



Sustainability Report

For the year ended
31 December 2023



Our reporting suite

These reports are available on our website

IR Integrated Report



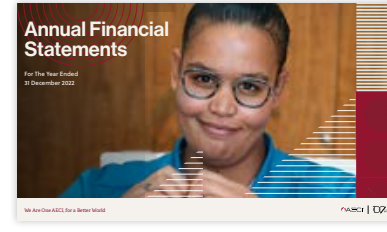
Our Integrated Report is our primary report to all stakeholders interested in our ability to create value over time. It provides the information the investor community, rating agencies and providers of debt require to make an informed assessment of the company's performance in creating, sustaining or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



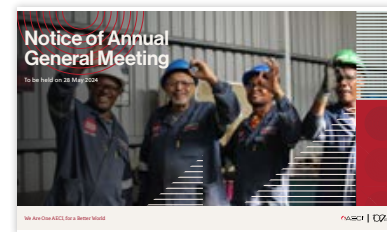
Our Tax Transparency Report describes our tax landscape, vision and objectives, governance and tax risk management. It also addresses how we engage with our stakeholders, which includes our relationships with the revenue authorities and public advocacy. We report on our tax contribution across our markets 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 100th 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, or on request from Investor Relations (AECIInvestorRelations@aeciworld.com)

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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.



Read more, reference to web, video



Material matters



Climate Resilience



Business Performance & Partnerships



Social Responsibility & Human Capital Excellence



Strong Governance

Reporting Framework and Navigation

We are pleased to present our annual sustainability report for the financial year ending 31 December 2023 and confirm our commitment to accountability and providing our stakeholders with a concise and transparent assessment of our sustainability performance. While it is primarily focused on this period, it may incorporate details of material events occurring after 31 December 2023, up until the Board's approval of the AECI corporate reporting suite on 19 April 2024. The various reporting frameworks and standards we have applied during the preparation of this report are listed on pages 3 and 11. This year for the first time, we have included elements aligned with the International Financial Reporting Standards (IFRS), International Sustainability Standards Board (ISSB) S1 (general disclosures) and S2 (climate related disclosure) standards.

Reporting Boundary (ISSB S1)

The scope of our sustainability reporting remains consistent with the previous year's report, encompassing material topics pertinent to all our operations across the 22 countries where we conduct business. Our commitment is to consistently improve the quality and accessibility of information for our investors and broader stakeholders.

This includes comprehensive disclosure of sustainability-related risks and opportunities that influence our financial performance and our overall impact on the economy, society and the environment. Furthermore, we are committed to progressively aligning our business activities with the global climate change objectives established in the Paris Agreement. Each year, we conduct and verify our carbon footprint assessment in accordance with the Greenhouse Gas (GHG) Protocol, which contributes to ensuring transparency and accountability in our sustainability practices.

About our report

The AECI sustainability report is a transparent account dedicated to informing our stakeholders about our efforts to address the Group's most significant sustainability challenges. Our reporting extends beyond mere disclosure, providing insights into how we, guided by our purpose, have been able to create economic, societal and environmental value.

Aligned with the United Nations Sustainable Development Goals (SDGs) and related sustainability, environmental, social and governance (ESG) disclosures, this report offers a comprehensive overview of our progress toward achieving our sustainability objectives as a Group.

Specifically, it demonstrates key initiatives undertaken during 2023 and showcases our commitment to the Group's purpose of **"We Are One AECI, for a Better World"**. The emphasis is on clarifying our approach to creating value for society, focusing on purpose-driven investments that support sustainable development and contribute to positive societal and environmental outcomes, all aligned with the SDGs.





Reporting Theme

Honouring 100 years of legacy, forging ahead for the next century

Our sustainability journey has evolved over the past century. As we look ahead to the next 100 years, we are committed to leaving a lasting legacy of creating a better world for people, the planet and future generations. This report reflects our proactive commitment to sustainability and unwavering support for the local, regional, national and global climate action agenda for a greener and more sustainable world. As a responsible and forward-thinking company, we recognise the urgency of addressing climate change challenges through impactful initiatives that mitigate climate-related risks and reduce carbon emissions.

We acknowledge the risks climate change poses to our operations, supply chains and people. The imperative to adapt to both the immediate physical impacts and long-term transitional changes is core to our business strategy. We have thoroughly assessed these risks and integrated them into our enhanced sustainability approach, aligning it with the principles of the Science Based Targets Initiative (SBTi) through an integrated Net Zero by 2050 pathway development process.

Assurance Statement

Our independent limited assurance of selected sustainability key performance indicators (KPI's) for 2023 was successfully concluded by Deloitte. An unmodified report was issued for 2023 which is an improvement from the qualified conclusion issued in 2022. Specific sustainability KPI's that were assured are identified in the performance data in Appendix A and defined in Appendix B. Refer to Appendix C for the complete assurance statement.



AECI 2023 Reporting Landscape

Corporate Reporting Suite

Report Contents

Reporting Frameworks

Sustainability Report

Our sustainability reporting includes information relating to how we achieve positive economic, social and environmental outcomes together with how we address and mitigate challenges.

We align with the SDGs, the Paris Agreement and the United Nations Global Compact (UNGC). Our sustainability report is of interest primarily to stakeholders (investors, existing and prospective employees, regulators, NGOs, existing and prospective customers and suppliers, ESG rating agencies and members of society).

- Global Reporting Initiative (GRI) Standards
- The King IV™ report on Corporate Governance for South Africa
- Application of the B-BBEE Act
- The Johannesburg Stock Exchange (JSE) Sustainability Disclosure
- ISSB Sustainability-related Financial Disclosures
- Taskforce on Climate-related Financial Disclosures (TCFD)
- CDP standards
- The Responsible Care® programme
- The GHG Protocol
- The 10 principles of the UNGC
- Prioritised SDGs

Integrated Report

The 2023 AECI Integrated Report (IR) provides a holistic and concise overview of how we create and protect value while minimising the risk of erosion over the short, medium and long term, in line with the IR Framework. This report is intended to address the information requirements of investors (our equity shareholders, bondholders, debt providers and prospective investors).

- The IR Framework
- The Companies Act, No. 71 of 2008
- The JSE Listings Requirements
- JSE Debt Listings Requirements
- The King IV™ report on Corporate Governance for South Africa
- Our memorandum of incorporation
- GRI standards
- Sustainability Accounting Standards Board (SASB)
- The Responsible Care® programme
- The GHG Protocol
- The 10 principles of the UNGC
- Prioritised UN SDGs

Financial Reporting

2023 Results Presentation
2023 Annual Financial Statements

- IFRS
- The Companies Act, No. 71 of 2008
- JSE Listings Requirements
- SAICA's Financial Reporting Guides

Governance Report

Our governance disclosures include information relating to board matters, ethics, delegation of authority and functional areas of governance. They are of interest to stakeholders. The information disclosed demonstrates how we do business in compliance with sound governance practices and the highest standards of ethics, integrity, transparency and accountability.

- King Report and Code on Corporate Governance for South Africa (King IV™), The King IV™ report on Corporate Governance for South Africa
- The Companies Act, No. 71 of 2008
- JSE Listings Requirements
- Other applicable laws, regulations and best practice principles
- GRI Standards

Tax Transparency Report

This report describes our tax landscape; our tax vision and objectives; governance and tax risk management; and how we engage with our stakeholders – including relationships with revenue authorities and public advocacy. We report our tax contribution across our markets and the type of taxes we pay.

- Compiled using guidance from the best standard practice guidelines in the GRI 207
- IFRS

Remuneration Report

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

- Applicable regulatory requirements, standards and guidance which include:
- The Companies Act, No. 71 of 2008
 - JSE Listings Requirements
 - The King IV™ report on Corporate Governance for South Africa

Shareholder information

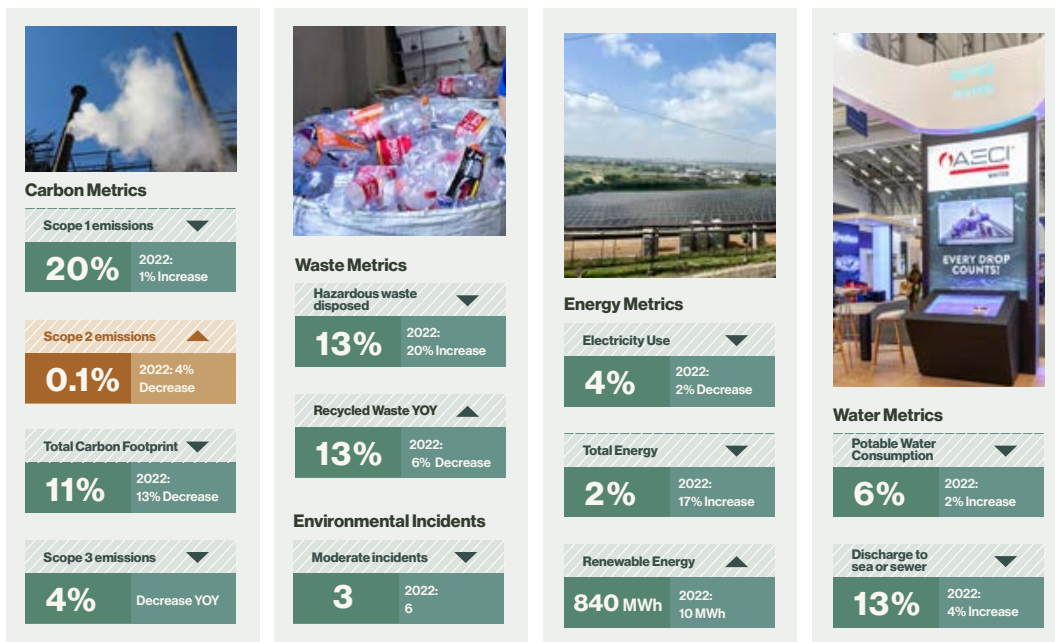
Notice of 100th annual general meeting (AGM)
Form of proxy
Shareholding profile

- The notice of AGM and form of proxy provide valuable information to shareholders who want to participate in AECI's 100th AGM

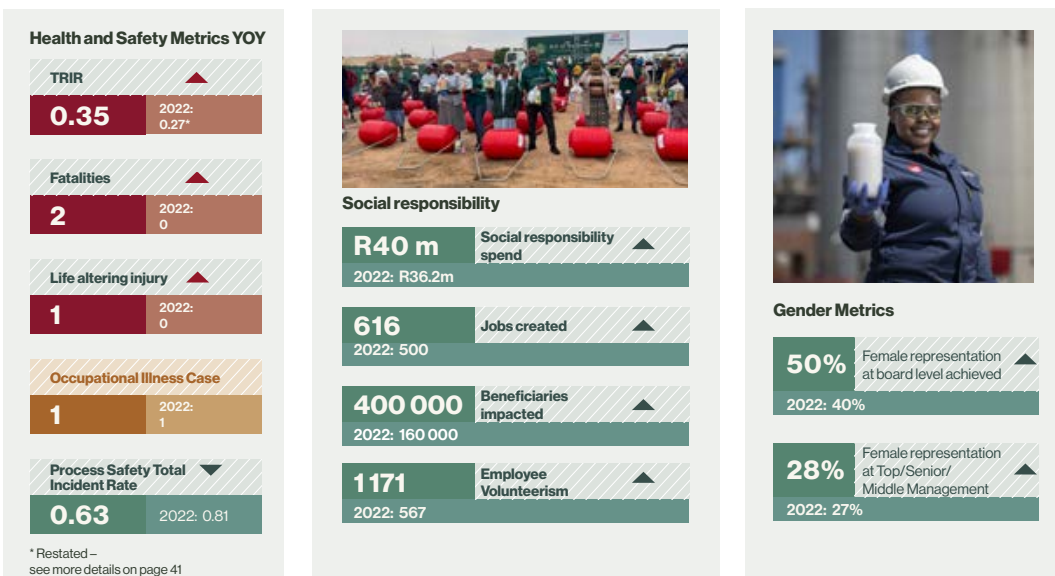
These reports are available on our website, www.aeciworld.com or on request from Investor Relations. Contact details are on page 96 of this report.

Key Features and Imperatives

Environmental



Social



* Restated – see more details on page 41

Governance

- Improved sustainability governance structures
- Enhanced stakeholder engagement
- Previous code of ethics and good business practice and conduct has been formalised into a code of ethics and business conduct commitment
- Regulatory reporting and standards alignment
- Improved non-financial assurance opinion

ESG Integrated into Remuneration

- KPIs included in long term incentives
- Water – consumption and disposal
 - Total Carbon Footprint – Scope 1 and Scope 2
 - Gender Equality

Financial Performance

- Revenue
- EBITDA

AECI again participated in voluntary CDP disclosure reporting in the year, as we have been doing annually 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.

CDP Climate Change Scoring

Our CDP carbon score for 2023 is B which is in the management band. This is higher than the Africa regional average of B- and the same as the chemical sector average.

2019	2020	2021	2022	2023
B	B	B	B	B

CDP Water Security Scoring

Our CDP water score for 2023 is B which is in the management band. This is higher than both the Africa regional average and chemical sector average of C.

2019	2020	2021	2022	2023
B	A-	A-	B	B

CDP awards scores across the same bands for companies (Disclosure: D/D-, Awareness: C/C-, Management: B/B- and Leadership: A/A-).

Certifications Update

We have made a concerted effort to ensure that our operational sites are certified for relevant standards applicable to the business undertaken. On a regular basis we assess the requirements and update certifications in alignment with regulatory developments and business growth.



AECI Water

ISO 14001:2015 – Environmental Management System
 ISO 45001:2018 – Health and Safety Management System
 SANS 1827/28 – Safety of Water Chemicals for use in the Food Industry
 ISO 9001:2015 – Quality Management System



AECI Property

ISO 14001:2015 – Environmental Management System
 ISO 45001:2018 – Health and Safety Management System
 ISO/IEC 17025:2017 – International Standard for Testing and Calibration Laboratories
 SANS 3000-1:2009 – Rail Safety Permit Holder



AECI Food & Beverage

ISO 22000:2018 – Certificate Food Safety Management System
 ISO 9001:2015 – Quality Management System
 ISO 45001:2018 – Health and Safety Management System
 FSSC 22000 – Food Safety Management System



AECI Plant Health

ISO 9001:2015 – Quality Management System

AECI Limited

B-BBEE 2023: Level 3 maintained



AECI Animal Health

ISO 9001:2015 Quality Management System
 Certificate for Veterinary-Approved Establishment
 AFMA Associate Membership



AECI Mining

ISO 14001:2015 – Environmental Management System
 ISO 9001:2015 – Quality Management System

Mining explosives is in the process of implementing ISO 45001:2018 – Health and Safety Management System



AECI Industrial Chemicals

ISO 45001:2018 – Safety Management System
 ISO 9001:2015 – Quality Management System
 ISO 14001:2015 – Environmental Management System
 FSSC 22000 – Food Safety Management
 SANAS (Sulphur) – Inspection and Test Station of SO₂ Cylinders and Drums



AECI Specialty Chemicals

ISO 45001:2018 – Safety Management System
 ISO 9001:2015 – Quality Management System
 ISO 14001:2015 – Environmental Management System



Accredited chemical analysis



Aerial view of Sasolburg manufacturing plant



Crop advisor interfacing with customer

Sustainability Achievements and Awards



CSI Legacy awards: March 2023

We were the winner in the Best Corporate category at the Corporate Social Investment (CSI) Legacy Awards, in recognition of our ongoing partnership with Oliver's Village, one of our flagship social responsibility programmes. These prestigious awards celebrate corporate social responsibility investment by companies and individuals who have demonstrated exceptional commitment and leadership in their respective fields.

Beyond awards: October 2023

In a celebration of commitment to championing sustainability, the South African Breweries (SAB), in partnership with ESG Africa Events, hosted the inaugural Beyond Awards in Johannesburg. This sustainability platform highlights African organisations and individuals who have made a noteworthy impact through their sustainability initiatives. AECI was recognised in four categories:



Sustainable Development Goals Champion Award

The prestigious award acknowledged AECI as a finalist for its comprehensive and impactful overall contribution to achieving the 17 SDGs

Sustainability Report of The Year Award

AECI was a finalist for the Sustainability Report of the Year Award, honouring the most comprehensive, relevant and engaging sustainability report.

Sustainability Project of The Year Award;

AECI was a finalist for the Sustainability Project of the Year Award, which recognises an initiative in the sustainability field that has demonstrated outstanding impact on the African continent, is scalable and sustainable.

African Trailblazer of The Year Award

Our Group Head of Sustainability and ESG was named a finalist in this category. This award acknowledged remarkable individuals who contribute towards advancing sustainability in Africa.

Chemical and Allied Industries Association (CAIA) Responsible Care Awards: October 2023

These awards recognise members' efforts in responsible business initiatives. AECI was recognised in three categories:

- Runner-Up: Renewable Energy in Education Programme Responsible Care Initiative of the Year award – Corporate Responsibility
- Winner: Responsible Care Initiative of the Year award – AECI Food & Beverage for Reducing the Need for Chemical Cleaning in Food Transport-Mega-Inliner®
- Winner: CAIA Water Award – AECI Water for Commitment to a Sustainable Future and Creating a Better World, Harmony Gold Water Recovery Project



Gender Mainstreaming Awards: October 2023

This award publicly recognises good practise and excellence in diversity, emphasising gender mainstreaming. AECI was recognised in two categories:

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



Eco-Logic Awards: November 2023

The Eco-Logic Awards identify individuals, organisations and communities that positively contribute towards a sustainable world. AECI was recognised for Circular Economy and Water Innovation:

- Silver Winner: AECI Women in Waste Management Project



Standard Bank Top Women: November 2023

The Standard Bank Top Women is South Africa's leading gender empowerment brand, celebrating public and private sector organisations that prioritise gender empowerment as an integral part of their business strategies.

- AECI Limited was recognised as one of South Africa's Top Gender Empowered Companies in the Specialty Chemicals sector



The Mail & Guardian Greening the Future Awards: November 2023

Launched in 1998, this is an annual celebration of individuals, companies, communities and NGOs who are busy working on making the world a better place for current and future generations.

- AECI was recognised as a winner in the Waste and Chemical Management category for our Women in Waste project



EcoVadis Gold Certification: December 2023

EcoVadis is the most trusted provider of corporate sustainability ratings in the world. The EcoVadis assessment process analyses and evaluates sustainability practices in critical areas such as the environment, labor ethics, human rights and our supply chain.

- AECI Germany operations retained EcoVadis gold certification in 2023



Top Employers: December 2023

For the fourth consecutive year, AECI was recognised as a 'Top Employer' in South Africa. The Top Employers Institute programme certifies organisations based on their HR Best Practice Survey results, which comprises people strategy, work environment, talent acquisition, learning, well-being, diversity, equity and inclusion.



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 CO₂ 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 re-used 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 Responsible Operations, Climate Resilience and Social Responsibility sections.

Leadership and Strategic Guidance

Established Board with diverse expertise and experience levels relevant to AECI

The Board provides oversight and a strategic steer to the Group



Khotso Mokhele
CHAIRMAN (Born 1955)

BSc (Agriculture)
MSc (Food Science)
PhD (Microbiology)
Appointed: to board 2016,
as Chairman 2017



Fikile De Buck
(Born 1960)

BA (Economics and
Accounting)
FCCA
Appointed: 2019



Steve Dawson
(Born 1964)

BSc (Hons) Mining Engineering
MBA
GAICD 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 Sibiyi
(Born 1977)

CA (SA)
Appointed: 2018



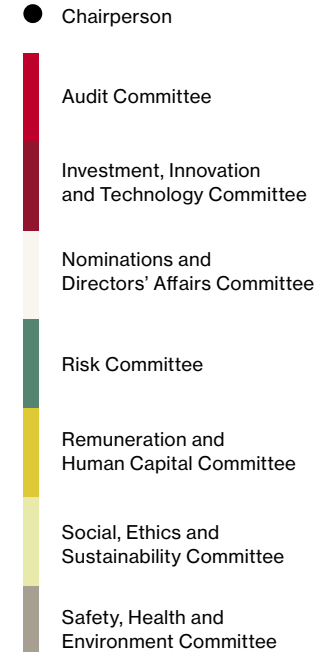
Sam Coetzer
(Born 1961)

BEng (Mining)
Served as interim CE
Appointed: 2022



Walter Dissinger
(Born 1962)

MEng (Industrial)
Appointed: 2020



Environmental

In line with our corporate purpose, we drive responsible action aimed at protecting people and the environment in which we operate.



Governance

Globally, we are committed to the highest standards of ethical business conduct and corporate governance. These commitments are installed throughout all our businesses and operations.

Social

We continuously invest in our communities, employees and shareholders by promoting social good and forging meaningful relationships.

Key sustainability matters for the board:



Supplement IT and ESG skills on the Board by making more effective use of specialist advice



Extent of ESG discussions at Board level



Enhance robust discussions regarding carbon footprint and emissions and leverage eco-efficiency beyond compliance



Increase discussions on sustainability issues relating to employee welfare, unions and social issues

2023: Focused SESC Training Sessions

Sustainability

- General principles of Sustainability and ESG
- UNGC Principles
- Complying with TCFD requirements (with an overview of TNFD)
- JSE Sustainability and Climate Change disclosure guidance
- Disclosure requirements by other exchanges (e.g. NYSE, NASDAQ, AUX, DAX, EU)
- International Sustainability Standards Board requirements and European Financial Reporting Advisory Group (EFRAG) and Corporate Sustainability Reporting Directive (CSRD)
- Science Based Targeting initiative (SBTi)
- Net Zero by 2050 commitment and pathway

B-BBEE Codes and Regulations

- Comprehensive understanding of legislative changes to ensure better compliance
- Best practice and sustainable implementation
- To ensure that we are adequately prepared to add value to the business
- Benefits of B-BBEE in South Africa and to AECI
 - Ownership
 - Management Control
 - Enterprise and Supplier Development
 - Skills Development

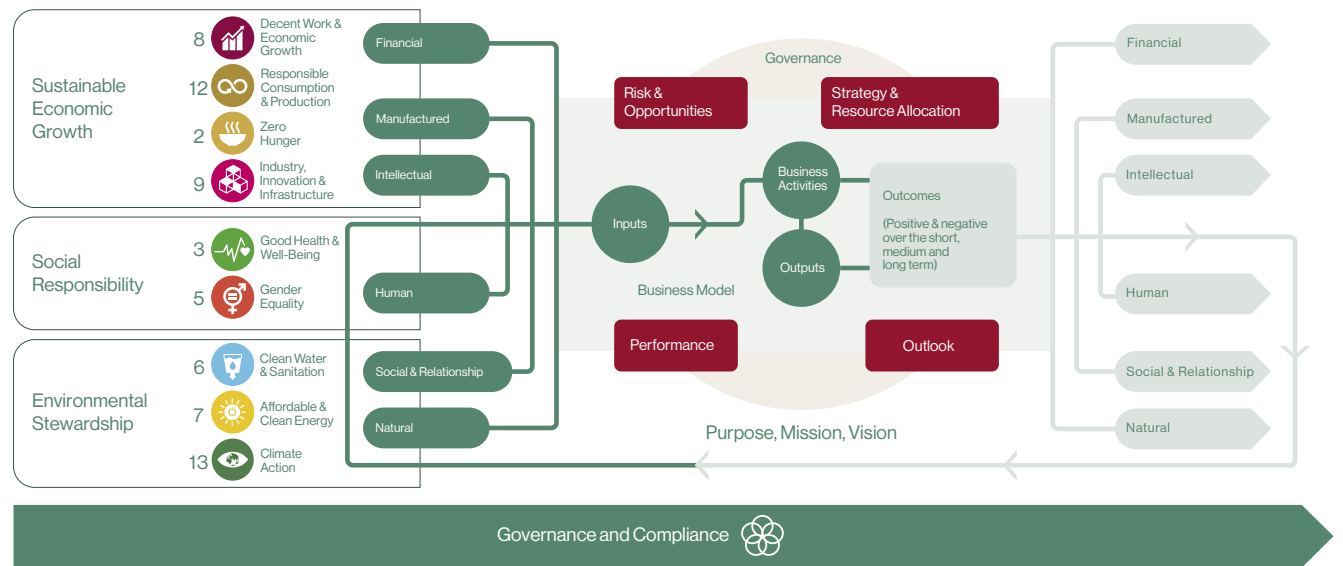
Remuneration

- Institute of Directors South Africa - Linking ESG to Remuneration
- ESG targets in pay and King IV™
- Connecting ESG to value
- Current market practices
- Framework for deciding whether to use ESG metrics in reward
- Implementing ESG targets in practice

Six Capitals Integration

The International Integrated Reporting Commission (IIRC) have developed a framework called Six Capitals, which combines both qualitative and quantitative data to demonstrate, tangibly, how an organisation creates value over time. These are human; social and relationship; intellectual; financial; manufactured; and natural. Businesses, to varying degrees, impact and depend on these capitals: increasing, decreasing or transforming them over time.

The relationship between the Group's sustainability drivers and our six capitals highlights the alignment between the key priority SDGs identified by the Group and the comprehensive model that underpins our sustainability strategy. The integration and alignment between these elements forms the essence of our sustainability framework.



How we align with the United Nations Global Compact (UNGC)

Our business principles are founded on identifying priority SDGs for our business and upholding the fundamental principles of the UNGC. We have ensured alignment with the fundamental responsibility of protecting human rights, fostering fair labour practices, promoting environmental stewardship and embedding the highest ethical standards in our business. We are committed to integrating the UN principles into our operations and are dedicated to championing responsible and principled business practices.

Our priority SDGs



United Nations Global Compact Alignment

The 10 Principles

- Human Rights
- Environmental
- Labour
- Anti-Corruption

- Support and respect the protection of internationally proclaimed human rights
- Not complicit in human rights abuses
- Uphold the freedom of association and the effective recognition of the right to collective bargaining
- Uphold the elimination of all forms of forced labour
- Uphold the effective elimination of child labour
- Uphold the elimination of discrimination in respect of employment and occupation
- Support a precautionary approach to environmental challenges
- Undertake initiatives to promote greater environmental responsibility
- Encourage the development and diffusion of environmentally friendly technologies
- Work against corruption in all its forms including extortion and bribery





Pathway to ESG disclosure going mainstream



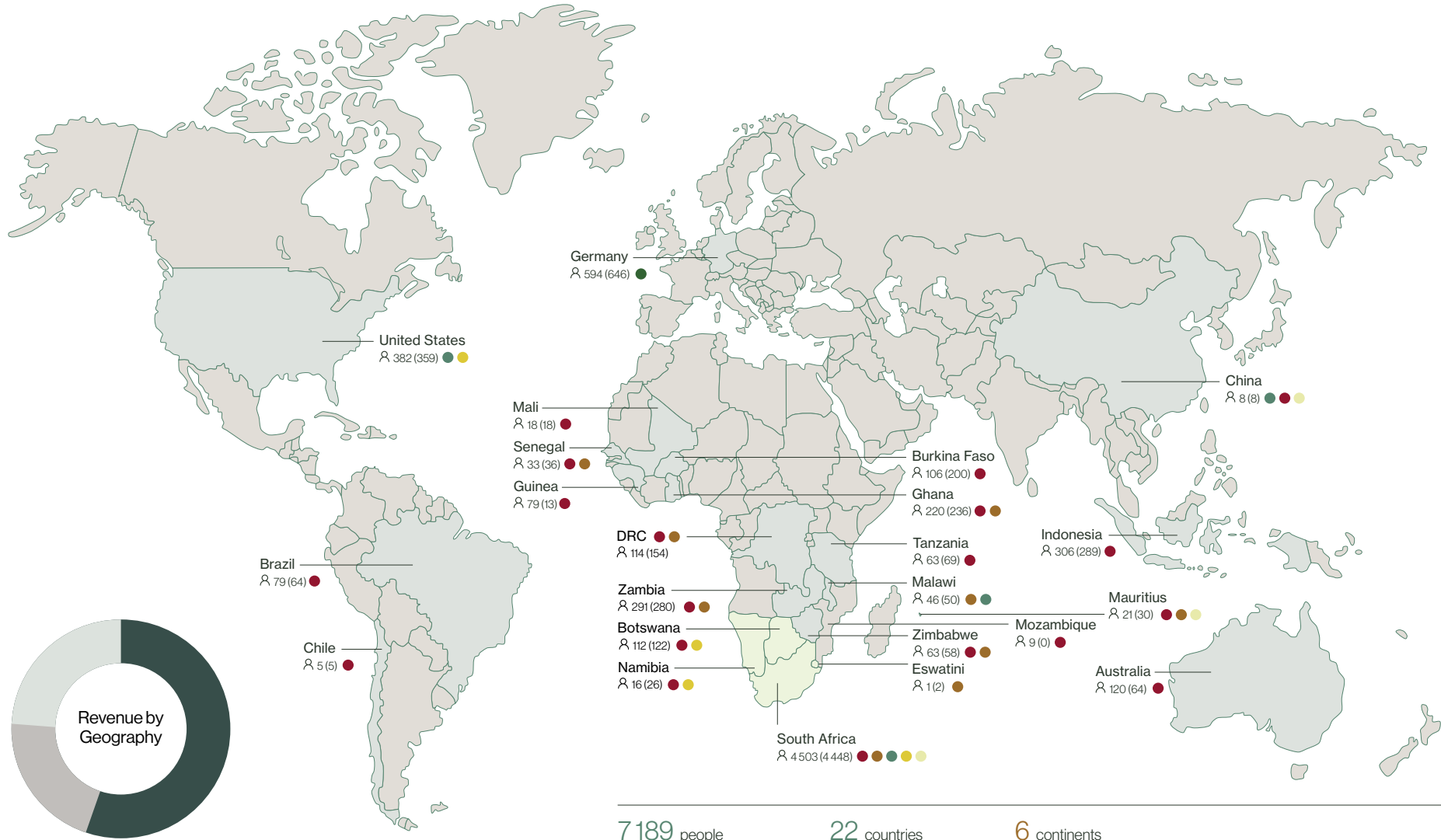
The AECI Approach



Supporting global best practice

Over the past decade the sustainability reporting landscape has evolved and expanded significantly. The publication of new standards and regulations has consistently increased the transparency of reporting requirements. We have conducted an assessment of the various regulations and identified the relevant instruments for our business. This has allowed us to prioritise the applicable requirements and define an AECI specific approach. Our sustainability reporting is guided by relevant goals, frameworks and regulations.

Our Geographical Footprint



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 100-year heritage

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 coincided with a significant upsurge in the South African mining sector, fuelled by a global demand for mineral resources. AECI swiftly emerged as a pioneer in cutting-edge mining explosives technology within the local landscape. As demand for the innovative solutions soared, the company strategically broadened its scope to harness advancements in mining explosives technology, solidifying its position as an indispensable partner to the mining industry.

The early 1950s ushered in a period of post-war prosperity, marked by substantial production growth within the industry as global reconstruction efforts gained momentum. Despite the challenging backdrop of racial segregation and political unrest in South Africa, AECI remained steadfast in fortifying its innovation and research and development capabilities to enhance service provision and foster the growth of the local mining sector. The Group's unwavering commitment to excellence enabled it to sustain relevance, indispensability and preparedness for further expansion.

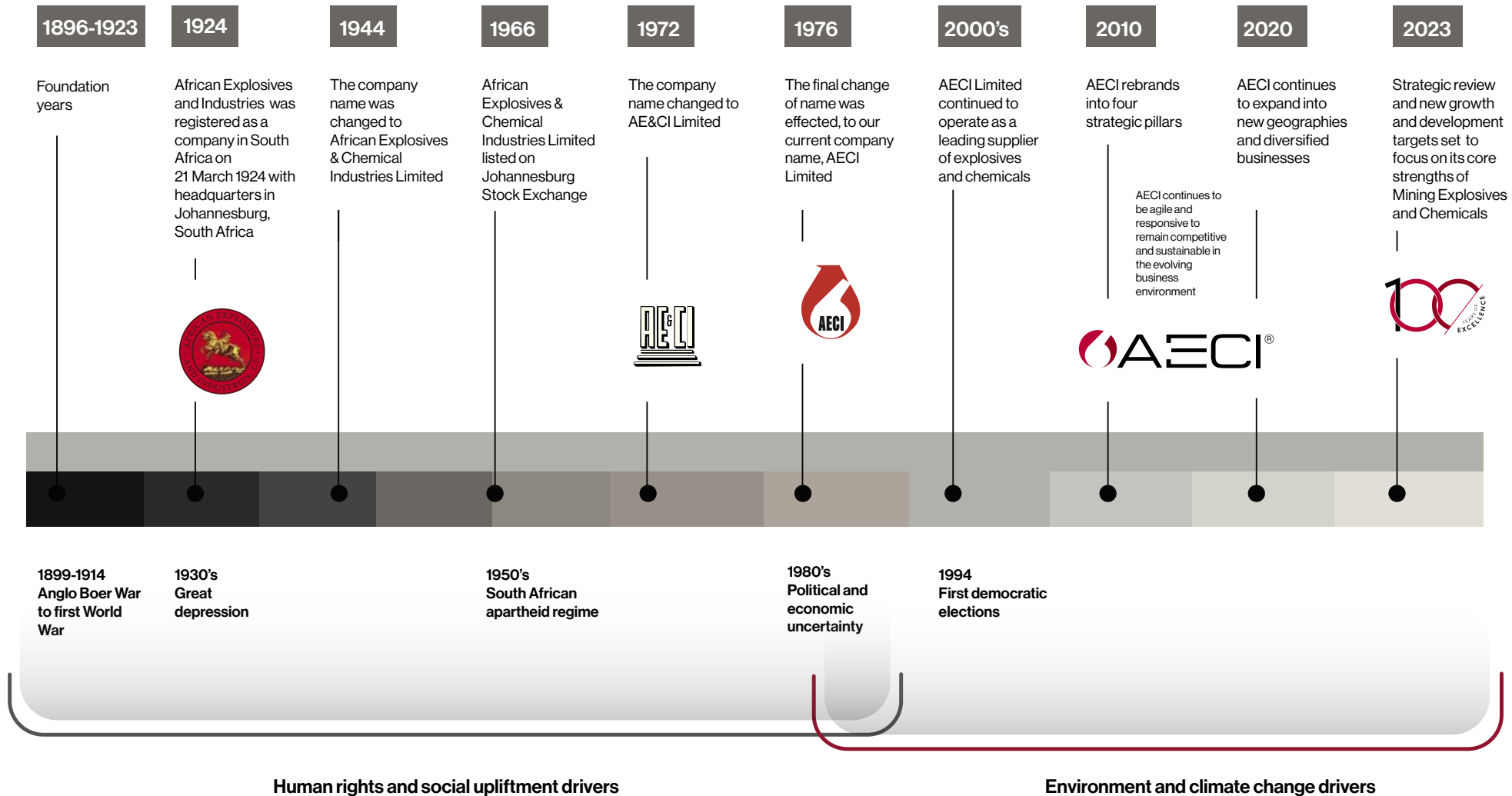
By the early 1960s, AECI diversified its portfolio to include services for the agricultural sector, leveraging the by-products of its explosives manufacturing process. The 1970s brought intense international pressure on the South African Government to dismantle Apartheid, alongside the global oil crisis, which compounded the complexities of conducting business in the region. In response to these formidable challenges, AECI exhibited resilience and a steadfast determination to pursue growth opportunities.

The 1990s marked a paradigm shift towards sustainable and ethical business practices, prompting AECI to swiftly adapt and align with evolving global standards, positioning itself to venture into the international industry arena.

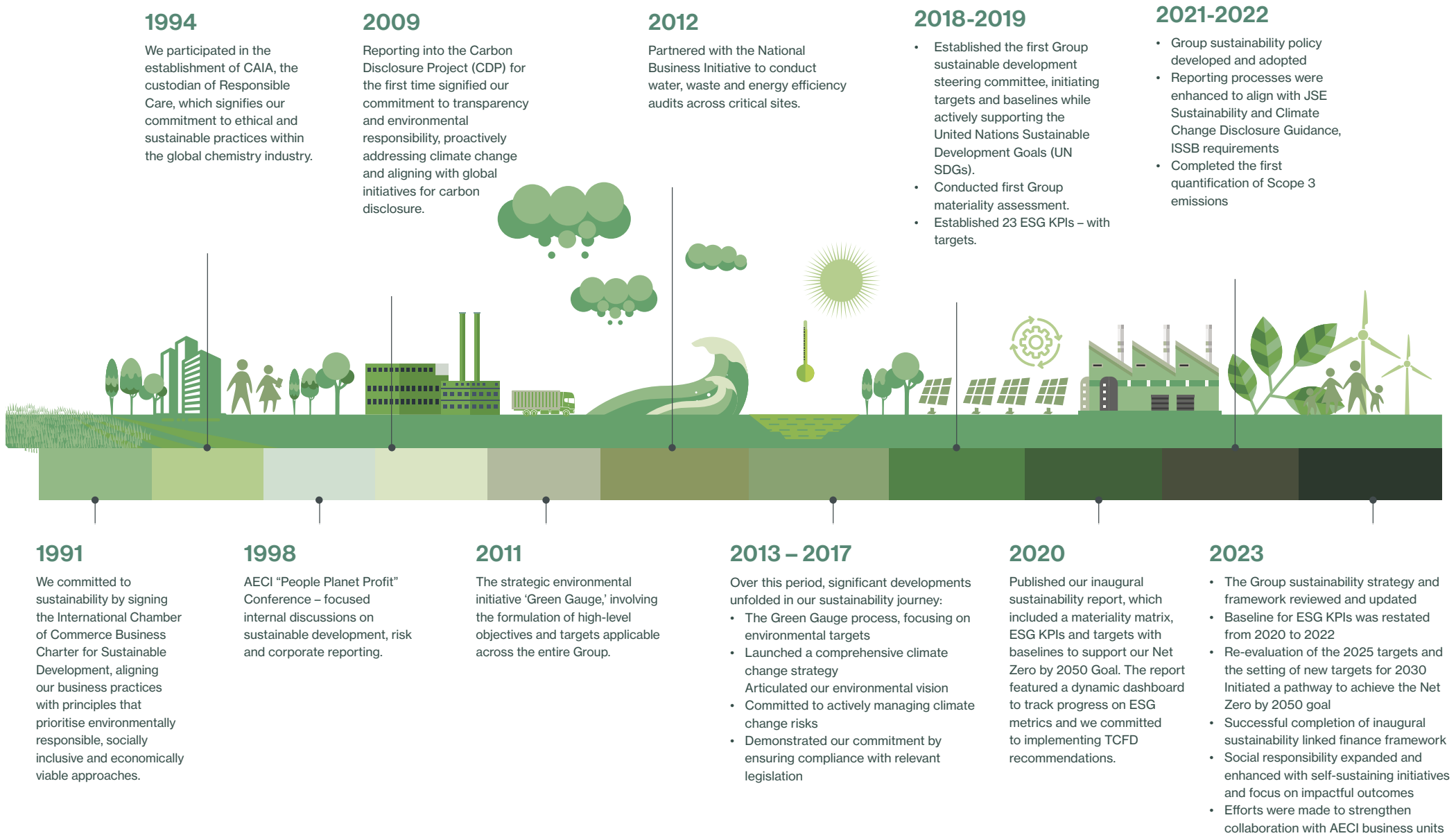
Today, a century later, AECI epitomises resilience, determination and unwavering resolve in navigating micro- and macro-economic obstacles. The company stands tall, rooted in Africa while steering a course of global expansion, refocusing on its core competencies and demonstrating commitment and capacity to meet the evolving needs of its customers.



Our 100 Year Legacy



Our Sustainability Legacy



Messages from Our Leaders

Message from Our Chief Executive Officer



Holger Riemensperger
Group Chief Executive

Dear Stakeholders,

“As we reflect on the last 100 years, we acknowledge our journey, celebrate milestones and prepare for the next century with a profound commitment to sustainability. At AECI, sustainability is not just a part of our business but the essence of our performance and relationship with stakeholders.”

Our rich heritage is marked by an ongoing ambition that is anchored in innovation and excellence. This has seen AECI emerge as a leader in sustainable practices that continue to keep pace with global frameworks and trends. With the expansion of sustainability reporting, the importance of ESG disclosures has become increasingly evident. In recent years, stakeholders have been demanding greater transparency and at AECI, we consider these disclosures to be crucial, reflecting our true performance and commitment to our stakeholders.

During the year we were acknowledged as finalists in the 'Beyond Awards' for our comprehensive and impactful overall contribution to the 17 Sustainable Development Goals and transparent reporting.

This acknowledgement demonstrates that we are embracing sustainability in its widest sense. Sustainability has remained at the core of our operations as an all-encompassing concept that cuts across our functional activities, operations and related business endeavours. This includes promoting social and economic inclusion and advancing environmental protection and climate response.

Safety and well-being: Prioritising Zero Harm across the value chain

The two tragic fatalities and a life-altering injury that occurred in our operations in the year under review was a stark reminder of the importance of continuously prioritising safety across our value chain and our ongoing commitment to Zero Harm. Our hearts go out to the families affected and we express our deepest regret for the incidents that occurred.

These tragic incidents prompted a comprehensive safety improvement plan, emphasising leadership accountability and a two-pronged approach involving both leadership and safety, health, environment and quality (SHEQ) teams to ensure protecting our people is always our top priority.

Climate change resilience: Our commitment to Net Zero by 2050

Recognising the urgent need to address climate change, we have integrated a robust assessment of climate-related risks into our sustainability approach. While we have not as yet sought verification, our Net Zero by 2050 commitment aligns with the SBTi methodology and principles and demonstrates our dedication to mitigating risks and reducing carbon emissions.

Strategic transformation

In alignment with our commitment to sustainability, we have undergone a comprehensive strategic evaluation, setting the stage for a purpose-driven and sustainable future. Our refreshed purpose and ambition underscore a team and an optimised portfolio with a focus on mining and chemicals, operational excellence and strategic capital allocation.

Our century-long commitment to sustainability has led us to a pivotal moment. As we look ahead to the next 100 years, sustainability is at the heart of the Group's strategic evolution. This commitment is more than a business strategy; it is building on our legacy to continue making a lasting contribution to a greener and better world.

In the pursuit of sustainable returns and excellence, our new strategy is a purpose-driven roadmap. Deep engagement with stakeholders has shaped our strategic pillars.

During our engagement with stakeholders, the management team also took account of:

- The trends we are seeing in the external environment from climate change, increasing commodity volatility, geopolitical changes, energy transition, digital disruption and deglobalisation of supply chains
- Our underperforming share price over the last 10 years, has seen AECI significantly underperform on the JSE
- Our understanding of the need to address investor concerns and to focus on a simplified business model
- Demands for improved and enhanced climate response linked to robust sustainability strategy execution

Our 2026 strategy

During 2023, we undertook a comprehensive strategy review comprising of engagements with various levels of the business through focussed work streams. The key components of this strategy are:

- Organisational purpose and restated ambition summarise our common goal which we are all working towards as an organisation
- The strategic drivers lists the related support objectives that we are prioritising and which we aim to deliver by the end of 2026
- Our sustainability drivers, enablers and guiding principles form the foundation of our strategy and they explain our approach to delivering on our strategy

A clear vision and ambition guide our commitment to sustainability principles and our role in addressing global challenges. Together we are heading to a brighter, greener future.

Strategic execution

Simplifying our operating model is crucial to the execution of our strategy. Designed to unlock value through effective strategy execution, our optimised operating model emphasises:

- Support from the centre: Governance, support, expertise and resources are centralised to foster synergies, drive efficiency, competitiveness and profitability
- Business unit accountability and go to market: Independent operations with strong profit and loss ownership, ensuring adaptability to global customers
- Excellence in support functions: Service-focused and performance-led support functions to enhance overall organisational performance
- Organisational efficiency: Streamlined processes to avoid duplication and enhance performance
- Focused and effective organisation: Reduction of management layers to support agility and flexibility for effective decision-making

Sustainable growth as a mining and chemicals leader

Our future envisions AECI attaining a global market position of #3 by 2026, securing a prominent market position. This strategic transformation involves:

- A Global Mining Business and SA-focused Chemicals Business: AECI's portfolio optimisation centres on mining and chemicals, aligned with our commitment to sustainable and profitable growth
- Strategic Divestments from Non-core Businesses: Our dedication to sustainability extends to strategic divestments from non-core businesses, ensuring focused efforts on our core strengths

Considering our extensive history, the knowledge and experience of our Board and leadership team, the Group's unwavering commitment to sustainability and its revised corporate and portfolio strategy, we are confident that AECI is well-positioned for transformation.

For further details on our strategy, read more in the strategy section of our Integrated Report.

Our sustainability performance

During 2023 we restated our baseline which resulted in even more ambitious targets being set for our strategic sustainability indicators. I am pleased to tell you that our sustainability performance continued to improve in 2023. My thanks go to all our people for their focus and continued effort that enable us to realise our purpose: **We Are One AECI, for a Better World.**

Improvements were recorded in the following Key Performance Indicators (KPIs):

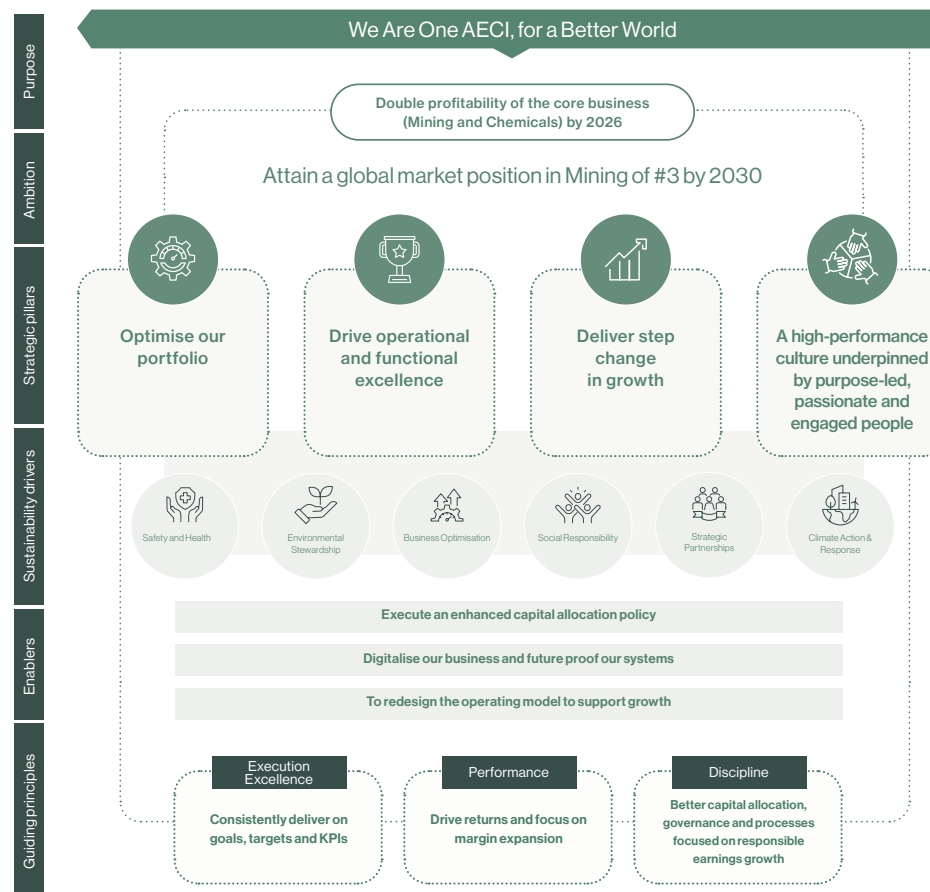
- 6% decrease in potable water consumption
- 13% decrease in discharge to sea or sewer
- 11% decrease in total carbon footprint
- 13% decrease in hazardous waste disposal
- 1% improvement in gender equality

Social responsibility

AECI's global social responsibility programme promotes sustainable development, social inclusion and a climate response. Awards such as the Gender Mainstreaming Awards and CSI Legacy Awards recognise our commitment to making a positive and sustainable difference in the communities with whom we partner.

Looking ahead

Despite facing a dynamic global economy, we are resolute in our commitment to sustainability, aiming to continue leading the way in responsible and profitable business practices. Our strategy positions us for success in the next 100 years as we navigate an ever-changing world with a clear focus on sustainability.



Our commitment to Zero Harm and sustainability remains pivotal to our growth strategy, aligning with our purpose – **We Are One AECI, for a Better World.**

Our sights are set on the ambitious target of achieving our Net Zero by 2050 goal. In the upcoming year, we are committed to significant progress in developing a comprehensive Net Zero by 2050 transition pathway, outlining our deliberate steps towards a sustainable future.

I would like to express my gratitude to all the stakeholders who have been part of our transformative journey thus far and extend our commitment to delivering sustainable value in 2024 and beyond.

Holger Riemensperger

Group Chief Executive

19 April 2024

Message from our Social, Ethics and Sustainability Committee (SESC) Chair



Fikile De Buck
Chairman of the SESC

Dear stakeholders,

“Reflecting on AECI’s remarkable journey over the past century, we proudly acknowledge our enduring commitment to sustainability. As we stand at the threshold of the next century, our purpose, We Are One AECI, for a Better World, resonates stronger than ever.”

As we spent time over the past year on the review of our strategy, we also took the opportunity to reflect on our past hundred years and contemplated the journey ahead which will determine the legacy we would like to leave behind. It was very clear that, whilst there is a great deal of work ahead of us, we have been resolute in our sustainability journey from the very early days of AECI. As depicted in our journey map in this report on page 15, we were engaged in sustainability matters long before legal or statutory imperatives became the focus. Historically our approach has been based on engaging in responsible business practises and taking actions in good faith for the benefit of the business while considering our obligations to the greater good.

Over the past decades, as the profile and focus of the business evolved to meet changing demands, the one aspect that remained consistent was our unwavering commitment to environmental protection, community support and good business practices. The result of this resolve is clear in the progressive and cumulative actions the Group has taken to organically advance our sustainability journey.

This year our report focuses not only on what we have achieved in the past year, but also on our legacy of the past and our aspirations for the future.

Our ever-evolving landscape – advancing our sustainability ambition

Being a responsible company and cognisant of the fact that the social and environmental landscape has undergone significant changes in recent times, we realise the importance of addressing these changes in the context of one of the biggest challenges that humankind has faced – global climate change. In response, we have included sound actions and initiatives in our strategy.

Our approach to integrating sustainability into our business operations and ensuring transparent reporting remains steadfast, as we respond to the dynamic needs of our stakeholders and evolving disclosure standards.

We have always believed that advancing our sustainability ambition needs to be aligned to and in support of international initiatives such as the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. In line with our commitment to applying the principles of the UNGC in our business we have consistently lived up to our obligation to operate responsibly, upholding human rights, practice responsible environmental management, take climate action, be socially responsible and maintain ethical business practices. To this end, we have taken deliberate steps over the past year to formalise our alignment with the UNGC principles in our Code of Ethics and Business Practice Commitment, details of which are provided on pages 10 and 35.

We closely followed the deliberations at the recent COP28 which focussed largely on assessing progress across the globe in achieving the Paris Agreement. I am pleased to report

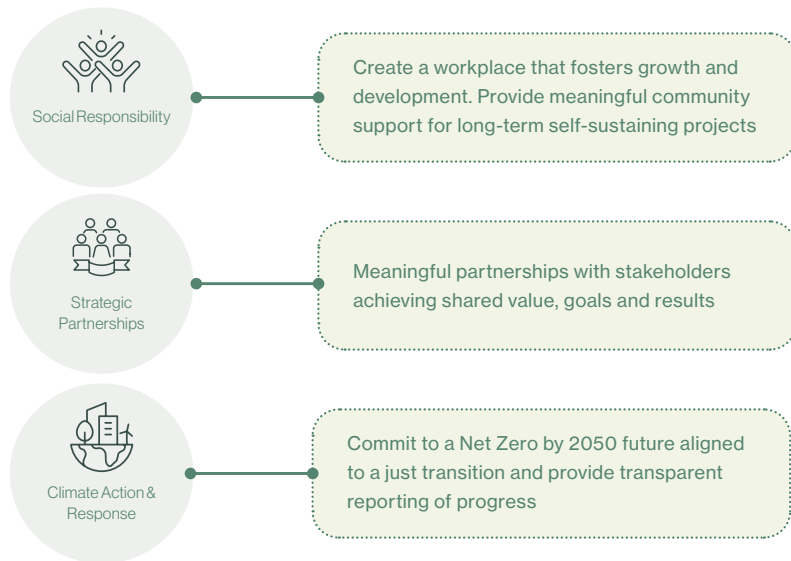
that these objectives significantly align with our drive to a just and equitable transition as we continue to take action to achieve our Net Zero by 2050 goal.

Our drive to Net Zero by 2050 is not just a pledge but a dynamic commitment. Despite the significant demands resulting from our strategy review process, the dedication of our business leaders and their support teams has been heartening. As work on the strategy review ramped up, the initiation work for the pathway to Net Zero by 2050 also took place in parallel. It is a true testament to the resilience of the teams who incorporated these additional critical aspects into their already extensive operational responsibilities. Our largely positive results and performance, specifically in the non-financial space, are a testament to the ethos of a high-performance culture.

Sustainability drivers integrated in our strategy

Our 2026 strategy is underpinned by six sustainability drivers which are 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 Purpose-led, Passionate and Engaged People

The Group has highlighted essential areas of focus such as Diversity, Equity and Inclusion (DEI), transformation, gender equality, talent management and skills development. As we embarked on our strategy review process, it was clear that filling the role of our Chief People Officer (CPO) was a priority. I am very pleased to report that Khabonina Ramoupi was appointed into this critical role in August 2023 and has since made a significant impact on people enablement and empowerment. We look forward to achieving our aspiration of a high-performance culture underpinned by passionate and engaged people under her leadership.

A key focus for our transformational journey as we forge our way into the next century is based on attracting, developing and recognising talent on a global scale to deliver on our purpose of **We Are One AECI, for a Better World**. We are pleased to report that following an audit of our 2023 performance we have retained our Level 3 B-BBEE status.

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 experience 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.

Social responsibility and strategic stakeholder partnerships

At AECI we have always been relentless in our belief that the communities in our areas of operation are integral to our social licence to operate. Sustainable partnerships are at the core of our approach, reflecting our dedication to shared social value. Despite global socio-economic challenges, collaborative efforts have strengthened our capacity to deliver sustainable outcomes to vulnerable communities.

Our social responsibility focus, supported by the AECI Foundation (formerly TISO Trust) and the Group Social Responsibility Committee (previously known as the CSI Committee), is clear through the range of development, growth and support projects undertaken during the year. We remain steadfast in our intent to scale these initiatives to ensure meaningful levels of empowerment. Partnerships with our stakeholders have contributed to achieving maximum impact and shared value creation.

I am proud to report that several of our initiatives, partnerships and efforts, resulting from the consistent efforts of our people across the Group, were recognised for the value and positive impact in our vulnerable sectors. A range of

accolades and awards were received during 2023 in recognition of exceptional performance. I am very proud of the efforts and dedication of the teams involved in the various aspects of these initiatives. A detailed list of these accolades and awards can be found on page 6.

Ethics and business practices

The AECI Code of Ethics, reviewed annually by the SESC, provides clear guidance and procedures for the ethical conduct expected of all AECI employees and contractors. Additionally, our Localisation Policy ensures that the AECI Code is applied in a uniform and consistent manner across all geographies in which we have a presence. Over recent years and continuing in 2023, we have placed a concerted effort on ethics and compliance controls in the organisation. An ethical culture is fundamental to driving long-term business value and stakeholder support, which remains a priority for the Board and Executive Committee.

Looking ahead

As we advance our strategic sustainability integration in 2024, double materiality will feature strongly in our materiality assessment, demonstrating our commitment to sustainable practices and reflecting a growing awareness of ESG considerations.

The incorporation of the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations will further enhance our commitment to biodiversity conservation. This will ensure that we consider our impact on ecosystems, species and natural resources, fostering sustainable business practices and contributing to the conservation of biodiversity in the broader context of environmental stewardship.

As sustainability standards advance, we embrace the global shift evident in the release of the first global Sustainability Disclosure Standards by the ISSB. The issuing of IFRS S1 and IFRS S2 marks a substantial advance in global sustainability-related disclosures. We will remain true to our intent of bolstering trust in our company reports regarding sustainability through our commitment to transparency, balanced reporting and providing a universal language for communicating the impact of climate-related risks and opportunities.

In closing, we express our gratitude for the transformative journey we have shared with our stakeholders. As we chart our onward journey toward increased sustainable practices, we remain committed to our vision of a better world, embracing challenges, fostering innovation and contributing to a future that is both sustainable and prosperous.

Committee Assurance

As the Chairman of the SESC, I am satisfied that we have fulfilled our mandate as required by the Companies Act 71 of 2008 and that there were no instances of material noncompliance with applicable laws and regulations. Furthermore, I am also pleased to report that our sustainability KPI assurance was successfully conducted by Deloitte and an unmodified report was issued for 2023 which is an improvement from the qualified conclusion issued in 2022. The full assurance statement is available on page 91.

I extend my sincere appreciation to the AECI Team, including Board colleagues, for their unwavering commitment to the work of the SESC and the fulfilment of a meaningful climate response, social responsibility and responsive stakeholder engagement.

Fikile De Buck
Chairman of the SESC

19 April 2024

Message from our Safety, Health and Environment Committee (SHEC) Chair



Steve Dawson
Chairman of the SHEC

Dear stakeholders,

“Despite facing challenges in safety performance, our commitment to continuous improvement remains unwavering. These challenges have strengthened our resolve to continued to prioritise safety culture and leadership. We are optimistic about leveraging these learnings to drive positive change and enhance safety performance within AECI.”

Our Safety Health and Environment (SHE) journey over the last 100 years

Our SHE journey, which is part of our 100-year legacy, is characterised by a continuous evolution of the Group's risk profile, which is influenced by the changing landscape of our businesses, industry sectors and the countries in which we operate. We have researched, manufactured and taken products and services to market in alignment with increasing legal and moral obligations as part of our commitment to retain our licence to operate.

An important milestone was reached in 2017 when we formulated our Zero Harm Strategy, which not only laid out our long-term vision to achieve excellence in SHE management and performance, but also started the journey of standardising our SHE management systems, globally. Although this work is still ongoing, refocussing our efforts on lead indicators related to leadership and culture, underpinned by our Zero Harm Strategy, will drive improved SHE performance into the future.

We have continued to adapt our governance structures and a significant step change took place when we established the standalone SHE Committee at Board level in 2022. This ensured governance and oversight at the highest level. We are confident that our next 100 years will see further global expansion, as we deliver the new growth strategy, but we are well aware of the further impact this will have on our SHE risk profile. We believe that the legacy of a 100 years of experience, provides a depth of knowledge to navigate the future and achieve our Zero Harm aspirations.

The year under review

Our biggest disappointment in 2023 was the deterioration in our safety performance. Tragically, two on-site fatal incidents occurred, one at AECI Mining Explosives in Ghana and

one at AECI Plant Health in South Africa. Furthermore, we saw an increase in the occurrence of recordable injuries, with 12 more recorded than in the previous year. This resulted in an increase in our Total Recordable Incident Rate (TRIR) to 0.35 from the re-stated figure of 0.27 in 2022. See more details on pages 41.

When assessing the injury rate of 0.35 we recognise the potential for misleading conclusions, especially considering the occurrence of two fatalities and one life-altering injury within this period. In response, our focus in 2023 with increased efforts planned for 2024, has been to priorities the inclusion of leading indicators, particularly those that reflect safety leadership and culture within AECI. It is widely acknowledged that safety culture serves as a reliable predictor of overall safety performance.

For the first time in four years, we recorded a Major Product Transportation Incident in 2023. During transportation in the Democratic Republic of the Congo, an incident with one of our Mobile Manufacturing Units resulted in the tragic death of a member of the public. This incident, along with other high-severity events, underwent a thorough review by the SHE Committee to understand the root causes and evaluate preventative actions taken by AECI leadership.

The SHE Committee held a special meeting in 2023, spending a full day on site, to conduct detailed reviews of the two on-site fatal incidents and visited the location of the incident that took place at AECI Plant Health. These engagements ensured that the correct root causes, organisational factors and corrective actions were identified. More details are available on pages 41 and 42. The Committee continues to monitor the effectiveness and closure of these actions.

I am pleased to report that there were no recorded Major Process Safety or Environmental incidents in 2023, although these remain a top priority for the SHE Committee. While we are confident in our existing systems and procedures for SHE, the occurrence of fatal incidents remains a significant concern. To address this, a safety improvement plan was launched in May 2023 and will continue into 2024, with ongoing reviews forming a significant part of the Committee's activities.

In 2023 the Committee undertook a review of the Strategic risk descriptors and controls related to SHE. This enabled us to define risks more succinctly, explore various scenarios and associated control requirements and enhance our assurance processes to better understand the health of our risk control. This aligns with our shift towards leading indicators in monitoring safety performance.

Appreciation

I want to express my gratitude to all members of the SHE Committee and management for their dedication and tireless efforts in advancing our SHE agenda throughout 2023. Despite the challenges we faced, their commitment to continuous improvement and proactive risk management has been instrumental in shaping our safety culture and driving positive outcomes.

As we move forward into 2024, let us remain steadfast in our pursuit of excellence and in our commitment to achieving our Zero Harm goals. Together, we will continue to prioritise safety, health and environmental stewardship, ensuring a safer and more sustainable future for AECL and all our stakeholders.



Steve Dawson
Chairman of the SHEC

19 April 2024



Our Sustainability Approach

(ISSB S1 and S2)

Sustainability strategy and vision

Sustainability is not an isolated goal, but an integral component of our strategy, founded on a conscientious approach to business integration and ensuring that our operations are deliberately aligned with responsible practices.

Our sustainability strategy is a direct reflection of our purpose of **We Are One AECI, for a Better World**. We are resolute in our commitment to driving transformational change by creating more value for our stakeholders, developing our business successfully and acting sustainably for the benefit of current and future generations.

In this chapter, we review our sustainability strategy that encapsulates our commitment to building a resilient future. While building our strategy we took climate challenges and environmental stewardship into account. Our dedication extends to the pursuit of the SDGs, guiding our actions towards positive global impact. Moreover, we embrace the imperative of achieving Net Zero by 2050, understanding the pivotal role it plays in mitigating climate change. The pillars of our strategy intertwine resilience, stewardship, SDGs and Net Zero aspirations.

Integrating sustainability into our business strategy is paramount in navigating the evolving landscape of global commerce. Beyond being a moral imperative, it has become an economic necessity. By weaving sustainability into the fabric of our business operations, we aim to not only respond to the growing demand for ethical practices but also position ourselves as leaders in a world increasingly conscious of its environmental and social impact.

Our commitment to the SDGs aligns with the global agenda for positive change. Actively contributing to the SDGs positions us to address societal challenges, foster inclusive growth and create shared value for both the business and the communities in the areas where we operate. The pursuit of Net Zero emissions is a strategic imperative in the era of climate action. Achieving Net Zero emissions not only mitigates environmental impact but also future-proofs businesses against regulatory changes and consumer preferences. It demonstrates a forward-looking commitment to sustainability that resonates with stakeholders.

In essence, we believe that integrating sustainability into business strategy is a proactive approach to long-term success. It not only mitigates risks but also unlocks opportunities for innovation, enhances brand reputation and ensures the longevity and relevance of our business in a rapidly changing world.

Trends and challenges

We are acutely aware that urgent and ambitious action is required to combat climate change, which is one of the greatest challenges that the global community is facing today. It is also critical that we protect and regenerate our

resources for present and future generations. Social challenges are greater than ever. Gender equality, human rights, alleviating poverty and community empowerment are crucial to social coexistence. We can play a role in meeting these challenges and bringing about transformational change.

We also believe that these are material matters of concern to our stakeholders. They have expressed an increasing interest in sustainability-focused products, solutions and initiatives. Additionally, there is an increased call for transparent and reliable information that enables stakeholders to understand and track sustainability contributions along the value chain. Investors are also placing increasing emphasis on the sustainability of their investments and adding ESG criteria to their assessments of company performance.



An overarching sustainability strategy should incorporate ESG and we have made a concerted effort to embed the following aspects into our robust strategy:

Environmental (E):

- **Climate Resilience:** Addressing climate-related risks and opportunities to adapt to changing environmental conditions and reduce our carbon footprint
- **Resource Efficiency:** Prioritising sustainable resource management to minimise waste, reduce energy consumption and optimise the use of natural resources in our operations
- **Biodiversity management:** focusing on remediation and restoration of the land impacted by our activities and minimising the damage to adjacent biological regimes
- **Supply Chain Management:** Assessing and improving ESG performance within the supply chain, from sourcing raw materials to the distribution of final products, supporting suppliers to adhere to ethical and sustainable practices

Social (S):

- **Employee Well-being:** Focusing on employee welfare, diversity and inclusion and providing a safe and supportive workplace, fostering a positive impact on the workforce and the community
- **Commitment to SDGs:** Aligning with the SDGs, businesses contribute to social progress by addressing issues such as poverty, inequality, access to education, healthcare and clean water
- **Stakeholder Engagement:** Establishing transparent and inclusive communication with stakeholders to understand and respond to social concerns effectively

Governance (G):

- **Ethical Leadership:** Demonstrating strong governance through ethical leadership, transparency and accountability at all levels of our Group
- **Risk Management:** Integrating sustainable practices into governance structures ensures the identification, assessment and management of ESG-related risks and opportunities, safeguarding the long-term viability of our business
- **Board Oversight:** Ensuring Board oversight of ESG matters, integrating them into strategic decision-making processes and aligning business goals with long-term sustainability objectives
- **ESG Reporting:** Regularly reporting on ESG metrics and performance, providing transparency to stakeholders and demonstrating a commitment to accountability and continuous improvement

By incorporating these ESG aspects into our sustainability strategy, we have created a comprehensive framework linked to key drivers and enablers, supported by cross cutting ESG factors. This approach not only addresses current societal and environmental challenges but also positions us for long-term success in a world where responsible business practices are increasingly valued.

Sustainability maturity

As we embark on the realisation of our strategy, we are focused on ensuring that sustainability features at the core of our growth and development and is fully encompassed in our "Better World" purpose. Our renewed journey has progressed beyond eco-efficiency which is currently integrated into our operational excellence principles and initiatives. We are actively engaged in our transformative journey guided by our Net Zero by 2050 pathway development, reviewed targets and new opportunity exploration.



Based on the fact that we have been actively engaged in sustainability activities for an extended period, we have emerged as leaders in certain relevant aspects. However, we do realise that there are still areas in which we need to develop and advance to ensure full integration of sustainability into our business.

We are therefore strongly on a journey of discovery and development with the aim of achieving advanced maturity.

Sustainability Framework

Shared Stakeholder Value	People Focused	Diversity, Equity and Inclusion	Responsible Operations	Environmental Stewardship	Social Responsibility	Ethical Business	Transparent Reporting
Strategic Focus	Enable Our People		Sustainable Business			Maintain Financial Performance	
	Facilitate growth and development	Build a safe and healthy organisation	Optimise current and develop new physical Infrastructure		Build an integrated technology environment		Achieve operational excellence
	Retain a skilled, engaged and diverse workforce	Recognise and reward good performance	Develop a comprehensive integrated and coordinated sustainability strategy		Promote a responsible work environment		Generate increased revenues
	Enhance communication effectiveness and accountability						Strategically invest funding
						Collaborate to align sustainability funding strategy with strategic priorities	

Cross cutting ESG factors

	Safety and Health	Environmental Stewardship	Business Optimisation	Social Responsibility	Strategic Partnerships	Climate Action and Response
Sustainability	Providing a safe and healthy workplace through operational excellence, innovation and technology applications	Responsible operations minimising impact on the environment and protecting biodiversity and community wellbeing	Resource efficiency and optimal asset utilisation through technological innovation driving productivity and sustainability	Create a workplace that fosters growth and development Provide meaningful community support for long term self-sustaining projects	Meaningful partnerships with stakeholders achieving shared value goals and results	Commit to Net Zero future aligned to just transition and provide transparent reporting of progress
Key Drivers	<ul style="list-style-type: none"> Safety performance Hazard and risk identification Occupational health General wellness 	<ul style="list-style-type: none"> Water management Waste reduction Energy optimisation 	<ul style="list-style-type: none"> Process efficiency Process safety Best practice Resource utilisation 	<ul style="list-style-type: none"> Committed people SED and ESD Focused CSI and CSR Community empowerment 	<ul style="list-style-type: none"> Stakeholder engagement Expectation management Long-term goals 	<ul style="list-style-type: none"> Carbon footprint management Regulatory reporting Strategic funding
Key Enablers	Inclusive Leadership • Action-led Commitment • Collaboration • Ethics • Purpose-led Passionate Engaged People • Governance					
Values	Bold	Innovative	Going Green	Engaged	Responsible	

We Are Here

Novice	Discovery	Developing	Advanced	Transformative
Protect the operational model - manage the status quo	Protect the operational model - manage legal requirements	Protect the operational model - keep pace with competitors	Perfect the business model - differentiate from competitors	Reinvent the business model - compete in a market of one
The business lacks awareness or does not believe in integrating sustainability criteria into the broader business model.	The business has theoretical insight into global sustainability trends but finds it challenging to go beyond basic compliance with regulations.	The company acknowledges sustainability as a business requirement but has yet to integrate it into core processes and operations; instead, it is managed by a separate department.	The organisation comprehends and communicates the benefits of sustainability, with efforts seamlessly integrated into all business processes and operational management taking ownership.	Sustainability is fully ingrained in the organisation's strategy and DNA. Led by executives, the sustainability strategy includes goals and rewards to promote sustainable behaviours. The organisation acknowledges the risks and opportunities in a changing world, reinventing its business model accordingly.

Our overarching imperatives

- Strong commitment to driving sustainability 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 recognition for implementation of sustainable business practices and strategy

Our execution approach

- Risk identification and mitigation – linked to opportunity
- Renewable energy and resource efficiency measures
- Natural resource protection and optimal use
- Biodiversity management and focus in our areas of operation
- Realise social, economic and environmental value
- Support Just Transition initiatives and pathways
- Monitoring the performance of our strategic KPIs
- Operational integration of KPIs
- Inclusion of ESG indicators in management Long Term Incentives

Building our foundation towards aspirations

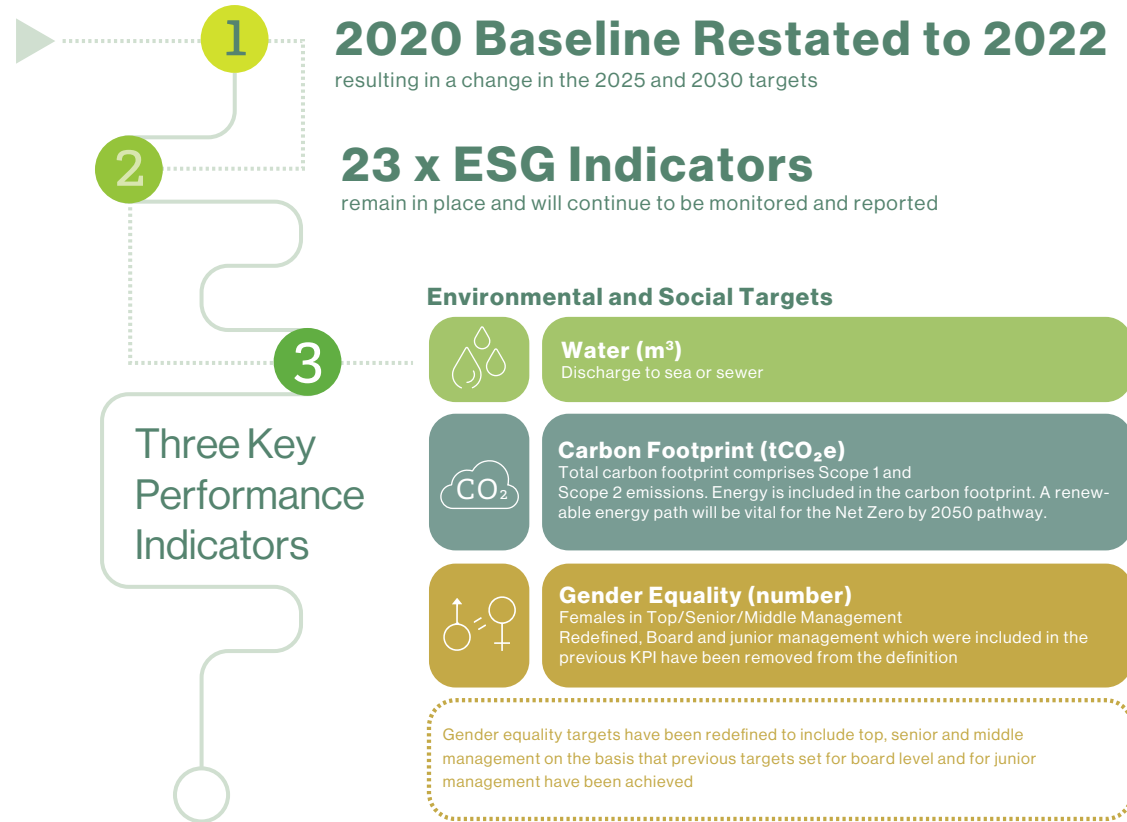
Our baseline setting exercise was driven by the following key aspects:

1. Alignment with the Group's fiscal year
2. Establishment of sustainability management committees comprising of business representatives and sustainability champions
3. Early engagement of senior leadership in the process

Our initial baseline assessment aimed to capture information on operational parameters related to resource utilisation to establish a foundation for comparison. This facilitated the analysis of initiatives and programmes in terms of their effectiveness relative to the baseline. Integrating the baseline into business reporting enables ongoing monitoring of progress and improvements over time.

Our original baseline, established in 2020 during the Covid pandemic, witnessed reduced production levels and associated resource usage. Foreseeing a prolonged impact, this trend was factored into the baseline, which considered peak production periods and post-pandemic ramp-up operations.

The restated baseline has been instrumental in updating 2025 targets from a 2022 baseline and has informed projected targets through the 2030 period. This approach provides a more comprehensive and forward-looking foundation for our sustainability objectives.



Securing sustainable financing

In September 2023, AECI achieved a significant milestone by successfully establishing our inaugural Sustainability-Linked Financing Framework (SLFF). This accomplishment demonstrates our commitment to embedding sustainability initiatives into our fiscal strategies, guided by our Group Treasury Department. The framework is strategically designed to facilitate the recurring issuance of sustainability-linked bonds (SLBs) and loans and it played a pivotal role in the successful auction of our debut SLBs.

This SLFF establishes a direct correlation between our sustainability goals and financial incentives. To ensure the programme's ambition, credibility and transparency, the targets within the framework underwent independent verification.

This framework holds immense potential for seamlessly integrating sustainability into our business strategies. It not only accelerates our sustainability ambitions but also aligns with our long-term financial hedging requirements. We are dedicated to furthering our sustainability journey.

KPIs for the framework

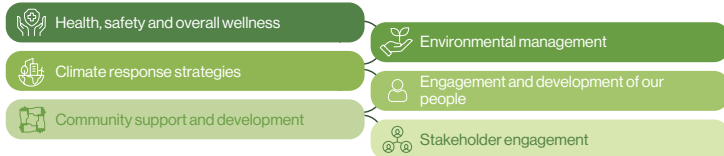
- Reduction in effluent discharge intensity
- Reduction in carbon intensity
- Improving gender equality

Responsibility and accountability

The Board is ultimately responsible and accountable for the delivery of our Sustainability commitments. In this pursuit the Board is supported by:



The focus of these committees is on the following critical matters:



Implementation is overseen by the relevant managing executives and operationalised by business unit managers.

Value Creation, Preservation and Erosion

Our approach to value creation, preservation and erosion embodies a robust sustainability strategy rooted in integrated thinking. This strategy is distinguished by our commitment to fostering a business environment that is both value-rich and principles-based. Central to this approach is a dedicated focus on the six capitals:



Our activities aim to strike a balance among the capitals to maximise value creation while mitigating the risks 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, in particular addressing the growing demand for sustainable products and solutions.
- 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.

Value Preservation

- Delivering on our Zero Harm and ESG commitments, aligning every operational decision with our purpose and committing to Net Zero by 2050 reinforce 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 is vital, given our operations in industries where safety and environmental regulations play a significant role.
- Managing operational efficiencies and on time in full delivery of products and services safeguards our profitability and shareholder value.

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 stakeholders, we foster shared value and actively work to reduce instances of erosion, reinforcing our commitment to sustainable practices.

Our Net Zero by 2050 commitment

We believe that the most effective way to deliver on a multi-faceted and integrated strategy and response to a global problem is through international and multilateral initiatives such as those driven by the UNFCCC.

The Paris Agreement is one such initiative that fully supports the SDGs as a suitable vehicle to drive and embed a meaningful sustainability strategy.

We also strongly believe that we have an obligation — to our stakeholders and the environment — to operate our business in a sustainable manner. Management is responsible for enabling employees to contribute to sustainability objectives in support of the implementation of this strategy.

In order to ensure alignment with the principles of the UNGC, we have incorporated the following principles into our sustainability strategy:

- upholding human rights
- responsible environmental management
- addressing climate response and action
- social responsibility
- ensuring ethical and sound business practices

Additionally, we have committed to a Net Zero by 2050 goal and progressive efforts are currently underway to clearly define this for each of our businesses and to formulate a robust and dynamic transition pathway for the achievement of this goal.

In our endeavour to formulate a robust transition pathway, it became clear that we needed to restate our baseline, review existing targets and set new and more ambitious targets for the near and medium term, while exploring options to support our long-term commitments.



Materiality

(ISSB S1)

Material Matters Process

Identify

- Utilised the previous materiality assessment as a foundation for the 2023 update
- Conducted a 2023 online survey-focused materiality analysis targeted at the Board, Executive Committee and Top Senior Leaders
- Guided by the principle of materiality, we identified social and environmental issues crucial to our business and stakeholders' needs, recognising sustainability's integral role in our strategic intent

Prioritise

- Evaluated and analysed responses to the materiality survey
- Assessed impact through senior management deliberations
- Considered aspects affecting value creation, impact on the strategy, sustainability imperatives, governance performance and commitments

Integrate

- Ensured ongoing monitoring and assessment by the Board and executives

Determining our Material Matters

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

Recognising the importance of aligning stakeholder interests with business impacts, we aim to establish an annual materiality rhythm starting in 2024 to regularly update our assessment. In 2023, due to several constraints, we conducted an online survey-focused materiality analysis, emphasising internal priorities in line with our strategy.

The survey, directed at our Board, Executive Committee and Top Senior Leaders, aimed to deepen our understanding of sustainability within the Group, its internal significance and the maturity of our current approach.

This resulted in a more targeted approach to identify material matters for the Group and these will be further expanded as we engage in our double materiality process.

Using the previous materiality assessment as a foundation for the 2023 update, the survey results were encouraging. Sustainability is increasingly viewed as vital by the business, evolving beyond a tool for managing image, to a catalyst that attracts top talent, provides a competitive edge and enhances our entire value chain.

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

Maturity Level

Survey participants generally placed the Group at a discovery or developing level of maturity, emphasising the need for advancement or transformation in our three-to-five-year aspiration.

Materiality Survey Outcomes

The identified issues were ranked and assessed in terms of 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.



Internal Priority Matters¹

1. Climate Change Resilience
2. Workplace Culture
3. Business Ethics
4. Community Engagement
5. Diversity and Inclusion
6. Environmental Management
7. Regulatory Compliance
8. Health and Safety
9. Economic Performance
10. Land and Biodiversity Management
11. Technology and Innovation
12. Supply Chain
13. Social and Labour
14. Human Rights
15. Geopolitical Factors

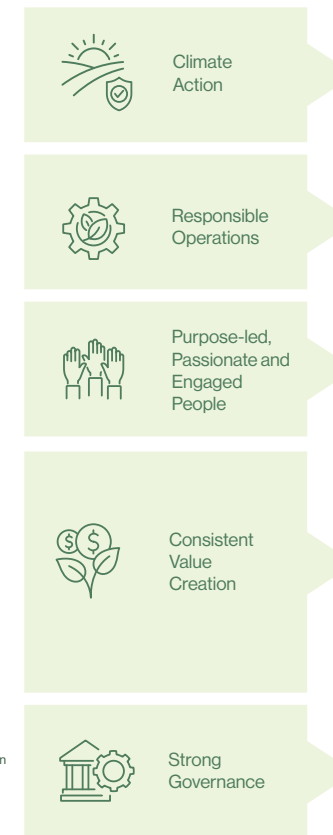
Extrapolated External Priorities²

16. Financial Constraints
17. ESG Value Generation
18. Socio-economic & political
19. Customer partnerships
20. Climate Response

¹ Determined by means of an internal survey at the end of 2023 following the conclusion of our strategy review

² These material matters will be ratified and updated during our initial double materiality assessment in 2024



5 Materiality Themes 2022





4 Materiality Themes 2023





Unpacking our Material Matters

Material Matters	What it means to AECI
Climate Resilience	 <p>Climate resilience is central to our core values, representing our commitment to thriving amidst the challenges of climate change. We prioritise comprehensive risk assessments, proactive adaptation and sustainable innovations to minimise our carbon footprint.</p> <p>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.</p>
Strategic Response	<p>To operationalise our climate resilience commitment, we have embraced environmentally responsible practices, ensuring compliance with ISO 14001:2015 Environmental Management Standards at applicable operational sites. Our strategic response unfolds across key initiatives:</p> <p>Comprehensive climate change strategy: AECI has launched a multifaceted climate change strategy, focusing on pillars such as increased efficiency, green chemistry and strategic partnerships with stakeholders.</p> <p>Environmental vision: Our environmental vision underscores resource and energy conservation, coupled with pollution prevention, emphasising the intrinsic link between environmental sustainability and our operational success.</p> <p>Active management of climate change risks: We are committed to actively managing climate change risks, meticulously addressing energy consumption, GHG emissions and overall environmental impacts. We ensure compliance with all legislation related to GHG emissions, reinforcing our dedication to responsible environmental practices.</p> <p>In line with global agreements like the Paris Agreement and SDGs, our strategic response integrates immediate operational considerations and encompasses a forward-looking commitment to achieving Net Zero emissions by 2050. Climate action KPIs are included in our ESG scorecard and linked to executive remuneration.</p>
Risks	<p>Link to top AECI Group risks</p> <p>Risk # 3: Catastrophic SHE incident</p> <p>Risk # 10: Climate change/global warming (incorporating ESG aspects)</p>
Opportunities	<p>Continue to transition our products and our customers to a less harmful, more circular future through Better Mining, Better Water, Better Food (and agricultural) systems and Better Chemistry</p>
 FUTURE OUTLOOK	<ul style="list-style-type: none"> • We uphold ethical business practices that will extend to our supply chain through the formalisation of a Supplier Code of Conduct in 2024 • Communicate and release our sustainability policy in 2024 in alignment with our revised strategy • Continue to invest in water sustainability initiatives • Continued development of in-house formulated products focused on softer greener chemicals • Develop a balanced sustainability reporting guidance

Material Matters	What it means to AECI	
Social Responsibility and Human Capital Excellence		<p>Social responsibility reflects our steadfast dedication to creating positive societal impact and fostering sustainable community development. Anchored in our purpose, We are One AECI, for a better world, we view ourselves as catalysts for positive change, particularly in vulnerable communities.</p> <p>Human capital excellence serves as a foundational element within our strategic pillars, compassing the vital role that purpose-led, passionate and engaged people play in steering the success of our organisation.</p>
Strategic Response	<p>In alignment with our holistic sustainability commitment, our strategy includes workplace culture, ethics, community engagement, diversity, health, safety and environment, social practices and human rights</p> <p>Workplace culture and business ethics: We cultivate a culture of excellence with purpose-led, passionate and engaged people. Our human capital blueprint fosters inclusivity and empowers employees. Our governance report emphasises corporate governance for effective control and ethical practices.</p> <p>Community engagement, social and labour: We actively engage in meaningful social responsibility initiatives to enhance the quality of life in vulnerable communities around our operations. Our investment strategy prioritises impactful and self-sustaining community-focused initiatives that promote social inclusion, advancement and empowerment.</p> <p>Diversity and inclusion: We are resolute in our commitment to equal access to resources and opportunities, irrespective of race, gender, sexual orientation, or economic status. Our culture, rooted in authenticity, transparency and open communication, fosters diversity, equity and inclusion.</p> <p>Health and safety: The safety, health and well-being of our employees, contractors and communities is paramount. We continuously enhance safety measures to ensure a secure working environment and place strong emphasis on adherence to strict safety protocols and ongoing improvements to guarantee the well-being of all stakeholders.</p> <p>Human rights: Aligned with the UNGC principles, we uphold human rights with unwavering commitment. Our policies actively promote the protection of human rights and support freedom of association, ensuring employees' freedom to choose trade union membership.</p>	
Risks	<p>Risk # 3: Catastrophic SHE incidents Risk # 9: Loss of top level diverse talent and critical skills</p>	
Opportunities	<p>Our new strategy is focussed on:</p> <ul style="list-style-type: none"> • Culture enhancement • Sustainability integration • Safe work and protection of employees • Community engagement focussed on scaling up self-sustaining social responsibility projects • Increasing our international programmes and growing the existing initiatives into more sustainable programmes 	
 FUTURE OUTLOOK	<p>In our efforts to grow our social responsibility initiatives, our focus will be on the following:</p> <ul style="list-style-type: none"> • Scaling our sustainable programmes into regions in which we operate • Integrating social responsibility into our EVP • Increasing awareness and understanding of our programmes to key stakeholders • Continue to drive social responsibility aligned with the Group's strategic imperatives • Increasing supplier and customer engagement 	<p>In fostering a culture of human capital excellence, our focus will be on the following:</p> <ul style="list-style-type: none"> • Enhance support structures for employees and managers • Globalising our talent management process and framework, deploying skills where needed • Implement a comprehensive, robust change framework and programme to enable our employees, leaders and stakeholders to walk together towards a culture of excellence • Review all incentive schemes to align them with our new strategy • Conduct a follow-up employee engagement survey to measure the impact of the action plans implemented to address areas of improvement identified in the 2021 survey • Develop and roll out a comprehensive employee recognition programme

Material Matters	What it means to AECI	
<p>Business Performance & Partnerships</p>	 <p>Economic performance/financial constraints We face challenges of macroeconomic fluctuations and commodity cycles affecting supply, demand, costs and pricing. This can impact our product demand, competitiveness and earnings. Maintaining financial resilience is crucial for sustained growth and competitiveness.</p> <p>Geopolitical factors Global geopolitical shifts, such as the Russia-Ukraine conflict, pose challenge to our operations. Socioeconomic and macroeconomic conditions demand strategic resilience to manage disruptions.</p> <p>Socio-economic and political factors Political instability, infrastructure challenges and socioeconomic uncertainties pose risks. Infrastructure reliability and political stability directly affect our operational efficiency.</p> <p>Technology and innovation The era of digital innovation and its critical role in maintaining competitiveness is a key factor in our business.</p> <p>Supply chain Various factors, such as supply chain backlogs and the Russia-Ukraine conflict, are severely disrupting global efficiencies. Prolonged lead times and higher shipping costs, worsened by global weather conditions, affect the entire value chain.</p> <p>Stakeholder partnerships Strategic partnerships with stakeholders are fundamental to achieving shared value goals.</p>	
<p>Strategic Response</p>	<p>Economic performance/financial constraints In line with the strategy and to enhance economic performance, we will strategically divest from non-core businesses, optimising our portfolio strategy. This includes a core focus on the mining sector, leveraging competitive advantages to drive profitability, generate cash flow and deliver improved returns.</p> <p>Geopolitical factors We make a concerted effort to constantly 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 for anticipated challenges.</p> <p>Socio-economic and political factors</p> <ul style="list-style-type: none"> • Geographical diversification, acquisitions, disposals and organic growth strategy as determined by our strategy • Portfolio management approach adopted in each pillar • Alternative power back-up supply at key sites 	<p>Technology and innovation We are leveraging technology to secure our future and stay competitive. Our comprehensive digitalisation strategy aligns with global technology trends, including strict IT governance and cybersecurity measures</p> <p>Supply chain We collaborate closely with suppliers to develop joint risk mitigation strategies, enhance problem-solving and strengthen overall supply chain management. This collaborative effort aims to ensure the consistent delivery of high-quality products and services.</p>
<p>Risks</p>	<p>Risk # 1: Continuing operational losses from Schirm Germany business Risk # 2: Continuing funding of loss making assets and rising cost of debt Risk # 4: Unfavourable South African macro and political environment and potential social unrest Risk # 5: Cyber security incidents Risk # 7: Volatile shift in commodity cycles and prices Risk # 8: South Africa ammonia supply chain disruption</p>	
<p>Opportunities</p>	<ul style="list-style-type: none"> • Pursuing new public-private partnerships to unlock financial, environmental and social value • Developing a world class business by capturing opportunities for expansion and diversification in other geographical markets 	
 <p>FUTURE OUTLOOK</p>	<ul style="list-style-type: none"> • Divest from the Schirm business to reduce debt burden and increase liquidity • Pro-actively address SA infrastructure challenges through specific projects, e.g. supply chain interventions and alternative energy solutions • Continuously enhance business resilience maturity • Reduce reliance on limited suppliers 	



Material Matters	What it means to AECI	
Governance & Compliance		<p>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.</p>
Strategic Response	<p>The AECI Board shoulders the responsibility of overseeing and upholding all corporate governance systems and processes, ensuring the Group conducts business with the highest integrity.</p> <p>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. This stance guides us toward sustainable growth, responsible business practices and the continual generation of ESG value.</p>	
Risks	<p>Risk # 6: Potential non-compliance with localisation obligations</p>	
Opportunities	<ul style="list-style-type: none"> • Maturing risk management practices through the implementation of a Governance, Risk & Compliance (GRC) strategy • Ongoing evaluation of the Board's effectiveness and performance • Continuous oversight of sustainability and ESG initiatives to generate shared value • Opportunities to strengthen governance and compliance through an emphasis on ethics 	
 FUTURE OUTLOOK	<ul style="list-style-type: none"> • A culture survey including ethics aspects is planned for 2024 • Execution of the integrated Group GRC strategy • Ongoing development of the Net Zero by 2050 Pathway • Engage in discussions regarding the Board evaluation outcomes, addressing areas of concern with the relevant committee chairmen and Directors, in support of the Board's effective execution of duties and ongoing contribution to the Company's value 	

Looking Ahead



In 2024, our sustainability reporting will prominently feature double materiality, showcasing our dedication to sustainable practices and an increased awareness of ESG considerations. This approach will focus on non-financial impacts and adopt a stakeholder-centric perspective, reporting both on how sustainability issues affect our business (outside in) and how our activities impact society and the environment (inside out).

Benefits of this materiality assessment process include:

- Prioritising sustainability budgets
- Continue to ensure the alignment of the sustainability strategy with the Group strategy
- Gaining contextual insights for decision-making
- Identifying and mitigating sustainability-related risks
- Assessing competitive gaps and leadership opportunities
- Meeting reporting requirements and stakeholder expectations for disclosure and transparency
- Complying with regulatory guidelines and building trust by actively responding to stakeholder needs

Next Steps for Materiality in 2024



Desktop research including peer review

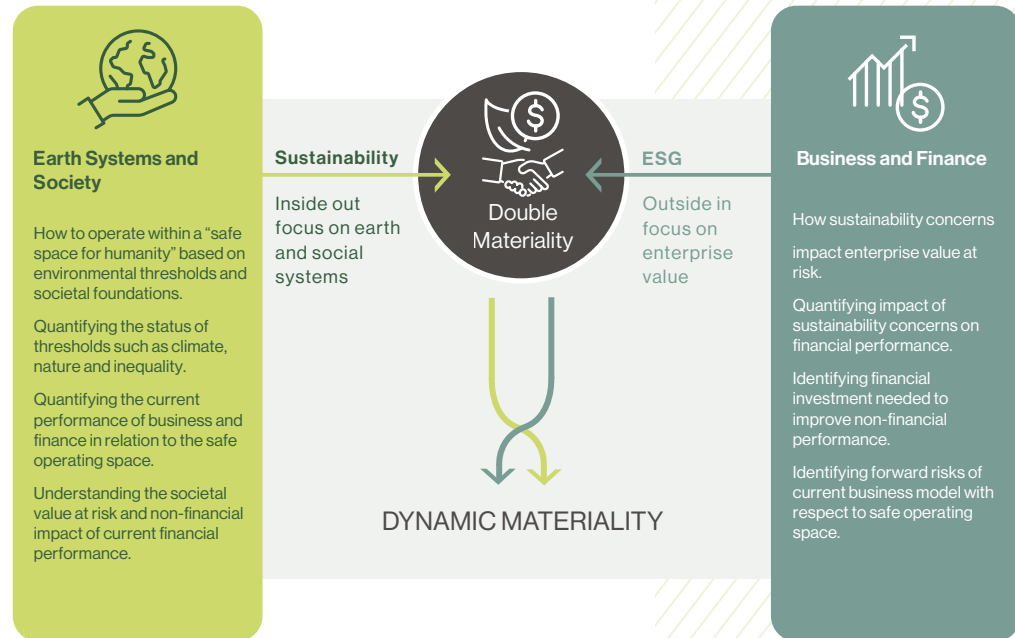


Interviews with key external stakeholders



Interviews with internal management team

Initiate establishment of annual materiality rhythm



Priorities for 2024 and Beyond

01 Progressive Actions

- Enhance our data integrity
- Develop a sustainability reporting guideline
- Use big data and technology to advance our strategy
- Value-based approach to customer requirements

02 Strategic Shift

- Leverage sustainable financing based on our ESG targets
- Establish annual materiality rhythm
- Develop supplier code of conduct

03 Aspirations

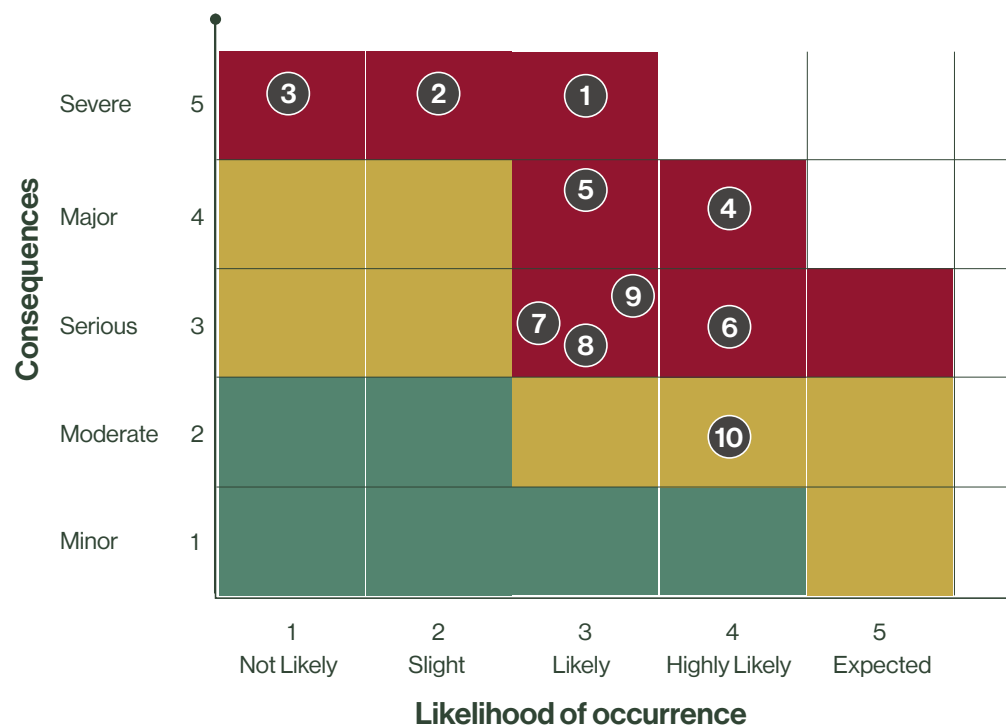
- Continue our Net Zero by 2050 transition pathway development
- Align with global commitments and shifts
- Actively pursue just transition within our business
- Climate response and action integrated into operations

Sustainability Risks (ISSB S1 and S2)

As we navigate the complexities of the modern business landscape, it's imperative to recognise the interplay between our operations and the broader ecosystem. Sustainability risks are becoming more prominent and present challenges that demand our attention and proactive measures. AECI has approached risk from a multifaceted basis examining potential impact on our business, stakeholders and the planet. From climate change and resource scarcity to regulatory shifts and social unrest, we have explored the evolving landscape of risks and opportunities, underscoring our commitment to responsible environmental stewardship, health and safety and long-term resilience and viability. We strive to not only mitigate risks but also catalyse positive change for a sustainable future.

Our risk assessment process is designed to provide a comprehensive understanding of the challenges and opportunities facing our organisation. Anchored in robust methodologies and materiality assessments, our approach ensures a thorough examination of both internal and external factors influencing our operations. We have drawn a link to materiality matters and our top risks in the previous section and will continue to review this and update the links as part of Enterprise Risk Management and double materiality processes.

Inherent Risk Heatmap 2023



Identification of Top 10 Risks

After rigorous deliberation, we have identified the following top 10 risks that warrant our attention and proactive management:

1. Continuing operational losses from the Schirm Germany business
2. Continued funding of loss-making assets and rising cost of debt
3. Catastrophic SHE incidents
4. Unfavourable South African macro and political environment and potential social unrest
5. Cyber security incidents
6. Potential non-compliance with localisation obligations
7. Volatile shifts in commodity cycles and prices
8. South African ammonia supply chain disruption
9. Loss of top-level diverse talent and critical skills
10. Climate change/global warming (including ESG factors)

These risks represent a dynamic landscape of challenges, each carrying the potential to impact our business operations, financial performance, environmental and social stewardship, climate resilience and reputation.

To visually represent the significance and urgency of these risks, we have developed an associated heat map. This heat map utilises a color-coded system to highlight the level of risk exposure and the likelihood of occurrence for each identified risk. By employing this visual tool, we aim to enhance transparency and facilitate informed decision making across our Group. Through ongoing monitoring, implementation of mitigation measures and robust controls, we are committed to proactively addressing these risks to safeguard our resilience and sustainability in the face of global uncertainty.

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.

Read more in the IR

Our Governance

(ISSB S1 and S2)



AECI Mining Chemicals, Sasolburg, South Africa

At AECI effective corporate governance plays a crucial role in shaping our corporate culture and instilling stakeholder confidence. Our commitment to good governance is underpinned by an open and honest environment, supported by strong ethics and integrity. The AECI Board is responsible for upholding and overseeing all corporate governance systems and processes and ensuring that the Group's business is conducted with the utmost integrity in accordance with our standards 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. The foundation of sound corporate governance lies in holding all AECI employees accountable through well-defined performance measures, aligned with strategic objectives and creating value for our stakeholders. Through these principles, corporate governance at AECI is proactively guiding the organisation towards sustainable growth and responsible business practices.

Our **BIGGER** Values Guide Our Actions and Decisions



Sustainability and Climate Response

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. At AECI, we acknowledge the established scientific consensus on climate change, emphasising the imperative to reduce both greenhouse gas (GHG) emissions and atmospheric concentrations of CO₂. Aligned with the Paris Agreement, the SDGs and the principles of our climate-related policy beliefs are guided by the following:

- We advocate for key success factors, including the support of operational and commercial technologies that are relevant, 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

Our Policy Perspective



ETHICAL BUSINESS PRACTICES

The cyclical nature inherent in our business implies that our strategic choices have long-term impacts. We firmly believe that our approach to governance and leadership philosophy forms a vital component of our Group's intellectual capital and is integral to supporting our overarching value creation process. Within our governance report, we outline the corporate governance principles designed to establish effective control and legitimacy and uphold ethical business practises. Read more in the Governance Report [GRI](#).



CODE OF CONDUCT AND ANTI-CORRUPTION

At AECI, we maintain a zero-tolerance approach to unethical and corrupt practices. Every employee and contractor is accountable for ensuring that our values are upheld. These principles are entrenched in our code of business conduct and are further reinforced by specific policies and training programmes. No anti-trust or corrupt activities were identified during the year under review.

To bolster transparency and accountability, we conduct an annual declaration of interest survey involving both internal and external stakeholders. Additionally, we provide an independent tip-offs line that affords employees a confidential platform to report any potential corrupt activities anonymously.



HUMAN RIGHTS

We are unwavering in our commitment to human rights and we align with the principles of the UNGC. As advocates of these principles, we pledge to treat all individuals with dignity and respect, acknowledging and addressing the impact of our business operations on the rights of all stakeholders.

Our policies and business approach actively support freedom of association, ensuring no constraints on employees' choices regarding trade union membership. Furthermore, we actively uphold corporate citizenship and the law, minimising human rights infringements by enforcing strict adherence to policies and processes.

Extending this commitment, we hold our suppliers and business partners to the same high standards, which will be formalised into a Supplier Code of Conduct during 2024.

We are pleased that no incidents related to human rights discrimination, child labour, or forced or compulsory labour were reported throughout the reporting year.



SUSTAINABLE SOURCING PRACTICES

We require all service providers, whether collaborating directly or representing us, to adopt and follow the Group's standards and policies. The development of our supplier code of conduct will incorporate the principles of the UNGC as it pertains to the protection of human rights and ensures sustainable business practices.



POLITICAL CONTRIBUTION

AECI is politically agnostic. Donations to political parties are prohibited in all geographical operations.



ENVIRONMENTAL PROTECTION

Aligned with international best practices, we implement a precautionary and risk-based strategy in the management of environmental aspects related to our operations. This approach is largely focused on legal compliance while safeguarding our social licence to operate. Achieving this necessitates extensive engagement with regulators and impacted stakeholders.

Our commitment extends to continually enhancing environmental impact management and working towards the overarching objective of building a sustainable business. In collaboration with stakeholders, we strive to champion climate response, environmental stewardship, an increased understanding of environmental issues and disseminate best practices. Read more on page 43.



TECHNOLOGY GOVERNANCE AND INNOVATION

Our governance framework is integral to driving strategic and business processes, supporting the achievement of strategic objectives. As such we are committed to the highest standards of IT governance, fortifying our IT infrastructure against cyber threats. Cybersecurity and ongoing threat assessments remain critical components of our comprehensive readiness approach.

While prioritising innovation as a key lever for sustainable business practices and climate response solutions, we remain dedicated to acknowledging and addressing the concerns of consumers and society in all research and development endeavours. These initiatives are based on sound scientific principles, applying stringent standards for product safety and minimising environmental and climate impact. Read more on page 56.



COMMUNITY INVOLVEMENT

At the core of our overarching policy principles lies the commitment to being a trusted corporate citizen and fulfilling our responsibilities to the communities in which we operate. Having reviewed and enhanced our social responsibility strategy, our focus is on the creation and support of self-sustaining social empowerment projects.



COMPLIANCE MONITORING AND REPORTING

Compliance with these principles is an essential element in the success of our business. The AECI Board is responsible for ensuring these principles are applied throughout the Group.

Task Force on Climate-related Financial Disclosures (TCFD) and The Taskforce on Nature-related Financial Disclosures (TNFD) alignment

At AECI, we recognise the relationship between our activities, products and the environment, acknowledging the dependencies and impacts that arise. The connection between climate and natural resources is well-known and we aim to proactively address climate challenges, safeguarding ecosystems and natural resources for present and future generations. We are committed to embedding sustainability within the way we operate.

TCFD and TNFD



Governance

BOARD:

The Board is responsible for the overall governance, management and strategic direction of the organisation. The Board has delegated the primary responsibility to consider, recommend and monitor AECI's activities regarding climate change and environmental matters, including land use, to the SESC and SHEC. The Board and its committees provide leadership to embed the principles of good corporate governance across AECI, ensuring all decisions and actions are based on integrity, accountability and transparency.

MANAGEMENT'S ROLE:

The execution of our sustainability strategy and critical imperatives, including climate change and environmental stewardship, falls under the ambit of the Group head of sustainability and ESG, who is supported by the S-MANCO, comprised of the most senior leaders in the business. A working group has been established to ensure operational and day-to-day measures and initiatives are implemented as required.

TCFD



Strategy

We prioritise a greener future by weaving Going Green into our core strategy. Key actions include promoting a circular economy and carbon neutrality. We develop solutions like Mega-Inliner® for reduced water consumption and repurpose used oil in Mining Explosives, demonstrating our commitment to Better Mining, Better Water, Better Food Systems and Better Chemistry. Research & Development (R&D) efforts focus on low-carbon and climate-resilient products, ranging from sustainable personal care materials to bio-preservation for the dairy industry.

Our ambitious Net Zero goal by 2050 is exemplified by projects like the secondary catalyst installation at our Nitric Acid Plant. By addressing climate-related risks through self-sufficient energy generation like solar programmes, developing customer-beneficial solutions and heavily investing in R&D, we demonstrate a comprehensive approach to climate change.

TNFD

We prioritise sustainability based on a detailed materiality assessment, ensuring social and environmental needs are integrated into our strategy. This assessment not only validates our efforts but also identifies key areas like climate change, environmental management, land and biodiversity as crucial for long-term success. To address these challenges, we have implemented a comprehensive response strategy.

We recognise the impact of past industrial activities and incorporate industry best practices into our Biodiversity Management Philosophy as detailed on page 58. This involves remediating and restoring affected sites, minimising ecosystem disruption through land use strategies, prioritising sustainable infrastructure, actively enhancing local habitats and collaborating with communities. These initiatives directly combat natural resource degradation.

We acknowledge nature-related risks and offer products and services specifically designed to preserve ecosystems. This strategic positioning demonstrates our commitment to protecting the environment from further degradation.



Risk & Impact Management

We recognise the risks posed by climate change and actively take steps to reduce our GHG emissions. Our risk assessment process, incorporated physical parameters, including acute and chronic climatic conditions and transitional parameters such as national laws, policies, market dynamics and technological changes.

CURRENT REGULATION:

We proactively navigate the evolving climate regulatory landscape across various regions. We adhere to existing regulations like South Africa's Air Quality Act No. 39 of 2004 and carbon tax, implementing abatement projects to meet standards. Upcoming legislation like the EU's Carbon Border Adjustment Mechanism (CBAM) and US Inflation Reduction Act are closely monitored, both for compliance risks and potential investment opportunities in clean technologies. This ensures responsible operations and positions us to thrive in the emerging green economy. Furthermore mandatory reporting requirements in jurisdictions such as Europe, China and Australia are also being tracked for impact and compliance where applicable.

In response to potential environmental impacts, our comprehensive risk management strategy goes beyond legal requirements, encompassing rigorous assessments, monitoring, regulatory compliance and knowledge sharing. As part of our holistic approach, NuWay® from AECI Plant Health addresses conventional agriculture challenges by prioritising soil health, water optimisation and sustainable crop management. This strategic solution not only mitigates environmental impact but also fosters ecological resilience, revolutionising agriculture for higher yields and reduced environmental footprint.

Additionally, our biological offerings feature innovative services:

NITROGEN-FIXING MICROBES: Facilitating symbiotic relationships with crops, these microbes fix atmospheric nitrogen, aiding crop development and reducing the reliance on applied fertilisers.

TFCF

TNFD



Risk & Impact Management

EMERGING LEGISLATION: form an integral part of our ongoing risk assessment. Management is actively involved in assessing exposure to evolving regulatory landscapes. The advent of carbon pricing, as demonstrated by South Africa's 2019 carbon tax introduction, underscores the need for proactive risk management. This approach extends to anticipating and navigating emerging climate-related regulations, such as the EU's CBAM and South Africa's Climate Change Bill, which are poised to impact our operations. AECI remains attentive to global developments in climate-related reporting.

TECHNOLOGY: recognising both risks and opportunities, we assess climate-related advancements.

MARKET RISKS: We assess market risks and opportunities from climate change. While shifts in supply and demand pose challenges, we leverage solutions like AECI Water's desalination technology and Biocult's climate-resilient crop treatments. These offerings address water scarcity and improve agricultural yields, demonstrating our agility in a changing market.

REPUTATIONAL RISKS: We also assess our reputational risks across all operational levels. Control measures are implemented to avoid reputational risks that could materialise if we were unable to meet regulatory requirements and manage our GHG emissions and climate-related risks and opportunities effectively. We have committed to a Net Zero emission target for 2050.

ACUTE PHYSICAL RISKS: We proactively address the growing intensity of extreme weather events, especially water scarcity in Africa due to El Niño Southern Oscillation (ENSO) and droughts. Through AECI Water's expertise and partnerships, we offer water treatment solutions across various sectors, helping clients optimise water usage and navigate climate challenges.

CHRONIC PHYSICAL RISKS: Changes in rainfall patterns and ambient temperature pose a risk in our business. AECI Plant Health, for example, sells products to the agricultural sector, the success of which is heavily reliant on weather and associated rainfall patterns. In response to this risk our Better Water offerings includes technologies that can reduce the volume of water needed for irrigation purposes without compromising yields.

BIO-FUNGICIDES: Composed of beneficial microorganisms, bio-fungicides control plant pathogens without the risk of resistance, providing an eco-friendly alternative in integrated disease management programmes.

BIOLOGICAL STIMULANTS: These products stimulate natural processes to enhance nutrient uptake, efficiency, stress tolerance and crop quality, contributing to sustainable farming practices independently of nutrient content.

Our pollution prevention offerings include **Biosurfactant for homecare products:** We collaborated with the CSIR to produce a biosurfactant for detergents that are greener and biodegradable. Biosurfactants are non-toxic surface-active agents that play a role in various segments of the market.

TCFD and TNFD



Metrics and Targets

In response, AECI initiated a sustainability strategy aligned with the SDGs. The strategy involves prioritising SDGs, defining metrics and setting targets.

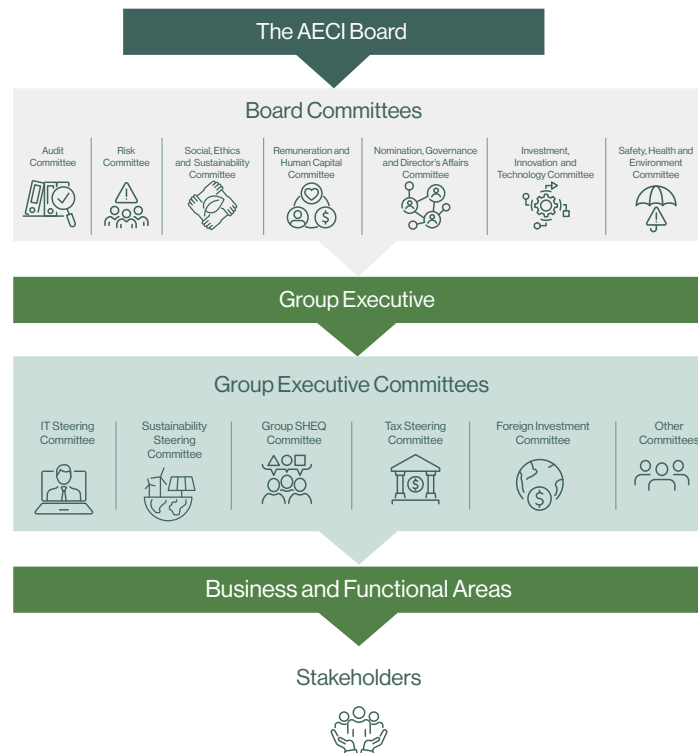
We currently use these metrics to monitor our efforts to address climate change, which, in turn, allows us to assess and manage material nature-related dependencies, impacts, risks and opportunities:

- Potable water consumption (m³)
- Discharge to sea or sewer (m³)
- Carbon footprint (tCO₂e)
- Renewable energy
- Hazardous waste generated (tonnes)
- Number of environmental incidents

Committees of the Board

The Board is responsible for overall governance, management and strategic direction. A detailed guide on the roles and responsibilities of the Board is set out in the Board charter. The charter is reviewed and approved at the AGM. The charter is designed to enforce the application of good governance, legal compliance and best practice.

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



Interactive strategy engagement with Board, Johannesburg, South Africa

Strengthening Sustainability Governance

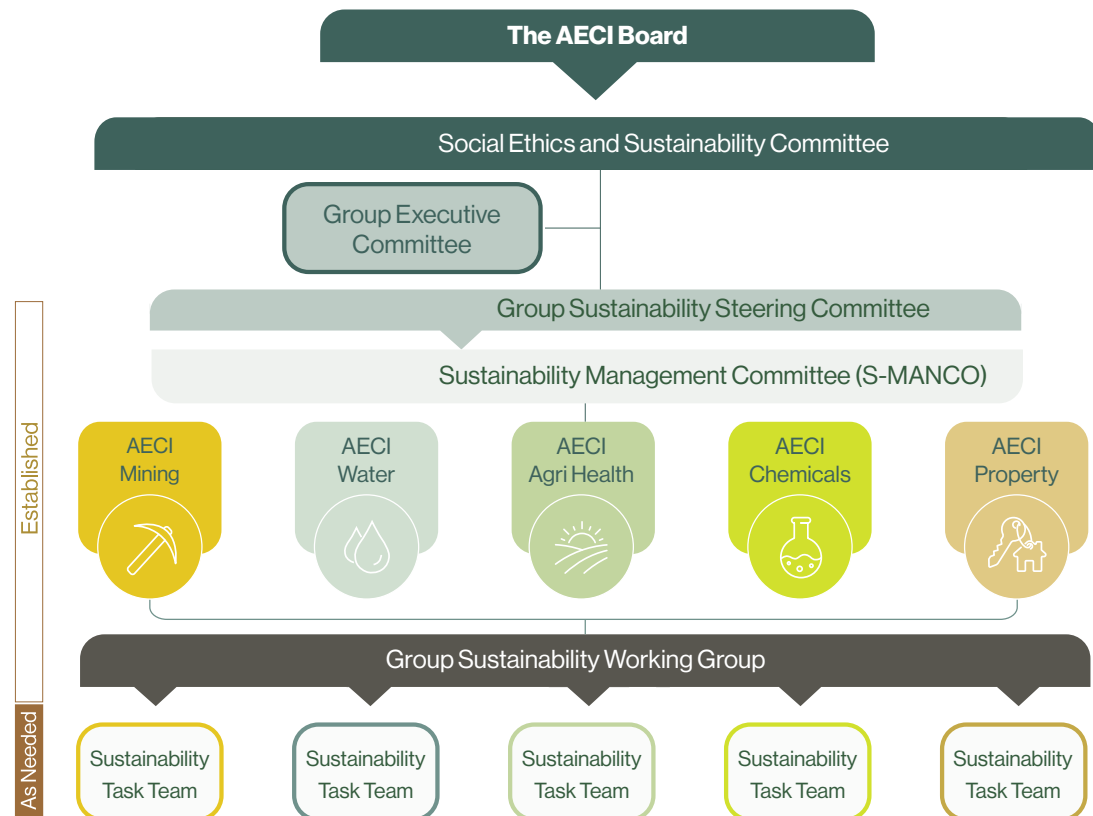
During 2023 we placed considerable focus on strengthening our sustainability governance, reinforcing our commitment to effective leadership in our day-to-day operations. The Board of Directors and senior executives, actively oversee company strategies which seamlessly integrate sustainability.

To streamline these efforts, we established a Group Sustainability Steering Committee serving as the overarching body responsible for overseeing ESG systems, policies and processes. The committee monitors sustainability risks, providing valuable recommendations to the Board for informed decision-making.

The overarching responsibilities of the Sustainability Steering Committee include:

1. Providing strategic advice and direction
2. Ensuring alignment with publicly declared commitments
3. Setting project timelines and budgets, where applicable
4. Monitoring project quality and deliverables
5. Evaluating and monitoring risk and addressing mitigations and controls

The execution of our sustainability strategy and critical imperatives is guided by the S-MANCO, comprised of the most senior leaders in the business. A working group has been established to ensure operational and day-to-day measures and initiatives are implemented as required. Furthermore, tasks teams related to specific subject matters may be established as and when required.



Stakeholder Engagement

Fostering stakeholder inclusivity – drivers of sustainability

Recent global events have underscored the interdependence of the environment and various stakeholders in the business world. We acknowledge this interconnectedness and fully support the need to collaborate with stakeholders to achieve mutually beneficial results.

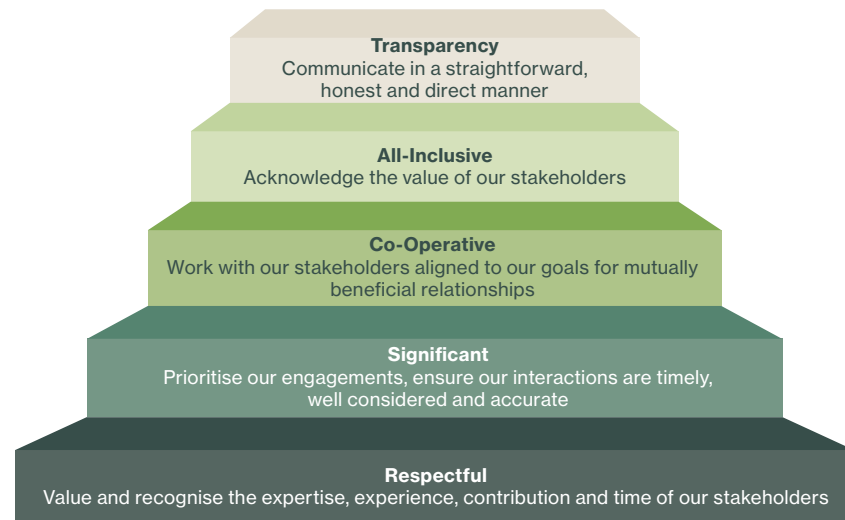
Maintaining and bolstering stakeholder trust is a crucial aspect of the value creation process, necessitating transparency and proactive engagement. We take pride in our diverse network of stakeholders, uniting different sectors to drive value for a better world.

Our commitment extends beyond words. 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 in:

- 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

We collaborate with our stakeholders based on the following principles:



Read more in the [Annual Report 2023](#)

Our stakeholder management and governance approach

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 where we operate. 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 stakeholder management framework serves as a guide for engagement and communication, ensuring that these activities are integrated and carried out in a well-coordinated manner 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 against the specified principles and objectives are conducted, guaranteeing the creation and preservation of value while minimising value erosion.

The implementation of this framework also yields benefits in terms of promoting good governance, enhancing coordination, utilising relevant tools and strengthening AECI's 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 and ensuring that stakeholder engagement is an integral part of:

 <p>Governance Stakeholder participation is embedded in our governance practices, organisational structure and related decision-making procedures.</p>	 <p>Strategy Stakeholder engagement is incorporated into all relevant policies and processes for formulating strategies.</p>	 <p>Operations Stakeholder engagement is an essential component of operational management and processes.</p>
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Overview of Stakeholder Groups

Our stakeholders and related commitments are as follows:

Employees	Provide employees with job security, fair pay and appropriate benefits in a safe work environment.
Shareholders, Investors, Analysts and Lenders	Strive to deliver sustainable value.
Customers	Aim to provide the highest quality of goods and services to customers.
Suppliers	Build and maintain sound and ethical partnerships with all suppliers.
Government, Industry Forums and Regulators	Comply with all legislative and regulatory requirements in all jurisdictions.
Internal and Industry Forums	Actively seek to build trusted long-term relationships with organised labour, employees and line management.
Communities	Continue to invest in social responsibility initiatives to uplift the communities in which we operate.

Responsible Operations

(ISSB S1 and S2)



AECI Chempark Chloorkop, Johannesburg, South Africa

In alignment with our responsible business values, we are conscious that our activities could have an impact on our people, communities and the environment. We have therefore placed focused and dedicated attention on aspects such as technology, skills and assets to create customer, stakeholder and societal value. We remain committed to conducting our business on ethical and responsible principles which maintain and enhance sustainability performance.

We recognise the role we must play in addressing global sustainability issues of energy consumption, climate change and response, water scarcity and food security. In support of this commitment to sustainability and sound environmental management, we place great emphasis on ensuring compliance with applicable legislation and collaborating on initiatives that add to the greater sustainability agenda.

Health and Safety Performance

SDG Alignment

We are dedicated to reducing our environmental footprint and pursuing the goal of Zero Harm throughout our value chain. The AECI Group places 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.



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 business model introduces various challenges and risks as we strive to achieve our Zero Harm aspiration, but it also opens avenues for enhancing performance and achieving operational excellence. These challenges arise from the diversity of our operating environments, encompassing manufacturing at our own facilities, production and delivery of services at customer sites and hosting other operations as tenants, particularly evident at the industrial complexes at Umbogintwini and Modderfontein.

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.

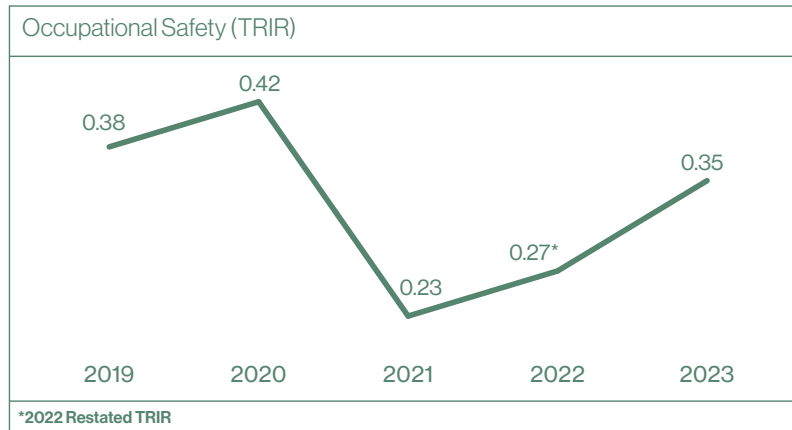
Restatement of TRIR for 2022

Our data assurance process, undertaken for this report, highlighted an area of under-reporting of recordable injuries from our AECI Schirm USA operations throughout 2023. The site had complied with all regulatory reporting requirements in-country to OSHA but had omitted the reporting of the same cases to the AECI Head Office. The deficiency identified in 2023 triggered a review of the same data for 2022 and unfortunately, a similar discovery was made. The net result of this is the restatement of the TRIR for 2022, from 0.15 to 0.27.

Reflections on 2023

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

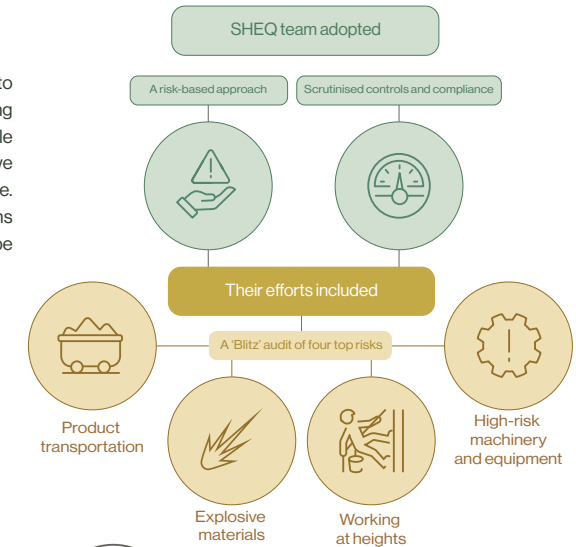
Four separate incidents resulted in two on-site fatalities, one life-altering injury and one off-site product transportation fatality involving a member of the public. Additionally, there was an increase in total recordable incidents, with 37 reported compared to 27 in 2022, leading to an increase in the Group's Total Recordable Incident Rate (TRIR) from 0.27 in December 2022 to 0.35 in December 2023.



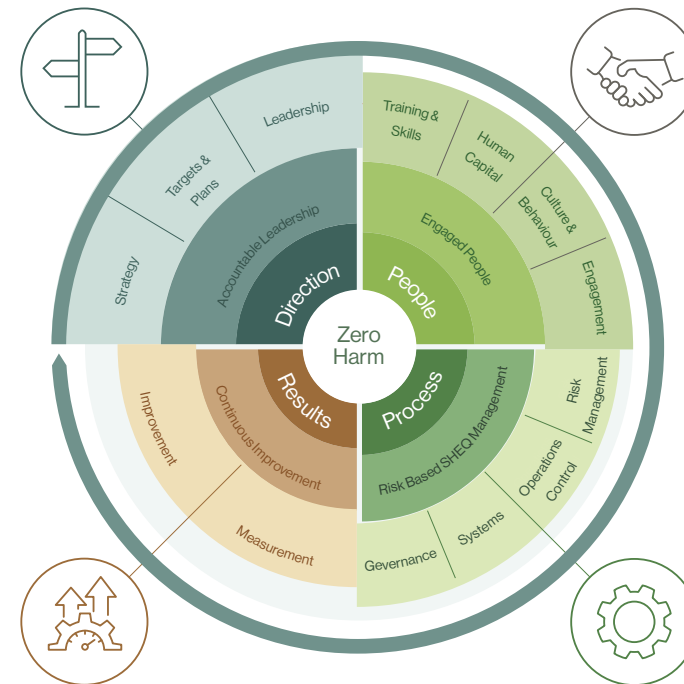
In response to this concerning trend, management initiated a comprehensive Safety Intervention Plan, under the oversight of the CEO. The plan is comprised of a two-pronged approach involving both Line Management and SHEQ teams.

For the management teams, accountability was emphasised through visible and audible engagement, including the dissemination of a safety leadership message, safety stand-downs, focused site walks with high visibility and direct engagement with staff through teaching, coaching and listening.

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 solutions provider, serving diverse markets in Africa, Australia, Asia, Europe and South America.



Our SHEQ Framework



Safety, Health and Environmental Incidents

- 0.35 Total Recordable Incident Rate (2022: 0.27)
- 2 Fatalities (2022: 0)
- 1 Life altering injury (2022: 0)
- 0 Major or serious environmental incidents (2022: 0)
- 0 Major process safety incidents (2022: 0)
- 1 Major product transportation incident (2022: 0)
- 0 SHE legal directives (2022: 0)
- 0.63 Process safety total incident rate (2022: 0.81)
- 3 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)

SHEQ Risk Management

In 2023, the SHEC reviewed the strategic risk descriptor and controls associated with SHEQ. This review aimed to provide a more concise definition of the risk and control requirements. Numerous risk management tools have been implemented to enable this process across the Group's various layers of risk management. Bespoke training was undertaken for the risk management process.

Process Safety

During 2023 no major process safety incidents occurred.



Process safety remains a key focus area for operational excellence and improved performance. Since our inception, technical and engineering proficiency have been the cornerstone of our growth and development philosophy. As technology and engineering aspects advanced over the past century, we have consistently applied best practice in alignment with emerging global standards such as those promulgated by the American Institute of Chemical Engineers (AIChE). Our development of relevant process safety standards has focused on the critical elements as supported by the Risk Based Process Safety (RBPS) model, which has also been adopted by our industry association.

We remain committed to progressive development and advancement of our process safety management system to foster not only technical safety but also community safety and protection in alignment with Major Hazardous Installation (MHI) regulations in various forms as applicable across all our operations.

Occupational Health

In 2023, one new case of occupational illness was confirmed. An employee in the AECI Animal Health business was diagnosed with Occupational Asthma. While the Group's Occupational Health risk profile is diverse, the most common area of concern remains Noise Induced Hearing loss, detected during various medical surveillance activities. Significant efforts continue to focus on designing and improving workplaces and tasks to inherently reduce noise levels and exposure, through task management and personal protective equipment. All employees undergo periodic medical surveillance, informed by their respective Occupational Risk Exposure Profiles (OREP) and legal requirements.

High Potential Incidents

We categorise incidents into four standard levels, based on severity, ranging from minor to major. Additionally, near-miss incidents, where no loss or harm occurs and high potential incidents, which had some form of loss, but could have been significantly worse, are also distinguished.

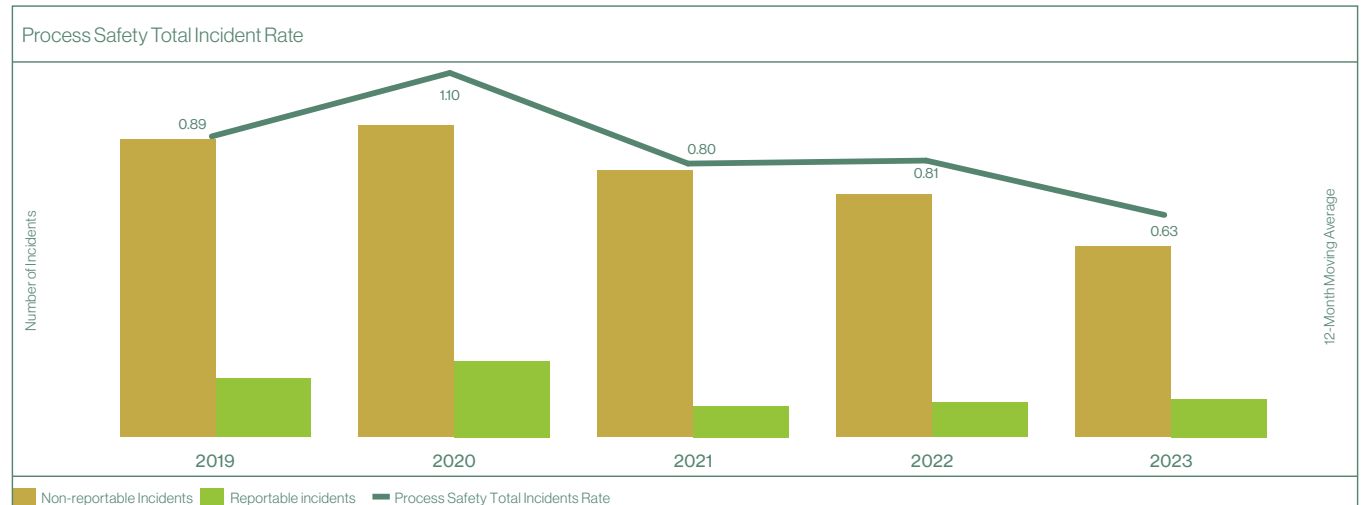
In 2023, a high potential incident occurred at AECI Mining Explosives in Modderfontein when a converted gas purge line ruptured during the operation of the No. 9 Nitric Acid plant. The incident, caused by the degradation of a portion of the piping, led to the release of converted gas (NO_x gas) and prompted a "shelter in place" response. Fortunately, the event occurred when few employees were on-site and they were able to shelter from the harmful cloud without sustaining harm. However, had the incident occurred at a different time, more people could have been exposed.

While the investigation identified areas for improvement in the plant maintenance system, it re-enforced the criticality of emergency preparedness and exercises to test readiness.

Product Transportation and Stewardship Incidents

During 2023, 22 (2022: 16) product transportation incidents occurred, all during transportation by road, predominantly by heavy duty vehicles. Although this is higher than the corresponding period last year, there has been an overall reduction in severity. However, following a 10-month period with only minor incidents, a major incident took place. The event, which occurred in the DRC, tragically resulted in the death of a member of the public.

The Transportation indicator of Performance (TiOP), which reflects the rate of all incidents, relative to kilometers traveled during transportation, is a key metric. It is estimated that the various transporters of AECI products, in-bound and out-bound, covered approximately 40 million kilometers by road in 2023, much of this on the African continent. This transportation is associated with significant risks, including poor road conditions, extreme weather and criminal activity.

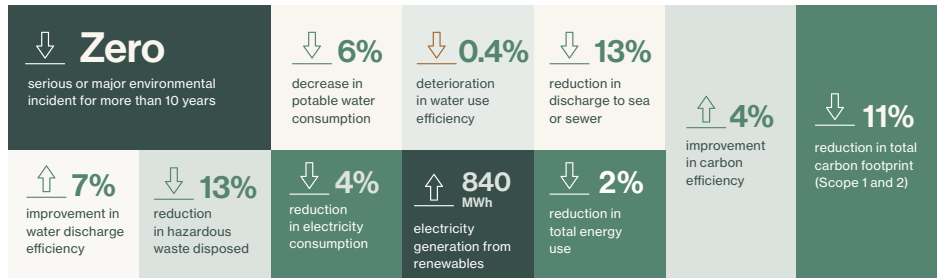
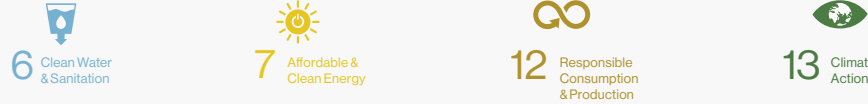


The Process Safety Total Incident Rate (PSTIR) - inclusive of all incidents, improved to 0.63 (2022: 0.81).

Environmental Sustainability

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 three were moderate (2022: 6) and 116 were minor (2022: 112). This pleasing performance is a result of continual improvement and focus on the management of environmental upsets in our operations and our extended value chain. Analysis of the data shows a strong correlation with process safety incidents, indicating that most of the environmental impact occurs as a result of the loss of primary containment of chemicals on site and some during transportation off-site. As a result, our focus on further improving environmental performance is driven through the Process Safety Management and Product Transportation Management Systems.

Environmental Stewardship

Energy Efficiency and Renewable Energy

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

We continue to carefully monitor our electricity supply and demand together with our total energy consumption. Our long-term renewable energy aspiration has been founded on pilot projects which have either been successfully commissioned or are in the final stages of commissioning. We intend to explore long-term scaling up of these projects in collaboration with suitable partners.

We are pleased to report that our electricity consumption reduced during 2023 and while some of this may be attributed to loadshedding impacting on our South African operations, renewable energy projects which came online during 2023 also contributed to this reduction.

Environmental Incidents (Moderate)		
2023	3	
2022	6	
2021	14	
2020	29	
2019	32	
2022 Baseline	6	
2025 Target	Zero moderate environmental incidents	
2023 Performance	50% Decrease	

Electricity Consumption (MWh)		
2023	209 906	
2022	217 992	
2021	223 419	
2020	228 065	
2019	260 763	
2022 Baseline	217 992	
2025 Target	200 292 ▼ 8%	
2023 Performance	4% Decrease	

Looking Ahead



- Integrating safety culture into the Group culture journey
- Establishment of strong governance structures (Steering Committee and Management Committee)
- Clear definition of leading and lagging indicators for safety and process safety
- Well defined incident (safety, process safety and environmental) reporting and management protocols
- Incident investigation – training, closure protocols and implementation of lessons learnt
- Environmental legal compliance – enhanced oversight, reporting and management
- Focused assessment of Group SHEQ Framework and Manual – with targeted roll out and implementation strategy
- Visible Felt Leadership interventions at different management levels

Current Renewable Energy Project Status

Site	Chempark	Sasolburg	Modderfontein	Bellville
Status	<p>The solar plant commenced electricity generation on 5 June 2023, producing a total of 840MWh consumed on-site for 2023. Although the site has the potential for higher generation capacity, it currently lacks the capability to utilise the excess electricity and does not have batteries for storage purposes. Investigation into the possibility of feeding back excess electricity into the municipality grid is ongoing.</p> <p>The final handover to AECl is scheduled for 5 June 2024. The implementation partner will oversee performance monitoring and provide operational and maintenance services.</p>	<p>All bulk earthworks, civil engineering, structural work and high groundwater works were completed.</p> <p>Solar panel installation has been completed.</p> <p>While transformer civil works, electrical medium voltage reticulation works, earthing and lightning protection work have commenced, there remains a risk due to the delay in approval from the municipality for connection to an on-site Eskom substation.</p>	<p>All bulk earthworks, civil engineering, structural work and additional drainage works were completed. Installation of solar structures and panels are near completion.</p> <p>Transformer civil works and electrical medium voltage reticulation works have commenced.</p>	<p>Rooftop solar installed on our Bellville warehouse in 2023.</p> <p>The site is ideal for solar utilisation as peak solar availability overlaps the highest draw periods on freezers and fridges</p> <ul style="list-style-type: none"> • 1621 solar panels installed • Expected annualised CO₂e saving of 1341 tCO₂e • Installed capacity 833 KWP
Capacity Per Annum	1846 MWh	3798 MWh	8668 MWh	To be assessed based on actual reporting in 2024
Expected Commissioning	Completed	2024	2024	Completed



Modderfontein solar park installation, Johannesburg, South Africa



Chempark rooftop solar project, Johannesburg, South Africa



Modderfontein solar park installation, Johannesburg, South Africa

Energy Efficiency and Renewable Energy Initiatives

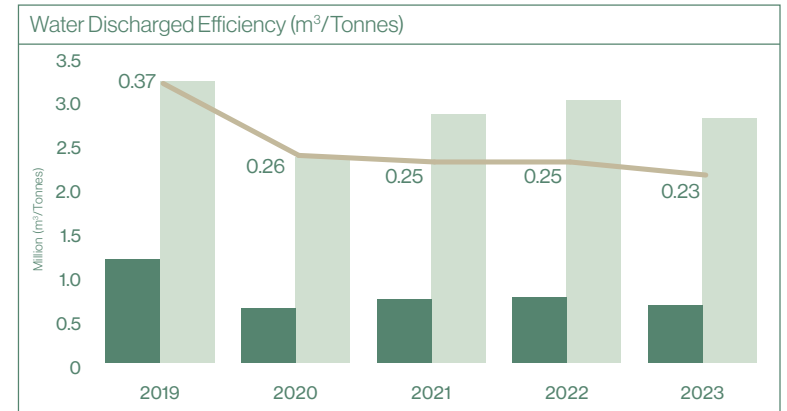
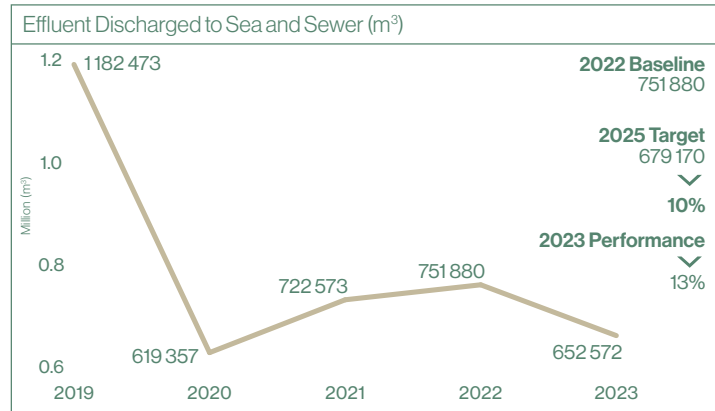
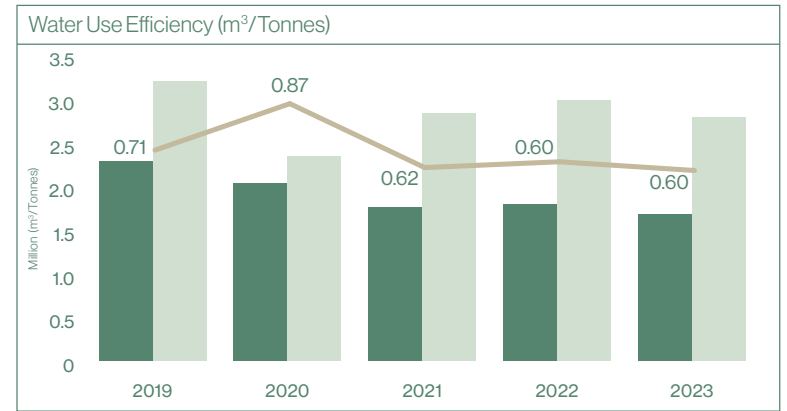
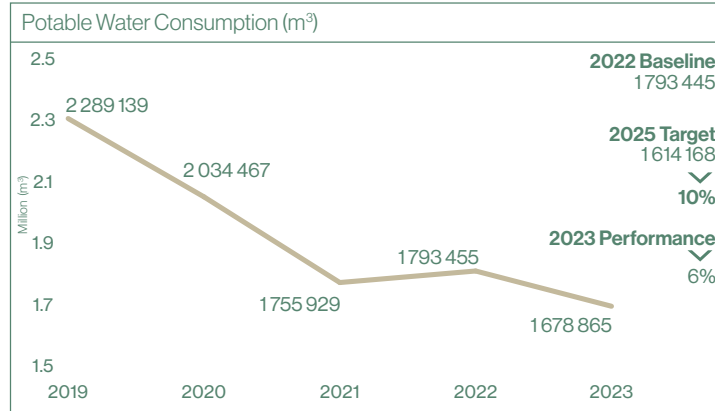
Better Mining		
 <p>Steam Consumption</p>	<p>AECI Mining Explosives</p>	<p>We achieved a significant milestone, surpassing expectations with a steam consumption rate 30% below the baseline and an impressive 24% below the 2025 target. This success is credited to the strategic adoption of more efficient process technology, eliminating the need for steam in raw material drying. This initiative not only exceeded immediate goals but also represents a noteworthy step towards our long-term sustainability objectives.</p>
 <p>Re-use of Condensate</p>	<p>AECI Mining Explosives</p>	<p>The Ammonium Nitrate Solution Stack Emission Reduction Plant (ANSSE) has implemented a sustainable approach to condensate management, significantly reducing effluent discharge and maximising resource utilisation. Condensate is recovered and repurposed as feed water for the No. 11 Acid Plant (NAP 11) absorption column. Additionally, the 50% Ammonium Nitrate Solution (ANS) produced during the process, which was previously sold as effluent, is now being recovered and reintroduced into the ANS stream. As a result of these measures, the system has successfully re-used 7 175 m³ of condensate, contributing to the production of 6 069 tonnes of ANS.</p> <p>Furthermore, the blowdown from the NAP 9 boiler, which was previously discharged into the sewer, is now being recovered and utilised as cooling make-up water.</p>
Better Water		
 <p>Exhaust Vapour Condenser (EVC) Project</p>	<p>Property Services: Umbogintwini</p>	<p>The EVC project reclaims blowdown water, typically discharged as effluent, by reintroducing it into the system. This super-heated water, having already undergone the heating process, eliminates the need for extensive reheating, given its existing elevated temperature. The energy demand for heating blowdown water is considerably lower than that required for heating reservoir-supplied water.</p>
Better Chemistry		
 <p>Biogas-powered Boiler Station</p>	<p>Property Services: Umbogintwini</p>	<p>In collaboration with Anchor Yeast, AECI Property Services maximises the use of 100% of Anchor's biogas in the Umbogintwini Industrial Complex boiler station. This supplements natural gas consumption to generate steam for on-site customers.</p> <p>Anchor Yeast's anaerobic digester plant, operational since 2019, processes effluent from its yeast manufacturing facility, yielding methane-rich biogas. To leverage this sustainable energy source, APS converted two coal-fired boilers to gas, reserving a single coal-fired steam boiler for emergency situations.</p>

Water Management

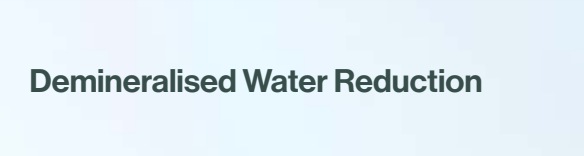





Our water responsibility and commitment are founded on supporting precautionary measures for environmental challenges and promoting the responsible use of a very scarce and precious environmental resource.

Our businesses focus on optimising internal resources in conjunction with optimal operational efficiencies. Capitalising on AECI Water's competencies, we aim to deliver sustainable solutions and provide integrated water and process treatment solutions for a diverse range of applications, including public, mining and industrial water sectors. This alignment with core sustainability goals and key ESG targets emphasises our commitment to environmental stewardship.

Having included water management as one of our strategic ESG KPIs, specific focus was placed on both potable water consumption and water disposal to sea and sewer. It is pleasing to note that this focus has yielded favourable performance results in our water management efforts.



Responsible Water Management Practices and Projects

Better Mining		
 <p>Demineralised Water Reduction</p>	<p>AECI Mining Explosives</p>	<p>In 2023, the deployment of an Advanced Process Control (APC) system was initiated at our Nitric Acid plant. This system is anticipated to improve plant efficiency, leading to a simultaneous reduction in demineralised water demand. Empirical validation trials for the technology commenced in 2023 and are slated to continue into 2024.</p>
Better Water		
 <p>Enhancing Water Quality for Sustainable Mining</p>	<p>AECI Water</p>	<p>A strategic partnership has been established with Harmony's ONE Gold Plant in Welkom, South Africa. In this collaboration, river water as an alternative to potable water is upgraded to meet acceptable quality standards for use by the gold plant. This noteworthy R12m investment, commissioned in 2023, has thus far generated 44 ML of potable water, significantly alleviating the burden on freshwater resources. The Harmony ONE Gold Plant project won the Responsible Care® CAIA Water Award 2023</p>
 <p>Innovative Effluent Treatment</p>	<p>AECI Water</p>	<p>A Clariant effluent treatment plant was successfully installed and commissioned, demonstrating the capability to treat over 150 ML of industrial effluent annually according to specifications. The client faced a challenge in treating an industrial effluent stream containing soluble amines, posing a hazard that prevented standard discharge. The soluble nature also complicated local disposal to landfill, necessitating an innovative solution.</p>
 <p>Variable Speed Drive Project</p>	<p>Property Services: Umbogintwini</p>	<p>A variable speed drive has been integrated into the water pump motor at the Water Works Plant to facilitate the pumping of water to the reservoirs. This drive actively regulates water line pressure, as excessive pressure increases the risk of pipe breaks. Given that significant portions of the water line are underground, unnoticed pipe breaks can lead to the loss of high-quality water. The installation of variable speed drives effectively manages pressure, minimising the occurrence of line breaks and consequently reducing the loss of potable water.</p>
Better Food and Agri Systems		
 <p>Potable Water Reduction</p>	<p>AECI Food & Beverage</p>	<p>Investment in a borehole and Reverse Osmosis plant on the Bellville site has reduced potable water consumption by 20%, with a long-term target to replace 100% of municipal water.</p>
 <p>Mega-Inliner® System</p>	<p>AECI Food & Beverage</p>	<p>Use of Mega-Inliner® system has saved approximately 0.5 ML of water since inception.</p> <p>AECI Food & Beverage was awarded the 2023 CAIA Responsible Care® Initiative of the Year Award for our work done in the reduction of chemical cleaning in food transport through our partnership with Mega-Inliner®. On the back of our sustainability commitments, AECI Food & Beverage invested heavily in the procurement of the Mega-Inliner® system, a first in Africa. The system improves safe food transportation and an overall improvement in the total cost of ownership.</p>

Better Chemistry



Advanced Coatings

AECI
Specialty Chemicals

Investigations are underway to explore nano coatings on hard surfaces to prevent build-up of dirt in addition to repelling water. Benefits include the following:

- Water savings by reducing the cleaning of solar panels and other hard surface cleaning requirements
- Increased energy transfer on solar panels thereby increasing efficiency
- Safety improvements due to better visibility through vehicle windscreens and other glass surfaces



Fluorine-Free Foam to Fight Fires

AECI
Specialty Chemicals

Traditional firefighting foams often contain fluorinated compounds, which can have detrimental effects on the environment. The shift to fluorine-free foam demonstrates a commitment to reducing environmental impact and avoiding the potential harm associated with fluorine-containing substances. The use of an alternative foam could potentially reduce the reliance on water resources, contributing to water conservation efforts. Fluorine-free foams are often considered safer for both human health and the environment. They eliminate the risk of harmful chemical exposure and contamination associated with fluorinated firefighting agents.



Biosurfactant for Homecare Products

AECI
Industrial Chemicals

We collaborated with the CSIR to produce a biosurfactant for detergents that is greener and biodegradable. Biosurfactants are non-toxic surface-active agents that play a role in various segments of the market. The partnership with the CSIR will leverage their already developed proprietary technology to develop screening assays and growth studies to establish a "proof-of-concept" for future production/manufacture of fermentation-derived surfactants.

Waste Management

Within the global context, waste management has been receiving greater attention and prominence within the circularity framework. Our businesses have incorporated waste hierarchy principles within their operational strategies and are actively engaged on reducing and recycling initiatives.

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

Our strategy facilitates the following circularity elements:

- Designing for long term viability
- Reduce, re-use, repurpose and recycle
- Resource efficiency
- Innovation and technology

Previously, we experienced a challenge with hazardous waste volumes due to the lack of implementation of appropriate waste management interventions. In the past year reduction of waste volumes was a key imperative across all operations, with a concerted effort at our Schirm operations in Germany. These interventions and improved environmental management oversight resulted in a favourable performance. Hazardous waste disposed volumes decreased during 2023 while at the same time volumes of waste recycled have been on an upward trajectory. It is our intent to continue to focus on these areas of improvement.

CASE STUDY



The collected PET bottles are sterilised and dried



The bottles are then crushed into small chips



The chips are heated and passed through a spinner to form strings of yarn.



The fibre is then passed through a crimping machine to create a fluffy wooly texture



The yarn is then knitted into polyester fabric

PETCO Circular Model

The global push towards sustainability has spurred innovative collaborations aimed at fostering a circular economy – an economic model designed to minimise waste and maximise resource efficiency.

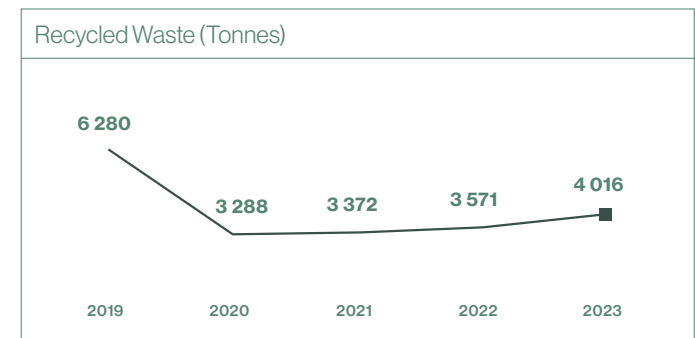
To demonstrate our commitment toward sustainable development, we have expanded our partnership with PETCO to include another element to the waste management value chain. In this endeavour, PETCO, our partner in sustainable social responsibility, has joined forces with Masekethele, a prominent waste management enterprise, to champion environmental stewardship through circularity initiatives. An initiative that transforms lives and waste “from bottles to bags”. This initiative was inspired and motivated by women waste collectors in Phalaborwa, who chose to create a better life for themselves and families by converting recycled plastic into various products which can be sold for an income. PETCO is spearheading the operation to make recycling a circular economy, where the value of a plastic bottle continues indefinitely. With the support from AECI in collaboration with PETCO and Masekethele, 150 000 women are empowered in various communities aiding in sustainability and job creation.

masekethele
TRANSFORMATIVE THREADS

- 1 The Masekethele Project encourages the women on the landfills to collect their tonnes. They earn a fair wage from the recycler who is a patron of the Masekethele Project.
- 2 Woman waste entrepreneurs collect PET bottles each day for their livelihoods, enabling them to support their families.
- 3 The bottles are baled and trucked to an extruding plant.
- 4 The bottles are converted into PET Pellets.
- 5 The pellets are extruded and made into PET eco-felt fabric.
- 6 Bags are made from the PET eco-felt creating jobs and empowering women in informal sewing groups. 10% of the net profit is paid forward to communities in need.

From Bottles to Bags

Hazardous Waste (Tonnes)		
2023	13 866	
2022	16 783	
2021	14 035	
2020	15 844	
2019	13 134	
2022 Baseline	16 000	
2025 Target	14 000	▼ 13%
2023 Performance	13 866	13% Decrease



Implementing Circularity in Waste Management

Better Mining		
 <p>Waste Recycling</p>	<p>AECI Mining Explosives</p>	<p>More than 100 tonnes of solid waste were systematically recycled at the Initiating Systems campus. Meticulous waste classification significantly reduced on-site burning ground loads. Non-contaminated metals, polymers and packaging materials resulting from this practice are sold to reputable recyclers. This separation process transforms the waste from explosive to general categories.</p>
<p>Used Oil Integration in Manufacturing</p>	<p>AECI Mining Explosives</p>	<p>Our mining operations promote environmentally sustainable practices by strategically leveraging used oil. The incorporation of used oil into explosive formulations follows a distinctive extraction process, adhering rigorously to global environmental regulations. In 2023, our Indonesia facility achieved 100% integration of used oil in emulsion formulations, marking a successful operational transition. Meanwhile, our Botswana facility is actively scaling up its use of used oil. To date, the reduction of CO₂e stemming from these initiatives is in excess of 3500 tonnes.</p>
<p>Recycled Pentylol Cleaning Project</p>	<p>AECI Mining Chemicals</p>	<p>Our facility in Sasolburg recently completed a successful project at the Genchem facility, focusing on removing xanthate residue from recycled pentylol during frother production. This initiative aimed to enhance sustainability by reintegrating recycled pentylol, a mining byproduct, into the frother manufacturing process at the Xanthate mixing facility. In June 2023, an efficient filtration system was commissioned, resulting in the cleaning of 360m³ litres of recycled pentylol, showcasing the effectiveness of the solution.</p>
Better Food and Agri Systems		
<p>Re-Use and/or Recycling of Generated Waste</p>	<p>AECI Food & Beverage</p>	<p>Our Food & Beverage business has set a target to re-use or recycle at least 75% of all waste generated across its operations. Currently more than 80% of waste has been re-used or recycled. The majority of waste generated from Perlite filter-aids production is used in compost production.</p>
 <p>Reducing Food Waste</p>	<p>AECI Food & Beverage</p>	<p>Partnering with FoodForward SA, we strive to provide daily meals to the most vulnerable members of society, addressing both hunger and surplus food concerns. This initiative not only aids those in need but also contributes to reducing greenhouse gas emissions associated with the food supply chain. From a life cycle perspective, it reduces the amount of food waste sent to landfill and avoids the need for additional food to be produced to meet the needs of the various beneficiaries. A total of 300 tonnes of food parcels were packed.</p>
Better Chemistry		
 <p>Taking the Oil Out of Bitumen</p>	<p>AECI Chemicals</p>	<p>AECI Much Asphalt recently completed a successful trial using non-recyclable glass in the asphalt layer. As this concept continues to develop, another potential product, Instant Bio-Bitumen, a carbon-negative alternative to conventional bitumen derived from the refining of crude oil for use as the binder in asphalt products is being tested. The bio-bitumen dramatically reduces the SHEQ risks associated with traditional bitumen derived from crude oil, reduces total CO₂ emissions in asphalt production and provides a convenient solution for asphalt production in remote locations.</p>

Climate Resilience

(ISSB S2)

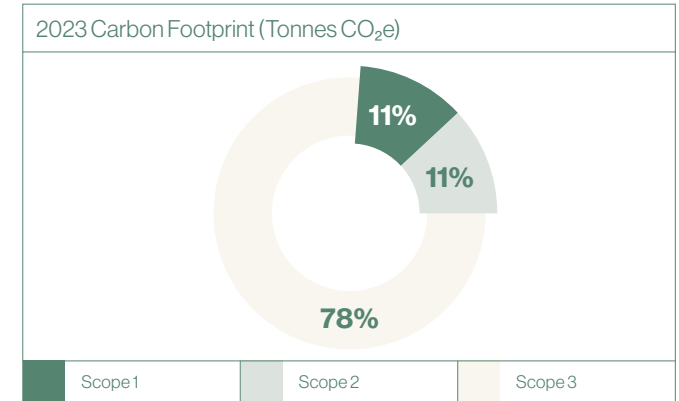
While we report our performance against specific targets, we firmly believe that the targets are simply a means to an end. Our journey is one of purpose aimed at the greater good and that will always continue to be our primary focus. This purpose was clearly rooted in our inception years as demonstrated by the various initiatives, actions and deliverables we have achieved over the past century of operation.

We have made a firm commitment to Net Zero by 2050 and strongly believe it is our responsibility and obligation 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 that this will not be an easy journey but remain steadfast in our resolve to implement measures which will see us progressing steadily along this pathway.

As evidenced by our performance related to our carbon management initiatives, we have made significant progress in the achievement of our 2025 targets, many of which have already been attained. This is testament to the commitment and dedication of all our people in the delivery of our aspirations and in realising our strategy.

GHG Scope 1 Emissions (Tonnes CO ₂ e)		
2023	213 711	
2022	267 919	
2021	266 291	
2020	334 225	
2019	366 980	
2022 Baseline	267 919	2025 Target 242 292 ▼ 10%
		2023 Performance 20% Decrease

GHG Scope 2 Emissions (Tonnes CO ₂ e)		
2023	226 177	
2022	225 882	
2021	235 043	
2020	241 150	
2019	341 997	
2022 Baseline	225 882	2025 Target 215 538 ▼ 5%
		2023 Performance 0.1% Increase



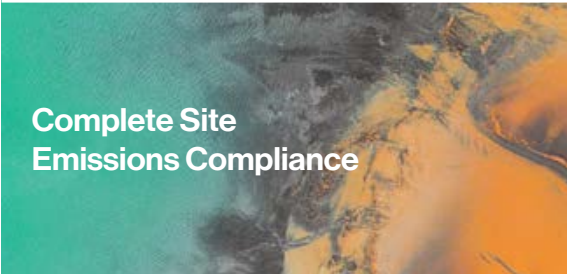






Total Carbon Footprint (Tonnes CO ₂ e)		
2023	439 888	
2022	493 801	
2021	501 334	
2020	575 375	
2019	708 977	
2022 Baseline	493 801	2025 Target 442 820 ▼ 10%
		2023 Performance 11% Decrease



AECL Mining Chemicals plant, Sasolburg, South Africa

Climate Response and Action

Better Mining		
 Abatement Solutions	AECI Mining Explosives	We are proud to have been recognised as pioneers in implementing cutting-edge abatement solutions in the chemical sector. Starting our journey in 2006, we have led the way in developing innovative applications and processes, becoming the benchmark for the industry. Our initiatives have been widely adopted by stakeholders, solidifying our leadership in sustainable practices.
 Vertical Drop	AECI Mining Explosives	Unki mine in Botswana achieved full-scale production in 2010, extracting around 150 000 tonnes of rock monthly. Using five mobile charging units at depths of 200 meters, each operational cycle requires replenishment and refuelling, leading to significant CO ₂ e emissions. Through technological advancements and optimised product formulations, our mining operations pioneered an improved emulsion. This innovation allowed direct underground transport, eliminating the need for above-ground refilling and refuelling. The result was a remarkable 67% reduction in CO ₂ e emissions associated with the entire process.
 Complete Site Emissions Compliance	AECI Mining Chemicals	Our Sasolburg operations have successfully demonstrated commitment to environmental sustainability by achieving full compliance with emissions regulations across all four quarters of 2023. This is a significant milestone for the site, marking the first time it has achieved consistent compliance across consecutive quarters. The site's emissions improved significantly, with a weighted reduction of more than 100 000mg/m ³ of SO ₂ , CO ₂ and H ₂ S combined compared to the previous year. This substantial improvement is attributed to a comprehensive approach that includes process and engineering enhancements, a standardised testing regime, inhouse analysis, employee upskilling and collaboration with the Original Equipment Manufacturer from Switzerland.
 Powerboost	AECI Mining Explosives	Throughout 2023, the incorporation of cutting-edge technologies enabled our mining operation to replace over 300 000 kilograms of Pentolite high explosives. This composition included more than 124 tonnes of TNT and over 185 tonnes of Pentaerythritol Tetranitrate (PETN).
Better Water		
 Solar Powered Water Treatment	AECI Water	In 2023 AECI Water started offering their D2 – Water Filtration skid with a Solar Powered option. This option allows customers, like schools and communities, to have a continuous supply of clean drinking water. Previously, schools and communities depended on electricity to run the filtration plants, but with the frequent power cuts, clean drinking water was at risk. We provided several schools, clinics, hospitals and community centres with solar to power both the school and the water treatment plant. "Better Water" powered by the sun is a solution that deals with water shortage and environmental care.
Better Food and Agri Systems		
 Abatement Technology	AECI Agri Health	Our Lilianton operations have commenced construction for the installation of abatement technology. Commissioning of the plant is anticipated in March 2024 with expected NO _x reductions of 1200 mg/Nm ³ to 350 mg/Nm ³ .
 Green Cold Box Resin System	AECI Industrial Chemicals	The newly introduced resin at a customer site, contains solvents produced from renewable resources, resulting in lower emissions during production at the foundry, i.e. lower Volatile Organic Compounds (VOC) emissions as compared to the traditional resins containing aromatic solvents produced from fossil fuels.

Carbon Tax

Currently, of all our operations, only South African activities are impacted by a carbon tax. The South African carbon tax was enacted on 1 June 2019. The carbon tax requires companies that conduct activities that exceed specified thresholds to pay a tax on their GHG emissions. The carbon tax is payable annually, in July, for GHG emissions from the prior calendar year.

These companies combust fossil fuels in stationary combustion equipment, where this equipment has a net heat input design capacity in excess of 10 MW thermal. In addition, AECI Mining Limited produces nitric acid which is also a listed activity under the South African Carbon Tax Act. It also uses coal to generate steam for use in the manufacturing process.

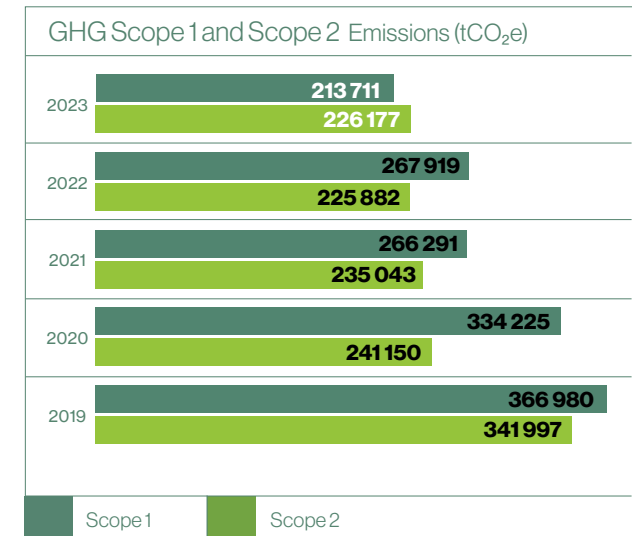
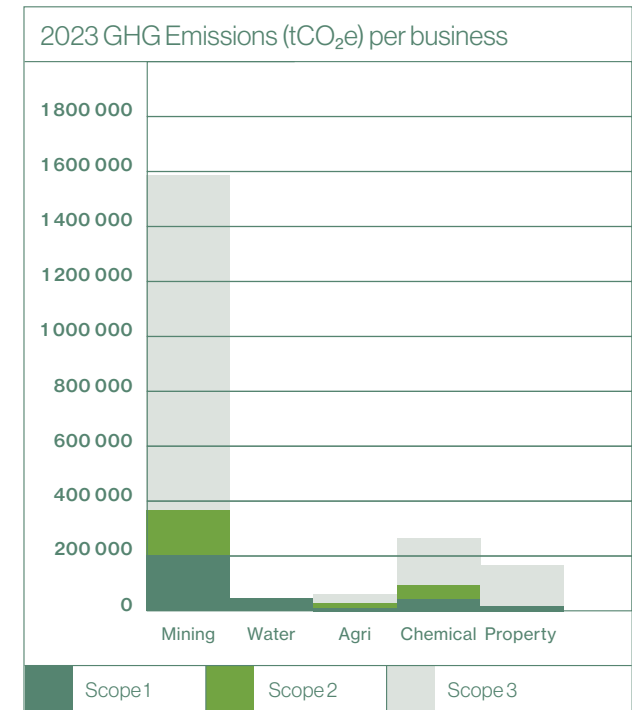
The carbon tax registration for these companies were renewed with SARS in 2023. We submitted our fourth carbon tax accounts in July 2023 for GHG emissions from 1 January 2022 to 31 December 2022. The carbon tax paid by the Group in July 2023 (relating to 2022) was R9.5m and the expected 2023 liability is R8m.

We anticipate that the basic tax-free allowance of 60% will be reduced or removed from 1 January 2026, when the second phase of the carbon tax commences. This will significantly increase our carbon tax liability. To mitigate the impact of the carbon tax rate increases and the potential removal of the basic tax-free allowance of 60%, we have incorporated the carbon tax into our capital application process. This internal shadow carbon price ensures balanced and informed investment decisions. In addition, we continue to work on our Net Zero by 2050 pathway. Internally, the tax and sustainability teams are responsible for carbon tax compliance. The Group businesses together with support from the sustainability team are responsible for carbon tax reduction. Our GHG emissions and our carbon tax liabilities are verified each year. We continue to work with carbon tax specialists to ensure compliance.






As we initiated our Net Zero pathway development, active engagements at the business level resulted in the identification of projects currently underway or being planned in areas such as energy mix, technology and supply chain. These will further be enhanced as our pathway development matures. In the formulation of our Net Zero pathway, it is important that we consider and quantify our Scope 3 emissions and specify targets for achievement of our Net Zero by 2050 goal. As we embarked on this process the complexity of this quantification became apparent and required us to reconsider our approach. To this end we have focused on clearly assessing the 15 Scope 3 categories to identify the top five categories most pertinent to our business. This exercise has been carried out over the past two years and has resulted in a comprehensive assessment of our priority focus areas. We are now able to focus attention on these identified categories and consequently set targets which will support our Net Zero pathway.

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

2023 GHG Scope 3 Emissions (tCO ₂ e)	
Use of Sold Products	899 050
Purchased Goods and Services	415 210
Downstream Leased Assets	112 465
Downstream Transportation and Distribution	47 397
Energy and Fuel-Related Emissions	23 717
Processing of Sold Products	14 042
Upstream Transportation	8 115
Employee Commuting	7 178
Waste Generated in Operations	5 402
Business Travel	724

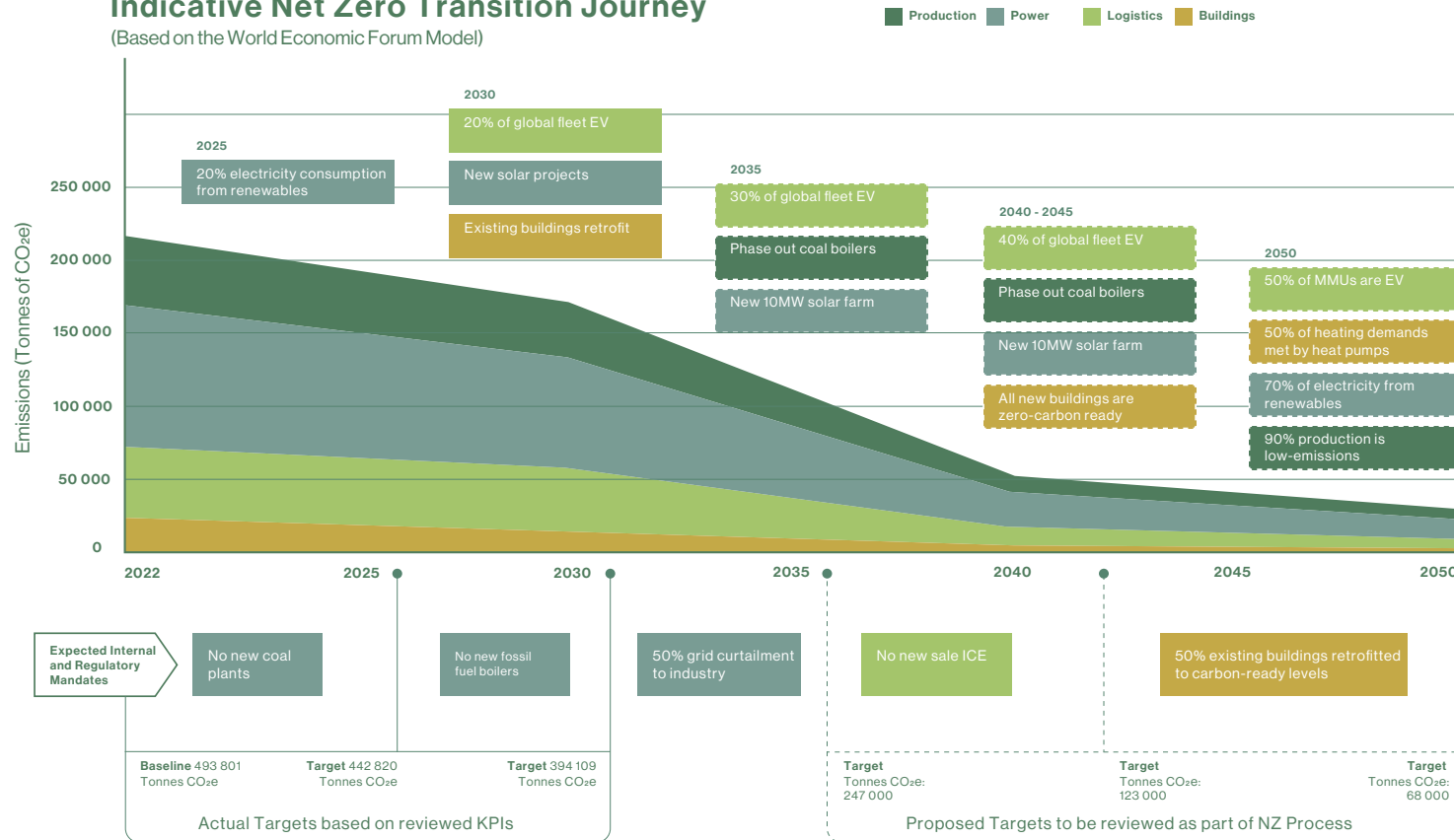


Decarbonisation Considerations: Current and Proposed

Pillar	Business	Decarbonisation Considerations: Current and Proposed		
		Energy Mix	Technology	Supply Chain
 Mining	Explosives	<ul style="list-style-type: none"> Solar installations being completed; Modderfontein (4 MW) and Sasolburg (1.5 MW) Registered as an Independent Power Producer to enable the business to function off the grid 	<ul style="list-style-type: none"> Installation of a secondary catalyst in No. 9 Nitric Acid Plant and the replenishment of the secondary catalyst in No. 11 Nitric Acid Plant 	<ul style="list-style-type: none"> Replace virgin oil with recycled oil in the emulsion manufacturing process, creating a closed loop system The Emulsion Vertical Drop System (EVDS) allows product to be delivered directly from surface to deep underground areas, removing the need for other transportation equipment
	Chemical	<ul style="list-style-type: none"> Solar installations in progress; Modderfontein (4 MW) and Sasolburg (1.5 MW) 	<ul style="list-style-type: none"> Waste recycling facility at Sasolburg site to recycle all non-hazardous waste 	
 Chemicals	Industrial	<ul style="list-style-type: none"> Solar installations completed at Chempark (1 MW) Waste steam being used in Property Services' process 		<ul style="list-style-type: none"> Conversion of one of our products to a biofuel (Mar 2023) by using alternative raw materials that are natural and biodegradable
	Specialty	<ul style="list-style-type: none"> Solar installations completed at Chempark (1 MW) 	<ul style="list-style-type: none"> Condensate recovery project implemented at condensers 	<ul style="list-style-type: none"> Options to optimise transport of traded chemicals being considered Promoting the use of biodegradable rheology modifiers and the use of green surfactants
	Food & Beverage	<ul style="list-style-type: none"> Rooftop solar installed (833 KWP) Warehouse forklifts either gas or electric 	<ul style="list-style-type: none"> Reduction in released emissions from off gases at Olifantsfontein facility 	<ul style="list-style-type: none"> Development of Mega-Inliner® (Reduces the water needed to wash tankers and chemical cleaning in beverage transport)
 Agri Health	Plant Health	<ul style="list-style-type: none"> Natural gas combustion instead of coal 	<ul style="list-style-type: none"> Secured access to AI technology to improve crop health through efficient irrigation while increasing yields Installation of abatement technologies at the Lilianton site (75% reduction in emissions – NO_x abatement process) 	<ul style="list-style-type: none"> Decontamination of empty pesticide containers in Malawi, for recycling purposes Promote sustainable agricultural land management practices and solutions (NuWay®, remote sensing and tailored chemistry to address long-term soil health – increasing the carbon stored in soils over time)
 Water	Water	<ul style="list-style-type: none"> All operations at Umbogintwini use biomethane (biogas) as an alternate source of energy 	<ul style="list-style-type: none"> Development of green replacement for conventional bio-dispersants (COOL-D33 bio-dispersant) 	<ul style="list-style-type: none"> Reduction of wastewater and the need to buy potable water through effective water treatment processes Focus on ensuring that the products and services it offers are low carbon Improve downstream transportation by optimising the route and number of trips Raw material suppliers are delivering raw materials in electric vehicles
 Property Services	Property	<ul style="list-style-type: none"> Waste steam from Industrial Chemicals is being used in the production process 	<ul style="list-style-type: none"> Change of coal fired boilers to methane rich gas (MRG) and then using a blend between MRG and Biogas 	<ul style="list-style-type: none"> Energy conservation measures in collaboration with tenants (e.g. solar projects)

Indicative Net Zero Transition Journey

(Based on the World Economic Forum Model)



Key Considerations

- Our pathway development currently aligns to the model developed by the World Economic Forum
- During 2023 – key indicators baseline was restated to 2022
- Tighter absolute values to 2030 were determined
- Actual targets have been plotted into the near-term transition pathway
- Key initiatives to achieve near and long-term targets will continuously be identified
- SBTi verification will not be sought but principles will be applied
- Constant verification, validation and adjustment for long-term options
- Scope 3 will be addressed in our pathway development journey

Looking Ahead



- We will address business specific aspects related to targeted initiatives to achieve improved performance in our Scope 3 emissions. This process will require further enhancement of the close collaboration already established with our extended value chain, both upstream and downstream, of our operations. For a successful Scope 3 target execution process, partnerships will be critical
- We anticipate that the evolution of compliance and voluntary carbon markets will strengthen carbon pricing signals, creating expanded commercial pathways for investments in abatement options and a growing portfolio of low-carbon products
- We will continue to monitor developments in the carbon tax, budget and offset space to assess the implications on the Group and implement appropriate management measures to minimise impact. Additionally changes to the current allowances and rebates will also need careful monitoring and assessment
- Our pathway development journey will also include the exact definition of what Net Zero means for us
- When Net Zero has been defined for the Group, the residual gap to absolute zero will need to be addressed in the long term through technology, innovative solutions and as the last resort carbon offset

Leveraging Technology and Innovation



AECI Mining Explosives virtual blast simulator, Cape Town, South Africa

Robotics and AI at Trio Agriculture Academy: Nurturing future agricultural leaders

AECI Plant Health proudly supports the Trio Academy in Kroonstad, an agriculture-focused institution dedicated to providing top-quality education. This partnership, initiated in 2021, has seen increasing success in learner performance and programme outcomes, leading to continued support from the AECI Social Responsibility Fund. The academy's objectives are to enrich learners with high-quality agricultural education and prepare them for the agricultural sector post graduation. Learners engage with a comprehensive curriculum covering Soil Science, Plant and Animal Studies, Agricultural Economics, Genetics and more. Digital skills, including robotics and artificial intelligence, integrated into learning programmes, enhancing knowledge and readiness for the evolving agricultural landscape.

Beyond theoretical learning, the academy emphasises practical experience and short courses in the agricultural sector. The diverse farming environment allows students to apply their knowledge, fostering a holistic understanding of agriculture. This holistic approach, in line with AECI Plant Health's commitment to developing graduates and building business-specific technical capabilities, offers learners a sustainable career pathway in the agricultural field while establishing a talent pipeline for employment.

Immersed and virtual reality based learning

AECI Mining's approach to learning and development is to deliver learning solutions that are fit for purpose and enable the optimal use of employee's time through blended learning methods. Blended learning combines the use of technology and media with the traditional classroom-based training approach to deliver optimal learning activities. In blended learning, theoretical learning and assessment can be conducted using our online learning system with virtual reality sessions. Competence is assessed based on a practical exercise, on the job coaching and a trainer led evaluation.

The development of blended learning methodologies is beneficial in that it optimises the use of employee time and allows access for all employees at the point of need and improves efficiency. Virtual reality learning has the benefit of immersing the user in a contextually rich and engaging environment that simulates the real world, enabling them to interact with equipment in a controlled environment.

A learning centre will be set up at our Modderfontein facility in 2024.

Remote Smart Monitoring System

AECI Water is a pioneer in eco-friendly water management using solar energy to run Online Real-time Remote Monitoring Systems which were successfully implemented in various remote locations. This system helps customers, especially in remote places, to check their wastewater quality based on predefined environmental rules.

Facilitating market access through the Khula! App

In 2020, AECI took a strategic step towards fostering inclusivity in farming by acquiring an equity stake in the Khula! app. This initiative aims to support the growth of emerging farmers' businesses and extend the Group's reach to this vital market segment. Khula! serves as a digital trading platform, offering emerging farmers access to crucial elements such as markets, finance and other essential services.

Valuable additions to the NuWay® range of products through the exclusive license of the PLANTING SOLUTIONS technology owned by I-CAT international

PLANT'NGO™ – Slow release fertilizer tablet

An easy to use planting fertilizer tablet provides nutrients that immediately boost the growth and development of newly planted seedlings, young and established trees. The application is simple and targeted and it allows an accurate dosage of the nutrients and reduces the leaching of nutrients beyond the reach of the root systems.

Further announcements will be made in due course in line with regulatory and shareholder requirements.

BIOFURT™ – Microbe enriched absorbent polymer

A potassium-based super absorbent polymer infused with plant nutrients and beneficial micro-organisms, enhances plant growth and yield. Functioning as a soil conditioner and reservoir for water and nutrients, it contributes to the overall well-being of plants by fostering optimal conditions for growth and development.

EXLGel™ – Water retainer

A potassium-based super absorbent polymer that functions as both a soil conditioner and a water reservoir. This innovative product enhances soil moisture retention by creating small water reservoirs, ensuring a consistent supply of moisture and micro-nutrients for trees and crops during transplanting and growth seasons.

DENDRO™ – Enriched absorbent polymer

A potassium-based super absorbent polymer enriched with nutrients, serving as a soil conditioner and a reservoir for water and nutrients. Its slow-release function for fertilisers and trace elements reduces the need for frequent irrigation, providing a sustained and efficient nutrient supply to support plant growth.

SUPPOSITREE™ – Systemic insecticide tablet

A systemic insecticide designed for the effective control of sucking and chewing insects. Formulated with Imidacloprid, it acts upon contact or ingestion, swiftly translocating through plant tissues, providing reliable insect control.



Khula agricultural empowerment programme participants, South Africa

SupPlant and AgroScout – enhancing precision farming solutions

Enabled by technology, our environmentally friendly integrated solutions, including SupPlant for precision farming, use tailored to plant requirements and AgroScout's drone monitoring to enhance efficiency and sustainability. Data from these technologies, integrated into a comprehensive risk matrix, empowers crop advisors to proactively manage crop conditions.

Our holistic approach not only addresses customer needs sustainably but also empowers them to maximise yields and maintain commercial viability. Furthermore, this solution facilitates the empowerment of unemployed youth through skills development, offering a pathway to the workplace of the future via our AgroScout programme.

Through seven drones, approximately 6 000 hectares were covered in 2023

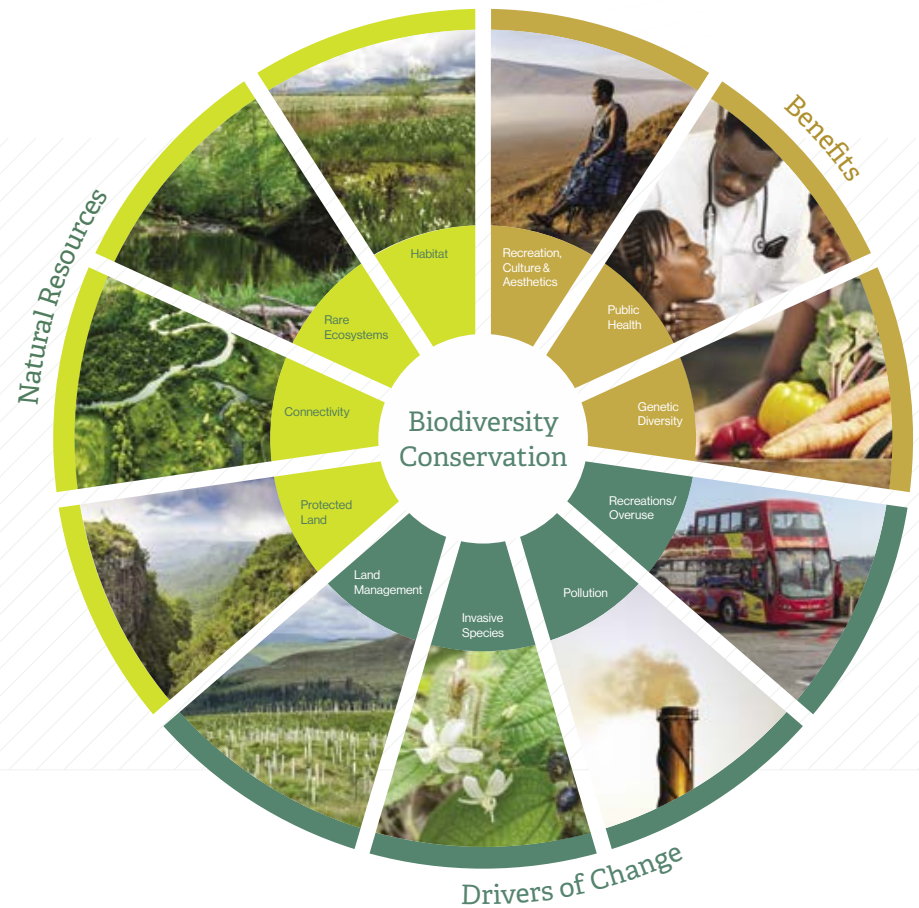
Biodiversity Management

(ISSB S1 and S2)

Incorporating an industry perspective on brownfield operations into our Biodiversity Management Philosophy, we recognise the distinctive challenges and opportunities inherent in our sector. Brownfield operations, involving the redevelopment or repurposing of previously used or contaminated land, present unique considerations in our industry, encompassing manufacturing, energy production and infrastructure development.

Principles of Responsible Brownfield Operations

1. Remediation and restoration
2. Adaptive land use
3. Sustainable infrastructure
4. Habitat enhancement
5. Community engagement
6. Risk mitigation
7. Economic revitalisation
8. Adaptive management
9. Regulatory compliance
10. Regulatory compliance



Our commitment to responsible brownfield practices is outlined through the following principles;

Remediation and Restoration

Beyond repurposing, we commit to comprehensive remediation and restoration efforts for brownfield sites impacted by past industrial activities, ensuring environmental and ecosystem rehabilitation.

Adaptive Land Use

Embracing an adaptive land use strategy, we tailor our operations to minimise disruption to existing ecosystems, considering the unique ecological characteristics of each brownfield site.

Sustainable Infrastructure

Prioritising sustainable construction materials and practices, we design infrastructure on brownfield sites that harmonises with the natural surroundings, utilising eco-friendly building materials.

Habitat Enhancement

We actively seek opportunities to enhance local habitats and ecosystems within brownfield sites, involving initiatives such as re-establishing native vegetation, creating wildlife corridors, or providing nesting areas for local fauna.

Community Engagement

Engaging with local communities in brownfield areas, we solicit input and feedback in a collaborative development process, ensuring alignment with the needs and values of the community.

Risk Mitigation

Employing rigorous risk assessment and management procedures, we address potential contamination issues associated with brownfield sites, prioritising the safety of our employees, neighbouring communities and the environment.

Economic Revitalisation

Recognising brownfield redevelopments potential contribution to economic revitalisation, we commit to creating sustainable job opportunities that benefit local communities.

Adaptive Management

Acknowledging the complexity of brownfield operations, we commit to ongoing monitoring and assessment of environmental impacts, taking corrective actions as necessary.

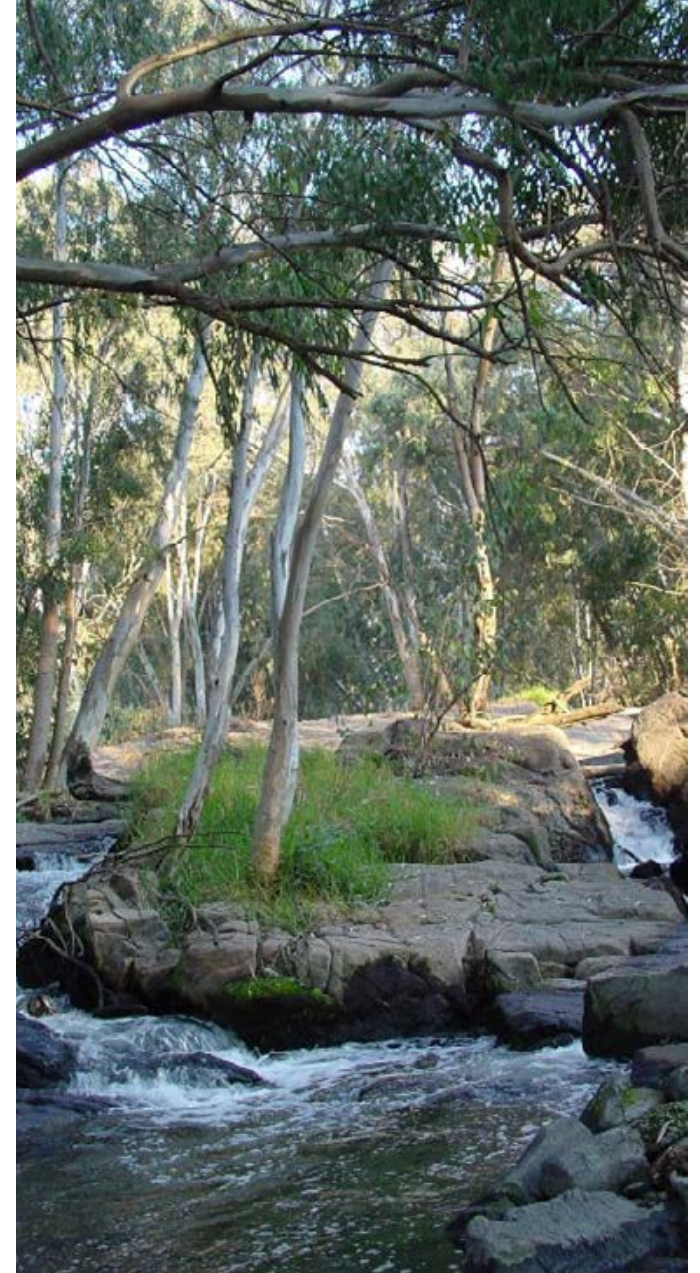
Regulatory Compliance

Adhering to all relevant regulations and guidelines specific to brownfield operations, we actively engage with regulatory authorities to ensure full compliance, striving to exceed mandated environmental standards.

Knowledge Sharing

Actively participating in industry forums, we share best practices related to brownfield operations, contributing to the development of sustainable approaches across our sector.

By integrating these industry-specific principles into our Biodiversity Management Philosophy, we reaffirm our commitment to responsible and sustainable brownfield operations, setting a positive example within our industry and demonstrating that brownfield development can coexist harmoniously with biodiversity conservation and environmental stewardship.



Modderfontein nature reserve, Johannesburg, South Africa

Conservation and Storm Water Management

Our Umbogintwini Industrial Complex (UIC) embraces a commitment to conservation and effective stormwater management within its premises. The complex boasts five conservation areas, with Mamba Valley, eKhuthuleni Valley and the arboretum situated on the south side, forming part of the Durban Metropolitan Open Space System (DMOSS).

While not accessible to the public, these areas, maintained in their natural state, serve as conservation servitudes and vital components of the broader ecological system. Within the UIC boundaries, Umbogavango and Vumbuka are open to the public, offering opportunities for trail walking, birding and event hosting.

Umbogavango, centred around storm attenuation dams Umdoni 1 and 2, acts as a safeguard, preventing contaminated stormwater from leaving the site. The area, christened "Umbogavango" for its uncanny similarity to the Okavango Delta, features storm water channels with online monitoring, swiftly identifying quality concerns and containing spillages before reaching the dams.

Umbogavango's thatched resource centre, located at the southern end, serves as a hub for environmental outreach programmes by the Wildlife and Environmental Organisation of South Africa (WESSA) for local primary schools and stakeholder forums by the UIC. The lawned area and gazebo can be booked for special events. The reserve, known for its rich birdlife, hosts 251 bird species, attracting birding enthusiasts to its trails and three strategically positioned hides overlooking the dams.

In 2021, a bird survey of Umbogavango was completed, followed by a bird listing in Vumbuka in 2022. A collaboration between Barry Swaddle, Peter McIntyre and AECI Property Services resulted in the APS 2023/2024 Bird Calendar, featuring 24 birds spotted in Umbogavango.



Biodiversity at Modderfontein nature reserve, Johannesburg, South Africa



Bird life at Umbogavango nature reserve

Vumbuka, located on the western boundary, evolved from historic settling dams used for effluent disposal. Following the establishment of an indigenous coastal forest and implementation of effective control measures, the area is managed by the Land Remediation Team under the Enhanced In-Situ Bioremediation Project.

In 2022, the successful closure and rehabilitation of the high hazardous (H:H) dam marked a milestone. Originally constructed in 1988 for mercury-based effluent from the Umbogintwini Chlor-Alkali and Polymers mercury cell plant, the closure reduced potential risks and allowed for the expansion of the Vumbuka Nature Reserve. This accomplishment is aligned with our commitment to environmental remediation within the UIC.



A view of the evapo-transpiration cap and indigenous forest, Kwazulu Natal, South Africa



H:H Dam before rehabilitation

H:H Dam during rehabilitation

Vumbuka Dams in 2023



H:H Dam after rehabilitation

Former H:H Dam

Tailings Dams in operation 1990



Purpose-led, Passionate and Engaged People (ISSB S1 and S2)

Engaged people at AECI Specialty Chemicals, Johannesburg, South Africa

As we embark on our journey to execute our strategy, we are ever mindful that for AECI to deliver on our purpose of “**We Are One AECI, for a Better World**”, we must shape and cultivate a culture of performance excellence, innovation, adaptability, social responsibility and inclusion. These are the tenets that underpin a journey towards a better world at work and within the communities in which we operate.

A vision of a better world begins with our employees who must be prepared, equipped and supported to deliver performance excellence. Furthermore we must:

- attract the right people with the correct mindset and skills to deliver our growth and strategy
- ensure an environment that promotes gender equality and provides opportunity for professional progress
- contribute to social stability by supporting communities in terms of education, entrepreneurship, youth development, health, well-being and development

Integral to this is our talent management strategy to ensure that we attract, develop, deploy and recognise our talent internationally to help us deliver our purpose and strategy.

People Enablement Priorities



We commit to equip and empower people, working in an environment that supports diversity and inclusion and we will ensure that our EVP is designed based on these critical principles.

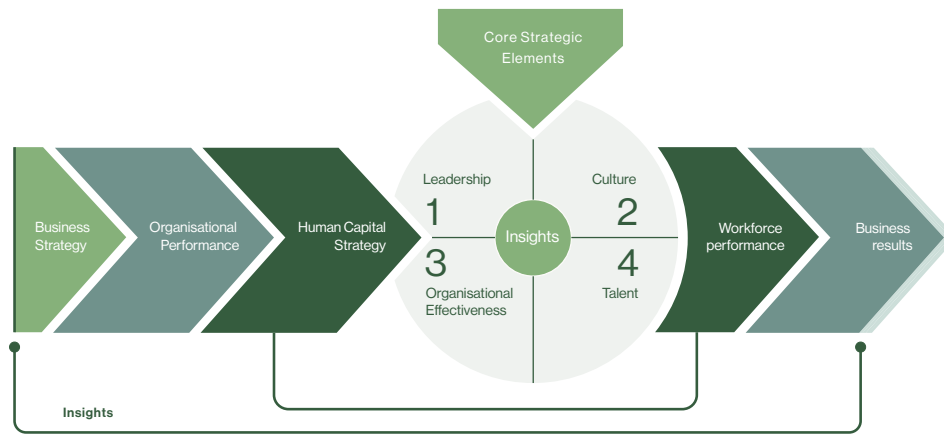
People development and well-being: Our commitment to the continuous development and of our people is unwavering. Equally paramount is our dedication to the safety, health and well-being of employees, contractors and the communities we serve. Emphasising continual safety enhancements is a key aspect of our approach

Diverse and inclusive principles: We uphold a steadfast commitment to equal access to resources and opportunities, irrespective of race, gender,

sexual orientation, or economic status. This commitment requires nurturing a culture rooted in authenticity, transparency and open communication. Our determined focus is on promoting and enabling diversity, equity and inclusion.

Cultivating inclusive excellence: To fulfil our purpose, we firmly believe in fostering a culture of excellence and inclusivity. This entails attracting the right talent, ensuring gender equality and providing opportunities for professional advancement. Attracting, developing, deploying and recognising talent globally is how we envision delivering on our purpose of “**We Are One AECI, for a Better World**”.

Human Capital Strategic Framework

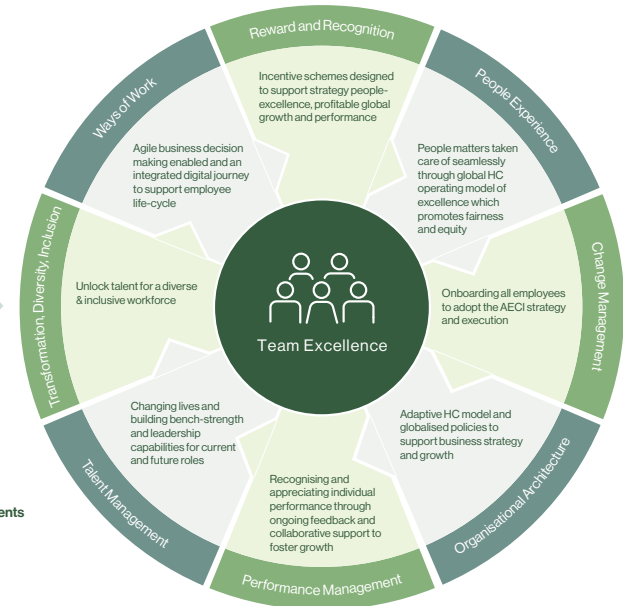


- Analytics and metrics will provide us with trends and run through all aspects of Human Capital Strategy to:
- Ensure alignment of the core elements
 - Maintain focus on strategic objectives

AECI Human Capital Blueprint

- 1 Leadership**
Senior team's shared vision and capabilities to guide and direct the Organisation
- 2 Culture**
Shared beliefs, **BIGGER** values and processes needed to enable the vision and strategy
- 3 Organisational Effectiveness**
Organisation structure enables strategic priorities and aligns skills with roles
- 4 Talent**
Skills and capabilities needed to complete, grow the business and achieve the human capital strategy

AECI Human Strategic Framework is focussed on enabling the Business Strategy through these four core elements

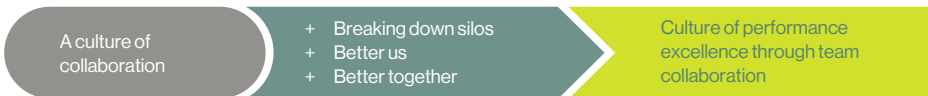


Previous Strategy

New strategy aligned to 2026 business strategy

Our purposeful shift places emphasis on a culture of excellence that heavily relies on recognising and leveraging teamwork. To this end, our teams are brought together as functional and technical workstreams that collaborate, recognise, contribute to and leverage each other's knowledge and experience. All this is included within 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 ensures teamwork remains central to strategy delivery and a better world.

The strategic shift of our people strategy is centred around:



Our people management philosophy is our commitment to attract, onboard, retain, develop and advance our employees. We believe our people are foundational to our continued existence and we commit to investing in our workforce as a valuable asset and recognising the importance of talent management in achieving our strategic objectives.

Key components of our management philosophy include:

- Performance management
- Succession planning
- Talent attraction
- Employee development
- Employee engagement
- Retention strategies
- Data-driven decision making

In alignment with our purpose of leaving behind a better world, for the past two years we have been incorporating ESG KPIs into the long-term LTIs of our management teams.

Rewards Linked to ESG KPIs

KPI	Description
Water (m ³)	Decrease discharge to sea or sewer and potable water consumption
Carbon (tCO ₂ e)	Decrease carbon footprint
Social (Percentage)	Improve gender profile at management level

The 2023 ESG hurdles were refined, combining measures to decrease Scope 1 and 2 emissions with increased electricity production from renewables into a single decrease in carbon footprint measure. In addition, a cliff-vesting range was introduced where failure to move from the baseline to the 50% hurdle will result in no vesting. The baseline for the 2023 measure was the actual end performance for 2022 and robust discussions were held around the aspirational and stretch targets for 2030. The target for a 100% vesting is the stated goal which AECI seeks to achieve in 2025.

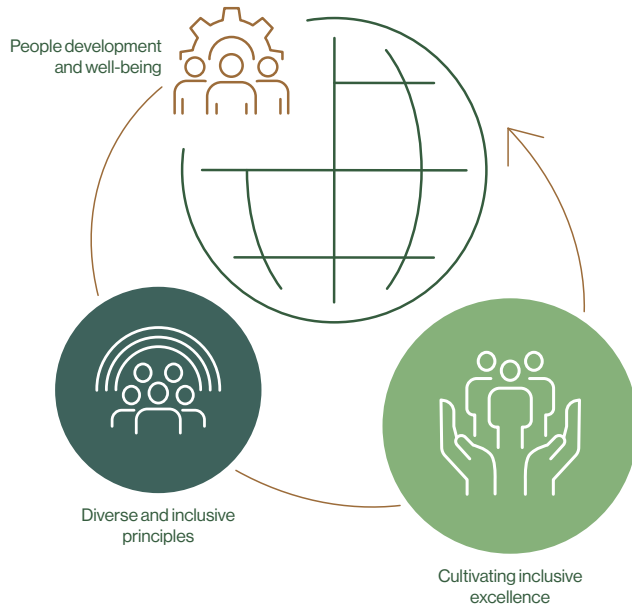
Our people in a better workplace, contribute to a better world

A culture of excellence underpinned by purpose-led, passionate and engaged people

At AECI, we recognise the inseparable link between culture and people, viewing our people strategy as an employee-centric imperative that empowers our people to deliver on our strategic objectives.

Our culture of excellence will seamlessly align with our EVP, situated at the core of our People Management Blueprint.

This synergistic approach ensures that we secure the discretionary effort of our people, unlocking their full potential by drive positive outcomes in three areas



A culture of excellence, underpinned by purpose-led, passionate and engaged people is one of our strategic pillars. Our people are the key drivers empowering the execution of our strategic objectives. We are committed to fostering a culture of excellence within an inclusive, purpose-driven environment, guided by our all-inclusive culture blueprint. The ways of working depicted in the blueprint enables our employees, management and leaders to give life to our culture. The ways of working express and embed desired behaviours as an expression and experience in culture. The habits and behaviours signify the way of doing, that enables leaders and employees to lead culture through consistent habits, messaging and tools.

Our blueprint, designed for holistic support, recognises the interconnectedness of our world. From promoting Zero Harm to investing in communities and pursuing sustainability, we hold a profound responsibility to our people and the broader world. Through effective capital management, our all-inclusive blueprint focuses on intellectual, social and relationship capitals, with a central emphasis on our people.

Our People and Culture

Envision the future and focus on the right big rocks



Fully engaged heads, hearts and hands

The engagement of our people is a critical focus to ensure our successful transformation. Engagement is proven to be a key differentiator between successful and unsuccessful transformation initiatives.

Inspire and empower our people



Execute and innovate with agility



Leadership that walks the talk on a journey to a better world, Johannesburg, South Africa



Interconnectedness: “We Are One AECI, for a Better World”

Interconnectedness is the core theme, shaping our “**We Are One AECI, for a Better World.**” Just as our people cannot be viewed in isolation, each aspect of our blueprint is interdependent. Strategy enablement is only possible when we embrace excellence across each element of our value chain. Culture drives our blueprint, inspiring excellence, while our support structure integrates the complete people experience into a global, world-class Employee Value Proposition (EVP).

Evolving People Strategy: 2023 Reflections

In 2023, we undertook a process of deep reflection, review and assessment of our people strategy. This aligns with the overall strategic review for AECI, ensuring that it remains fit-for-purpose in a world of constant change. A global mindset necessitated a refocus on our strategy and understanding of our EVP.

Fundamental to our EVP is fostering the understanding and belief in our employees that they are contributing to a better world and by extension, a better community, a better family and a “better me.” AECI has a rich legacy spanning a century, positively impacting countless lives. Over the years, we have provided life-changing bursaries and experiential work-placements, influencing generations. As we mark our centenary, this legacy extends beyond our workforce to global community initiatives.

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 all our operations and supply chains.

In demonstrating our ongoing commitment to fostering a safe and inclusive workplace, we have Anti-Sexual Harassment and Workplace Bullying policies in place and continue to monitor and enforce compliance to these critical drivers of inclusive and equitable treatment of all our people. These measures collectively reflect our continuous efforts to uphold human rights, enhance labour relations and maintain a supportive work environment and a better workplace for all.

We are committed to safeguarding the freedom of association and ensuring the complete recognition of the right to collective bargaining, while also striving to eradicate discrimination in employment and occupation. 41% of our South African workforce form part of a bargaining unit. Going forward we will include our international site data.

Change Management and Enablement

We recognise the importance of a well-structured change process to successfully energise and activate our people to participate in the change process and deeply embed the desired behaviours at all levels across the organisation. Crucial to the success of AECI’s strategy immersion is a fit for purpose, robust change enablement framework and programme which will enable employees, leaders and stakeholders to walk together towards a culture of excellence supported by purpose-led, passionate and engaged people. Adapting to and embracing an agile mindset is woven through our existing leadership development programmes, however, to support our culture of excellence, a holistic, ever-green change enablement framework will be put in place during 2024 and beyond.



Culture

Our culture, underpinned by our **BIGGER** values, thrives on employee-driven engagements to strengthen our core purpose and vision. Aligning with the aspirations of the emerging generation, we create formal and informal engagement opportunities that build on past legacies, working towards our shared vision of a better world.

At AECI, prioritising purpose-led, passionate and engaged people and fostering a people-centric culture that emphasises excellence is paramount. Previous employee engagement surveys identified strengths and areas for improvement, particularly in leadership communication, inclusion, growth and reward. Focus groups across all AECI businesses led to executive-driven action plans, implementing targeted improvements. As we forge ahead with the execution of our strategy, concerns and uncertainty might become aspects that our people management strategy will need to address. We will make a concerted effort to provide our people with support as we navigate this journey.

A follow-up culture survey will be conducted in 2024 to assess the impact of the action plans and in particular, the levels of engagement post the launch of the AECI strategy. The strategy focuses on refining our current business, returning to our strengths and using them as a foundation for a brighter future.

Continuous Development and Growth

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 and engaged people. Inspired by the vision of creating a better world, our people build on a foundation of a proud legacy, driving an agile workforce, ready to partner with business and excel into the future.

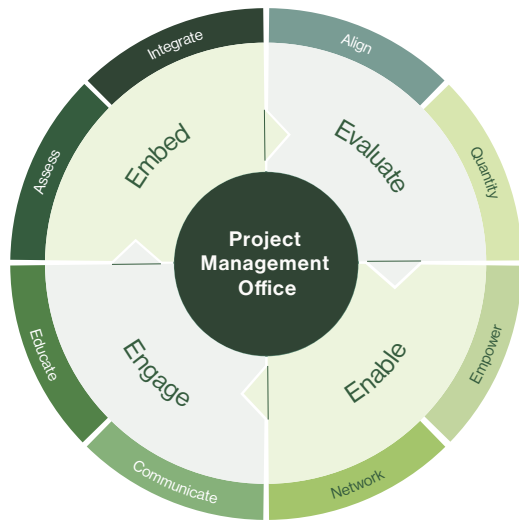
Cultivating a Culture of Excellence

A common thread running through our conversations, policies and practices is a culture of excellence, connecting us to our strategic ambitions and aligning our people and business to achieve our ambitious goals.

Employee Relations

In alignment with the principles of the UNGC, we support continuous 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. This was a key founding principle of our strategy review process during which employees from all levels in the business were provided with an opportunity to provide their views and contributions.

Our global expansion and future growth and development strategy will leverage existing practices and forums, closely collaborating with the culture team as a platform for change and engagement.



Change enablement experts will be used to bolster our existing programmes and interventions to embrace best-practice as well as promote adaptive thinking on our change journey.

Employee wellness

Employee wellness is key in terms of our commitment to purpose-led, passionate and engaged people and ensuring Zero Harm. This is because a "Better You" empowers a better AECI which, in turn, enables **"We Are One AECI, for a Better World."** Healthier, job satisfied and "better" employees are more engaged, productive, committed, innovative and safety conscious.

The **"Better You for a Better World"** programme takes a multidimensional approach to wellness, to provide employees with knowledge of new ways to manage and expand their energy capacity which in turn empowers and capacitates them to be their best, both in their personal lives and in the workplace.

The programme prioritises three core focus areas



Physical Health

Physical health is the ability to maintain a healthy quality of life without unnecessary fatigue.



Financial Wellness

Financial wellness is the ability to make better financial decisions and successfully manage a long-term financial strategy.



Mental and Emotional Health

Mental health is the ability to cope, realise potential and work productively.

Through various proactive initiatives and standardised practices, we aim to achieve a set of core objectives:

- **Awareness and education:** Create awareness of the resources that are available; whilst empowering employees with the knowledge on ways to live healthier, 'better' lives
- **Culture and support:** Create a healthy culture of learning and support, enabling our purpose of **"We Are One AECI, for a Better World"**
- **Motivation:** Motivate employees to achieve their best
- **Skills, tools and opportunities:** Provide skills and tools that promote good health and wellness; all while providing employees the opportunity to put these skills and tools into practice

The following “Better You” programme initiatives, enhance our already embedded employee wellness offerings (physical screening and testing, lifestyle advice and guidance, psychosocial counselling and support):



Employee Wellness and Social Responsibility Sponsored Runs

Our Employee Wellness and Social Responsibility teams joined forces in 2023 to empower employees to run/walk for a cause to make a difference to those who need it the most. The running for a Better You and a better community initiative aimed to provide employees with the opportunity to focus on their physical and social wellness as well their mental health; as employee volunteerism is known to have a positive psychosocial impact.

We sponsored three regional races in 2023, in which 374 employees participated.

Wellness Days

Wellness days, integral to the “Better You” Programme and our broader wellness strategy, focus on:

- Encouraging physical fitness
- Providing tools for stress management
- Facilitating employee connections
- Offering resources on self-care
- Motivating behaviour change in at-risk employees

Each event is tailored to site-specific needs, featuring diverse activities like cooking classes, financial coaching, competitions and sports. Health risk assessments and HIV testing are consistently offered. Through 10 wellness days globally, over 1 200 employees participated in voluntary screenings.

Financial Wellness Initiative

Recognising that times are tough for many global citizens, a financial wellness upskilling journey was initiated in 2023. This journey included training, which was run by external financial specialists and was followed up with an eight-week financial wellness support programme which provided employees with weekly reminders offering tips and pointers, to implement and affect positive behavioural change in their personal finances. In addition and because we acknowledge that financial wellness is a deeply personal and sensitive matter; we provide employees the opportunity to engage with financial coaches who provide them with tailored financial support.



Employee Assistance Programme Expansion

We acknowledge that our employees are central to achieving our Group objectives. Many of our employees have personal life conflicts, emotional issues, health concerns and other health disorders that can impact their mental health and in turn disrupt their work performance.

Enhancing our Employee Assistance Programme (EAP) can prove to be a great asset to our employees. In 2023, we embarked on an international EAP rollout project.

Mental Health Awareness Month

Celebrating international mental health awareness day has become a core initiative as it enables the Group to take proactive steps in destigmatising mental health in the workplace – thus creating a healthy culture of learning and support, which in turn enables “**We Are One AECI, for a Better World.**” In 2023, the “Better You” programme aimed to create a space for open conversations about mental health as well as encourage self-care practices by equipping employees with the tools to manage their own mental health more proactively. These discussions addressed cultural gender norms and long-standing stereotypes that impact how different genders perceive and approach mental health.

Over 800 employees participated in the panel discussions that unpacked Men’s Mental Health and Women’s Mental Health.

Awareness and Education Campaigns

Monthly awareness campaigns focused on mental health; featuring topics presented by subject matter experts, employee testimonials and panel discussions with well-known mental health advocates. A diverse range of topics are covered including coping with change, supporting personal and collective well-being, understanding mental health, culture and addressing stigma. These sessions provide employees with the knowledge, skills and tools they may need to practice good health and wellness behaviours. In 2023, the programme reached over 3 200 participants across the countries in which we operate.

Learning and Development

Leadership complexity in today's turbulent work context necessitates equipping leaders to thrive. Our three Leadership Development Programmes aim to provide essential skills for effective leadership in these challenging times.

In 2023, 30 participants from the 2021/22 Middle Management Development Programme (MMDP) and nine from the Senior Management Programme celebrated their graduation at AECI's Johannesburg Head Office. Delivered in partnership with GIBS Business School, these programmes, which are open to all our operating businesses, drew participants from across South Africa and Africa.



Leadership development programme recognition awards, Johannesburg, South Africa

Our Leadership Development programmes comprises of:

1. Foundation Management Development Programme (FMDP)

The FMDP aims to equip participants with the skills to formulate and execute plans to meet specific goals. The programme focuses on organising resources effectively, fostering teamwork to achieve objectives, monitoring performance to ensure plan adherence and making ethical decisions in leadership roles.

2. Middle Management Development Programme (MMDP)

The MMDP aims to empower participants with the skills to initiate, develop, implement and evaluate operational strategies, projects and action plans. It focuses on recommending changes for improved unit effectiveness, monitoring performance and applying continuous improvement interventions. The programme also emphasises leadership of first-line managers, leveraging team talents, promoting synergistic interactions and building effective relationships. Additionally, it covers the application of risk, financial and knowledge management principles, ensuring business ethics compliance. The programme seeks to enhance team and individual development through skill acquisition, coaching, career direction and leveraging diversity within the unit.

3. Senior Management Development Programme (SMDP)

The SMDP is designed to enable participants to integrate diverse management disciplines beyond their core expertise. It emphasises the translation of organisational and business strategy into measurable outcomes within both private and public sectors. Furthermore, it aims to elevate the leadership, general management and entrepreneurial capabilities of learners and executives.

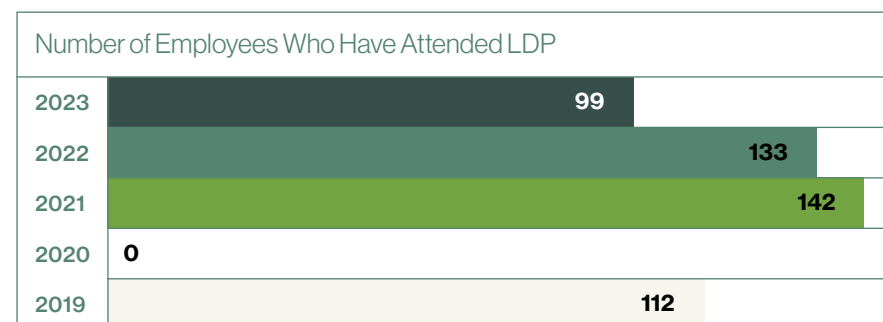
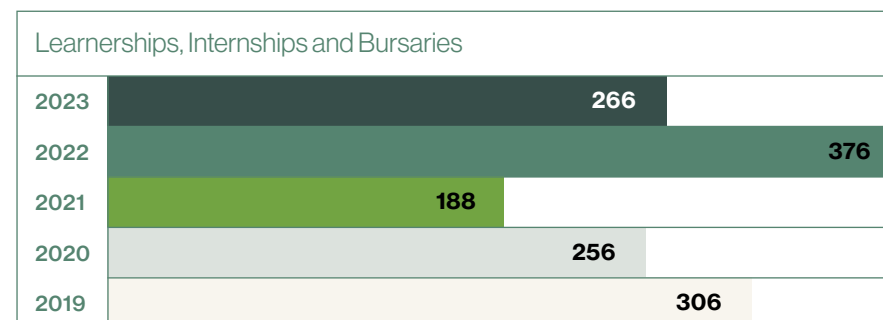
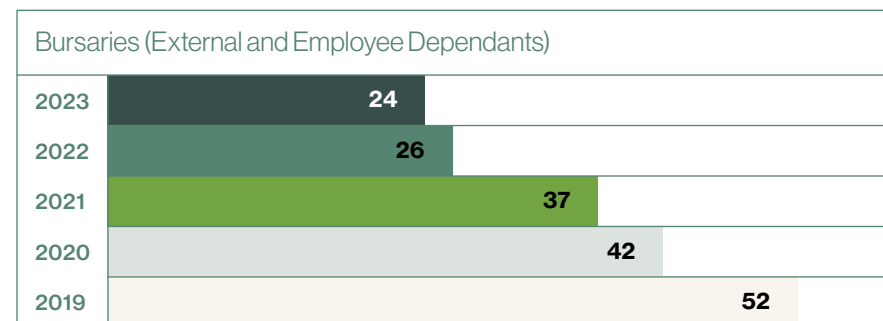
As part of our Talent Management strategy to build our pipeline, we expanded our learnership programmes to create specialised career paths to enhance practical training opportunities. Our offerings include learnerships in Productivity Management, Project Management, Supply Chain, Chemicals Operations,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

Bursaries

We offer internal and external bursaries to enrich our organisational value proposition. To further enhance our employee brand and development offering, attracting talent is embedded within our bursary programmes. Additionally, bursaries are also offered to dependants of employees. This ensures that our employees are able to provide learning opportunities to their children without the concern of day-to-day expenditure.

Development Programmes	2021	2022	2023	Comments
Leadership development	142	133	99	In 2023 an executive decision was made to align the nomination of leadership development programmes with succession planning which led to a decline in numbers. Furthermore, many of the senior management employees have already attended the programmes leading to a decline in nominations.
Learnerships/internships/bursaries	188	376	245	Bursaries were previously centralised as a head office people cost. A decision was made to decentralise the cost to individual businesses resulting in loss of focus.
Participation in at least one learning opportunity	1 985	1 636	1 414	In 2022 there was a key focus on Zero Harm training and anti-harassment training for senior managers.
Female participation in at least one learning opportunity	27%	47%	26%	In 2022 there was a key focus on Zero Harm training and anti-harassment training for senior managers.
Employees living with disabilities	66	67	40	We employed 40 employees living with disabilities, 21 females and 19 males. A total of 15 females and eight males living with disabilities attended training in 2023.
Female employees living with disabilities accessing learning opportunities	67%	64%	38%	

We are disappointed with the deterioration in performance of our development programmes. In the coming year, management will make a concerted effort to address the root causes of this decline and implement more robust strategies to enhance the programmes.



Our people enablement legacy

From Bursar to Boardroom



Narisha Moodley

Narisha started her career at AECI at ImproChem (known as Nalco Chemsolve at the time) as an intern, over 22 years ago, after graduating with a degree in Chemical Engineering. Narisha has spent the bulk of her career in a technical sales environment within the Petrochemical industry, having gained experience across varying chemical processing technologies and utility value chains.

She has been recognised for several of the AECI Top Sales Awards over the years and has completed the AECI Senior Management Development Programme at GIBS.

Narisha Moodley is an inspirational female executive having been appointed as the first female Managing Executive for AECI Water in 2023.



Meagan van den Berg

After graduating, Meagan was offered an opportunity to join the AECI Group through the AEL Mining Explosives business where she completed her qualification as an Explosives Engineer in 2010.

She is the recent winner of our prestigious AECI Chairman's award recognising exceptional leadership and an individual who demonstrates our **BIGGER** values. Most recently Meagan was appointed as the Executive: Mining for the Southern Africa region and serves as chairperson of various Boards across the business segment.

Meagan van den Berg is now one of a few female executives for AECI Mining and is the first female Explosives Engineer and Regional Manager in the company.

Enabling Executive Empowerment



Sandy Sibiya

Sandy has been with the AECI Group for the last 15 years. She started her career at Bioproducts when it was still owned by AECI, as an in-service trainee.

She is a first-generation graduate in her family and has dedicated her life to empowering her siblings through tertiary education.

Sandy Sibiya is currently the Manufacturing Executive at our Plant Health pillar and has over 100 employees under her leadership.



Thureya Sarlie

Thureya started her career as a personal assistant at Akhulu Marchon in 2000. She later joined Crest Chemicals in 2010 and joined the Group as a Group Manager of Specialty Chemicals in 2013. She was later promoted to Executive Sales Director in 2014.

Thureya Sarlie is currently the Sales Executive: Traded Chemicals in our Specialty Chemicals business.



Riyaad Bhamjee

Riyaad started his career at AECI as a Group Financial Accountant in 2016 and was Group Reporting Manager in 2020 and Head of Strategy in 2023.

He is a qualified CA(SA) and completed the AECI Senior Management Development Programme at the Gordon Institute of Business Science.

Riyaad Bhamjee is currently the Vice President: Strategy and Corporate Development for the AECI Group.

Cultivating Careers



Maida Ntuli

Maida started her career as a Mining Engineer graduate bursar at AECI and was appointed as an intern in the Mining Optimisation department in November 2010. In 2011, she permanently appointed as a Junior Mining Engineer. She worked for four years in Ghana before returning to South Africa in 2017.

Maida Ntuli is currently a Senior Mining Engineer in the Blast Consult team and is pursuing a Master's degree in Business Administration supported by AECI.



Itumeleng Mathebe

Itumeleng's joined AECI in 2019 as a bursar.

Upon qualification, she joined AECI Food & Beverage as a graduate workback student.

During her time at AECI, she has implemented and facilitated training conferences for the sales team. She is currently completing her BSc Food Sciences Honours funded by the company.

Itumeleng Mathebe is currently a Junior New Product Development Specialist in our Food & Beverage business



Chris Ndamani

Chris started working as a General Worker for Biocult in 2005 and was promoted to a Supervisor in 2006.

He completed the AECI FMDP in June 2018. In December 2019 and 2020 he obtained a Warehouse Supervisor certificate and a Higher Certificate in Logistics and Supply Chain Management (Cum Laude), respectively.

He is currently in his third year of study towards a Bachelor of Commerce in Supply Chain Management.

Chris Ndamani is currently a production supervisor in our Plant Health business.



Keletso Ledwaba

Keletso joined AECI Mining in 2018, as a Mining Engineering graduate. Her journey is marked by her ability to seamlessly transition between roles, demonstrating proficiency in each domain she undertook. A few months prior to the conclusion of her internship contract, she was appointed as a Project Leader on a permanent basis.

Keletso Ledwaba is currently an Electronic Field Technician in our Mining Explosives business.

The development and growth of some of the individuals in our employment serves as a testament to the positive impact we have as an organisation on professional growth and community development.

Internships

One of our successful learnerships includes the inhouse programme at AECI Plant Health to develop graduates, fostering business-specific technical skills and creating a growth pipeline. Commencing in March 2022, the 12-month programme allows graduates to rotate across technical areas, gaining exposure to laboratory research, field trials and sales. This initiative builds a robust pipeline of skilled specialists contributing to strategy delivery. Additionally, we provide funding assistance for tertiary studies to support employees in enhancing their educational qualifications. Manager and mentor involvement ensures a successful and rewarding environment.

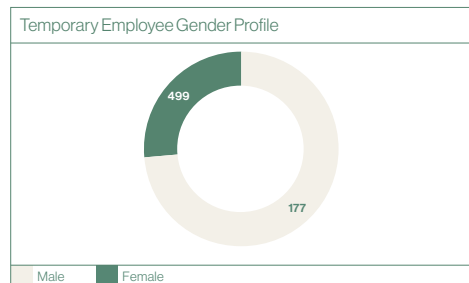
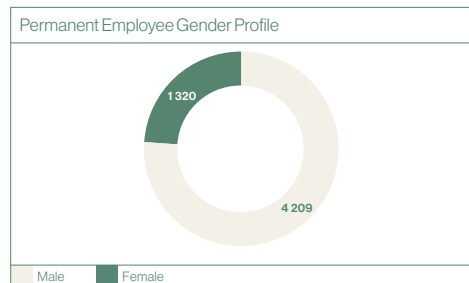
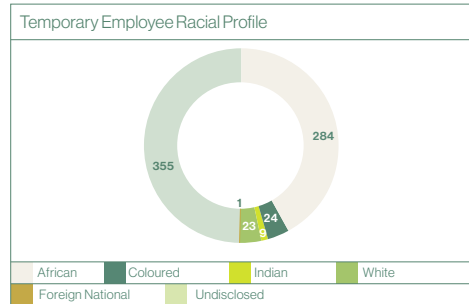
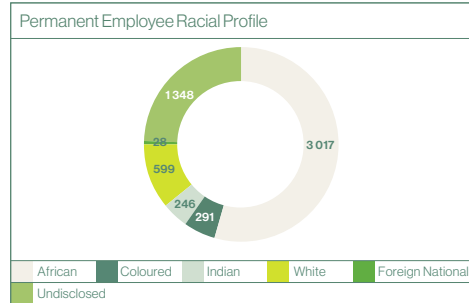
Transformation, Diversity and Inclusion

AECI's transformation efforts align with the Broad-Based Black Economic Codes, South Africa's legislative provisions and support the UNGC and SDGs.

Our transformation initiatives prioritise people, ownership equity and foster a diverse, inclusive workforce aligned with strategic objectives. To achieve this, we aim to:

- Establish a safe, inclusive workplace through education and awareness
- Accelerate the promotion of a culturally competent environment
- Implement transparent and fair people practices for a supportive, non-discriminatory atmosphere
- Mitigate unconscious bias, discrimination and gender disparities
- Provide equal opportunities and improve practices for employees with disabilities
- Address environmental barriers for accessibility
- Create a talent pipeline for the future
- Empower women and individuals with disabilities with leadership skills
- Utilise education, awareness and understanding to reach our goals

Our goal is to achieve a balanced workforce in relation to gender and race, ensuring a proportionate mix of males, females and individuals from diverse racial backgrounds. We are committed to enhancing the overall representation of females at management levels. Our workforce comprises both permanent and temporary employees, with 2023: 24% (2022: 24%) and 2023: 26% (2022: 25%) respectively represented by females.



2025 Target

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

To ensure a more gender represented AECI workforce, we have clear targets for 2025 for female representation in each of the following categories:

Targets and Achievements for Gender Representation

	2021	2022	2023	2025 Target
Total women representation	1 688	1 705	1 777	–
Women on AECI board and in top management	38%	40%	46%#	33%
Women representation in senior, middle and junior management	30%	30%	30%	31%
<i># Target achieved</i>				
In 2022 targets for gender representation at board level as well as junior management were achieved. Based on this the KPI was redefined to include women representation at top, senior and middle management.				
Women representation in top, senior and middle management	27%	27%	28%	31%

Educating, Empowering and Engaging Our Women

	2021	2022	2023
Advanced women	26	39	27
Promoted women	29	31	32
Women enrolled in leadership programmes	46	47	27

Wage Gap

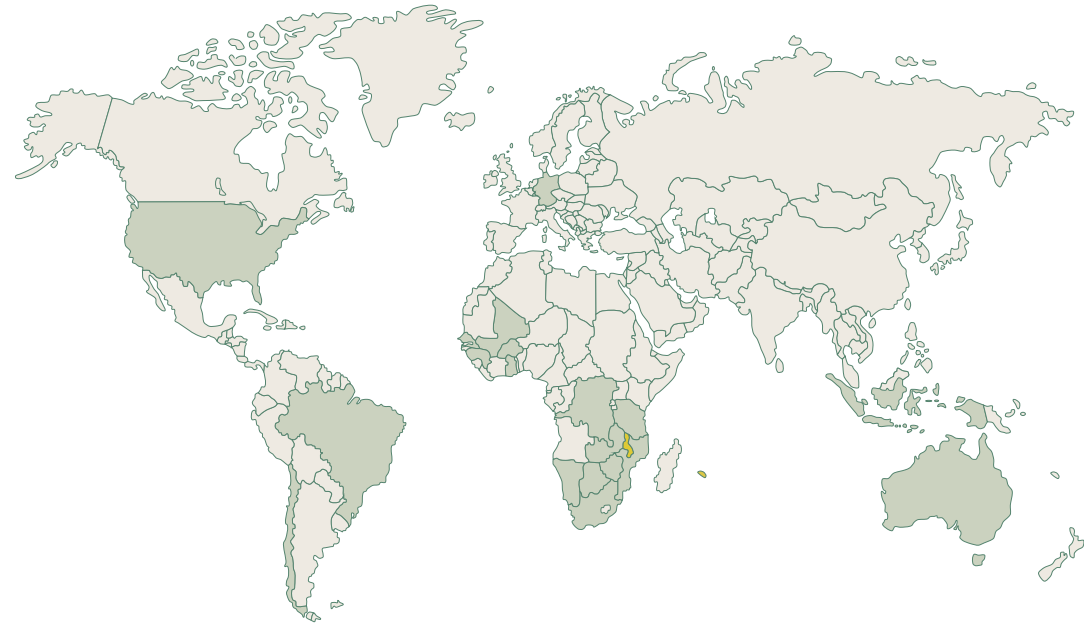
We monitor our wage gap ratios as defined by the JSE Sustainability Disclosure Guidance for 2023, which includes the determination of the Group CEO's total annual fixed remuneration ratio to the lower, median and upper quartile and the ratio of average total annual remuneration of the top 10% as compared to the bottom 10%.

	Value	Ratio to highest	2022
Highest	R10 624 794	1	1
Upper Quartile	R640 125	17	20
Average	R571 640	19	30
Median	R423 066	22	33
Lower Quartile	R307 140	30	53
Lowest	R130 531	71	123
Top 10% Average	R1 639 126	1	
Bottom 10% Average	R191 937	8	

Year-on-Year we have seen an improvement in our efforts to close the wage gap because we actively investigate and address pay gaps. This will continue to be a focus for the Committee and management, as the organisation continues to implement the strategy.

Living Wage

We engaged WageIndicator to provide holistic global data on living wage standards in all areas in which we operate. Globally a living wage is defined as *the level of pay needed to secure a decent standard of living* and WageIndicator's data incorporates factors relating to the cost of housing, education, typical family size and overall cost of living.



- AECl pays above minimum wage and above individual living wage
- AECl pays above minimum wage, but below individual living wage. Not significant areas of operation

As part of a progressive, incremental journey, we aim to reach the following milestones:

Milestone 1

Pay employees in each geographic location at or above the **Individual Living Wage**

Milestone 2

Pay employees in each geographic location at or above **Typical Family Living Wage** by 2028

Milestone 3

In geographies with an unemployment rate higher than 10%, pay employees in those location at or above the **Single Earner Typical Family Living Wage** by 2030



Individual
All locations as a strict minimum standard



Typical Family
Aspirational goal with clear timeline and actions to achieve



Single Earner
Aspirational for locations with 10% or higher unemployment rate. Actions to be agreed and long-term affordability modelled

In 2023, we paid above the legislated or sector specific minimum wage in all locations, surpassing the living wage for individuals in all significant operations, with actions taken to address gaps identified in two smaller territories.

In particular, our operation in Malawi was impacted by the devaluation of the Malawian Kwacha in October 2023 and steps have been taken to assist all employees with the rise in cost of living, as well as uplifting identified gaps in salaries to a living wage level.



Diversity month

Celebrate Diversity Month, takes place in April every year. This initiative encourages the recognition and understanding of differences – gender, race, ethnicity, faith, sexual orientation and more – while honouring the shared essence of humanity. By appreciating both similarities and differences, the month aims to foster a deeper understanding of others, regardless of who they are or how they live. It is also an opportunity to enhance workplace diversity.



Heritage Day

Heritage Day on 24 September recognises and celebrates the cultural wealth of our nation. South Africans celebrate the day by remembering the cultural heritage of the many cultures that make up the population of South Africa. Celebrations were held across the South Africa businesses to commemorate this day.

Celebrating International Women's Day with our people



Broad-Based Ownership Schemes

The 2012 AECI Employees Share Trust (EST), which vested on 9 February 2023, was a contributor towards the overall black shareholding of AECI Limited. Although the beneficiaries benefited from receiving net dividends of R35 million over the prescribed period, the scheme vested with no value accruing to beneficiaries.

To preserve employee goodwill and ensure continued productivity, the Board and the AECI Executive Committee approved an ex-gratia payment totalling R106 million to all eligible employees.

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 management team have explored and assessed options that address previous learning 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.



Celebrating our diverse heritage, Johannesburg, South Africa

Reward and Recognition

AECI's fundamental reward programmes, through short-term and long-term incentives, form the core of our remuneration philosophy (see [RR](#)). Tailored sales commission, production incentives and site-specific schemes play a crucial role in achieving overall profit and quality targets. Aligning with AECI's strategy, all incentive schemes will undergo a review to ensure their alignment with the Group's outcomes and targets.

To support the strategic cultural component, a comprehensive employee recognition programme will be developed and rolled out in future years. Addressing identified gaps in employee engagement surveys, this scheme will formalise recognition for desired behaviours and actions, enhancing overall employee engagement. The anticipated launch date for this scheme is late 2024 or early 2025.

Hiring new employees plays a pivotal role in both employment and wealth creation. As our business expands and evolves, the need for fresh talent becomes imperative. Bringing in new individuals not only stimulates job growth but also assists in achieving our strategic gender-based targets. By hiring new employees, we tap into diverse skill sets and perspectives which drive progress. Our hiring initiatives focus on local communities, leading to a more equitable distribution of wealth and resources.

We employed 793 new employees (2022: 1 266), of which 214 were female (2022: 396). Additionally, there were 626 terminations carried out at our operations (2022: 1 038).

 Read more in the [RR](#)

Looking Ahead



- Integrating our culture as part of our EVP, talent attraction and retention
- Continuing to drive our gender equality and empowerment strategy
- Continuing to drive our various "Better You" programmes and initiatives to enhance employee health and wellbeing
- Playing a leading role in gender mainstreaming and fostering an inclusive, diverse workforce
- Undertaking an employee experience survey – concentrating on the culture and work environment
- Contributing to creating a culture of innovation and creative thinking through various training, diversity and inclusion initiatives
- Continuing to focus on change management as a critical enabler to embed and drive culture

Enterprise and Supplier Development (ESD)



SDG Alignment

AECI is committed to the future of economic development, firmly believing that meaningful, sustainable growth and job creation lie in developing mutually beneficial partnerships. We are therefore dedicated to actively supporting Small, Medium and Micro-sized Enterprises (SMMEs) through structured supplier development programmes.



2 Zero Hunger



8 Decent Work & Economic Growth



9 Industry Innovation & Infrastructure



12 Responsible Consumption & Production



17 Partnerships for the Goals

Overview of B-BBEE (Broad Based Black Economic Empowerment)

The Constitution of the Republic of South Africa, 1996, provides all people in South Africa the right to equality and fulfils the formal element of equality by creating a basis for equal treatment. Despite the right to equality, not all people in South Africa are born to equal circumstances. The history of South Africa has resulted in an economic and opportunity disparity based on race. The purpose of the B-BBEE Act 53 of 2003, is to bridge the gap between formal and substantive inequality. B-BBEE is a government policy to advance economic transformation and enhance the economic participation of Black people (African, Coloured and Indian people who are South African citizens) in the South African economy. By promoting the economic elevation of black people, the policy works to uplift the previously disadvantaged, which will ultimately lead to socio-economic transformation.

Fostering Community Engagement and Economic Empowerment

We believe that the communities in the areas where we operate are integral to our socio-economic responsibilities and we seek to have a positive impact in our communities through:

- Supporting small and emerging businesses in South Africa through ESD
- Providing entrepreneurial support
- Buying locally
- Increasing local content
- Practising preferential procurement

Investment in Enterprise and Supplier Development

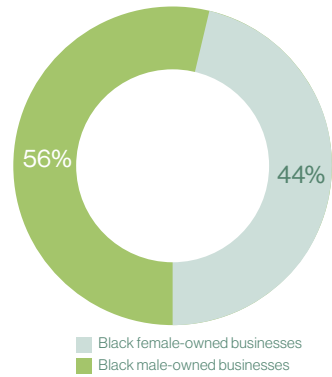
We undertake ESD in the following ways:

- Through the AECI Good Chemistry Fund, established in 2017, to strengthen and transform our supply chains by promoting qualifying black-owned SMMEs
- ESD projects and investments run by our various businesses in South Africa
- Business development support
- Strengthening and transforming our supply chains by promoting qualifying black-owned SMMEs

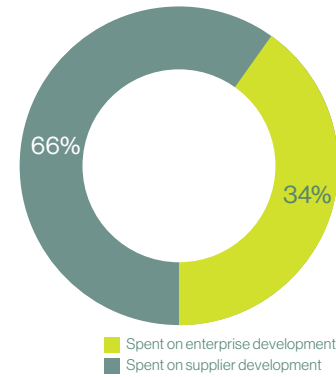
At the end of 2023, The Good Chemistry Fund invested a total of R23.9m in ESD beneficiaries through a combination of loans, equity and grant funding for beneficiaries in Gauteng, Eastern Cape, KwaZulu-Natal, Limpopo and the North West.

These investments have not only created, but also sustained, a total of 409 jobs (2022: 241), encompassing both permanent positions and seasonal employment.

Investment by Gender



Investment by ESD Category

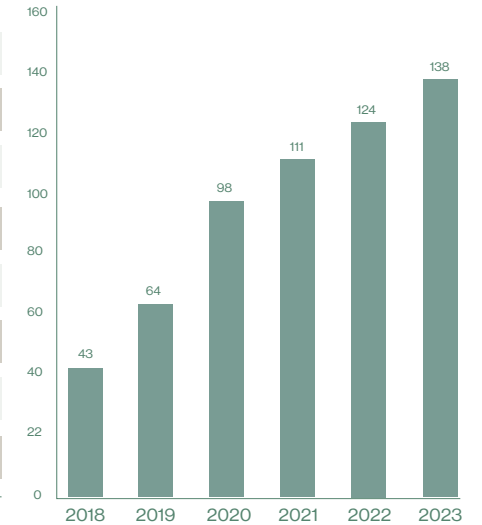


In addition to the Good Chemistry Fund spend, business units within the Group allocate ESD funds to two industry specific suppliers. These efforts are aimed at empowering local businesses to eventually be incorporated into our supply chain.

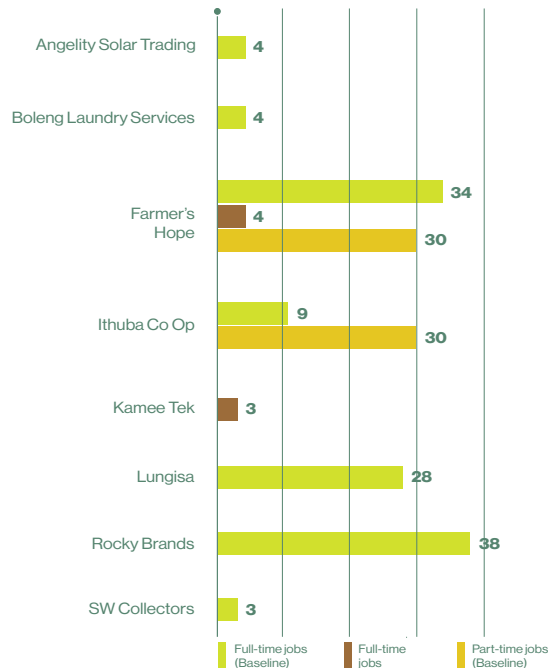
Cumulative ESD Spend

Particular sectors were targeted based on their alignment with our value chains where maximum impact can be realised.

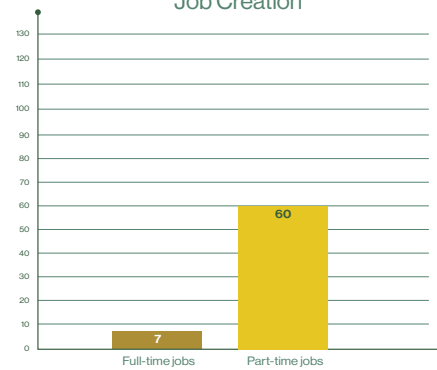
Sector	2018 - 2020	2021	2022	2023
Transport	14	24	20	0
Services	1	1	11	19
Recycling and Waste Management	1	1	1	4
Manufacturing	5	1	9	1
Engineering	5	18	10	11
Construction	39	17	8	33
Chemicals	3	7	13	13
Agriculture	24	31	28	19



Job creation-breakdown



Job Creation



Supplier Development Programme To Support SMMEs

In 2023 various AECE business units supported 50 SMMEs (2022: 14) operating in construction, engineering, agriculture and waste management. The spend of R14 million (2022: R13 million) was aimed at diversifying our supply chain, supporting small business in the areas in which we operate, as well as 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 AECE facilities.

Business development support

AECE Plant Health supports emerging farmers through the Khula! app, training users on key aspects such as nutrient inputs to improve their yields and quality and measures to be taken to protect their crops. Khula! app is an online platform that enables emerging farmers to purchase inputs and have them delivered. The app also gives beneficiaries access to markets to sell their produce.

Agriculture is an important contributor to growing economies and we believe that by supporting emerging farmers we can add great value through our products, as well as our technical knowledge and experience. To help address challenges faced by SMMEs in the agricultural industry, we provide assistance on business fundamentals such as financial management and marketing, together with mentorship as the businesses mature. This is further augmented by solid technical and commercial expertise from the AECE business counterparts.

Angelity Solar Trading



Angelity Solar Trading, a black female-owned company based in Kathu, Northern Cape, was founded in 2019 to address the essential task of cleaning and maintaining solar panels in the region's solar farms. Since its inception, the company has expanded its services to provide wash bay solutions for AECL and the local mines. This initiative aligns with our larger Just Transition objectives and is an example of types of projects that we can undertake to further this goal.

With a workforce consisting of four permanent employees and ten contract workers, Angelity exemplifies our commitment to supporting SMMEs in the regions where we operate. This strategic partnership aligns with our ESD strategy, emphasising our dedication to fostering the growth and development of mining communities.

Ithuba Agriculture

Ithuba Agriculture Cooperative, founded by six members with a primary focus on maize and soy farming in Balfour, Mpumalanga, originated from a meeting at the Buhle Farmers Academy in 2007. Having secured a 1 500 hectare farm, they currently cultivate approximately 1 000 hectares. The cooperative's scope expanded into cattle production, beginning with a donation of 30 Drakensberg cows and a bull from the Department of Agricultural, Rural Development, Land and environmental Affairs.



We were instrumental in supporting Ithuba, offering technical assistance through Agri Health and extending financial support via the Good Chemistry Fund. Additionally, we have actively contributed to Ithuba's business development by assigning a dedicated business advisor, enhancing improvements in financial controls, governance and other back-office activities.



Local Procurement

We define local procurement as those goods and services purchased, in South Africa, in the local municipalities in which we have plants/operations. We measure local procurement as a percentage of all goods and services bought including raw materials. Procurement includes traded raw materials, which normally exceed 70% of our cost of sales.

Performance Against Procurement Targets

Local procurement	
2021 target 25%	2021 achieved 20%
2022 target 25%	2022 achieved 30%
2023 target 30%	2023 achieved 39%

The 2018 review of the South African Mining Charter required mining licence holders to meet specific transformation targets, with a requirement that they acquire local goods and services with local content exceeding 60%. We engaged with the South African Bureau of Standards (SABS) to verify the local content of the goods and services we provide to our mining customers. We were among the first mining-sector suppliers to receive verification from SABS on our local content, confirming that at least 80% of our mining products were locally manufactured.



Preferential Procurement

Our manufacturing processes utilise significant quantities of commodities such as ammonia and sulphur, which we source from a limited pool of suppliers, none of whom are majority-owned by black individuals. This situation makes it impossible for us to substantially increase our spend with B-BBEE certified entities at present. However, we are dedicated to achieving 22 points by 2025 through a focused drive to support majority black-owned SMMEs that can become part of our supply chains.

The below list represents the B-BBEE status of AECI suppliers:

Year	Non-compliant	Level 1-4	Level 5-8	Not rated
2023	27	63	8	2
2022	26	66	6	2
2021	30	57	8	1
2020	32	59	8	1

Looking Ahead

Supporting emerging enterprises in the manufacturing and agriculture sector as well as those that are AECI suppliers will remain the cornerstones of our ESD strategy. We intend leveraging our existing relationships with the businesses and stakeholders of the programmes for our ESD undertakings. Initiatives to support SMMEs in our key customer locations will commence in 2024 focusing on Northern Cape, Limpopo and Mpumalanga. We will also be on-boarding more emerging farmers on our farmer support programme.

AECI has also partnered with Flow Fund in an effort to assist SMMEs with working capital by offering invoice discounting and purchase order financing. This initiative will be rolled out in 2024.



Social Responsibility

(ISSB S1)

Key achievements in 2023

- 45 714 learners reached in 292 schools
- 10-15% pass rate increase through educational support
- 10 adopted schools fitted with solar and boreholes including refurbished libraries
- 55 Early Childhood development centres provided with a daily meal, curriculum support and infrastructure
- 1 000 unemployed youth
- 20 000 households received emergency relief during cholera outbreak in Hammanskraal

Early Childhood Development centre beneficiaries at Oliver's Village, Johannesburg, South Africa

Social Responsibility Philosophy and Commitment

Social responsibility is an overarching value-based driver, which encompasses all aspects of our business operations. At AECI, our social responsibility programme seeks to promote people-centered, needs-driven sustainable development of communities around our operations.

AECI prides itself on being a good and responsible corporate citizen and we are committed to conducting business in an ethical and socially responsible manner. Our investment strategy is focused on effective and impactful community-focused initiatives, which promote social inclusion, advancement and empowerment.

Our social responsibility initiatives are deeply rooted in sustainable development. Through strategic partnerships and collaborative projects AECI actively contributes to the well-being and empowerment of communities surrounding its operations.

Each of our Social responsibility programmes are aligned with our priority SDGs and the relevant national development imperatives, with core focus areas encompassing:



Phalesane Primary School, Handover, Hammanskraal, South Africa

- Enhancing educational outcomes through teacher and learner development
- 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:
 - foundation education
 - primary health care
 - provision of basic human needs such as food and water security

The critical principles that underpin our approach include fostering sustainable development, community advocacy, respect for human rights, alignment with national development imperatives, economic inclusion opportunities, good corporate governance, credible collaborations and ongoing monitoring and evaluation.

Our Approach

PURPOSE

AECI® We Are One AECI, for a Better World

GOAL

Improve the lives of vulnerable members in the communities around where we operate

OBJECTIVES

Enhancing the quality of educational outcomes for learners in Early Childhood Development	Access to basic human needs such as water and food security and access to healthcare	Improve the quality of education for both teachers and learners	Enabling economic inclusion in the green economy promoting environmental stewardship
-------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------	-----------------------------------------------------------------	--------------------------------------------------------------------------------------

METRICS

Beneficiaries impacted Communities reached	Improve nutrition	Increased access to healthcare	Jobs created	Improved pass rates Improved teaching and learning
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Our Legacy of Good Corporate Citizenship and Evolution to Strategic Social Responsibility [SR]

The intent of our social responsibility dates to the inception of A&EI in 1924. The first recorded demonstration of AECI's dedication to community development dates back to the early 1980s when AECI launched its community investment programme in 1985. It committed a percentage of its profits to local projects focused on community development long before this was a legal requirement. This programme has evolved over the years, leaving a lasting positive impact on numerous communities.

In our social responsibility paradigm shift, our social responsibility has transformed into fewer and larger deliberate, collective impact investments built on our brand position and purpose of **"We Are, One AECI for a Better World"**. It has evolved into an integral part of our business, influenced strongly by our **BIGGER** values and strategic objectives. The alignment between our goals and social impact is clearer, leading to proactive project selection and involves a diversified commitment. Our investments have resulted in more systemic changes which are resulting in self-sustaining ecosystems, societal change, sustainable livelihoods, job creations and income generation, which have a lasting impact on the communities around our operations.



Kamoa Mine collaboration, Kolwezi, DRC

Our evolution from CSI to Social Responsibility

CSI

- A cost
- Separate function
- Strong external influence
- Limited alignment to business
- Reactive project selection
- No M&E
- Mostly cash
- Limited communication
- Voluntary
- No collaboration



Social Responsibility

- Long-term programmatic investments
- Integrated into the business
- Proactive project selection
- Effort to engage in M&E
- Cash, in-kind & time
- Increased transparency and reporting
- Legislative recognition
- Collaborative

Social Responsibility Governance and Operating Model

A dedicated Social Responsibility Committee, comprised of members nominated by the Group Executive Committee, is tasked with ensuring the realisation of a co-ordinated, coherent and focused social investment strategy.

The Social Responsibility Committee plays a governance role and oversees the annual expenditure of the AECI Group in alignment with the social responsibility strategy and principles. Its primary responsibility is to uphold the AECI Group's commitment to being a socially responsible corporate entity. This involves investing in impactful and credible community-focused organisations and initiatives aimed at developing and uplifting vulnerable communities in the vicinity of our operations.



Through the centralisation of our social responsibility we aim to strategically identify and implement projects across the Group for the collective benefit of all businesses. Additionally, the committee evaluates and approves projects specific to each business pillar.

In addition, the AECI Foundation, Trustees are appointed by the Master of the High Court and their mandate and duties are set out in the Trust Deed as per the Broad-Based Ownership Scheme requirements.

Highlight: Board site visit

In 2023, the AECI Limited Non-executive Directors, social responsibility committee, trustees and colleagues visited our flagship social responsibility project, Oliver's Village, in Johannesburg. The 11-acre, village is designed to be an eco-friendly, self-sustaining eco-system, that offers multiple social services to 600 community members of the Daveyton community.

This visit brought to light the sustainable impact of our programmes and its potential to scale across our footprint. Our Board members engaged with some of our key partners and got firsthand information on our programmes. Oliver's Village is a true testament to our purpose, **We are One AECI, for a better world** and demonstrates our commitment to sustainable development and true empowerment. Looking forward, these site visits will take place regularly.

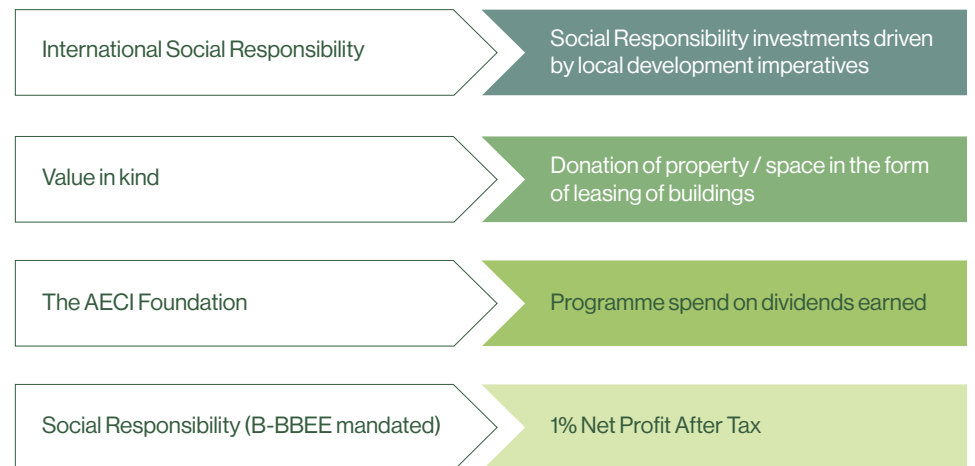


Board, Executives and Trustees visit at Oliver's Village, Johannesburg, South Africa

Our Social Responsibility Enablers

Our investments are made from various avenues that collectively contribute to our overall expenditure. These investments range from mandated legislative spend to value in kind and international spend.

Social Enablers



Social Responsibility Fund

1% NPAT

- Education
- Climate Action
- Disaster Relief
- Employee Volunteerism



The AECI Foundation Broad-based ownership scheme

- Early Childhood Development
- Primary Health care
- Food and Water Security

Social Responsibility Spend 2019-2023

Our investments are made from various avenues that collectively contribute to our overall expenditure. These investments range from mandated legislative spend to value in kind and international spend.

Social Responsibility Spend 2019-2023	
2023	40
2022	36
2021	35
2020	35
2019	31

As a company that has rich heritage founded in South Africa, the maturity of our Social Responsibility is more advanced and mature than in other jurisdictions. Our aspiration is to extend this level of maturity to areas, where we operate outside of South Africa.



Sci-Bono Discovery Centre, Gauteng adopted schools activation, Johannesburg, South Africa

Case Study : Safe Parks in partnership with UNICEF

In partnership with UNICEF, we have invested in the establishment of two safe parks in Gauteng and Emalahleni. These are secure curated spaces where learners can access quality services such as education, health and nutritional programmes to further stimulate and grow them. This is considering the vulnerability that learners are faced with, especially after school. A second phase of these safe parks will be on advancing income generation programmes such as baking, commercial agriculture and waste management to further sustain the running of these parks, whilst creating jobs. This is our efforts to scale our flagship programme at Oliver's Village which serves as a blueprint module.



UNICEF Safe Park, Johannesburg, South Africa

During the year, we invested a total of **R40 million** (2022: R36.2 million) in our social responsibility spend. These investments were made up of:

- R15.4 million** (2022: R 15.4 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: R6.1 million) from our international entities
- R3.2 million** value in kind donations
- R18 million** (2022: R14.7 million) disbursed by the AECI Foundation

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

Employee Volunteerism

36 >
Employees


International Girls & Woman in Science

- 10 Schools
- 10 Donations of mobile science kits



123 >
Employees


Gender Based Violence Initiatives



374 >
Employees

Run for a Cause


- JP Morgan Race
- Cape Town Race



582 >
Employees

Nelson Mandela Month

- Nelson Mandela Race
- Nelson Mandela Day (67min of action)



20 >
Employees

World Food Day



13 >
Employees

Santa Shoebox

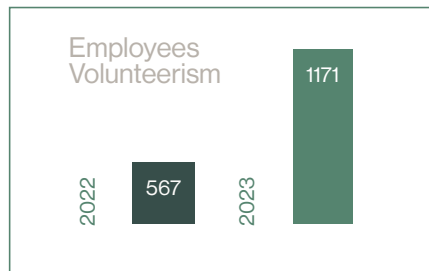
- Food and Beverages



23 >
Employees

Other

- Gosa Primary Handover
- Hammanskraal, Handover
- Oivers Board Visit



2023 Employee Volunteerism Campaigns, South Africa

Our Partners in purpose



Objective:

- Establishing strategic partnerships to achieve our goals and support cohesive collaboration across our value chain

Collaboration with key stakeholders to fulfil our social licence to operate

Partnering with mining customers to fulfil mining charter and social labour plans is a common practice in the mining industry, especially in regions where mining companies are required to comply with specific regulations and frameworks. These initiatives aim to ensure that mining activities contribute to the socio-economic development of local communities and adhere to specific legal requirements. It's important for us to partner with our mining companies for sustainable development and positive social impact. Building strong relationships with local communities and adhering to regulatory requirements are critical elements for long-term success. Such partnerships include:

- Anglo American, Northern Cape
- De Beers, Limpopo
- Sibanye Stillwater, Marikana
- Harmony, Free State
- Debswana Mine in Botswana
- Motheo Copper Mine in Ghanzi, Botswana
- Kamoa Mine in DRC
- KPC Mine in Indonesia
- Goldfields Mine in Ghana, Bogoso



Refurbished classroom, Kuke Primary School, Botswana

These partnerships enable us to create shared value for all relevant stakeholders.

We acknowledge that achieving our sustainability goals requires meaningful, strategic and mutually beneficial partnerships. This approach allows us to work alongside key partners and stakeholders to amplify our social impact.

In a world grappling with profound socio-economic challenges, our strategic intent is propelled by these strengthened partnerships. By pooling resources, sharing knowledge and enhancing the capacity of communities near our operations, we are positioned to deliver greater value and foster sustainable outcomes for the most vulnerable among us.

Education



Objective:

- Addressing the educational inequalities
- Increase the quality of relevant skills to bridge the education gap

Sustainable support to provide access to quality basic education

AECI has adopted ten under-resourced schools to enhance and improve the quality of learning. During the year, we have invested in the provision of various resources to advance learning at these schools. These resources include:

- Boreholes with water filtration systems
- Solar Systems
- Food gardens to supplement the feeding scheme
- School shoes and stationery
- Chemistry kits
- Refurbished libraries



Refurbished Library, Oliver's Village, Johannesburg, South Africa

The provision of these resources assures uninterrupted learning and provides a stimulating learning environment, which results in reduced absenteeism and improved learning outcomes.

AECI Mining Explosives empowers local school by improving the quality of education

AECI Mining Explosives Botswana recently acquired business at Motheo Copper Mine in Ghanzi and handed over two refurbished classrooms at Kuke Primary School. Kuke Primary, a boarding school housing over 500 students, were faced with challenges of accommodating students due to a shortage of classrooms.

The project investment involved the refurbishment of a dilapidated hall at Kuke Primary, which has now been subdivided into two classrooms, benefitting 60 students. This subdivision not only allows the space to serve as a hall but also addresses the previous practice of using the library as a classroom due to shortages of learning spaces. The investment towards this enhances learning environment will advance learning and teaching.

Climate Action



13 Climate Action

Objective:

- Addressing the climate action challenge
- Enabling economic inclusion opportunities for social enterprises in the green economy
- Increasing awareness through environmental stewardship programmes

Expanding our waste management

In 2021 AECI identified four key waste management buy-back centres for development near our major sites in WC, KZN and GP. With the help of PETCO who supports the entire waste management value chain, these businesses have grown their revenue with over 50% increase per month. To date, AECI supports up to 13 waste management businesses largely with key customers such as Sibanye Stillwater, Harmony and Anglo American. Across all seven buy-back centres, a total of 284 jobs are created annually, managing up to over 400 tonnes of recyclable waste per month. Jointly these entities generate an income of over R745 000 per month, a 53% increase in revenue after the PETCO programmatic support. These social enterprises are a true testament of job creation and income generation, which has a lasting impact on the sustainability of these affected communities.

Addressing youth unemployment and creating access to the green economy

In partnership with Kgabiso Palesa, we demonstrate Just Transition principles in action. Considering the current energy crisis, we invested in a pilot project to empower 20 unemployed youth in solar accredited skills. The pilot project is designed to serve as a model that can be replicated and scaled up in the future with entrepreneurship as a key component.

Throughout the process, participants receive ongoing coaching and support to help them navigate challenges and maximise their potential for success. This coaching covers various aspects such as business management, customer relations and technical troubleshooting. In addition to technical training, participants are enrolled in an enterprise development programme aimed at equipping them with the skills and knowledge needed to start and run their own enterprises in renewable energy.

Emergency Relief and Response



6 Clean Water & Sanitation

Objective:

- Addressing disaster management and providing emergency relief in impacted communities

Hammanskraal water provision

The Hammanskraal Community has grappled with a persistent water crisis. We have been actively working over the past five years to address this issues and develop long-term solutions. Recognising the urgent need for short-term relief of safe drinking water relief, delivering clean water and rehydrate sachets to school learners and the broader community was provided in 2023 during the devastating cholera outbreak. In partnership with the Gift of the Givers, bottled water and rehydrate sachets were distributed, supporting 20 000 households and creating over 50 permanent jobs. Additionally, 200 hippo rollers were donated to vulnerable members of the Suurman community.

Hippo rollers are innovative and practical devices designed to streamline water transportation, each capable of carrying up to 90 litres of water and easily rolled along the ground. This user-friendly design significantly enhances efficiency and reduces the physical demands associated with collecting and transporting water, especially for those facing challenges in accessing clean water sources.

Gabazi Village water crisis

The Nelson Mandela Bay area experienced severe water constraints in recent months. In partnership with Kusini Water, a borehole, a filtration plant, taps, wheelbarrows and flushable toilets were provided to the surrounding villages of Gabazi in Umtata. The taps were connected throughout the sub-villages to ensure that access to water was widely available. Furthermore, the nearby Jumba Secondary School, which still used pit toilets, was upgraded to flushable toilets.



Support provided to Hammanskraal community during Cholera outbreak, South Africa



Board, Executives and AECI Foundation Trustees engaging with beneficiaries, Johannesburg, South Africa

AECI Mining in Tanzania, improves the quality of primary healthcare

In partnership with Shata Gold Mine, AECI Mining invested in a local hospital in Tanzania aimed to upgrade the quality of primary health care. This investment is especially beneficial to avoid healthcare risks. The Maleza Dispensary in Mbangala Ward, based in Songwe district, serves approximately 1 000 patients per month in the Mbangala region. The Village did not have designated biomedical waste management facility, which forced the Officer to sometimes travel up to 5km to access the village dispensary incinerator. The Handover was done to the District Medical Officer (DMO) and regular monitoring of the project will be conducted to review the quality of the facility.

AECI Mining Explosives Ghana continues to empower the Bogoso community in Prestea Huni Municipality

To promote understanding of menstrual hygiene in Ghana, organised a day's were planned to educate adolescent females in six basic schools in its catchment communities in the Prestea Huni-Valley Municipal Assembly in the Western Region of Ghana. The programme aimed to empower young female students on ways to manage their menstruation hygienically and to be mindful of their menstrual health; 300 AECI employees gave lectures.

AECI Schirm support for refugees amidst social and politic unrest in Europe

International economic disparities, poverty and environmental degradation, combined with the absence of peace and security and human rights violations are all factors affecting international migration. Today, it is estimated that there are nearly 200 million migrants and refugees are living in countries in which they were not born. As such, AECI Schirm in Germany has partnered with Social-Bee, a specialist employment and integration non-profit partner to support migrants and refugees to integrate into the labour market and society.

Partnership with Kamao Mine – Democratic Republic of Congo

In response to the acute water scarcity crisis in the Democratic Republic of the Congo (DRC), AECI Mining Explosives, in collaboration with Kamao mine, has invested in supporting the village of Musokantanda, a host community, by providing 450 hippo rollers.

Capacity building of orphans and vulnerable children across our footprint

In partnership with Afrikka Tikkun, For Afrika and Breadline Africa, we ensure that children from remote, vulnerable communities receive good quality foundation education and the necessary nutritional support in a stimulating learning environment. Currently 55 Early Childhood Development (ECD) centres are receiving training and educational materials for each centre. The centres are upgraded with kitchens, bathrooms and classrooms to qualify for grants from the Department of Social Development. Learners also receive a nutritional meal daily and are provided with access to Primary Health Care services, through our local Unjani Clinics established in 2018.



Economic empowerment of vulnerable communities with social partners, South Africa

Our Global Reach



Community Development

- Indonesia
- Zambia
- Germany
- South Africa



Primary Health Care

- Tanzania
- South Africa



Education

- Ghana
- Botswana
- Malawi
- Brazil
- South Africa



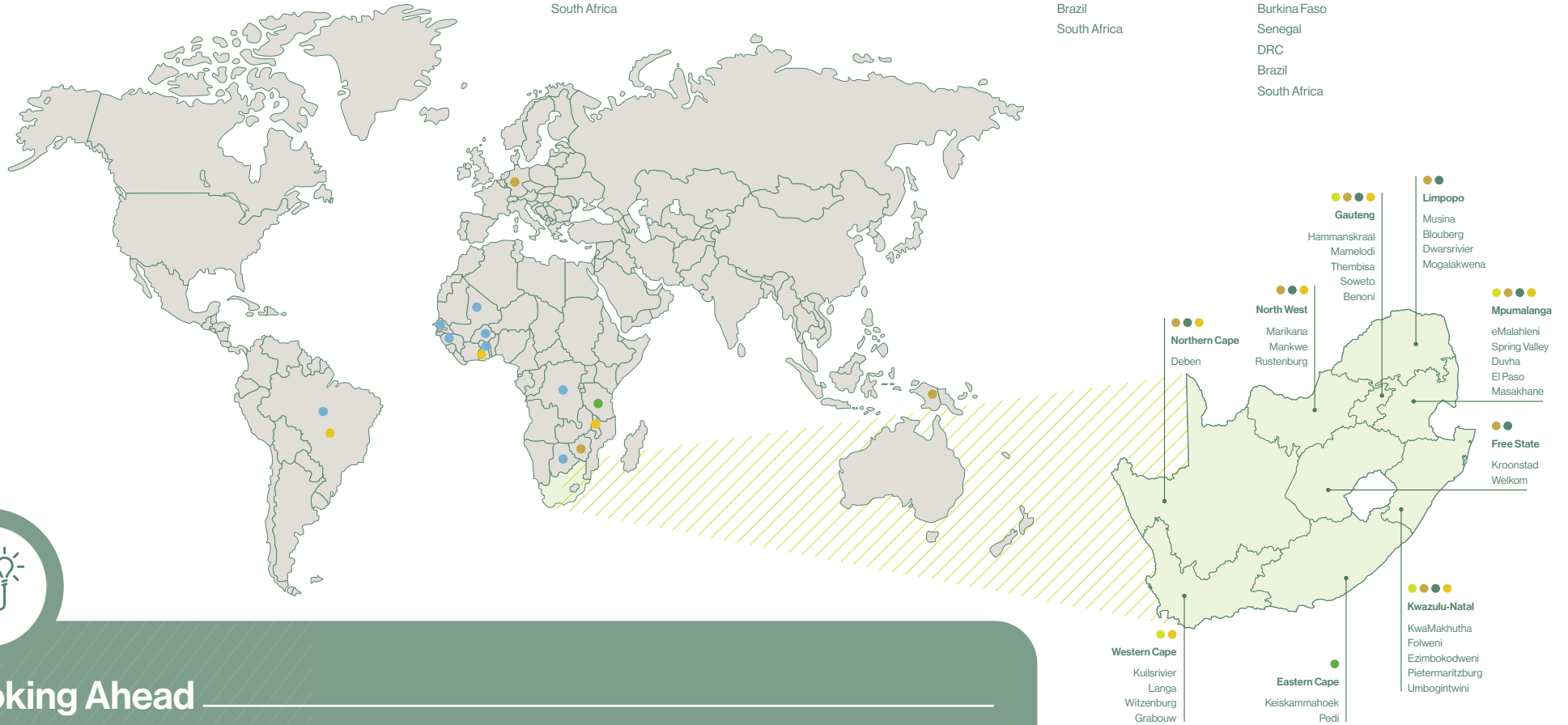
Water & Food Security

- Zimbabwe
- Guinea
- Mali
- Burkina Faso
- Senegal
- DRC
- Brazil
- South Africa



Climate Action

- South Africa



Looking Ahead

As we reflect on the past century and look forward to the next, AECI remains steadfast in its commitment to social responsibility. Together, we will continue innovating for a sustainable and socially responsible future. We aspire to leave a positive legacy for the generations to come, embodying the essence of responsible corporate citizenship in the pursuit of a sustainable and thriving future. In our efforts to grow our social responsibility initiatives, our focus will be on the following:

- Scaling our sustainable programmes into other regions
- Increasing our international programmes and growing the existing initiatives into more sustainable programmes
- Integrating social responsibility into our Employee Volunteerism Programme
- Increasing awareness and understanding of our programmes with key stakeholders
- Continue to drive social responsibility with the strategic imperatives of the Group

Appendix A

Performance Data

		Target 2025	Baseline	2023	2022	2021	2020	2019
Environmental Performance Data								
GHG Emissions								
Scope 1	tCO ₂ e	242 292	267 919	213 711 [^]	267 919	266 291	334 225	366 980
Scope 2	tCO ₂ e	215 538	225 882	226 177 [^]	225 882	235 043	241 150	341 997
Total carbon footprint (Scope 1 and Scope 2)	tCO ₂ e	442 820	493 801	439 888 [^]	493 801	501 334	575 375	708 977
Scope 3	tCO ₂ e	-	-	1 533 299	1 602 633	-	-	-
Energy								
Electricity	MWh	200 292	217 992	209 906 [^]	217 992	233 419	228 065	260 763
Energy consumption	GJ	3 096 747	3 287 645	3 216 617 [^]	3 390 023	2 886 457	2 930 501	3 269 369
Water								
Potable water consumption	m ³	1 614 168	1 793 455	1 678 865 [^]	1 793 455	1 755 929	2 034 467	2 289 139
Effluent discharge to sea and sewer	m ³	679 170	751 880	652 572 [^]	751 880	722 573	619 357	1 182 473
Waste								
Recycled waste	Tonnes	-	-	4 016 [^]	3 571	3 372	3 288	6 280
Hazardous waste disposed	Tonnes	14 000	16 000	13 866 [^]	16 783	14 035	15 844	13 134
Recycled materials	Tonnes	-	-	137 455	125 969	-	-	-
Environmental incidents								
Environmental incidents (Major and Serious)	Number	0	0	0 [^]	0	0	0	0
Environmental incidents (Moderate)	Number	0	6	3 [^]	6	14	29	32
Environmental incidents (Minor)	Number	-	-	116 [^]	112	108	109	131
Production								
Production volumes	Tonnes	-	-	2 789 731 [^]	2 990 864	2 835 783	2 340 866	3 204 633

[^] Indicates limited assurance * Restated

		Target 2025	Baseline	2023	2022	2021	2020	2019
Social Performance Data								
Zero Milestone								
Safety								
Fatalities	Number	0	0	2^	0	0	0	0
Life-altering injuries	Number	0	0	1	0	0	1	2
First aid injuries	Number	-	-	72^	29	46	40	36
Occupational illness rate	Rate	-	-	0.01^	0.01	0.01	0.01	0.02
SHE legal directives	Number	0	0	0	0	0	0	0
Major product transportation incidents	Number	0	0	1^	0	0	0	2
Repeat incidents (high severity)	Number	0	0	0	0	0	0	0
Total recordable incident rate (TRIR)	Rate	<0.25	-	0.35^	0.27*	0.23	0.42	0.38
Process Safety								
Major process safety incidents	Number	0	0	0	0	0	0	0
Non-reportable incidents	Number	-	-	55^	70	77	90	86
Reportable incidents	Number	-	-	11^	10	9	22	17
Process safety total incident rate (PSTIR)	Rate	-	-	0.63	0.81	0.8	1.1	0.89
Socio-economic Development Data								
CSI Spent	Rm	10	-	40	36	35	35	31
CSI International	Rm	1.5	-	3.8	6.1	4.1	-	-
CSI South Africa	Rm	8.5	-	15.4	12.2	9	-	-
Community trusts	Rm	-	-	18	14.7	-	-	-
Value-in-kind	Rm	-	-	3.2	3.2	-	-	-
Number of employees who have attended Leadership Development Programmes	Number	120	-	99	133	142	-	112
Bursaries (external and employee dependents)	Number	-	-	24	26	37	42	52
Learnerships, internships, apprenticeships and graduates	Number	212	-	266	376	188	256	306
Gender Equality								
Gender Equality: female representation in top, senior and middle management levels	Percentage	31	-	28^	27	-	-	-

^ Indicates limited assurance * Restated

Appendix B

KPI Definitions

Environment	Definition	Unit
1. Potable water consumption	Fresh (drinkable) water withdrawn/extracted or purchased from external sources and used for industrial and domestic purposes.	m ³
2. Effluent discharge to sea or sewer	Liquid effluents, treated or untreated, discharged from industrial sites into 3rd party systems such as sewers or oceans.	m ³
3. Scope 1 emissions	Green House Gases (GHGs) emitted directly from sources that are owned or controlled by AECI.	tCO ₂ e
4. Scope 2 emissions	Indirect GHG emissions that result from the generation of purchased or acquired electricity, heating, cooling and steam consumed by AECI.	tCO ₂ e
5. Total carbon footprint (Scope 1 and Scope 2)	The total amount of GHG emissions (Scope 1 and Scope 2) that are directly or indirectly caused by a AECI's activities.	tCO ₂ e
6. Scope 3 emissions	Emissions that result from activities or assets not owned or controlled by AECI, but that AECI utilises through its value chain.	tCO ₂ e
7. Electricity from renewables	Electricity consumed by AECI from renewable energy sources such as solar or wind.	MWh
8. Total electricity consumption	Electricity consumed by AECI, either purchased from an external electricity supplier or internally generated.	MWh
9. Total energy consumption	Total direct energy use is the sum of all energy inputs (i.e. Self-generated and / or purchased. Energy inputs include Coal, steam, stationery diesel consumption, Electricity etc).	GJ
10. Recycled waste	Waste recovered from AECI and diverted from disposal for alternative use.	Tonnes
11. Hazardous waste	Hazardous materials, produced by AECI and directed to an authorised disposal facility.	Tonnes
12. Recycled materials	Materials re-purposed for use within AECI operations and not directed to disposal.	Tonnes
13. Major environmental incident	An incident that has caused disastrous environmental impact, with long term effect requiring major remediation.	Number
14. Serious environmental incident	An incident that has caused serious environmental impact, with medium-term effect, requiring significant remediation.	Number
15. Moderate environmental incident	An incident that has caused moderate reversible environmental impact, with short-term effect, requiring moderate remediation.	Number
16. Minor environmental incident	An incident which has caused minor, reversible environmental impact requiring minor or no remediation.	Number
17. Production	All products produced or manufactured by the various AECI businesses for both internal and external customers. Production volume is the total tonnes that have been produced or manufactured during the period under review. This specifically excludes toll manufacturing and traded products that do not entail AECI's consumption of natural resources or energy use.	Tonnes
Social	Definition	Unit
1. Health and safety		
1.1. Fatality	A death resulting from an occupational injury regardless of the time between the injury and death . A fatal injury is an instantaneous work-related event or exposure that results in death.	Number
1.2. First aid injury	An injury that can be treated from a first aid box or by a professional medical practitioner or nurse at a medical station and which does not require follow-up medical treatment or medical diagnostics.	Number
1.3. Total recordable incident rate (TRIR)	Work-related injuries, sustained by employees and any contractor or non-employee working under AECI supervision, that results in any of the following: death, days away from work, restricted duties, medical treatment beyond first aid. Work-related illnesses are included for employees and are recorded according to in-country occupational health standards and included on once confirmed by a licensed professional and related to exposures during work related activities at AECI.	Incidents per 200 00 hours worked over a rolling 12-month period
1.4. Occupational illness	Illness diagnosed by a relevant registered occupational medical practitioner, resulting from exposure to a hazard in the workplace that is known to result in harm to human health. Illnesses are recorded according to in-country occupational health standards and included on once confirmed by a licensed professional and related to exposures during work related activities at AECI.	Number
1.5. Occupational illness rate	Rate - Occupational illnesses per 200 00 hours worked over a rolling 12-month period.	Rate
1.6. Transport incident	This expresses the number of incidents where vehicles transporting product are involved in an incident as per definition of product transportation incidents.	Number

Social	Definition	Unit
1.7. Transport incident of performance (TIOP)	The Transport Indicator Of Performance (TIOP) is derived as follows: TIOP = Nr of product transportation incidents × 1000 000 / Total Number of kilometres travelled.	Rate
1.8. Major product transportation incident	A fatality to a member of the public. Major environmental impact (classified as major under environmental incident classification). Loss of license to transport product. Incident attracts adverse negative national or international media attention from a reputable news authority, with the AECI Company name mentioned. Full route closure lasting >24 hours (Public / National Road). Any community evacuation or sheltering due to actual danger.	Number
2. Process safety		
2.1. Process safety incident	An incident that resulted in a fire, or an explosion, or an episodic, unintended release of a hazardous chemical from primary containment, or an excursion of pressure energy that causes harm and in all cases where chemicals and a chemical process was involved.	Number
2.2. A reportable incident	Refers to an event or situation that is required by law or policy to be reported to relevant authorities or stakeholders. The specific definition of a reportable incident can vary depending on the context, such as workplace safety regulations, environmental regulations, healthcare guidelines, or other regulatory frameworks.	Number
2.3. Non-reportable process safety incident	Refers to an event that falls below predetermined thresholds or criteria established by regulatory requirements, organisational (AECI) policies, or industry standards and therefore does not necessitate formal reporting to regulatory authorities.	Number
3. Gender equality		
3.1. Gender equality: top, senior and middle management levels	Female representation in the top, senior and middle management levels.	Percentage
4. Leadership development	Employees who attended the AECI Management Development Programmes.	Number
5. Learnerships/internships/bursaries	Employees who were awarded learnerships, internships, bursaries or study assistance.	Number
6. Employee volunteerism	Employees who took part in a community related CSI projects.	Number
7. Social responsibility	Actions taken to create positive impact on the environment and society.	
7.1. South Africa	SR project spend in South Africa.	Rm
7.2. International	SR project spend outside of South Africa.	Rm
8. ESD local community spend	Percentage of expenditure on local goods and services as a percentage of total expenditure on goods and services.	Percentage
9. Enterprise and supplier development	Number of qualifying Small, Medium and Micro Enterprises supported with financial and or operational/business assistance.	Number
10. Preferential procurement	Points awarded for procurement against qualifying suppliers in South Africa, per B-BBEE Level score including: Qualifying Small Enterprises, Exempted Micro Enterprises, Black-Owned, >30% Black Women-Owned and discretionary bonus points.	B-BBEE points achieved
Governance	Definition	Unit
1. Responsible leadership		
1.1. Leadership accountability	AECI's Board and Executive Committee are accountable for sustainability.	Description
1.2. Stakeholder engagement	AECI makes sustainable business decisions which take into account the interest of all stakeholders.	Description
1.3. Remuneration practices	AECI's performance criteria in its remuneration practices for governing body members and senior executives, include economic, environmental and social objectives.	Description
2. Ethical business	AECI has appropriate business policies, procedures and practices in place. All AECI employees attend ethics training and awareness sessions. Where required declarations on "Conflict of Interest" are made. AECI has an anonymous tip-off hotline in place. AECI has a legal and compliance function to provide advice on ethical matters.	Description
3. External assurance	AECI receives independent external assurance on applicable standards in place for sustainability reporting and environmental legal compliance.	Description
4. Regulatory reporting	AECI submits regulatory reports which relate to for example; AECI's water use licence, air emissions licence, carbon tax, GHG reporting and environmental incidents.	Description

Assurance Statement

Independent Assurance Practitioner’s Limited Assurance Report on Selected Key Performance Indicators

To the Directors of AECI Limited

Report on Selected Key Performance Indicators

We have undertaken a limited assurance engagement on selected key performance indicators (KPIs), as described below and presented in the Sustainability Report 2023 of AECI Limited (“AECI”) for the year ended 31 December 2023 (the Report). This engagement was conducted by a multidisciplinary team including environmental, health, safety and assurance specialists with relevant experience in sustainability reporting.

Subject Matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected KPIs, marked with a “^”, as set out in Appendix A (page 87 and 88) of the Report. The selected KPIs described below have been prepared in accordance with the relevant KPI definitions as set out in Appendix B of the Report and the detailed AECI occupational injuries, illnesses and environmental reporting guidelines (“reporting criteria”). The detailed reporting guidelines are available on request.

Environment Performance Data	Unit of measurement	Boundary
Environmental incidents (Major and Serious)	Number	AECI Group
Environmental incidents (Moderate)	Number	AECI Group
Environmental incidents (Minor)	Number	AECI Group
Potable water consumption	m ³	AECI Group
Effluent discharged to sea and sewer	m ³	AECI Group
Hazardous waste disposed	Tonnes	AECI Group
Recycled waste	Tonnes	AECI Group
GHG emissions: Scope 1	Tonnes CO ₂ e	AECI Group
GHG emissions: Scope 2	Tonnes CO ₂ e	AECI Group
GHG emissions: Total carbon footprint (Scope 1 and Scope 2)	Tonnes CO ₂ e	AECI Group
Electricity	MWh	AECI Group
Energy consumption	GJ	AECI Group
Production Volumes	Tonnes	AECI Group

Safety Performance Data	Unit of measurement	Boundary
Fatalities	Number	AECI Group
First aid injuries	Number	AECI Group
Total recordable incident rate (TRIR)	Rate	AECI Group
Occupational illness rate	Rate	AECI Group
Major product transportation incidents	Number	AECI Group
Process safety: Reportable incidents	Number	AECI Group
Process safety: Non reportable incidents	Number	AECI Group
Gender Equality Performance Data	Unit of measurement	Boundary
Gender Equality: female representation in Top, Senior and Middle Management levels	Percentage	AECI Group

Directors' Responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with the reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error. The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to the Report users.

Inherent Limitations

The Greenhouse Gas (GHG) emission quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Management

We have complied with the independence and all other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Deloitte applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information and, in respect of greenhouse gas emissions, in accordance with the International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of AECI's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- Performed a walkthrough of the processes and systems to generate, collate, aggregate, monitor and report the selected KPIs;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria; and
- Evaluated whether the selected KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at AECI.

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether AECI's selected KPIs have been prepared, in all material respects, in accordance with the accompanying AECI's reporting criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected KPIs as set out in the Subject Matter paragraph above for the year ended 31 December 2023 are not prepared, in all material respects, in accordance with the reporting criteria.

Other Matters

Our report includes the provision of limited assurance on the following KPIs:

- Environmental incidents (Minor);
- Production volumes;
- First aid injuries; and
- Gender Equality: female representation in Top, Senior and Middle Management levels.

We were previously not required to provide assurance on these selected KPIs.

The maintenance and integrity of the AECI's website is the responsibility of AECI's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on AECI's website.

Restriction of Liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the Directors of AECI in accordance with the terms of our engagement and for no other purpose. We do not accept or assume liability to any party other than AECI, for our work, for this report, or for the conclusion we have reached.



Deloitte & Touche

Registered Auditors

Per Jyoti Vallabh
Chartered Accountant (SA)
Registered Auditor
Partner

19 April 2024

5 Magwa Crescent
Waterfall City, Waterfall
Private Bag x6, Gallo Manor, 2052
South Africa

Glossary of Terms

Term	Description
A&EI	African Explosives and Industries
AEL	African Explosives Limited
AGM	Annual General Meeting
AIChE	American Institute of Chemical Engineers
ANSSER	The Ammonium Nitrate Solution Stack Emission Reduction Plant
APC	Advanced Process Control
AUX	Australian Securities Exchange
B-BBEE	Broad-Based Black Economic Empowerment
CAIA	The Chemical and Allied Industries' Association
Capex	Capital Expenditure
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CO ₂	Carbon Dioxide
CO _{2e}	Carbon Dioxide Equivalent
COP28	28th meeting of the Conference of the Parties

Term	Description
COVID-19	Coronavirus disease
CPO	Chief People Officer
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
CSRD	Corporate Sustainability Reporting Directive
DAX	Deutscher Aktien Index
DEI	Diversity, Equity and Inclusion
DMOSS	Durban Metropolitan Open Space System
DRC	Democratic Republic of the Congo
EAP	Employee Assistance Programme
EBITA	Earnings before interest, taxes, depreciation and amortisation
EE	Employee Equity
ESD	Enterprise and Social Development
ESG	Environmental, Social and Governance
EST	Employee Share Trust
EVC	Exhaust Vapour Condenser
EVDS	Emulsion Vertical Drop System
EVP	Employee Value Proposition
FAMI-QS	The Quality and Safety System for Specialty Feed Ingredients

Term	Description
FMDP	Foundation Managers Development Programme
FS	Free State
GHG(s)	Greenhouse Gas(es)
GJ	Gigajoule
GP	Gauteng Province
GRC	Governance, Risk and Compliance
GRI	Global Reporting Initiative
HEPS	Headline Earnings per Share
IEC	Import Export Code
IFRS	International Financial Reporting Standard
IITC	Investment, Innovation and Technology Committee
ISO	International Organization for Standardization
ISSB	International Sustainability Standards Board
IWD	International Women's Day
JSE	Johannesburg Stock Exchange
King IV™	King Report and Code on Corporate Governance for South Africa
KPI(s)	Key Performance Indicator(s)
KWh	Kilowatt-hour
KZN	KwaZulu-Natal

Term	Description
LEAP	Lean Enterprise Acceleration Programme
LP	Limpopo Province
LTI	Lost time injury
m ³	Cubic Metre
MHI	Major Hazardous Installation
MMU(s)	Mobile Manufacturing Unit(s)
MRG	Methane Rich Gas
MW	Megawatt
MWh	Megawatt Hour
NASDAQ	National Association of Securities Dealers Automated Quotations
NGDAC	Nomination, Governance and Directors' Affairs Committee
NEDs	Non-executive Directors
NGO's	Non-governmental Organisations
NOx	Nitrogen Oxides
NPAT	Net Profit after Tax
NYSE	The New York Stock Exchange
NZ	Net Zero
OSHA	Occupational Safety and Health Administration
OREP	Occupational Risk Exposure Profiles

Term	Description
PETCO	Petco is a collective organisation set up and owned by members, such as Coca-Cola, Unilever and PepsiCo
PETN	Pentaerythritol Tetranitrate
POPIA	Protection of Personal Information Act
PSTIR	Process Safety Total Incident Rate
RBPS	Risk Based Process Safety
RHCC	Remuneration and Human Capital Committee
Rm	Rand Million
RMB	Rand Merchant Bank
RO	Reverse Osmosis
SABS	South African Bureau of Standards
SAICA's	South African Institute of Chartered Accountants
SANS	South African National Standard (safety)
SBTI	Science Based Targeting Initiative
SDG(s)	Sustainable Development Goal(s)
SESC	Social, Ethics and Sustainability Committee
SFF	Sustainable Finance Framework
SHE	Safety, Health, Environment
SHEC	Safety, Health and Environment Committee
SHEQ	Safety, Health, Environment and Quality
SLBs	Sustainability-linked bonds
SLFF	Sustainability-linked Financial Framework

Term	Description
S-MANCO	Sustainability Management Committee
SMME(s)	Small, Medium and Micro Enterprise(s)
SR	Social Responsibility
SSC	Sustainability Steering Committee
TCFD	Task Force on Climate-Related Financial Disclosures
tCO ₂ e	Tonnes of CO ₂ equivalent
TiOP	Transportation indicator of Performance
TNFD	The Taskforce on Nature-related Financial Disclosures
TNT	Trinitrotoluene: a powerful, yellow explosive substance
TRIR	Total Recordable Incident Rate
UIC	Umbogintwini Industrial Complex
UN	United Nations
UNFCCC	United Framework Convention on Climate Change
UNGC	United Nations Global Compact
UNICEF	The United Nations International Children's Emergency Fund
VOC	Volatile Organic Compounds
WESSA	The Wildlife and Environment Society of South Africa

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’)

Registered office and business address

AECI Place
24 The Woodlands
Woodlands Drive
Woodmead
Sandton, 2191
South Africa

Group Company Secretary

Cheryl Singh
Email: cheryl.singh@aeciworld.com

Vice President: Investor Relations

Zanele Salman
Email: zanele.salman@aeciworld.com
Postal address and contact details
Private Bag X21, Gallo Manor, 2052
Telephone: +27 (0)11 806 8700
Email: groupcommunications@aeciworld.com

Web address

www.aeciworld.com

London Secretary

St James’s Corporate Services Limited
Suite 31, Second Floor
107 Cheapside, 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

and

Computershare Investor Services Public Company Limited

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

External Auditor

Deloitte
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

