



**CONSISTENTLY  
DELIVERING**



**AFRIMAT<sup>®</sup>**  
LIMITED

**2023**



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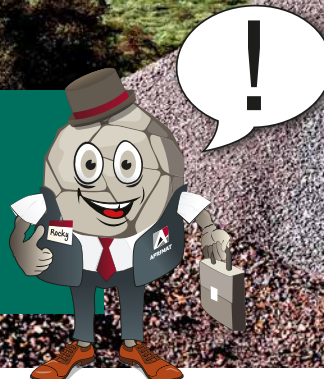
59

Environmental initiatives at Afrimat

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Ethical leadership and compliance

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Some of the following United Nations Sustainable Development Goals ('UNSDGs') are addressed in this report:





# Summary data points

| Summary data points  | Unit of measurement | FY2023       | FY2022       |
|--|---------------------|--------------|--------------|
| <b>GOVERNANCE</b>  |                     |              |              |
| Board members  | Number              | 12           | 13           |
| Non-executive board members  | Number              | 8            | 9            |
| Percentage of non-executive board members                              | %                   | 66,7         | 69,2         |
| Executive board members  | Number              | 4            | 4            |
| Independent board members  | Number              | 7            | 7            |
| Percentage of independent board members                                | %                   | 58,4         | 53,8         |
| HDSA* board members  | Number              | 4            | 4            |
| Percentage of HDSA board members                                       | %                   | 33,3         | 30,8         |
| Female board members   | Number              | 2            | 2            |
| Percentage of female board members                                     | %                   | 16,7         | 15,4         |
| Average length of executive director service                           | Years               | 7            | 6            |
| Average length of non-executive director service                       | Years               | 8,0          | 8,6          |
| Average length of full board service                                   | Years               | 7,7          | 7,8          |
| Length of current auditors service                                     | Years               | 6,0          | 5            |
| Independence of board chairman   | Y/N                 | Y            | Y            |
| Publicly available policy on board conflicts of interests              | Y/N                 | N            | N            |
| Publicly available climate related financial disclosures as per TCFD** | Y/N                 | N            | N            |
| Shareholders' vote (non-binding) on executive remuneration             | Y/N                 | Y            | Y            |
| <b>HUMAN CAPITAL</b>   |                     |              |              |
| Number of employees  | Number              | 2 668        | 2 511        |
| Percentage of employees who are deemed HDSA*                           | %                   | 84,6         | 84,2         |
| Percentage of employees who are women                                  | %                   | 22,4         | 21,8         |
| B-BBEE level   |                     | 3            | 3            |
| Attrition  | %                   | 8,1          | 11,2         |
| Percentage of HDSA* employees trained                                  | %                   | 86,6         | 86,6         |
| Value of employee training spend                                       | Rand                | 38,1 million | 30,1 million |
| Total number of training days  | Number              | 11 836       | 2 474        |
| Total number of days lost due to industrial action (ie strike action)  | Number              | –            | –            |

\* HDSA: Historically Disadvantaged South Africans.

\*\* TCFD: Task Force on climate related Financial Disclosure.

| Summary data points                               | Unit of measurement | FY2023       | FY2022       |
|---|---------------------|--------------|--------------|
| <b>HEALTH AND SAFETY</b>                          |                     |              |              |
| Workplace deaths                                  | Number              | –            | –            |
| Near miss (12mr)                                  | Number              | 605          | 351          |
| LTIFR***  | Number              | 0,34         | 0,58         |
| Days lost due to LTI                              | Number              | –            | –            |
| MTI (12mr) (medical treatment injuries)           | Number              | 0,7          | 1,1          |
| First Aid (March – December)                      | Number              | 28           | 31           |
| TRIFR****   | Number              | 1            | 1,7          |
| Leading indicators                                | %                   | 89           | 76           |
| <b>ENVIRONMENTAL</b>                              |                     |              |              |
| Electricity consumption                           | KWh                 | 47,4 million | 42,1 million |
| Carbon emission                                   | tCO <sub>2</sub> e  | 50 194,0     | 44 569,8     |
| Water consumption                                 | m <sup>3</sup>      | 1 384 706,0  | 810 024,0    |
| Fuel consumption                                  | Million litres      | 15,8         | 16,7         |
| Rehabilitation                                    | tCO <sub>2</sub> e  | 26,3         | 17,0         |
| Intensity emissions (tCO <sub>2</sub> e/tonnes)   | tCO <sub>2</sub> e  | 0,008        | 0,007        |
| Intensity emissions (tCO <sub>2</sub> e/employee) | tCO <sub>2</sub> e  | 59,9         | 71,2         |
| <b>CSI EXPENDITURES</b>                           |                     |              |              |
| CSI spend   | Rand                | 12,3 million | 7.9 million  |
| CSI as a percentage of profit                     | %                   | 1,8          | 1,0          |
| Percentage of CSI spend in South Africa           | %                   | 100          | 100          |
| <b>Percentage of CSI spend on:</b>                |                     |              |              |
| Environmental management                          | %                   | 0,2          | 1,3          |
| Infrastructure                                    | %                   | 75,4         | 14,2         |
| Education   | %                   | 5,8          | 14,1         |
| Uplifting community                               | %                   | 7,8          | 57,5         |
| Skills development                                | %                   | 7,2          | 8,8          |
| Small business development                        | %                   | 2,5          | 4,1          |
| Health  | %                   | 1,1          | –            |

\*\*\* LTIFR: Lost time injury frequency rate (number of incidents x 200 000 man hour/actual hours worked).

\*\*\*\* TRIFR: Total recordable injury frequency rate.





# Mining process flow chart





# Our Company

Afrimat is a leading black empowered Group with its main business and core competence in mid-tier mining and materials supply. The Group supplies industrial minerals and construction materials to a range of industries across southern Africa. In addition, Afrimat supplies bulk commodities to local and international markets. During the year, Afrimat started supplying phosphates to the agriculture sector. Afrimat listed on the JSE Main Board in 2006 and is currently listed in the Basic Materials: General mining sector.

## Our VALUES

Trust  
Accountability  
Integrity  
Teamwork  
Respect  
Safety  
Customer satisfaction

## Our VISION

The Group's vision is to be globally respected for excellence in unlocking and enhancing the earth's mineral potential to build a better world.

It is with this vision in mind that we are proud to publish our first Environmental, Social and Governance Report (hereafter 'ESG Report'). Through the implementation of the 'Afrimat Way', the Company strives to promote a value creation ecosystem that will add environmental and societal impact as a measure of success.





# Letters

Letter from the Chairman: Social, Sustainability  
& Ethics Committee

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Letter from the Executive Director: People  
& Sustainability

6



## Target

Becoming carbon-neutral by 2050.





# Letter from the Chairman: Social, Sustainability & Ethics Committee



Loyiso Dotwana



As the Chairman of the Sustainability Committee, I am pleased to present our Company's first ever ESG Report. This report highlights our progress in advancing sustainability across our operations, as well as our plans for the future. ”



As a Company, we recognise that we have a responsibility to operate in a way that minimises our impact on the environment and maximises the benefits we bring to our stakeholders. We have made significant strides in this area over the past year, and I am proud to share some of our achievements.

## Climate change and global warming

Firstly, we have continued to focus on reducing our carbon footprint and are pleased to report that we are well on track to reach our goal of reducing our carbon emissions by 32% by 2030. This has been achieved through a range of initiatives, including improving the energy efficiency of our operations and investing in renewable energy. We are now setting our sights on becoming carbon-neutral by 2050 and are committed to exploring all avenues to achieve this goal.

Secondly, with an increased commitment to ESG, we have incorporated the United Nations' Sustainability Development Goals ('SDGs') into this report. We have mapped the relevant SDGs against sections of this report to bring awareness to all our stakeholders on how the Group contributes to these goals through its actions.

Thirdly, we have continued to focus on promoting diversity and inclusion across our workforce and are proud to report that we have progressed on achieving gender parity across all levels of the organisation. We have also launched a range of initiatives to support the professional development of our employees, with a particular focus on underrepresented groups, and are committed to creating a workplace culture that values and respects everyone.

Fourthly, we have continued to engage with our stakeholders to better understand their needs and expectations, and to ensure that we are addressing any concerns they may have. We have established a formal stakeholder engagement process and have worked to build strong

relationships with our customers, suppliers, employees, investors, and communities. We are committed to maintaining an open dialogue with all our stakeholders, and to using their feedback to inform our decision-making.

Looking to the future, we recognise that there is still much work to be done, and we are committed to continuing our efforts to advance sustainability across our operations. We have developed a new sustainability strategy that sets out our ambitions for the next five years, and that focuses on four key areas: mindful management and engagement, continuous learning and development, people driven and being a responsible earth citizen.

To achieve our goals, we will be investing in new technologies, people and partnerships, and will be working closely with our stakeholders to drive progress. We will also be embedding sustainability into all aspects of our business and will be measuring our progress against a range of key performance indicators.

In conclusion, I would like to thank all our employees, customers, suppliers, and stakeholders for their continued support and collaboration on this important journey. I am proud of the progress we have made, and excited about the opportunities ahead. By working together, we can build a more sustainable future for ourselves, and for generations to come.

Sincerely,

Loyiso Dotwana

Chairman of the Social, Ethics and Sustainability Committee

Reducing our emissions by  
**32%**  
by 2030





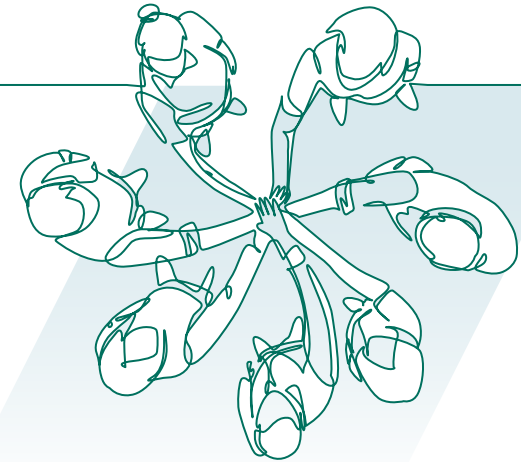
# Letter from the Executive Director: People & Sustainability



Collin Ramukhubathi



I am pleased to present our Company's ESG report for the year 2023. This report reflects our ongoing commitment to environmental, social, and governance ('ESG') performance and transparency, and provides a detailed overview of our progress, challenges, and goals.



As a Company, we recognise that ESG performance is critical to our long-term success and sustainability. We are committed to being responsible stewards of the environment, supporting our employees and communities, and upholding the highest standards of governance and ethical conduct. This commitment is reflected in our ESG strategy, which is designed to align with the United Nations Sustainable Development Goals ('SDGs') and support the achievement of a more sustainable future.

In the past year, we have made significant progress towards our ESG goals. We have reduced our intensity emissions by 50% per tonne, implemented new initiatives to conserve water and reduce waste, and invested in renewable energy sources. We have also expanded our community engagement initiatives, providing support to local organisations and volunteering our resources to support community development projects.

In addition, we have continued to prioritise strong governance practices, ensuring that we adhere to the highest ethical standards and promote transparency and accountability in all aspects of our operations. We have enhanced our risk management systems and strengthened our board of directors, ensuring that we have the right mix of skills and experience to guide our Company towards sustainable growth and long-term success.

Of course, we recognise that there is always more work to be done. While we are proud of our achievements in the past year, we know that we must continue to strive for improvement and push ourselves to do better. We have identified several areas where we can further enhance our ESG performance, including:

Increasing our use of renewable energy sources

Strengthening our supply chain management processes

Enhancing our diversity and inclusion initiatives

We are committed to working towards these goals and to continually improving our ESG performance in the years ahead. We recognise that our success in this area depends on the support and collaboration of all our stakeholders, and we welcome your feedback and suggestions as we move forward.

We also recognise the importance of transparency and accountability in our ESG reporting. We have worked to ensure that this report provides a clear and accurate picture of our ESG performance, including both our successes and our challenges. We have used recognised reporting frameworks, such as the Global Reporting Initiative ('GRI'), to guide our reporting, and have sought external verification of our data to ensure its accuracy and reliability.

In conclusion, I am proud to present this year's ESG report, which reflects our ongoing commitment to sustainable and responsible business practices. I would like to thank our employees, customers, suppliers, investors, and other stakeholders for their ongoing support and collaboration in this important work. We look forward to continuing our journey towards a more sustainable future, and to working together to achieve our shared goals.

Sincerely,

Collin Ramukhubathi

Executive Director: People & Sustainability





# Ethics and governance

|                                   |    |
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| Board Committees                  | 11 |
| Ethical leadership and compliance | 12 |
| Risk management                   | 14 |



**Committed  
to uphold**

the fundamental tenets of good  
corporate governance





# Corporate governance

## Board Charter and Application

The Afrimat Board takes responsibility for the holistic application of the principles contained in King IV™, without diluting the Group's focus on sustainable performance. The Group has evaluated governance processes and reporting in the context of King IV™ to foster integrated thinking to create value over time. The Board appreciates all governance codes assisting the Company with further value creation to stakeholders without adding cumbersome compliance requirements. The Board steers and sets the direction of the Group, through effective and ethical leadership ensuring the Group's core purpose, risks, performance and sustainability developments are realised through its strategy.

The Company's King IV™ application register is available at [www.afrimat.co.za](https://www.afrimat.co.za).

The directors of the Company are appointed by the Board on the advice of the Remuneration & Nominations Committee, whose brief it is to ensure that the appointment meets the requirements of the organisation. In order to achieve the necessary level of diversity and skills on the Board, Afrimat considers the skills and experience, gender, ethnicity and cultural backgrounds of potential directors. See [pages 9 to 10](#) for more information.

Afrimat believes that there are a sufficient number of independent non-executive directors on the Board to create a suitable balance of power and prevent the dominance of the Board by one individual or by a small number of individuals.

To further enhance the unfettered independence, the board elected Mr Derick van der Merwe, an independent non-executive director, as Lead Independent Director ('LID'). The role of the LID is to provide leadership and advice to the board when the Chairman has a conflict of interest, without detracting from the authority of the Chairman.

## Independence

The classification of independent non-executive directors is determined by the Board on the recommendation of the Remuneration & Nominations Committee in accordance with the guidelines set out in King IV™. During the year, a rigorous review of independence and performance was performed on Phuti RE Tsukudu and Gert J Coffee. Annual independence reviews are conducted on all directors serving in an independent capacity for longer than nine years. Director independence is measured giving due consideration to *inter alia*: director involvement with other companies; external directorships held; relationship with material suppliers and competitors; material contracts with the Group; employment of the director by the Group in an executive capacity during the preceding three years; whether the director has a direct or indirect interest in the Company which is material to their personal wealth. All directors regularly declare their directorships and commercial interests to the Board.



The Company strives to improve its talent pool and reports back to the directors on a quarterly basis by tabling the current talent pool and development needs.

The Board is guided by a charter which is reviewed annually. The charter includes a delegation of authority, which includes the areas of responsibility of the Board Committees. A number of governance policies support and frame the delegation of authority, which are reviewed on an annual basis and the Board approves all amendments (available at [www.afrimat.co.za](https://www.afrimat.co.za)). Each new Board member acknowledges the Code of Conduct when joining the Group. On an annual basis, all senior associates of the Group are required to submit a declaration confirming their continued compliance with the code. Any areas of non-compliance or any perceived conflicts of interest are addressed through the appropriate levels of divisional management, with ultimate reporting to the Board.

The Board delegates certain of its functions to well-structured Committees without abdicating its own responsibilities. Any decisions made by these Committees are proposed to the Board for final approval. The Committees as established by the Board have formal charters, approved annually by the Board.

The Board appoints the CEO to manage the Group on its behalf, who serves as the principal link between management and the Board. The CEO is mandated to ensure that the day-to-day business affairs of the Group are appropriately managed by executive management and that the necessary systems and controls are in place for effective risk management.

## Code of good conduct and ethics

The Company has implemented a comprehensive Code of Conduct to ensure ethical practices and responsible behaviour across all levels of the organisation. The Code encompasses key principles of Environmental, Social, and Governance (ESG) considerations, demonstrating the Company's commitment to sustainability and social responsibility.

In regard to the environment, the Code emphasises the Company's commitment to reducing its carbon footprint, conserving natural resources, and promoting sustainable practices. It encourages employees to adopt environmentally friendly behaviours and to participate in initiatives aimed at mitigating climate-related risks.

The Code also addresses social aspects by promoting diversity, inclusion, and equal opportunities for all employees. It prohibits discrimination, harassment, and unethical employment practices. The Company actively engages in community development and philanthropic initiatives to contribute positively to society.

From a governance perspective, the Code highlights the importance of transparency, integrity, and accountability. It ensures compliance with applicable laws and regulations and promotes fair business practices. It encourages employees to report any potential misconduct through a confidential reporting mechanism.

Overall, the Company's Code of Conduct underscores its commitment to ESG principles, serving as a guiding framework for employees to uphold ethical behaviour, sustainable practices, and responsible business conduct.

## Training and development

- ▶ The directors are primarily responsible for acquiring the skills necessary for effective discharge of their duties.
- ▶ A comprehensive induction programme is in place for new directors.
- ▶ A formal internal annual process is followed whereby the performance of the Board, Chairman and all Board Committees are reviewed by the directors. The FY2023 evaluation indicated an adequate discharge of responsibilities and no exceptions were identified. This is supported by a development and succession plan. The effectiveness of the Chairman is assessed by all directors.
- ▶ To improve the effectiveness of the directors and to understand the Company's business, the Afrimat directors scheduled key Company site visits during the year. These visits are vital in order to provide context to any Board deliberations.
- ▶ The Board ensures a smooth succession plan is in place for all directors and senior management to avoid unexpected disruptions. The Company strives to improve its talent pool and reports back to the directors on a quarterly basis by tabling the current talent pool and development needs.



# Directorate

The Board meets at least four times a year with *ad hoc* meetings when necessary to review strategy, planning and financial performance, resources, operations, risk, internal control, capital expenditure, standards of conduct, transformation, diversity, employment equity, human resources and environmental management.

## Board Skills

|                           |       |  |
|---------------------------|-------|--|
| Business Strategy         | 98,0% |  |
| Financial                 | 92,0% |  |
| Entrepreneurship          | 94,0% |  |
| Marketing & Commercial    | 90,0% |  |
| Leadership                | 98,0% |  |
| Technical Knowledge       | 90,0% |  |
| ESG**                     | 90,0% |  |
| Stakeholder communication | 90,0% |  |
| Business Processes        | 96,0% |  |

\* The Board skill analysis was assessed by the Chairman of the Board, assisted by the LID and CEO.

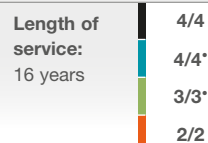
\*\* Sustainability, safety, health, environment, governance, compliance, climate change and social responsibility.

## Executive directors



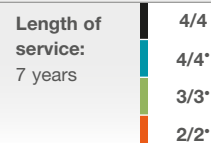
**Andries J van Heerden**  
(57) CEO

BEng (Mech), MBA, Government Certificate of Competence, Advanced management programme (Insead Business School)



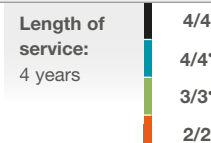
**Pieter GS de Wit**  
(49) CFO

BCompt (Hons), CA(SA), ACIS, Post Grad Cert in Tax, MBA (Cum Laude), Strategic financial leadership programme (Stanford University)



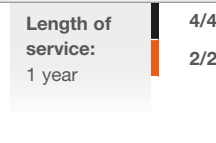
**Collin Ramukhubathi**  
(49)

BTech (Mechanical Engineering), MBA, Executive Leadership Development Programme (Stanford University)



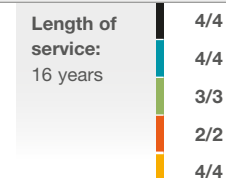
**Marthinus (Gerhard) G Odendaal** (58)

National Higher Diploma (T4) (Civil Engineering), C-Level Programme (Stanford University Graduate School of Business)



**Loyiso Dotwana**  
(59)\*

BSc Civil Eng



## Non-executive directors

Attendance of Board and Board Committee meetings are as follows:

## Meeting attendance











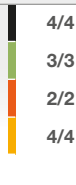
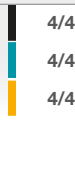


|   | 2023 (%) | 2022 (%) |
|---|----------|----------|
| Board meetings                            | 100      | 100      |
| Audit & Risk Committee                    | 100      | 100      |
| Remuneration & Nominations Committee      | 95       | 100      |
| Social, Ethics & Sustainability Committee | 100      | 100      |
| Non-executive meetings                    | 100      | 100      |

- Invitee
- Investment Review Committee Chairman
- ◇ Remuneration Committee Chairman
- ◆ Nominations Committee Chairman
- ◇ Social, Ethics & Sustainability Committee Chairman
- Audit & Risk Committee Chairman
- ✚ LID

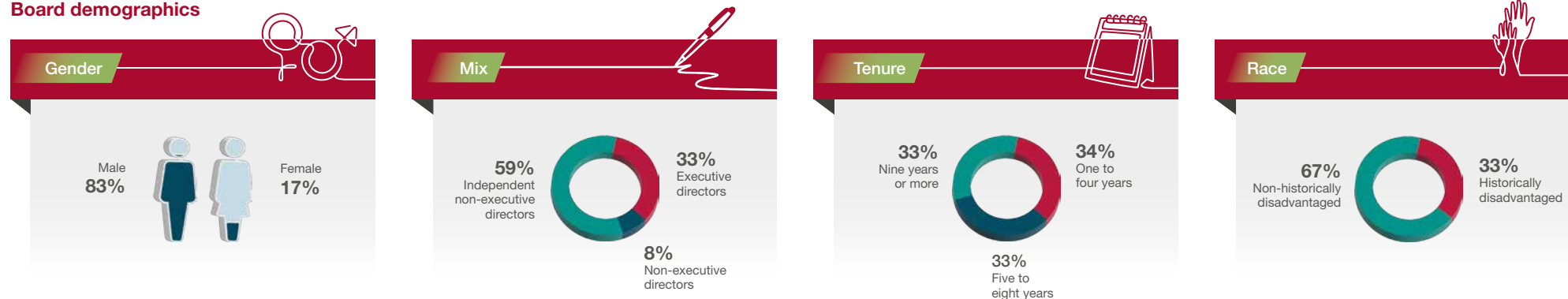


## Directorate (continued)

### Independent non-executive directors

|  |   |   |   |  |  |  |
|--|---|---|---|--|--|--|
|   |    |    |   |   |   |   |
| <b>Francois M Louw</b><br>(62)♂♂ Chairman  | <b>Gert J Coffee</b><br>(72)  | <b>Sisanda Tuku</b><br>(44)   | <b>Phuti RE Tsukudu</b><br>(69)◇  | <b>Jacobus (Derick) F van der Merwe</b> (69)◇♂   | <b>Johannes (Johan) HP van der Merwe</b> (58)  | <b>Nicolaas AS Kruger</b> (56)   |
| BEng (Mech), MBA   | BSc BEng (Mech) (Industrial)  | BCom Financial Accounting, CA(SA)   | MEd, Postgraduate Diploma in Adult Education BA (SW)  | BCompt (Hons), CA(SA)  | CA(SA), Master in Income Tax, MPhil Finance, Advanced Management Programme (Harvard Business School), Challenge of Leadership (Insead Business School) | BCom (Mathematics) (Cum Laude), FFA (Fellow of the Faculty of Actuaries, Scotland), AMP (Advanced Management Programme Oxford University), CD(SA) (Chartered Director) |
| <b>Length of service:</b><br>6 years<br> | <b>Length of service:</b><br>13 years<br> | <b>Length of service:</b><br>1 year<br> | <b>Length of service:</b><br>14 years<br> | <b>Length of service:</b><br>8 years<br> | <b>Length of service:</b><br>6 years<br>                           | <b>Length of service:</b><br>2 months<br>  |

### Board demographics





# Board Committees

## Statement of compliance

The Board is committed to uphold the fundamental tenets of governance, committee discipline, independence, responsibility, fairness, social responsibility, transparency and accountability of directors to all stakeholders.

The Afrimat directors have confirmed that, to the best of their knowledge, Afrimat (i) complied with the provisions of the Companies Act, and (ii) operated in accordance with its memorandum of incorporation, during the year under review.

| Board   |  |   |  |  |   |
|---|--|---|--|--|---|
| The Board is responsible for determining the Company's strategic direction and exercising prudent control over the Company and Committee affairs. The Board and the individual directors will, at all times, act in the best interest of the Company and adhere to all relevant legal standards of conduct. |  |   |  |  |   |
| Executive directors   |  | Non-executive directors   |  | Independent non-executive directors  |   |
| Andries van Heerden (CEO)<br>Pieter de Wit (CFO)  |  | Collin Ramukhubathi<br>Gerhard Odendaal   |  | Loyiso Dotwana   |   |
|   |  |   |  | Francois Louw (Chairman)<br>Phuti Tsukudu<br>Derick van der Merwe (Lead Independent Director)<br>Sisanda Tuku  |   |
|   |  |   |  | Johan van der Merwe<br>Gert Coffee<br>Nicolaas Kruger  |   |
| The Board meets four times per year.  |  |   |  |  |   |
| Committees  | Audit & Risk Committee   | Remuneration & Nominations Committee  | Social, Ethics & Sustainability Committee*   | Investment Review Committee  | Executive Committee ('Exco')                                  |
|   | The Audit & Risk Committee fulfills a vital role in corporate governance and is in place to ensure, among other things, the integrity of integrated reporting and internal financial controls, identify and manage financial risks and monitors the financial sustainability of the Group. | The Remuneration & Nominations Committee assists the Board with the development of the Afrimat remuneration policy, regularly reviews the structure, size and composition (committee diversity) of the Board and makes recommendations to the Board with regard to any adjustments that are deemed appropriate. | The Social, Ethics & Sustainability Committee monitors and reviews the Group's safety, health and environmental activities, labour practices and the Company's approach to transformation.   | Monitors and reviews high impact investments defined in terms of potential value addition or value destruction for the Company.                              | Assists the CEO implement strategies and operational matters. |
|   | Derick van der Merwe (Chairman)<br>Sisanda Tuku<br>Loyiso Dotwana<br>Francois Louw<br>Nicolaas Kruger (appointed to the committee on 23 February 2023)   | Francois Louw (Chairman – Nominations Committee)<br>Phuti Tsukudu (Chairman – Remuneration Committee)<br>Loyiso Dotwana<br>Sisanda Tuku (appointed to the committee on 23 February 2023)<br>Johan van der Merwe (appointed to the committee on 23 February 2023)  | Loyiso Dotwana (Chairman)<br>Gert Coffee<br>Collin Ramukhubathi<br>Phuti Tsukudu<br>Andries van Heerden<br>Gerhard Odendaal<br>Francois Louw (appointed to the committee on 19 October 2022) | Francois Louw (Chairman)<br>Pieter de Wit<br>Derick van der Merwe<br>Johan van der Merwe<br>Nicolaas Kruger (appointed to the committee on 23 February 2023) | Executive directors<br>Cluster Heads                          |
| Number of independent director members  | 4  | 4   | 3  | 4  | N/A   |
| Number of meetings per year   | 4  | 3   | 2  | Ad hoc   | 4   |
| Self-evaluation completed   | Yes  | Yes   | Yes  | N/A  | N/A   |

\* The Social, Ethics & Sustainability Committee has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act, and there were no instances of material non-compliance to disclose.

Overall, the Board is satisfied with the performance of the Chairman, the Committees and the Chairmen of the Committees, non-executive directors' meetings are held on an ad hoc basis as the need arises.

In accordance with King IV™ the Chairman of the Board should not be a member of the Audit Committee and all members of the Audit Committee should be independent, non-executive directors. Francois Louw (Chairman of the Board) and Loyiso Dotwana (non-executive director) are both members of the Audit & Risk Committee. The Board is of the opinion that Francois Louw and Loyiso Dotwana, who have both demonstrated the ability to act independently, continue to make a valuable contribution to the Audit & Risk Committee, which in turn helps the Audit & Risk Committee to satisfactorily discharge its roles and responsibilities.

## Company Secretary

The Board of directors is assisted by a competent, suitably qualified and experienced Company Secretary. The Company Secretary, Catharine Burger, is a chartered accountant. Ms Burger has also completed her board exam at the Chartered Governance Institute of South Africa and is now a Chartered Company Secretary. The Board, through the Remuneration & Nominations Committee, considered and satisfied itself to the competence, qualifications and experience of the Company Secretary and concluded that she is competent to carry out her duties.

The Company Secretary is not a director of Afrimat, reports to the Chairman of the Board and is accountable to the Board as a whole and accordingly maintains an arm's length relationship with the Board of directors.



# Ethical leadership and compliance

## Mining right compliance

We are committed to conducting mining operations in strict compliance with the mining license conditions set by the DMRE, in the Mineral and Petroleum Resources Development Act, Mine Health and Safety Act, and all other relevant legislation and regulations. This compliance is driven by the Executive Director: People and Sustainability for the Afrimat Group. Our culture is a pivotal thread in how we operate our operations and build collaborative working relationships with different stakeholders.

Mining right conditions set by the DMRE are reflected in the following documents for each mining operation and annual compliance reports in this regard are submitted to the regional DMRE offices:

- ▶ Mine Works Programme;
- ▶ Social and Labour Plan;
- ▶ Environmental Authorisation; and
- ▶ Mining Charter.

The DMRE conducts compliance audits at the Group's mining operations and management addresses all the concerns identified. The Group continues achieving its target on people development training of 6% of employee costs incurred, with the overall compliance level also continuing to improve.

Other conditions are set by other authorities in the following documents:

- ▶ Water Use Licence;
- ▶ Air Emissions Licence; and
- ▶ Land use (LUPO and SPLUMA).

## Information Compliance

Information compliance in South Africa stems from a person's rights contained in the Constitution of South Africa. The Constitution recognises that everyone has the right to privacy (Section 14 while simultaneously recognising that all persons have the right to access information (Section 32). To give effect to these Constitutional rights, laws have been enacted in the form of the Protection of Personal Information Act ('POPI') and the Promotion of Access to Information Act ('PAIA'). Since the

enactment of these Acts, South African businesses have been required to adhere to the requirements and obligations imposed thereby.

Afrimat ensures its compliance with the above-mentioned legislation by implementation of the privacy policy (available at [www.afrimat.co.za](http://www.afrimat.co.za)) and frequent training of staff. The Group also has a designated Information Compliance Officer, which is Mr Andries van Heerden.

## Technology and information governance

Technology and information play a vital role as strategic tools in facilitating the successful implementation of the Company's strategy and driving overall business performance. By harnessing the power of technology, the Company gains the ability to streamline operations, enhance efficiency, and improve decision-making processes.

Through the effective use of information systems, the Company can gather, analyse, and utilise data to gain valuable insights into market trends, customer preferences, and internal operations. This enables informed decision-making, targeted marketing strategies, and the ability to respond swiftly to changing market dynamics.

Furthermore, technology empowers the Company to optimise internal processes, automate routine tasks, and improve productivity. It facilitates seamless communication and collaboration across teams, departments, and even geographical locations, fostering innovation and agility within the organisation.

Additionally, technology provides a competitive advantage by enabling the Company to stay abreast of industry advancements, adapt to emerging technologies, and capitalise on new opportunities. It supports the development of innovative products and services, enhances customer experience, and strengthens the Company's position in the market.

## Anti-bribery and Corruption

The Company's anti-bribery and corruption policy sets a strong stance against any form of fraudulent or corrupt activities within its operations. The policy emphasises a zero-tolerance approach, outlining strict guidelines and procedures to prevent, detect, and address fraudulent behaviour. It encompasses measures such as clear reporting channels, whistleblower protections, and regular audits to ensure compliance with anti-fraud and anti-corruption laws. The policy reinforces the Company's commitment to maintaining high ethical standards, protecting its reputation, and safeguarding the interests of its stakeholders. It serves as a reminder to all employees and stakeholders that fraudulent and corrupt practices will not be tolerated.

## Dealings in Securities

The Company's dealings in securities policy outlines guidelines and procedures governing the trading of securities by employees and stakeholders. It aims to ensure transparency, fairness, and compliance with applicable laws and regulations. The policy provides clear instructions on pre-clearance requirements, reporting obligations, and restrictions on insider trading. It promotes the responsible and ethical handling of securities to prevent conflicts of interest and maintain market integrity. By setting these guidelines, the policy enhances investor confidence, protects sensitive information, and upholds the Company's commitment to integrity and good corporate governance in all dealings involving securities.





## Ethical leadership and compliance (continued)

### Whistle-blowing

The Company's whistle-blowing approach encourages employees and stakeholders to report any suspected misconduct, unethical behaviour, or wrongdoing within the organisation. It provides a safe, confidential, and anonymous reporting mechanism to protect whistle-blowers from retaliation and ensures that such reports are thoroughly investigated, and appropriate actions are taken.



# AFRIMAT WHISTLE BLOWING

Any employee, customer or supplier of Afrimat Limited or its subsidiaries should report any of the following wrongdoings to the Afrimat Whistle-Blowing Hotline:

➤ Financial malpractice or impropriety or fraud/theft/corruption

➤ Failure to comply with legislation

➤ Dangers to safety and health or the environment

➤ Criminal activity

➤ Improper conduct or unethical behaviour

➤ Attempts to conceal any of the above

### Contact Details

To speak to one of our whistle-blowing officials, contact:

**Carole Seddon**  
Chief Audit Executive  
Tel: 082 444 5731

**Renier van Coller**  
General Manager: People  
Tel: 021 917 8706





# Risk Management



## Risk management

The Board, assisted by the Audit & Risk Committee, is ultimately responsible for the risk management process.

During the year under review, the Board fulfilled its risk mandate by meeting quarterly to discuss the following key risk governance and risk management matters:



## Risk management effectiveness

Management is accountable to the Board for designing, implementing, monitoring and improving the systems and processes of risk management and integrating these into the day-to-day activities of the Group. The Board is satisfied that the systems and processes in place to govern and manage risk are adequate and that management has generally executed its risk management responsibilities satisfactorily.

Afrimat views the management of risk central to its operational strategy of delivering sustained growth to stakeholders. While the CEO and CFO are the key drivers of risk management, the different management teams in the Group, Exco, Audit & Risk Committee and Board, as well as all employees, further assist with identifying, evaluating and managing key risk areas. Management has effectively implemented an adequate and effective risk management framework, which identifies, evaluates and responds to key opportunities and risks that may affect strategic objectives. The risk management policy is widely distributed throughout the Group and is integrated into the daily activities of the Group.



## Risk appetite

Risk appetite and tolerance are the fundamental concepts that provide the context for strategy identification, entrepreneurial flair and the pursuit of Group objectives. It clarifies what risks the Group can, or is willing to, take and the risks that the Group will avoid.

The Board has formally defined its appetite for risk and annually reviews this. It confirms an appropriate risk management policy, including the Company's risk appetite, to guide strategy and the engagement of risk. The Board confirms there were no material deviations from the Group's risk appetite in the period.



## Key business risks and opportunities

Key business opportunities and risks were discussed comprehensively by the Board during their quarterly strategy meetings. The Board, having considered the Group's key risks, is satisfied that the identified strategy and business plans do not give rise to risks not thoroughly assessed and confirms there were no undue, unexpected or unusual risks taken by the Group and no material losses were incurred during the year.

Management has effectively implemented an adequate and effective risk management framework, which identifies, evaluates and responds to key opportunities and risks that may affect strategic objectives.





## Risk Management (continued)

### Risk management process

#### Risk register

- ▶ Risk identification is a continuous process applied frequently to update and accommodate changes in a volatile environment.
- ▶ The risks contained on the risk register are prioritised, ranked and responses documented.

#### Key control drivers

- ▶ Key control drivers originate from the following: policies and procedures; internal control system; management control system; authorisation levels; risk analysis when major decisions are made; financial risk targets (capital, liquidity, credit, market); financial and management reporting.
- ▶ Uncontrollable risks are insured where applicable and affordable.

#### Adherence to key controls

To ensure that key controls are adhered to, the following compliance activities are in place:

- ▶ Management supervision and reviews;
- ▶ Hazard Identification and Risk Assessment ('HIRA') in respect of safety and health;
- ▶ Internal audits;
- ▶ Self-audits;
- ▶ Loss control officer (operational auditor) inspections;
- ▶ Government departments inspectors;
- ▶ Industry body audits;
- ▶ Audits by external consultants and specialists;
- ▶ Compulsory reporting and returns to government departments; and
- ▶ Whistleblowing hotline.

#### Risk incidents reporting

Risk incidents must be reported as follows:

- ▶ All instances of theft, fraud, injuries and damage to the Group's assets are recorded in a register and reported to the corporate office each month. Each instance of fraud is investigated to determine if internal and management controls functioned properly, i.e. fraud was timeously detected. Each injury is investigated and corrective actions implemented; and
- ▶ All cases of theft and fraud committed by employees and external persons are reported to the South African Police Service.

### Identifying principal risks

The risks that affect the Group's ability to create value in the immediate and longer term can be grouped into three categories:

### Mitigating factors

#### Strategic

Which impact the Group's ability to implement its strategy.

#### Operational

Which are managed proactively by implementing policies, guidelines and internal process controls.

#### Macroeconomic

Which are, to an extent, beyond the Group's control although the effects or this type of risk can be minimised.

### Assessment process

Exco and Board risk assessment, quarterly

Baseline risk assessment, quarterly

Mini HIRA

Commodity risk assessment, periodically

Project risk assessment, periodically

### Material risks

A description of all immediately identifiable material risks which are specific to the Company, its industry and/or its issued ordinary shares are set out under 'Afrimat's business strategy' in the integrated annual report on [pages 23 to 26](#).



# Business environment

Geographical footprint  
Stakeholders  
Sustainability  
Environmental responsibility  
Managing climate change  
Health and safety

17  
18  
19  
25  
27  
34



## Understanding the nature

of our environmental impact





# Geographical footprint

Afrimat primarily engages in mid-tier mining, processing and the supply of a broad range of industrial minerals and construction materials to an assortment of industries across southern Africa. In addition, Afrimat supplies bulk commodities to local and international markets. During the year, Afrimat started supplying phosphates to the agriculture sector.

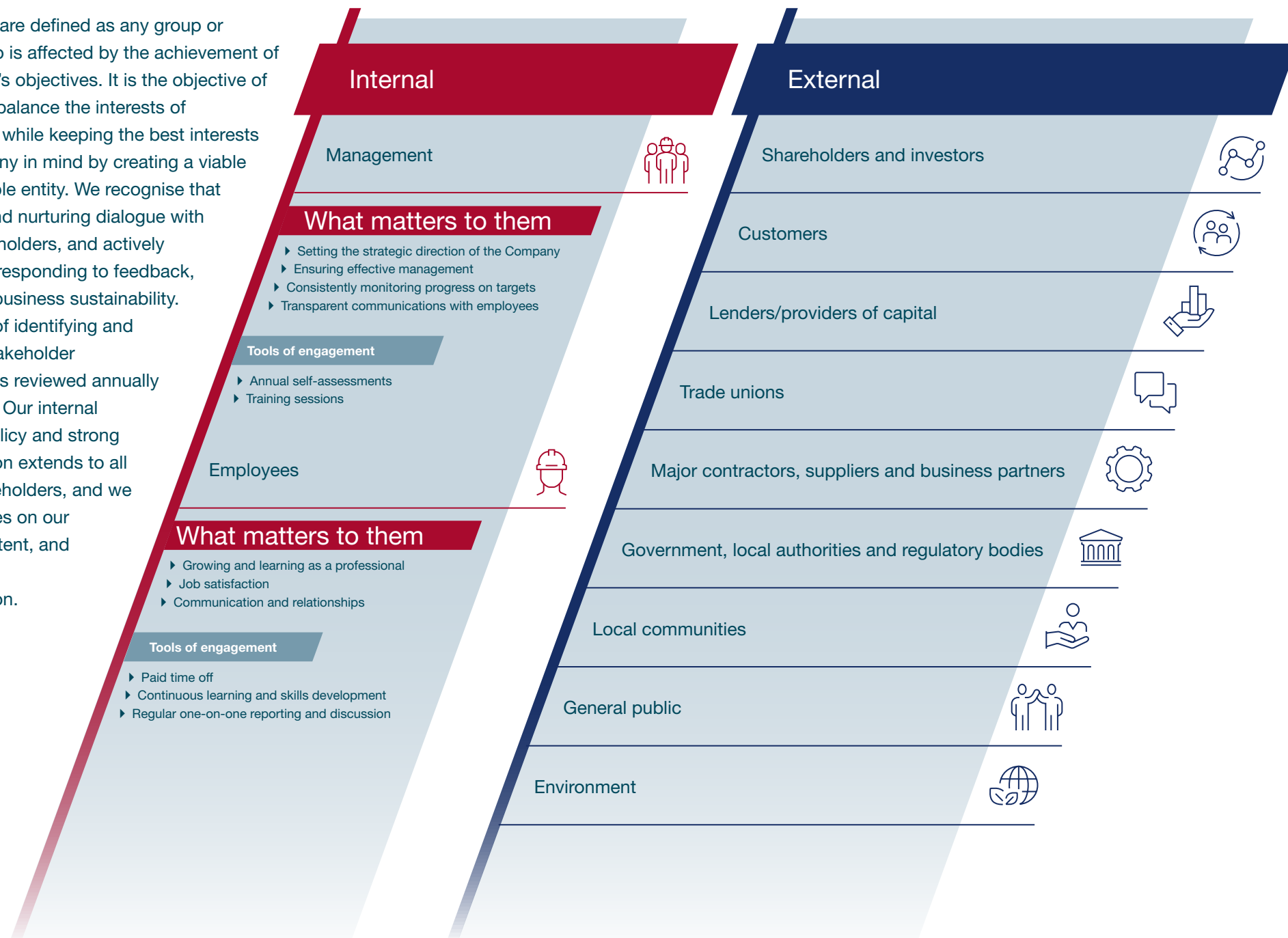
The Group has extensive in-house industry experience, and a stable employee base.





# Stakeholders

Stakeholders are defined as any group or individual who is affected by the achievement of the Company's objectives. It is the objective of the Group to balance the interests of stakeholders, while keeping the best interests of the Company in mind by creating a viable and sustainable entity. We recognise that developing and nurturing dialogue with our key stakeholders, and actively listening and responding to feedback, is a driver of business sustainability. The process of identifying and monitoring stakeholder relationships is reviewed annually by the Board. Our internal open-door policy and strong communication extends to all external stakeholders, and we pride ourselves on our timely, consistent, and transparent communication.





# Sustainability

The concept of sustainability is based on the premise that resources are finite and should be used in a conservative and wise manner. At Afrimat, we see sustainability as the consistent development of operating practices which address the needs of present generations, without compromising the potential for future generations.

The key focus areas of our sustainability approach include:

Human rights

Labour practices

Community involvement and development

Environment

Fair operating practices

Cape Lime Langvlei team



## Social, Ethics & Sustainability Committee

The Committee is a statutory Committee appointed in terms of the Companies Act. The Committee's responsibilities encompass monitoring and regulating the impacts of the Group on its material stakeholders and environments, ensuring that our policies and practices add quality to life, by ensuring minimum harm to the environment, enhancement of community and safety and health of employees. Although management is tasked with overseeing the day-to-day operational sustainability of their respective areas of business, and reporting thereon to the Committee, the Board retains ultimate responsibility for Group sustainability.

A key focus of the Board is setting the direction of ethical behaviour by prevailing codes of best practice and other ethical policies in order to create an ethical organisational culture. The Committee is accountable for:

- ensuring that safe operations and fair labour practices are applied across the Group;
- improvement strategies relating to social and economic development are in place; and
- responsible use of natural resources, as well as minimising the long-term impact on the environment.



The Group is committed to endorsing the ten principles set out in the United Nations Global Compact Principles ('UN Global Compact'), advocated by the Universal Declaration of Human Rights and International Labour Organisation.



## Sustainability (continued)

### Afrimat's environmental responsibility themes



#### Water

Promoting conservation and access to clean water for sustainable ecosystems and human well-being.



#### Waste

Encouraging responsible waste management practices for a cleaner and greener future.



#### Communities

Fostering inclusive and empowered communities to drive environmental awareness and positive change.



#### Health

Prioritising a healthy environment to safeguard human health and well-being.



#### Climate change

Taking action to mitigate and adapt to climate change for a sustainable future.



#### Materials

Promoting sustainable sourcing and responsible use of materials to reduce environmental impact.



Glen Douglas clinic



Northern Cape Primary school



Hempcrete blocks



## Sustainability (continued)

### Environmental Responsibility and Climate Change

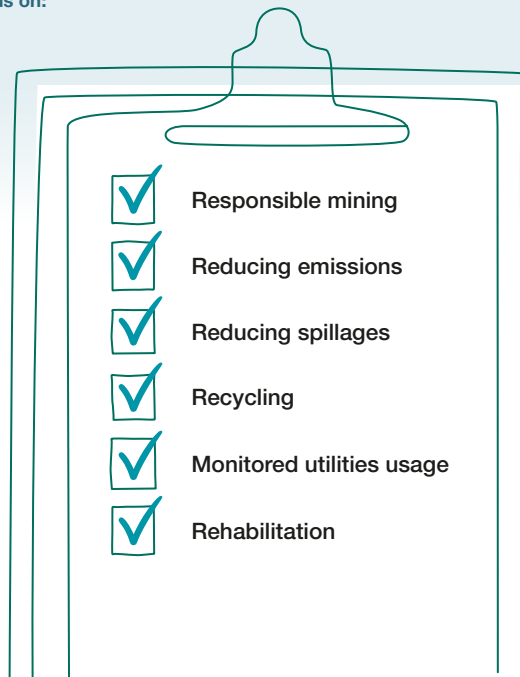
We operate in an industry (mid-tier mining) that has a significant impact on the environment. Environmental management is therefore a critical part of the day-to-day management processes at Afrimat. By understanding the nature of our environmental impact, we are able to approach our operations in a conscious manner and consistently evaluate the effectiveness thereof in an environmental setting.

We comply with all relevant environmental legislation and to support this, our mines' environmental performance is audited annually by the environmental team and by the Aggregate and Sand Producers Association of Southern Africa ('ASPASA') every second year. Furthermore, annual internal environmental performance audits are conducted at the readymix plants. The DMRE also performs random inspections at the Group's mines. Areas for improvement identified during these audits/inspections are addressed by management. Third-party audits and external consultants support our environmental conservation and protection efforts and provided additional opportunities for refinement of its Environmental Management Plans (hereinafter, 'EMPs').



Glen Douglas rehabilitation

We manage our environmental footprint with mandatory EMPs at all the mines, in the absence of which no mining activities will commence. These focus on:



During the year, focus was renewed on responsible mine planning. Developing an appropriate and adequate mining plan is a fundamental part of the planning operation. A sound mining plan is essential to achieve optimal and sustainable resource development and utilisation. Sustainable mining requires an approach that balances the curbing of environmental degradation with the optimising of materials extraction and the minimisation of cost.

The EMPs focus on responsible mining, reducing emissions through upgrades to diesel-driven equipment, decreasing noise pollution, recycling products where viable, and maintaining all plants at optimum working levels and efficiency.

The EMPs and Environmental HIRAs during the year were reviewed by management and independent consultants/specialists and only minor changes were required, all of which were implemented.

The GM: Sustainability through senior environmental specialists are responsible for ensuring compliance with the site EMPs, assisted by the regional managers. The regional managers assume responsibility for all sites in their respective regions and have full control of regional environmental resources.



## Environmental initiatives at AFRIMAT

# AFRIMAT HEMP PROPRIETARY LIMITED



Afrimat Hemp is a subsidiary of the Afrimat Group and is pioneering the industrial hemp sector on the African continent, specialising in industrial hemp processing, natural construction materials, animal bedding and bulk natural fibre.

Their mission is to provide the market with a sustainable, eco-friendly alternative to traditional materials and to be a leading player in the emerging global hemp industry. Their operations will be based across Africa and Europe, starting off with a small scale mobile operational processing approach in South Africa and growing organically throughout Africa and Europe as the hemp industry matures both locally as well as internationally.

**Hemp, also known as industrial hemp, is a versatile plant that offers several environmental advantages when compared to other crops or materials. Here are some of the key environmental benefits of using hemp:**

1

**Sustainable farming:** Hemp is a fast-growing crop that requires minimal pesticides and herbicides, making it a more sustainable option compared to other crops. It can be cultivated without depleting soil nutrients, reducing the need for synthetic fertilisers and preventing soil erosion.

2

**Carbon sequestration:** Hemp has a unique ability to absorb and store carbon dioxide from the atmosphere during its rapid growth, making it an effective tool for carbon sequestration. This can help reduce greenhouse gas emissions, which contribute to climate change. The woody core, which is typically discarded, is used to make hempcrete.

3

**Biodiversity and habitat preservation:** Hemp provides habitat and food for a variety of insects and wildlife, promoting biodiversity and supporting ecosystem health. It can also be used as a rotational crop, reducing monoculture and promoting crop diversity.

4

**Reduced water usage:** Hemp requires less water compared to other crops such as cotton, making it a more water-efficient option for agricultural production. This can help conserve water resources in areas where water scarcity is a concern.

5

**Sustainable alternatives:** Hemp can be used as a renewable source of various materials, including paper, textiles, bioplastics, and construction materials, offering sustainable alternatives to traditional materials that are resource-intensive or fossil fuel-based.

6

**Energy efficiency:** Hemp can be used to produce biofuels and biomass, offering a renewable and sustainable source of energy that can help reduce dependence on fossil fuels and mitigate climate change.



## Sustainability (continued)

### Market Opportunity

The global industrial hemp market is projected to grow at a CAGR of 34.6% from 2020 to 2027, driven by increasing demand for hemp-based products in various industries such as textiles, food and beverage, personal care, and construction. The legalisation of hemp cultivation in many countries has also created significant opportunities for hemp farmers and processors across the world and now also in South Africa.

## HEMPCRETE:

### A Sustainable Building Material Gaining Circular Achievement

Afrimat Hemp is also engaged in the manufacturing of Hempcrete, which is a building material made from the woody core of the hemp plant mixed with lime and water. It is a sustainable and eco-friendly alternative to traditional building materials.

Afrimat Hemp has pioneered and formulated the first hempcrete blocks at industrial scale on the African continent. These hempcrete blocks were used in the 84 Harrington Street, Cape Town project, the tallest building in the world built, using hempcrete. Hempcrete is a circular material, meaning it can be reused or recycled at the end of its lifespan.

Hempcrete also has excellent insulation properties, which means buildings constructed with hempcrete require less energy for heating and cooling, reducing energy consumption and carbon emissions.

The use of hempcrete is also beneficial for local economies. Hemp farming and construction with hempcrete provides employment opportunities for rural communities, reducing the dependency on fossil fuels and supporting sustainable and resilient local economies. Afrimat Hemp's mobile S3 hemp processing unit is designed to process hemp in remote and rural locations.

We believe that Afrimat Hemp has the potential to maintain its position as a leading player in the African industrial hemp industry, with a strong focus on quality, sustainability, and innovation. We are confident that our experienced management team, state-of-the-art processing capability, and strategic partnerships will enable us to capture a significant share of the growing hemp market.

### Afrimat Hemp Offering

- Hemp decortication and processing
- Hempcrete block range
- Breathable lime-based plasters, mortars and paints for heritage and hemp construction
- Hemp bedding range for the animal and agricultural sector
- Bulk industrial fiber

### For more info visit us on:

- ▶ <https://www.afrimathemp.co.za/>
- ▶ Instagram: @afrimathemp
- ▶ <https://www.linkedin.com/company/afrimat-hemp/?originalSubdomain=za>





## GLEN DOUGLAS DOLOMITE SOLAR PLANT



7 AFFORDABLE AND  
CLEAN ENERGY



12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



13 CLIMATE  
ACTION

Upon assessing the way forward in light of the current energy crisis in South Africa, Afrimat has identified the wholly-owned subsidiary, Glen Douglas Dolomite Proprietary Limited ('Glen Douglas') as the perfect operation to run on solar power. This is due to the fact that Glen Douglas Dolomite has one of the highest power usages in the Group and has the space available for the addition of the solar plant. This will be a pilot plant.

Solar power installations offer a wide range of environmental advantages that contribute to sustainability and help mitigate the impacts of climate change.

### Here are some of the key environmental benefits of solar power installations:

1

**Renewable and Clean Energy:** Solar power is a renewable and clean source of energy that does not produce any harmful greenhouse gas emissions, air pollution, or water pollution during its operation. Unlike fossil fuels, which release carbon dioxide and other pollutants when burned for energy, solar power generates electricity by harnessing energy from the sun through photovoltaic ('PV') cells, making it a clean and sustainable choice for businesses.

2

**Reduced Carbon Footprint:** One of the significant environmental advantages of solar power installations is the reduction of carbon footprint. Carbon emissions from burning fossil fuels are one of the main contributors to climate change. By using solar power, businesses can reduce their reliance on fossil fuels and lower their carbon emissions. This helps in mitigating climate change and reducing the overall environmental impact.

3

**Conservation of Natural Resources:** Solar power installations help in conserving natural resources. Fossil fuels such as coal, oil, and gas are finite resources that are extracted from the earth's crust and can deplete over time. In contrast, solar power relies on the sun's abundant and free energy, which is available for billions of years to come. By utilising solar power, businesses can help conserve precious natural resources and reduce their dependence on fossil fuels.

4

**Improved Air and Water Quality:** Solar power installations help in improving air and water quality. Burning fossil fuels for energy production releases harmful pollutants into the air and water, leading to air pollution and water contamination. Solar power, on the other hand, does not produce any air or water pollution during its operation. By adopting solar power, businesses can contribute to cleaner air and water, which benefits not only the environment but also the health and well-being of local communities.

5

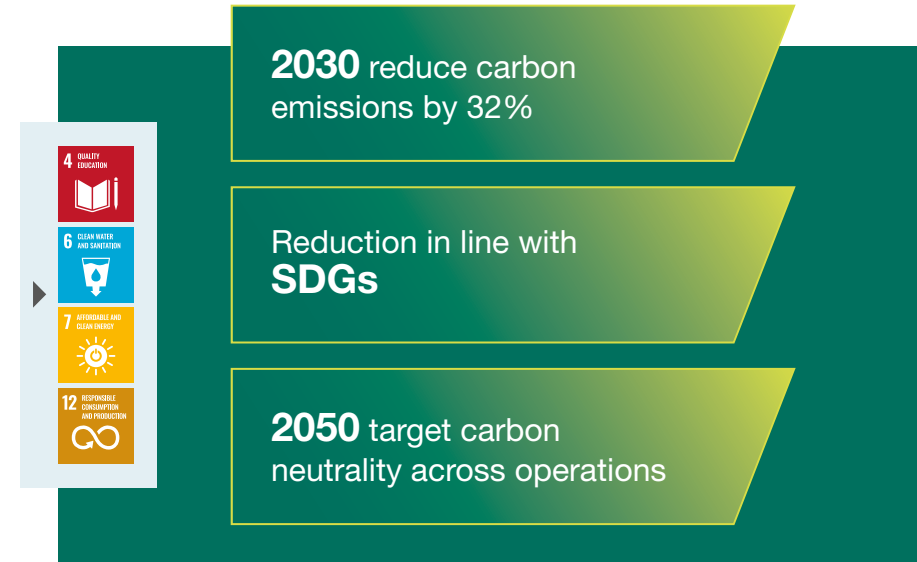
**Biodiversity Conservation:** Solar power installations have minimal impact on biodiversity compared to other forms of energy generation. Large-scale energy production from fossil fuels often requires the destruction of natural habitats, such as forests and wetlands, leading to loss of biodiversity and ecosystem degradation. Solar power installations, on the other hand, require minimal land use and do not produce any harmful emissions that can impact wildlife and their habitats. This makes solar power a more environmentally friendly choice for businesses that are conscious about biodiversity conservation.



# Environmental responsibility

## Environmental training

Training was identified as the first step in improving the mitigation of the risks identified in an ever-changing environment. In order to remain up to date with laws and regulations, specialist training was provided. Annual training is provided on specific environmental matters identified in consultation with ASPASA. These matters include day-to-day environmental management processes to reduce the risk of environmental degradation. In addition, programmes conducted for all employees, included training on the conservation of water and the quantification of carbon emissions.



## Carbon footprint

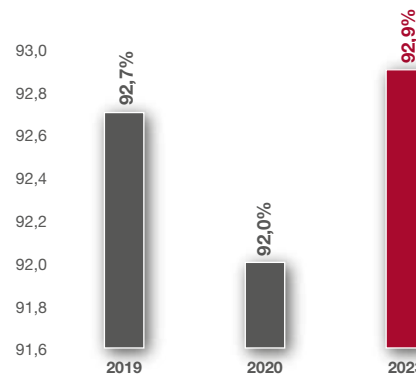
Afrimat has embarked on a project to identify different renewable energy, energy efficiency and forestry carbon emission offset projects to implement in the near future. These include the implementation of Solar Photovoltaic plants as well as other carbon dioxide capturing projects. Afrimat has set a target to reduce its carbon footprint by 32% in 2030. This forms part of the Group's strategy to manage climate change.

The following measures were implemented to conserve precious resources and decrease Afrimat's carbon footprint:

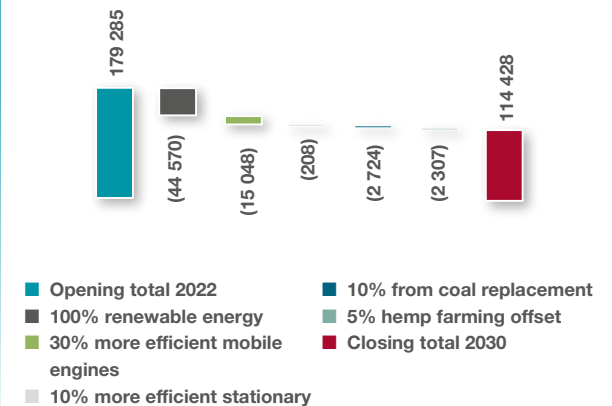
- ▶ Benchmarking of operational output and the use of electricity, fuel and explosives;
- ▶ Determination of the basic requirements to deliver optimum production leading to the establishment of a standard energy consumption rate per machine;
- ▶ Ongoing monitoring of power factor corrector capacitors to ensure a decreasing trend in electricity usage;
- ▶ Sequential start-up of electrical motors at each start-up procedure;
- ▶ Shifting production times to fall in non-peak electricity consumption periods;
- ▶ Monitor water usage by all sites in an effort to implement initiatives to reduce water consumptions; and
- ▶ Used oil and scrap steel to be sold to accredited companies for recycling purposes.



## ASPASA audit results








## Carbon neutral strategy 2030 – Reduce by 32%










## Environmental sustainability (continued)

Key focus areas are summarised below:

| Long-term goals:  |                                      |   |
|---|--------------------------------------|---|
| Key focus area  | FY2024 goal                          | Long-term goal  |
|  <b>Electricity consumed</b> | Determine reduction % from baselines | ➤ Measure electricity consumed per product tonne produced, compare usage at different operations and reduce usage in line with best practices.  |
|  <b>Water usage</b>          | Determine reduction % from baselines | ➤ Measure water usage per product tonne produced, compare usage at different operations and reduce usage in line with best practices.   |
|  <b>Carbon emissions</b>     | Determine reduction % from baselines | ➤ Register all relevant sites with South African Greenhouse Emissions Reporting Services ('SAGERS') in order to measure all carbon emissions. Compare emissions between different sites and identify initiatives to reduce emissions. |
|  <b>Waste management</b>     | Determine reduction % from baselines | ➤ Compare waste generated between various operations, reduce, reuse and recycle the waste generated.  |
|  <b>Bio-diversity</b>        | Determine reduction % from baselines | ➤ Set annual target percentage on rehabilitation of operations (in hectares).   |

| Effectiveness against FY2023  |   |   |  |
|---|---|---|--|
| Key focus area  | FY2024 goal   | Evaluation  | Benchmark comparison   |
|  <b>Electricity consumed*</b> | Benchmark the use of electricity by all operations  | ➤ Electricity usage for FY2023 has been measured for all operations.  | 12,6% increase from 42,1 million kWh in FY2022 to 47,4 million kWh in FY2023.                          |
|  <b>Water usage**</b>        | Water supplied by the municipality is currently measured. Meters to be installed at all sites utilising extraction points to draw water from natural resources. Recycling and conservation of water | ➤ The installation of water meters at operations utilising extraction points has not been completed. Water usage by operations (including municipal water supply as well as extraction points) is available for FY2023, based on a 90% measurement of all operations. | 70,9% increase from 810 024 m <sup>3</sup> water used in FY2022 to 1 384 706 m <sup>3</sup> in FY2023. |
|  <b>Carbon emissions</b>     | Register of all relevant sites with SAGERS to enable the sites to report emissions accurately   | ➤ All operations have been registered with SAGERS, measured and compared.   | 3,5% decrease from 179 284 tCO <sub>2</sub> e in FY2022 to 173 046 tCO <sub>2</sub> e in FY2023.       |
|  <b>Waste management</b>     | Measure all waste generated   | ➤ A waste stream identification list has been compiled for all operations.  | 58% decrease in waste from 154 tonnes in FY2022 to 64 tonnes in FY2023.                                |
|  <b>Bio-diversity</b>        | Quantify all hectares rehabilitated on the environmental performance assessment   | ➤ In FY2023, 100% of all operations were quantified in terms of hectares rehabilitated.   | Increase from 17 ha in FY2022 to 26,3 ha in FY2023.  |

\* Electricity usage increased due to the increased capacity at Nkomati.

\*\* Water usage increased as a result of the ramp up of Jenkins iron ore and Nkomati anthracite mine.



# Managing climate change

Afrimat recognises the significance of the impact of climate change, being one of the critical global challenges of our time. Our commitment to being part of the solution to climate change has transformed our way of thinking. All business units within the Group are required to adopt high environmental management standards, we do this by continuing to develop and implement strategies, for example, using resource materials responsibly and efficiently, and complying with legislative requirements. We strive to create awareness and embed a culture of being mindful of the environmental impact in areas where we have influence.

The risks associated with climate change can generally be categorised into two broad areas:

- 
**Physical risks/opportunities:** These risks may be acute, driven by weather events, such as drought/floods or risks may be chronic, resulting in long-term weather pattern shifts.
- 
**Transition risks/opportunities:** Transition to a low carbon economy may have certain challenges such as a change in customer behaviour, increase in costs, and compliance to new regulations.

## Physical risks



### Acute/Chronic

The shortage of water can result in less production and ultimately a loss in revenue. Obtaining of Water Use Licences and boreholes remains a key focus. Water recycling initiatives have been implemented at some of the operations.

- ▶ Change in global weather patterns;
- ▶ Extreme weather, e.g. floods, drought, heatwaves; and
- ▶ Afrimat has proper disaster control measures and emergency plans in place and ensures that adequate insurance against disasters are available.

## Transition risks



### Policy and Legal

Carbon taxes and related GHG emission levies are still evolving, which will have a financial and regulatory impact on the costs and compliance of the operations.



### Technology

High costs incurred to transition to lower emissions technology. Afrimat has embarked on a project to identify different renewable energy, energy efficiency and forestry carbon emission offset projects to implement in the near future.



### Market

Increased production costs as a result of increase input costs, e.g. water, energy and output requirements, e.g. waste treatment.



### Reputation

Stakeholder relations such as the Government, local authorities, NGOs and regulatory bodies are important to the Group.

## Measures put in place:

- 
  - ▶ Benchmarking of operational output and the use of electricity, fuel and explosives;
  - ▶ Measurement of a standard energy consumption rate per machine;
  - ▶ Sequential start-up of electrical motors;
  - ▶ Production times to fall in non-peak electricity consumption periods;
  - ▶ Monitoring of water usage; and
  - ▶ Used oil and scrap steel sold to accredited recyclers.
- 
  - ▶ These include the implementation of solar photovoltaic plants as well as other carbon dioxide capturing projects.
  - ▶ Refer [page 24](#).
- 
  - ▶ The Group actively implements cost efficiencies and where possible measures its performance against benchmarks, refer [page 32](#).
- 
  - ▶ Afrimat consistently engages and raises awareness within local economic, social and infrastructure spheres.



## Managing climate change (continued)

# AFRIMAT IS COMMITTED TO BEING PART OF THE SOLUTION TO CLIMATE CHANGE



## Task Force on Climate-Related Financial Disclosures ('TCFD')

We have used the guidelines as per the recommendations of the TCFD to respond to the TCFD reporting requirements. The core elements of the recommended climate-related financial disclosures may be illustrated as follows:

| Themes     | Purpose   | Recommended disclosures   | Application   |
|------------|---|---|---|
| Governance | Disclose the Group's governance around climate-related risks and opportunities  | (a) The Board's oversight of climate-related risks and opportunities.   | Board level oversight is a mandated responsibility of the Chairman of the Board and the CEO. The Social & Ethics Committee also provides overall direction on our sustainability strategy. The Committee oversees, on behalf of the Board, our environmental management; delivery of the sustainability framework implementation plan; and our climate change strategy, which includes management of water, energy and waste considerations. The Audit & Risk Committee is responsible for the governance of risk and has oversight of our climate-related risks and opportunities. |
|            |   | (b) Management's role in assessing and managing climate-related risks and opportunities.  | The GM: Sustainability through senior environmental specialists are a team that assess the impact of climate-related risks and opportunities. They are assisted by regional managers of the various sites to whom the environmental resources are available. The Group has conducted a formal carbon footprint assessment with the assistance of internal and external specialists.   |
| Strategy   | Disclose the actual and potential impacts of climate-related risks and opportunities on the Group's businesses, strategy, and financial planning where such information is material | (a) The climate-related risks and opportunities the Group has identified over the short, medium and long term.                                | Refer to the risks of climate-related changes addressed on <a href="#">page 27</a>  |
|            |   | (b) The impact of climate-related risks and opportunities on the Group's business, strategy and financial planning.                           | Climate-related risks have a financial impact on the Group's operations. The transition to a low carbon economy is costly. Therefore Afrimat focuses on sustainable mining that requires an approach which balances the curbing of environmental degradation with the optimising of materials extraction and minimisation of costs.   |
|            |   | (c) The resilience of the Group's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | The Group undertook an initiative to reduce GHG emissions and to adhere to limiting the increase in global temperature to below pre-industrial level or the so-called 2°C climate environment.  |





## Managing climate change (continued)

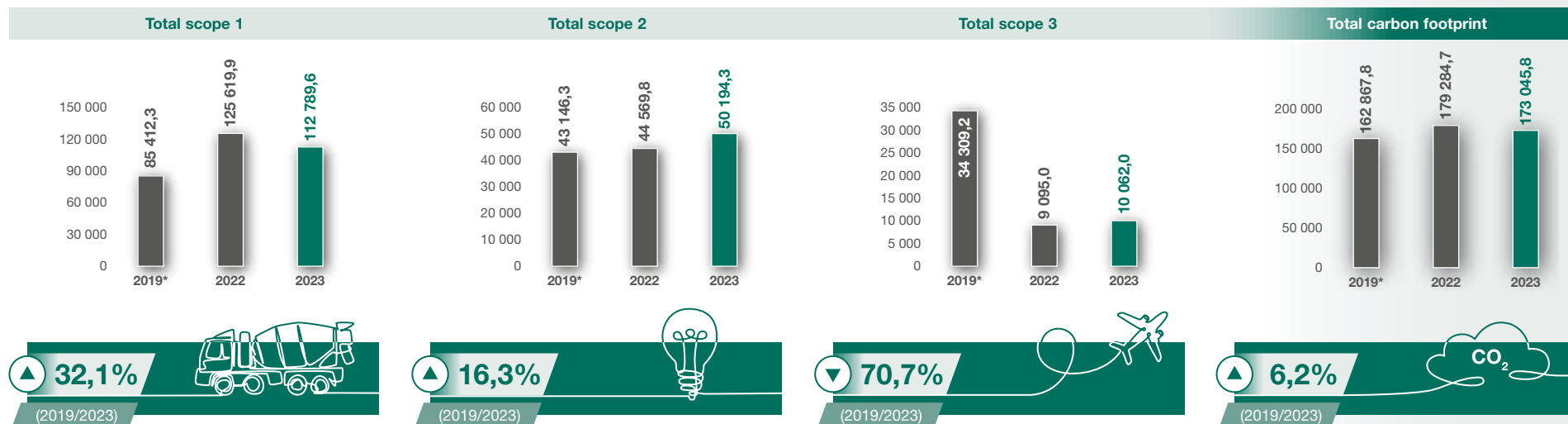
| Themes              | Purpose  | Recommended disclosures  | Application  |
|---------------------|--|--|--|
| Risk management     | Disclose how the Group identifies, assesses and manages climate-related risks  | (a) The Group's processes for identifying and assessing climate-related risks.   | Refer to <a href="#">page 14</a> , for Afrimat's risk management process. These processes are used to identify and mitigate risks.   |
|                     |  | (b) The Group's processes for managing climate-related risks.  | The Group manages its environmental footprint with mandatory EMPs at all the mines, refer to the focus areas on <a href="#">page 27</a> .  |
|                     |  | (c) How processes for identifying, assessing and managing climate-related risks are integrated into the Group's overall risk management.   | Benchmarks are used to assess the Group's climate-related risks and targets are then set for the Group, which is then monitored on a continuous basis. Strategies are devised by the GM: Sustainability and senior environmental specialists and subsequently implemented.   |
| Metrics and targets | Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material | (a) The metrics used by the Group to assess climate-related risks and opportunities in line with its strategy and risk management process. | GHG emissions as well as electricity, water usage, waste management and bio-diversity are measured and monitored at all operations and the Group is compliant to the latest regulations on GHG reporting, carbon tax, carbon budget and carbon offset.<br>GHG emissions has been measured since 1 January 2018 and the Group's focus is on developing mitigating measures to reduce emissions across all business units. Refer to the measures that have been implemented, refer to <a href="#">page 25</a> for carbon footprint.  |
|                     |  | (b) Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.                                   | The GHG Protocol ('Protocol') is widely used methodology, suitable for companies. The Protocol defines emissions as either 'direct' or 'indirect', where direct emissions are from sources that are owned or controlled by the Group. Three scopes are defined:<br><ul style="list-style-type: none"> <li>▶ Scope 1: Direct emissions and emissions from sources owned and controlled by the Group (includes direct emissions from the combustion of liquid fuels in Group-owned vehicle fleet and the combustion of diesel generators);</li> <li>▶ Scope 2: Indirect emissions associated with the generation of electricity, heating/cooling and steam purchased for own consumption (includes indirect emissions associated with purchased electricity from Eskom); and</li> <li>▶ Scope 3: Indirect emissions other than those covered in Scope 2 (comprise a range of indirect emissions including business travel, air travel, employee commuting, purchased goods and services such as food, paper products, water supply and solid waste).</li> </ul> Refer to <a href="#">page 30</a> for the reported GHG per scope. |
|                     |  | (c) The targets used by the Group to manage climate-related risks and opportunities and performance against targets.                       | To mine within approved EMP for all of the Group's mining activities and zero harm to the environment for all other activities. Refer to the table on <a href="#">page 26</a> for the Group's key focus areas, indicating the long-term goals and the measure of effectiveness against the goals.  |





## Managing climate change (continued)

### Total GHG emissions per scope (tCO<sub>2</sub>e)



### Intensity emissions (tCO<sub>2</sub>e)



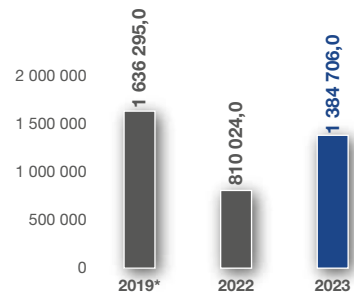
\* Represents base year.



## Managing climate change (continued)

### Monitored utilities resource and rehabilitation

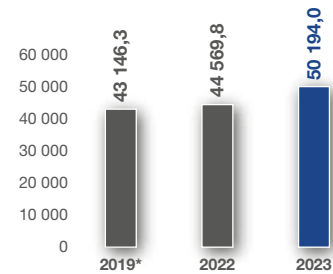
Water consumption (m³)



▼ 15,4%  
(2019/2023)



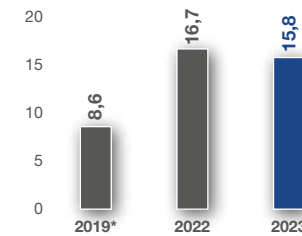
Electricity consumption (tCO<sub>2</sub>e)



▲ 16,3%  
(2019/2023)



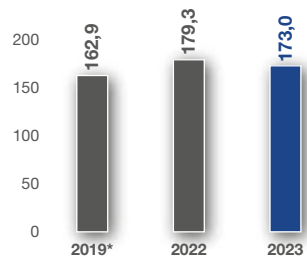
Fuel consumption (diesel and petrol) (million litres)



▲ 83,7%  
(2019/2023)



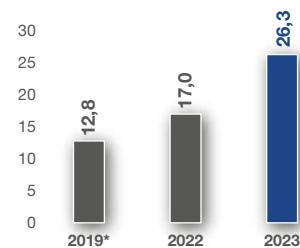
CO<sub>2</sub> emissions (tCO<sub>2</sub>e)



▲ 6,2%  
(2019/2023)



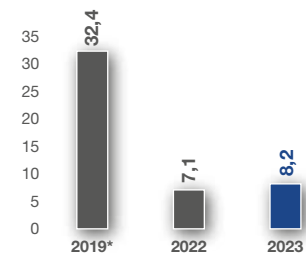
Rehabilitation (ha)



▲ 105,5%  
(2019/2023)



Business travel (tCO<sub>2</sub>e)



▼ 74,7%  
(2019/2023)



\* Represents base year.



## Managing climate change (continued)

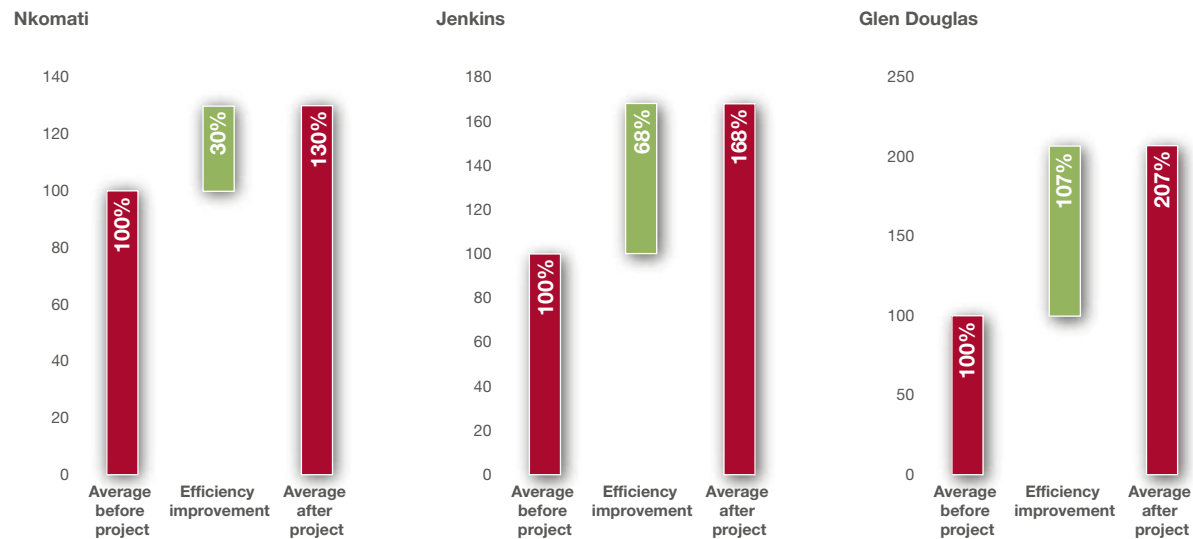
### Fleet efficiency drive

The Company has embarked on a fleet efficiency drive aimed at reducing fuel usage and optimising its transportation operations. Recognising the environmental and economic impact of fuel consumption, the initiative focuses on implementing strategies to enhance the efficiency of the Company's fleet. Through the adoption of advanced technologies, the Company can closely monitor and analyse vehicle performance, identify areas for improvement, and implement targeted measures to reduce fuel consumption. This drive not only contributes to the Company's commitment to sustainability but also enables cost savings, enhances operational efficiency, and minimises its carbon footprint in the transportation sector.

Herewith the results of the fleet efficiency drive during the reporting period:



#### Fleet efficiency drive tonnes per machine hour





## Managing climate change (continued)

### Arbor Week Participation

Arbor Week, celebrated in many countries around the world, is a dedicated time to raise awareness about the importance of trees and promote tree planting activities. Arbor Week serves as a valuable platform for businesses to make a positive impact on the environment, society, and their own stakeholders.

Afrimat has pledged to plant 50 trees at several schools (as listed below) in the Western Cape, KwaZulu-Natal, Northern Cape, Mpumalanga and Gauteng. By demonstrating environmental stewardship, fulfilling corporate social responsibility, fostering employee engagement, contributing to biodiversity conservation, and potentially reaping long-term economic benefits, Afrimat is actively contributing to building a sustainable and greener future for generations to come.



Herewith a list of schools that were identified and benefited from the project:



| Area                   | School                              |
|------------------------|-------------------------------------|
| <b>1 Western Cape</b>  |                                     |
| Somerset               | Nomzamo High School                 |
| Vredendal              | Vergenoeg Primary                   |
| <b>2 KZN</b>           |                                     |
| Ladysmith              | Harvest High School                 |
| Ulundi                 | Maqingendonda High School           |
| Ulundi                 | Mbhasobheni Primary School          |
| Ulundi                 | Mbilane High School                 |
| <b>3 Northern Cape</b> |                                     |
| Olifantshoek           | Noord Kaap Primere Skool            |
| Olifantshoek           | Maikailo                            |
| <b>4 Mpumalanga</b>    |                                     |
| Msholzi                | Boschrand Primary                   |
| <b>5 Gauteng</b>       |                                     |
| Marble Hall            | Nkoana Willy Maditsi Primary School |

### Reducing our environmental impact in the office setting

Afrimat not only acknowledges their responsibility to reduce their carbon emissions in respect of the mining operations, but also in respect of the work that happens behind the scenes in our offices.

The following is done to reduce our carbon footprint:



Group-wide secretarial documents have been changed from paper-based to electronic;



Energy efficient light-emitting diodes ('LEDs') in most offices;



No single use plastics in the kitchens and common areas;



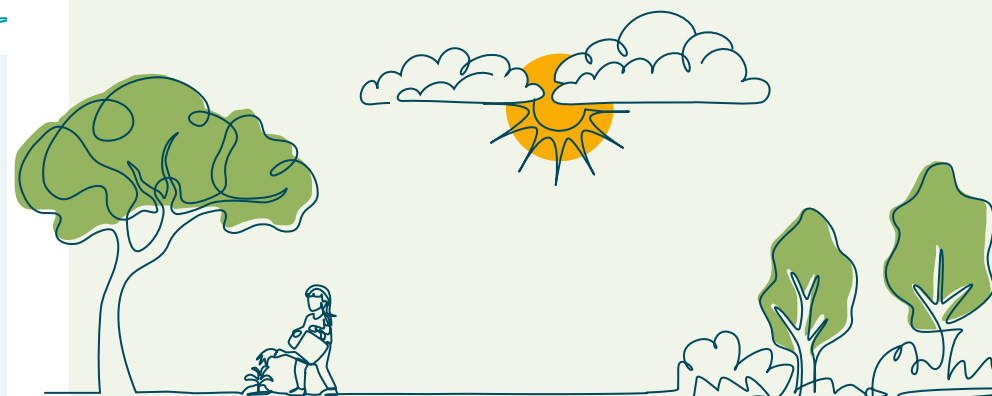
At head office, recycled stationery is used where possible;



Some Afrimat branded gear and garments are made from recycled materials;



Battery disposal depots around the office for safe disposal.





# Health and safety

Afrimat is committed to providing a safe and healthy working environment for all employees which is in strict compliance with the South African Occupational Health and Safety Act, Mine Health and Safety Act and other relevant regulations and recognised standards and guidelines. Within the mining and manufacturing industries there are potential health and safety risks, to minimise the risk we, at Afrimat, proactively assess and manage the risk to prevent health and safety incidents.



The LTIFR reduced substantially from **0,58 to 0,34** at the end of the current financial year.

Responsibility for health and safety devolves down from the Executive Director: People & Sustainability, GM-Sustainability and Group SHE manager to all levels of employees and radiates up again with the CEO taking ultimate responsibility.

Regional managers assume full accountability for SHEQ management throughout their respective regions. They are responsible and accountable for the proper resource utilisation and day-to-day management. Regional H&S officers have a functional reporting relationship to the regional managers and to the Group SHEQ manager.

The Group SHEQ manager is responsible for devising new policies. These are communicated through Company notice boards, management meetings and each operation's monthly safety meeting. Responsibility for compliance rests at every level throughout the Group down to each individual employee. The Health & Safety, Fatigue and HIV/TB Policy was reviewed and approved by management during the year. (A copy of our policies is available at [www.afrimat.co.za](http://www.afrimat.co.za).)

## Health and safety risk process

Our FY2024 leading indicator focus points will be on electrical, ergonomics, fall risk, traffic management, environmental: air quality, waste management, surface and ground water, rehabilitation. We selected these leading indicators based on industry trends and Afrimat specific trends analysis of why our injuries occurred or our audit non-conformances. Audit non-conformances include internal, DMRE, Department of Labour, ASPASA SHE audits findings.

FY2022 compared to FY2023 and the targets set for FY2024

|                          | FY2022 | FY2023      |   | Targets FY2024                        |
|--------------------------|--------|-------------|---|---------------------------------------|
| LTIFR (12mr)*            | 0,58   | <b>0,34</b> | ▼ | 20% reduction                         |
| MTI (12mr)**             | 1,07   | <b>0,70</b> | ▼ | 20% reduction                         |
| FA (March – December)*** | 31     | <b>28</b>   | ▼ | Consistently reduce                   |
| TRIFR (12mr)****         | 1,65   | <b>1,04</b> | ▼ | Achieve below 1,00                    |
| Near miss (12mr)         | 351    | <b>605</b>  | ▲ | Increase near miss reporting by 20%   |
| Leading indicators*****  | 76%    | <b>89%</b>  | ▲ | Increase leading indicators above 90% |

\* Lost time injury frequency rate (number of incidents x 200 000 man hour/ actual hours worked).

\*\* Medical treatment injuries.

\*\*\* First aid.

\*\*\*\* Total recordable injury frequency rate.

\*\*\*\*\* The leading indicator tool is utilised to measure and monitor proactive safety actions taken to prevent employees and contractors from being injured and to maintain safe and healthy working environments.

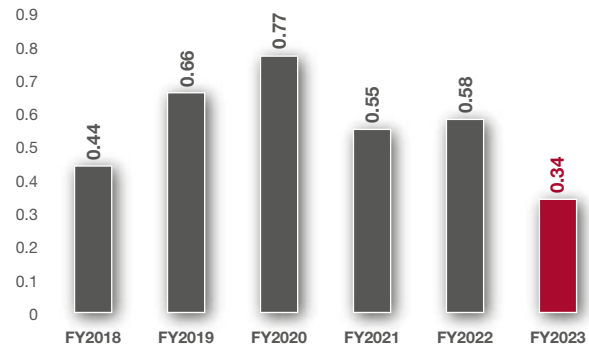


Lyttelton Mine  
1 000 LTI free days

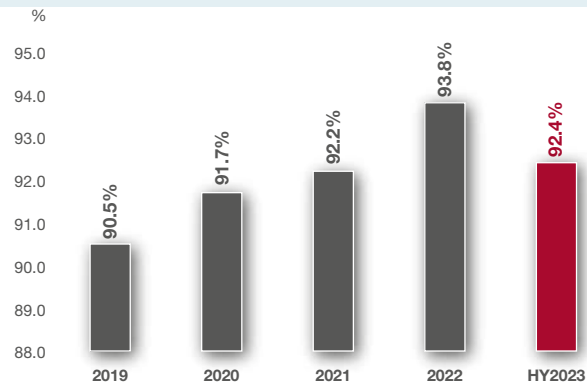


## Health and safety (continued)

### LTIFR Progress



### ASPASA ISHE Audits



The mines at Langvlei and Vredendal are included for the first time in the ASPASA audit.





## Health and safety (continued)



The focus in the upcoming year will be on leading indicators (proactive steps in preventing injury) rather than lagging LTIFR indicators

| Key focus area        | Leading indicators*                            | Near miss reporting**   | Identifying critical tasks***       | Planned task observations | Procedure and guideline Training**** |
|-----------------------|--|---|-------------------------------------|---------------------------|--------------------------------------|
| <b>FY2024 goal</b>    | 90% compliance                                 | 60% improvement   | 80% of six focus points implemented | 80% conducted             | 95% compliance testing               |
| <b>Long-term goal</b> | Entrench uniform SHEQ culture within the Group | Increase accuracy of near miss reporting and reduction of LTIFR and MTI | Reduction of LTIFR                  | Reduction of LTIFR        | Reduction of LTIFR                   |

Our FY2024 leading indicator focus will be on HIRA, lockout, trackless mobile machinery, accident incident investigation, planned task observations and guards. We selected these leading indicators based on industry trends and Afrimat specific trends analysis of why our injuries occurred or our audit non-conformances. Audit non-conformances include internal, DMRE, Department of Labour, ASPASA SHE audits findings.

### Effectiveness against FY2023 goals

| Key focus area     | Leading indicators*  | Near miss reporting**   | Identifying critical tasks***                      | Planned task observations                                     | Procedure and guideline Training****              |
|--------------------|--|---|--|---|---|
| <b>FY2023 goal</b> | Standardisation of the SHEQ system with employee input       | Redefine the definitions of the various incidents. Re-train all employees on incident reporting | Identify critical tasks relevant to each operation | Measure planned task observations performed on critical tasks | Measure and monitor training planned and executed |
| <b>Evaluation</b>  | 90% achieved on the overall leading indicator measuring tool | Proactive near misses reporting maintained  | 90% planned critical tasks identified              | 90% task observations on critical tasks completed             | 100% completion of training matrix                |

\* The leading indicator tool is utilised to measure and monitor proactive safety actions taken to prevent employees and contractors from being injured and to maintain safe and healthy working environments.

\*\* Near miss reporting gives an operation the opportunity to react to situations that could have resulted in an injury before it happens. Injuries will therefore reduce because unsafe situations or behaviours are corrected before it results in injury.

\*\*\* Critical tasks are those work activities with high risk due to the nature of the task, the employees must be informed of these tasks and the control measures to follow while performing the task. Planned task observations are then conducted on employees while performing the task to ensure they perform the safety measures during the tasks to prevent injury.

\*\*\*\* Training ensures that everyone is informed of the various rules and the control measures, if a person is unaware of the rule he/she can follow it and protect themselves. During FY2023 we focused on procedure training at operational level, therefore the percentage is slightly lower than the year before when we focused on statutory training that was completed during the current year.



## Health and safety (continued)

### Health & Safety training

During the year a range of health and safety training was conducted:

- ▶ SHE induction for new employees (and annual refresher for all existing employees);
- ▶ Statutory training with an automated reminder process on SAGE;
- ▶ South African Qualifications Authority ('SAQA') requirements for the statutory training;
- ▶ Virtual platform;
- ▶ Integration of SHE in the Afrilead leadership management programme as part of the sustainability module; and
- ▶ Training evaluation done on SHE representative who train suppliers in order to improve quality of training received.

### Our employees' well-being

An occupational healthcare system for our employees is geared towards total wellness and incorporates annual medical assessments for all employees.

As part of our AfriCare initiative to further make the principal caring environment a lived experience for all Afrimat employees, Afrimat partnered with Netcare 911 to offer our employees fast emergency response services in the event of a work-related medical emergency.

Benefits of using our injury emergency number:

- ▶ Get fast emergency responses that could save someone's life, especially in areas where it is difficult to get an ambulance to the scene quickly.
- ▶ Get professional telephonic or video call advice from medical professionals in emergency cases.
- ▶ Get emergency medical evacuation by road or air from doctors, nurses and paramedics who provide life-saving treatment, resuscitation, and stabilisation.

We shall ensure a healthy and safe working environment to be our primary responsibility. We shall lead our Health & Safety effort by example. We furthermore believe that, in self-interest and for the collective good, every employee should participate in and contribute towards our Health & Safety effort.

Quoted from our Health and Safety policy, to highlight the fact that Afrimat operates in an integrated process and not only inter-departmental. Each employee is encouraged to manage and take control of their own health.

Effective health and safety programmes were implemented at each of our sites, thereby entrenching a culture of safety and empowering employees to participate in these protocols to achieve a safe, healthy, and an accident-free environment. Our Medical Service Providers play a vital role in identifying the risk exposures through occupational hygiene measurements and occupational exposure reviews (Man Job Specifications) to identify potential risks. The People Management department and Medical Service Providers worked closely together to ensure our employees returned safely to work and managed those instances where return to work was not possible due to incapacity.

The following medicals are conducted:

- ▶ Annual medical assessments: all employees exposed to occupational health risks at operational sites: mines, workshops, concrete product plants, readymix plants and administration employees who frequently visit the sites;
- ▶ Entry medicals: all employees before entering Afrimat's service in order to establish whether the individual is fit to perform the specific work and to establish a medical baseline;
- ▶ Exit medicals: all employees leaving Afrimat's service in order to establish an exit reference and baseline comparative; and
- ▶ Annual health checks for senior management.

Processes were developed to measure and monitor health statistics to determine the health status of the Group on a monthly basis. Occupational hygiene measurements are now linked to the health process to identify potential over-exposures and prevent illnesses. A dedicated Safety Committee is committed to researching new leading practices to enhance and maintain a superior safety standard throughout the Group's operations.

Afrimat did not lose momentum on the HIV and TB programmes at the various operations. Voluntary HIV/Aids counseling and testing are offered during annual medical assessments and on an ongoing basis at all of Afrimat's onsite clinics or are referred to off-site testing. Our response to the HIV/Aids epidemic is set out in a formal policy (available at [www.afrimat.co.za](http://www.afrimat.co.za)). The policy strives to prevent discrimination against employees living with HIV/Aids and encourages early detection and treatment.

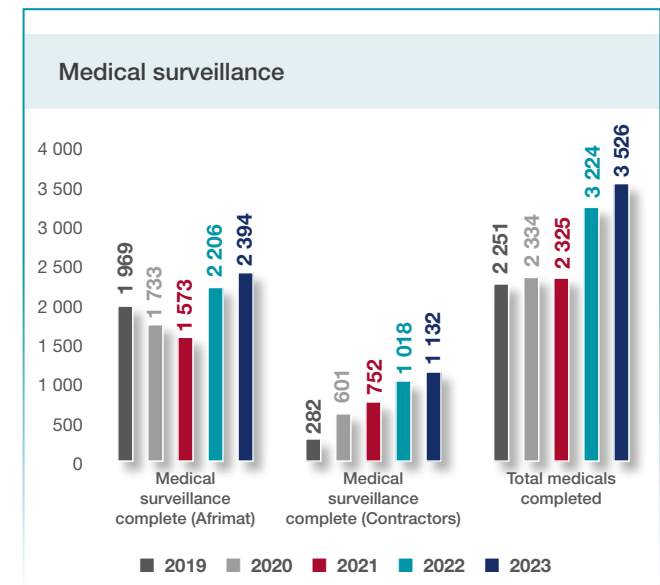
Awareness around HIV/Aids issues are highlighted through the following channels:

- ▶ Posters communicating information on HIV/Aids, STIs and TB symptoms and awareness;
- ▶ Employees newsletters;
- ▶ Information leaflets distributed prior to World Aids Day; and
- ▶ Counselling at annual medical assessments and each clinic visit.



### Performance

Afrimat manages health through the applicable legislation in the Mine Health and Safety Act, Occupational Health and Safety Act and Code of Practices. The progress of medical surveillance is measured and monitored monthly to ensure the health of our employees and contractors. During FY2023 focus was placed on overall well-being of employees. The proactive health monitoring of employees increased due to the pandemic. The chronic illness numbers dropped compared to the previous financial year due to increased health monitoring and employees managing their life style diseases after the pandemic.



### Public Health & Safety

We maintained responsibility for public safety during the past financial year and reinforced robust controls over access to our mines and the surrounding properties. Afrimat conducted a community risk matrix to ensure all community activities are managed on a risk-based approach.

Community forums were added to existing programmes, where further awareness of safety conditions and hazardous environments were discussed including processes (i.e. breathalyser tests, blasting practices, perimeter dust monitoring and the allocation of dedicated areas on entering premises).





# People

People management  
Transformation  
Employee well-being  
Communities and upliftment  
Remuneration report

39  
45  
48  
50  
51



**Putting people  
in the centre  
of what  
we do**



# People management

The evolution from Human Resources to People management was due to the optimisation of the key role of the function of 'human' resources from a transactional function to a more strategic function. Incorporating 'People' in the title, conveys a people focus with the intention to improve the employee experience. The People Management team is responsible for fostering and nurturing a healthy culture from a strategic and operational level and to improve engagement levels. We are dealing with people with strong values and appreciate the key role of each person contributing to the overall business success. The drive for change was due to Afrimat viewing our employees as key to our success rather than just a resource and to put people at the centre of what we do. We follow a modern approach to talent management by developing our employees holistically to establish an engaged workforce with competent people and sound leadership. We are sensitive to the personal strengths of our leadership and expose them to leadership development interventions. Regular culture surveys are conducted to ensure employees are aligned with Afrimat's ideal/envisaged culture.

## Highlights

### Job creation

Afrimat contributes to job creation by employing 2 668 (2022: 2 511) employees across South Africa.

### Remuneration

Salaries and wages are fair, competitive and transparent. Increases are aligned with market conditions and Company performance. A total of R940,6 million (2022: R830,1 million) spent on remunerating our employees.

### Corporate social responsibility

Investment of R12,3 million (2022: R7,9 million) on CSI expenditure. Where possible, labour is sourced from local communities. Extensive Social & Labour Plans ('SLPs') are established wherever the Group has a mining operation.

### Upskill and re-skill

Afrimat is committed to developing our employees from unskilled to Top Management. During the FY2023 our average training days per employee was 4,5 days.

### Employee relationships

Afrimat has an engaging culture with a strong set of values to which employees hold each other accountable. Afrimat maintains sound relationships with representative trade unions as stakeholders in the different business units.

### Employee well-being

We launched a group-wide employee wellness programme, which offers 24-hour free counselling to all employees and families in a wide range of wellness topics in a South African language of their choice.

Our consistently low staff turnover (FY2023: 8,1%) resulting in a deepening skills pool. Special actions were taken to address the retention of highly skilled individuals. People development is dynamic and receives focused attention throughout our employees' full employment cycle.

We also recognise the need for employment opportunities in the wider social context. Accordingly, we look to surrounding communities to supplement our employees and, in this way, we create jobs. We practice a limited automation policy (particularly at our brick and block plants) aimed at preserving as many jobs as possible without sacrificing competitiveness and sustainability.

We have identified our culture as a crucial intangible asset that gives us a competitive advantage. Therefore, we embarked on a culture journey ensuring a unified culture, based on sound values and work ethic.

While industrial action is always a high risk in labour intensive businesses, we experienced no labour action related to wage demands during the year under review. We strictly comply with all applicable legislation and bargaining arrangements and, in addition, have a strategic engagement process with unions and employees based on transparency and relationships (see our stakeholders on [page 18](#)). The Skills Development and Employment Equity Consultative Committees of each business unit communicate with the unions representing Afrimat's employees. No single union has a majority representativity of all business units in Afrimat. Unions with sufficient representativity at certain business units include amongst other:

- ▶ National Union of Mineworkers ('NUM');
- ▶ Association of Mineworkers and Construction Union ('AMCU');
- ▶ National Union of Metal Workers of South Africa ('NUMSA'); and
- ▶ Solidarity.

## People development

The upskilling and re-skilling of our employees remains a top priority to ensure the highest level of employee productivity and efficiency. We have created a culture of learning, inspiring employees to mentor, coach and learn continuously. To enable learning and development for all employees we offer a variety of development initiatives such as adult education and training ('AET'), study assistance, bursaries, learnerships, internships, as well as training programmes addressing operational skills, health and safety, supervisory and leadership development. Employees are encouraged to take every opportunity afforded to them by the Group to upskill themselves. In addition to relevant commercial training material obtained, we developed our own comprehensive supervisory and management development programmes as well as a leadership development programme, aiding us in the development of junior and middle management. In addition, we facilitate exposure to world-class leadership programmes to senior management and executives.





## People management (continued)

Learning and development is divided into three main categories:

- Skills development: Learnerships, interns, core business skills, portable skills and AET.
- Statutory development: Health and safety ('SHE'), firefighting, first aid, drivers' licences, operator licences, mine regulations and safety representatives.
- Strategic development: Leadership and management development programmes, supervisory development programmes, bursaries, and study assistance to employees at tertiary institutions, i.e. diplomas, degrees and post-degree qualifications.

### FY2023 in review

- R38,1 million (2022: R30,1 million) committed to skills development, bursaries, training, learnerships and internships for the year.
- 86,6% of this expenditure was in respect of historically disadvantaged employees.
- Afrimat sponsored more than 11 836 training days, averaging at 4,5 per employee.

Our people development is a cornerstone of our talent attraction and retention strategy. We believe that a trained, informed, skilled and engaged workforce will be best equipped to make a positive impact on our business, leading to their job satisfaction and therefore optimum productivity and profitability. Satisfied and challenged employees are better retained, therefore deepens the talent pool. In the wider perspective, learning and development boost the skills pool in our sector generally by equipping employees with new technical, administrative and management skills.

**2 668** employees

**11 836** training days

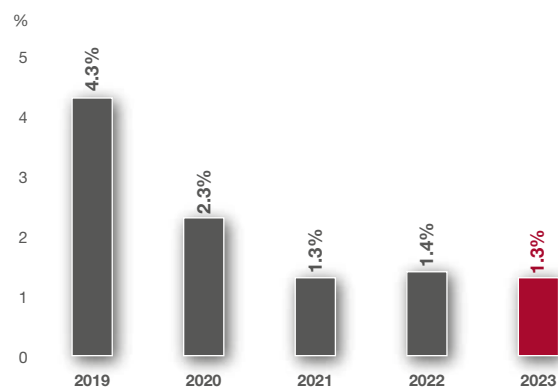
**486** new employees hired

**81** bursaries awarded to staff

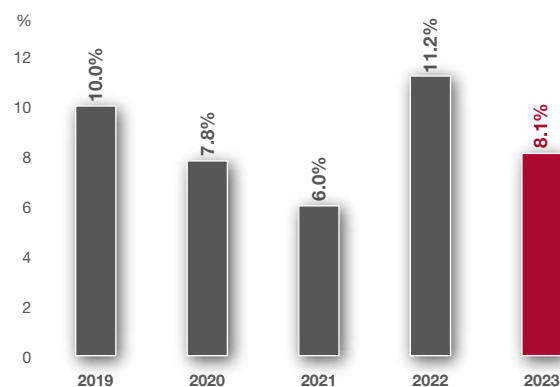
**48** external bursaries awarded

**Staff wellness programme**

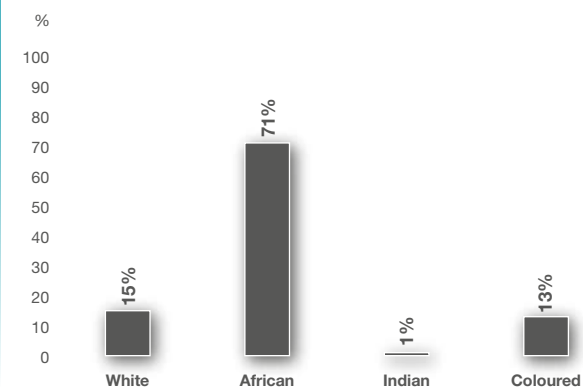
### Absenteeism



### Attrition



### Staff composition





## People management (continued)

# MEET AN AFRIMATTER

KIM MZIMELA

(Branch Manager, Ulundi, Afrimat Concrete Products)



## FAMILY BACKGROUND

- ▶ Umlazi KZN, from a big family of 12 siblings
- ▶ Mangosuthu University of Technology in Umlazi, studied Mechanical Engineering
- ▶ Kim is a proud mother of two boys

## VALUES

- ▶ Team-oriented and always seeks to cultivate a familial and trusting team
- ▶ Values important relationships with the Afrimat team
- ▶ Asserts her authority as leader as respectfully as possible

## AFRIMAT JOURNEY

- ▶ Kim joined Afrimat in 2017 as a Mechanical Engineering intern
- ▶ In 2019 she was appointed as a Plants-lady in Hluhluwe until March 2021
- ▶ Promoted to our first female Production Supervisor at the Mkhuzi Site
- ▶ Currently, Kim's journey with Afrimat continues as a Branch Manager in Ulundi ACP

## WHY AFRIMAT

- ▶ Counts herself fortunate to be part of a team that shares the same drive and goals.
- ▶ Loves that within Afrimat you are not just a number; everyone is treated equally and supported. Even though she is the youngest woman among most of her colleagues (in a male-dominated industry), Afrimat makes her feel right at home!



## People management (continued)



Portable Skills: Basic Welding Certificate

### Learning and development initiatives

| Initiative                                | Details   | Target participants   |
|---|---|---|
| Talent Management Programme               | The programme is aimed at managing the retention of the Group's top skills through their structured development, exposure, recognition, reward, and motivation. We ensure that these employees receive high level development and exposure to remain abreast of new technology and that they are equipped with appropriate leadership skills and exposure for future specialist and leadership roles. | The Group's top employees are identified by the executive directors and business heads through an evaluation process. |
| Afrimat Supervisory Development Programme | An in-house, custom-designed programme, as part of our strategy to create professional supervision and a sustainable leadership team for the future. The programme focuses on the people skills needed in the world of supervision, arming supervisors with a broad understanding and professional skills, and enabling them to manage people effectively.  | Junior management and supervisors.  |
| Afrimat Management Development Programme  | A two-year, seven-module, in-house programme, custom-designed as part of our strategy to create a sustainable leadership team for the future. The programme focuses on technical and leadership development in our industry. During the year 149 employees attended at least a module, with eight employees completing the programme.   | Middle management, such as department heads, production managers and supervisors.                                     |



## People management (continued)

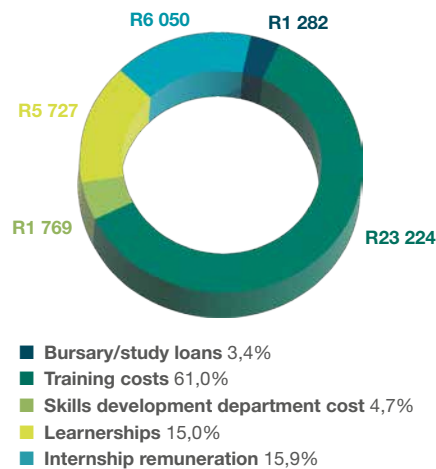
| Initiative  | Details  | Target participants  |
|---|--|--|
| Afrimat Graduate Development Programme              | <p>A programme where Afrimat hosts externally qualified graduates for them to gain exposure to the world of work for a period of between six months and two years. This enables them to put the theory that they have learned into practice in a controlled environment. The graduates follow a structured programme that exposes them to different disciplines and business units of the Group (focusing on their respective fields of expertise).</p> <p>During the year, 60 graduates participated in the Afrimat Graduate Development Programme. Where suitable vacancies become available in the Group, these interns are considered for placement.</p>                                       | Engineering graduates and technicians (in mining, and mechanical engineering), as well as graduates in geology, environmental management, finance, and behavioural sciences. |
| Afrimat Learnerships Programme                      | <p>This programme focuses on the recruitment of learners to be trained and developed as qualified artisans. These learnerships (previously known as 'apprenticeships') take two to three years to completion.</p> <p>During the year 39 learnerships were in place. Once they completed their practical exposure, these learners become a good source for placement.</p>   | Employees and external persons with the required aptitude in the various technical fields.   |
| Afrimat Study Assistance                            | Afrimat assists selected employees with industry-related study assistance. During the year, 81 employees were assisted of which 59 were from the designated groups.  | Employees whose contribution will increase by improving their qualifications.  |
| Adult Education Training                            | Numeracy and communications skills improvement programmes for selected employees. During the year, 130 employees and 16 community members participated in the programme.   | Assessed and selected employees with education levels lower than Grade 9.  |
| Statutory Training                                  | Compulsory and legislative training as prescribed by the industry and includes training such as fire fighting, first aid, health and safety and operator licences. During the year, 1 203 legislative training interventions took place.   | Employees in roles where statutory training is prescribed for the execution of their roles.  |
| Core Business Skills                                | Training interventions required all employees to function effectively in their current positions. The Group had 6 045 training interventions related to core skills.   | All employees.   |
| Gallup (Clifton strengths) Assessments and Coaching | The Clifton strengths assessment and coaching interventions are derived from Positive Psychology theories. In Afrimat we use the Clifton strengths tool to build a strengths-based culture. Through the processes of assessing our employees, taking them through individual coaching and team coaching, we create a common strengths language in the organisation. We create a culture where employees are aware of their own strengths, the strengths of their colleagues and are able to relate with one another and approach work from a strengths perspective. Our teams are thus empowered to balance their talents of execution, influencing, relationship building and strategic thinking. | All employees from C-Upper and above.  |
| The Afrimat Way                                     | <p>Afrimat has launched a Culture Journey since 2018. This Journey has gone from strength to strength in aligning the culture through the Group. Our culture refers to the way we do things in Afrimat, what we value and how these values determine our behaviours, also known as 'The Afrimat Way'.</p> <p>All our new acquisitions go through a values alignment process which includes an in depths induction of Afrimat's cultural philosophy with the local leaders. This is followed with an exciting employee Afrimat Way launch which includes all employees.</p>   | All employees.   |
| Culture Assessment Feedback and Planning            | A critical part of our culture initiatives is the active assessment, understanding and improvement of culture elements as we journey towards our desired culture. A critical element as part of the culture journey was assessing our current culture to identify development areas. Leaders facilitate feedback sessions on the outcomes in terms of the limiting and enabling beliefs in their business units.   | All management teams across the Group.   |



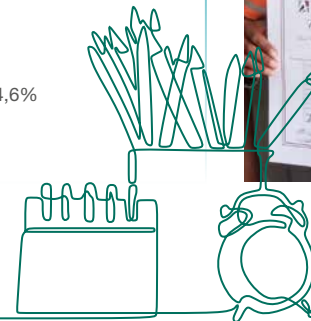
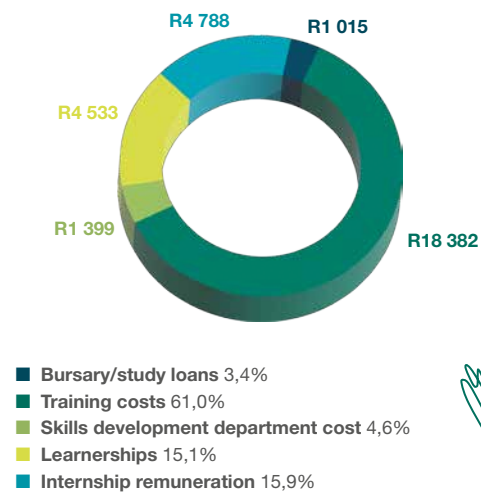
## People management (continued)

| Initiative                        | Details   | Target participants                    |
|-----------------------------------|---|--|
| AfriCare managerial webinars      | In an effort to further entrench the principle of care and making well-being a lived experience in Afrimat, we have availed a webinar to equip leaders on how to activate care by effectively making use of Independent Counseling and Advisory Services ('ICAS') services. In the webinar, leaders are briefed on the full scope of ICASs services and educated on the support that ICAS offers leaders. Although only one webinar attendance is necessary, the webinar is run monthly to ensure that new leaders and those who previous opportunities get a chance to access the information. | All employees with direct reports      |
| Leadership Development Programmes | Other than the business unit specific interventions Afrimat is also focused on strategically developing our leaders in the following topics: <ul style="list-style-type: none"> <li>▶ Mentorship Programmes;</li> <li>▶ Leader &amp; direct report 1:1 discussions;</li> <li>▶ Impact of leadership style on culture;</li> <li>▶ Communication; and</li> <li>▶ Diversity &amp; Inclusion Programmes.</li> </ul>   | All management teams across the Group. |

Training and development initiatives (R'000)  
2023 R38,1 million



Training and development initiatives (R'000)  
2022 R30,1 million



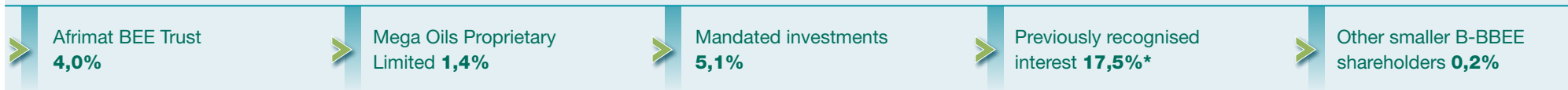


# Transformation

We are committed to integrating genuine transformation that permeates the organisation and understand this to be critical for the sustainability of our business in South Africa. Each subsidiary has a dedicated BEE Committee which actions the plans and recommendations of the Social, Ethics & Sustainability Committee in this regard, and further proactively drives improvements in all B-BBEE categories.

## Ownership

Our main BEE partners, which are all black-owned organisations are:



\* Shares sold previously held by African Rainbow Capital, the shares qualify to be recognised in terms of paragraph 3.8 Recognition of ownership after the sale or loss of shares by black participants, of the B-BBEE Codes of Good Practice, therefore we are able to include these shares into our BEE ownership.

Black ownership in the Group totals 28,2% in line with Mining Charter requirements. In calculating the ownership percentage, the methodology as required in terms of Statement 100 of the Code, was applied. This requires a measured enterprise to apply the exclusion principle to four categories of rights of ownership to the number of issued shares: those held by organs of state and public entities; those held as mandated investments; those held by non-profit companies or public benefit organisations; those that equate to the value of the foreign operations of multinational businesses operating in South Africa.

The Group's B-BBEE ratings are set out below:

| Company/Subsidiary name                               | FY2023<br>B-BBEE<br>rating level | FY2022<br>B-BBEE<br>rating level |
|---|----------------------------------|----------------------------------|
| Afrimat Limited (Consolidated)                        | 3                                | 3                                |
| Afrimat Readymix (Cape) Proprietary Limited           | 4                                | 4                                |
| Afrimat Aggregates (KZN) Proprietary Limited          | 2                                | 3                                |
| Afrimat Aggregates (Operations) Proprietary Limited   | 3                                | 2                                |
| Afrimat Aggregates (Eastern Cape) Proprietary Limited | 5                                | 3                                |
| Afrimat Contracting International Proprietary Limited | 7                                | 2                                |
| Afrimat Concrete Products Proprietary Limited         | 7                                | 5                                |
| Glen Douglas Dolomite Proprietary Limited             | 3                                | 4                                |
| Clinker Supplies Proprietary Limited                  | 8                                | 8                                |
| Afrimat Logistics Proprietary Limited                 | 3                                | 3                                |
| Afrimat Mining Services Proprietary Limited           | 4                                | 8                                |
| Afrimat Silica Proprietary Limited                    | 4                                | 5                                |
| SA Block Proprietary Limited                          | 8                                | 8                                |
| Boublok Proprietary Limited                           | 5                                | 4                                |
| Cape Lime Proprietary Limited                         | 4                                | 6                                |
| Afrimat Iron Ore Proprietary Limited                  | 2                                | 2                                |
| Afrimat Lyttelton Proprietary Limited                 | 4                                | 4                                |
| Afrimat Marble Hall Proprietary Limited               | NC*                              | 4                                |
| Nkomati Anthracite Proprietary Limited                | 8                                | N/A                              |
| Afrimat Phosphates Proprietary Limited                | NC*                              | N/A                              |

\* Non-compliant.

## Management control

Our Board includes four black directors, two of whom are female. The majority of the subsidiaries have at least 50,0% black directors on their respective boards of directors. We make effort to ensure participation of historically disadvantaged individuals at decision-making positions and core occupational categories through the Afrimat's in-house Supervisory and Management Development Programmes, Leadership Programme, and external development initiatives. Through these programmes we aim to ensure leadership continuity in key positions, encourage individual advancement within the organisation, and find a match between the current talents to the required future talent.

## Employment equity

A total of 84,6% (2022: 84,2%) of the Group's 2 668 employees are from the historically disadvantaged population groups.

A formal Employment Equity Policy is in place for all employees and potential candidates, which promotes equal opportunities by encouraging good practice in the recruitment and selection process complying with the Employment Equity Act. (Afrimat's employment equity policy is available on [www.afrimat.co.za](http://www.afrimat.co.za).) The policy is an integral part of our commitment to building an effective and representative workforce and to ensure that historically disadvantaged individuals are appointed at management level to reflect the demographics of the country. This has been achieved through the implementation of individual development plans, skills audits, career progression plans, talent identification, fast tracking, training and mentoring. Particular efforts are directed at identifying historically disadvantaged individuals with potential and providing training and development initiatives to assist their progression.

In recruitment and promotion, the governing principle is 'from within the Group' and priority is given to the advancement of black employees. Employment equity goals are communicated to employees via the various subsidiaries' Skills Development and Employment Equity Consultative Committees.

We are also proactive in recognising and rewarding initiative, effort, and merit. Attractive remuneration and incentive schemes are outlined in the remuneration policy to attract and retain employees over the short, medium, and long term. (See remuneration report [page 51](#).)






## Transformation (continued)

### Employment equity reports

The Group is in compliance with the requirements of the Employment Equity Act.

Each business registered its report on its BEE employment status at the Department of Labour by 30 September 2022.

Summary of reports:

|  | Male  |              |             |              | Female  |              |             |              | Foreign Nationals  |             |              |
|--|--|--------------|-------------|--------------|--|--------------|-------------|--------------|---|-------------|--------------|
|  | A  | C            | I           | W            | A  | C            | I           | W            | Male  | Female      | Total        |
| Afrimat Limited  | 2  | 1            | –           | 7            | 1  | 4            | –           | 6            | –   | –           | 21           |
| Afrimat Management Services Proprietary Limited                | 3  | 5            | –           | 18           | –  | –            | –           | 4            | –   | –           | 30           |
| Afrimat Shared Services Proprietary Limited                    | 7  | –            | –           | 23           | 4  | 1            | –           | 3            | –   | –           | 38           |
| Afrimat Group Services Proprietary Limited                     | 1  | 2            | –           | 17           | 1  | 2            | –           | 14           | –   | –           | 37           |
| Afrimat Aggregates (Operations) Proprietary Limited            | 115  | 121          | –           | 29           | 9  | 32           | –           | 13           | –   | –           | 319          |
| Afrimat Aggregates (Eastern Cape) Proprietary Limited          | 25   | 14           | –           | 7            | 5  | 2            | –           | 2            | –   | –           | 55           |
| Afrimat Readymix (Cape) Proprietary Limited                    | 19   | 19           | 1           | 9            | 7  | 3            | –           | 4            | –   | –           | 62           |
| Afrimat Silica Proprietary Limited                             | 29   | 1            | –           | 1            | 6  | –            | –           | –            | –   | –           | 37           |
| Afrimat Contracting International Proprietary Limited          | 40   | –            | –           | 7            | 10   | 1            | 1           | 1            | –   | –           | 60           |
| Afrimat Mining Services Proprietary Limited                    | 150  | 15           | –           | 41           | 6  | 1            | –           | 9            | –   | –           | 222          |
| Afrimat Aggregates (KZN) Proprietary Limited                   | 132  | 3            | 1           | 21           | 29   | 4            | 2           | 11           | –   | –           | 203          |
| Afrimat Concrete Products Proprietary Limited                  | 144  | –            | 1           | 10           | 21   | 1            | 1           | 4            | –   | –           | 182          |
| Cape Lime Proprietary Limited                                  | 30   | 67           | –           | 20           | 14   | 17           | 1           | 7            | –   | –           | 156          |
| Boublok Proprietary Limited                                    | 14   | 13           | –           | –            | 5  | 1            | –           | 2            | 1   | –           | 36           |
| Clinker Supplies Proprietary Limited                           | 37   | –            | –           | 3            | 3  | –            | 1           | 1            | –   | –           | 45           |
| Afrimat Iron Ore Proprietary Limited                           | 83   | 26           | –           | 13           | 20   | 7            | –           | 4            | 1   | –           | 154          |
| Glen Douglas Dolomite Proprietary Limited                      | 72   | 1            | –           | 16           | 15   | –            | 1           | 10           | –   | –           | 115          |
| Afrimat Lyttelton Proprietary Limited                          | 62   | 2            | 1           | 4            | 14   | –            | –           | 3            | –   | –           | 86           |
| Afrimat Marble Hall Proprietary Limited                        | 79   | –            | 1           | 8            | 19   | –            | –           | 3            | –   | –           | 110          |
| Afrimat Logistics Proprietary Limited                          | 25   | 5            | –           | 4            | 6  | –            | –           | –            | –   | –           | 40           |
| SA Block Proprietary Limited                                   | 77   | –            | –           | 12           | 113  | 1            | –           | 6            | 1   | –           | 210          |
| Nkomati Anthracite Proprietary Limited                         | 292  | –            | –           | 13           | 69   | –            | –           | 5            | 3   | –           | 382          |
| Agri Lime Proprietary Limited & Stony Lime Proprietary Limited | 64   | –            | –           | 7            | 14   | –            | –           | 7            | –   | –           | 92           |
| Afrimat Phosphates Proprietary Limited                         | 24   | –            | –           | 5            | 1  | –            | –           | 3            | –   | –           | 33           |
| <b>Total</b>   | <b>1 526</b>   | <b>295</b>   | <b>5</b>    | <b>295</b>   | <b>392</b>   | <b>77</b>    | <b>7</b>    | <b>122</b>   | <b>6</b>  | <b>0</b>    | <b>2 725</b> |
|  | <b>72,0%</b>   | <b>13,9%</b> | <b>0,2%</b> | <b>13,9%</b> | <b>65,5%</b>   | <b>12,9%</b> | <b>1,2%</b> | <b>20,4%</b> | <b>100,0%</b>   | <b>0,0%</b> |              |

A = African    C = Coloured    I = Indian    W = White

The Employment Equity reports have a different cut-off period than the year under review and include employees as at 1 January 2023.

### Preferential procurement

Afrimat sees its suppliers as a critical part of its value chain, adding to its success in operating efficiently. Our business focuses on extracting value from our suppliers through direct engagements. This focus on efficiency benefits our bottom line, while retaining focus on localisation, supplier and enterprise development and maintaining quality, reliability, consistency and safety standards across all levels of our supply chain.

Our procurement approach is underpinned by good governance and efficient procedures and processes, supported by strong business relationships. Improvements in our supply chain are driven by KPIs, ethics, customer service, stakeholder interaction and a culture of efficiency.

Our sustainable development programmes and initiatives provide active support to targeted qualifying suppliers, who are actively participating or may potentially participate within our supply chain. These suppliers play an important role in growing the micro-economy of the local communities we operate in and to bring previous disadvantaged individuals into the mainstream economy.

Our Preferential Procurement Philosophy supports transformation in South Africa by:

- ▶ Promoting compliance, and providing training where necessary, with legislation relating to B-BBEE and Mining Charter;
- ▶ Supporting and promoting preferential procurement initiatives for purposes of improving procurement from qualifying suppliers;
- ▶ Improving existing suppliers' B-BBEE level rating annually, and this principle will be contracted with the suppliers;
- ▶ Promoting supplier rotation, allowing for new entrants to participate in our supply chain;
- ▶ Educating our suppliers on changes in the Mining Charter, as well as B-BBEE Codes of Good Practice; and
- ▶ Providing greater access to markets.

Our procurement practices are aligned to the codes of practice, as well as the Mining Charter to be able to continue contributing to the transformation of the supply chains we are active in. Our spend profile reflects our positive commitment to spend with transformed suppliers within South Africa.

Through the tools introduced to track B-BBEE ratings, the Group intensified its focus on Preferential Procurement during the year. The procurement spend on B-BBEE compliant companies was increased in recent years and remains a focus on all levels.

Procurement days were held to increase the awareness of B-BBEE amongst existing suppliers and to create an opportunity for new BEE suppliers to meet with the Group's procurement management. Existing suppliers are continuously encouraged to implement transformation processes within their companies and those that demonstrate compliance to BEE empowerment,



## Transformation (continued)

are given preferred supplier status. A continued focus on supplier development resulted in the identification of BEE suppliers who may otherwise not have been identified by the Group, contributing towards an improvement in BEE procurement of the Company. A high level of engagement ensures that this is more than just a compliance check box exercise.

### Enterprise and Supplier Development

As part of our commitment to achieving sustainable growth and having an impact on the wider communities that we operate in, we continue to promote Enterprise and Supplier Development, even under difficult conditions with lower demand. We are invested in and committed to the process of assisting small businesses to thrive as they are one of the key vehicles through which poverty alleviation and inequality can be tackled effectively in our local communities, and South Africa as a whole.

All of our Enterprise and Supplier Development initiatives are aimed at ensuring that businesses become capable of supplying their products and services into diverse supply chains, not just into Afrimat. The aim is to help these suppliers become more agile and competitive to foster a strong likelihood of meaningful market share gain and sustainable job creation. This approach forms part of the Afrimat culture and long-term strategy, to create commercially valuable relationships with all stakeholders within our supply chain.

During the year, we contributed towards Enterprise and Supplier Development programmes by providing extensive management advice, administration services, grants and working capital funding to qualifying enterprises. In addition, several services and goods have been ring-fenced in order for the Group to only procure from these enterprises.

These enterprises are further assisted with preferential terms and granting credit facilities relating to fuel purchases and workshop services as well as capital expenditure funding. A continued focus is placed on converting these enterprises into fully fledged suppliers (if applicable).

### Communities and upliftment

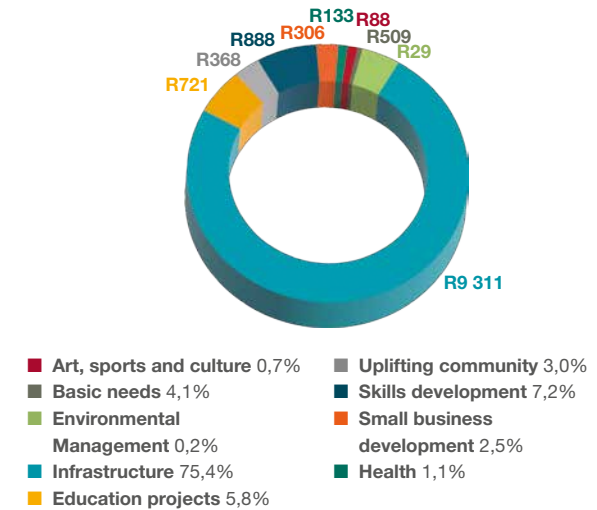
Genuinely passionate about South Africa, we believe in creating value through our CSI in the different communities we operate in. With over 44 mining rights across the country, our geographic footprint allows for a bigger socio-economic impact in the different communities across the country. The geographical footprint map shows the positive socio-economic impact of the projects and programmes across the different provinces in this financial year. To ensure projects and programmes are aligned with the needs of the communities, the projects and programmes are identified in consultation with communities, local and district municipalities, tribal authorities, and all other relevant stakeholders. The Group targets a portion of its profit to contribute to these initiatives. CSI expenditures during FY2023 amounted to R12,3 million (2022: R7,9 million).



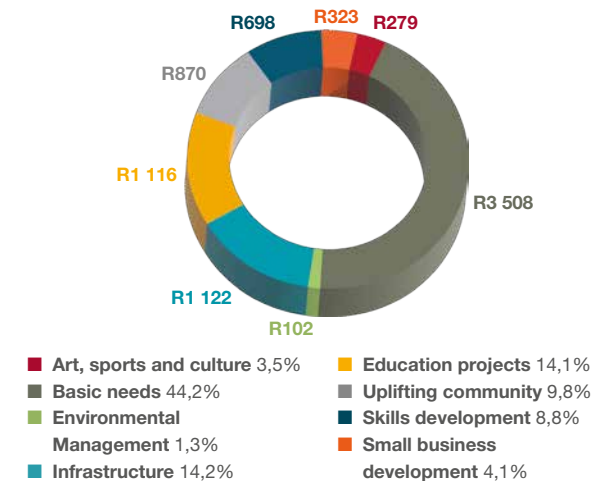
Madadeni Community Hall

### CSI spend: Categorisation

2023: R12,3 million



2022: R7,9 million





# Employee well-being



## AfriCare Programme

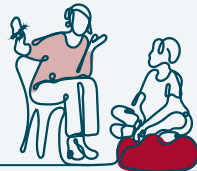
Afrimat believes that by taking care of our mental well-being, we ensure that we enable a work environment where we can excel in an atmosphere of joy and positivity. AfriCare gives Afrimat employees and their immediate family members access to a network of professional counsellors across South Africa offered by an independent contractor. These services are mostly offered telephonically and via live text, meaning access is available anytime and anywhere in South Africa. Where necessary, face-to-face counselling services can also be arranged. All services offered by this programme is confidential in nature and no one within Afrimat can get access to counselling information.

The following is made available to employees and their immediate family members:

### What kind of help does ICAS offer?

#### Counselling

- ▶ Stress
- ▶ Depression
- ▶ Anxiety
- ▶ Relationships
- ▶ Trauma
- ▶ Substance abuse
- ▶ Change



#### Financial guidance

- ▶ Debt management
- ▶ Budget management
- ▶ Wills and estate planning
- ▶ Saving and investment solutions
- ▶ Credit report
- ▶ Insurance
- ▶ Home vehicle and personal finance solutions



#### Personal development

- ▶ Coping mechanisms
- ▶ Access to monthly webinars
- ▶ Suggested lifestyle changes
- ▶ Access to a wealth of personal development material



- ▶ Wellness monitoring and evaluation: Organisational wellness indicators derived from a wellness baseline survey and subsequent wellness surveys;
- ▶ Usage stats: Helps us understand what major challenges employees experience in the wellness domain;
- ▶ Wellness awareness delivered in ICAS webinars, content on the ICAS hub and info shared on Monthly Matters;
- ▶ Supporting managers with dealing with workplace challenges in the wellness domain, e.g. substance abuse, depressed employees, performance challenges, absenteeism, conflict management etc; and
- ▶ Group trauma counselling services.

Our employee wellness programme, AfriCare, is focused on improving employees' well-being, job satisfaction, overall experience at work as well as their private lives. We understand that our success as a Company is directly linked to the well-being and success of our employees, which is why we are committed to investing in your development and ensuring that you feel valued and supported in your roles.

We believe that our AfriCare can help improve the overall health and well-being of our employees, foster a positive work culture, enhance employee development, and career growth, and attract top talent to our organisation. By providing access to health and wellness programs, training and development opportunities, and other initiatives, we hope to create a workplace that is not only productive but also fulfilling and rewarding.





## Employee well-being (continued)

### Office environment

Having an office environment can help to foster a positive and collaborative work environment. For instance, Afrimat strives to create areas with open layout that promotes interaction and communication among employees by creating communal areas such as open workstations, shared tables, and common gathering spaces where employees can easily interact and socialise.

We have also enhanced the number of collaborative zones available to employees that are equipped with comfortable seating, whiteboards, and other tools that facilitate teamwork and brainstorming sessions. These areas can encourage employees to come together and collaborate, which can boost creativity and innovation.

Afrimat also has refreshment stations such as a kitchen or a pantry, where employees can gather to have snacks or drinks. These areas can serve as hubs for informal conversations and socialisation during breaks. Where possible, the office space features outdoor spaces, that provide a refreshing change of scenery and encourage employees to take breaks outside.

By incorporating these elements into the office space design, employees are encouraged to socialise and take breaks, leading to increased collaboration, creativity, and overall well-being in the workplace.



Afrimat has designated social committees who plan, organise and execute social activities within the Group to enhance social interactions, build camaraderie and create a sense of community which fosters the Afrimat Way.

As part of the Company's dedication to the health of our employees, they are sent for frequent health check-ups as noted on [page 37](#) of this report. Afrimat frequently hosts competitions or activities to inspire our employees towards a healthier life. For instance, on an annual basis there are competitions and prizes for the biggest percentage weight loss and an exercise group is formed to support all participants.

The company sponsors its employees for sporting events, promoting a healthy and active lifestyle while fostering team spirit. By supporting their participation, the company encourages employee well-being, team bonding, and a sense of community, ultimately enhancing employee engagement and satisfaction.



# Communities and upliftment

Genuinely passionate about South Africa, we believe in creating value through our CSI in the different communities we operate in. With over 44 mining rights across the country, our geographic footprint allows for a bigger socio-economic impact in the different communities across the country. The geographical footprint map below shows the positive socio-economic impact of the projects and programmes across the different provinces in this financial year. To ensure projects and programmes are aligned with the needs of the communities, the projects and programmes are identified in consultation with communities, local and district municipalities, tribal authorities, and all other relevant stakeholders. The Group targets a portion of its profit to contribute to these initiatives. CSI expenditures during FY2023 amounted to R12,3 million (2022: R7,9 million).



## Unemployed youth training programme

*Unemployed youth in Dunoon and Fisantekraal*

**Dunoon and Fisantekraal**



The programme has been running over seven years and aims to provide the youth with skills relevant to the labour market and empower them to be employable. The programme is run by Learn to Earn, a division of Fisantekraal Centre of Development.



## Infrastructure

*Madadeni residents*

**Malelane (Madadeni)**



Construction of the Mawewe Community Hall in Madadeni. The hall is used as a venue for training and development initiatives, traditional events, and formal community meetings.



## Infrastructure

*Steenbok residents and surrounding communities*

**Malelane (Steenbok)**



Renovation and extension of Steenbok Clinic. The Steenbok Clinic offers primary healthcare to Steenbok residents and surrounding communities and the necessary upgrades address fundamental needs identified specifically by the community.



## Education programme

*Grade 3 learners at Eden Primary School and Panorama Primary School*

**Saldanha**



Extra/remedial classes for Grade 3 learners in partnership with Missio Dei Education. Learners are taught in their mother tongue in foundation phase and transition to being taught in English from Grade 4. Some learners struggle with the transition and this programme aims to close that gap. The programme focuses on numeracy, literacy, phonics, and values.



## Education programme

*Peaceful Land in Siyanyanzela informal settlement, Mbalentle in Siteview, Kammaland in Pineview, Flukse Voetjies in Pineview and Little Folks in Water West*

**Grabouw**



Heaven-On-Earth Programme ('HOEP') is a school readiness programme for early childhood development centres. The programme focuses on numeracy, literacy, phonics, and values to get learners ready for foundation phase/primary school.





# Remuneration report

## Introduction

The Remuneration & Nominations Committee is an independent and objective body, which monitors and strengthens the credibility of the Group's executive remuneration system. It ensures that executive directors and management is fairly rewarded and that their remuneration is linked, in part, to individual performance, the Group's performance and market conditions and benchmarks. It assists the Board in monitoring, reviewing and approving Afrimat's remuneration policies and practices, and administration of its share incentive schemes. It is therefore authorised by the Board, to seek any information that may further obtain external legal and/or other independent professional advice if deemed necessary, at the expense of the Group. The requirement for external advisors is assessed annually in the context of issues at hand and the recommendations by these advisors are only used as a guide, and do not serve as a substitute to the Board's thorough consideration of the relevant matters.

The manner in which the Committee is structured and its responsibility demonstrates to all stakeholders that the remuneration of executives is set by independent, objective persons who have no personal interest in the outcome of their decisions and who will give due regard to the interests of all stakeholders and to the financial and commercial health of the Group in reaching their recommendations.

Prescribed officers are defined as those who exercise general executive control over and manage the whole or significant portion of the business and activities of the Group, or who regularly participate to a material degree in such exercise of general executive control and management. The executive directors are deemed to be prescribed officers of the Company.

## Independent external advisors

The Committee contracted the services of Deloitte Touché Tohmatsu Limited during FY2023 for independent external advice. The Committee continues to use Willis Towers Watson Public Limited Company (Willis Tower Watson) for remuneration benchmarking purposes. Furthermore, the Committee is satisfied with their independence and objectivity.

### Focus areas for FY2024

Employee development remains a critical item and we will continue to enhance our communication and focus on fair pay principles across the Group

Sound shareholder engagement to ensure a balanced and healthy relationship

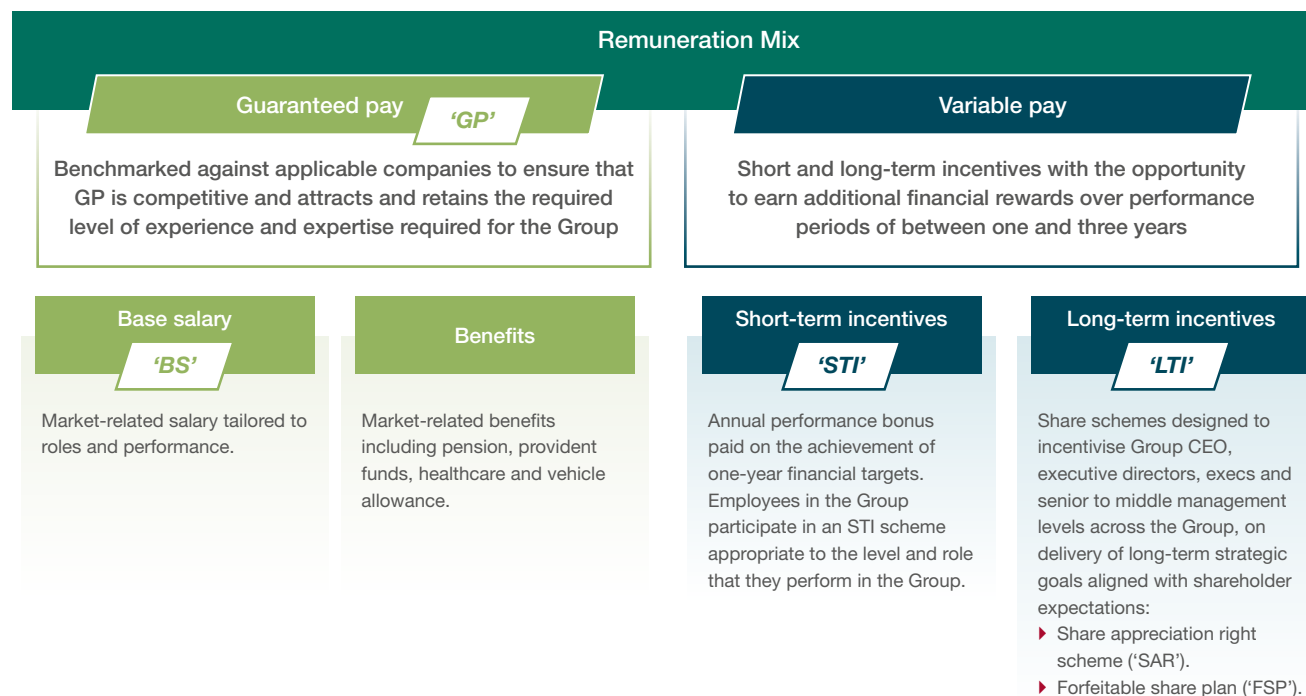
Attract and retain personnel who will create long-term value

Continued focus on a healthy culture

## Remuneration Policy and Framework

The Group pays market-related salaries relevant to an individual's position and the region/area in which he/she will be employed, taking into account his/her qualifications, experience and performance. The administration of the Group's retirement and provident funds is outsourced to Alexander Forbes Limited, which advises on market trends in retirement benefits.

The Group's approach is to reward holistic and balanced as follows:





## Remuneration report (continued)

### Discretion

The remuneration framework provides a guideline for the Group's remuneration arrangements. Although the basis for STI and LTI awards are formulaic in nature, participation in variable pay remuneration is discretionary. The Remuneration Committee determines the size of the STI pools and has the discretion to exercise reasonability and discretion to make ex gratia payments where extraordinary value has been created by executives. Discretion is not exercised in the calculation of the performance conditions for the short and long-term incentive schemes. If a material deviation from the Remuneration Policy occurs, this will be appropriately disclosed in the Remuneration Report.

The Group's executives are remunerated in terms of a guaranteed remuneration package and incentivised with a short-term incentive bonus and long-term share appreciation rights scheme and forfeitable share plan. The remuneration packages are structured on a 'cost to company' basis and include contributions to health care and retirement benefits. Annual increases to executive remuneration packages are adjusted for changes in the general cost of living and market-related changes. Performance incentives are calculated in terms of defined profit targets and key performance indicators ('KPIs'), including risk management efficacy.

The following section sets out the manner in which the Group's remuneration policy addresses fair and responsible remuneration for executive management in the context of overall employee remuneration.

Some of the principles driving fair and responsible remuneration are:

- ▶ consideration given to minimum wage legislative requirements;
- ▶ equal pay for work of equal value specifically addressing any income disparities based on gender, race, age and cultural preference;
- ▶ participation of senior permanent employees in some form of short-term incentive scheme and/or forfeitable share scheme, the distribution of which is based on the achievement of performance metrics;
- ▶ participation of permanent employees in operational business units in some form of a Committee-approved production incentive bonus scheme that is self-funded and affordable. The distribution to individual employees of this bonus pool is based on the achievement of performance metrics; and
- ▶ participation in equal measure on product discounts of all permanent employees.

The Group measures the business unit's respective positioning relative to minimum wage legislation. All annual salary increases are informed by affordability, Company performance, internal parity, individual performance and responsibility of the role.

### Employee share benefit scheme

The Afrimat employee trust, Afrimat BEE Trust holds (indirectly through AEI) on an unencumbered basis, 6,8 million shares representing 4,3% of the issued share capital of the Company. The Company is in the process of increasing the shareholding by qualifying employees to 5,0%.

Qualifying employees will be an individual who must:

- ▶ be a permanent employee of the Group, and be employed for at least three uninterrupted years;
- ▶ not be serving his/her notice period; and
- ▶ not be participating in any other short-term incentive scheme of the Group.

The participation by the qualifying employee in a self-funded productivity incentive bonus scheme shall not disqualify his/her participation in the revised scheme.

The beneficiaries have been allocated units in relation to the shares held. A beneficiary shall not be entitled to dispose and/or encumber or in any way deal with his/her trust unit, but will have a vested right to receive distributions, i.e. dividends commensurate with his/her participation rights. Dividends to the amount of R6,0 million (2022: R5,0 million) was distributed to the qualifying participants during the current financial year. At least 85,0% of the beneficiaries under the revised scheme shall be people defined as 'black' in terms of the Broad Based Black Economic Empowerment Act. The Company's qualifying employees constitute a representation of more than 85,0% black persons, i.e. 92,7%.

### Employees

Collective wage increases for employees in bargaining units, i.e. where recognition agreements are in place and formal collective bargaining agreements take place, are negotiated with the representative trade union per business unit. Trade union membership in bargaining units comprises 45,2% (2022: 45,2%) of the total workforce.

### Remuneration mix

The Company ensures that remuneration for the salaries of executives constitutes a mix of fixed and variable elements (both elements as well as short-term and long-term variable compensation). In terms of the Group's remuneration policy, philosophy and strategy for executives (as opposed to general employees), it weighs the variable remuneration for executives heavier than guaranteed remuneration. Variable remuneration is subject to performance conditions, which need to be met and thus there is a large element of total pay at risk for the executives, aligning performance with reward. The base salaries of executives are benchmarked against Willis



Tower Watson annual industry remuneration paper, who are employed particularly for this purpose to ensure independence and integrity of information. The industry remuneration paper reflects the median levels based on the role and individual skills and experience of key individuals.

According to Willis Tower Watson's remuneration survey, the executives are paid at the lower end of the market for their respective roles in fixed pay. However, the Company places a higher relative target on variable pay which is seen as a more aggressive pay mix. The Committee is satisfied that the total reward outcome should be the key driver in executive pay should they achieve their targets. This further entrenches the concept of performance and reward.

Share appreciation rights and forfeitable shares are issued to executives to align the interest of executives with those of the shareholders. The award of share options and forfeitable shares to key management is recommended by the Remuneration & Nominations Committee and approved by the Board. Non-executive directors do not take part in any performance-based remuneration as to not adversely affect the independence and objectivity of such directors.



## Remuneration report (continued)

Key activities and action in F2023:

- ▶ Reviewed and recommended the Committee's charter (terms of reference) to the Board for approval;
- ▶ Reviewed and recommended the Company's Remuneration Policy to the Board for approval;
- ▶ Reviewed and recommended the Company's Implementation Report to the Board for inclusion in the Integrated Annual report and in the Notice of the Annual General Meeting for consideration by shareholders as a non-binding advisory resolution;
- ▶ Reviewed executive directors' remuneration against market benchmarks and trends (single total figure remuneration) and recommended annual salary increases to the Board;
- ▶ Reviewed the Group's overall remuneration against global benchmarks and trends and recommended annual salary increases to the Board;
- ▶ Reviewed and recommended the Group's short-term incentive scheme calculations and policy for Board approval.
- ▶ Reviewed and recommended the Group's retention strategy, as well as incentive plans and policies based on global trends to the Board for approval; and
- ▶ Reviewed the non-executive director fees benchmarks to the Board for approval.

### Benchmarking

The Group uses industry and country specific benchmarking in ensuring that we apply the right mix and remunerate our executives competitively. The Committee uses remuneration surveys and peer group data from the JSE construction/mining sector. Afrimat targets between the 25th percentile and the 50th percentile for guaranteed pay of the market for executives due to higher relative variable pay with regards to the short-term incentive bonus scheme ('STIBS') and LT incentives.

### Short-term variable incentives

The short-term incentive bonus scheme ('STIBS') is discretionary and is linked to the achievement of targets led by the short-term performance target of headline PBIT. Bonuses are paid proportional to TCOE relative to achievement of financial and operational targets.

Bonuses are created after the achievement of predefined targets aligned to the Group's strategic plan. Bonuses are increased in value as threshold, target or stretch targets are attained. Bonuses are capped at the following percentages of TCOE:

| Category                  | Bonus cap     | Performance rating |
|---------------------------|---------------|--------------------|
| Group CEO                 | On-target 77% | 89%                |
|                           | Stretch 23%   | 95%                |
| Group Executive Directors | On-target 47% | 89%                |
|                           | Stretch 33%   | 100%               |

All bonuses paid are subject to approval by the Board on recommendation of the Remuneration & Nominations Committee.

STIBS is based on performance of FY2023.



Executive Committee visit to Sishen (Bulk Commodities)





# ESG strategy

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**Creating a fulfilling,  
engaging and productive  
environment**





1

# MINDFUL MANAGEMENT AND ENGAGEMENT

Afrimat strives to ensure a culture of mindfulness when managing so that we may develop a resilient organisation and enable success in a sustainable manner.

Mindful management and engagement require a proactive approach from corporate management to create a culture that promotes well-being, emotional intelligence, and meaningful connections within the workplace. Afrimat would like to ensure mindful management and engagement by prioritising employee well-being by implementing policies and programs that promote physical, mental, and emotional health. This will be achieved in part by the AfriCare programme as described on [pages 48](#).

Afrimat also encourages open communication as it is key to fostering engagement within the workplace. Management will encourage open communication and feedback from employees to create a sense of community and support.

By providing employees and businesses with opportunities for growth, they may feel valued and engaged in their work. To ensure such opportunities, Afrimat will continue to offer a wide variety of training programs, mentorship opportunities and professional development.

Management understands that for a Company's employees to thrive, it is necessary to recognise and reward achievements as it builds a culture of positivity and engagement. Reward systems such as bonuses, promotions and public recognition would ensure this.

In light of the above, Afrimat is committed to creating an environment that is fulfilling, engaging and productive.





2

## CONTINUOUS LEARNING AND DEVELOPMENT

The Company's strategy for continuous learning and development is designed to foster a culture of growth, adaptability, and innovation among its employees. With a strong emphasis on lifelong learning, the company provides various resources and opportunities to enhance the skills and knowledge of its workforce.

The strategy includes several key components. First, the Company invests in comprehensive training programs and workshops that cover a wide range of relevant topics. These programs are designed to develop both technical and soft skills, ensuring employees have the necessary competencies to excel in their roles.

Furthermore, the Company encourages employees to take ownership of their learning journey by providing access to online learning platforms, educational resources, and mentorship programmes. These resources enable employees to pursue self-directed learning and gain expertise in areas of interest or relevance to their career progression.

Additionally, the company promotes a culture of knowledge sharing and collaboration through regular knowledge-sharing sessions, internal workshops, and cross-functional team projects. This facilitates the exchange of ideas and experiences, fostering a dynamic learning environment.

By prioritising continuous learning and development, the Company not only equips its employees with the skills they need to succeed but also cultivates a culture of continuous improvement and adaptability, enabling the organisation to thrive in a rapidly changing business landscape. Afrimat will continue to cultivate a strong culture of continuous learning and development.





3

## PEOPLE DRIVEN



Being people-driven is critical for the sustainability of a Company because it enables the Company to build trust with its stakeholders, foster a culture of accountability and transparency, and create long-term value. By prioritising their employees, customers, and communities, companies can demonstrate their commitment to social responsibility, build a strong reputation, and ultimately, drive business growth.

The Company's social projects strategy focuses on creating meaningful social impact through targeted initiatives. By identifying key social issues, partnering with relevant stakeholders, and implementing sustainable projects, the company aims to make a positive difference in communities while aligning with its core values and business objectives.

The People strategy in respect of employees, aims to create a thriving and engaged workforce, focusing on the following pillars:

### Culture

Foster a positive and inclusive culture by promoting values such as collaboration, diversity, and innovation. Encourage employee participation in decision-making, recognise and celebrate achievements, and provide opportunities for professional and personal growth.

### Employee Relations and Recruitment

Establish strong employee relations by maintaining open communication channels, addressing concerns promptly, and providing a supportive work environment. Implement a strategic recruitment process that attracts top talent, aligns with organisational values, and ensures a diverse and inclusive workforce.

### People Analytics and Reporting

Leverage data-driven insights to make informed decisions regarding talent management, performance evaluation, and workforce planning. Utilise people analytics to identify trends, assess employee engagement, and provide proactive solutions to improve employee experience and productivity.

### Remuneration and Employee Benefits

Develop a competitive and fair remuneration framework that aligns with market standards and recognises employee contributions. Offer a comprehensive employee benefits package that includes healthcare, retirement plans, wellness programs, and flexible work arrangements to enhance work-life balance.

By integrating these pillars, the people division can create a supportive and engaging work environment that attracts, retains, and develops top talent while fostering a strong organisational culture that contributes to overall business success.



4

## RESPONSIBLE EARTH CITIZEN

In today's globalised and interconnected world, being a responsible corporate citizen is not only a moral imperative but also a strategic business decision. Embracing corporate social responsibility ('CSR') can enhance a Company's reputation, attract top talent, foster customer loyalty, and contribute to sustainable long-term success.

By defining Afrimat's purpose and values, a guiding framework for decision-making is developed and shapes the Company's overall strategy. These values are communicated both internally and externally to ensure alignment and transparency.

Afrimat is committed to continuously identify the most significant social, environmental, and economic impacts of the business and to understand stakeholders' expectations and concerns. This assessment will help prioritise CSR initiatives and allocate resources effectively.

It is Afrimat's goal to embed CSR into the core functions of the business. This means incorporating responsible practices into the supply chain, development, operations, and marketing. We are committed to consider sustainability criteria when selecting suppliers, optimising resource usage and reducing waste.

Afrimat will strive to continue engaging with stakeholders to understand their perspectives, build relationships, and identify collaborative opportunities and actively seek feedback and involve stakeholders in decision-making processes to ensure diverse perspectives and better outcomes.

Afrimat will prioritise the well-being and development of employees and provide a safe and inclusive work environment, fair wages, and benefits. We will further improve by promoting diversity and inclusion, supporting work-life balance, and investing in training and development programs as well as encouraging employee volunteerism and engagement in community initiatives.

Afrimat is also committed to strive to foster ethical governance and transparency.

By implementing this comprehensive strategy, Afrimat can become a more responsible corporate citizen, making a positive difference in society while driving sustainable growth and creating long-term value for all stakeholders.





# Definitions

|   |  |   |   |
|---|--|---|---|
| 'Afrimat' or 'Company'                          | Afrimat Limited (Registration number 2006/022534/06), listed on the Main Board of the JSE Limited in the 'General Mining' sector | 'King IV™ Report'                         | King Report on Governance for South Africa 2016   |
| 'AGM'   | Annual general meeting   | 'LOM'                                     | Life of mine  |
| 'ARC'   | African Rainbow Capital Proprietary Limited  | 'LUPO'                                    | Land Use Planning Ordinance   |
| 'ASPASA'  | Aggregate and Sand Producers Association of South Africa   | 'LTIFR'                                   | Lost Time Injury Frequency Rate   |
| 'B-BBEE'  | Broad-Based Black Economic Empowerment   | 'NEMA'                                    | National Environmental Management Act, 1998   |
| 'BEE'   | Black Economic Empowerment   | 'previous/prior year' or 'FY2022'         | Year ended 28 February 2022   |
| 'Board'   | The Board of Directors of Afrimat, as set out on page 9  | 'QAQC'                                    | Quality assurance/Quality control   |
| 'Codes'   | Department of Trade and Industry's B-BBEE Codes of Good Practice   | 'SAR'                                     | Share Appreciation Right  |
| 'COLTO'   | Committee of Land Transport Officials  | 'SARS'                                    | South African Revenue Services  |
| 'Companies Act'                                 | Companies Act No. 71 of 2008, as amended   | 'SENS'                                    | Securities Exchange News Service, the regulatory information dissemination platform for the JSE |
| 'CSI'   | Corporate Social Investment  | 'SHE'                                     | Safety, Health and Environment  |
| 'DMRE'  | Department of Mineral Resources and Energy   | 'SHEQ'                                    | Safety, Health, Environment and Quality   |
| 'EMP'   | Environmental Management Plan  | 'SLP'                                     | Social and Labour Plan  |
| 'ESG'   | Environmental, Social and Governance   | 'TCFD'                                    | Task Force on Climate-Related Financial Disclosures   |
| 'Executive Director: People and Sustainability' | Collin Ramukhubati   | 'year' or 'year under review' or 'FY2023' | Year ended 28 February 2023   |
| 'Exco'  | Executive Committee, as set out on page 11   | 'WUL'                                     | Water use license   |
| 'the Group'                                     | Afrimat Limited, its subsidiaries, joint venture and associate companies   | <b>Financial definitions</b>              |   |
| 'GRI'   | Global Reporting Initiative, a best practice benchmark in reporting  | 'CAGR'                                    | Compound annual growth rate   |
| 'GHG'   | Greenhouse gas   | 'FY'                                      | Financial year ending February  |
| 'HRD'   | Human Resource Development   | 'IFRS'                                    | International Financial Reporting Standards   |
| 'H&S'   | Health and Safety  | 'HEPS'                                    | Headline earnings per share   |
| 'HIRA'  | Hazard Identification and Risk Assessment  | 'NAV'                                     | Net asset value   |
| 'IAR'   | Integrated Annual Report   | 'PAT'                                     | Profit after tax  |
| 'IRBA'  | Independent Regulatory Board of Auditors   | 'PBIT'                                    | Profit before interest and tax  |
| 'IRC South Africa'                              | The Integrated Reporting committee of South Africa   | 'ROE'                                     | Return on equity  |
| 'ISO'   | International Organisation for Standardisation   | 'ROI'                                     | Return on investment  |
| 'IT'  | Information Technology   | 'RONA'                                    | Return on net operating assets  |
| 'ITBS'  | Information Technology Business Systems  | 'TNAV'                                    | Tangible net asset value  |
| 'JSE'   | JSE Limited incorporating the JSE Securities Exchange, the main board in South Africa  |   |   |



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