guide for engagement and communication, ensuring that these activities are integrated and well-coordinated to enhance the effectiveness of our engagement initiatives. We hold ourselves accountable for delivering on the commitments and priorities outlined in the framework. Periodic assessments of our progress regarding creating, preserving and minimising value erosion against the specified principles and objectives will be conducted.

Implementing this framework also yields benefits in promoting good governance, enhancing coordination, using relevant tools and strengthening our overall approach to engagement.

## How stakeholder input influences decision-making

Our stakeholder management framework is embedded in our strategy, operations, and governance structures, influencing our decision-making processes.



# Overview of stakeholder groups

Our stakeholders and related commitments are as follows:

	<b>Employees</b>	We provide employees with job security, fair pay and appropriate benefits in a safe work environment
	<b>Shareholders, investors, analysts and lenders</b>	We strive to deliver sustainable value, consistently
	<b>Customers</b>	We strive to provide the highest quality of goods and services to customers
	<b>Suppliers</b>	We build and maintain sound and ethical partnerships with all suppliers
	<b>Government, Industry Forums and regulators</b>	We comply with all legislative and regulatory requirements in all jurisdictions
	<b>Internal and Industry Forums</b>	We actively seek to build trusted long-term relationships with organised labour, employees and line management
	<b>Communities</b>	We continue to invest in corporate and responsibility initiatives to uplift the communities in which we operate

## Our stakeholder map

Stakeholder mapping helps us to priorities our engagements and stakeholder considerations.









Modderfontein Solar plant, South Africa



## The needs and expectations of our stakeholders

EMPLOYEES 	Material matters  	Strategic pillars  
How we engage	Needs and expectations	Strategic response
<ul style="list-style-type: none"><li>Employee engagement forums and roadshows</li><li>Leadership engagements</li><li>AECI intranet and emails, policies, procedures and frameworks</li><li>Performance management feedback</li><li>Employment equity forums</li><li>Bargaining councils</li><li>Social responsibility</li></ul>	<ul style="list-style-type: none"><li>A safe and healthy workplace</li><li>Skills and career development</li><li>Remuneration that keeps up with inflation and is aligned to market norms</li><li>Employee wellness and an inclusive workplace</li><li>An environmentally conscious and socially responsible approach to business execution</li></ul>	<ul style="list-style-type: none"><li>Implemented the integration of gender equality metrics into our long-term incentive scheme</li><li>Revised our policies and processes to ensure a sustainable shift in accommodating people with disabilities in the workplace</li><li>Continued implementing our integrated talent management approach</li><li>Awarded bursaries worth approximately R1.9 million</li><li>Implemented our holistic "Better You for a Better World" employee wellness initiative</li><li>Provided opportunities for employees to engage in social responsibility initiatives – employee volunteerism</li></ul>
<b>Value proposition</b>	<ul style="list-style-type: none"><li>Our people's skills and work are fundamental to our growth. By engaging we can create a safe, innovative and inclusive culture that encourages our people to achieve their full potential</li></ul>	
<b>Risks</b>	<ul style="list-style-type: none"><li>Inability to attract and retain top talent could hinder the Group's ability to maintain a high-performance culture</li><li>Major leadership changes, organisational structure changes, and strategy changes may pose risks related to employee morale, productivity and the effectiveness of the transition</li></ul>	
<b>Opportunities</b>	<ul style="list-style-type: none"><li>Creating a culture of high performance and inclusion can boost employee engagement and retention, enhancing organisational stability and success, enabling a more innovative and adaptable workforce</li><li>Promoting a culture of high performance and inclusivity to elevate employee engagement and retention, thereby enhancing organisational stability and success, while cultivating a workforce that is more innovative and adaptable</li><li>Promoting the health, safety and well-being of all employees</li></ul>	
<b>Key metrics and objectives tracked to monitor value delivered</b>	<ul style="list-style-type: none"><li>Retention of key skills and experience</li><li>Skills development – bursaries and training</li><li>Number of employees engaged in volunteer initiatives</li><li>Meeting diversity and inclusion goals</li><li>Focus on employee wellness</li></ul>	
<b>Value delivered</b>	<ul style="list-style-type: none"><li>Disbursed R6.0 billion (2022: R 5.0 billion) in wages and salaries to employees</li><li>1 977 employees (2022: 1636 employees) participated in learning opportunities</li><li>Fourth year in a row, we were recognised as a "Top Employer" in South Africa</li><li>Awareness campaigns reach 3 200 employees</li><li>10 wellness days – 1 200 employees received voluntary screenings</li><li>We are leveraging technology to deliver on our human capital digital roadmap to improve operational functionality and decision making, see page <a href="#">xx</a></li><li>We were recognised in two categories of the Gender Mainstreaming Award: October 2023</li></ul>	

## The needs and expectations of our stakeholders







SHAREHOLDERS, INVESTORS, ANALYSTS AND LENDERS 	Material matters  	Strategic pillars   
How we engage	Needs and expectations	Strategic response
<ul style="list-style-type: none"><li>One-on-one and Group earnings calls and meetings</li><li>Roadshows and conferences</li><li>Presentations, AGM and calls</li><li>Communication via the website and JSE Stock Exchange News Service (SENS)</li><li>Dissemination of media releases, publications and other information</li></ul>	<ul style="list-style-type: none"><li>Consistent and proactive engagement</li><li>Timely and accurate disclosure of key information on our business to enable appropriate valuation or debt funding</li><li>Strong sustainable total shareholder returns and equally strong environmental, social and governance performance</li></ul>	<ul style="list-style-type: none"><li>Utilised technology to reach shareholders effectively</li><li>Enhanced our communication practices by establishing clear investor and stakeholder relations</li><li>Board and management ensured improved disclosure to the market</li><li>Capital markets day on 6 November to table the strategy for the Group</li><li>Proactively engaged with stakeholders to manage issues and concerns that arose during the year</li><li>Attended South African and international investor conferences</li><li>Endeavour to create a no-surprise business environment</li></ul>
<b>Value proposition</b>	<ul style="list-style-type: none"><li>Group strategy, KPIs and financial performance</li><li>AECI Schirm Germany turnaround</li><li>Our capital allocation framework and philosophy</li><li>Ability to extract earnings from particular jurisdictions</li><li>Succession plans</li><li>Delivering against ESG targets</li></ul>	
<b>Risks</b>	<ul style="list-style-type: none"><li>Macroeconomic factor changes that impact the Group's ability to maintain or increase revenue, manage costs</li><li>External and internal factors that impact the Group's ability to optimise operations</li><li>Volatility stemming from fluctuations in commodity prices, currency exchange rates and geopolitical events</li><li>Changes in regulations or environmental incidents can pose risks, potentially leading to legal and financial liabilities and reputational damage</li></ul>	
<b>Opportunities</b>	<ul style="list-style-type: none"><li>Strategy, new focus on excellence and efficiency</li><li>Leveraging innovation to develop environmentally sustainable products and processes can appeal to socially responsible investors and lenders, aligning with ESG principles</li><li>Entering new markets, whether through international expansion or targeting emerging markets, can attract investors and lenders by diversifying revenue streams</li><li>Transparent reporting, effective stakeholder communication, and commitment to good corporate governance can cultivate trust and confidence; potentially resulting in increased investment, reduced borrowing costs, and a more favourable standing in the financial markets</li></ul>	
<b>Key metrics and objectives tracked to monitor value delivered</b>	<ul style="list-style-type: none"><li>Delivery on Strategy ambition and KPIs (see pages 33, 35 – 36)</li><li>ESG targets</li></ul>	
<b>Value delivered</b>	<ul style="list-style-type: none"><li>Recorded HEPS of 1137 cents (2022: 1287 cents)</li><li>Positive cash generated from operations up 4.3% to R4 004 million</li><li>Working capital at 15% of revenue, down from 19% in 2022</li><li>Gearing at 35%, down from 45% in 2022</li><li>Reduced net debt by R1.0 billion</li><li>Total dividends declared of 219 cps (2022: 872 cps) down 72%</li><li>Improved environmental and sustainability outcomes (see <a href="#">SR</a> page 29)</li></ul>	



The needs and expectations of our stakeholders

CUSTOMERS 	Material matters   	Strategic pillars  
How we engage	Needs and expectations	Strategic response
<ul style="list-style-type: none"><li>• Customer engagement forums</li><li>• Industry meetings including forums on safety, security and the environment</li><li>• Association engagements on strategic matters such as climate response, just transition, energy challenges etc.</li><li>• Events and workshops</li><li>• Our website and social media</li></ul>	<ul style="list-style-type: none"><li>• Provide products and services to meet diverse needs</li><li>• Enable improved ESG credentials and enhance our resilience to climate change</li><li>• Collaborate on social responsibility initiatives to develop strategic partnerships</li></ul>	<ul style="list-style-type: none"><li>• Continued to operationalise and embed our customer centricity programme in our businesses</li><li>• Optimised our baseline customer centricity dashboard; where all businesses monitor their progress and that of the Group and their peers – learnings and key customer touchpoints are shared</li><li>• Leveraged insights from our customer centricity change journey and operationalised the use of the toolkit</li><li>• Broadened the base of our businesses and products that use ONe, our e-commerce platform, giving customers an improved, more comprehensive and user-friendly means to engage with us</li><li>• Collaborated with customers at several engagements on ESG matters and social responsibility</li></ul>
Value proposition	<ul style="list-style-type: none"><li>• A reliable supply of trusted products that improve efficiency and safety; increase yield; support fuel savings; reduce potable water offtake; reduce effluent discharged; increase water treatment and reuse; increase crop yields and reduce water use; reduce costs; provide solutions that are climate responsive; and shared value propositions with community-based initiatives and engagements</li></ul>	
Risks	<ul style="list-style-type: none"><li>• If our products do not meet customer specifications or fail to perform as expected, this can result in production disruptions, added costs and potential harm to reputation</li><li>• Customers may be exposed to supply chain risks, such as delays in product delivery or interruptions in the availability of critical materials, negatively impacting their production schedules and operational efficiency</li><li>• Customers may be vulnerable to price fluctuations in the raw materials or chemicals supplied which could affect their cost structures and competitiveness in their respective markets</li></ul>	
Opportunities	<ul style="list-style-type: none"><li>• Offer collaborative innovation for customised solutions that enhance the efficiency and sustainability of customer processes</li><li>• Provide expertise and solutions to help customers mitigate risks related to product quality, supply chain resilience and price volatility</li><li>• Assist customers to align with sustainability goals and regulatory compliance by offering eco-friendly products, minimising the risk of regulatory penalties</li><li>• Establish strategic partnerships with customers to advance collaborative social responsibility initiatives</li></ul>	
Key metrics and objectives tracked to monitor value delivered	<ul style="list-style-type: none"><li>• Customer performance indicators</li><li>• Social responsibility projects with partners</li><li>• Strategic sustainability deliverables (ESG Metrics)</li></ul>	
Value delivered	<ul style="list-style-type: none"><li>• Provided high-quality products on time and in full</li><li>• Provided exceptional customer service to a broad spectrum of customers in our diverse markets and geographies</li><li>• Retained key customers</li><li>• Digital innovation is being implemented with customers to improve efficiencies (see page 78)</li></ul>	

The needs and expectations of our stakeholders

COMMUNITIES 	Material matters   	Strategic pillars  
How we engage	Needs and expectations	Strategic response
<ul style="list-style-type: none"><li>• Community forums</li><li>• Traditional and community leaders</li><li>• Local municipal community forums</li><li>• Non-profit partner networks</li><li>• AGMs of the social responsibility trust, as relevant</li><li>• Roadshows and site visits</li><li>• Project initiation and handover events</li></ul>	<ul style="list-style-type: none"><li>• Maintaining our social license to operate</li><li>• Providing basic human rights social services</li><li>• Access to quality education</li><li>• Education and skills development opportunities</li><li>• Job creation and empowerment</li><li>• Procurement opportunities</li><li>• Access to clean water and sanitation</li></ul>	<ul style="list-style-type: none"><li>• Carried out holistic stakeholder inclusive engagements</li><li>• Performed needs analysis and assessments</li><li>• Worked to understand key local development imperatives</li><li>• Aligned development imperatives and funding criteria with focus areas of our social responsibility funds</li><li>• Identified strategic and credible partnerships</li><li>• Implemented sustainable education, water, waste and energy solutions</li></ul>
Value proposition	<ul style="list-style-type: none"><li>• Actively engaging with the communities is an imperative of our sustainability strategy</li><li>• These engagements are a priority to address vital socio-economic issues to support thriving communities who are an integral part of our contribution towards national development imperatives</li><li>• Local procurement opportunities</li><li>• Employee volunteerism programmes to support social investment initiatives</li></ul>	
Risks	<ul style="list-style-type: none"><li>• Risks associated with strained community relations or negative social impacts could lead to reputational damage, regulatory issues and potential disruptions to business activities, such as social unrest</li><li>• Communities reliant on AECI for jobs and economic support may be vulnerable to changes in business conditions</li></ul>	
Opportunities	<ul style="list-style-type: none"><li>• Positive community engagement through employment opportunities, skills development, and community investment</li><li>• Implementing sustainable and environmentally responsible practices can benefit communities by reducing environmental risks and promoting community well-being</li><li>• Collaboration with communities to address vital socio-economic issues, thereby contributing positively to local and national development goals</li><li>• Shard value proposition through collaborations across our value chain</li></ul>	
Key metrics and objectives tracked to monitor value delivered	<ul style="list-style-type: none"><li>• Social responsibility spend</li><li>• Projects successfully executed</li><li>• Number of jobs created</li><li>• Community empowerment</li></ul>	
Value delivered	<ul style="list-style-type: none"><li>• Achieved local procurement of 30% across all business internationally</li><li>• Invested R40 million in corporate social investment initiatives (2022: R36 million) with 400 000 beneficiaries impacted (2022: 160 000)</li><li>• 1171 employees volunteered to support worthy causes (2022: 567)</li><li>• As at the end of 2023, our Good Chemistry Fund investment totalled R24 million (2022: R30 million) in ESD through loans, equity and grant funding</li><li>• Read more about our ESD initiatives on page 83</li></ul>	

The needs and expectations of our stakeholders

SUPPLIERS	Material matters		Strategic pillars	
How we engage	Needs and expectations		Strategic response	
<ul style="list-style-type: none"><li>Engagements at the most senior levels</li><li>Preferential procurement forums</li><li>Meetings and other communication methods</li></ul>	<ul style="list-style-type: none"><li>Ensure responsible purchasing</li><li>Support local suppliers</li><li>Ensure prompt payment schedules</li><li>Act ethically and transparently</li></ul>		<ul style="list-style-type: none"><li>Improved strategic sourcing of product for key customers</li><li>Held frequent engagements to manage risks/challenges and implement quick solutions to minimise impact on operations</li><li>Negotiated preferential supply terms to minimise the impact of supply chain challenges, as appropriate</li></ul>	
Value proposition	<ul style="list-style-type: none"><li>We require a reliable supply of an array of products and services to sustain our business and deliver on our strategy. Through consistent engagement, we help mitigate supply constraints and anticipate trends</li></ul>			
Risks	<ul style="list-style-type: none"><li>Persistent supply chain disruptions can lead to delays, increased costs, and production inefficiencies, affecting the reliability of suppliers and their ability to meet contractual obligations</li><li>Severe infrastructure (power, water, rail, etc.) interruptions in South Africa can disrupt production processes, impacting the reliability and consistency of the supplies delivered</li></ul>			
Opportunities	<ul style="list-style-type: none"><li>Collaborative efforts between us and our suppliers can lead to joint risk mitigation strategies, problem-solving, and more robust supply chain management, ensuring the delivery of high-quality products and services</li></ul>			
Key metrics and objectives tracked to monitor value delivered	<ul style="list-style-type: none"><li>Sustainable sourcing strategies</li><li>Pricing models and trends</li><li>Market analysis</li></ul>			
Value delivered	<ul style="list-style-type: none"><li>Paid approximately R17.4 billion to suppliers in the ordinary course of business</li></ul>			



The needs and expectations of our stakeholders

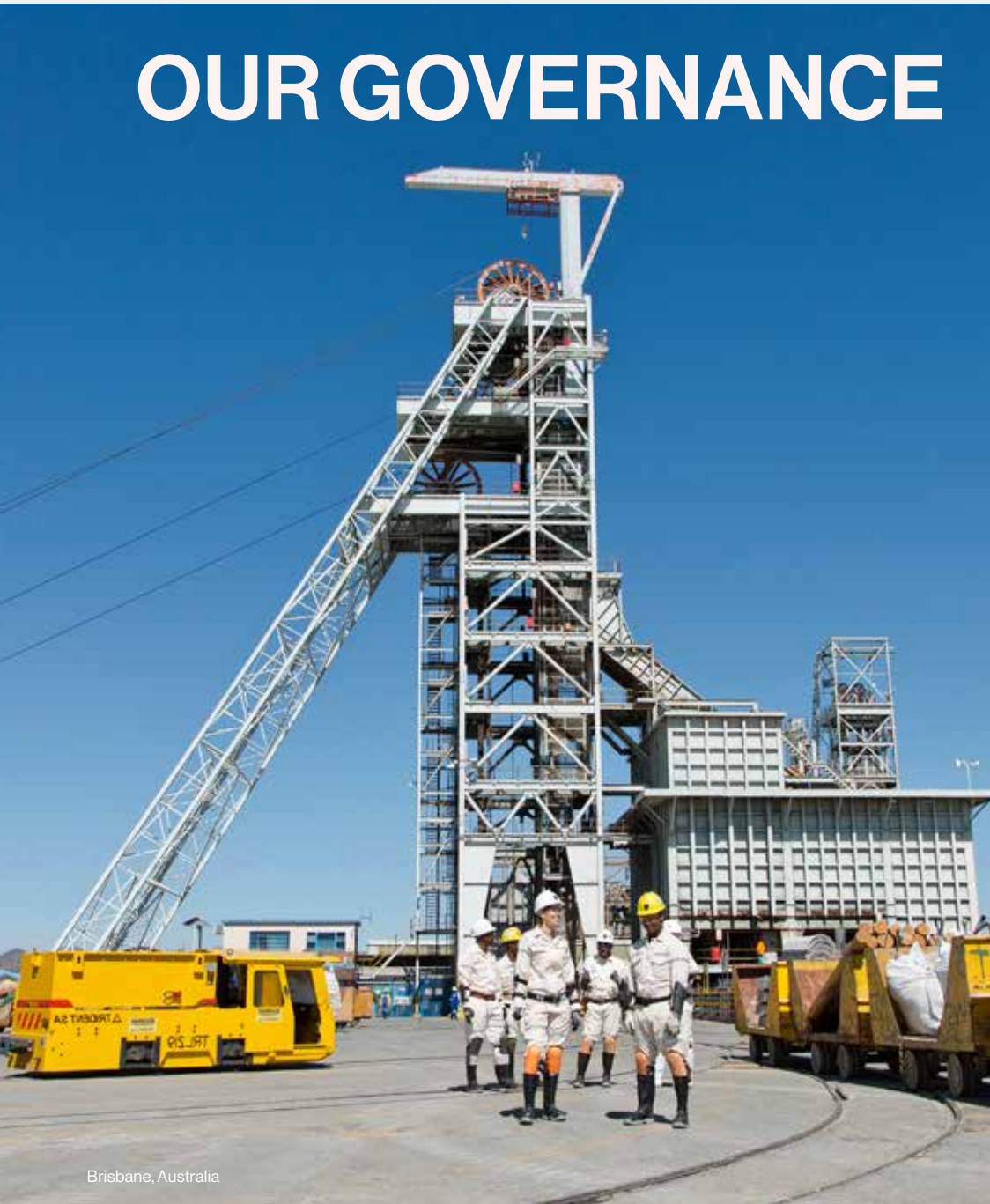
GOVERNMENTS, INDUSTRY FORUMS AND REGULATORS	Material matters		Strategic pillars	
How we engage	Needs and expectations		Strategic response	
<ul style="list-style-type: none"><li>Industry and business association meetings, conferences and events</li><li>Government or regulator events aligned to industry and strategy</li><li>Regular reviews and advocacy engagements</li><li>Regulatory inspections, plant visits and audits</li></ul>	<ul style="list-style-type: none"><li>Alignment of our values and objectives with respective countries' vision and objectives</li><li>Compliance with laws, regulations and policies</li><li>Contribute meaningfully to the development and update of regulatory instruments</li></ul>		<ul style="list-style-type: none"><li>Engaged in fostering relationships to reinforce compliance and safeguard operations</li><li>Formed partnerships with other organisations, together with government structures, in line with our social responsibility imperatives</li><li>Engagements to support ongoing projects with multiple stakeholders</li><li>Engaged with government through associations such as CAIA and NBI on regulatory matters</li></ul>	
Value proposition	<ul style="list-style-type: none"><li>We actively seek to build trusted long-term relationships with the governments and regulators in the countries in which we are represented to safeguard our licence to operate; help support the achievement of the SDGs; align with and support country-specific objectives; and to comply with laws, regulations and policies directly impacting our business model in all jurisdictions</li></ul>			
Risks	<ul style="list-style-type: none"><li>Non-compliance with laws and regulations in different jurisdictions could result in loss of licence to operate, legal issues, fines and potential damage to reputation</li><li>Changes in regulatory policies, particularly in different countries, can pose risks by altering the business landscape and requiring adjustments in operations and strategies</li><li>Political instability and geopolitical tensions in the countries where we operate can impact its business environment and raise concerns regarding operational security</li></ul>			
Opportunities	<ul style="list-style-type: none"><li>Collaborative efforts and alignment with governments and regulators can create opportunities for us to influence favourable policies and regulations that support our business objectives and sustainability goals</li><li>Working in partnership with governments, we can actively contribute to the achievement of the SDGs, promoting sustainable practices and socio-economic development</li></ul>			
Key metrics and objectives tracked to monitor value delivered	<ul style="list-style-type: none"><li>Regulatory engagements (inspections, discussions, workshops)</li><li>Discussions on compliance issues, input and comments on the development of regulatory approaches</li></ul>			
Value delivered	<ul style="list-style-type: none"><li>Total tax contribution of R3.3 billion (2022: R2.8 billion)</li><li>Invested significantly in capex totalling R1.3 billion (2022: R1.6 billion)</li></ul>			





The needs and expectations of our stakeholders

INTERNAL AND INDUSTRY FORUMS	Material matters	Strategic pillars
How we engage	Needs and expectations	Strategic response
<ul style="list-style-type: none"><li>Engage with organised labour through the National Bargaining Council for Chemical Industries/CCMA</li><li>Collaborate with Employers Association/Organised Labour via the Industrial Chemical Task Team</li><li>Conduct wage negotiations</li><li>Provide accredited training for line managers in chairing disciplinary inquiries</li><li>Facilitate management/organised labour forums for information sharing and dispute resolution</li><li>Hold business unit and Group employment equity meetings</li><li>Conduct diversity workshops</li><li>Provide annual feedback on progress with the Employment Equity (EE) plan through the Group Central EE Committee and Group Exco</li></ul>	<ul style="list-style-type: none"><li>Alignment of our values and objectives with respective countries' vision and objectives</li><li>Compliance with laws, regulations and policies</li><li>Harmonious working environment free of work stoppages</li></ul>	<ul style="list-style-type: none"><li>Formulation and implementation of the employee relations policies across the Group in all operating countries</li><li>Maintenance of a harmonious working environment and good relationship between management and employees by implementing employee relations programmes to ensure objectivity and fairness</li></ul>
Value proposition	<ul style="list-style-type: none"><li>We actively seek to build trusted long-term relationships with all stakeholders including, but not limited to organised labour, employees and line management</li></ul>	
Risks	<ul style="list-style-type: none"><li>Protracted disputes may lead to work stoppages, strikes, or other forms of labour unrest, resulting in business disruptions, financial losses and damage to reputation</li><li>Failure to adhere to labour laws and regulations may result in legal actions such as penalties and fines</li></ul>	
Opportunities	<ul style="list-style-type: none"><li>Successful resolution of disputes can lead to improved relationships with organised labour</li><li>Effective dispute resolution can contribute to higher levels of employee engagement</li><li>Dispute resolution processes can provide valuable insights for organisational learning and improvement</li></ul>	
Key metrics and objectives tracked to monitor value delivered	<ul style="list-style-type: none"><li>Employee relations issues resolved amicably</li><li>Compliance with laws, regulations and policies</li><li>An effective whistle-blowing policy and system</li></ul>	
Value delivered	<ul style="list-style-type: none"><li>B-BBEE contributor status in South Africa Level 3 (2022: Level 3)</li><li>Conducted diversity workshops with AECI's top 120 employees</li><li>Successfully facilitated all management/organised labour forums for information sharing and dispute resolution</li><li>The establishment of a whistle-blowing hotline service provided by an independent third party that continues to monitor and investigate ethical breaches</li></ul>	



Brisbane, Australia

What Governance means to AECI

We have a holistic approach to corporate governance, emphasising its integral role in shaping organisational culture, driving performance and ensuring responsible and sustainable business practices at AECI.

**Role in corporate culture:** Corporate governance serves as a foundation for our corporate culture, emphasising trust, openness, honesty, transparency, ethics and integrity. This underscores the importance of ethical behaviour and responsible decision-making at all levels of the organisation.

**Board oversight:** The Board takes responsibility for overseeing all corporate governance policies, processes, controls and systems ensuring adherence to elevated standards of ethics and integrity. This demonstrates a commitment to accountability and transparency in governance practices.

**Strategic objective alignment:** The Board's responsibility includes enabling us to achieve its strategic objectives while maintaining integrity and overall responsibility for the Group's success. This aligns governance efforts with the Company's long-term vision and goals.

**Supportive structures and processes:** Governance structures, policies, internal processes, risk and sustainability oversight and remuneration practices are designed to support the value creation process, and ensure effective, ethical leadership and management within the Group.

**Accountability and performance measures:** All employees are held accountable through well-defined policies and performance measures aligned with strategic objectives. This fosters a culture of accountability, transparency and value creation, mitigating the risk of erosion of stakeholder value.

**Proactive approach:** Our proactive approach to corporate governance emphasises responsible business practices and sustainable growth. This indicates a forward-looking stance on governance issues, ensuring alignment with evolving societal and environmental expectations.

Governance in support of value creation

Strategy execution underpinned by good corporate governance has been a crucial contributor to AECI's success and value creation over the past 100 years. Maintaining our legacy of effective ethical leadership, responsible corporate citizenship, effective control and best practices is a priority for the Group and the Board.


We embrace world-class manufacturing and business practices, strong institutional governance as well as risk frameworks to ensure operational and commercial excellence. As a Group, we operate in a dynamic environment that requires clear strategic direction and the ability to adapt to regulatory changes and leverage opportunities for sustainable value creation in the short, medium and long term. We therefore review our policies, procedures and frameworks on an ongoing basis to ensure that we operate within the confines of good governance and in the best interests of all stakeholders.

The upcoming section is a summary of the full 2023 [on](#)  
See our King IV™ application statement in the [on](#) [www.aeciworld.com](http://www.aeciworld.com)

Our Board of Directors

Our Board maintains and oversees all corporate governance systems and processes to ensure that the Group's business is conducted with integrity in line with the company's high standard of ethics. The Board is responsible for acting in AECI's best interests and enabling the Group to reach its strategic objectives while maintaining overall responsibility for the Group's success. Our Board is led by an Independent Non-executive Chairman and currently comprises eight Independent Non-executive Directors (NEDs), and two Executive Directors.


Established Board with diverse expertise and experience levels relevant to AECI



**Khotso Mokhele**  
CHAIRMAN (Born 1955)

BSc (Agriculture)  
MSc (Food Science)  
PhD (Microbiology)


Appointed: to the Board 2016,  
as Chairman 2017



**Fikile De Buck**  
(Born 1960)

BA (Economics and  
Accounting)  
FCCA


Appointed: 2019



**Steve Dawson**  
(Born 1964)


BSc (Hons)  
MBA, Australian Institute of  
Company Directors

Appointed: 2020



**Marna Roets**  
(Born 1967)


CA(SA)  
Appointed: 2020



**Patty O'Brien**  
(Born 1965)


BSBA,  
Industrial Marketing, MBA

Appointed: 2021



**Philisiwe Sibiya**  
(Born 1977)


CA(SA)  
Appointed: 2018



**Sam Coetzer**  
(Born 1961)


BEng (Mining)  
Served as interim CE

Appointed: 2022



**Walter Dissinger**  
(Born 1962)


MEng (Industrial)  
Appointed: 2020



**Holger Riemensperger**  
(Born 1970)  
Group Chief Executive Officer

Dipl.Ing  
Global Management Certificate  
(INSEAD)

Appointed: 2023



**Rochelle Gabriels**  
(Born 1980)  
Group Chief Financial Officer

CA(SA), Post Graduate Diploma  
in Accounting

Appointed: 2024

- Chairperson
- Audit Committee
- Investment, Innovation and Technology Committee
- Nominations and Directors' Affairs Committee
- Risk Committee
- Remuneration and Human Capital Committee
- Social, Ethics and Sustainability Committee
- Safety, Health and Environment Committee
- Executive directors

Detailed Director profiles are included in the + pages 12 – 13

Board and Committee diversity and independence

In accordance with the JSE Listings Requirements, AECI has a Board Nomination, Composition and Diversity Policy, that provides for the Board's racial and gender diversity voluntary targets.

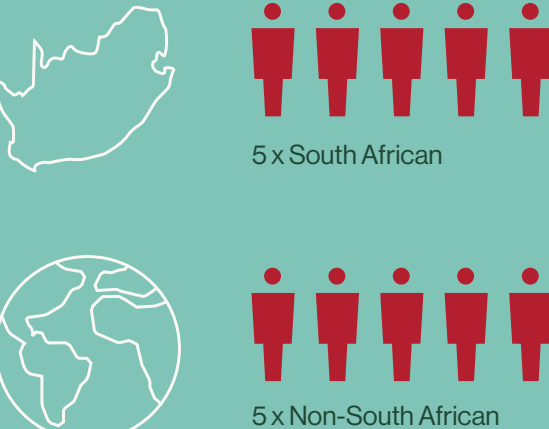
Gender diversity



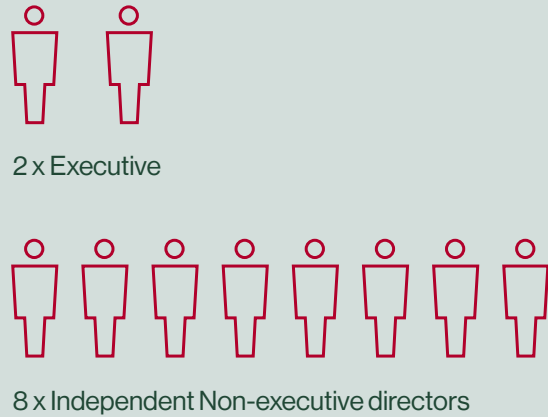
Racial demographic



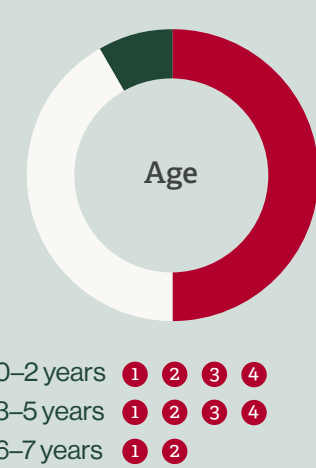
Nationality



Independence



Tenure



Meeting attendance





AECI Chemicals, Chloorkop, South Africa

Director changes

Changes to the Board’s membership that were announced and took effect in the year, as well as those that took effect in 2024, were as follows:

**Mark Dytor**, in his capacity as Group Chief Executive Officer and as an Executive Director of the AECI Group, announced his early retirement, effective 31 January 2023, after 39 years of service. He had been Group CEO since 2013.

**Samuel Coetzer**, a current Independent Non-executive Director of the Company, was consequently appointed as the Interim Group Chief Executive from 1 February 2023 until 30 April 2023.

**Aarti Takoordeen**, the Group Chief Financial Officer, Executive Director and AECI Captive Insurance Board Chairperson, resigned for personal reasons as of 26 April 2023.

**Rafael Fernandes** served as the Acting Group Chief Financial Officer, but not as an Executive Director until the appointment of Rochelle Gabriels, who was appointed contractually on 29 September 2023 as the Group Chief Financial Officer with an official start date of 2 January 2024. In this capacity, she is an Executive Director. Rafael Fernandes remained the Chairperson of AECI Captive Insurance.

**Godfrey Gomwe**, who retired by rotation in terms of clause 14.3 of the MOI, did not stand for re-election and retired from the Board immediately following the conclusion of the AGM on 30 May 2023.

**Holger Riemensperger** was appointed as the Group Chief Executive and Executive Director of the AECI Group with effect from 1 May 2023.

**Mark Kathan** stepped down as Executive Director of AECI Limited and Chief Executive Officer of AECI Mining by mutual agreement, effective 31 October 2023. **Holger Riemensperger** was appointed Acting Chief Executive Officer of AECI Mining, effective 31 October 2023. **Thinus Bierman** was appointed Acting Managing Director of AECI Mining, effective 1 February 2024.

Board committee changes

Committee membership changes that were announced and took effect in 2023, as well as those that took effect in 2024, were as follows:

- Aarti Takoordeen** resigned as a member of the Risk Committee following her resignation as the Group CFO on 26 April 2023.
- Marna Roets**, a Non-executive Director of the Company since 2020, was appointed Chairman of the Remuneration and Human Capital Committee on 1 June 2023. She succeeded Godfrey Gomwe, who retired from the Board following the conclusion of the Annual General Meeting held on 30 May 2023. Roets is also a member of the Audit and Social, Ethics and Sustainability Committees and the AECI Captive Insurance Financial Review and Risk Committee.

**Samuel Coetzer**, a Non-executive Director of the Company, joined the Remuneration and Human Capital Committee on 1 June 2023 to further bolster the Committee’s experience and expertise.

**Holger Riemensperger** joined the Risk, Social, Ethics and Sustainability, Investment, Innovation and Technology and Safety, Health and Environment Committees in his capacity as the Group Chief Executive Officer on 1 May 2023.

**Mark Kathan**, an Executive Director of the Company and Chief Executive Officer of AECI Mining Limited (until 31 October 2023), stepped down from his position as a member of the Risk Committee and the Safety, Health and Environment Committee.

**Rochelle Gabriels**, in her capacity as Group Chief Financial Officer and Executive Director, effective 2 January 2024, is a member of the Risk Committee.

Independence and conflicts of interest

The Nomination, Governance and Directors’ Affairs Committee (NGDA) recognises the importance of ensuring the independence of Non-executive Directors as this ascertains the balance of power within the Board.

Non-executive Directors are required to sign independence as well as personal and financial conflicts of interest declarations. Directorships held in other companies should also be declared.

Succession, election and rotation of Board members

The Board understands the importance of maintaining the level of skill sets required to meet the company’s objectives. The succession planning and skills composition is therefore reviewed on a regular basis through the NGDA Committee to determine the need for improvement.

The NGDA Committee’s primary responsibility is to facilitate the selection of qualified candidates for nomination by the shareholders. Directors are selected and appointed and/or removed by the Board with the ratification of the company’s shareholders in the Annual General Meeting as set out in the Memorandum of Incorporation.

Knowledge, skills and experience

The Board, through its Chairman and assisted by the Group Company Secretary, ensures that a comprehensive induction programme is established for each new Director. This training facilitates the Directors’ understanding of AECI’s business practices as well as their roles and responsibilities within the Board. To further improve the Directors’ understanding of the Group and to gain first-hand experience of the company’s operations, they are required to visit two major group sites where they can engage with the functional and technical staff.

Our governance structures

Our Board performs its duties in overseeing the implementation of the Group’s strategy and the achievement of the company’s performance targets, goals and objectives within an approved governance framework, under the ambit of the Company MOI, Board charter and annual work plan that provide for effective risk management, ethical leadership and ethical business practices.

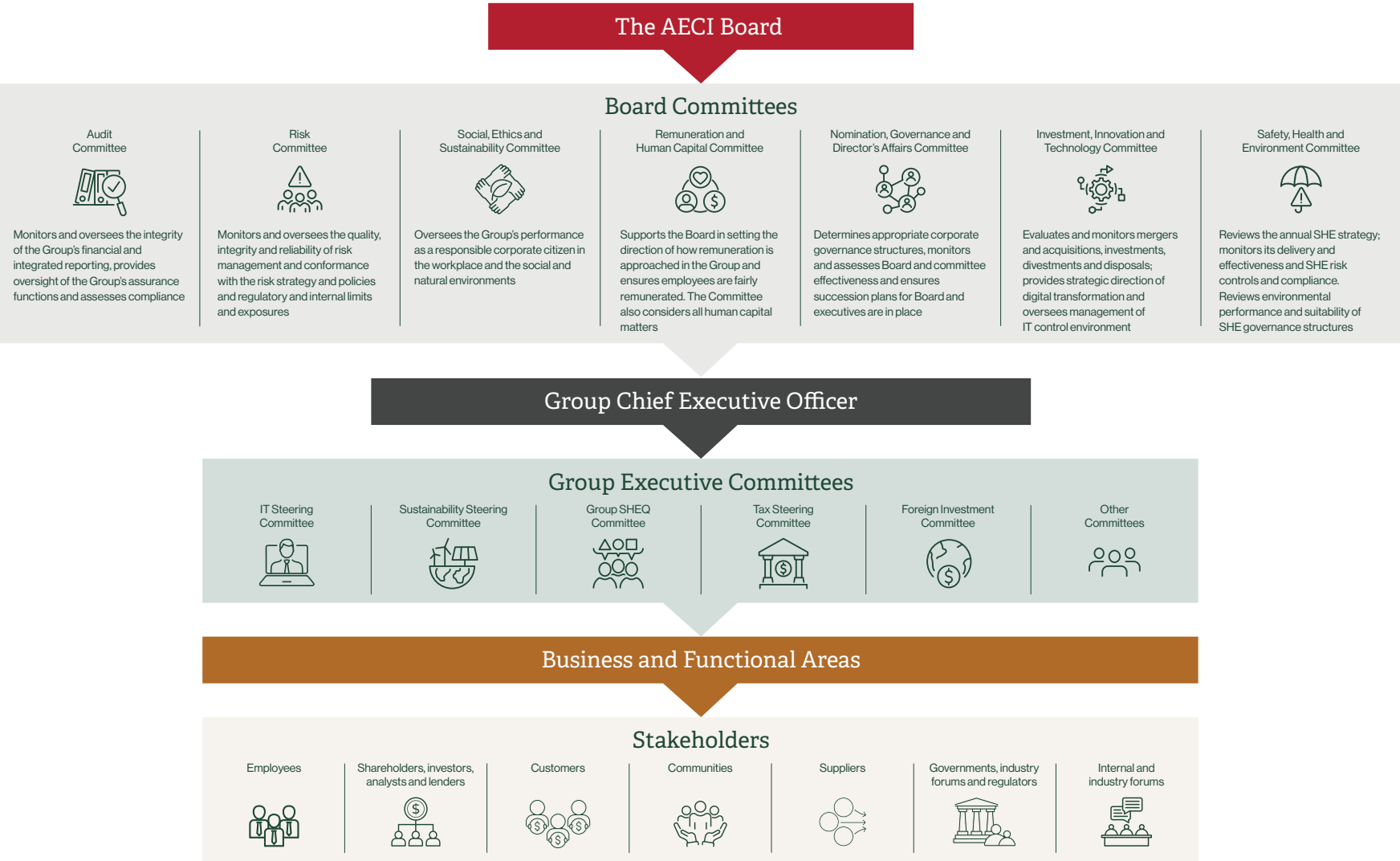
The Board charter details the responsibilities of the Board and protocols for members to obtain independent external professional advice, requisitioning documentation from and setting up meetings with management.

The Board structure allows for a proper balance of power and authority.

The Social, Ethics and Sustainability Committee oversees the Group’s governance, ethical processes and procedures and reports to the Board on ethical breaches.

The Group Company Secretary provides regular reports to keep the Board and its committees informed on governance best practices and regulatory changes.

The Group Company Secretary inducts new Directors and the company’s sponsor annually refreshes incumbent Directors on governance.





## Strategic focus areas of the Board in 2023

01 Group strategy review	02 New operating model review and alignment to the strategy
<p>The Board fulfilled its responsibility for setting and steering the strategic direction of the Group. Together with the Group's Executive and Management Committees, an extensive review of the Group strategy was conducted, resulting in the announcement of the three-year strategy in November 2023. Details of the strategic review process and its outcome can be found under Our Strategy on pages 30–34.</p>	<p>To ensure alignment with the revised Group Strategy, the Board and the Group Executive Committee assessed the appropriateness of our operating model and leadership structures. The outcome was a redesign of the operating model resulting in a structured competitive divestment process for all businesses included in the Managed Businesses portfolio, that is, AECI Schirm, AECI Public Water, AECI Much Asphalt, AECI Animal Health, AECI Food and Beverage and AECI SANS Fibers.</p>
03 Revised Group Executive Committee structure and appointments	04 Risk, ethics and compliance
<p>The redesigning of the operating model was followed by the restructuring of the Group Executive Committee to enhance accountability, to corporate (functional) structure, enable efficient value creation and drive execution excellence. See <a href="#">GR</a> for details of the Executive Committee.</p>	<p>Given the extensive number of jurisdictions in which we operate, compliance with the various applicable laws and regulations is a priority for the Group. In recent years and continuing in 2023, the Group has made a concerted effort to strengthen ethics and compliance controls in the organisation. This includes the digital integration of compliance assurance centres across the Group and providing corporate functions with specialist subject-matter expertise to enhance their monitoring and assurance capacity.</p> <p>The Group subscribes to the Code of Good Corporate Practices and Conduct as contained in King IV™. The Board has satisfied itself that the Group has complied in all material aspects with King IV™, the Companies Act, the JSE Listings Requirements and the Debt Listings Requirements, as well as the Company's MOI.</p>

### Strengthening our ethics and compliance control environment during 2023 included:

- The approval of a formal Group Compliance and Ethics Management Policy and Framework.
- The approval of an AECI Legal Entity Management Policy and its complimentary Subsidiary Director Appointment Policy.
- Formalisation of AECI's Whistle-Blowing Policy.
- Bolstering investigative capabilities of our whistle-blowing hotline, including additional third-party investigations.
- The implementation of the Localisation Policy to ensure that the Group responds appropriately to local equity, employment, skills transfer and local content requirements in a uniform and consistent manner across all geographies where we have a presence.
- The implementation of the Anti-bribery and Corruption Policy adopted in 2022, including screening of top customers, suppliers, intermediaries and agents against international sanctions, political exposure and adverse media listings.
- Implementation of the AECI Sanctions Guidance and Internal Checklist to ensure that our supply chain practices do not result in sanctions violations.
- The publication of the conflicts of interest disclosure register of the Board on the AECI website.
- The revision of the Gift and Hospitality Policy and the automation of the declaration process and register.
- Amending our Code of Ethics (Business Conduct) to be tabled for approval in 2024.

To uphold the highest governance standards, ethics, and compliance across our global operations, we conducted various campaigns emphasising our dedication to honest, trustworthy and transparent business practices. These initiatives included:

#### Code of Ethics and Business Conduct

This Code outlines our ethical principles and provides concrete examples of the conduct expected of all employees. This mandatory standard emphasises ethical behaviour and the prevention of actions that may imply tolerance for unethical conduct by the Group. The whistle-blowing hotline service provided by an independent third party, monitors and investigates ethical breaches and has been formalised to meet the various jurisdictional requirements of the countries in which we operate.

#### Anti-bribery and Corruption Policy

Communication of our Anti-bribery and Corruption Policy, outlining our zero-tolerance approach to bribery and corruption, provided clear guidance for all employees on how to identify and report any suspicious activity. Our policy, which is aligned to international standards and addresses conduct standards, red flags, due diligence, internal controls and record keeping, aims to ensure the Group's stakeholders and customers are treated with the utmost integrity.

#### Declarations of interest and Privacy Policy consent

As part of our automated compliance framework, all employees are required to complete declarations of interest and consent to our Privacy Policy. These procedures are essential for maintaining transparency and preventing conflicts of interest, safeguarding our reputation, ensuring compliance with South Africa's Protection of Personal

Information Act and other relevant data protection regulations.

#### Sanctions Guideline and internal checklist

The ongoing conflict in Ukraine has prompted the European Union, the USA, and other nations to impose increasingly stringent and expansive sanctions on Russia and associated entities. While South Africa has not implemented sanctions, our cross-border transactions and non-South African operations may be directly impacted by those enforced by the international community.

#### Segregation of duties (SOD) conflicts

Our Group IT conducts quarterly SAP access reviews to address audit findings and institutionalise remedial actions, guaranteeing that no user faces SOD conflicts. Business Process owners are required to engage with Group IT to identify any potential SOD conflicts. All identified conflicts require approval by the Group Chief Financial Officer and the Group Chief Information Officer. This commitment highlights our proactive approach to maintaining a culture of ethics and compliance.

#### Online gifts and hospitality declarations

In line with our commitment to ethical conduct and transparency, we have implemented an automated online platform for employees to declare gifts and hospitality received within seven days of receipt. This streamlined process simplifies compliance obligations and ensures that all employees can promptly fulfil their responsibility to report such interactions.

## Committee reports

To support our Board, as the governing body, with its broader steering and oversight role, the Board has constituted seven Board committees.

Each Committee operates under its own Terms of Reference as approved by the Board. These Terms of Reference set out the relevant Committee's responsibilities in accordance with applicable laws and regulations. Each Committee has a formal annual work plan and all Committees executed their plans and mandates throughout the year.

Committees report on their work to the full Board. Other than the Executive Committee, membership comprises mainly independent NEDs. Summarised Committee reports follow (see [GR](#) for full reports).



AECI Speciality Chemicals lab, Chloorkop, South Africa



Audit Committee (AC)

Committee purpose and how it contributes to value generation

- Integrated Reporting and Financial Matters – Reviews and has regard to all factors and risks that may impact on the integrity and quality of the company's Integrated Report, interim and annual financial statements and any announcements pertaining to its financial performance
- Provides independent oversight of the Group's assurance functions, including reviews of the independence and effectiveness of the external audit, internal audit and the compliance functions
- Monitors and reviews the adequacy and effectiveness of accounting policies, financial and other internal control systems and financial reporting processes
- Assesses compliance with applicable legal, regulatory and accounting standards and policies in the preparation of fairly presented financial statements and external reports, including this Integrated Report

9 Meetings | 100% attendance

Key matters dealt with in 2023	2024 focus areas
<ul style="list-style-type: none"><li>• <b>Assessed the financial performance of the Schirm business and the impact and delivery of the turnaround plan on these results</b></li><li>• <b>Considered internal and external auditors findings and feedback and ensured management was taking appropriate steps in their remedial action</b></li><li>• <b>Assessed the implementation of SAP in two areas of the Group during the year and guided management on process improvements required for implementation of the businesses in future including encouraging a centralised procurement function to be established and broadened to meet the strategy</b></li><li>• <b>Interrogated progress on remedial actions and urged management to address the weaknesses identified quickly and effectively</b></li><li>• <b>Reviewed communication to assess compliance with disclosure requirements, evaluated accuracy of financial information and ensured transparency in reporting</b></li><li>• <b>Drove a philosophy of broader disclosure to stakeholders on key matters</b></li><li>• <b>Advocated policy development or enhancement on several areas related to governance and controls to ensure higher standards were achieved including promoting the use of suitable external investigators to perform urgent or sensitive investigations and considered the new AECI Whistle-blowing Policy and recommended it to the Board for approval</b></li></ul>	<p>In addition to the Committee's normal duties and responsibilities, it will focus on the following areas in 2024:</p> <ul style="list-style-type: none"><li>• Monitor the impact of the new AECI strategy</li><li>• Continue to ensure that the Group's internal financial controls are effective and that remedial plans are properly monitored and executed</li><li>• Continue to monitor the progress and successful implementation of the SAP OneWorld project</li><li>• Continue to focus on and enhance the robustness of various governance processes and controls related to the functioning of the Committee and the Group's whistle-blowing line</li><li>• Drive the appropriate structure of risk and internal audit with the outcomes of our strategy and the evolving operating model</li><li>• Monitor the implementation of the integrated assurance model</li><li>• Consider revisions of pertinent Human Capital policies (e.g. the Disciplinary Policy as they pertain to tip-offs) together with the Social and Ethics Committee</li><li>• Opine the Capital Allocation Framework prior to recommending to the Board for approval</li><li>• Oversee the successful induction of the newly appointed Group CFO</li></ul>



Social, ethics and sustainability Committee (SESC)

Committee purpose and how it contributes to value generation

- Oversees Sustainability and ESG reporting
- Monitors and evaluates the ethical conduct of the company, our executives and senior officials and reviews any statements on ethical standards or requirements
- Oversees and monitors AECI's Group activities with regard to social and economic development, employment equity, ethics, transformation, sustainability, corporate citizenship, the environment, and stakeholder relationships, in line with relevant legislation, regulation, standards and codes
- Ensures material stakeholder issues receive attention from the Board and management

6 Meetings | 100% attendance

Key matters dealt with in 2023	2024 focus areas
<ul style="list-style-type: none"><li>• <b>Reviewed the ESG dashboard to incorporate new indicators related to waste and reviewed the process for the determination of Scope 3 emissions and targets</b></li><li>• <b>Reviewed the implementation of the sustainability strategy and alignment of 2026 and 2030 goals</b></li><li>• <b>Assessed the implementation and updating of the sustainability framework</b></li><li>• <b>Interrogated the initiation process of the transition pathway and action plan. Definitions of the 2050 Net Zero goals to crystallise in 2024</b></li><li>• <b>Reviewed the newly built and updated sustainability structure</b></li><li>• <b>Company maintained a Level 3 B-BBEE rating and no material compliant breaches were recorded</b></li><li>• <b>Continuously monitored progress against set targets and interrogating management on variances</b></li><li>• <b>Reviewed management feedback on roadshows and training in quarterly meetings</b></li><li>• <b>Comprehensive review carried out and subsequently approved for publishing</b></li></ul>	<ul style="list-style-type: none"><li>• Development of a Net Zero strategy for the short, medium and long term to achieve the 2050 Net Zero commitment oversight of the progressive development plan</li><li>• Ongoing monitoring of the achievement of 2030 goals and targets</li><li>• Social responsibility oversight – expansion of social responsibility into international operating areas</li><li>• Implementation of an annual materiality determination process rhythm</li><li>• Development of a supplier code of conduct – oversight of the process</li><li>• Monitor the communication strategy for the roll-out of the sustainability strategy across the Group</li><li>• Monitor ongoing developments in sustainability regulation and reporting</li></ul>



Risk Committee (RC)

Committee purpose and how it contributes to value generation

- Ensures the identification, assessment, control, management, reporting and remediation of risks across a wide range of the organisation's risk framework
- Sets and owns AECI's risk strategy and monitors conformance with risk management policies, procedures, regulatory and internal limits and exposures, as well as processes and practices

One combined AC and RC meeting held 7 September 2023. 80% attendance recorded.

4 Meetings | 88% attendance

Key matters dealt with in 2023	2024 focus areas
<ul style="list-style-type: none"><li>• <b>Monitor execution of the ERM maturity roadmap</b></li><li>• <b>Review progress on the ERM work plan</b></li><li>• <b>Approve the compliance policy in line with recommendations of an ISO 37301 gap analysis</b></li><li>• <b>Monitor roll-out of the Group's legal and regulatory compliance management programme</b></li><li>• <b>Oversee the company's insurance risk exposure and cover</b></li></ul>	<ul style="list-style-type: none"><li>• Monitor the implementation and progress of the ERM work plan, which includes alignment of AECI Group risk taxonomies, revising the risk and control rating scales and embedding the three lines of defence model</li><li>• Oversee implementation and embedding of formal business continuity management strategies and processes</li><li>• Monitor the enhancement of the Group risk culture</li></ul>



Remuneration and human capital (RHC) Committee

- Committee purpose and how it contributes to value generation**
- Supports the Board in setting the direction of how remuneration is approached and addressed within the Group
  - Ensures that employees are remunerated fairly, responsibly and transparently by approving affordable, competitive and fair reward practices to promote the achievement of the Group's strategy
  - Approves the Group's remuneration philosophy and policy and ensures that it is in line with best practice and engages key stakeholders in this regard

One combined RHC and SESC meeting held 16 October 2023. 100% attendance recorded.

7 Meetings | 92% attendance

Key matters dealt with in 2023	2024 focus areas
<ul style="list-style-type: none"><li>• <b>Improved overall understanding of the issues surrounding pay parity with respect to gender gaps and comparisons to a living wage and reviewed and discussed internal remuneration analysis reports</b></li><li>• <b>Reviewed succession plans for senior management and ensured gaps are being addressed</b></li><li>• <b>Noted the action plan for talent and succession processes, policy development, learnerships, socialising talent boards, employee awareness, and execution</b></li><li>• <b>Considered the incentive schemes, including shareholder feedback and concerns</b></li></ul>	<ul style="list-style-type: none"><li>• Review the overall people strategy to ensure alignment with strategy</li><li>• Review risks associated with the people strategy and AECI strategy from a people perspective and associated mitigation measures</li><li>• Succession planning of critical technical skills</li><li>• Ongoing review of incentive schemes, including consideration of shareholder feedback</li><li>• Considering adjustments to KPIs following the introduction of the strategy</li><li>• Monitor execution of strategy components, people and culture, to ensure it supports the execution of the strategy</li><li>• Consider on the organisation cultural transformation survey and action plans</li></ul>



Nomination, governance and directors' affairs (NGDA) Committee

- Committee purpose and how it contributes to value generation**
- Determines the appropriate corporate governance structures and practices
  - Assesses and ensures the effectiveness of the Board and its committees
  - Ensures that effective succession plans are in place for the Board and the Group Executive Committee
  - Engaged with shareholders regarding executive management changes and priorities for strategic change

4 Meetings | 100% attendance

Key matters dealt with in 2023	2024 focus areas
<ul style="list-style-type: none"><li>• <b>A board effectiveness assessment was conducted and concluded by an independent third party</b></li><li>• <b>Reviewed and provided input on the Group's revised structure</b></li><li>• <b>Drive Directors' affairs responsibilities (monitor the Board's compliance with regulatory and fiduciary responsibilities and corporate governance best practice)</b></li></ul>	<ul style="list-style-type: none"><li>• Reflect on the strategic responses required to the outcomes of the 2023 external Board assessment</li><li>• Review the Board Charter, Committee Terms of Reference, Directors' and Officers' Liability Insurance Policy, applicable Board policies</li><li>• Monitor the Board induction and training programmes</li><li>• Manage the Board succession planning and appointment of new Non-executive Directors</li><li>• Oversee the governance arrangement of legal entities within the Group</li><li>• Oversee the Fit and Proper criteria for subsidiary Directors in the Group</li></ul>



Investment, innovation and technology (IIT) Committee

- Committee purpose and how it contributes to value generation**
- Evaluates mergers, acquisitions, investments, divestments and disposals prior to approval by the Board
  - Monitors mergers, acquisitions and Board-approved investments, divestments and disposals, as well as the company's capital allocation and asset review programmes
  - Provides strategic direction of digital transformation
  - Oversees that the control environment of information and technology is appropriately managed

1 Meeting | 100% attendance

Key matters dealt with in 2023	2024 focus areas
<ul style="list-style-type: none"><li>• <b>Reviewed and provided direction on alignment with our revised strategy</b></li><li>• <b>Approved the strategy presented at the Capital Markets Day</b></li><li>• <b>Reviewed the appropriateness of the structure and skills/experience of the newly assembled team</b></li><li>• <b>Providing ongoing support to management</b></li><li>• <b>Digital transformation strategy reviewed and approved</b></li><li>• <b>Reviewed and provided direction on alignment with our revised strategy</b></li></ul>	<ul style="list-style-type: none"><li>• Continue monitoring high impact projects to support our strategy</li><li>• Consider and monitor the divestments of the Managed Businesses and recommend to the Board for approval</li><li>• Monitor the implementation of the 2026 strategy thorough the Transformation Management Office and the applicable workstreams</li><li>• Oversight and monitoring of over the M&amp;A governance and Investment strategy roadmap</li></ul>



Safety, health and environment (SHE) Committee

- Committee purpose and how it contributes to value generation**
- Reviews the annual SHE strategy and monitors delivery
  - Considers regular reports on leading and lagging indicators and major incidents and near misses, from all Group businesses
  - Interrogates compliance with applicable SHE legislation and regulations
  - Reviews Group performance on regulatory and remediation requirements
  - Review and monitor SHE risks
  - Ensure that occupational health and safety measures are appropriate and enforced

4 Meetings | 95% attendance

Key matters dealt with in 2023	2024 focus areas
<ul style="list-style-type: none"><li>• <b>Addressed environmental legacy issues, including appropriate remediation projects and plans, focused on emerging and new regulations</b></li><li>• <b>Engaged with management and operations on environmental compliance through training such as dawn raids, etc</b></li><li>• <b>Engaged management on risks relating to process safety and product transportation. Also focused on incident investigations and learnings</b></li><li>• <b>In-depth analysis of high-potential and actual incidents was undertaken with Board visits to affected sites and incident analysis</b></li></ul>	<ul style="list-style-type: none"><li>• Integrating safety culture into the Group culture journey</li><li>• Establishment of strong governance structures (Steering Committee and Management Committee)</li><li>• Clear definition of leading and lagging indicators for safety and process safety</li><li>• Well defined incident (safety, process safety and environmental) reporting and management protocols</li><li>• Incident investigation – training, closure protocols and implementation of lessons learnt</li><li>• Environmental legal compliance – enhanced oversight, reporting and management</li><li>• Focused assessment of Group SHEQ Framework and Manual – with targeted roll out and implementation strategy</li><li>• Visible Felt Leadership interventions at different management levels</li></ul>



### Evaluation of the Board’s performance

During 2023, the Board fulfilled its responsibilities under the evaluation policy, as contained in the Charter.

An independent third party evaluates the Board’s effectiveness and performance every two years with the assistance of the Group Company Secretary.

Mazars was appointed to conduct the 2023 evaluation. Key evaluation criteria used in the assessment were based on how each Director performed his or her duties in line with the requirements and expectations detailed in the Board charter and in each Committee’s terms of reference.

In accordance with evaluation practice, the Nomination, Governance and Directors’ Affairs Committee and the Chairman of the Board discussed the outcome of the process and will address areas of concern with the relevant Committee Chairmen and Directors. This evaluation practice supports the Board’s execution of its duties and the achievement of its objectives in continuing to add value to the Group.

**Key outcomes of the assessment**

- The Board is now composed of a good balance of skills, experience and diversity.
- The Board and subcommittees have leveraged the skills of external experts to supplement deliberations on matters where the required skillset is not present on the Board/subcommittee.
- Members were generally unanimous that the Chairman is effective in his role and good at managing debate while maintaining a calm and collaborative leadership style.

### Appointment and delegation to management

The Board has delegated authority for the management of the Group to the Group Chief Executive Officer, by way of a formal delegation of authority. In delegating this authority, the Board has imposed certain restrictions, conditions and limits that they believe to be appropriate.

The Group Chief Executive Officer has, in turn, delegated authority to the Group Executive Committee members, who are mandated to further delegate to appropriate officials within the Group.

The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority. The Board reviews the delegation of authority regularly and retains the authority to monitor and amend its delegated authority as required.

The Group Executive Committee terms of reference and the updated delegation of authority were both approved in 2023.

The Board retains specific authorities other than those delegated in terms of the Board charter and the Board Committees’ terms of reference. The retained authorities are as stated in the Board charter.

### Risk governance

During 2023, the Board approved the revised Enterprise Risk Management (ERM) Framework.

The Board also approved the AECI Group Strategy. Risk management was embedded into strategy planning and this will continue into the strategy execution phase.

The ERM process is reviewed annually by an independent assurance provider and the Board continues to assess risks and opportunities.

The Risk Committee reports to the Board on the Group’s top risks and opportunities, and monitors that these are adequately addressed.

 See our risk and opportunity management on pages 40–45.

### Information and technology governance

The Board is ultimately responsible for IT governance and monitors management’s implementation of IT governance processes. At Board level, the Investment, Innovation and Technology Committee oversees the governance of IT.

At an executive level, the Group Chief Financial Officer chairs the IT Steering Committee, which includes other members of the Group Executive Committee and the Vice President Technology and Digital. This Committee oversees IT-related activities, governance and compliance with applicable laws, rules and standards. It has also overseen the development and implementation of a business-driven IT strategy.

We have adopted the IT Governance Institute’s model that follows the Control Objectives for Information and Related Technologies library guidelines. These help to establish and maintain effective internal controls, continuity and risk management.

To further strengthen IT, initiatives in various stages of implementation include:

- Standardising the majority of the businesses onto a single software platform
- Implementing solutions to enhance the integrated supply chain processes
- Commissioning a cybersecurity operations centre
- Commencing the process of integrating the commercial IT and industrial IT environments
- Continuing to consolidate, standardise and simplify the application portfolio

### Compliance governance

The Board closely monitors compliance with both local and international legislation, in all jurisdictions where the Group operates. The Board has approved the Group Compliance Management Framework, which defines the approach to and responsibility for regulatory compliance assurance across all our jurisdictions.

We have a dedicated compliance function to provide compliance assurance and drive a compliance culture throughout the Group.

A formal Group Compliance and Ethics Management Policy aligned with the ISO 37301 compliance management system was approved in 2023 and is in the process of being implemented.

Regulatory compliance workshops have been conducted in various businesses to automate and digitalise the compliance management process.

The Board monitors our ethics code, governance process, applicable legislation and international best practice.

### Remuneration governance

**Governance of remuneration matters**

The Board has delegated responsibility for oversight of its remuneration practices to its Remuneration and Human Capital Committee.

We recognise the importance of attracting and retaining individuals of the highest calibre with appropriate skills and, therefore, its remuneration practices seek to fulfil these requirements.

The Remuneration and Human Capital Committee regularly reviews the Board-approved remuneration framework, which comprises the organisation’s remuneration philosophy, Remuneration Policy and remuneration practices.

Fees payable to NEDs are considered on an annual basis after which the proposed fees are then presented to our shareholders for consideration at its AGM.

Any matters raised at the AGM are attended to promptly after the meeting.

 See  pages 16.

### Assurance

The Board oversees and evaluates the Group’s internal control and risk management systems, and assesses their effectiveness.

The Board, through its committees and external assurance providers, defines the approach of external reporting in accordance with the JSE Listings Requirements and The Debt Listings Requirements, the Companies Act, King IV™ and the Integrated Reporting Framework.

The Board has delegated assurance services oversight to the Audit Committee. The internal audit function reports directly to the Audit Committee Chairman.

During 2024, the Board through the Audit and Risk Committee will be enhancing the assurance and internal control by strengthening the Audit and Risk functions.

### Results of calls to our whistle-blowing line

Our whistle-blowing hotline service is provided by an independent third party who continues to monitor ethical breaches. Our Whistle-blowing Policy has been formalised to meet the various jurisdictional requirements and is designed to protect whistle-blowers.


### Stakeholders

**Stakeholder management and governance**

Stakeholder management operates under a structured Board-approved framework, designed to nurture a consistent and harmonised approach to engaging with our stakeholders across all 22 countries in which we operate. The Stakeholder Management Framework (SMF) was approved by the Board in February 2023.

The SMF serves as a guide for engagement and communication, ensuring that these activities are seamlessly integrated and carried out in a well-coordinated manner to enhance the effectiveness of our engagement initiatives.

Periodic assessments of our progress against the specified principles and objectives will be conducted, guaranteeing the creation and preservation of value while minimising value erosion.

 See our stakeholder engagement on pages 46–54.



One Recovery Water reuse initiative, Free State, South Africa

## Our Group Executive Committee

The Group is led by a team of competent executives open to sharing both good and bad news and willing to take constructive guidance and steering from the Board. They are empowered to execute the Board-agreed strategy and plans in pursuit of value-creation for our stakeholders.

	<b>Holger Riemensperger</b> Born 1970 Title <b>Chief Executive Officer</b> Qualifications <i>Dipl.Ing (FH) Global Management Certificate (INSEAD)</i> Committees M=Member PI=Permanent Invitee Tenure on Exco From 1 May 2023
	<b>Rafael Fernandes</b> Born 1972 Title <b>Group Chief Transformation Officer</b> Qualifications <i>CA(SA), B.Com Honours Accounting, ACMA, Strategic Financial Leadership Programme (Stanford University)</i> Committees M=Member PI=Permanent Invitee Tenure on Exco From 1 May 2023; Acting Group CFO 1 May to 31 December 2023
	<b>Rochelle Gabriels</b> Born 1980 Title <b>Group Chief Financial Officer</b> Qualifications <i>CA(SA), B.Com Degree and Post Graduate Diploma Accounting</i> Committees M=Member PI=Permanent Invitee Tenure on Exco From 2 January 2024
	<b>Denvor Govender</b> Born 1975 Title <b>Group Chief Operations Officer</b> Qualifications <i>MBB Lean Six Sigma, Advanced Diploma Mechatronics and Robotics, Diploma Explosives Engineering, GEDP Diploma Business Management, Diploma Supply Chain and Procurement, SMDP and CISCP</i> Tenure on Exco From 1 January 2024
	<b>Dean Murray</b> Born 1968 Title <b>Executive Vice President for AECl Chemicals</b> Qualifications <i>National Diploma in Chemical Engineering Global Executive Development Programme (GIBS)</i> Committees M=Member PI=Permanent Invitee Tenure on Exco 5 years
	<b>Khabonina Ramoupi</b> Born 1968 Title <b>Group Chief People Officer</b> Qualifications <i>BA, a post graduate qualification in Industrial Relations and various leadership development programmes.</i> Committees M=Member PI=Permanent Invitee Tenure on Exco From 1 August 2023
	<b>Cheryl Singh</b> Born 1976 Title <b>Group Company Secretary and General Counsel</b> Qualifications <i>Cheryl holds B.Proc and LLB degrees Master of Business Administration (GIBS)</i> Committees M=Member PI=Permanent Invitee Tenure on Exco 3 years
<b>Members of the Executive Committee who left AECl during 2023 are:</b> <ul style="list-style-type: none"><li>Mark Dytor – Chief Executive of AECl until 31 January 2023</li><li>Mark Kathan – Chief Executive of AECl Mining and Executive Director until 31 October 2023</li><li>Dean Mulqueeny – Group Executive: Water and Chairman of AECl Much Asphalt until 13 October 2023</li><li>Aarti Takoodeen – Group Chief Financial Officer until 26 April 2023</li></ul>	

# OUR PERFORMANCE



Umbogintwini industrial complex, KwaZulu-Natal, South Africa

## 2023 Results Highlights

- AECl Mining achieves all-time record EBIT and Free Cash Flow
- Positive cash generated from operations up 4.3% to R4 004 million
- Working capital at 15% of revenue, down from 19% in 2022
- Gearing at 35%, down from 45% in 2022
- Correction of historical underspend on maintenance capital expenditure

 Refer to the 2023  for additional information





**Rochelle Gabriels**  
GROUP CFO

*“The Group achieved a R1 billion net debt reduction, delivered on gearing percentage and net working capital percentage targets and demonstrated strong earnings performance in a challenging global macroeconomic environment. Pleasingly, AECI Mining achieved all-time records in EBIT and Free Cash Flow generation.”*

From our Group CFO

Financial Highlights	
EBIT growth of <b>26%</b> strongly underpinned by AECI Mining	Working capital <b>15%</b> of revenue, marking a 4pts improvements from 2022
Gearing at <b>35%</b> down from 45% in 2022	Implementation of the <b>Capital Allocation framework</b>

Dear stakeholder,

Joining the Group at a pivotal time of our strategy and renewed focus is exciting and brings with it a huge sense of responsibility. Key priorities include navigating the transformation and ensuring the delivery of strong financial performance while maximising shareholder value.

During 2023, the Board approved two financial enablers integral to our strategy execution. The first is the Balance Sheet Optimisation Programme, aimed at reducing net debt and enhancing net working capital efficiency as a percentage of revenue. The second is the Capital Allocation Framework, which is designed to enable effective management of capital while preserving the financial health of the Group. Initial implementation of the strategic actions related to these enablers has yielded positive results, establishing a solid platform for the Group to leverage in 2024.

Robust financial and operational performance as AECI Mining outperforms

Throughout the year, the operating environment was characterised by elevated inflation and interest rates, logistical challenges within supply chains and a decline in commodity prices. Nonetheless, our financial results remained resilient, bolstered by the exceptional performance of AECI Mining, our core business and primary growth driver.

The Group achieved strong results for the financial year ended 31 December 2023, with revenue up 5.4% from the prior year. Notably, EBIT was 25.6% higher than the prior year, reflecting increased profitability in the core businesses. The profit for the year grew by 23.4%, driven by the robust financial performance of AECI Mining. This achievement comes despite a 63.4% surge in net finance costs attributed to elevated debt levels associated with the turnaround of AECI Schirm Germany, sustained elevated working capital levels and rising interest rates.

Basic earnings per share grew by 26.7%, while headline earnings per share decreased by 150 cents, reaching 1 137 cents. In the prior year, the Group earnings included a R471 million impairment on property, plant and equipment, operational losses and a deferred tax write-off associated with AECI Schirm Germany. It's worth noting that once-off impairments were excluded from the headline earnings in the prior year.



AECI Chemicals laboratory, Chloorkop, South Africa

Headline earnings per share were impacted by increased finance costs, attributed to the rise in interest rates and short-term funding to accommodate increased working capital levels during the year, to alleviate the impact of supply constraints on customers.

Focused working capital management yields positive results and is within target range

The improvement in net working capital as a percentage of revenue to 15%, compared to the prior year's 19%, is particularly noteworthy. Within this achievement, AECI Mining stood out with an outstanding net working capital percentage of 13%.

Inventory collection days saw a reduction of 10 days, attributed to enhanced volume management across all segments of the Group. Similarly, accounts receivable collection days decreased by eight days, a result of proactive measures by management. However, accounts payables increased from 65 days to 69 days, emphasising the ongoing focus in this area for improvement.

Our focus remains towards achieving sustainable net working capital (%) within our targeted range of 14%–16%. This involves the establishment of a dedicated team steering the balance sheet optimisation workstream, implementing a working capital analytics tool across the Group to gain valuable insights, driving focused initiatives to further improve and reduce working capital days and refining the cash flow forecasting process.

Strengthening of balance sheet through net debt reduction of R1 billion

As at 31 December 2023, the Group achieved a notable improvement in net debt by R1.0 billion, driven by stringent net working capital management in the latter part of the year. The gearing ratio showed significant improvement at 35%, within the communicated guidance range of 20%–40%. Given the prevailing high interest rate environment, maintaining optimal gearing levels will continue to be a primary focus, aligning with the Group's strategy of building a strong and resilient balance sheet.

Strategic capital allocation: balancing asset optimisation, dividend yield and free cash flow

Capital expenditure amounted to R1 305 million (2022: R1 552 million), of which R873 million (2022: R605 million) was maintenance and R434 million (2022: R947 million) growth. The ratio of maintenance capital expenditure to EBITDA improved to 1.1x from 0.8x in 2022, well within the targeted range of 0.8x–1.2x. This shift towards maintenance capex aligns with our strategy to enhance asset utilisation in our existing assets and rectify historical underspending on maintenance capex.

The Board declared a final cash dividend of 119 cents per share (2022: 580 cents per share). The dividend yield for the year of 2% aligns with the provided guidance.

Financial performance summary

R million (unless stated otherwise)	2023	2022	% change	
Revenue	37 500	35 583	5.4	• Growth underpinned by AECI Mining • Core business revenue of R30.6 billion
EBITDA	3 683	3 570	3.2	
EBITDA margin (%)	9.8	10.0	(2.0)	• Core business EBITDA of R3.5 billion (2022: R3.2 billion)
Depreciation and amortisation	1 054	1 026	2.6	
EBIT	2 571	2 047	25.6	
EBIT margin (%)	6.9	5.8	19.0	
Profit for the year	1 180	956	23.4	
Basic earnings per share (EPS) (cents)	1 112	878	26.7	• HEPS impacted by elevated finance costs and higher taxation due to higher profitability
Headline earnings per share (HEPS) (cents)	1 137	1 287	(11.7)	
Cash generated from operations	4 004	3 840	4.3	

Free cash flow (defined as EBITDA – Working Capital – maintenance capex – finance costs – taxation) transitioned from a prior year outflow of R527 million to a robust inflow of R2 415 million. This improvement is attributed to enhanced working capital management across the Group.

efficiency, financial health and sustainability, while enabling disciplined capital allocation to relevant, accretive investment opportunities. This framework will be used going forward to guide decision-making by the executive team and the Board.

Our capital allocation framework

Core to our strategy was the establishment and implementation of a capital allocation framework to ensure a balanced approach between growth,

Successful debt refinancing programme

The Group executed a competitive refinancing process in 2023 through a debt capital market public auction and a loan syndication; both are linked to the

1 Free cash flow (FCF) from operations or disposals		
Maintain financial strength Balance sheet strength	Guidance: <b>Net debt/EBITDA: &lt;2.5x, and Maintain investment grade credit rating Debt/FCF: 2x – 4x times</b>	Flexibility managing gearing level depending on the overall growth and interest rate cycle Ensuring business financial health
Maintain and optimise operations Maintenance and replacement capex	Guidance: <b>0.8x – 1.2x depreciation</b>	Ensuring asset health and sustainable operability of the existing business – includes innovation, R&D and training
2 Excess FCF (post debt repayment and sustain capex investment)		
Dividends to shareholders Ordinary dividend	<b>Dividend yield: 2–5% Only to be paid from excess FCF depending on TSR and financial situation</b>	Ensuring a fair shareholder return Dividend will only be paid from excess FCF
Growth investment Growth and expansion capex	<b>ROIC &gt; WACC and Group average Minimum Group WACC or country if higher</b>	Ensuring long-term, sustainable growth of the business
Return to shareholders Special dividend or share buy-back	<b>Special dividends or share buy-backs will be considered relative to other growth opportunities</b>	

Sustainability Financing Framework. These processes were oversubscribed and achieved favourable pricing outcomes. The loan market syndication includes revolving credit facilities available in EUR, USD and AUD.

The Group's net debt to EBITDA, as per covenant agreements, at 31 December 2023 was well within the loan covenant threshold of 2.5 times. The company maintained sufficient covenant headroom, concluding the year with undrawn bank facilities of c.R3.7 billion (2022: R2.4 billion), in addition to the cash on hand.

We are pleased with the positive steps taken in 2023 towards building a strong and resilient balance sheet. Notably, the Group maintains a **GCR Credit Rating of A+ Positive outlook**.

### Outlook for 2024

Looking forward to 2024, our key areas of focus include:

- Implementing a best-in-class finance operating model and structures to align with, and support, the Group's strategy
- Continuing with the SAP OneWorld implementation programme across the remaining businesses, fostering a unified source of truth for effective decision-making
- Sustaining efforts in balance sheet optimisation, freeing up cash sustainably through efficient working capital and debt management
- Driving central procurement excellence, leverage best-in-class processes, systems, policies and governance to unlock value
- Renewed focus on enhancing governance, risk and compliance
- Enhancing disclosure and reporting
- Continuing our focus on realising the divestitures of the managed businesses

### Appreciation

A heartfelt thank you to my finance teams and colleagues for their unwavering commitment and hard work throughout the year, which contributed significantly to our solid financial performance. I am encouraged by this success and eagerly look forward to collaborating with the teams within the Group and the Board to achieve our strategic priorities.

**Rochelle Gabriels**  
Group CFO

19 April 2024

## Our business segmental review AECI MINING

### Safety

Overall, our safety performance in 2023 maintained the same positive trend as in the previous year, with a Total Recordable Incident Rate (TRIR) of 0.097. The TRIR was achieved during 12.4 million man-hours worked, during which there were five recordable injuries and a fatality. Sadly, a contract employee in our business in Ghana was fatally injured. AECI Mining had been fatality-free since 2015 (eight years).

### Performance

The segment's revenue was up 8% to R19 620 million (2022: R18 096 million). This was supported by strong volume growth in bulk explosives, initiating systems and electronic detonators on the back of higher demand and good market share gains following new international contracts. EBIT of R2 060 million (2022: R1 743 million), a new record achieved, was up 18.2% and EBIT margin strengthened to 10.5% compared to 9.6% in the prior period.

Revenue	EBITDA
<b>8%</b> 2023: R19 621m 2022: R18 096m	<b>12%</b> 2023: R2 616m 2022: R2 342m
EBIT	EBITDA %
<b>18%</b> 2023: R2 060m 2022: R1 743m	<b>0.4pt</b> 2023: 13.3% 2022: 12.9%
Free cash flow	ROIC %
<b>&gt;100%</b> 2023: R2 539m 2022: R610m	<b>1.9pt</b> 2023: 23.8% 2022: 21.9%
Working capital	Working capital %
<b>(17%)</b> 2023: R2 530m 2022: R3 054m	<b>(4pt)</b> 2023: 13% 2022: 17%

Good export volumes to the rest of the African market supported Mining Chemicals' revenue during the year under review. However, offshore volumes were impacted by shipping availability.

Operating earnings benefitted from higher revenues coupled with a weaker ZAR/USD exchange rate on translation of foreign operations, and cost-saving initiatives yielded positive results across our operations.

### Capital allocation

In line with the Group's strategy of balance sheet optimisation, proactive management of working capital levels was put in place to ensure security of supply and to support growth. The decrease in working capital was primarily supported by inventory reduction and an improvement in our debtors' collection.

Our capex investment supported our geographic expansion strategy, with most of it allocated to growth projects in Australia. Our capital allocation included an investment in solar projects in Modderfontein and Sasolburg, which are nearing completion.

### Challenges in the year ahead

Ammonia supply remains under pressure due to logistical challenges. Port congestion and trade routes globally are challenging, impacted by disruptions due to extreme weather and geopolitical tensions.

### Outlook for 2024

This segment will continue its growth trajectory leveraging our skills, expertise and solution-focused track record while we progress our plans to reduce dependency on South African ammonia supply. We expect continued growth supported by market expansion outside South Africa on the back of a healthy pipeline of opportunities in Asia Pacific, expansion in Latin America and entry into North America. We will accelerate our plans to reduce dependency on South African ammonia supply and drive innovation and digitalisation while supporting our geographic expansion strategy through capital investment and focusing on our strategic growth areas.

## AECI CHEMICALS

AECI Chemicals' revenue of R8 159 million (2022: R8 529 million) was down 4% due to lower demand and pricing pressure. EBIT was R515 million (2022: R562 million), down 8%, and EBIT margin was under pressure, at 6.3% (2022: 6.6%). Good margin management in AECI Specialty Chemicals and AECI Beverages contributed positively to performance in a challenging trading environment.

Revenue	EBITDA
<b>(4%)</b> 2023: R8 159m 2022: R8 529m	<b>(4%)</b> 2023: R738m 2022: R765m
EBIT	EBITDA %
<b>(8%)</b> 2023: R515m 2022: R562m	<b>Opt</b> 2023: 9.0% 2022: 9.0%
Free cash flow	ROIC %
<b>&gt;100%</b> 2023: R469m 2022: R113m	<b>(2.5pt)</b> 2023: 14% 2022: 17%
Working capital	Working capital %
<b>4%</b> 2023: R1 511m 2022: R1 457m	<b>2pt</b> 2023: 19% 2022: 17%

Capital expenditure was well managed throughout the year, with about 65% spent on maintenance capital. Working capital was flat year-on-year.

### Industrial Chemicals

The Industrial Chemicals business was impacted by low demand for sulphuric acid and the excessive supply of fatal acid from the mines. This resulted in a substantial amount of excess sulphuric acid in the market and far less demand for sulphur burnt acid. Consequently, revenue and EBIT decreased by 19% and 14%, respectively.

### Working capital

Good cash receipts at year-end contributed to lower working capital.

### Specialty Chemicals

The manufactured portfolio produced strong results driven by the Oleochemicals, Mineral Oils, Lubricants and Industrial portfolios. The business saw good growth in export territories, with a 33% growth in sales volumes in 2023.

Business was significantly impacted by lower sales volumes in the traded portfolio despite a recovery in Q4 2023, which was not enough to pull back performance. As a result, both revenue and EBIT were down 6%.

A significant decline in the coatings portfolio impacted the traded portfolio performance. While Chinese replacements for the business' European principal products and a decline in the market resulted in poor performance from this portfolio, polymers were stable, and consumer specialities delivered a solid performance.

### Working capital

Good inventory management and timely cash collections reduced our working capital to its lowest level since June 2022.

### AECI Food and Beverages

A mixed performance was recorded during the year, with the Beverage, Bakery and Processing Aids divisions achieving a strong performance. Performance in the balance of our food ingredients was disappointing on the back of lower commodity prices. Both revenue and EBIT were up during the year under review.

Growth from the rest of Africa remained strong, with food and beverage export revenues for the full year up 35% and gross margin up 40% above the prior year. However, our export performance was negatively impacted by the availability of currency for customers to pay their accounts on time and delayed shipments from the Cape Town port.

### Working capital

Working capital was well managed with an inventory reduction. Additionally, trade receivable days for 2023 were consistent and at financial year-end, there were no material overdue debtors.

### AECI Much Asphalt

Revenue of R2 558 million (2022: R2 230 million) was up 15% and EBIT of R127 million (H1 2022: R106 million) was up 20% on the back of increased volumes. The road construction industry has shown encouraging recovery, with a good order book in H2 of 2023 flowing into 2024.

### Working capital

Working capital management was the year's highlight in a tough value chain environment with an achievement of working capital percentage of revenue of 11%.

### AECI SANS Fibers

Operating conditions were impacted by a collapse in the apparel market in the USA, high stock levels and poor demand, which significantly impacted our customer base. Revenue was down 25% and EBIT was significantly down compared to the prior year.

The core focus of the business in the year was cost reduction. Headcount was reduced by approximately 35% in 2023. The new single-stage polyester expansion has been completed, which positions our business cost positively for 2024. We also achieved a significant milestone late in 2023 when the labour-intensive two-stage production plant was mothballed.

### Working capital

The focus was on debt collection and inventory reduction in the year. SANS reduced raw materials and work in progress, while finished goods inventory volumes declined by around 35% from the peak in August 2023.

### Outlook for 2024

#### Industrial chemicals

Performance is expected to improve as demand increases as new projects come online. Improved demand for sulphuric acid and a stable sulphur price will result in better performance in our sulphur business.

#### Manufactured portfolio

Key drivers include the continued growth of our export business, especially in the Vinex, Oleochemical and lubricants portfolios, where the outlook is positive.

Legislative changes to the can coatings industry away from epoxy technology are expected to impact growth negatively.

#### Traded portfolio

- Prevailing macro-economic issues to continue affecting our business.
- The current Red Sea conflict is already impacting this portfolio with stock-outs at customers.
- The expected recovery of the coatings business is driven by the planned expansion of the coatings portfolio in the East and West African regions.



AECI AGRI HEALTH

Safety

Safety remains a key focus in our business. Tragically, a contractor in our Plant Health business, engaged in roof repairs, succumbed to his injuries after falling through roof sheeting. As part of our efforts to keep people working in our operations safe, we launched a Group safety improvement initiative in May 2023. There was a marked reduction in the frequency and severity of incidents following this initiative. A safety culture survey conducted in the first quarter of 2024 is helping us identify the root causes of safety incidents and the mitigating actions we can take to remove these causes.

Performance

AECI Agri Health's revenue of R7 619 million (2022: R7 067 million) was up 8%. The segment made an EBIT loss of R192 million, down from the prior year (2022: R297 million), impacted by AECI Schirm's performance. Strict working capital management yielded positive results for the segment.

Revenue	EBITDA
2023: R7 619m 2022: R7 067m 8%	2023: R59m 2022: R358m (84%)
EBIT	EBITDA %
2023: (R192m) 2022: (R297m) 35%	2023: 0.8% 2022: 5.1% (4.3pt)
Free cash flow	ROIC %
2023: (R425m) 2022: (R19m) >100%	2023: (8%) 2022: (4%) (4.5pt)
Working capital	Working capital %
2023: R1 110m 2022: R1 185m (6%)	2023: 15% 2022: 17% (2pt)



AECI Plant Health Research Farm, Bapsfontein, South Africa

2023 presented a challenging operating environment characterised by diminishing market demand, which led to overstocking throughout the industry and, consequently, pressure on margins amid intense competitor activity. Ammonia and, thus, Ammonium Nitrate Solution supply constraints affected the performance of our bulk nutrition business. Despite these challenges, volumes and revenue levels were maintained, albeit at lower margins.

In Malawi, the unavailability of foreign currency impacted our ability to repatriate cash. The devaluation of the Malawian Kwacha resulted in a foreign currency loss of R57 million against operating profits.

AECI Schirm's revenue of R2 568 million (2022: R2 161 million) was up 19% following sales volume growth in both regions and higher selling prices in AECI Schirm Germany. The EBIT loss of R342 million (2022: R603 million loss) reflects AECI Schirm Germany's loss of R320 million (2022: R603 million loss) which included R89 million (EUR 4.3 million) in severance costs and R30 million in consulting fees. AECI Schirm USA's EBIT was R10 million (2022: R101 million) significantly down from the prior period due to challenging market conditions. The Board-approved comprehensive turnaround project for AECI Schirm Germany is progressing well and is on track to deliver in line with previous guidance. Additional measures were also introduced in the current period, aimed further at improving profitability further.

Working capital

Inventory levels were down R238.5 million, with a net working capital inflow of approximately R50 million. Accounts receivable collections were well managed, bringing in R440 million for the year, up 10% from the prior year.

Cash reserves increased by R64.4 million compared to December 2022.

A year of transition

Difficult trading conditions were characterised by high stock levels and low margins following the avian flu outbreak that adversely impacted the sector in South Africa. While revenue was up 10% from prior year, profits were impacted by an impairment of goodwill amounting to R20 million.

Outlook for 2024

- Inventory levels within the industry and in the business are expected to normalise
- Our Malawian business is expected to recover following stability in the market
- In anticipation of more challenging climatic conditions, efforts to contain costs are expected to contribute to performance
- On the back of registration approvals in the EU and USA, sales volumes are expected to improve in these regions once semi-commercial trials with target customers are completed in 2024 and 2025



D2 Water Filtration Skid, Hammanskraal, South Africa

AECI WATER

The business achieved good growth in the mining and industrial water segments while it faced substantial challenges within the public water segment. These challenges were primarily due to a significant drop in raw material prices and elevated stock levels at increased costs, which adversely affected profit margins.

AECI Water's revenue at R2 009 million (2022: R2 018 million) was in line with the prior year following good sales volumes in the mining and industrial water businesses. However, the public water sector business is impacted by low sales volumes and a drop in key raw material prices. EBIT for the segment at R139 million was down 34% (2022: R212 million) following the impact of provisions (mainly debtors and stock provisions), raised in December 2023, totalling R78 million.

Revenue	EBITDA
2023: R2 009m 2022: R2 018m 0%	2023: R185m 2022: R257m (28%)
EBIT	EBITDA %
2023: R139m 2022: R212m (34%)	2023: 9.2% 2022: 12.7% (3.5pt)
Free cash flow	ROIC %
2023: R351m 2022: (R282m) >100%	2023: 10.4% 2022: 18.5% (8.1pt)
Working capital	Working capital %
2023: R572m 2022: R815m (30%)	2023: 28% 2022: 40% (12pt)

Working capital

The R154 million improvement in our working capital can be attributed to a R29 million decrease in inventory, a R103 million reduction in trade receivables and a R29 million increase in trade payables.

Outlook for 2024

Mining

The outlook for the South African mining sector remains challenging, with significant contracts up for renewal. Growth is anticipated primarily in Central and West Africa, driven by new product introductions and technology applications. The division is exploring new international opportunities in collaboration with AECI Mining, targeting strategic growth markets, particularly in Australasia.

Industrial

A positive financial outlook is projected, supported by new business awards and significant projects. Expansion in the Rest of Africa, particularly in refining and upstream sectors, is a strategic focus. The chemical process industry business faces the challenge of sustaining profitability while facing possible sales and margin pressures.

Public Water

The division is navigating economic and political challenges in various countries by focusing on profitability, sustainability and engineered solutions for growth.

The Public Water business will be considered for divestiture as part of the managed business portfolio in 2024.



# BUILDING A BETTER WORLD

Our primary focus is ensuring the sustainability of our businesses, customers, communities, society at large, the broader economy, and the environment, while making a positive impact.

Sustainability is not isolated, but an integral component of our strategy that ensures our operations are deliberately aligned with responsible practices. We have strategically embraced social responsibility, recognising the interconnectedness of all our stakeholders.

We navigate resource management by ensuring that every resource is used sensibly wherever practically possible. Environmental stewardship is not merely a commitment, but a responsibility, as evidenced by our dedication to biodiversity and nature protection. We take deliberate and responsible actions, with a firm commitment to mitigate impacts and contribute to a sustainable future.

## Sustainability drivers are integral to our strategy

Our strategy is underpinned by six sustainability drivers aligned with the SDGs and ESG principles. From safety and health, under the guidance of our Safety, Health and Environment Committee (SHEC), to environmental stewardship, strategic partnerships and climate action, these drivers ensure a holistic approach to sustainability across our diverse stakeholder base.

Our sustainability drivers comprise the following:

	<b>Safety and health</b>	Providing a safe and healthy workplace through operational excellence, innovation and technology applications.
	<b>Environmental stewardship</b>	Responsible operations minimising impact on the environment and protecting biodiversity and community well-being.
	<b>Business optimisation</b>	Resource efficiency and optimal asset utilisation through technological innovation driving productivity and sustainability.
	<b>Social responsibility</b>	Create a workplace that fosters growth and development. Provide meaningful community support for long-term, self-sustaining projects.
	<b>Strategic partnerships</b>	Meaningful partnerships with stakeholders achieving critical shared value goals and results.
	<b>Climate action</b>	Commit to a Net Zero future aligned to a just transition and provide transparent reporting of progress.

We consider all 17 UN SDGs; however, we place particular emphasis on:



 The upcoming section is a summary of the full 2023 . Please see our website [www.aeciworld.com](http://www.aeciworld.com) for more details.

AECI Nitrate plant, Modderfontein, South Africa

## Our business principles are founded on upholding the fundamental principles of the UNGC

We are aligned with the ten UNGC principles, including the fundamental responsibility of protecting human rights, fostering fair labour practices, promoting environmental stewardship and embedding the highest ethical standards in how we do business. We are committed to integrating the UNGC principles into our operations.

We are actively engaged in our transformative journey guided by our Net Zero by 2050 pathway development, reviewed targets and new opportunity exploration. Our overarching imperatives include:

- A strong commitment to driving ESG responsibilities
- Improving shared value and increasing profitable commercialisation of sustainability-linked innovations
- Effectively contributing to the mitigation of business sustainability risks
- Gaining market, shareholder and stakeholder reputational recognition for our implementation of sustainable business practices and strategy

## Our social and environmental performance

### Our environmental performance is reported against a 2022 restated baseline unless otherwise stated

Environmental	<b>Carbon metrics</b> <ul style="list-style-type: none"><li>• Scope 1 emissions – 20% decrease (2022: 1% increase)</li><li>• Scope 2 emissions – 13% decrease (2022: 4% decrease)</li><li>• Total carbon footprint – 11% decrease (2022: 13% decrease)</li><li>• Scope 3 emissions – 4% decrease year-on-year</li></ul>	<b>Water metrics</b> <ul style="list-style-type: none"><li>• Potable water consumption: 6% decrease (2022: 2% increase)</li><li>• Effluent discharge to sea or sewer: 13% decrease (2022: 4% increase)</li></ul>	<b>Energy metrics</b> <ul style="list-style-type: none"><li>• Electricity use – 4% decrease (2022: 2% decrease)</li><li>• Total energy – 2% decrease (2022: 17% increase)</li><li>• Renewable energy – 840 MWh (2022: 0 MWh)</li></ul>
	<b>Waste metrics</b> <ul style="list-style-type: none"><li>• Hazardous waste disposed 13% decrease (2022: 20% increase)</li><li>• Recycled Waste year-on-year 13% increase (2022: 6% increase)</li></ul>	<b>Environmental Incidents</b> <ul style="list-style-type: none"><li>• Moderate incidents: 3 (2022: 6)</li></ul>	
Social	<b>Health and safety metrics: year-on-year</b> <ul style="list-style-type: none"><li>• TRIR 0.35 (2022: 0.27*)</li><li>• Fatalities 2 (2022: 0)</li><li>• Life-altering injury 1 (2022: 0)</li><li>• Occupational illness case 1 (2022: 1)</li><li>• Process safety total incident rate 0.63 (2022: 0.81)</li></ul>		
	<b>Social responsibility</b> <ul style="list-style-type: none"><li>• Social responsibility spend R40m (2022: R36.2m)</li><li>• Jobs created: 616 (2022: 500)</li><li>• Beneficiaries impacted 400 000 (2022: 160 000)</li><li>• Employee volunteerism 1 171 (2022: 567)</li></ul>		
	<b>Gender metrics</b> <ul style="list-style-type: none"><li>• 50% female representation at Board level achieved (2022: 40%)</li><li>• Top/senior/middle management 28% (2022: 27%)</li></ul>		

\* Restated

### ESG integration into Remuneration

KPIs included in long-term incentives

- Water – consumption and disposal
- Decrease in carbon footprint
- Gender equality

### CDP climate change scoring

We have participated in voluntary CDP disclosure reporting since 2009. The CDP score report guides progress on environmental stewardship for companies such as ours through benchmarking against our peers. The objective is to drive continuous improvement in indicators relating to carbon emissions and water security.

Our CDP carbon score was better than the overall global score and the average of the chemicals sector and that of companies in Africa.

2019	2020	2021	2022	2023
<b>B</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>B</b>

### CDP water security scoring

Our CDP water score was better than the overall global score and the average of the chemicals sector and that of companies in Africa.

2019	2020	2021	2022	2023
<b>B</b>	<b>A-</b>	<b>A-</b>	<b>B</b>	<b>B</b>



Our approach to sustainability and creating enterprise value



Economic sustainability

Supply chain resilience

To support the achievement of our new strategic objectives, our focus is on optimising our supply and delivery operations to enhance customer satisfaction and drive business growth. To achieve the resilience we need in our supply chain going forward, we are looking at partnering with global service providers to unlock value and build one supply chain function for the Group to leverage volumes, scale and operational excellence.

Digital innovation

We accelerate digitalisation by focusing on sustainable value delivery through digitilising our business and future proofing our systems.

Competitive advantage

We see digitalisation as an enabler for our business, and the ability to leverage technology and innovation is a game changer in enhancing our global competitive advantage. Through our strategy process, we identified areas of the Group where we have made excellent progress to date, while in others, we have under-invested over the years and need to invest to be able to deliver our strategy.

Customer centricity

Digital innovation is being implemented in two distinctive areas:

- 1. The global expansion of AECI Mining's digitalisation strategy to achieve seamless integration of the mining value chain.
- 2. Internal operational excellence through launching the SAP OneWorld project. This continued to strengthen our general IT and cybersecurity controls, introduced customer relationship management system to create positive experiences for our customers at every stage of the customer journey integrated with data analytics that can be used to improve our business decisions and those of our customers.

Supporting our clients' operations in remote areas

AECI Water is a pioneer in eco-friendly water management using solar energy to run its online real-time remote monitoring systems, which have been successfully implemented in various remote locations. The system helps customers check their wastewater quality as well as compliance with environmental rules when they don't have access to Eskom electricity.

Facilitating market access and inclusivity

We acquired an equity stake in the Khula! App in 2020. This initiative supports the growth of emerging farmers, by serving as a digital trading platform, offering them access to crucial elements such as markets, finance and other essential services. Through Khula!, we are able to foster inclusivity in farming and extend the Group's reach in this vital market segment.

SupPlant and AgroScout – enhancing precision farming solutions

Our holistic approach of providing technology-enabled solutions to proactively manage crop conditions not only addresses customer needs sustainably, but also empowers them to maximise yields and maintain commercial viability. Data from using the SupPlant and AgroScout technologies, integrated into a comprehensive risk matrix, empowers crop advisors to proactively manage crop conditions. Seven drones covered approximately 6 000 hectares of farmland in 2023. Our AgroScout programme also facilitates the empowerment of unemployed youth by offering them a pathway to the workplace of the future via our AgroScout programme.

Transition to Zero Harm

We are actively transitioning customers to a Zero Harm paradigm by leveraging digital capabilities and evolving technologies. With a focus on better blasting through sustainable explosive use and innovative metallurgical chemical solutions, we aim to lead the mining industry towards a cleaner and safer future. This multifaceted approach redefines AECI Mining as a holistic provider, serving diverse markets in Africa, Australia, Asia, Europe and South America.

Employee value proposition (EVP)

We are leveraging technology to deliver on our human capital digital roadmap, incorporating 20 businesses and countries on the AECI Connect platform for centralised management of employee-related payments, benefits, and administration across 28 legal entities. This centralised approach positively influences our operational functionality, is aligned with business control decisions and supports our global human capital digital design. The Group's human capital digital footprint expanded with the launch of universal employee and manager self-service. Alignment efforts resulted in streamlined, governed processes, enhancing automation and employee experience in alignment with our culture.



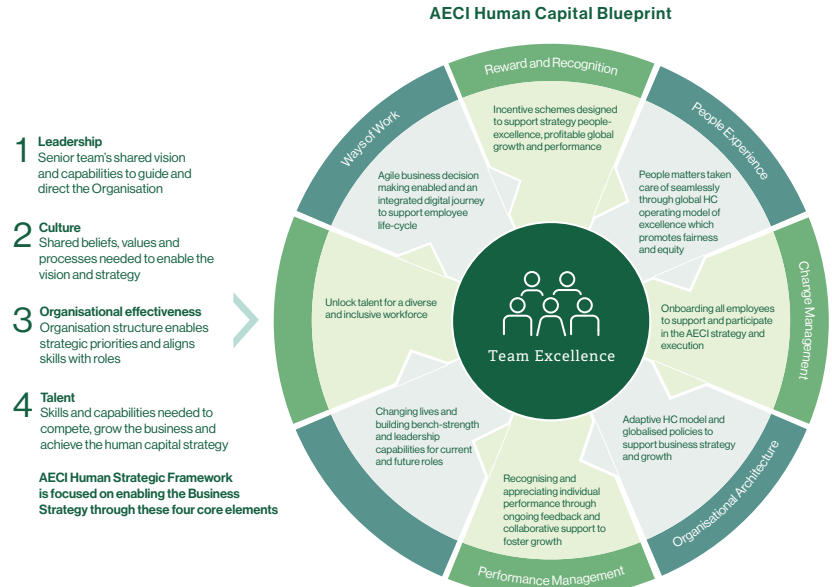
Our role in society

Purpose-led, passionate and engaged people

In order to deliver on our purpose of **We Are One AECI, for a Better World**, we need to cultivate a culture of performance excellence, innovation, adaptability, social responsibility and inclusion. This underpins our journey to a better world at work for our employees and a better world for the communities in areas where we operate.

Our evolving people strategy

Our new people strategy is centred around a culture of performance excellence achieved through team collaboration. It relies on recognising and leveraging teamwork that delivers a better world. To achieve this, our teams are brought together as functional and technical workstreams that collaborate, recognise, contribute and leverage each other's knowledge and experience. All this takes place against the backdrop of a matrix organisation supported by ways of work and an agile change management framework. Supporting this is a rewards and recognition framework that places teamwork central to strategy delivery and a better world.



Kamoa, Kolwezi District, Katanga, Democratic Republic of Congo





**Our People, in a better workplace, contribute to – A Better World**

In 2023 we reviewed our people strategy with the aim of aligning it with our business strategy, ensuring it is fit for purpose in a constantly changing world and will empower our people to deliver on the Group's strategic objectives.

**Change management**

A well-structured change enablement framework and process is necessary to successfully energise and activate our people to participate in the change process and embed the desired behaviours at all levels across the organisation. In 2024, we will implement a holistic, evergreen change enablement framework.

**Employee engagement and culture**

Our culture, underpinned by our values, thrives on employee-driven engagements designed to strengthen our core purpose and vision. During 2023, focus groups across all businesses led to executive-driven action plans, implementing targeted improvements.

**Initiatives implemented in 2023**

The focus was on increasing leadership visibility and communication and entrenching a culture of inclusion and recognition. To enhance communication, one-on-one check-in meetings, performance and career management conversations and town hall sessions were held. The recent pulse survey we conducted revealed that these initiatives were effective. To move away from individual to team-based performance, we held team effectiveness workshops. In recognition of the role that women have played in the growth, we celebrated International Women's Day across the organisation through various initiatives. We also recognised the contribution long-service employees have made to the organisation. A follow-up culture survey will be conducted during 2024 to assess the impact of these initiatives and, in particular, the engagements held post the launch of the strategy.

**Cultivating a culture of excellence**

Our operating model is designed to empower our people, streamline operations and facilitate the realisation of value through effective strategy execution.

**Employee relations**

We actively promote interaction with various employee forums, including union-led forums, employment equity committees, and representative forums. Both formal and informal feedback from employees and their representatives form a crucial feedback loop, informing our operations, culture, and strategy. Employee input is highly valued at all levels, significantly contributing to our business strategy.

**Human rights and labour issues**

As part of our commitment to upholding human rights and prioritising labour issues, we ensure the protection of these rights across our operations and supply chains. During 2023, several notable events and actions were recorded, showcasing our dedication to addressing and resolving issues related to discrimination, labour disputes and employee well-being. Additionally, we have proactively invested in our employees' professional development, with 22 line managers in South Africa completing accredited training on Chairing Disciplinary Enquiries.

Previously adopted policies, Anti-Sexual Harassment and Workplace Bullying policies demonstrate our ongoing commitment to foster a safe and inclusive workplace.

**Employee wellness**

Employee wellness is key in our commitment to a purpose-led, passionate, engaged people and ensuring Zero Harm.

Our Better You for a Better World programme takes a multidimensional approach to wellness, providing employees with knowledge on new ways to manage and expand their energy capacity. The following Better You programmes were completed:

- Awareness and education campaigns reached over 3 200 participants across all our operations
- Social responsibility sponsored runs – we sponsored three regional races in 2023; with a total of 373 employees participating
- Through 10 wellness days globally, over 1 200 employees have participated in voluntary screenings
- Over 800 employees participated in the panel discussions that unpacked Men's Mental Health and Women's Mental Health

**PEOPLE LEAD: Our people management philosophy is our commitment to attract, onboard, retain, develop and advance our employees.**

Across all our operations our people thrive on continuous development through robust internal and external programmes, supported by ever-improving ways of work that cultivate a culture of purpose-led passionate, people


**Performance management**

Performance management is an opportunity to build a culture of accountability, trust and empowerment. Managers and employees work together to plan, manage, monitor and review an employee's performance for the achievement of the Group's strategic objectives.

A comprehensive change management plan was implemented to ensure that the performance management process is well embedded. Training sessions were conducted for managers and socialisation sessions were held on how to have courageous performance conversations.

Our focus in 2024 will be to ensure that performance and career conversations are integrated and aligned with the integrated Talent Management Approach.

**Reward and recognition**

Our fundamental reward programmes, which offer – short and long-term incentives, form the core of our remuneration philosophy (see  page 8). Tailored sales commissions, production incentives, and site-specific schemes play a crucial role in achieving overall profit and quality targets, customised to portfolio growth and production and quality deliverables.

Aligning with our strategy, all incentive schemes are being reviewed to ensure their alignment with the Group's intended outcomes and targets. Additionally, a We Are One Employee Incentive, planned for 2024, will specifically focus on the delivery of the strategy by measuring KPIs linked to overall strategic objectives.

**Talent management**

Our integrated talent management approach was designed and developed following a comprehensive engagement process across the organisation. It is a 4-dimensional model: Define, Discover, Develop and Deploy. The approach integrates the full employee life cycle into the business life cycle by focusing on organisational strategy, workforce planning, performance management, career management, succession management and reward management.

**Learning and development**

As part of our Talent Management strategy to build our pipeline of fully equipped and trained personnel, we expanded our learnership programmes and created specialised career paths to enhance practical training opportunities. Our offerings include learnerships in Productivity Management, Project Management, Supply Chain, Chemicals Operations, Human Capital, Mixed Farming, Generic Management and Business Administration.

The Learnerships have proved to be a good entry level pipeline as several of these learners have been absorbed into the business. These achievements affirm our commitment to high-quality, industry-relevant education and investment in youth development.

*Learnership, internships, apprenticeships and graduates awarded in 2023 amounted to **376** (2022: 188)*

**Bursaries**

We offer internal and external bursaries to enrich our organisational value proposition. The bursaries we offer for employee dependents are a key contributor to our EVP. They ensure that our less fortunate employees can provide learning opportunities for their children without the concern of having to fund their studies and we support youth development in South Africa. Some past bursars have become permanent employees.

*In 2023 we awarded 24 bursaries to external and employee dependant candidates.*



**Top employers**

For the fourth consecutive year, were recognised as a "Top Employer" in South Africa in 2023. The Top Employers Institute programme certifies organisations based on their participation and results of their HR Best Practice Survey. This recognition also showcases an organisation's dedication to a better world of work, exhibited through excellent HR policies and people practices.



**RESPONSIBILITY LEAD: Inclusive growth and building collaboratively with our people**  
Our transformation efforts align with South Africa's Broad-Based Black Economic Codes and its legislative provisions, and they support the achievement of the UN Sustainable Development Goals (SDGs), particularly No poverty (1), Quality Education (4), Gender Equality (5), Decent work and Economic Growth (8), and Reduced Inequalities (10). We plan to duplicate the good processes and lessons learned in South Africa over the past 20 years, to our operations worldwide.

**Gender mainstreaming**

We aspire to have equal gender representation across all grades and levels of responsibility. While we are making important advances in gender equality at top management level, there is much work to be done to ensure more equitable representation across all levels.

We were recognised in two categories of the Gender Mainstreaming Award October 2023:

- Finalist: Women's Empowerment Principles – Gender Responsive Marketplace
- Finalist: Women's Empowerment Principles – Community Engagements and Partnerships

**Disability awareness**

Our disability awareness campaign, Re-Think Dis-Ability, aims to create an inclusive workplace for all through education, awareness and understanding. It provides a transparent process for employees to disclose their disability in a supportive, confidential, and non-discriminatory environment.

In 2023, we revised our policies and processes to ensure a sustainable shift in accommodating people with disabilities in the workplace. We held training sessions across our business with senior, middle and junior management, and human capital teams.

**Broad-based ownership schemes**

We remain committed to achieving our goals and objectives in relation to B-BBEE. Following the expiry of the AECI Employee Share Trust in February 2023, the Board and the management team have explored and assessed options that address previous learnings to execute a value-accretive empowerment transaction for the Group and its subsidiaries. The Group strategy, announced in November 2023, is being considered in this regard. Further announcements will be made in due course in line with regulatory and shareholder requirements.

**Our social responsibility**

Our social responsibility programme promotes people-centred, needs-driven, sustainable development of the communities around our operations.

We pride ourselves in conducting business in an ethical and socially responsible manner. Our social investment strategy is focused on effective and impactful community-focused initiatives that promote social inclusion, advancement, and empowerment. Through strategic partnerships and collaborative projects, we actively contribute to the well-being and empowerment of communities surrounding our operations.

- Each of our social responsibility programmes is aligned with our priority SDGs and the relevant national development imperatives, with core focus areas encompassing:
- Enhancing educational outcomes through teacher and learner development
  - Ensuring access to basic human needs
  - Promoting climate action through:
    - Environmental stewardship
    - Fostering economic inclusion in the green economy
    - Empowering sustainable livelihoods
  - Disaster relief and emergency response
  - Holistic development of orphans and the vulnerable through:
    - Primary health care
    - Provision of basic human needs such as food and water security
    - Foundation education

**Key achievements in 2023**

- 10–15% pass rate increase through educational support
- 45 714 learners reached
- 10 adopted schools fitted with solar, boreholes and refurbished libraries
- 55 Early Childhood Development centres provided with curriculum support, infrastructure and a daily meal for the children
- 1 000 unemployed youths empowered
- 20 000 households received emergency relief during the cholera outbreak in Hammanskraal

- Our investments are made from various avenues that collectively contribute to our overall expenditure. These investments range from mandated legislative spend in South Africa, to value-in-kind and international spend.
- We invested R40 million (2022: R36 million) in our social responsibility spend during the year. These investments were made up of:
- R15 million (2022: R15 million) mandated spend (including value-in-kind) per the B-BBEE Codes of Practice in terms of the 1% NPAT for both the construction charter and generic Codes
  - R3.8 million (2022: R6 million) from our international entities
  - R18 million (2022: R15 million) disbursed by our community trust (AECI Foundation)
  - R3 million value-in-kind donations

These investments have enabled us to impact over 400 000 beneficiaries (2022: 160 000) and 1 000 000 indirect beneficiaries.

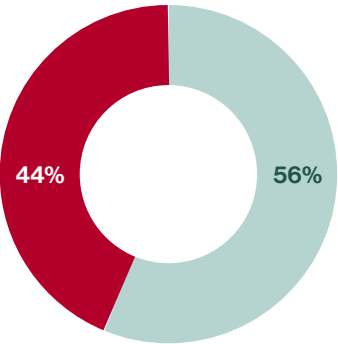
**Enterprise and supplier development (ESD)**

We are committed to economic development. We believe that achieving meaningful, sustainable growth and job creation lies in developing mutually beneficial partnerships. We are therefore dedicated to actively supporting Small, Medium, and Micro-sized Enterprises (SMMEs) through structured supplier development programmes. Communities in the areas where we operate are integral to our socio-economic responsibilities, and we seek to impact our communities positively.

The Good Chemistry Fund was capitalised with R30 million. By the end of 2023, a total of R24 million had been invested in ESD beneficiaries through a combination of loans, equity and grant funding for South African beneficiaries in the Gauteng, Eastern Cape, KwaZulu-Natal, Limpopo and Northwest provinces. The fund's performance since 2017 has been commendable, with an impairment rate of just 7.9%.

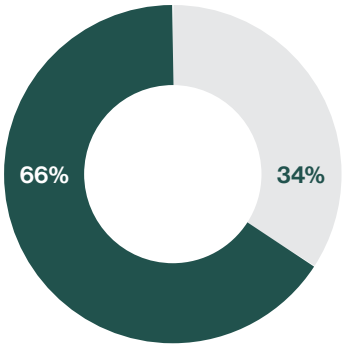
These investments have created and sustained 409 jobs (2022: 241), encompassing permanent and seasonal employment.

**Investment by gender**



**44%** invested in Black women-owned  
**56%** invested in Black male-owned businesses

**Investment by ESD category**



**66%** spent on supplier development  
**34%** spent on enterprise development

**Supplier development programme to support SMMEs**

In 2023, our businesses supported 50 SMMEs (2022: 14) operating in construction, engineering, agriculture and waste management. This support was aimed at diversifying our supply chain, supporting small businesses in the areas in which we operate and creating jobs. The support provided to these SMMEs ranges from mentorships and grants to discounts on the purchase of products and the free use of our facilities.



**Safety and health**

**SDG alignment**

We are dedicated to reducing our environmental footprint and pursuing the goal of Zero Harm throughout our value chain. We place the utmost importance on the safety and well-being of all individuals within our sphere.

This commitment extends to safeguarding the environment and is integral to the sustainability and advancement of our operations.

3 Good Health & Well-being

8 Decent Work & Economic Growth

9 Industry Innovation & Infrastructure

12 Responsible Consumption & Production

13 Climate Action

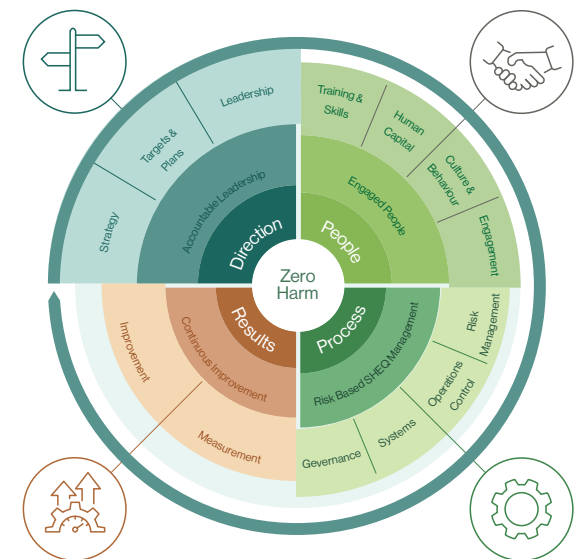
17 Partnerships for the Goals

**Zero Harm**

Our comprehensive Zero Harm approach to managing and mitigating risk is anchored in the principles of accountable leadership, engaged and empowered employees, risk-based SHEQ management and continuous improvement. This approach is informed by a SHEQ Policy and outlined in the AECI SHEQ Framework. Compliance with and effective implementation of critical interventions of the framework are actively tracked by the Group's SHEQ Committee with accountability-driven senior Group and business leaders.

Our paramount concern relates to prioritising the prevention of harm to people and the environment, aligning with the expectations of our stakeholders in our areas of operation. Our steadfast pursuit of Zero Harm remains a key focus area in support of our social licence to operate across various industry sectors, geographies and operating contexts.





While significant milestones were achieved, 2023 proved to be a tough year, specifically in the areas of Occupational Safety and Product Transportation.

#### Safety, health and environmental incidents

- 0.35 total recordable incident rate (2022: 0.27)
- Two fatalities (2022: 0)
- One life altering injury (2022: 0)
- No major or serious environmental incidents (2022: 0)
- No major process safety incidents (2022: 0)
- One major product transportation incident (2022: 0)
- No SHE legal directives (2022: 0)
- 0.63 process safety total incident rate (2022: 0.81)
- Three moderate environmental incidents (2022: 6)

#### Work-related injuries

- 37 recordable work-related injuries (2022: 27)
- 15 non-lost time work-related injuries (2022: 18)
- 21 lost time work-related injuries (2022: 9)
- 20 896 880 total number of hours worked (2022: 19 723 383)

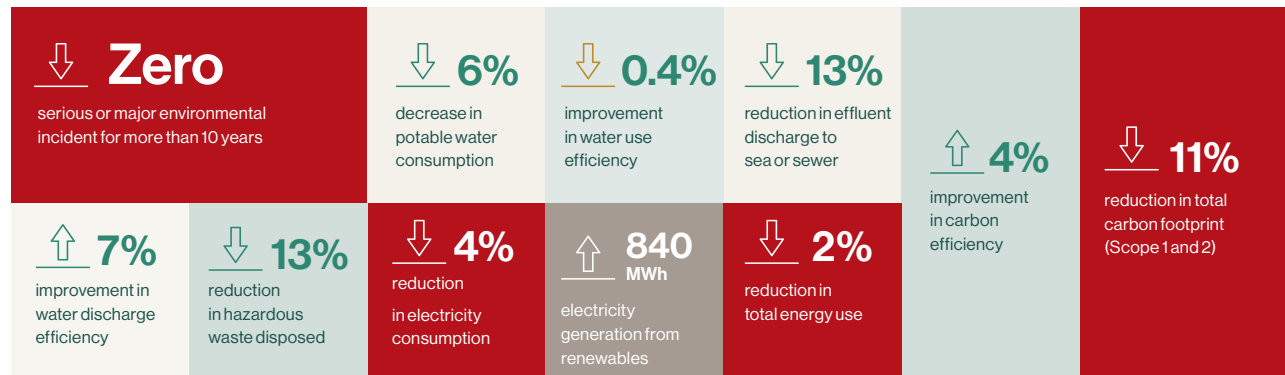
In response to this concerning trend, management initiated a comprehensive Safety Intervention Plan, under the oversight of the Group CEO. The plan is comprised of a two-pronged approach involving both Line Management and SHEQ teams (see [SR](#) page 43).

## Our environmental sustainability

We are committed to maintaining environmentally responsible operations and proactively addressing potential adverse environmental impacts. We are committed to compliance with relevant environmental regulations and focus on efficient and responsible use of natural resources.

### SDG alignment

Our overarching objective of building a sustainable business is supported by a commitment to champion climate response, environmental stewardship, increase understanding of environmental issues and implement best practices.



## Environmental incidents

No major or serious incidents occurred in 2023. A total of 119 incidents were reported (2022: 118), of which 116 were minor (2022: 112) and three were moderate (2022: 6).

## Our environmental stewardship

### Energy efficiency and renewable energy

We are ever cognisant of the energy crisis and associated challenges, not only in South Africa, where loadshedding events further exacerbate the situation, but across the globe. We have made a deliberate decision to focus on renewable energy sources for our operations where practically feasible and for integrating them into our energy mix.

Electricity consumption was reduced in 2023 due to our renewable energy projects coming online and increased efficiencies in some of our operations. 840 MWh of electricity were generated from renewables.

#### Electricity consumption (MWh)

- 2022 – baseline 217 992
- 2023 – 209 906 (4% decrease)
- 2025 – target 8% decrease

#### Energy consumption (GJ)

- 2022 – baseline 3 287 645
- 2023 – 3 216 617 (2% decrease)
- 2025 – target 6% decrease

### Water management

Our water responsibility and commitment to supporting precautionary measures and promoting the responsible use of a very scarce and precious environmental resource has resulted in our businesses focusing on optimising internal resources and operational efficiencies. Having included water management as one of our strategic ESG KPIs, a specific focus is placed on potable water consumption and effluent disposal to sea and sewer.

Our waste management strategy is driven by integrating the circular economy within our overarching sustainability drivers. The key principles we focus on are eliminating waste and pollution and the circulation of products and materials, leading to regenerative integration.

We have previously experienced challenges with hazardous waste volumes due to the lack of appropriate waste management interventions at some of our acquired businesses. A concerted effort was made to reduce the hazardous waste volumes. These interventions and improved environmental management oversight resulted in a favourable performance with the volume of hazardous waste disposed of decreasing in the year.

#### Hazardous waste (tonnes)

- 2022 – 16 783
- 2023 – 13 866 (13% decrease)

#### Recycled waste (tonnes)

- 2022 – 3 571
- 2023 – 4 016 (12% increase)

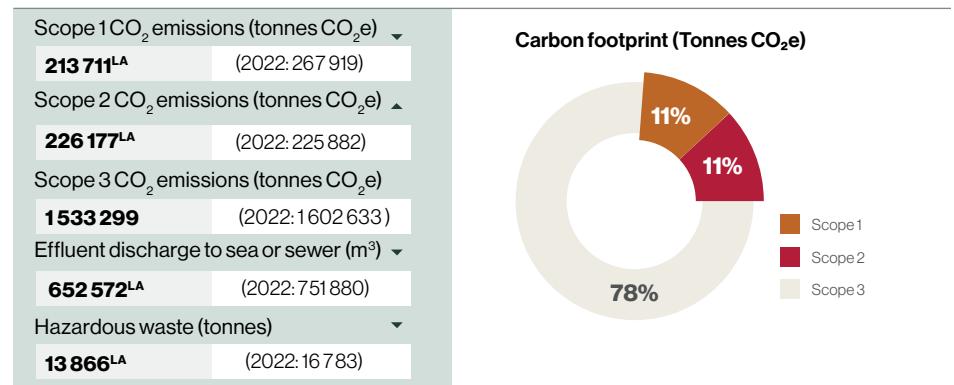
### Climate resilience

We have made a firm commitment to Net Zero by 2050 and firmly believe that our responsibility and obligation is to contribute meaningfully to the global aspirations of combating climate change. We have initiated a Net Zero pathway to demonstrate true intent and purpose towards achieving this goal. We realise this will not be an easy journey, but we remain steadfast in our resolve to implement measures that will see us progress steadily along this path.

The repercussions of climate change extend across environmental, economic and social dimensions, posing threats to stability and creating vulnerabilities in crucial areas such as health, water, energy security and livelihood protection. We acknowledge the established scientific consensus on climate change, emphasising the imperative to reduce both GHG emissions and atmospheric concentrations of CO<sub>2</sub>. Aligned with the Paris Agreement, SDGs, and the principles of the UNGC, our climate-related policy beliefs are guided by the following:

- We advocate for key policy success factors, including the support of operational and commercial applications of technologies that are applicable, efficient and financially viable
- Our commitment involves supporting the development of chemistries and technologies for innovative products, such as low emissions initiatives
- We promote durable products to achieve lower environmental, financial and social impact and advocate for the integration of circularity principles within manufacturing and supply chain processes

We have made significant progress towards achieving our 2025 targets, many of which have already been attained. This is a testament to our people's commitment and dedication to delivering our aspirations and realising our strategy.



Our decreasing emissions have positively impacted our carbon tax liability in South Africa.

Five companies in the AECI Group are carbon taxpayers:	2023 Carbon Tax Liability (Accrual) (Rm)	2022 Carbon Tax Liability (Accrual) (Rm)
AECI Limited	0.1	1
AECI Mining Limited	7	7.3
East Coast Asphalt Proprietary Limited	0	0.1
Much Asphalt Proprietary Limited	0.9	1
Spray Pave Proprietary Limited	0	0.1
Total	8	9.5

We continue to work on our Net Zero by 2050 pathway. It's paramount that we consider and quantify our Scope 3 emissions and specify targets for the achievement of our Net Zero pathway. As we embarked on this process, the complexity of this quantification became apparent. It required that we reconsider our approach. To this end, we have identified the five most pertinent Scope 3 categories (out of 15) on which to place our focus. For more information, refer to [SR](#) pages 51–55 available on our website ([www.aeciworld.com](http://www.aeciworld.com)).







Mining site, South Africa

# REMUNERATION IN SUPPORT OF SUSTAINABLE VALUE CREATION

*“In an era of constant evolution and challenges, our commitment to fairness, responsibility and transparency in our remuneration practices stands as a testament to our dedication to both our legacy and our future. As we navigate the complexities of today’s global landscape, we remain steadfast in aligning our remuneration strategy with the broader objective of enabling the achievement of our corporate strategy, united under the banner – **We Are One AECL, for a Better world.**”*

**Marna Roets**  
*Chairman Remuneration and Human Capital Committee*

 The upcoming section is a summary of the full 2023 . Please see more details on our website **www.aeciworld.com**

## 2023: A year of strategic insight and adaptation

Against a backdrop of evolving market conditions and the imperative for sustainable practices, AECL has stood firm in its commitment to fair and responsible remuneration. Despite the challenges posed by global economic instabilities, our resolve to align our aspirations with ESG metrics and cultural enhancement remains unwavering. This includes living-wage benchmarks and gender representation, which reinforces our identity as a responsible corporate citizen.

This year (2024), we celebrate our centenary year with pride and will continue to adjust our strategy for purpose and performance. Our company has a proud history of attracting excellent people and setting industry benchmarks in human capital development. Our focus on talent management, along with a competitive employee value proposition and a strong culture, will benefit the company, its stakeholders and its employees both now and in the future.

As a Committee, we realised that our growth into the international domain will require us to attract and retain strong future leaders and to continue to enhance our standards of transparency and responsiveness to shareholders. We have designed our remuneration policy to achieve both targets and outcomes.

The Committee remains committed to working closely with the Board, the Group Chief Executive Officer and the Chief People Officer to create policies that will deliver on the new strategic drivers. Our purpose of **We Are One AECL, for a Better World**, fits well with our policy of Human Capital oversight and remuneration focus.

While 2023 was a year of transition with no major changes to our incentive schemes, we actively considered shareholder feedback. Recognising the critical role of remuneration in supporting our business goals, we plan to review and adjust our incentive schemes and structures in 2024 to better align with our new strategic direction.

## Remuneration governance

This Committee, on behalf of the Board, will ensure that the organisation remunerates responsibly and in a transparent manner to achieve short-, medium- and long-term goals.

With the retirement of the previous Chairman of the Committee, Marna Roets was appointed as the incoming Chairman on 31 May 2023. During the year, Sam Coetzer was appointed as a member of the Committee.

All members of the Committee are Non-Executive Directors and the Committee operates independently of executive management and the Board consistently evaluates decisions and requirements related to governance.

Moving forward, our focus remains on ensuring that the remuneration framework is robust, equitable, and transparent, fully aligned with the Group strategy, King IV principles and JSE Listings Requirements.

## Business performance and key remuneration outcomes for 2023

The Group’s financial performance, reflective of broader economic pressures, saw Basic earnings per share increase by 26.7%. However, headline earnings per share (HEPS) experienced a decrease of 150 cents to 1 137 cents (See pages 70 – 71).

## Short-term incentives

The 2023 HEPS did not meet the required hurdle rate for entry into the scheme. Consequently, the incentive outcomes at the Group level were lower than previous years, especially for roles with significant linkage to company financial performance. Conversely, business units that met or exceeded their budgetary targets saw this success reflected in their reward outcomes.

The performance hurdles for the 2023 STI are as follows:


- 1. AECL Group** Growth of HEPS from an aged base of R12.28
- 2. AECL Business units** Earnings before Interest and Tax (EBIT) growth from the aged bases for 2023, under the principles of the current STI methodology

The performance hurdles for the Group and corporate office as approved in 2022 are reflected in the table below with the outcome for 2023 indicated. Group HEPS reduced year-on-year from the close of 2022, with a final outcome of R11.37.

The HEPS of R11.37 performance outcome falls below the aged base to enter the scheme, of R12.28. This results in a **zero (nil)** performance outcome for the company/financial portion of the STI for the Corporate office.


Group 2023			
Bonus factor	HEPS	Growth hurdle	Growth
0 times	R11.37	Outcome	
Base	R12.28	Not applicable	Not applicable
0	R12.95	CPI + GDP	9.13%

The overall total STI payment was R274 million (2022: R308 million) which was within the balance sheet provision of R299 million.

The STI outcomes for the senior management team are reflected in the table below. The details in terms of full remuneration are reflected in the  page 26.

Name	2023 STI R'000	% GP	KPI outcome (%)
H Riemensperger <sup>1</sup>	10 625	100	100
R Fernandes <sup>2</sup>	3 506	99	90
D Murray <sup>3</sup>	1 162	24	80
C Singh <sup>4</sup>	989	25	80

<sup>1</sup> H Riemensperger – as stipulated in his contract, to offset the loss of inflight incentive schemes, he would receive a 100% GP STI  
<sup>2</sup> R Fernandes – during 2023 he was linked to the performance of AECL Mining and AECL Corporate in recognition of his time as Acting CFO  
<sup>3</sup> D Murray – discretion applied on STI relating to work on developing strategy  
<sup>4</sup> C Singh – discretion applied on STI relating to work on developing strategy

The outcomes of the assessment of the individual key performance areas are shown on page 24 of the .



Long-term incentives

Vesting (2021 award)

The award granted in 2021 is due to vest on 29 March 2024. The vesting of the award is linked to the continued employment by the participants until the vesting date in March 2024 (or being a deemed good leaver). The vesting percentage achieved is determined by performance metric thresholds for TSR, HEPS and RONA where the actual performance is measured over the respective performance period. (Please note ESG metrics only applicable for awards from 2022).

TSR was measured on 31 December 2023, with a 20-day Volume-weighted Average Price (VWAP) applied at the end of the period. HEPS is a cumulative total over the three-year performance period ending with 2023. RONA is the weighted average calculated over the three-year period ending 2023. All outcomes are based on the audited financial results for 2023.

Only the TSR metric for the performance period January 2021 to December 2023 reached the required hurdle to vest. As a result the vesting for the LTI award allocation 2021 is 39%.

2021 LTI award projected outcome				
	Measure	Weighting	Outcome	Result
1	TSR	30%	130%	39.00%
2	HEPS	40%	0.00%	0.00%
3	RONA	30%	0.00%	0.00%
	Total	100%		39.00%

The projected LTI vesting outcomes are reflected in the Single Figure for the senior management (see  page 25).

Award (2023)

The LTI award for 2023 was granted on 13 April 2023, and will vest on 31 March 2026. The award conditions are those as outlined in the policy section of this report. The award was based on a five-day volume-weighted average price (VWAP) in April 2023. The details of the award were reviewed and approved by the Committee in July 2023.

Name	LTI Award (shares)	Value (R'000)	% GP
H Riemensperger	93 080	8 530	100
M Dytor	93 080	8 530	100
M Kathan	61 409	5 628	70
D Murray	35 677	3 270	70
D Mulqueeny	36 391	3 335	70
C Singh	30 525	2 797	70
R Fernandes	23 401	2 145	60

<sup>1</sup> H Riemensperger received an LTI award aligned to M Dytor as per his contract of employment.



AECI Mining, Modderfontein, South Africa

Ensuring and protecting value in 2023

Declaration

The Committee reports that, for the year ended 31 December 2023, it is satisfied that it has fulfilled its responsibilities in accordance with the Companies Act, the Board Charter, the Committee Terms of Reference, King IV™ and other applicable standards and codes.

Key focus areas and value creating activities for the period under review	<ul style="list-style-type: none"><li>Directed the formulation of the people strategy as an integral component of AECI's strategy</li><li>Considered the high-level principles of the new operating model that evolved from the strategy</li><li>Revisited the Committee's terms of reference</li><li>Improved overall understanding of the issues surrounding pay parity with respect to gender gaps and comparisons to a living wage and reviewed and discussed internal remuneration analysis reports</li></ul>
Human Capital	<ul style="list-style-type: none"><li>Reviewed succession plans for senior management and noted gaps that are being addressed</li><li>Noted the action plan for implementing talent and succession processes, policy development, learnerships, socialising talent boards and employee awareness</li><li>Considered the incentive schemes, including shareholder feedback and concerns (2024)</li></ul>
Remuneration	<ul style="list-style-type: none"><li>Reviewed executive remuneration against benchmarks and market data</li><li>Reviewed calculations for STI hurdles</li><li>Approved remuneration packages for executives and senior managers</li><li>Opined on proposed hurdles for ESG performance element in the LTI scheme</li><li>Approved 2023 LTI allocations and 2020 LTI vesting</li><li>Reviewed and approved performance conditions for the 2023 LTI award</li><li>Noted the outcomes of the Non-executive Directors (NED) benchmarking reports produced by Vasdex &amp; Remchannel</li><li>Reviewed Non-executive Directors' fees and remuneration, as recommended by the executive directors and the formulation of a recommendation to shareholders for the approval of increases</li></ul>
Governance	<ul style="list-style-type: none"><li>Reviewed and approved the 2022 Remuneration Report</li><li>Reviewed the Human Capital Risk oversight report</li></ul>

Shareholder engagement

We openly engage with our shareholders and we value and appreciate the meetings we had with them in 2023.

Voting on remuneration policy and implementation at the 2022 AGM

Percentage vote (%)	For	Against
<b>2023</b>		
Ordinary resolution No. 7.1: Remuneration Policy	93.36	6.64
Ordinary resolution No. 7.2: Implementation of Remuneration Policy	83.14	16.86
<b>2022</b>		
Ordinary resolution No. 7.1: Remuneration Policy	95.17	4.83
Ordinary resolution No. 7.2: Implementation of Remuneration Policy	95.25	4.75

While the outcomes of the 2023 AGM voting did not trigger the recommendation to engage with shareholders, the drop in percentage “for” the implementation of the remuneration policy was noted and the subsequent engagements with the shareholders are outlined in the table that follows.



AECI Plant Health, Lillianton, Boksburg, South Africa



Key issues raised by shareholders and addressed by the Board

Issue	Response	Mitigation/Measures taken
<b>2022 STI</b> Quantum and calculation of A Takoordeen's 2022 STI	As part of the terms of her employment contract, a full year STI was agreed to compensate A Takoordeen for the loss of her STI at her previous employer. Therefore, the 2022 STI was calculated on the basis of a full year in service	None required
<b>Sign-on Bonus</b> Rationale and determination of sign-on bonus for A Takoordeen	Our LTI scheme rules currently do not allow for the take-on of existing share award obligations for new joiners. The sign-on bonus was therefore in lieu of inflight LTIs at her previous employer. The use of the term 'sign-on bonus' was a misnomer as the payment was related to the buy-out of existing LTIs and should have been noted as such in the contract. The buy-out payment was structured to vest over three years, in line with the vesting period of the awards at the previous employer. As such, the R2.2 million payment was the first instalment of the award with the other instalments due to be paid equally over the next two years of completed service, with associated performance conditions. The remaining R2.2 million one and two-year instalments (R4.4 million in total) were not paid out and were forfeited.	An amendment to the rules has been proposed and will be submitted for shareholder voting at the 2024 AGM.  The amendment will allow for an LTI award to offset the loss of LTI awards with previous employers. Such "buy-out" or "take-on" awards will have performance conditions in line with the normal annual awards (see <a href="#">AGM</a> and resolution page 4).
<b>STI Scheme:</b> HEPS metric needs improved disclosure and the scheme needs a longer vesting period	The incentive schemes are under review in line with the strategy. Shareholder feedback will be considered in the design of the revised rules	Consideration of the introduction of a free cash flow metric for 2024 to reduce the weighting of HEPS – in anticipation of the STI scheme revision during 2024.  The 2023 <a href="#">RR</a> includes expanded disclosure on the HEPS hurdles on page 12 of this report.
<b>STI Scheme:</b> Financial metrics in individual KPIs to be disclosed with an added component of financial performance to the company portion	The incentive schemes are under review in line with the strategy as well as shareholder feedback	Improved disclosures on the individual KPIs with expanded detail provided, (see <a href="#">RR</a> page 24).
<b>LTI Scheme</b> Encouraged by the manner in which ESG metrics have been incorporated, focusing on core operations. The effectiveness of these measures depends on the targets being robust and measurable. Existing financial measures must be stretched. Would not be supportive of the weighting towards ESG metrics being increased beyond 25%	ESG metric for 2023 was further enhanced to a robust measurement process, with the base year of 2021 reassessed and revised to more comprehensive data for 2022. Assessment and revision of targets will be a continuous process	Consolidation of ESG metrics in 2023 award, with detailed "stretch" hurdles set by Exco and Board (see <a href="#">RR</a> page 13).
<b>Minimum shareholder requirements (MSR)</b> Request for an upliftment in the MSR to 500% at Group CEO level and 300% at Executive Committee Level	Under consideration in 2024	Not applicable
<b>Remuneration Benchmarks</b> Request for disclosure of remuneration benchmarks in relevant sector and region, with details of a comparator group	Details of the components and drivers of guaranteed pay are outlined in the <a href="#">RR</a> page 13, and disclosures relating to peer Group remuneration levels will be contemplated in future reports	Not applicable
<b>STI</b> Clarification of KPIs to illustrate link between pay and performance	Improved disclosures seek to demonstrate this link see <a href="#">RR</a> page 24	Not applicable

Impact of the strategy on remuneration

As part of the broader support of the strategy and in particular the delivery of the Culture and People components, our remuneration strategy needs to be fit-for-purpose and effectively support a culture of excellence which delivers our aspirational outcomes.

Short-term incentive

**Shareholder:** Incentivises “real” returns and robust performance against clear strategic objectives.

**Company:** Drives robust EBITDA, working capital management, free cash flow and delivery of strategy.

**Employee:** Recognises **excellent performance** against strategic KPIs, retention “lynch pin” for top talent. Support culture of performance.

Remuneration strategy

**Employee Recognition** programme to underpin performance management and EVP

“Rapid Deployment” framework

**Global Wellness Strategy** and support of EVP

**“Better Me, Better Us, Better Together.”**

**Global Mobility** framework supporting “unlocking” Talent and Mobility.



Long-term incentive

**Shareholder:** Delivers return on investment, long-term sustainable growth and business strategy

**Company:** Long-term financial performance, year-on-year returns, evidence of **investment case**

**Employee:** Recognition, reward and retention with **shareholder alignment** and “skin-in-the-game”

Guaranteed pay and benefits

**Shareholder:** Demonstrate responsible employer, “walk the talk” about “our People”

**Company:** attract **talent**, remain cost-effective, retain talent, support EVP

**Employee:** uplift and enable “**my work/ my life**”, meet cost of living, responsible support through benefits

In the wake of launching our new strategy in November 2023, we are set to undertake a comprehensive review of its remuneration strategy, particularly focusing on enhancing and aligning our incentive schemes. This initiative is squarely aimed at supporting the successful delivery of our strategic objectives while incorporating valuable feedback from our shareholders. The ultimate goal is to foster a culture of excellence and performance, thereby enhancing both employee satisfaction and shareholder value.

To ensure that our incentive schemes are fully aligned with the new strategic direction, we plan to implement a holistic review and staged approach over the coming years. This process will ensure that our schemes are “fit for purpose”. They will be designed to deliver tangible shareholder value, recognise robust performance, and align all stakeholders with our culture of performance and excellence.

A key immediate step will be the enhancement of our existing incentive schemes with the introduction of an additional scheme named the “One” Incentive. This scheme is uniquely designed to drive the delivery of our strategic objectives over the next three years. Thereafter the KPIs will be incorporated as business as usual in the STI. Participation in the “One” Incentive will be open to all employees, structured in a tiered approach to ensure everyone can contribute to, and benefit from, the successful implementation of our strategy.

The review of performance metrics will adhere to the following guiding principles:

- “One” Incentive – Focused on incentivising the achievement of strategic targets and deliverables.
- Short-term incentive – Aimed at rewarding year-on-year business and Group performance.
- Long-term incentive – Designed to reward return on investment, sustained performance, and the achievement of long-term goals.

A critical aspect of this review is the principle of rewarding performance “once” – ensuring there is no overlap or “double-dipping” for the same performance outcomes across different schemes.

The review process will also explore the appropriate balance and weighting of performance metrics across global, regional and business levels. This consideration is particularly relevant given our revised strategy and operating model, ensuring that management rewards are closely linked to their areas of focus and influence.





## Glossary of terms

Term	Description
AGM	Annual General Meeting
A&EI	African Explosives and Industries
AEL	African Explosives Limited
AIChE	American Institute of Chemical Engineers
B-BBEE	Broad-Based Black Economic Empowerment, in South Africa
BBRI	PT Black Bear Resources Indonesia, a manufacturer of ammonium nitrate part-owned by AECI
BIGGER	AECI's values of being Bigger, Innovative, of Going Green, and of being Engaged and Responsible
Capex	Capital Expenditure
CDP	Carbon Disclosure Project
CDP	Company's disclosure and environmental performance
CEO	Chief Executive Officer
Chemical Technology Incubator	NPO business incubator; the principal agent in establishing small and micro enterprises in the downstream chemical manufacturing sector in South Africa
COVID-19	Coronavirus disease
CO <sub>2</sub>	Carbon dioxide
CO <sub>2</sub> e	Carbon dioxide equivalent
CSI	Corporate social investment
EBIT	Earnings before interest and taxation, defined as profit before interest, taxation and share of profit of equity-accounted investees, net of taxation
EBITDA	Earnings before interest, taxation, depreciation and amortisation calculated as profit from operations and equity-accounted investees plus depreciation, amortisation and impairments. EBITDA is not audited by the company's external auditor
EE	Employee Equity
ERM	Enterprise risk management
ESD	Enterprise and supplier development
ESG	Environmental, social and governance
EVP	Employee Value Proposition

Term	Description
GDP	Gross Domestic Product
Gearing	Net debt as a percentage of equity
GHG	Greenhouse gas
GJ	Gigajoule
HEPS	Headline earnings per share
IMF	International Monetary Fund
ISO	Interntional Organisation for Standardization
JSE	Johannesburg Stock Exchange
King IV™	The King Report on Corporate Governance for South Africa, 2016
KPIs	Key performance indicators
KWh	Kilowatt hour
LTD	Limited
LTI	Long-term incentive scheme
m³	Cubic metre
MWh	Megawatt hour
MMU	Mobile manufacturing unit
MOI	Memorandum of Incorporation
MSR	Minimum shareholder requirements
NED	Non-executive Director
NGDA	Nomination, Governance and Directors' Affairs Committee
NIHL	Noise-induced Hearing Loss
PGM	Platinum group metals
PPE	Property, plant and equipment
PSTIR	Process Safety Total Incident Rate
R&D	Research and development

Term	Description
ROIC	Return on Invested Capital
RONA	Return on Net Assets
SDGs	Sustainable Development Goals
SENS	Johannesburg Stock Exchange News Service
SEO	State-Owned Enterprises
SHE	Safety, Health and Environment
SHEQ	Safety, Health, Environment, and Quality
SMF	Stakeholder management framework
SMME	Small, Medium and Micro-sized Enterprises
SOC	Security Operating Centre
SOD	Segregation of duties
STI	Short-term incentive scheme
TCFD	Task Force for Climate Related Financial Disclosure
TiOP	Transportation Indicator of Performance
TMO	Transformation Management Office
TRIR	Total Recordable Incident Rate, which measures the number of occupational safety incidents per 200 000 hours worked.
TSR	Total shareholder return
UN	United Nations
UNGC	United Nations Global Compact

## NOTES

## Corporate information

**AECI Limited**

(Incorporated in the Republic of South Africa)  
(Registration No. 1924/002590/06)  
Taxation reference No. 9000008608  
Share code: AFE ISIN: ZAE000000220  
Hybrid code: AFEP ISIN: ZAE000000238  
Bond company code: AECI  
LEI: 3789008641F1D3D90E85  
(AECI or the Company or the Group)

## Group Company Secretary and registered office

Cheryl Singh  
AECI Place  
24 The Woodlands  
Woodlands Drive  
Woodmead  
Sandton, 2191  
South Africa  
(no postal deliveries to this address)  
Email: [cheryl.singh@aeciworld.com](mailto:cheryl.singh@aeciworld.com)

## Vice President Investor Relations

Zanele Salman  
Email: zanele.salman@aeciworld.com  
Email: AECInvestorRelations@aeciworld.com

### Postal address and contact details

Private Bag X21, Gallo Manor, 2052  
Telephone: +27 (0)11806 8700  
Email: [Groupcommunications@aeciworld.com](mailto:Groupcommunications@aeciworld.com)

## Web address

www.aeciworld.com

## London secretary

St James's Corporate Services Limited  
107 Cheapside  
Second Floor  
London  
EC2V 6DN  
England

## Transfer secretaries

**Computershare Investor Services Proprietary Limited**

Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196  
Private Bag X9000, Saxonwold  
2132  
South Africa

**Computershare Investor Services Public Company Limited**

PO Box 82  
The Pavilions Bridgwater Road  
Bristol BS99 7NH  
England

## External auditor

Deloitte & Touche  
5 Magwa Crescent  
Waterfall City  
Waterfall, 2090  
South Africa

### Primary transactional and funding banks

Absa Bank Limited  
First National Bank of Southern Africa Limited  
(A division of FirstRand Bank Limited)  
Investec Bank Limited  
Nedbank Limited  
Sanlam Specialised Finance  
(A division of Sanlam Life Insurance Limited)  
Standard Chartered Bank  
The Standard Bank of South Africa Limited

### South African equity and debt sponsor

Rand Merchant Bank  
(A division of FirstRand Bank Limited)  
1 Merchant Place  
Corner Rivonia Road and Fredman Drive  
Sandton, 2196  
South Africa



