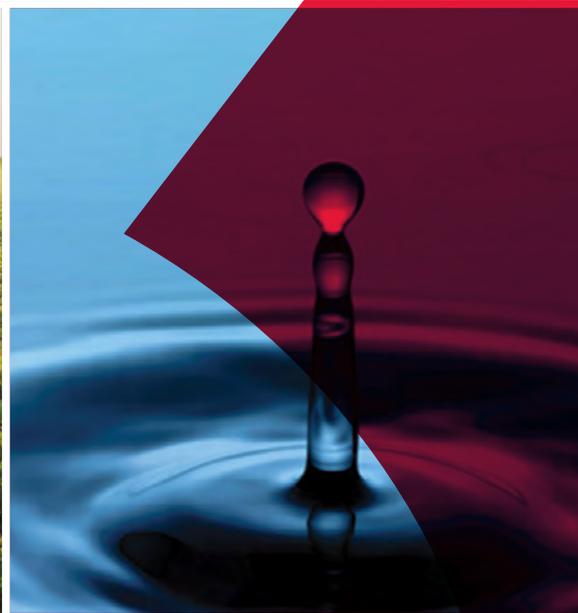


One AECI,
for a better world



SUSTAINABILITY REPORT 2020



good chemistry

 **AECI**[®]

CONTENTS

Mark Dytor
CHIEF EXECUTIVE

**FROM OUR
CHIEF EXECUTIVE**

In 2020 we reviewed our strategy and vision for the next five years in the context of global megatrends that include a shift towards a purpose-led world, where authenticity in creating harmony between actions is paramount.

Dear Stakeholders

In the last century, the world has seen significant evolution in the approach to all issues relating to sustainability. Often changes have been driven by tragedies and, in many cases, these events have occurred in the very industry where we exist and supply. Sadly, AECI too has experienced tragic events but we are also proud to have played an active role in shaping our world, as it relates to responsible chemical and explosives manufacturing.

AECI, then known as African Explosives and Industries was registered as a company on 21 March 1924, with headquarters in Johannesburg where we are still based today. At the time, our operations were in Modderfontein (established in 1896), Somerset West (1903) and Umbogintwini (1908), all in South Africa. Today, our operations span 22 countries and while the manufacture of explosives and the provision of services to the mining industry remains a key component of our activities, we have diversified significantly. Our Group now includes businesses that focus on a spectrum of sectors such as water treatment, agriculture, food and beverage, road infrastructure and general industry.

AECI has always been committed to conducting its operations with due care for

the environment and consideration for the community, recognising that its licence to operate also comes through the approval of stakeholders in the countries in which it operates, and that economic progress of the present must never be at the expense of future generations.

Although this Report will be tabled as AECI's first Sustainability Report, our related journey started decades ago. One milestone on the journey was in 1991 when our then MD, Mike Sander, signed the International Chamber of Commerce's Business Charter for Sustainable Development.

Environmental matters were becoming far more prominent at the time and AECI chose to accelerate the thrust needed in this area. Accordingly, we convened a major internal conference on environmental management and took the initiative in establishing the Chemical Industry Environmental Forum.

In 1994 Mr Sander committed AECI to Responsible Care®. At that same time, AECI was a participant in the move to establish the Chemical and Allied Industries' Association (CAIA), a solid and effective organisation which is still the custodian of Responsible Care® in South Africa today. In 2020, AECI received several awards from CAIA for its performance and commitment to Responsible Care® and initiatives that support, among other things, the United Nations Sustainable Development Goals (SDGs).

As a Group we have much to offer. To ensure we're able to deliver growth and maximise resources to the benefit of all stakeholders in a sustainable way, we have adopted a more collaborative and integrated approach in everything

we do. This philosophy and associated commitments are captured in our new purpose of "One AECI, for a better world". The sustainability efforts of every individual, team and business across the Group will be integral to delivering this promise. Our revised Sustainability Framework was developed in this context and it is my pleasure to share it with you, together with a brief reflection on how we are actioning it across the Group.

In 2020 we reviewed our strategy and vision for the next five years in the context of global megatrends that include a shift towards a purpose-led world, where authenticity in creating harmony between actions is paramount. This strategy will be commented on in some detail in our upcoming Integrated Report. We recognised the need to enhance our focus on growth by improving customer-centricity while helping solve pressing global challenges like food security and water scarcity. The revised strategy places "Zero Harm and Sustainability" at its core.

The urgency needed in addressing the challenges listed above was brought into sharper focus by the COVID-19 pandemic, which has reversed progress on many of the global SDGs. Issues of poverty and inequality have taken centre stage as rich and poor struggle with new realities and loss. Health and wellness have become a priority and it has become evident that the challenges we face cannot be dealt with in isolation.

Innovation and collaboration driven by "good chemistry", leveraging cross-business diversity and in partnership with our customers and suppliers, delivers our most significant impact on society and the SDGs. In safer and more circular mining,

AECI's sustainable innovation areas are supported by responsible practices in our own operations, targeting our environmental footprint and a range of commitments under the umbrella of Zero Harm and Sustainability.

the provision of clean water and through healthy, affordable food and greener chemistry, our product and service offering is challenging the assumptions of the past to evolve the business models of the future.

AECI's **sustainable innovation areas** are supported by **responsible practices** in our own operations, targeting our environmental footprint and a range of commitments under the umbrella of Zero Harm and Sustainability. As we achieve internal milestones, we are committed to extending the impact through our influence on the broader value chain. Underpinning the full sustainability effort are **passionate people** who seek expression in a culture of openness, learning and accountability.

AECI's organisational culture is based on our **BIGGER** values of **being Bold, Innovative, of Going Green, and of being Engaged and Responsible**. These values are the foundation of our sustainability effort and central to delivering our goals. Everyone, everywhere, deserves to be safe and healthy, and to live in a world that is free of discrimination and empowering of positive pursuits.

Progress in 2020 was swifter in some areas than others. Each of our interlocking strategic areas – innovation, responsible operations and passionate people – was tested over this difficult period. In some cases, lockdown restrictions associated with the COVID-19 pandemic delayed trials of our #ABetterWorld initiatives. In others, the interruption presented new channels and opportunities. For example, we quickly converted a number of our production units to manufacture hand sanitiser and disinfectant for our employees, contractors and their families

and thereafter for medical facilities, clinics and schools. Assumptions about “how we do things” dropped away as our teams re-imagined their business, responding to new needs: near-shoring strategic raw materials, substituting for unavailable materials and direct sales to smaller entrepreneurs who exemplified the agility demanded by the moment. Without a doubt, the future will require us to draw on this agility again and again.

Our mining and industrial partners face significant challenges from the global move towards a circular economy. Large-scale agriculture is under constant pressure for productivity, which can be at odds with longer-term natural cycles. We know that a sustainable future requires us to address trade-offs such as these without further destabilising our economies and societies. Without underplaying the economic realities, our drive remains positive and aligned with our business risk appetite. It is my task as Chief Executive, more than ever, to create the space for our teams to deliver a #ABetterWorld.

In this first dedicated Sustainability Report, we present our Sustainability Framework. We also share how our efforts are progressing and we encourage you, our stakeholders, to join us on our journey and hold us to account.

We have finalised a set of targets for many of our respective goals and others will be set as we progress. In the coming months we will go about formulating the various projects to deliver on these improvement areas. Our first milestone is 2025 but we are already looking ahead to 2030. AECI's sustainability goals will continue to be informed by those of the United Nations and the needs of the individual countries in which we operate.

By definition, therefore, the process is an iterative one.

I thank all our stakeholders who have supported us thus far, including our Board, our management teams, employees, suppliers, customers, shareholders and the communities in which we operate. AECI will continue to prosper and make a meaningful contribution but we know we cannot do so alone. I am inspired by the challenge of continuing to work with you to achieve so much more.



MARK DYTOR
CHIEF EXECUTIVE
20 MARCH 2021



OUR RESPONSE TO COVID-19

On 4 February 2020 we initiated our very first response to the COVID-19 pandemic, in the form of an international travel cautionary.

Little did we know just how much the pandemic would change our way of working. We went on to produce 12 versions of our response plan with the last one still in place at the time of publication of this Report.

Task Team to oversee strategic direction and response

In March 2020 a Task Team was formed to oversee the response to the pandemic. The team comprised the full AECI Executive Committee, supplemented by specialists in various fields including Medical, Human Capital, Stakeholder Relations, IT, SHEQ and Risk. The team met daily until September 2020 when frequency was reduced as the impact of the pandemic declined.

The strategic intent of the team was:

- › To prevent or reduce, as far as possible, the infection of our employees, their families, co-workers and others who may come into contact with them.
- › To help reduce the risk of COVID-19 becoming a community, national or international disaster.
- › To ensure prompt and adequate detection and treatment.
- › To reduce the level of absenteeism, due to direct or indirect effects of COVID-19.
- › To minimise the impact on operations and ensure AECI can honour contractual obligations, and that it continues to secure its revenue streams.
- › To reduce the spread of COVID-19 and ultimately reduce the strain on international healthcare systems.
- › To ultimately restore society back to “business as usual”, and
- › To increase our readiness for future outbreaks.

VULNERABLE STAFF

A strong emphasis was placed on the protection of potentially vulnerable staff due to co-morbidities. All employees were given the option to disclose their conditions voluntarily to a Company Occupational Medicine Practitioner (doctor) who would assess each individual and decide on the best way to accommodate the individuals either at work or with an alternative arrangement.

All staff, service providers and their families were provided with critical information, sanitiser and masks.

RESPONSE PLANS AND PROTOCOLS

The AECI response plan was made available to the public via our website and social media pages and provided to the authorities and to the chemical industry via CAIA. It was also shared with customers, suppliers and visitors.

HUMAN CAPITAL

Communication

Our management response needed to be as swift as the pandemic itself. With the help of rapidly deployed IT solutions and the establishment of dedicated communication channels, we instituted daily updates from the Human Capital Business Partners, across the globe. This spanned 22 countries and the information was fed directly to the Task Team, based in Johannesburg, on a daily basis.

We set up a dedicated mailbox to which any person could direct a question about the pandemic or our response. These would typically be answered within one day of receipt. Direct messages were sent from the offices of the CE and Group Human Capital Executive to all staff on a regular basis. The CE has sent a weekly SMS to all employees in South Africa, without fail, since the beginning of the pandemic. Rapid and accurate communication was a key element of our response.

Benefits, leave and remuneration mattered

One of the goals set by the Task Team was to avoid a scenario where salaries could not be paid or staff had to be retrenched as a direct consequence of COVID-19. Special

arrangements were introduced for leave related to lock-down, working from home, forced quarantine, self-isolation or in the event of an actual positive case. AECI was fortunate to have most of its operations deemed providers of essential products and services and this required the re-organising of shift patterns, among other things. All employees who continued to work in our operations while others were in lockdown were given a once-off bonus.

Employee tracking

Once the communication channels had been established, the Task Team was able to monitor the work arrangements of all staff on any given day to ensure that protocols were being adhered to. All confirmed cases of infection were discussed and in the event of a hospitalisation, detailed information would flow on the condition of the employee via the Company Occupational Medical Practitioner.

Business Continuity Planning (BCP)

An integral part of the response plan was a documented BCP for each business to deal with a scenario of single or multiple infections in any of our operations, or a temporary supply chain interruption, or permanent closure of a customer. Each business has a detailed plan to minimise the risk of transmission within shifts of teams. If a positive case was reported, a decontamination programme commenced immediately. It is pleasing to report that there were no outbreaks of infection in the workplace and we did not interrupt supply to any of our customers.



Katlehong Primary School was among the beneficiaries who received handwashing stations and food parcels.

OUR SUSTAINABILITY FRAMEWORK

Through innovation and collaboration, our teams are seeking to deliver on five priority SDGs:

- › SDG 2 Zero hunger
- › SDG 6 Clean water and sanitation
- › SDG 8 Decent work and economic growth
- › SDG 12 Responsible production and consumption
- › SDG 13 Climate action



The AECl Group Sustainability Framework centres our effort in pursuit of a better world. It presents 10 goals across the tiers of One AECl, for a better world, Responsible Operations and Passionate People.

One AECl, for a better world focuses on the significant opportunity to deliver Better Mining, Better Water, Better Food Systems and Better Chemistry in collaboration with our customers and other partners. Supported by the AECl Growth Office (AECl.GO) and the ongoing, Group-wide innovation drive, our teams explore new products, processes and technologies that can be scaled to deliver our purpose.

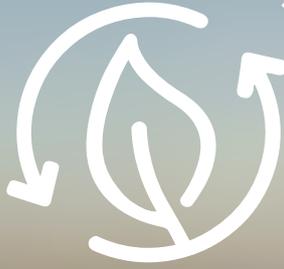
RESPONSIBLE OPERATIONS focuses on aligning every operational decision and action with a #ABetterWorld in pursuit of Zero Harm to people and the environment. Supported by the Group SHEQ function and SHEQ personnel across our 12 businesses in 22 countries, our commitments inform the efforts of all our 6 800 employees.

PASSIONATE PEOPLE focuses on high performance and inclusion, making it easier for AECl teams to contribute, in partnership, to #ABetterWorld. Supported by the Group Human Capital function and Human Capital Business Partners, this goal area recognises the value, rights and responsibilities of every employee and all our stakeholders.

SUSTAINABILITY FRAMEWORK



ONE AECI, FOR A BETTER WORLD We will drive innovation and growth in support of the SDGs

<p>1</p>  <p>BETTER MINING</p> <p>Make mining safer and more circular</p>	<p>2</p>  <p>BETTER WATER</p> <p>Provide access to clean water and improve conservation</p>	<p>3</p>  <p>BETTER FOOD SYSTEMS</p> <p>Enhance access to good food through improved farming, productivity and nutrition</p>	<p>4</p>  <p>BETTER CHEMISTRY</p> <p>Reduce the hazardous nature and effects of chemicals</p>
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RESPONSIBLE OPERATIONS We will minimise our environmental impact and strive for Zero Harm across our value chain

<p>REDUCE ↓</p> <p>Carbon Intensity of our operations</p>	<p>5</p> 	<p>REDUCE ↓</p> <p>our Water footprint</p>	<p>6</p> 	<p>ZERO HARM</p>	<p>7</p> 
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PASSIONATE PEOPLE We will nurture a high-performance culture in an inclusive, purpose-led environment

<p>LIVE ↑</p> <p>our values in a purpose-led organisation</p>	<p>8</p> 	<p>NURTURE +</p> <p>our passionate people and collaborate with our stakeholders</p>	<p>9</p> 	<p>THRIVE ↗</p> <p>in a high-performance and inclusive culture</p>	<p>10</p> 
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BETTER MINING

Make mining safer and more circular

Globally, miners are facing a challenging period. Volatility in commodity prices necessitates stringent cost control and safety concerns have made changes in technology, such as automation, a necessity. The mining sector faces a complex transition to a low carbon economy, with growing regulatory and stakeholder pressure. AECI Mining’s world-class capabilities are being applied to the challenge of safer and more circular mining, in partnership with our customers and other stakeholders.

KEY SDG GOALS



Making mining safer

REMOTE CHARGING

Although mining provides resources needed for our economy, it remains a high risk environment. Where people are in the proximity of explosives and blasting activities, inadequate products and expertise can be extremely dangerous. In open cast mining, miners use emulsion explosives to charge holes to be blasted, using a Mobile Manufacturing Unit (MMU) and manually deploy the initiating system. In cases where the temperature of the hole is above a defined threshold, commonly known as a hot hole, or in reactive ground or where high walls exist, personnel on the bench are exposed to additional hazards. We have embarked on a project to limit exposure of personnel by allowing remote and/or autonomous charging and deployment of initiating systems on benches where there is increased risk. The system will be integrated into our BLASTiTABLET system to record information and provide feedback to mine management. The use of this technology is in testing phase at pilot sites in Burkina Faso and eMalahleni in South Africa. Testing was delayed significantly by COVID-19 restrictions on economic activity and the movement of people but it will resume soon.

STEMMING TRUCKS

A further development to improve safety is moving into implementation phase with a key customer. Stemming is a crucial element in the “drill and blast” mining phase. In this historically manual and labour-intensive process, aggregate is placed on top of explosives in drill holes, locking the expanding gases in the hole and hence enabling more effective rock-breaking. Stemming trucks with single operator functionality will remove people from the danger area and enable better controlled blast outcomes.

BLAST EFFICIENCY AND DESIGN

Drawing on precision positioning and digital imagery, our engineers are seeking greater control over blasting to reduce ground vibration, air blast (and noise) and fly rock. This research, in partnership with the University of Pretoria, has led to measurable improvements in blast efficiency and design.

NEW EXPLOSIVE TECHNOLOGIES

Our new emulsion technology for underground mining ensures that a non-sensitised (meaning a non-explosive) product can be transported and deployed in the mine. Consequently, the user and those involved in transportation are not handling or in close proximity to an active explosive. This greatly reduces the safety risk. Only at the time of deployment into the holes is the product sensitised. The charging of holes and sensitisation of the product is done with our portable charging units which we first deployed in 2012. Extensive collaboration with our customers has enhanced both safety and environmental parameters through the conversion to emulsion explosive technologies.

In a further partnership, the deployment of Powergel[®]X² formulation has helped another key mining customer address safety risks when blasting in extreme (hot and reactive) conditions.

VERTICAL DROP

Delivering smart systems and solutions for the underground mining industry is part of AECI Mining Explosives’ integrated offering. Inherently engineered into its delivery systems is state-of-the-art technology that enables miners to operate more safely and with higher efficiency. Our emulsion vertical drop delivery system infrastructure involves a sophisticated system to safely transfer product from surface directly to underground storage facilities. This enables better and safer management of products, simplifies compliance processes and has the potential

AECI Mining's world-class capabilities are being applied to the challenge of safer and more circular mining, in partnership with our customers and other stakeholders.

to streamline shaft delivery times significantly. It also ensures that at no time is there sufficient pressure to make the product sensitive to outside stimuli, change its structure or make it detonatable.

Making mining more circular

USING WASTE AS RAW MATERIALS

Sustainability initiatives frequently require trade-offs. The vast mobile fleets used by mines generate significant volumes of used oil which typically require disposal. AECI Mining Chemicals has developed a process which allows the introduction of used oil into the bulk emulsion fuel blend instead of diesel. Our advanced, robust surfactant technology permits the use of the oil without treatment or recycling. Benefits include reduced diesel fuel consumption, reduced pollution risk and a decrease in costs for the customer.

INCLUSIVE SUPPLY CHAINS

By including AECI Mining's customers in our Enterprise and Supplier Development (ESD) activities in South Africa, we work towards enabling the integration of ESD benefits into mining tenders, to expand our social impact beyond our own operations and host communities, and to meet the requirements of the Department of Mineral Resources' Mining Charter. In terms of the latter, AECI Mining Explosives is in the process of obtaining verification by the SABS on local content on more than 60 of its products. To improve alignment with the Mining Charter and in keeping with a national drive to empower Black industrialists, the AECI Group currently spends more than R10 million annually on sourcing services preferentially from small, local, and Black-owned enterprises. These services include, among others, engineering, transport, cleaning, SHE products and blasting accessories.



SOCIO-ECONOMIC DEVELOPMENT (SED) SPOTLIGHT



Supporting healthcare through Unjani Clinics

Through our SED funds, we partner with external organisations to help mining customers address social needs in their host communities. In 2019, more than 128 000 patients received primary healthcare services at Unjani Clinics in mining regions across the country. This partnership empowered female nurses to own and run their own healthcare practices and provided access to primary healthcare for people in the most rural and vulnerable communities.



BETTER WATER

Provide access to clean water and improve conservation

On the back of multi-year drought conditions in South Africa and with water stress a growing global concern, the pressures of the global COVID-19 pandemic have highlighted even further the importance of clean water and sustainable water use as preconditions for addressing a public health crisis. In South Africa, some municipalities face financial constraints and public resources are often insufficient to address water challenges at local level. Access to water and sanitation in schools is a particular concern.

Industrial processes and chemical products are known to have negative effects on the management of water availability and water quality and there is consensus on a participatory role for corporates in realising systemic solutions.

KEY SDG GOALS



Making clean water more available

AECI Water partners with municipalities and water boards in South Africa, Mali, Ghana and Burkina Faso to supply potable water to communities. Using an ecosystem approach and innovative technologies, we are improving the delivery of this basic necessity, benefiting both quality of life and municipal compliance. In water-stressed areas, we are helping to supplement municipal supplies with water derived from alternative sources such as boreholes.

Where communities lack adequate access to water, additional challenges are inevitable. Beyond infrastructure and purification, our teams explore innovative financial solutions to address funding gaps, options to power the system with solar energy and opportunities to train local community members as operators or security personnel at the treatment plant.

The scale of the challenge is significant and fuller solutions will require multi-stakeholder collaboration and wide funding nets. We continue to pursue competitive opportunities and CSI opportunities through AECI's SED funds and are also drawing on our longstanding relationship with South Africa's National Business Initiative to explore prospects for large-scale collaborative solutions.

Making water conservation easier

AECI Water is collaborating with AECI Plant Health to explore how water treatment technologies can reduce the volume of water needed for irrigation purposes without compromising yields. A further collaboration project with AECI Food & Beverage is targeting water conservation opportunities in the dairy industry in the Western Cape.

Precision irrigation should become the norm in water-stressed areas, including in South Africa where irrigation accounts for 70% of total water consumption. Agricultural exports face particular risk as some European customers are seeking to track "embedded water" used in upstream agricultural production. AECI Plant Health has secured access to technology from an Israeli-based agri-tech start-up called SupPlant. The technology uses artificial intelligence to improve crop health through, inter alia, efficient irrigation while increasing yields. Precision sensors placed on individual plants reflect exact moisture requirements and feed the data to a control centre for irrigation. To date, 13 installations have been placed on customer farms totalling 435 hectares. The objective is to expand the offering to 7 000 hectares by 2025. Key to the expansion of the installation footprint is the initial investment required. Our teams are addressing this through a blend of manual and digital options and funding models.

Reducing the demand for potable water for industrial use

AECI Water is targeting the replacement of over **3 billion litres** of potable water used in the AECI Group's process streams with recycled/repurposed water alternatives over the next five years. Another target for AECI Water is to replace over **2 billion litres** of potable water used in process streams in the mining sector with recycled acid mine drainage and/or grey water alternatives.

AECI WATER'S FIVE-YEAR TARGETS

50 SCHOOLS supplied with potable water

2 BILLION LITRES of potable water reduced/replaced in the mining sector

1 MILLION PEOPLE in remote areas supplied with potable water

2 BILLION LITRES of potable water reduced/replaced in the private industrial sector

1 BILLION LITRES of liquid effluent discharged by industry to be reduced/repurposed

AECI Water’s capabilities are being applied cross-functionally, drawing on our public- and private-sector network to build and operate better water systems for municipalities and other mandated authorities, schools, communities, farms, mines and industry.

Purifying water for re-use

Many mining operations generate excess water, known as fissure or seepage water, which can be treated and used. At Anglo Platinum’s Dishaba Mine, treated water is returned to the mine, significantly reducing the use of potable water. High chemical oxygen demand (COD) effluents are a further opportunity. Trials at a pulp and paper customer have established that bacteria and enzyme treatments can result in re-use of up to 60% of waste water if properly applied. Our teams are currently commercialising and scaling up these initiatives.

Water re-use is particularly relevant in water-stressed areas. As climate change effects result in lower rainfall along South Africa’s arid West Coast, companies are exploring desalination options and we have successfully partnered with several in recent times.

Not only did these partnerships secure much needed water but also helped to safeguard more than 2 000 jobs which were at risk due to potential factory closure.

The water treatment plants also ensure that waste water meets specifications for discharge to sea.

Further, we have started assessing industrial symbiosis opportunities, where purified waste water could be made available to operations located on production sites neighbouring our own.

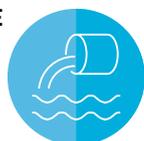


POTABLE WATER



↓ **25%**
by 2025

DISCHARGE TO SEWER AND SEA



↓ **20%**
by 2025

To address the plight of South African learners with inadequate access to water and sanitation services, we have partnered with the City of Tshwane to deploy decentralised water solutions at five schools in Hammanskraal. We aim to expand this programme to provide clean water to more than 500 000 people over the next five years.

We have set ourselves a target of reaching 50 schools over the next five years with projects similar to that delivered in Hammanskraal.



SPOTLIGHT

Addressing water shortages in the Western Cape through desalination

Desalination provides sustainable water supply to drought stricken customers in the Western Cape.

Since start-up in April 2018, AECI Water’s desalination plants on the west coast of South Africa have produced more than 1 500 million litres of water.

AECI Water designed, built, installed, commissioned and operates a number of desalination plants in the Western Cape. They are a sustainable and cost-effective solution for water-stressed environments. Given the high cost of energy associated with desalination, an Energy Recovery Device is incorporated into the design. This technology reduces power consumption in terms of kW/m³ by 30% – 50%, depending on the feed source of the water.

The installations at Lucky Star, a division of the Oceana Group, secured the sustainability of its fishmeal supply. The 36 m³/h containerised plant at St Helena Bay, comprising 10 reverse osmosis vessels and 70 membranes, can produce 864 000 litres of water a day. The 26 m³/h Amawandle Pelagic plant has seven reverse osmosis vessels and 49 membranes. Its daily capacity is 624 000 litres. In both instances, sea water is sourced from beach wells.

Sea Harvest’s desalination plant in Saldanha produces a million litres of potable water a day. It has dissolved air flotation, ultra-filtration and sea water reverse osmosis (SWRO) systems. These technologies treat effluent or sea water, providing the company with all the water it requires. The quality of the water produced by the plant conforms to the South African National Standard (SANS 241-1:2015) as a minimum requirement for potable water. In time, the SWRO will replace the current municipal feed with sea water.







BETTER FOOD SYSTEMS

Enhance access to good food through improved farming, productivity and nutrition

According to the United Nations, one in nine people in the world do not have enough to eat and one-third of all food produced goes to waste. This situation is mirrored in Africa where food waste is equally high, hunger and malnutrition persist at alarming levels and diet-related diseases are among the top causes of death. These patterns have been amplified by the impact of the COVID-19 pandemic. There are wide economic and racial inequalities on the African continent in a food system that depends heavily on small-scale food producers yet struggles to provide a context in which these small players can thrive.

KEY SDG GOALS



Improving yield by working with nature

New AECI solutions seek to better complement the ecological processes important for sustainable agriculture. AECI Plant Health’s NuWay® methodology uses precision analysis, remote sensing and tailored chemistry to address long-term soil health. This enhances agricultural output and delivers healthier crops. An example of the holistic NuWay® offering is Biocult which uses mycorrhizae to enhance plant nutrition, soil biology and soil chemistry. Application can improve soil carbon sequestration by up to 15% and the potential for this product to generate new revenue streams in the carbon market is being assessed. Through our R&D capabilities, we are exploring other opportunities to improve the quantity and quality of produce by using treated water abstracted from dams, boreholes, and rivers for irrigation purposes.

Making farming more inclusive

New “turnkey” and digital agricultural solutions provided by AECI Plant Health seek to support emerging- and smallholder-farmers’ start-up, enhance their productivity and facilitate their access to commercial markets. In Malawi, for example, we have developed our Nyonga input packs that provide a tailored solution for smallholders. The packs include seeds, fertilizer, crop protection products and personal protection equipment for the farmers. The packs are distributed through multinational companies which have contracted smallholder farmers to produce tobacco, cotton, maize and pigeon pea.

The Khula App is another innovative product for emerging farmers. It is a

digital trading platform that makes it easier for this growing sector of the market to connect to commercial off-takers for their produce and source input supplies, including the full suite of plant and soil health products and services from AECI Plant Health. We have piloted this solution through our customer base in South Africa including the Industrial Development Corporation, the Land Bank and ABInBev. The partnerships link to the customers’ own ESD spend objectives. The aim is to build an inclusive product and service ecosystem, centred on smallholders, that draws on the capabilities of our diverse customer base. The medium-term objective is to reach 50 000 of these farmers, initially in South Africa. 4 200 of them are already registered on the Khula platform.

Making food healthier and more affordable

INGREDIENTS FOR BASIC, AFFORDABLE FOODSTUFFS

Lower-income consumers spend a disproportionately high percentage of their total income on food. In partnership with Chr-Hansen, a principal with whom we have built a relationship over 20 years, we supply a range of specialty cultures used in the production of Mageu and Amasi. These low-cost, non-alcoholic ferments offer affordable on-the-go nutrition to consumers in Africa. We also source and sell a range of functional ingredients used in the production of low-cost processed meat products which are favoured across South Africa for their broad availability, affordability, taste and protein content. A new project is underway to produce a healthier dairy fruit juice blend for this target market.

AFFORDABLE ALTERNATIVE PROTEINS

Global growth in demand for protein, coupled with the rising environmental

AECI's agricultural, nutritional and digital capabilities are being applied to develop innovative technical solutions that expand nutritional options and support inclusivity towards establishing a food system that is more productive and less wasteful.

impact of conventional animal farming and shifting consumer ethics, has led to a growing protein gap and increased demand for alternatives. Input sources such as peas and hemp are becoming increasingly popular and AECI Food & Beverage markets a range of novel and functional products from these and other sources (rice, whey, collagen, and keratin) as healthier protein alternatives for consumers. For the medium and long term we are exploring partnerships in a number of opportunities to develop low-cost microbial protein for the mass market in Africa.

To meet rising consumer demand for sugar alternatives, we supply a range of healthier alternative sweeteners, including low-kilojoule erythritol and natural sugar extracted from coconut. Another offering is a range of lactase enzymes that reduce sugar content in dairy products for individuals who are sensitive to lactose. These solutions are provided primarily to food and beverage manufacturers in southern African markets.

FORTIFIED AND FUNCTIONAL FOOD INGREDIENTS

Recent medical research has made a connection between poor gut health and a number of chronic health conditions. Conversely, a healthy gut microbiome has been linked to improved health and wellbeing. To support the gut health of consumers, we provide a range of functional ingredients and additives, including clinically-proven Fibersol®, a dietary juice-fibre, and a range of probiotics.

Reducing food waste

Collective efforts to reduce food waste at global level are in the spotlight. AECI Food & Beverage markets natural alternatives to artificial preservatives that extend the shelf-life of food products. An example is Fresh-Q®, a bio-preservative which naturally reduces the development

of mould in dairy. Additions to the offering continue to be identified and assessed. For example, an additive produced from silkworm silk is being investigated as an opportunity for the longer term.

Redistributing unsold food

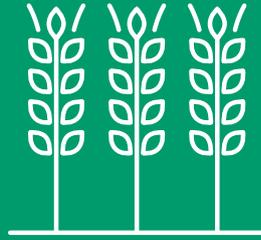
AECI Food & Beverage is currently assisting a non-governmental organisation in Cape Town which redistributes unsold food from retail outlets and fresh fruit and vegetables to people in need. The project is being supported as part of our CSI programme through the donation of flowbins for food deliveries. Greater involvement is being considered.

Reducing the need for chemicals and water as cleaning materials when transporting liquid food products

We are the first to offer a product called Mega-InLiner® to the South African market. This is a fully recyclable liner which allows the liquid product to be loaded in the liner itself and eliminates the need to clean vehicles with chemicals and water. A trial was undertaken recently with a large beverage company and the results are promising.



The Mega-InLiner® is inserted directly into the cavity of a liquid transport vessel.



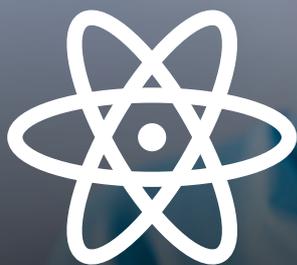
Witzenburg PALS

With financial support from AECl, commercial farmers, local communities and government are collaborating in the Western Cape's Witzenburg District to ensure that Black-owned farms established through land reform processes emerge as successful enterprises and lead to the economic transformation envisioned in South Africa's National Development Plan.

The programme enables support for emerging Black farmers by partnering with an established commercial farmer. The commercial farmer acts as a broker, mentor and business partner in an initial joint venture with the emerging farmer on the redistributed land, followed by the emerging farmer having first option to buy all shares in the venture after a set period. The commercial farmer underwrites the business plan and stands surety on the financial obligations for the new Black-owned venture. The programme has expanded considerably over the last three years and has attracted widespread attention as a model for use in other provinces across South Africa.







BETTER CHEMISTRY

Reduce the hazardous nature and effects of chemicals

Growing public concerns are driving changes in legislation and leading to a shift in consumer ethics and demand towards the sustainable consumption of healthier, more natural, safer and more protective products. The ingredients, materials and manufacturing processes used to produce (and package) consumer goods are being interrogated. Our customers are becoming increasingly responsive to this scrutiny and more aware of the economic potential in the sale of greener products. In support of this shift, we are leveraging our chemistry, procurement and customer relations capabilities to develop and offer customer-centricity solutions, chemicals and ingredients that embody greener chemistry.

KEY SDG GOALS



Making personal care greener

With the move towards milder, more natural and sulphate-free cosmetics globally, AECI Chemicals is working with key suppliers to develop and source such materials and is actively promoting these options to customers. We offer safer and greener replacements to sulphate and other harsh ingredients and preservatives commonly used in the manufacture of shampoos, hand washes and shower gels. Our alternatives are kinder to the skin and the environment. Market uptake has been relatively slow due to higher prices of green alternatives and pressure on consumers' disposable income. Almost 5 tonnes were sold in 2020 from a zero base in 2018.

To support the credible climate change commitments of product manufacturers and brands, we are involved in developing and supplying emulsifiers that enable a change from hot to cold production processes for lotions, creams and hair products. Without the need for heating, manufacturers use less energy and have a lower carbon footprint.

Making homecare greener

To reduce the impact of homecare and homecare products on water, and in support of the emerging shift to greener homes and lifestyles, we are leveraging our customer relationships to promote the use of greener chemicals in the manufacture of related products. We supply and actively promote the replacement of nonylphenol surfactants with less toxic alternatives and are advancing the uptake of an "easy rinse" technology in washing powders that reduces water-use for home laundry. Again, market uptake has been relatively slow for the reasons already outlined above. Over 4 tonnes were sold in 2020.

Helping industries green their operations

We are trialling the shift to greener industrial processes in our own operations by leveraging our learning and our established expertise in support of the shift to greener industry. As always, partnerships with our suppliers and customers are fundamental to success.

We promote and supply organic pigments as a substitute for the toxic lead-chrome pigments used in road markings. Our green replacement project looks to support the substitution of environmentally harmful chemicals with softer chemicals in the manufacture of industrial cleaning formulations. To reduce reliance on non-renewable oil-derived feedstock, we are experimenting with a renewable oleochemical feedstock to develop an industrial range of epoxy resins and hardeners.

Developing more natural ways to treat waste water

To improve water use by mines we are working with our customers to develop and implement solutions. We are harnessing the power of enzymes and bacteria to provide a more natural solution for the treatment of effluents with high COD. Our initial trial in another sector indicates the potential to re-use 50%-60% of water treated through this method. A trial with a mining customer is underway. The efficacy of this water-saving technology has been proven and commercialisation plans are well advanced. Our in-house flow enhancers also reduce water use, have a positive impact on water quality and address the issue of sticky ore in underground applications. This helps extend the life of a mine.

In the context of climate change, COVID-19 has amplified public concern for the disruption and pollution of the earth's biosphere as well as the impact of industrial processes and the accumulation of toxic substances on human health.



A BUSINESS RESPONSE TO COVID-19



WHO-approved sanitisers

AECI offers a range of protective WHO-approved sanitisers that protect people against the spread of the coronavirus.

As the impact of the COVID-19 pandemic led to the shutdown of some of our customers' operations, some of our businesses also slowed down or suspended their activities. This unplanned interruption gave us the opportunity to test our capability to respond innovatively and swiftly to an unforeseen challenge. We sought new adaptive opportunities and found good potential in the production and supply of sanitiser to aid in the response to a global pandemic.

We took ethical responsibility to source pharmaceutical grade ingredients, secure all required permits and permissions and

set up a micro-lab for in-house product testing. Further, we worked with the World Health Organisation (WHO) to address any misinformation and ensure our sanitiser met credible criteria for quality and efficacy.

The task was significant but we were able to draw on our R&D teams, our networks through employees, suppliers and buyers, and our relationships with industry bodies and authorities. We launched our product publicly and used digital marketing channels to source new customers, sell product in bulk and donate to our employees, contractors and communities.

There was nothing typical about this venture that highlighted AECI's potential to drive innovation in response to a crisis, including alignment with the SDGs.

AECI Schirm, in Germany, rapidly deployed the manufacture of hand sanitiser and disinfectant to address the need for such products in efforts to control the spread of the coronavirus. Initially, a contract for the supply of 1,9 million litres was concluded with the German Department of Interior and executed in full. Thereafter, AECI Schirm launched its own product range for the German market and, potentially, sales in other Eurozone countries will follow.

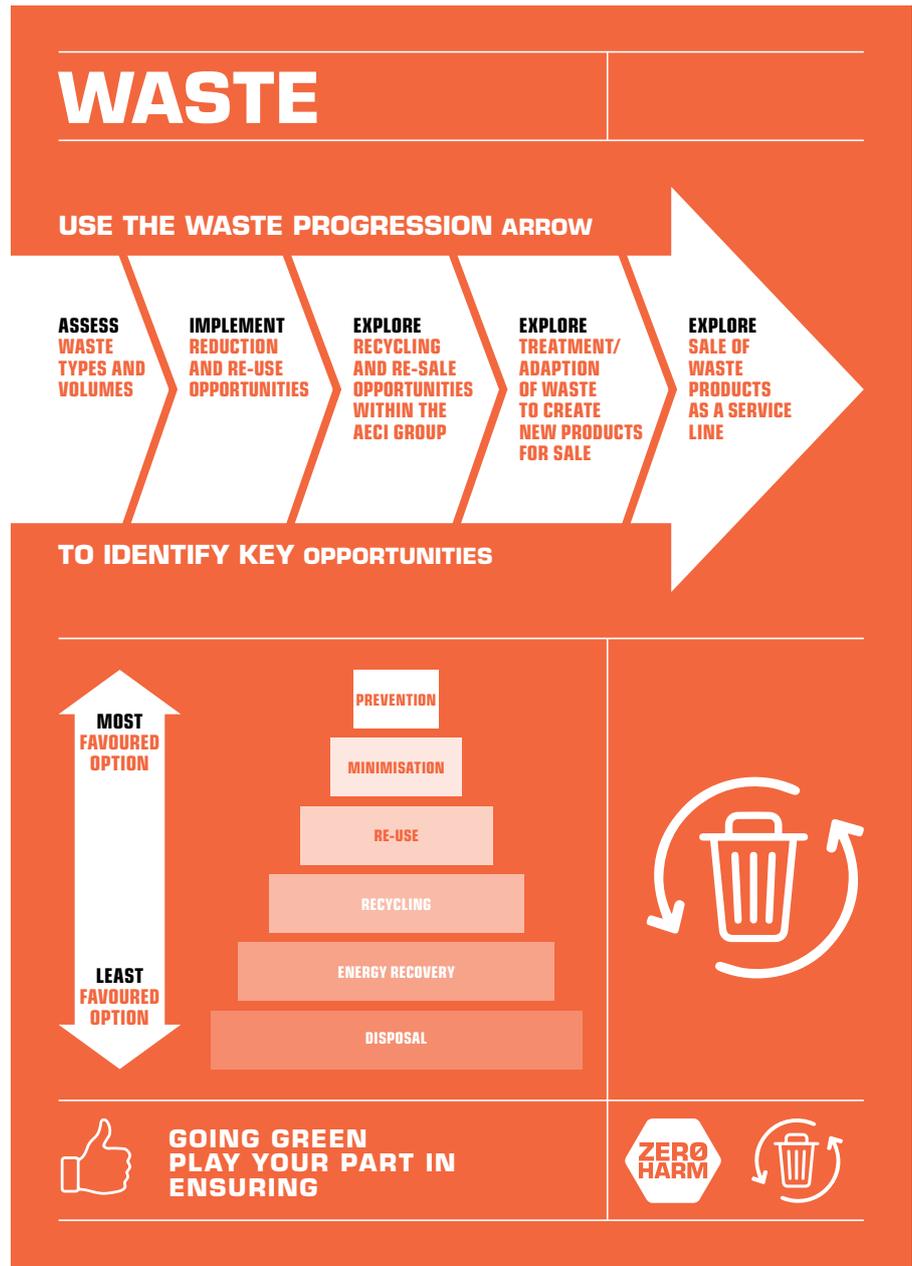


RESPONSIBLE OPERATIONS

We will minimise our environmental impact and strive for Zero Harm across our value chain

AECI’s environmental efforts are inspired by the circular economy and our aim is to design waste and harmful emissions out of our systems. Our approach employs a “progression arrow” to identify key opportunities across energy, water, waste and emissions. We profile possible solutions from least- to most-favoured to guide decision-making and capital allocation (see example for Waste alongside). Our social efforts are driven through continual improvement against our Zero Harm aspirations for health and safety. Beyond this, the Group supports inclusive growth through ESD.

KEY SDG GOALS



For more information see our Going Green booklet available at <https://www.aeciworld.com/sustainability-1>

Responsible production requires that we align our operations with the reality of environmental constraints and pressing social needs.

Towards Zero Harm

Inspired by our commitment to Responsible Care® and directed by our SHEQ Policy, we are committed as follows: “to operate sustainably, without harm to people, the environment and the communities in which we operate”. Our Zero Harm Strategy was developed to standardise SHEQ best practice and drive world-class performance across the Group. The Strategy is supported by 12 focus areas for implementation over five to eight years, commencing in 2017. An immediate deliverable for the Group was to eliminate workplace fatalities and other high severity incidents. This gave rise to a set of “Zero milestones”, aimed at reducing a range of high severity incidents to Zero by the end of 2020. The Group was well on track to achieve all milestones in 2020 but unfortunately an incident occurred in late December which resulted in life-altering injuries to one of our employees. We are pleased to report that the employee is recovering well and has commenced his rehabilitation process. This was one of our biggest disappointments for 2020.



PERFORMANCE HIGHLIGHTS

In 2020 AECI achieved:

ZERO

Fatalities

SHE legal directives

Major or serious environmental incidents

Major process safety incidents

Major product transportation incidents

Repeat incidents

OCCUPATIONAL AND PROCESS SAFETY

Reducing workplace injuries and illnesses has always been the top priority for us. While the final goal is Zero injuries, milestones are agreed with leadership teams across the Group, and for the Group as a whole, each year with incremental improvements being sought. We conduct annual benchmarking against the best performers in our peer group and use this to inform our own milestones. With the launch of our Zero Harm Strategy, we extended our focus to include process safety. The SHEQ Management system includes a dedicated risk-based Process Safety Management (PSM) system through which we track and investigate these incidents. AECI is well represented at CAIA’s Process Safety fora and this involvement has enabled us to build our own PSM capabilities and support the development of PSM in South Africa.

The inclusion of data from AECI Schirm and AECI Much Asphalt, once these acquisitions had been finalised in February and April 2018, respectively, resulted in a temporary deterioration in the Group’s overall safety statistics. The Total Recordable Incident Rate (TRIR) at 31 December 2018 was 0,58* and had improved to 0,38* in December 2019. The figure dipped as low as 0,34* in January 2020 but increased to 0,42* in December 2020, above the interim milestone of 0,36 we set. We have set an aspirational medium-term target to reduce our TRIR to less than 0,25 by 2025.



TRIR
<0,25
by 2025

* Indicates limited assurance. See page 41.

OCCUPATIONAL HEALTH

Through a dynamic set of Occupational Health Standards, we actively manage exposure to occupational health hazards. In partnership with third parties, we provide a suite of services to our employees. These include medical surveillance, chronic medicine management, occupational hygiene assessments, wellness programmes and a number of employee assistance programmes. There has been a reduction in the rate of occupational illnesses across the Group in recent years. Noise-induced Hearing Loss remains our most challenging area. One* new occupational illness was recorded in 2020, down from two* in 2019.

PRODUCT TRANSPORTATION AND STEWARDSHIP

Our products travel thousands of kilometres across the globe by various modes of transportation. This includes extensive transport by road across Africa undertaken by heavy-duty vehicles on roads that are not always in the best of conditions. Most of the Group’s transportation is outsourced but, as part of our commitment to Responsible Care®, we remain accountable for stewarding the product en route unless the risk is transferred by formal agreement. In 2017 we agreed a Group milestone target: to reduce major product transportation incidents to Zero by 2020. Collaboration with our numerous transport partners on technological and behavioural solutions enabled us to achieve this target in 2020.

In 2020 we experienced 13* moderate, 14* minor and 2* serious product transportation incidents. The classification criteria used for product transportation is an internal one. Both serious incidents occurred in West Africa, where third party transportation companies moving AECI Mining Explosives’ product experienced incidents which resulted in product spillages.

WASTE AND AIR EMISSIONS

At AECI Mining Explosives, recycling of packaging material has helped cut waste by 40%.

Further, at the Modderfontein site we've reclaimed approximately 1,8 million tonnes of ash from waste sites associated with historical operations. This ash has been used as input in the manufacture of bricks for housing developments.

In Australia, a partnership between AECI's Bajool explosives facility and a local recycler has enabled the recycling of more than 70 tonnes of polypropylene bags – cutting waste by almost 50%.

AECI Much Asphalt has re-engineered its manufacturing process to include up to 40% of reclaimed asphalt in the final product. Since 2012, this more circular process has avoided the impact associated with mining 1 015 349 tonnes of aggregate and refining 53 439 tonnes of bitumen. Asphalt recycling has been so successful that the South African Road Federation has included it in its tender requirements.

Historically, our approach to managing air emissions has been largely compliance-led. AECI Mining Explosives has focused on compliance with the 2020 Minimum Emission Standards in South Africa, investing more than R100 million in air emissions abatement initiatives. 80% of this amount was spent in 2019. Despite being granted a postponement of compliance with some Standards until 2025, we are accelerating our related efforts to achieve full compliance during 2021.

LAND REMEDIATION

AECI has operated its oldest sites for well over 100 years. The environmental and health risks associated with land and ground water contaminated by historical operations intensify as land now surplus to operational requirements is made available for alternative uses, including residential and commercial development. Accordingly, we have adopted a risk-based approach, in alignment with the guiding principles of our Land Remediation Strategy for South Africa (2019). The focus of the Strategy is on remediating our historical management areas impacted by industrial operations over a long period. Before seeking approval for a land remediation proposal from the Department of Environment, Forestry and Fisheries (DEFF), we follow a formal planning process which includes land characterisation, risk assessment and selection of treatment and management options.

In 2019, we received an award from the DEFF for our contribution to executing the intent of South Africa's National Environmental Management Waste Act (2008). Examples of work undertaken included successful completion of remediation of the final portion of the



REPURPOSING USED CHEMICAL CONTAINERS IN LILONGWE, MALAWI.



AECI Water designed and built a bespoke chemical container chipping and cleaning plant which has been installed at the Farmers Organisation Limited (FOL) facility in Lilongwe, Malawi. The plant is designed to chip and clean vessels which were originally filled with agricultural products, manufactured by FOL and sold to farmers. The farmers are encouraged to return the containers which are then chipped and cleaned of any residual hazardous material.

The chipping prevents the containers from being sold or used for water collection. The certified clean plastic is then offered to recycling companies to manufacture non-human consumption plastic materials such as irrigation pipes or plastic sheets for greenhouses.

Through this initiative, FOL is also helping address a significant compliance challenge. Farmers are required to comply with the Rain Forest Alliance, as an example, but there are no facilities to handle empty, contaminated containers.

Without cleaning, the containers would be reclassified as hazardous waste and additional licensing to handle and store them would be required.

The initiative is a win-win for all: it helps deal with a significant waste footprint, addresses a major compliance issue for farmers and enables small recycling firms.

Somerset West site formerly owned by the Group and handover to the developer. The Enhanced In-situ Bio-remediation project at the Umbogintwini Industrial Complex has reached its final stage of deployment and development and now moves into the maintenance phase. Our active remediation work has shifted to Modderfontein, where 10 management areas require remediation in line with the aforementioned strategy. The work will be executed within a framework and time agreed with the Regulator.

Reducing our carbon intensity

The effects of climate change are material to our business. Extreme or unpredictable weather events are increasing the frequency, severity and effects of droughts, floods and water shortages. These events have a real or potential negative impact on our

supply chains and constrain the operations of our mining and agricultural customers, in particular. Reducing our carbon intensity helps us manage the risk and opens new opportunities in the global carbon market.

While we execute our growth strategy and understand the potential expansion of our operations, we remain committed to reducing our Scope 1 emissions by 20%, by 2025.

Building on experience at our own operations, we see opportunities to extend services in carbon reduction across the broader value chain.

In 2007-2008, AECI Mining Explosives implemented Clean Development Mechanism (CDM) projects at both its nitric acid plants in Modderfontein to reduce nitrous oxide (N₂O) emissions through catalytic reduction. The projects have since generated approximately 1,3 million carbon credits which have been sold. We will be exploring other carbon credit-generating opportunities in our AECI Agri Health business.

REDUCING GREENHOUSE GAS EMISSIONS

Installation of a secondary catalyst at AECI Mining Explosives' nitric acid plants in Modderfontein is expected to reduce CO₂e emissions by approximately 45%. N₂O has a greenhouse potency more than 296 times that of carbon dioxide. Our investment of R10 million will deliver a reduction in the Group's footprint from the end of 2021 and support the achievement of our 2025 reduction target.

As another example, by the introduction of waste methane gas into the feed for steam production at AECI Property Services at the Umbogintwini Industrial Complex is reducing both its costs and upstream carbon dioxide emissions.

INCREASING ENERGY EFFICIENCY

While every lightbulb counts, the biggest energy efficiency opportunities are in our production plants. Installation of Variable Speed Drive technology on the cooling towers at AECI Mining Explosives' Modderfontein facility reduced energy use by 941 600 kilowatt hours per year.

In January 2020, AECI's Bajool facility in Australia achieved a reduction in overall power usage of 15% by transitioning from mains power to the use of generators on demand. This transition has reduced the facility's carbon emissions by an estimated 3,5 tonnes CO₂e per month.

Renewables will meet an increasing share of our energy needs over the next decade. We have already committed to installing four



CAIA AWARDS




WINNER
AECI Mining Explosives
SUSTAINED HIGH PERFORMANCE
Category A

RUNNER-UP
AECI Mining Chemicals
SUSTAINED HIGH PERFORMANCE
Category A

RUNNER-UP
AECI Water
Hammanskraal Water Project
CSR INITIATIVE OF THE YEAR
Award

WINNER
AECI Mining Explosives
RESPONSIBLE CARE®
Award

RUNNER-UP
AECI Ltd
Group Zero Harm Strategy
COMPANY INITIATIVE OF THE YEAR
Award

RUNNER-UP
AECI Water
Air Quality Project
COMPANY INITIATIVE OF THE YEAR
Award

solar plants at our South African operations. These will be pilot projects for our own energy consumption and will be ramped up if successful. AECI will increase its share in electricity from renewable sources by 8% off a baseline of 249 609MWh.*

Reducing our water footprint

High quality water is a key input for AECI's production processes and for cleaning production areas and equipment. Amplified by the effects of climate change, water stress is a rising concern for industrial operations globally. For us, our operations on the African continent are of particular relevance here since general water scarcity is exacerbated by the El Niño-Southern Oscillation (ENSO) regional weather pattern and recent multi-year drought effects. Material risks for our operations on the African continent include production interruptions brought

about by inadequate supply of water of the requisite quality, and the impact of extreme weather events on infrastructure and the activities of our customers in the agricultural and mining sectors. Water conservation is a priority and we continue to deploy water-efficient technologies and processes in our own operations, at the same time supporting our customers and communities to do the same.

REDUCING USE OF POTABLE WATER FOR NON-DRINKING PURPOSES

An infrastructure upgrade at AECI Mining Explosives' Nitrates facility, undertaken by AECI Water, through the construction of a new plant, depicted below, has reduced the use of municipal water by up to 40% (14 000m³ per month) by substituting it with purified sewage effluent (PSE).

The facility's water footprint is being reduced further through a new effluent recycling system with a treatment and re-use capacity of approximately 90m³/day of effluent.

With a 70% recovery rate, the system is not only reducing municipal water usage but also enabling savings on effluent disposal costs.

The project is expected to deliver savings of approximately 600 000kℓ of water currently drawn from Johannesburg Water.

At AECI's Bajool facility, waste water from bunded chemical storage areas is re-used in the manufacturing process in small increments, drastically reducing the amount of water requiring collection and disposal. At the start of 2020, an additional system was installed to make waste water addition easier and at the same time increase the volume of waste water to be cycled into the re-use scheme. Up to 30 000ℓ of waste water per annum is now available, delivering meaningful savings on disposal costs in 2020.

BY 2025 AECI WILL TARGET REDUCTIONS IN THE FOLLOWING AREAS

Potable water consumed by 25% off a baseline of 2 512 755m³*



* Indicates limited assurance.

Effluent discharged to sewer and sea by 20% off a baseline of 858 731m³*



Scope 1 CO₂e emissions by 20% off a baseline of 402 531 tonnes CO₂e*





PASSIONATE PEOPLE

We will nurture a high-performance culture in an inclusive, purpose-led environment.

The pressure on business to lead on sustainability action is intensifying, spurred by coherent critiques of shareholder capitalism, the recent successes of climate activism and new demands from civil society to build back better post-COVID-19. As advances in technology and connectivity amplify consumer voices and increase the possibilities for sustainable business, so too are new challenges emerging on how to ensure transformation and diversity, upskill employees, attract and retain appropriate talent, guarantee cybersecurity and safeguard brand reputation. Central to an effective response is the cultivation of a high-performance organisational culture that intuitively and passionately drives inclusivity, creativity and collaboration in pursuit of purpose-led innovation for economic success and the achievement of the SDGs.

KEY SDG GOALS



Living our values in an inclusive, purpose-led organisation

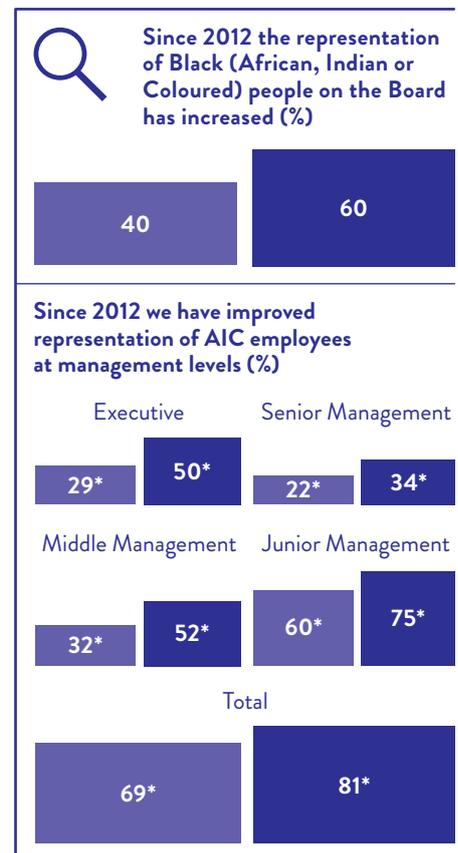
In the context of persistent global sustainability challenges and structural inequalities, we at AECI are committed to transformation and cultivating societal purpose as the core of our business. We aim to achieve this through fully integrating our a #ABetterWorld purpose and pursuing the implementation of policies and practices that promote inclusivity and foster diversity across all occupational levels and throughout our supply chain. To drive our transformation agenda, in line with our Human Capital Strategy, we conduct regular reviews in our workplaces and with our suppliers to identify and address inequities in opportunities, compensation and benefits.

WOMEN IN THE WORKPLACE PROGRAMME

We value diversity as a competitive advantage in doing business with purpose in our chosen markets. Women currently represent less than 30% of our overall workforce, with lower representation at Senior Management levels. In fostering an inclusive culture, we seek to educate, empower and engage our workforce, eradicating barriers to the promotion of women and developing the next generation of leaders in a world that is equal for all. Key initiatives in 2021 will focus on the expansion of our #BigHer programme, including the development of international women's fora and training in unconscious bias.

DIVERSITY AND INCLUSION PROGRAMME

This programme addresses gender equality and the under-representation of minority groups across the business locally and internationally. It is shaped by 11 action points in six focus areas: representation, awareness and education, reducing barriers, empowerment, fairness and equity, and inclusivity.



AECI’s capabilities in human resources are being applied to empower our people to thrive in an inclusive, purpose-led organisation that promotes wellness, embraces technological advancement and builds the skills and relationships required for profit with purpose.

REMUNERATION EQUITY

AECI reports regularly on the status of remuneration inequalities across the Group and is taking active steps to close wage gaps. Action plans are being developed at Board and business levels to address imbalances in pay relative to gender and race. In 2019 and 2020, adjustments to employee grading and remuneration at business level were made as part of the process of rectifying historical inconsistencies and aligning with our Remuneration Policy.

INDIGENISATION COMPLIANCE

In 2017, AECI’s ESD efforts were centralised with the launch of the AECI Good Chemistry Fund targeting Black-owned, small and women-owned businesses in the South African chemical sector. Governed by an independent Board of Trustees and managed by IDF Capital, the Fund has a committed capital allocation of R30 million. Since its inception it has disbursed R60 million in loan, equity-and-grant-funding, creating 54 direct jobs. In addition to building a more diverse supply chain, the Fund is supporting localisation efforts in the chemical sector.

TALENT SUCCESSION PIPELINE DEVELOPMENT

Our diversity and inclusion programme will focus primarily on the advancement

of high-performing talent in Middle and Senior Management levels. Through our Talent Boards, we aim to reduce bias and discrimination in our workplaces to ensure fair and consistent processes that provide our people with cross-collaborative skills and professional development opportunities.

SOCIO-ECONOMIC EMPOWERMENT

In 2020, the Group invested R34,6 million in strategic community development initiatives in communities neighbouring our own operations and those of our customers, making a positive difference in the lives of 1 022 376 beneficiaries internationally. Priority was given to COVID-19 initiatives. Initially, the focus was on providing protective gear and products in under-resourced areas. As the pandemic progressed, this shifted to satisfying food security needs.

We initiated our own food security programme, called iPledge, which helped feed 12 315 families, with contributions from our Non-executive Board members, our Executives, employees, suppliers and shareholders. R3,5 million was raised in total, our COVID-19 relief contributions amounted to R15 million.

Our work in the SED and job creation arenas was recognised through Top Empowerment awards in the year.

LOCAL EMPLOYMENT OPPORTUNITIES

AECI has a presence in many African countries and continues to aspire to maximum employment levels from in-country nationals. This is enhanced by our commitment to skills development and skills transfer. The table below represents a recent study of our employment ratios between local and non-citizen employees at key sites in the rest of the African continent.

COUNTRY	👤 EMPLOYEES	👤 NON-CITIZEN EMPLOYEES
Botswana	81	1
Burkina Faso	192	11
DRC	159	10
Ghana	200	3
Malawi	43	1
Senegal	30	3
Tanzania	50	3
Zambia	218	5



Early Childhood Development Centre at Oliver’s Village

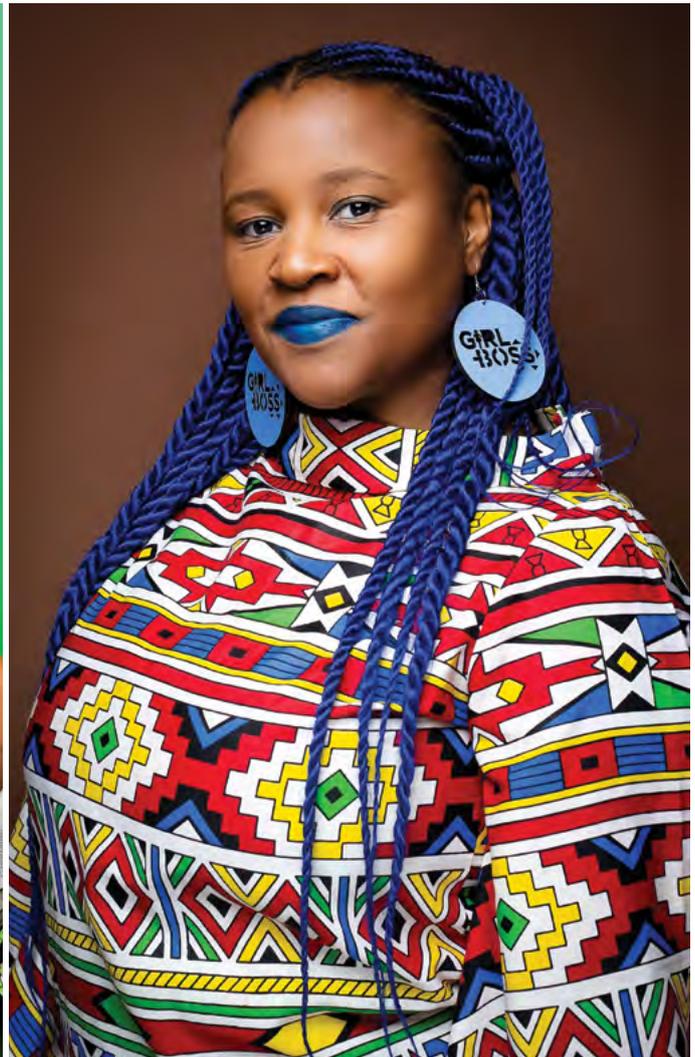


ESD
SPOTLIGHT

AfroBotanics

AfroBotanics is an African hair care product supplier founded by entrepreneur, Ntombenhle Khathwane.

This business received R1,4 million with equal contributions from the AECI Good Chemistry Fund and the IDF Development Fund and other donors as well as mentorship and support in the financial and technical aspects of formulations, inventory management, production planning and quality standards. AfroBotanics' products are stocked by top South African retail stores.



**ESD
SPOTLIGHT**

Collaborating for Enterprise Development

Phophi Raletjana was named PSA's Enterprise Development Farmer of the Year in 2018.

Phophi Raletjana was a successful participant in a collaborative partnership between Potatoes South Africa and ourselves. With access to a revolving credit facility of R4 million, technical support and digital monitoring, the business delivered a healthy crop which was sold on the open market.





NURTURING AND DEVELOPING OUR PEOPLE AND STAKEHOLDER RELATIONSHIPS

We drive inclusive growth in addressing social inequalities through building strong stakeholder relationships. We provide equal opportunities for full and productive employment in our business value chain.

EMPLOYEE WELLNESS

AECI runs annual campaigns on wellness-related topics and provides access to basic occupational health services Group-wide. The objectives are to reduce health risks, improve quality of life and enhance the overall effectiveness and wellbeing of our employees. Annual initiatives include physical health screening and testing, with lifestyle advice provided by specialists. Another focus is psychosocial wellbeing, including healthy relationships and financial stress management. Future initiatives will improve the design of our programme to offer longer-term wellness support through additional services, more robust tools and essential skills-building for employees and their dependants.



EMPLOYEE RELATIONS

AECI promotes a safe and secure working environment by protecting employees' rights through compliance with labour legislation and ensuring fair labour practices, including the right to not be unfairly dismissed. To protect these basic labour rights, AECI runs Employee Relations Awareness programmes and implements adherent labour policies. To ensure fair and just income for employees, we participate in centralised wage negotiation platforms.

Employees need a voice in decision-making to maximise their contribution to productive employment. For this purpose, consultative forums are in place. These include Employment Equity Committees, Skills Development Committees and Sectional Fora where work-related issues may be raised and addressed. We also participate in external fora such as the National Speciality Chemicals Employers Association and the

Explosives Association for alignment with industry best practices.

SKILLS DEVELOPMENT PROGRAMME

AECI supports the advancement of knowledge and skills across the organisation by integrating additional learning opportunities into daily work routines and aligning the development needs of our people with the business growth strategy. Easy-access learning opportunities are provided to build competencies in leadership, sales, marketing, technical and vocational training. Access to financial assistance is provided for tertiary studies and adult basic education. Youth development is a focus with learnerships, internships, apprenticeships, scholarships and bursaries offered to participants from vulnerable and marginalised communities. More recently, we also ran workshops on gender-based violence.



Since 2017, parties to the centralised wage negotiations have concluded two consecutive multi-year wage agreements without strike action. AECI honoured a substantive agreement regardless of COVID-19 implications.



AECI was a winner at the Gender Mainstreaming Awards for the second consecutive year. This recognition was for empowering women in communities and for the economic empowerment of women.





In 2020 42 youths were awarded bursaries. 1 982 employees participated in at least one learning opportunity. 29% of participants were female. Literacy and numeracy skills are also addressed through adult basic education for employees. In addition, 89 employees living with disabilities accessed learning opportunities, 46% of them being female.

WE MANAGE TALENT BY FOCUSING ON DEFINING, DISCOVERING, DEVELOPING AND DEPLOYING TALENT IN THE RIGHT PLACE, AT THE RIGHT TIME.

Thriving in a high-performance culture

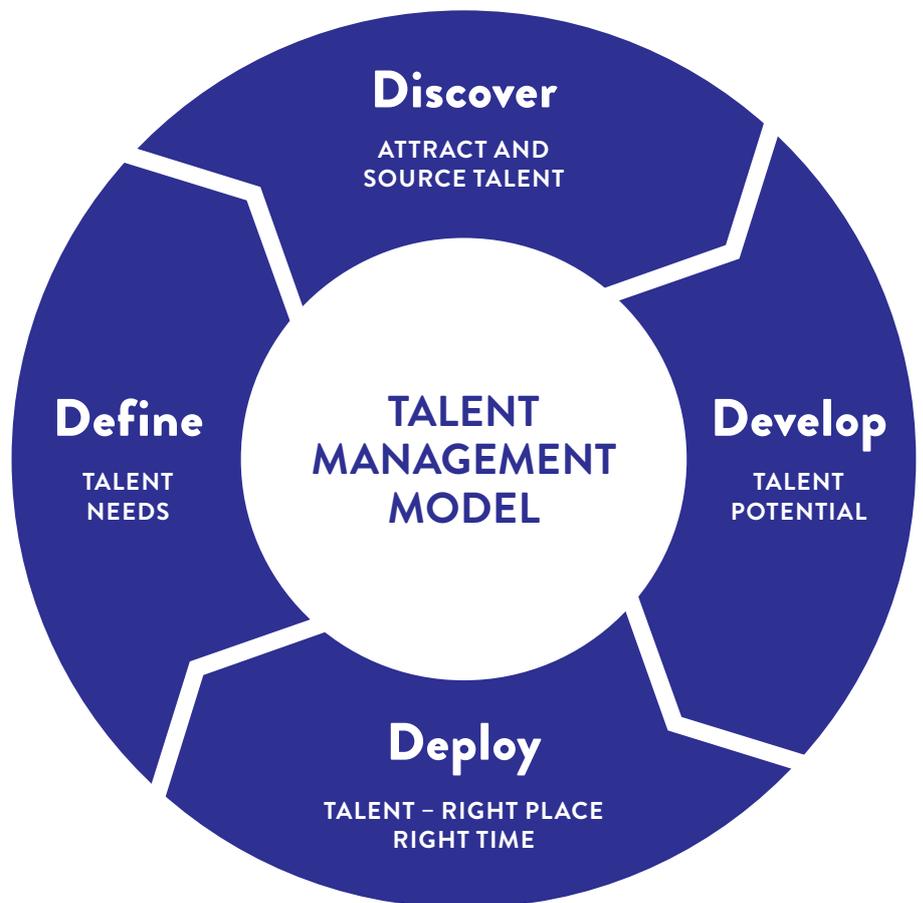
In a rapidly-evolving operating context, we strive continually to renew our organisational effectiveness. We do this through structures that strategically align skills with roles and enable us to attract, retain and grow the capabilities we need to achieve our Human Capital Strategy, compete effectively and grow the business.

TALENT FIT-FOR-PURPOSE

To attract, nurture and retain passionate, high-performing talent, long-term human resources planning and finding appropriate candidates for positions requiring very specific skill-sets are essential. Our key initiatives in this regard include improving the recruitment and development of our people and facilitating cross-business moves internally to support career expansion. During 2019, we invested significantly in workforce planning and succession planning. Group businesses assessed their existing plans and, with guidance from the AECI Executive Committee Talent Board, made amendments to address short- and long-term employment needs.

PERFORMANCE MANAGEMENT

We have implemented a bespoke Performance Management model that will align our people practices with our business strategy, integrate seamlessly with our new Human Capital technology and facilitate new ways of working.



EMPLOYEE ENGAGEMENT CULTURE

AECI aims to create a high-performance culture with “good chemistry”, driven by passionate and purpose-inspired leaders. Our recent priority focus has been on employee retention, recognition

and development, supported by the right leadership behaviours. Our forthcoming employee survey, in 2021, will focus on key sustainable engagement measures.



iPledge

Food security during COVID-19

Through our iPledge initiative, we raised over R3,5 million in six months to address food security challenges amplified by the impact of COVID-19 in our host communities.

By the end of 2020, 12 315 families in need had received food parcels purchased thanks to iPledge. This initiative has been run in partnership with Joint Aid Management.





Food parcel handover by the AECI Executive to Oliver's Village





CORPORATE SOCIAL INVESTMENT

We are proud of the impact our investments have made over time

The CSI imperative

AECI recognises that sustainable development is a key business imperative and supports the principles of the B-BBEE Codes of Good Practice, ISO 26000 and the UN SDGs. The world as a whole, and most of the countries in which we operate, are faced with significant inequality and high rates of poverty. AECI's CSI team ensures that available spend is invested effectively to address socio-economic challenges and enhance well-being in our neighbouring communities and those of our customers. Improving their quality of life is a commitment in terms of our values of being Engaged and Responsible. Through investments in credible community-focused partnerships and strategic social initiatives, we drive sustainable development programmes on the journey to social transformation. We are proud of the impact our investments have made over time.

Our approach

Our CSI efforts have evolved into an effective blend of legislative compliance (e.g. with SED requirements in South Africa) and the strategic enablement of purpose-led

social impact. In some areas, for example, the impact of providing clean drinking water has been extended through collaboration with customers and other stakeholders.

For all our investments we foreground the imperative of good governance, recognise the need to empower communities and consider opportunities to scale impact through our core business and partnerships. Strategic allocation of CSI funds is achieved through a systematic consideration of both social and corporate benefits.

Overview of projects

Over the last five years, our SED programmes have matured from charitable grant-making to long-term sustainable strategic investments. This shift has been recognised in CSI awards received from Trialogue through 2018, 2019 and 2020. Our investments have increased from R18 million to R34,6 million between 2015 and 2020.

AECI has also been recognised, for empowering women in communities, young girls and economic empowerment of women through the Gender Mainstreaming Awards in 2019 and 2020. We have also been recognised

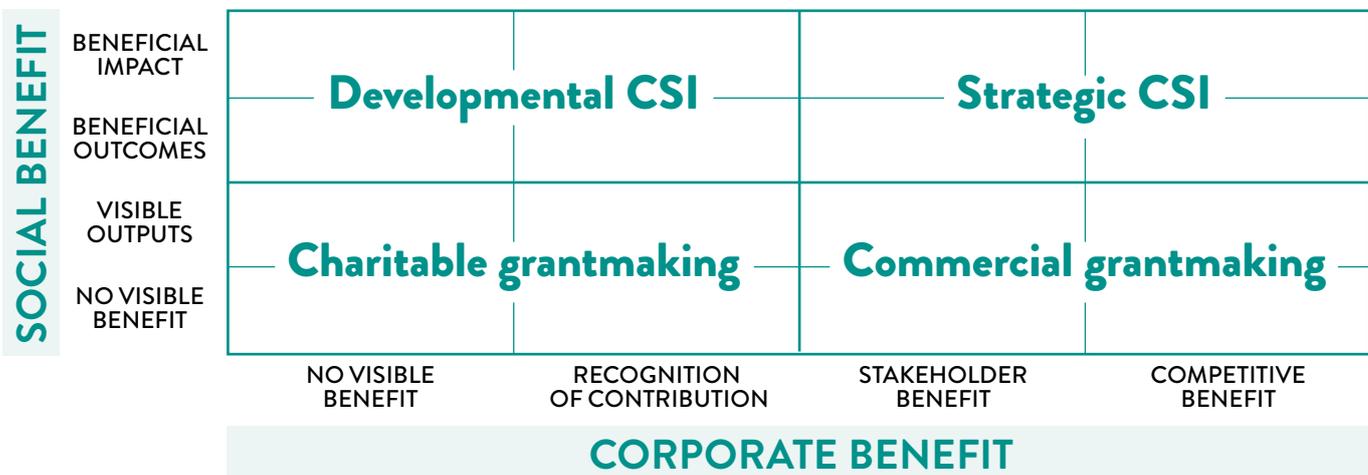
for job creation by the Top Empowerment and CSI Ubuntu awards in 2020.

Our CSI focus areas are aligned with the SDGs that target poverty, hunger, health, education, inequality and the provision of clean water and sanitation. Key projects are highlighted throughout this Report, on the following pages: Unjani Clinics (page 11), Water for Schools (page 13), Witzenberg PALS (page 18), Food security during COVID-19 (page 32), Oliver's Village (page 36) and Wise Wayz Water Care (page 37).

Looking ahead

In light of the ongoing impact of COVID-19, we are recalibrating our approach and focus areas. We are aiming to further integrate our CSI efforts across our global operations and pursue projects that demonstrate a clear business case and return on investment. Our efforts will shift towards supporting more positive impact in the local communities where we operate through enhanced focus on employment, entrepreneurship and community ownership of initiatives. Additionally, we aim to provide our employees with more practical opportunities to contribute through volunteerism.

POSITIONING OUR CSI ALLOCATION



Our CSI investments are across all quadrants of Trialogue's positioning matrix, in response to different contexts and circumstances. Most of our effort in recent years has focused on Developmental CSI (e.g. Oliver's Village) and Strategic CSI (e.g. Unjani Clinics, Water for Schools).

Charitable grant-making (e.g. Food security during COVID-19) takes place in instances of pressing need.

AECI's CSI team ensures that available spend is invested effectively to address socio-economic challenges and enhance well-being in the communities hosting our operations.



CSI SPOTLIGHT

MAKGADIKGADI CJSS COVID-19 HEALTH PROTOCOLS

ALWAYS WEAR A MASK AT ANY TIME

ALWAYS KEEP 1-2M WIDE TO MAINTAIN SOCIAL DISTANCING

STAY AT HOME IF YOU HAVE FLU LIKE SYMPTOMS

ALWAYS WASH YOUR HANDS WITH SOAP AND CLEAN WATER

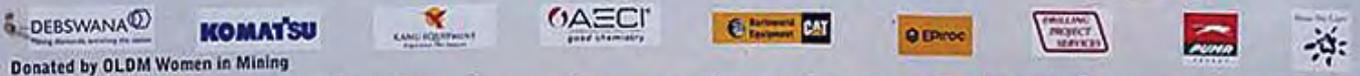
TAKE TEMPERATURE WHEN ENTERING A NEW PLACE

COUGH OR SNEEZE IN YOUR ELBOW

ALWAYS KEEP SURFACES CLEAN

SYMPTOMS OF COVID-19

- FEVER
- HEAD ACHE
- COUGH
- MUSCLE PAIN



Providing relief for COVID-19 in Botswana

AECI Mining Explosives partnered with Triple 8 and Jwaneng Mining in the provision of handwashing stations early in the pandemic. Later in the year, collaboration with Debswana (OLD Mines) Women in Mining, saw automatic soap dispensers and a billboard highlighting measures to mitigate the spread of COVID-19 being donated.

The objective was to provide information and support for Makgadikgadi Community Junior School about keeping safe and healthy during the pandemic. The school is located in a small village called Mosu about 50km from the mining town of Orapa. We also partnered with Majwe Mining in a charitable cycling challenge. The objectives here included raising awareness among the youth on gender-based violence in schools, empowering young females and supporting educational attendance through the issuing of sustainable sanitary items.



Oliver's Village



Situated alongside an informal settlement in Benoni, South Africa, Oliver's Village is an NPO that is working towards establishing a self-reliant community and settlement.

AECI has supported the Village since 2013 with finance to establish community enterprises, food gardens, a soup kitchen and a bakery. The bakery and gardens are income-generating, empowering members to provide vegetables and bread to the kitchen which feeds up to 300 people a day. The ovens are powered by bio-gas, a local renewable energy source generated through the safe and effective capture of gases from the Village's sewage system.





Wize Wayz Water Care



In 2016 the Wize Wayz Water Care project was established to support and empower unemployed people from the Folweni and Ezimbokodweni communities, in KwaZulu-Natal.

These communities work together voluntarily to collect waste and keep the local river clean. Funds from AECI enabled the cooperative to formalise and expand its activities. Through the integration of skills and enterprise development training, volunteers have been able to start micro-enterprises and build sustainable livelihoods by offering products and services related to river care, plumbing, food gardening, poultry and crafts. A number of partnerships now support the initiative and, in 2018, the success of the project led to AECI winning the Triologue Strategic CSI Award.



Our global CSI footprint in 2020

1 022 376
BENEFICIARIES IMPACTED

R34,6m
TOTAL INVESTMENT IN 2020

R15m INVESTED IN COVID-19 RELIEF

Initial relief initiatives focused on provision of protective gear and products in areas of need. Further provision made for food security as the pandemic progressed.

R11,5m INVESTED

in protective gear and providing handwashing stations at schools and clinics, sanitiser, water filtration skids, Solidarity Fund.

R3,5m PLEDGED

through crowdfunding and 2 315 food parcels were distributed.







SUSTAINABILITY GOVERNANCE

The ESG compliance universe is refined continually

GOVERNANCE STRUCTURE

The multi-faceted nature of sustainability is reflected in our cross-functional governance structure. In keeping with our overall governance approach, sustainability governance seeks to provide a framework supported by a strategy and charter across our 12 businesses and at every operational site in 22 countries. Our structure seeks to deliver the trust, transparency and accountability that drive high levels of ESG compliance as well as sustainable innovation in our identified strategic growth areas.

The AECI Board formulates all fundamental policy and strategic goals in conjunction with management. The Chief Executive, assisted by the AECI Executive Committee and guided by the Social and Ethics Committee (SEC) on behalf of the Board, will be responsible for the annual review of the Sustainability Framework and Strategy to ensure it continues to meet its intended objectives

for overseeing its implementation Group-wide and for monitoring performance.

The SEC meets at least quarterly to oversee and review management’s decisions, the adequacy of systems and controls and the implementation of policies in respect of the Sustainability Strategy and performance. The Executive Committee reviews performance monthly.

The Group SHEQ Committee meets quarterly to oversee the implementation of Zero Harm and monitor its effectiveness.

The Human Capital function supports the Group across the full human resource value chain. Addressing a range of areas pertaining to human, intellectual, social and relationship capitals, it seeks to evolve an organisational context and culture conducive to delivery of our sustainability goals.

The Group CSI Committee meets quarterly to oversee the effectiveness of the CSI strategy.

POLICIES AND MANAGEMENT SYSTEMS

In alignment with our core purpose of One AECI, for a better world, the Sustainability Strategy frames our ESG efforts across strategic innovation, responsible production and compliance activities.

Strategic innovation efforts focused on the “Business of Tomorrow” are managed by the AECI.GO with support from the in-house efforts of individual Group businesses. The BIGGER Idea online platform and mobile app make it possible for employees to participate in innovation efforts by submitting their suggestions for improvements in the “Business of Today”.

Responsible operations are driven by an integrated management approach under the umbrella of Zero Harm. This covers occupational safety, process safety, occupational health, environmental performance, product transportation, adherence to Responsible Care® principles and practices, and



Our structure seeks to deliver the trust, transparency and accountability that drive high levels of ESG compliance, as well as sustainable innovation in our identified strategic growth areas.

quality management. The approach is based on the fundamentals of Accountable Leadership, Engaged and Empowered Employees, Risk-based SHEQ Management and Continuous Improvement. This is guided by the SHEQ Policy, the SHEQ Framework and supporting procedures.

The ESG compliance universe is refined continually as part of broader compliance practices which consider compliance developments across all jurisdictions where the Group has business operations. In South Africa, compliance is managed using a digital solution, which will be rolled out across international operations in due course. A full review of the Group's compliance approach and processes will be undertaken in 2021.

Beyond compliance considerations, our businesses align responsible ESG practices with relevant external standards against which third-party audits may be undertaken. Over the medium to long term, all management systems will be aligned with the AECI SHEQ Framework and prioritised in accordance with the needs and risks of each business.

The most commonly adopted management standards are: Responsible Care®, ISO 45001 – Occupational Health and Safety Management, ISO 14001 – Environmental Management, ISO 9000 – Quality Management, ISO 22001/FSSC 22000 – Food Safety and Quality, and ISO 50001 – Energy Management. In addition, the Group aligns with the voluntary codes of the CDP Climate Change and Water Programs and the 10 principles of the United Nations Global Compact.

The assurance statements can be accessed at the following links

Ibis Consulting: www.aeciworld.com/pdf/sustainability/assurance-statement-2020a.pdf

Deloitte & Touche: www.aeciworld.com/pdf/sustainability/assurance-statement-2020b.pdf

RISK IDENTIFICATION AND MATERIALITY

Our Sustainability Strategy and this performance overview were informed by a materiality analysis which guided our efforts based on relevance, risk and opportunities for the business.

Following initial research, focus sessions and interviews were held with senior leadership at Group and individual business levels, as well as with key Group functions such as Human Capital and the AECI GO. The process was guided by external advisors, Incite.

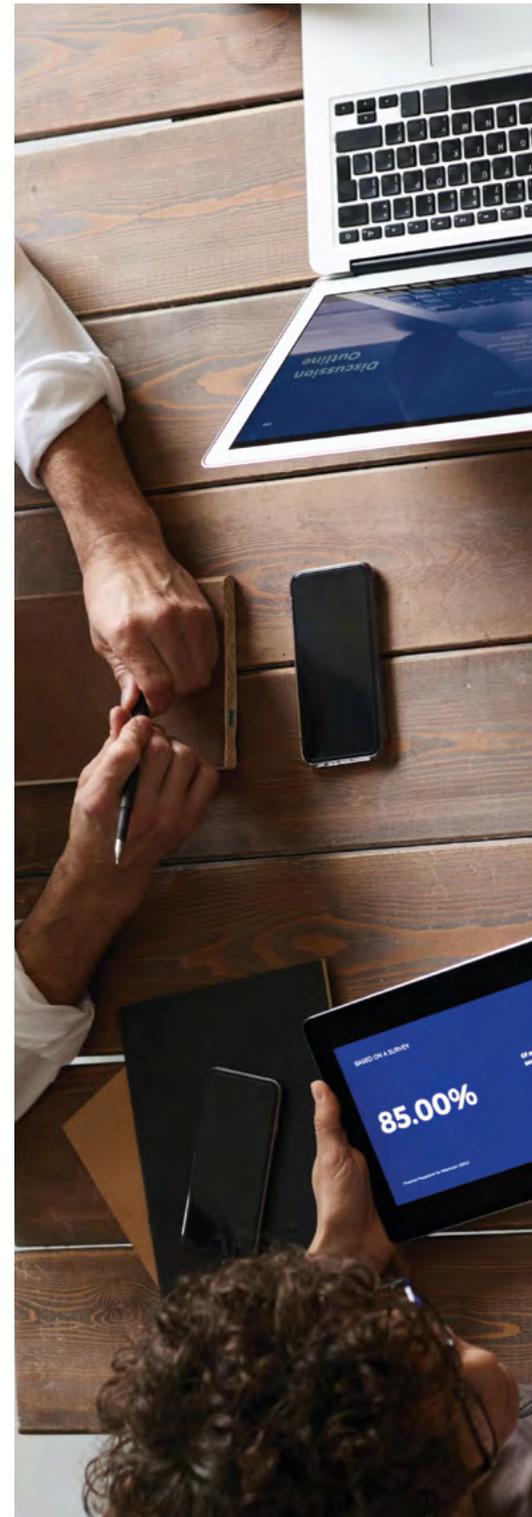
ESG risks are identified and addressed as part of an ongoing, structured approach to risk management. This is underpinned by the Group Risk Management Policy Statement and the Group Enterprise Risk Management Framework.

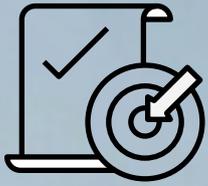
STAKEHOLDER ENGAGEMENT

Our sustainability focus is informed by ongoing engagement with a diverse range of stakeholders. Structured engagement undertaken by the Group and/or individual businesses helps to inform our perspectives on potential ESG risks and opportunities.

DATA MANAGEMENT AND ASSURANCE OF BASELINE DATA

SHE data is collated from across the Group in our COGNOS financial system. This process is managed by Group SHEQ, with independent assurance of selected sustainability key performance indicators provided by Deloitte & Touche. The established baseline data provided in this Report and used to set targets for 2025, was assured by IBIS Consulting.





OUR 2020 MILESTONES AND TARGETS



↓ 25%
by 2025

POTABLE WATER CONSUMPTION



↓ 20%
by 2025

DISCHARGE TO SEA OR SEWERS



↓ 20%
by 2025

DECREASE IN SCOPE 1 EMISSIONS

ENVIRONMENTAL PERFORMANCE DATA

GHG EMISSIONS

SCOPE 1 EMISSIONS (tonnes CO₂e)

2016	314 780*
2017	351 317*
2018	308 216*
2019	366 980*
2020	334 225*
2025	Baseline#: 402 531 tonnes CO ₂ e Target#: 322 025 tonnes CO ₂ e (↓20%)

SCOPE 2 EMISSIONS (tonnes CO₂e)

2016	217 088*
2017	216 971*
2018	254 234*
2019	341 997*
2020	241 150*
2025	Baseline#: 273 548 tonnes CO ₂ e Target#: 252 163 tonnes CO ₂ e (↓8%)

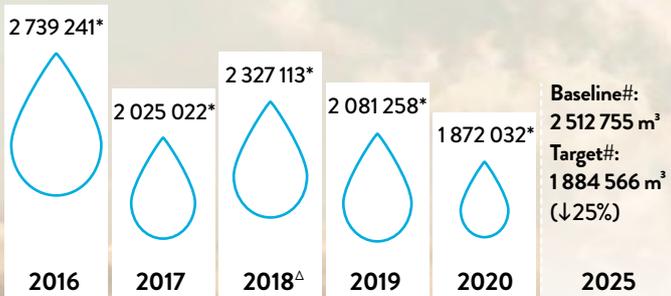
ENERGY

ELECTRICITY (MWh)

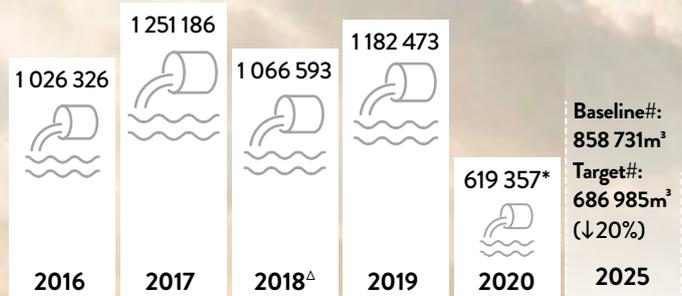
2016	211 239*
2017	211 635*
2018	258 617*
2019	260 763*
2020	228 065*
2025	Baseline#: 249 609 MWh Target#: 224 047 MWh (↓8%)

WATER

POTABLE WATER CONSUMPTION (m³)



EFFLUENT DISCHARGED TO SEA AND SEWER (m³)



ENVIRONMENTAL INCIDENTS (MODERATE)

16	35	35	32	29*	Baseline#: 29
2016	2017	2018 ^Δ	2019	2020	Target#: 22 (↓24%)
					2025



TOTAL RECORDABLE INCIDENT RATE (TRIR)



MODERATE ENVIRONMENTAL INCIDENTS



INCREASE IN ELECTRICITY FROM RENEWABLES

SOCIAL PERFORMANCE DATA

ZERO HARM

2020 ACTUAL



2025 TARGETS

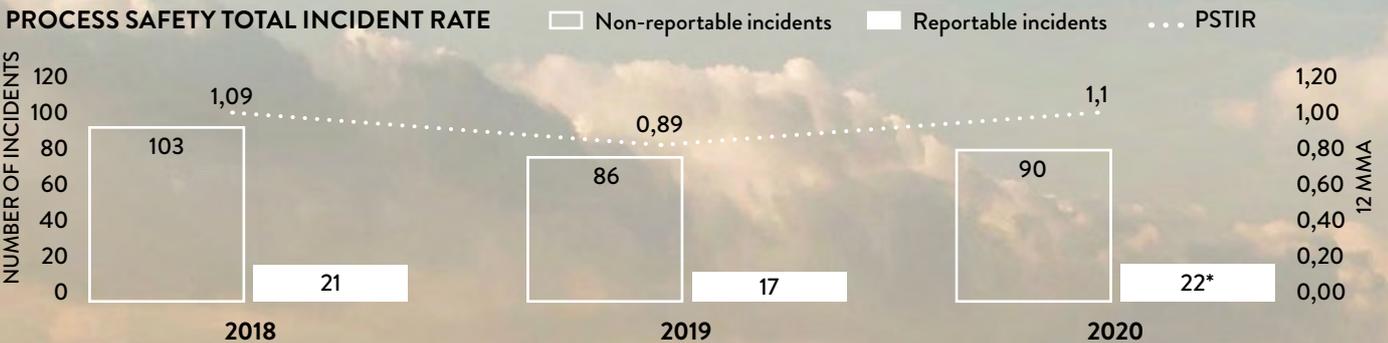


SAFETY

TOTAL RECORDABLE INCIDENT RATE (TRIR)



PROCESS SAFETY TOTAL INCIDENT RATE



Graph depicts the occurrence of process safety incidents. The term "Reportable" is an industry-agreed definition. An incident is deemed reportable when certain thresholds are exceeded.

ADDITIONAL PERFORMANCE DATA

ENERGY CONSUMPTION (GJ)

2016	2 295 753*
2017	2 320 449*
2018	3 121 388*
2019	3 269 369*
2020	2 930 501*

WASTE

RECYCLED WASTE (tonnes)

2016	10 323
2017	9 644
2018 ^Δ	7 346
2019	6 280
2020	3 288*

Note: Decrease in 2020 due to reduction in production as a consequence of COVID-19

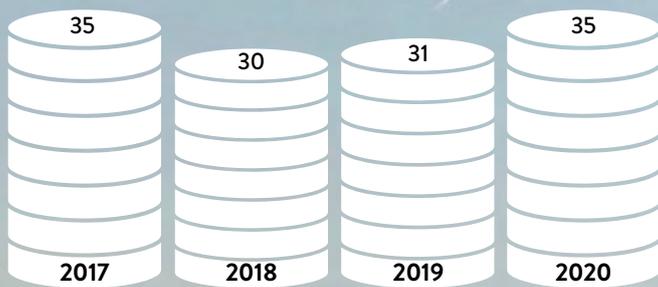
HAZARDOUS WASTE (tonnes)

2016	7 474*
2017	6 592*
2018 ^Δ	10 492*
2019	13 134*
2020	15 844*

Note: Increases in 2018 & 2019 were due to the inclusion of Schirm. Increase in 2020 due to ash generated from coal fired boiler which ran at a higher rate.

SOCIO-ECONOMIC DEVELOPMENT

CSI SPEND (Rm)



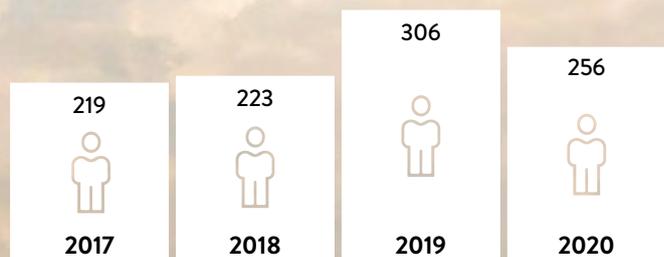
NUMBER OF EMPLOYEES WHO HAVE ATTENDED LEADERSHIP PROGRAMMES



BURSARIES (EXTERNAL AND EMPLOYEE DEPENDANTS)



LEARNERSHIPS, INTERNSHIPS, APPRENTICESHIPS AND GRADUATES



* Indicates limited assurance.

Baselines were determined by analysing the data in the respective years of highest production over the period 2017-2019.

Δ Increase due to inclusion of data from AECI Schirm and AECI Much Asphalt.



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