



SUSTAINABILITY AND CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Group subscribes to the values of good Corporate Governance at all levels and is committed to conducting its business with discipline, integrity and social responsibility. This Corporate Governance and Sustainability Report has been prepared for the year under review to the date of the finalisation of the Annual Financial Statements and related reports, being 4 December 2023.

The directors of AH-Vest are pleased to present the Group's Corporate Governance and Sustainability Report ("CGSR") to stakeholders. There is a continuous process to move closer to the goals of the King IV Report on Corporate Governance™ (King IV™) and to demonstrate AH-Vest's commitment to those goals.

As per the prior year, the Board will continue to strive to ensure meaningful, understandable and useful information is available on a timely basis to meet its goals of transparency and a trusting relationship with the Group's stakeholders. Shareholders are also referred to the Chief Executive Officer's Report and the Report from the Social and Ethics Committee for further information on events during the year.

BACKGROUND, INCORPORATION AND NATURE OF BUSINESS

AH-Vest was registered and incorporated as a private company in the Republic of South Africa in 1988 under the name All Joy Foods Proprietary Limited and was converted to a public company on 7 December 1998. The Company transferred its listing from the Venture Capital Market to the Alternative Exchange ("AltX") of the JSE Limited in 2004, and the name was changed on 24 December 2008 to AH- Vest Limited. There is an intention to change the name of the Company back to All Joy Foods or a similar name in order to improve on the exposure of the brand or brands of the Group, to all stakeholders.

INDUSTRY AND BUSINESS OVERVIEW

AH-Vest manufactures food sauces and condiments for supply to retail chains (branded and private label products), independent traders and the catering industry. Some of the well-established brands are All Joy and Veri Peri, which enjoy strong brand recognition.

The Company is subsidiary of a larger, privately controlled food group – Eastern Trading Company (Pty) Ltd t/a Darsot Food Corporation ("Eastern Trading"), which is in the business of manufacturing a wide range of canned vegetables, tomato paste, various condiments, plastic and tinplate packaging as well as transport and logistics. The Company has long standing agreements and arrangements with Eastern Trading and its subsidiaries as disclosed in the Annual Financial Statements. The Group also manufactures a mixture of its own branded products as well as private label products for various customers.

AH-Vest supplies its products principally in South Africa, but in conjunction with its holding company, is continually seeking to grow its exports in strategically targeted markets, with good demand for certain of its products.



INTEREST IN SUBSIDIARIES

The Company has two subsidiaries, namely All Joy Property Holdings Proprietary Limited and All Joy Foods Proprietary Limited. Details of the Company's investment in subsidiaries are detailed in the notes to the Annual Financial Statements. Both subsidiaries are dormant companies.

THE STRUCTURE OF THE BOARD

AH-Vest is governed by a unitary board which is assisted in fulfilling its duties by an Audit Committee and a Social and Ethics Committee. The Audit Committee is also responsible for considering risk.

The Board is scheduled to meet at least four times a year but may meet more frequently if circumstances require it to do so. Mr H Takolia was appointed as the Chairman of the Board during the year under review. Mr MS Appelgryn is the lead independent director.

The non-executive directors bring a wide range of experience, diversity, insight and independence of judgement on issues of strategy, performance, resources and standards of conduct, to the Board.

Brief curricula vitae of the directors in office during the 2023 financial year are provided after the Notice of Annual General Meeting ("AGM") and form of proxy forming part of this Integrated Report.

INDEPENDENCE OF THE BOARD AND BOARD BALANCE

At year end, the Board was comprised of 8 directors, four of whom were executive directors and four of whom are independent non-executive directors. The Board is cognisant of the fact that the balance of executive and non-executive directors needs to be improved and will continue to address this as the Group grows. The independent non-executive directors on the Board help to maintain a balance of power, offer independent judgement, and ensure independent decision-making. The Board is satisfied that there are no extraneous factors that could materially affect the independent non-executive directors' judgement.

If there is an actual or potential conflict of interest in any matter for decision by the Board, the director (executive or non-executive) concerned and associates thereof, after declaring his/her interest, is excluded from the related decision-making process per the provisions of the Companies Act, 71 of 2008 ("Companies Act"). Where necessary, additional quotes are obtained to ensure that any transaction is market-related or better. All the related party transactions with Eastern Trading have been properly assessed through this process since Eastern Trading became the controlling shareholder in August 2012.

Independent Non-Executive Directors

Non-executive directors are appointed by the shareholders at the AGM. Interim board appointments are permitted between AGMs. Appointments are made in accordance with Group policy. Interim appointees retire at the next AGM, when they may make themselves available for re-election.



In terms of the company's Memorandum of Incorporation, one-third of the non-executive directors may make him or herself available for re-election, provided that if a director is appointed as an executive director or as an employee of the company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of directors.

In addition, once a director has served for nine or more years, he or she may continue to serve in an independent capacity if the board concludes that the director exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision making. This assessment must be made each year after nine years.

During the year ended 2023, Messrs JJ Du Plooy, MS Appelgryn and H Takolia, served their tenth year and thus the Board has carefully considered and confirmed their independence and experience, details of which are set out in Ordinary Resolution Numbers 2, 3 and 4 of the Notice of Annual General Meeting.

BOARD RESPONSIBILITIES

The Board is ultimately responsible for the Group's performance and affairs, which includes protecting and enhancing the Group's wealth and resources, timely and transparent reporting and acting always in the best interest of the Group and its stakeholders. In fulfilling this responsibility, the Board oversees the strategy, acquisition and divestment policy, risk management, financing and corporate governance policies of the Group.

The Board is responsible for ensuring that controls and procedures are in place to ensure the accuracy and integrity of accounting records so that they provide reasonable assurance that assets are safeguarded from loss or unauthorised use and that the financial records may be relied upon for maintaining accountability for assets and liabilities and preparing the financial statements. The directors' statement of responsibility is set out in the Annual Financial Statements.

The Board has a working understanding of the various legislative requirements with which the Group is required to comply as well as the JSE Listings Requirements and ensures that the Group complies with the laws that affect the Group and the industry in which it operates. Board meetings are also attended by a representative of the Designated Advisor, who guides the Board with regard to the JSE Listings Requirements, in particular.

The Board is satisfied that the Group complies with the provisions of the Companies Act and that it is operating in conformity with its memorandum of incorporation and various regulations.

APPOINTMENTS TO THE BOARD

Given its size, the Group does not have a nomination committee and any proposed new appointments to the Board are considered by the Board as a whole. Board appointments are based on a consideration of the relevant experience and profile of the nominated person, take cognisance of the various aspects of the candidate in line with the Group's diversity policy.



On appointment, new directors receive an induction pack, consisting of, inter alia, the memorandum of incorporation of the Company, Section 3 of the JSE Listings Requirements relating to continuing obligations of listed companies, minutes of board meetings for the prior 12 months, resolutions passed during the prior 12 months, all announcements published on SENS in the prior 12 months, resolutions passed during the prior 12 months, all announcements published on SENS in the prior 12 months and an explanation of and copies of the directors' declarations of interest. In addition, new directors are required to attend the Directors' Induction Program in accordance with the JSE Listings Requirements, which course is run by The Institute of Directors in South Africa (NPC).

One third of the non-executive directors retire by rotation each year and are eligible for re-election by shareholders in accordance with the memorandum of incorporation. During the current year, three non-executive directors are proposed for re-election due to them having served for more than 9 years.

The memorandum of incorporation does not specify an age for retirement of directors.

ADVICE

The directors all have unlimited access to the Company Secretary who, *inter alia*, advises the directors, both individually and collectively, on their duties, responsibilities and powers, makes the directors aware of any law relevant to or affecting the Group and reports to the Board any failure on the part of the Group or a director to comply with the Company's MOI. Directors are furthermore, with the prior knowledge of the Chief Executive Officer, entitled to ask any questions of any personnel and enjoy unrestricted access to all Group documentation, information and property.

BOARD AND COMMITTEE MEETINGS AND ATTENDANCE THEREOF

The directors are briefed in respect of special business and information is provided to enable them to consider matters under discussion. Meeting packs are prepared and distributed for each Board and sub-committee meeting and the minutes of all Board and committee meetings are duly recorded.

Director	Date Appointed to Board	Role
MNI Darsot	17 August 2012	Chief Executive Officer
C Sambaza	21 October 2013	Chief Financial Officer
SI Darsot	17 August 2012	Executive director – Production
R Darsot	17 August 2012	Executive director – Finance and administration
H Takolia	10 December 2012	Independent non-executive director
MS Appelgryn	12 December 2012	Lead Independent non-executive director
JJ Du Plooy	16 October 2013	Independent non-executive director
UC Speirs	28 September 2018	Independent non-executive director



Two Board meetings were held during the financial year ended 30 June 2023. The attendance record of directors at Board meetings is shown below:

Member	31/10/2022	12/04/2023
H Takolia	√	√
MS Appelgryn	√	√
UC Speirs	√	√
JJ Du Plooy	A*	A*
MNI Darsot	√	√
C Sambaza	√	√
SI Darsot	A*	A*
R Darsot	√	√

√ - In Attendance

A* – Absent with apologies tendered – input provided ahead of the meeting

There were no resignations during the year under review.

BOARD COMMITTEES

Sub-committees appointed by the Board include the Audit Committee and the Social and Ethics committee. These committees meet independently but report directly to the Board and decisions taken by the committees require approval of the Board prior to implementation.

As the Audit Committee is a statutory committee under the Companies Act and, in terms of the recommendations set out in the King Code, shareholders are required to elect the members of this committee at the annual general meeting.

AUDIT COMMITTEE

During the year under review, the Audit Committee comprised the following members:

Member	Role
MS Appelgryn	Chairperson
H Takolia	Member
JJ Du Plooy	Member
UC Speirs	Member

The Chief Executive Officer, the Chief Financial Officer, Independent External Auditors and the Designated Advisor are invited to attend all meetings of the committee but have no votes on matters to be decided upon. The committee acts in accordance with written terms of reference as confirmed by the Board, which terms set out its authority and duties. All the members of the Audit Committee are financially literate.



The primary mandate of the committee is to ensure the independence of the external auditors, evaluate the Group's systems of internal financial and operational control, fraud and IT risks as they relate to financial reporting, review accounting policies and financial information to be issued to the public, facilitate effective communication between the Board, management and the external auditors, recommend the appointment of, and determine the fees payable to the external auditors and determine and approve the level of non-audit services provided by the external auditors. The committee furthermore approves the audit plan, reviews the interim and annual results as well as any dividend distributions before recommending them to the Board for approval, and discusses these results and the audit process with the external auditors.

The Group does not have a separately constituted risk committee and the Audit Committee accordingly assumes responsibility for overseeing the implementation of the risk management process by management and for ensuring that the appropriate systems are in place for monitoring, financial controls and compliance with the law and codes of conduct.

Two Audit Committee meetings were held during the financial period ended 30 June 2023. The attendance record of members of the Audit Committee at meetings is shown below:

Attendees	30/10/2022	12/04/2023
MS Appelgryn	√	√
H Takolia	√	√
UC Speirs	√	√
JJ Du Plooy	√	A*

√ - In attendance

A* – Absent with apologies tendered

Nexia SAB&T Chartered Accountants Inc. ("Nexia SAB&T"), with Ms S Mahomed as the audit partner, was reappointed as the Group's auditors for the year ended 30 June 2023. During the audit, the audit partner was replaced by Mr N Soopal due to unforeseen circumstances. For the 2024 financial year, the Audit Committee has confirmed that it is satisfied with the independence of the auditors in accordance with section 94(7) (a) of the Act and has considered the suitability for appointment of Mr N Soopal as the audit partner. The committee accordingly recommends to shareholders that the auditors, with Mr Niren Soopal as the audit partner, be re-appointed as the Group's auditors for the year ending 30 June 2024, which approval will be sought at the AGM to be held on 24 January 2024.

RISK MANAGEMENT

The Board is ultimately responsible for the governance of risk and setting levels of risk tolerance but is assisted in this regard by the Audit Committee. The Group, through the executive management, conducts strategic and operational risk assessments and the top mitigation strategies are reviewed by the Audit Committee.



The following material risks have been identified:

Key Risk 1	
Customer concentration risk	
Risk Description	Risk response
High concentration of sales to a few large retail customers poses the risk of a significant business impact in the event of a loss of business from one of these customers.	Efforts continue to be made to diversify the customer base by increasing export sales and marketing to independent wholesalers and traders, which is achieving a measure of success.
Key Risk 2	
Capacity constraints and failure to meet minimum agreed services levels	
Risk Description	Risk response
Certain of the Group's largest customers have set service levels which suppliers are required to meet. Failure to meet these service levels could result in dissatisfied customers, a loss of revenue, financial penalties (from the larger retailers) and a delisting of the Group's products from the customer's list of suppliers.	The Company suffered substantially during the year due to extensive load shedding, resulting in substantial lost sales. Additional standby generator capacity was installed during April 2024 whilst the Company waits for the installation of the dedicated line from Eskom. Production planning and the availability of raw materials is carefully monitored. A continual improvement program is in place to address production capacity and to improve safety stock levels. An active communication channel with larger customers is maintained and orders that cannot be met are, to the extent possible, rescheduled. The Company remains interested in capital raising in order to enable it to build up stock levels to meet order requirements.
Key Risk 3	
Inadequate power supply	
Risk Description	Risk response
Power outages as a result of load shedding schedules implemented by Eskom and inadequate power being provided to the grid in Eikenhof interrupt production and, when recurring, increase the cost of production and can potentially cause damage to factory equipment.	This risk was realised during the year under review. Load shedding schedules are carefully monitored in conjunction with production planning and shift patterns are amended in consultation with the work force. Eskom has finally approved an upgrade of the power line servicing the Eikenhof substation, albeit being delayed by over 2 years. Other supplementary power solutions were investigated and two 650KVA standby generators were purchase during the year.



Key Risk 4	
Regulatory risk relating to food safety, factory audits and packaging	
Risk Description	Risk response
Non-compliance with ongoing regulatory changes in terms of food safety systems, factory audits and packaging requirements could have a significant impact on the business.	Regular food system audits are conducted, food labels are changed when new legislation is implemented, and the group is still working towards the achievement of the FSSC22000 food safety system certification standard, which process was interrupted due to the impact of load shedding. The Group has an Intertek Food System Audit Certificate.
Key Risk 5	
Product development	
Risk Description	Risk response
A failure to introduce new products into the market in line with social trends and customer demands could result in loss of market share.	There is continuous innovation and product development in line with new market information and sales trends. Regular meetings are held with customers to discuss their needs and any future products they would like to see introduced into the market.
Key Risk 6	
Business cycles and seasonality	
Risk Description	Risk response
A failure to identify and increase stock of high demand products in season will impact both sales and profitability.	Production planning and product demands are a key focus area for the management team.
Key Risk 7	
Covid 19 pandemic and world events	
Risk Description	Risk response
Business interruption through the economic shutdown and the resultant supply chain disruptions from supplier closures/difficulties in importing key raw materials	Numerous initiatives targeted at ensuring the health and wellness of staff, the continuity of operations, safeguarding liquidity and strengthening the Company's financial position through tight working capital management and the delay of non-essential capital expenditure are continually considered and, where appropriate, implemented.



Key Risk 8	
Compliance with new JSE Listings Requirements in relation to related parties	
Risk Description	Risk response
The changes to the JSE Listings Requirements that were introduced with effect from 1 June 2022, particularly with regard to related parties, have had an unexpected impact on the Company due to the long term agreements that have been in place with Eastern Trading. This requires the categorisation of any related party transaction with directors and their associates, and fairness opinions and/or shareholder approval.	The Company is continuing to engage with the JSE to try to resolve its unusual situation, particularly with regard to the continuing supply of its key ingredient being tomato paste, its factory lease and other contracts, which supplies and services from Eastern Trading, being the holding company, have substantially benefitted the Company over the years, without having to regularly call shareholder meetings and obtain fairness opinions, due to the low market capitalization of the Company. If a solution is not found, the Company will need to consider delisting.

REMUNERATION COMMITTEE

The Board was of the opinion that the size of the Group, the sharing of many of the executive responsibilities with the Group's holding company and the fact that the majority of the executive directors represented the controlling shareholder resulting in executive remuneration not being a key factor in achieving the Group's strategic objectives, did not warrant the formation of a separate Remuneration Committee. The Audit Committee was accordingly tasked with handling remuneration-related issues and making recommendations to the Board. The Board has, however, subsequently reconsidered this and an inaugural meeting of the Remuneration Committee was held on 28 October 2022.

The remuneration committee is empowered by the board to set remuneration for the executive directors. The committee is responsible for the assessment and approval of a board remuneration strategy for the Group.

Remuneration report for the year under review

(i) Background Statement

The business operations of AH-Vest overlap in many instances with the business operations of its holding company, Eastern Trading and, during the year under review, three of the executive directors that sit on the AH-Vest Board are also executive directors of Eastern Trading. The management responsibilities for which these directors are responsible are accordingly shared between AH-Vest and Eastern Trading and, since 2012, AH-Vest has paid a management fee of R450K per month to Eastern Trading, which was increased to R500K with effect from 1 January 2023. The management fee also covers key shared sales personnel and head office administration.

The remuneration paid to the executive directors who share their time between AH-Vest and Eastern Trading is deducted from this management fee. The remaining executive directors and the independent non-executive are employed and/or contracted and remunerated directly by AH-Vest.



In recommending the remuneration paid to the Chief Financial Officer and the independent non-executive directors, the Audit Committee takes cognisance of the practices and remuneration/fees trends reports issued by PricewaterhouseCoopers Incorporated.

(ii) Overview of Remuneration Policy

- The remuneration paid to directors is determined on a cost-to-company basis and consists of meeting fees and travel expenses for non-executive directors and a basic salary and certain fringe benefits for executive directors with the amounts being based on each director's level of day-to-day responsibility and activity. These executive directors' packages are not linked to the performance of the Company and directors do not participate in any share incentive schemes.
- Contracts do not allow for balloon payments on termination or severance compensation due to any change in control.
- Wages that are fair, equitable and industry related are offered and performance to the stated goals are measured, reported, reviewed and rewarded.
- No discrimination of any kind influences remuneration decisions.

(iii) Implementation Report

Details of remuneration, fees and other benefits earned by directors in the past year are disclosed in note 27 to the annual financial statements. The fees payable to non-executive directors are structured on a per meeting basis and the proposed fees for the forthcoming year are set in the notice of AGM. The current non-executive director fees as approved by shareholders at the 2023 financial year, are set out below.

	Chairman	Member
Board	R19 530 (per meeting)	R9 765 (per meeting)
Committees	R19 530 (per meeting)	R9 765 (per meeting)

The Board has determined that, going forward, the remuneration will be paid to a non-executive director should he or she have provided substantial input into the meeting, but cannot attend the actual meeting.

In line with King IV™, the remuneration policy and implementation thereof will be tabled for two separate non-binding advisory votes at the AGM. If 25% or more of the shareholders vote against either resolution at the AGM, the Board will invite dissenting shareholders to engage with them on their issues.

SOCIAL AND ETHICS COMMITTEE

The function of the Social and Ethics Committee is to assist the Board in ensuring that the business is run in a socially responsible and ethical manner and to monitor the Group's performance as a responsible corporate citizen.



The committee acts in accordance with approved terms of reference and the Chairman of the committee reports to the Board after every meeting held. The activities of the committee include, but are not limited to:

- monitoring the Group's activities, having regard to any relevant legislation other legal requirements of prevailing codes of best practice;
- good corporate citizenship;
- the environment, health and public safety, including the impact thereon of the Group's activities and of its products or services;
- consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws; and
- labour and employment.

In compliance with the Companies Act, at least one non-executive director is a member of this committee.

The Social and Ethics Committee consisted of the following directors during the year under review:

Member	Role
H Takolia	Chairman
UC Speirs	Member
C Sambaza	Member

A Social and Ethics committee meeting was not held during the financial period ended 30 June 2023, primarily due to the serious impact of the extended load shedding and other management changes, with management's time being taken up with scheduling and production issues.

PROMOTION OF DIVERSITY

In compliance with paragraph 3.84(k) of the JSE Listings Requirements, the Board has adopted a policy on the promotion of broader diversity at board level specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience.

The Board recognises the need for broader diversification and has embraced race diversification from date of listing. Currently six of its eight directors are classified as black, with the most recent appointment being a black woman.

ACCOUNTING AND INTERNAL CONTROLS

The Board has established controls and procedures to ensure the accuracy and integrity of the accounting records are enhanced and maintained, and to provide reasonable assurance that assets are safeguarded from loss or unauthorised use, and that the financial statements may be relied upon for maintaining accountability for assets and liabilities and preparing the financial statements. The directors' responsibility statement is set out on page 6 and the CEO and CFO internal financial control responsibility statement is set out on page 8 of the Annual Financial Statements.



INTERNAL AUDIT

The Group does not currently have an internal audit function but relies on the advice of the Audit Committee to recognise the internal control risks and to advise management and the Board about possible remedies. The internal control environment has been substantially strengthened over the years and the use of appropriate software further reduces risks to the control environment. The Audit Committee continues to evaluate the possibility of implementing an internal audit function and internal audit is a standing agenda item for discussion at each audit committee meeting.

EXTERNAL AUDITORS

The Group's Independent External Auditors, Nexia SAB&T Chartered Accountants Inc. ("Nexia SAB&T"), perform an independent and objective audit on the Group's financial statements. The Audit Committee approves the audit plan and reviews the audit fees for the audit. Nexia SAB&T has unrestricted access to the Audit Committee and the audit partner is invited to attend all Audit Committee meetings.

The re-appointment of the Independent External Auditors is considered annually by the Audit Committee and the Audit Committee has reviewed the documentation provided to it by Nexia SAB&T and has had open discussions with Mr Niren Soopal in considering the suitability for re-appointment of Nexia SAB&T and Mr Niren Soopal, as the Independent External Auditor and designated partner respectively, as stipulated in paragraph 3.84(h) (iii) of the JSE Listings Requirements.

Nexia SAB&T has confirmed to the Audit Committee that it is independent of the Group and that none of its staff have any conflict of interest with regards to the Group and that it is not aware of any relationships between it and the Group that may reasonably be thought to have a bearing on its independence or the objectivity of the audit director and staff. The Audit Committee is accordingly satisfied that the Independent External auditors are independent to the Group and are able to express an objective opinion on the annual financial statements.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

The Group supports the principles embodied in the Code of Good Practice on Broad Based Black Economic Empowerment ("B-BBEE") and has focused management effort on achieving alignment with the Codes. AH-Vest engaged an external B-BBEE verification agency and secured a rating as a Level 2 contributor. This was again achieved in the current year. The Groups' B-BBEE rating is monitored on a regular basis and management has the authority and responsibility to take the necessary steps to further improve its rating. With various initiatives that are in place the Group is aiming to improve the rating to a Level 1.



INTERESTS OF DIRECTORS AND SHARE DEALINGS

The direct and indirect interests of directors as at 30 June 2022 and 30 June 2023 are as follows:

Shareholder	Beneficially held		Total shares	Total
	Direct	Indirect		
(Estate Late)* IE Darsot	1 000		1 000	0.001%
- Eastern Trading		73 830 485	73 830 485	72.36%
- Farm Foods		23 802 500	23 802 500	23.33%
Dr MS Appelgryn**	49 041		49 041	0.049%
Total	50 041	97 633 350	97 683 391	95.73%

* The shareholding in Eastern Trading and Farm Foods is being transferred to three directors of AH Vest. Eastern Trading owns 91% of Farm Foods.

** This is a family member of a director.

There were no changes in the interest of directors in the Company's securities between the end of the financial year and the date of approval of the annual financial statements.

TRADING IN THE COMPANY SHARES

The Group enforces a restricted period for dealing in its shares, in terms of which any dealings in shares by all directors and senior personnel are disallowed by the Board from the date of the reporting period to the time that results are released and at any time that such individuals are aware of unpublished price sensitive information, whether the Company is trading under cautionary announcement as a result of such information or not.

The policy for dealing in shares by all directors, prescribed officers, and senior personnel is that clearance to deal must be obtained from at least one of the following nominated directors, being the Chairman, Chief Executive Officer, or the Chairman of the Audit Committee. If any of the above persons requires clearance, the other person will approve such transactions.

Directors are required to report share dealings to the company secretary within the time frames set out in the JSE Listings Requirements and the Company is required to release the details of any such trades on SENS no later than 24 hours after receiving such notification.

COMPANY SECRETARY

The Company has appointed Light Consulting Proprietary Limited ("LC") to act as the company secretary. An independent and arm's-length relationship exists in that LC provides outsourced company secretarial services and is not a director or shareholder in AH-Vest. The professionalism and independence of LC is thus maintained.



The Board has considered and satisfied itself on the competence, qualifications and experience of the company secretary. In considering this assessment, the Board considered the experience and qualifications of the employees of the company secretary as well as the fact that the company secretary provides outsource services to other listed companies. The directors assess the on-going competency of the company secretary on an annual basis and in compliance with section 3.84(h) of the JSE Listings Requirements.

It is the responsibility of the company secretary to monitor changes and developments in corporate governance and, together with the executive directors, to keep the Board updated in this regard. The Board reviews any changes and appropriate measures are implemented to comply in such a way to support sustainable performance.

The company secretary is appointed and removed by the Board. All directors have access to the advice and services of the company secretary and to Group records, information, documents and property so as to enable them to participate meaningfully in Board meetings.

CODE OF ETHICS

The Board subscribes to the highest level of professionalism and integrity in conducting its business and dealing with all its stakeholders. In adhering to its code of ethics, the Board is guided by the following broad principles:

- Businesses should operate and compete in accordance with the principles of free enterprise;
- Free enterprise will be constrained by the observance of relevant legislation and generally accepted principles regarding ethical behaviour in business;
- Ethical behaviour is predicated on the concept of utmost good faith and characterised by integrity, reliability and a commitment to avoid harm;
- Business activities will benefit all participants through a fair exchange of value or satisfaction of needs; and
- Equivalent standards of ethical behaviour are expected from individuals and companies with whom business is conducted.

DESIGNATED ADVISOR

In accordance with the JSE Listings Requirements relating to companies listed on the AltX, the Company is always required to have an appointed Designated Advisor. The Company's Designated Advisor is AcaciaCap Advisors Proprietary Limited.

STAKEHOLDERS

The Group is committed to on-going and effective communication with all stakeholders and subscribes to a policy of open and timeous communication. In addition, the Group recognises that there are many varying stakeholders within the business, with differing requirements.



EMPLOYMENT EQUITY

AH-Vest upholds and supports the objectives of the Employment Equity Act 1998 (Act 53 of 1998). The Group's employment policies are designed to provide equal opportunities, without discrimination, to all employees and potential employees.

TRANSFER OFFICE

Computershare Investor Services Proprietary Limited acts as Transfer Secretary to the Group.

KING IV PRINCIPLES

In terms of the JSE Listings Requirements, companies listed on the AltX are required to comply with the disclosure and application regime applicable to the principles set out in Part 5.3: of the King Code™ Governing Structures and Delegation. Where practical, the board endeavours to comply with the 16 Principles applicable to entities that are not institutional investors. The principles embody the aspirations of the Group on its journey towards good corporate governance.

The principles and the extent of the company's compliance are set out in the table below:

PART 5.1: Leadership, ethics and corporate citizenship		
Governance outcome: Ethical Culture		
	Description	Extent of compliance/Leadership
Principle 1	The governing body should lead ethically and effectively	The Board is of the view that Company's leadership operates in an ethical manner.
Principle 2	Organisational ethics	
	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The Board supports the establishment of an ethical culture throughout Group and seeks to lead the company in an ethical manner.
Principle 3	Responsible Corporate Citizenship	
	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The Board considers AH-Vest a responsible corporate citizen and has developed several initiatives in this regard including import replacement and ensuring food quality.



PART 5.2 Strategy performance and reporting		
Governance outcome: Good performance and value creation		
Principle 4	Strategy and performance	
	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	The Board is fully aware and unreservedly appreciates all the elements of value creation process. This can be seen in the Group's turnaround and improving financial performance over the years, with a focus on sustainability, although this was impacted negatively during the period under review due to the load shedding problems experienced.
Part 5	Reporting	
Principle 5	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.	All reports issued by the Company contain sufficient information to enable stakeholders to make informed assessments of the Company's performance and its short, medium and long-term prospects. This approach will apply for all future reports disseminated by the Company.
PART 5.3: Governing structures and delegation		
Principle 6	Primary role and responsibilities of the Board	
	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The Board has put together policies throughout the Group which ensure that the Company's corporate governance procedures are adequate.
Principle 7	Composition of the Board	
	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively	The members of the Board have the requisite skills and knowledge and are from diverse backgrounds with differing skills and experience. The Board consists of four executive directors and four independent non-executive directors. Curricula Vitae of the Directors up for re-election are set out in the notice of Annual General Meeting.



Principle 8	Committees of the Board	
	<p>The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.</p>	<p>The independent directors have been appointed to ensure that a greater level of independence is maintained in all business matters of the Board, although the balance of the board is equal with the executive directors. The Company has a lead independent director. Any related party transactions are tabled for approval and the disinterested directors are recused from any meetings held to consider such transactions, in accordance with the provisions of the Companies Act. The impact of the recent changes in the JSE Listings Requirements are currently under consideration, with the Company engaging with the JSE to try to reach a practical solution.</p>
Principle 9	Evaluations of the performance of the Board	
	<p>The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness</p>	<p>The Board has sub-committees in place. Each committee has its own charter which sets out rules for the Committee and its members and allows for members to be assessed annually. Board and committee assessments were undertaken subsequent to the year end and had satisfactory outcomes. Any areas for improvement will be considered during the forthcoming year.</p>
Principle 10	Appointment and delegation to management	
	<p>The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.</p>	<p>Employment agreements have been signed by all Executive Directors. These agreements set out roles and responsibilities and the effective exercise of authority of each Director.</p>

PART 5.4: Governance functional areas		
Principle 11	Risk governance	
	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Audit Committee ensures that risks pertaining to the business of the Company are continually assessed in a way that supports the Company in setting and achieving its strategic objectives.
Principle 12	Technology and information governance	
	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The Board has oversight over the IT function and information
Principle 13	Compliance governance	
	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	<p>From a regulatory perspective, the Group is primarily governed by the Companies Act and the JSE Listings Requirements. From a corporate perspective, the Company is governed by various laws including but not limited to tax, labour, occupational health and safety and food safety requirements. Management is tasked by the Board to ensure compliance with all applicable laws.</p> <p>The impact of recent changes to Section 10 of the JSE Listings Requirements dealing with related party transactions has a substantial impact on the Company and the Company has agreed that none of its existing contracts will be varied to ensure compliance with the JSE Listings Requirements. However, there may be still be an impact on the Company in this regard and management is continuing to engage with the JSE for relevant dispensation, if required, where there are existing agreements that are considered ordinary course of business in order to avoid excessive costs of compliance.</p>

Principle 14	Remuneration governance	
	<p>The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	<p>AH-Vest's approach to remuneration is to ensure that the Group remunerates fairly, responsibly and transparently and that the executive and senior management team is appropriately remunerated. This forms the basis of the Group's remuneration policy which is tabled for shareholder approval at annual general meetings of the Company to ensure further transparency. It should be noted that the majority of the executive directors are representatives of the controlling shareholder and thus remuneration has not been a key factor in achieving the Group's strategic objectives. Certain directors, excluding the CEO, have responsibilities outside the Group and remuneration considered this a shared service. A formal Remuneration Committee was established during the year under review and had its inaugural meeting on 28 October 2022.</p>
Principle 15	Assurance	
	<p>The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.</p>	<p>The Audit Committee annually reviews the expertise, resources and experience of the Group's finance function, including the financial director. This role is also assessed through the Board and Committee evaluation process. The reports of the Independent External Auditor are also considered in assessing the reliance and support of both internal and external reports.</p>



PART 5.5: Stakeholder Relationships		
Governance outcome: Legitimacy		
Principle 16		
	<p>In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</p>	<p>The Group is in the process of upgrading its website so as to ensure that all financial reports, business updates and any other information is readily available to assist stakeholders to keep abreast of the Company's activities and financial position. The Board understands the risk of reputation, not only of the Group but also its products and regularly engages with the various stakeholders in the supply chain.</p>