



SOCIAL AND ETHICS REPORT 30 JUNE 2023

The Social & Ethics Committee ("the Committee") is constituted as a statutory committee of the Company in respect of its statutory duties in terms of section 72(4) of the Companies Act, 2008, read with regulation 43 (2) of the Companies Regulations, 2011.

AH-Vest values its reputation and is committed to maintaining the highest level of ethical standards in the conduct of its business affairs. The actions and conduct of the Group's staff and others acting on the Group's behalf remain key to maintaining these standards. The Social and Ethics Committee functions is to consider and monitor the moral and ethical conscience of AH-Vest.

It is in this regard and in accordance with the Companies Act, 2008 (No. 71 of 2008) as amended, Section 43(5) of the Companies Regulations ("Companies Act") and the King IV Report on Good Corporate Governance that a Social and Ethics Committee ("the committee") was established by the board to consider and monitor the moral and ethical conscience of AH-Vest.

This report is presented in accordance with the requirements of the Companies Act and forms part of the Integrated Report.

Composition of the Committee

The members of the Committee during the year under review were two Independent non-executive directors Mr Haroon Takolia (Chairman) and Mrs Unati Speirs, as well as an executive director, Mr Chris Sambaza.

The committee receives feedback from management on other committees and reports on any significant matters to the board in terms of its mandate. The members of the committee are nominated and appointed by the board.

Role and Responsibilities

The Committee's responsibilities are in line with legislated requirements and encompass considering and monitoring the Group's activities from a sustainability point of view and the impact it has on its stakeholders. In this regard, the Committee considers the Group's approach to and level of compliance with:

- i) Social and economic development principles including, *inter alia*, the Group's approach to human rights, fundamental principles of rights at work, the environment, the corruption: employment equity and black economic empowerment;
- ii) the principles of good corporate citizenship;
- iii) the impact of the Group's products and production activities has on the environment and health and public safety as well as its compliance with consumer protection laws; and
- iv) the Group's approach to ensuring decent work and working conditions for its employees and its contribution toward the educational development of its employees..



Activities of the committee

The responsibilities and functions of the committee which are aligned with the committee's statutory functions as set out in the Companies Act formed the basis of the work plan for 2022/2023. These activities are as follows:

- To monitor the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
- Social and economic development, including the company's standing in terms of the goals and purposes of:
 - (aa) the 10 principles set out in the United Nations Global Compact Principles ("UNGCP");
 - (bb) the Organisation for Economic Co-operation and Development ("OECD") recommendations regarding corruption;
 - (cc) the Employment Equity Act; and
 - (dd) the Broad-Based Black Economic Empowerment Act.
- Good corporate citizenship, including the company's:
 - (aa) promotion of equality, prevention of unfair discrimination, and reduction of corruption;
 - (bb) contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
 - (cc) record of sponsorship, donations and charitable giving.
- The environment, health and public safety, including the impact of the company's activities and of its products or services.
- Consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
- Labour and employment, including:
 - (aa) the company's standing in terms of the International Labour Organization Protocol on decent work and working conditions;
 - (bb) the company's employment relationships and its contribution toward the educational development of its employees;
 - (cc) to draw matters within its mandate to the attention of the board as occasion requires; and
 - (dd) to report, through one of its members, to shareholders at the company's annual general meeting on the matters within its mandate.

During the year under review the committee attended to the matters relating to the work plan above and reported to the board. The monitoring and conforming to the above remains an ongoing process within the company structure. However, formal meetings were not held during the year due to a number of operational constraints around senior personnel as well as the severe impact that load shedding had on the business. Accordingly, these matters were considered at Board level.



AH-Vest has also adhered to the following matters, as mentioned above, with formal policies being implemented to address these:

- a. **Social and economic development.** AH-Vest adheres to the principles set out in the UNGCP and the OECD recommendations on corruption. AH-Vest meets the labour law requirements of the Employment Equity Act (No. 55 of 1988) and has formal policies on bribery and corruption and protected disclosures. No incidents have been reported.
- b. **Good corporate citizenship.** AH-Vest subscribes to the provisions of the Promotion of Equality and Prevention of Unfair Discrimination Act. No incidents have been reported.
- c. **The environment, health and public safety.** AH-Vest subscribes to and is compliant with the Occupational Health and Safety Act. No incidents have been reported during the period.
- d. **Consumer relations.** AH-Vest subscribes to and is compliant with the Consumer Protection Act (No. 68 of 2008). No incidents have been reported.
- e. **PAIA.** The Company is compliant with the requirements of the Promotion of Access to Information Act, No. 2 of 2000 and has recently updated its PAIA manual. No requests for information were received during the year under review.
- f. **Protection of Personal Information.** AH-Vest subscribes to and is compliant with the Protection of Personal Information Act (No. 4 of 2013). No incidents have been reported.
- g. **Labour and employment.** AH-Vest supports and adheres to the terms of the International Labour Organisation Protocol. AH-Vest is compliant with the following Acts:
 - Basic Conditions of Employment Act No. 75 of 1997;
 - Labour Relations Act No. 66 of 1995;
 - Skills and Development Levies Act No. 9 of 1999; and
 - the Unemployment Insurance Act No. 63 of 2001.

Execution by the Committee of its mandate

The Committee performs an oversight, monitoring and reporting role to ensure that the Group's business is concluded in an ethical and properly governed manner. The Committee reviews policies, governance structures and existing practices which guide the Group's approach to new and emerging challenges.

- **Corruption** – there were no instances of corruption or fraud were reported during the year under review.
- **Employment Equity** - notwithstanding the allegation previously made against AH-Vest by the Labour Department ("the Department") to the effect that the Company was in breach of the Employment Equity Act, 1998 by failing to prepare and implement an empowerment equity plan, the Department has consistently failed to submit its heads of argument as requested by the Labour Court more than two years ago.



Management has confirmed to the Committee that the Company had submitted the employment equity plan in dispute and for the two subsequent years and these have all been accepted and gazetted. The Company has offered that both parties settle their own costs. The offer has not been responded to by the Department. The employment equity plan for the forthcoming year has already been submitted to the Department.

- **Safety** - the Group continued to work towards its aim of achieving accreditation in terms of the FSSC22000 Food Safety Management Standard, which it hopes to achieve during the current financial year.
- **Black Economic Empowerment** - the Group successfully maintained its B-BBEE rating as a Level 2 contributor. This was largely due to the ongoing training and development programs for staff and interns, which are being well received by the staff and management.
- **Corporate Social Responsibility** – the Group continues to contribute to the development of communities in which the it operates:
 - the Group continues to provide food parcels to needy people in the surrounding communities;
 - employment opportunities are offered to people in the local community; and
 - adult education programs are run to improve literacy of staff.

Employment Equity Act (“EEA”) Report

The Company’s employment equity report for the year under review is set out below:

The 2022 Employment Equity Reports were successfully submitted on 17 November 2022. The 2023 Employment Equity Reports were submitted on the 02nd of November 2023 ahead of the 15th of January 2024 deadline. Due to the Department of Labour not being able to gazette the New Amended Employment Equity Act to date, all plans shall remain valid until the Act comes into effect. New plans will be drafted after the Amended Act comes into effect, this amendment empowers the Minister of Labour to regulate the sector targets and goals and we will align our plans accordingly.

New Learnerships

We were granted a new learnership by the Food and Beverages SETA on Packaging Operations for unemployed learners in December 2022 for 30 learners. The is an ongoing commitment to uplifting local communities and the youth by the Group.

Minimum Wage for 2023

The new minimum wage was gazetted at R25.42 per hour and was implemented as gazetted.

BBBEE

The Group acquired Level 2 BBBEE contributor in the current year.



Health and Safety

We did not have any accidents during this period and management will continue to prioritise health and safety to maintain good employee wellness.

Headcount

The staff complement is currently at 240 employees.

Matters considered during the year under review include:

Loadshedding

During the year under review, the business suffered severely due to load shedding. A lot of person-hours and production time was lost during this period. Continued delays were experienced with the load reduction from Eskom, for over two years. Management secured two large backup generators to mitigate the effects of the loadshedding.

Public reporting and assurance

The committee, together with the Audit Committee, is responsible for reviewing and approving the sustainability content included in the Integrated Annual Report and published on the Company's website, as well as determining and making recommendations on the need for external assurance of the Group's public reporting on its sustainable performance. The committee has reviewed the content of the Corporate Governance Report included in the Integrated Annual Report and has recommended it for approval by the Board.

Conclusion

The Committee is of the view that the Group takes its environmental, social and governance responsibilities seriously. No substantive non-compliance with legislation and regulation or non-adherence with codes of best practice, relevant to the areas within the Committee's mandate, has been brought to its attention and the Committee has no reason to believe that any such non-compliance or non-adherence has occurred. However, whilst the Committee members continued to monitor and review documents, the Committee did not meet during the year under review.

The Committee is satisfied that it has fulfilled its mandate as prescribed by the Companies Act, 71 of 2008 and Companies Regulation, 2011, albeit indirectly, and that there are no instances of material non-compliance that require disclosure.

A handwritten signature in black ink, reading "Haroon Takolia". The signature is written in a cursive, flowing style.

Haroon Takolia
Chairman
Johannesburg
5 December 2023