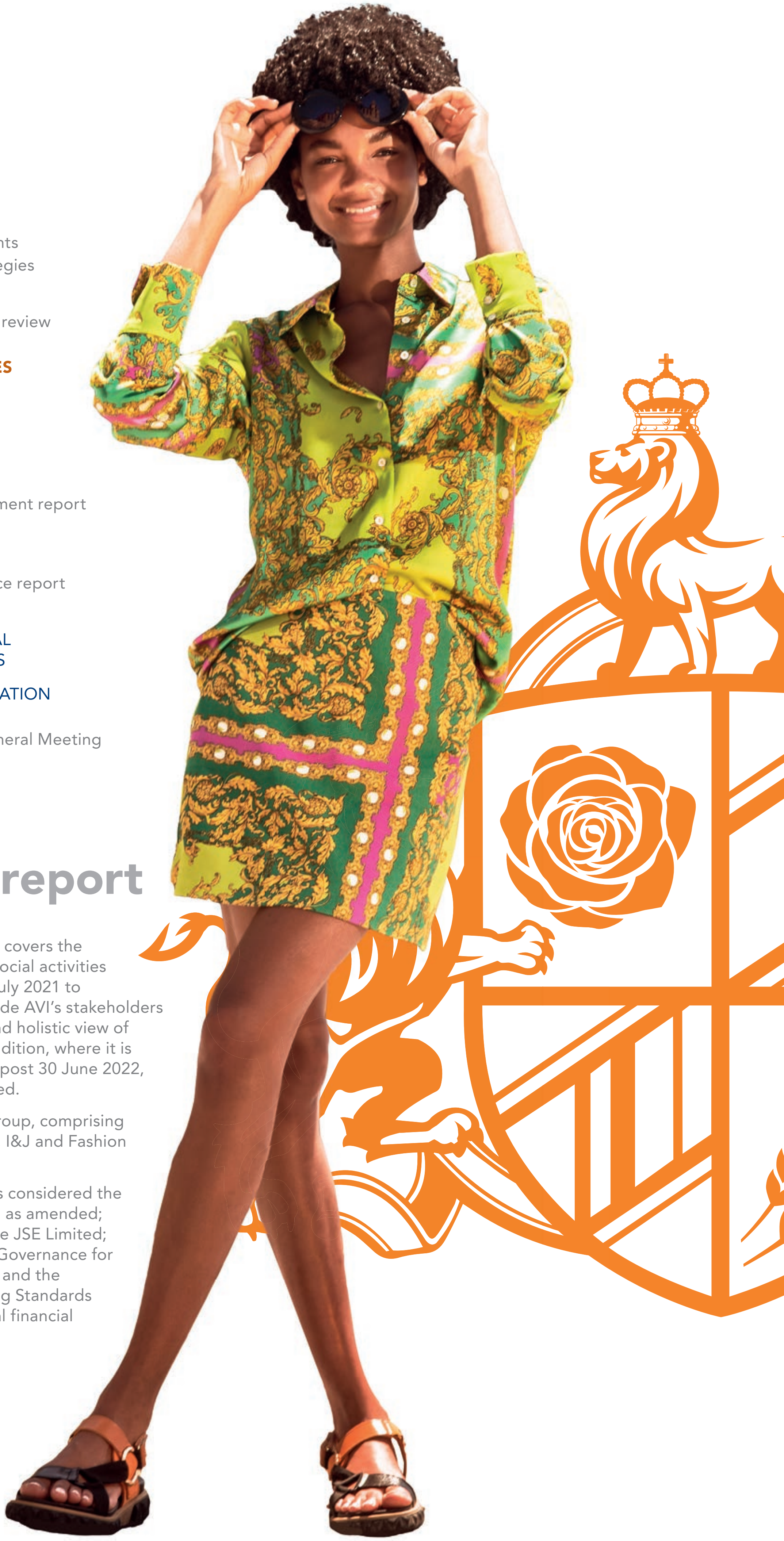
AVI

2022 INTEGRATED ANNUAL REPORT

GROWING GREAT BRANDS

contents



about this report

AVI's Integrated Annual Report covers the economic, environmental and social activities of the Group for the period 1 July 2021 to 30 June 2022 and aims to provide AVI's stakeholders with a transparent, balanced and holistic view of the Group's performance. In addition, where it is informative to add information post 30 June 2022, this has been included and noted.

This report covers the entire Group, comprising Entyce Beverages, Snackworks, I&J and Fashion brands.

In compiling the report, AVI has considered the Companies Act No. 71 of 2008, as amended; the Listings Requirements of the JSE Limited; the King Report on Corporate Governance for South Africa 2016 ("King IV")™ and the International Financial Reporting Standards ("IFRS") in respect to the annual financial statements.

board responsibility

The Board of directors ("the Board") acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. The Board has accordingly applied its mind to the Integrated Annual Report and in their opinion the Integrated Annual Report addresses all material issues, and presents fairly the integrated performance of the organisation and its impacts.

Any questions or comments on the report can be forwarded to info@avi.co.za.

our business

GROWING GREAT BRANDS

With a primary listing on the Johannesburg Stock Exchange in the food products sector and a secondary listing on A2X, AVI Limited's extensive brand portfolio includes more than 50 brands. AVI's lifeblood is its portfolio of remarkable brands, many of which carry a heritage and pedigree built up over decades and some of which occupy a place in our national character. It would not be a stretch to claim that the vast majority of South Africa's population has at some time or another been conscious of, consumed or aspired to own one of our brands.

AVI's brands that have grown into great South African favourites include:
- Five Roses, Freshpak, House of Coffees, Frisco, Koffiehuis, Ellis Brown, Ciro and Lavazza in the Beverages category;
- Bakers, Pyotts, Provita, Baumann's and Willards in the Biscuits and Snacks category;
- I&J in the Frozen category;
- Yardley, Lenthéric and Coty in Personal Care; and
- Spitz, Carvela, Green Cross, GX&Co, Kurt Geiger, Lacoste, Tosoni and Gant in our Footwear and Apparel portfolio.

We have 123 branded retail outlets under the Spitz, Kurt Geiger, Green Cross, GX&Co and Gant brands.

This privileged position carries with it an obligation to develop and manage each brand to its fullest potential. We have structured our business to best suit this end. We have four business units taking care of beverages, including out-of-home solutions, sweet and savoury snacks, frozen foods and fashion brands, which are separated into Personal Care brands and Footwear and Apparel.

We also have a well-developed shared services structure spanning: International, Information Technology ("IT"), Finance, Human Resources, Logistics, Marketing, Field Marketing and Procurement that allows us to take advantage of our scale and deliver more for less.

With a turnover of R13,85 billion in this last financial year, AVI's brands are a household name in South Africa and growing every day.

operating structure

AVI

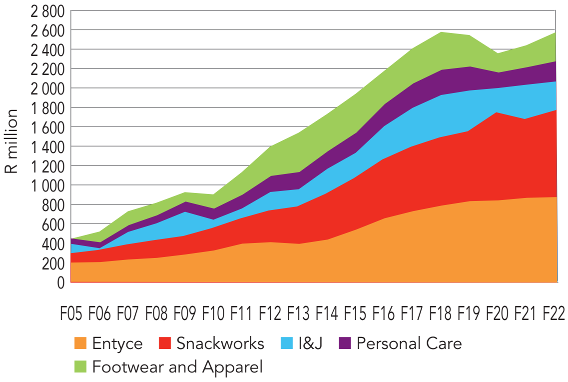
ENTYCE BEVERAGES	SNACKWORKS	I&J	PERSONAL CARE	FOOTWEAR & APPAREL	SHARED SERVICES
TEA	BISCUITS	SEAFOOD	INDIGO	SPITZ	INTERNATIONAL
COFFEE	SNACKS	GENERAL FOOD		KURT GEIGER	IT
CREAMER				GREEN CROSS	HUMAN RESOURCES
OUT OF HOME				GANT	FINANCE
					LOGISTICS
					FIELD MARKETING
					MARKETING
					PROCUREMENT

our business highlights

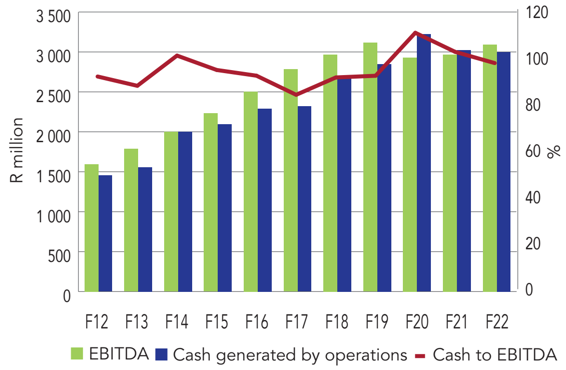
Key features

- Constrained macro and consumer environment
- Material global and local supply chain disruptions
- July 2021 unrest:
  - Direct cost of R38,1 million in Spitz and Snackworks
  - SASRIA insurance recovery of R69,7 million
- Group revenue increased by 4,3%
- Gross margins protected by pricing and hedging disciplines
- Effective containment of selling and administrative costs
- Operating profit increased by 5,4%
- Operating profit excluding I&J increased by 8,0%
- I&J impacted by stronger Rand exchange rate and fuel price increases
- Strong post COVID-19 recovery in I&J's Abalone business
- R15,3 million benefit from lower tax rate
- Headline earnings per share up 6,1% to 530,6 cents
- Strong cash generation despite challenges
- Acquisition of Exclamation and Gravity brands from Coty for R150 million
- Final dividend of 292 cents per share, ordinary dividend up 6,2%

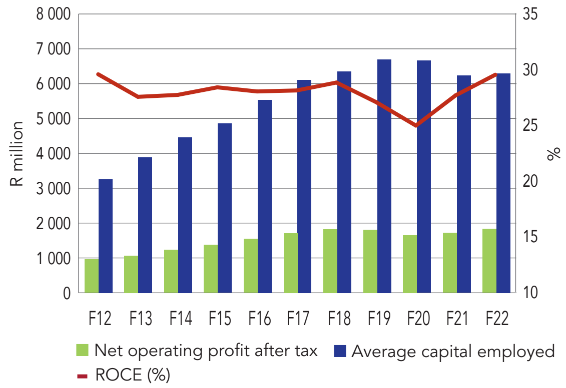
Operating profit history



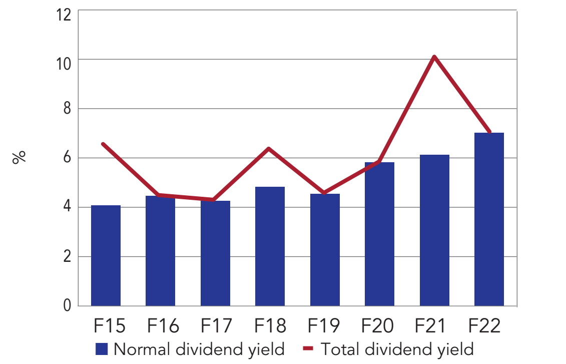
Cash conversion



Return on capital employed



Historical dividend yield (year end)



AVI	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	Change F22 vs F21 %
REVENUE	13 845,3	13 269,2	13 209,7	13 150,9	13 437,5	4,3
OPERATING PROFIT	2 540,1	2 409,3	2 334,5	2 522,5	2 552,5	5,4
OPERATING MARGIN (%)	18,3	18,2	17,7	19,2	19,0	0,5
CAPITAL EXPENDITURE	240,8	315,7	376,6	472,6	419,9	(23,7)

ENTYCE BEVERAGES	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	Change F22 vs F21 %
REVENUE	3 981,6	3 777,1	3 849,0	3 822,6	3 834,1	5,4
OPERATING PROFIT	880,6	872,8	846,6	838,3	792,6	0,9
OPERATING MARGIN (%)	22,1	23,1	22,0	21,9	20,7	(4,3)
CAPITAL EXPENDITURE	50,8	44,2	92,6	106,7	42,7	14,9

Snackworks That's Good Times!	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	Change F22 vs F21 %
REVENUE	4 702,4	4 267,8	4 365,1	3 890,9	3 960,8	10,2
OPERATING PROFIT	881,4	814,6	910,2	723,1	705,0	8,2
OPERATING MARGIN (%)	18,7	19,1	20,9	18,6	17,8	(2,1)
CAPITAL EXPENDITURE	39,2	95,1	80,6	145,5	161,8	(58,8)

I&J	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	Change F22 vs F21 %
REVENUE	2 473,8	2 605,4	2 327,9	2 507,2	2 487,6	(5,1)
OPERATING PROFIT	306,2	341,6	237,8	407,9	425,0	(10,4)
OPERATING MARGIN (%)	12,4	13,1	10,2	16,3	17,1	(5,3)
CAPITAL EXPENDITURE	87,8	133,6	137,3	103,1	116,9	(34,3)

FASHION BRANDS	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	Change F22 vs F21 %
REVENUE	2 687,5	2 618,9	2 667,7	2 930,2	3 155,0	2,6
OPERATING PROFIT	495,9	400,8	352,4	565,7	645,0	23,7
OPERATING MARGIN (%)	18,5	15,3	13,2	19,3	20,4	20,9
CAPITAL EXPENDITURE	56,8	36,2	53,9	100,0	78,4	56,9

objectives and strategies

To be recognised as South Africa's leading consumer brands manager.

Brands are AVI's lifeblood and we are endowed with a portfolio of remarkable brands, many of which carry a heritage and pedigree built up over decades and some of which occupy a place in our national character. It would not be a stretch to claim that the vast majority of South Africa's population has at some time or another been conscious of, consumed or aspired to own a product carrying one of our brands. Coupled with this privileged position is an obligation to develop and manage each brand to its fullest potential.

The strength of our brands is a function of the value they deliver to our consumers which is underpinned by their quality, price and inventiveness. We strive to constantly improve this value by making our products more valuable, more accessible and more desirable and we are committed to supporting the long-term competitiveness of our brands with appropriate investments behind marketing, research and new product development. We view our role not merely in terms of enhancing the position of our brands within a category, but of being a material contributor to the development of the categories themselves. It is not our objective to serve all potential customers, but to service those whose needs are aligned with our business objectives better than anyone else by providing them with the most rewarding consumption experience. A happy consumer is the foundation of the growing volumes, market shares, profit margins and brand loyalty, which drive success in the consumer products space.

To consistently outperform our peer group, both operationally and in shareholder returns.

AVI's financial success is measured first and foremost by the adequacy of returns generated for our shareholder community. Our twin return objectives reflect our goal of being an attractive investment vehicle over the long term, both relative to our peer set and on an absolute basis. Our relative performance target is to earn top quartile total shareholder returns over successive rolling three-year periods, while our absolute performance target is to deliver real combined dividend and share price appreciation annually. The achievement of these targets will depend crucially on AVI's ability to service our customers and communities efficiently and effectively, and will reflect the value added by our organisation and be a key underpin of the ongoing sustainability thereof.

To build sustainable and defensible positions in each of our priority markets and categories.

We do not view legacy as an inhibitor of opportunity and are committed to operating in any market or category where our brands, products and organisational competencies endow us with a sustainable advantage over our competitors. We believe that long-term continuing success is a function of focus and the discipline required to recognise where we can and cannot compete effectively.

Practically, this perspective demands that we regularly reappraise the extent of our current activities and consider exiting areas where growth or profitability are deemed poor in the long run or where the competitive landscape is changing in ways that inhibit our ongoing success. It also materially shapes the development of our organic and acquisitive growth initiatives by ensuring that the imperative for growth is tempered by a true assessment of any new opportunity and our ability to sustain and enhance our competitiveness in the new market or category over the long term.

To maintain and develop a corporate structure that adds material value to our underlying business portfolio.

Our corporate and shared services structures play a meaningful role in defining and enhancing our competitiveness and are capable of supporting heightened long-term earnings growth. While we operate in many distinct categories our corporate ethos and enabling structures embrace a "one company" philosophy. They are an effective mechanism for leveraging the strength of our brands and exploiting the efficiency and productivity improvement, process simplification and cost reduction opportunities inherent in their combined scale. They allow us to serve more consumers in more markets more efficiently and to strengthen our importance to our key national retail partners.

To enhance our absolute and relative competitiveness in each core category every year.

The global consumer product environment is a vibrant space and one in which sustaining the saliency of one's brands has become increasingly challenging. Rapid technological development, increased access to information and the relentless pace of innovation globally have all contributed to the most fluid consumer environment in history. Better informed consumers have ever more demanding expectations from their brands and are faced with a wider portfolio of choices when making their consumption decision.

Our response to new opportunities, changing consumer preferences and lifestyles, and competitor activity will need to be quicker and more flexible than ever in the years to come. Ongoing success in this increasingly "winner-takes-all" environment demands a strong commitment to continuous improvement in all areas of our operations.

To sustain and develop an impeccable corporate reputation with all stakeholders.

Our standing as a leading South African corporate requires continued focus on ethical management practices. Beyond integrity and transparency in our dealings with shareholders, customers, consumers, employees and other stakeholders, this encompasses a commitment to ensuring that AVI plays its role as a corporate citizen to minimise any adverse environmental impact, and to improve living standards and address the ongoing need for transformation in the society in which we operate.

To attract, develop and retain the best talent in the industry.

In the fierce competition for skills and talent, AVI actively seeks to recruit, nurture and retain exceptional people recognising that they remain our strongest differentiator in developing our leading brand-centric culture. We believe that our scale and opportunity reinforce our ability to attract and retain the talented individuals necessary to execute our strategies and cement the quality of functional leadership in an environment characterised by increasing skills shortages and intense competition for human capital.

Reinforce business returns with a prudent but nimble corporate capital allocation philosophy.

The strength of our brand portfolio has resulted in AVI generating robust cash flows, which often exceed the supply of investment opportunities that meet our strategic, risk and return criteria. While we have strong ambitions for organic and value-adding acquisitive growth, this paradigm of cash generation in excess of reinvestment need is likely to persist in future. We will seek to supplement underlying shareholder return generation through the prudent use of corporate capital management strategies including share repurchases, leverage and special dividends, where appropriate.

chairman and ceo's review

Overview

Writing these reports provides an opportunity to reflect on what has happened globally, domestically and in our businesses over the last 12 months. Unfortunately, as has been the case for a number of years, the negatives outweigh the positives with regard to exogenous factors.

Russia's invasion of the Ukraine has resulted in significant destruction and loss of life, and it has also contributed, directly and indirectly, to global economic hardship.

Inflation rates in developed nations have risen to multi-decade highs, partly due to energy inflation as a result of the conflict, but also as a consequence of the excess levels of liquidity injected into the major economies over extended periods. Inflation has now become the global enemy with some of the major central banks raising interest rates aggressively to cool their economies. Although there are signs that inflationary expectations in the United States are reducing, there is likely to be considerable economic pain before the inflation genie is properly back in the bottle.

The COVID pandemic was a major factor a year ago. Other than in China where lockdowns have persisted, COVID seems to have been accepted as a part of normal life and is being managed accordingly. The resumption of more normal ways of travelling and operating has reduced the not insignificant COVID-related costs business has been subject to in recent years, and has contributed to a return to sustained, normal levels of productivity.

South Africa and our economy are in a worse position than a year ago. Our financial year started with unrest in Gauteng and KwaZulu-Natal. Unemployment remains doggedly high. Load shedding has become a regular occurrence with particularly severe levels in the first six months of 2022. While businesses will find ways to compensate for an unreliable supply of electricity, there are costs to that, and shareholders and consumers are prejudiced. Years of corruption and mismanagement have meant that many of our state-owned enterprises have failed and require regular bailouts the country cannot afford; a meaningful proportion of our municipalities are insolvent and unable to deliver basic services; and trust in the government, at all levels, is at historic lows.

Our economy benefitted from the last commodity boom and the related tax revenue. The softening of commodity prices and reduced demand as growth in some of the major consuming economies slows does not bode well for South Africa. There are significant demands on the fiscus, the cost of borrowing has risen and will continue to do so, our growth rate is at a level that exacerbates rather than addresses our economic malaise, and it is therefore likely that we will have to borrow more money to fund our lifestyle as a country, despite the very negative consequences of doing so.

South Africa's inflation rate is well above the upper limit of the Reserve Bank's targeted range, largely due to global issues. Unfortunately, this has placed further pressure on over extended consumers and makes profitable growth difficult for business. Increases in commodity and wage costs, and an inability to pass the full extent of those on to customers, will affect margins.

GAVIN TIPPER
Chairman

Group revenue increased by 4,3% supported by higher sales volumes in key categories and the benefit of price increases to offset inflationary cost pressures. Demand in the Entyce and Snackworks businesses was resilient; Personal Care revenue improved with the easing of lockdown restrictions; Footwear and Apparel sales benefitted from higher selling prices, an improved sales mix and a like-for-like improvement in Green Cross sales; while I&J's revenue declined with lower fish sales volumes and the impact of a stronger Rand on export revenues, partly offset by a recovery in the abalone category. Consolidated gross profit increased by 3,3% in line with the higher revenue; our inability to fully recover input cost pressures through efficiencies and selling price increases resulted in a small decline in the gross margin. Tight cost management resulted in selling and administration costs increasing by 1,4%. Operating profit increased by 5,4% and the benefit of a lower future tax rate offset higher finance costs resulting in headline earnings growth of 6,3%. Cash generation remained strong.

In accordance with our practice, the increases granted to our salaried staff were above the consumer price index at the time they were granted. Should inflation persist at the levels recently announced we may, however, have to consider further measures to take care of our staff.

Despite the generally acrimonious labour environment in the country, our negotiations with unions were constructive and resulted in reasonable settlements. Other than where we are subject to industry-wide bargaining forums, wage settlements in all of our major sites have been completed.

Although South Africa has one of the highest unemployment rates in the world, there is a severe shortage of commercial skills. Our salaried staff receive regular approaches from competitors; we have lost a number of high-performing managers to emigration; and the difficult operating environment prejudices our ability to grow a pipeline of talent. The retention of key staff is a major concern and the global rerating of stock markets, and particularly of sectors such as ours, has had the effect that there is relatively little retention value in our long-term incentive schemes. We recognise the importance of aligning the interests of management and shareholders, however, it is essential that the current retention risks be addressed. At the next Annual General Meeting shareholders will be asked to vote on a retention scheme to replace two of the current long-term incentive schemes.

The period under review included considerable disruption to global and local supply chains. The effects of the disruptions were well managed throughout our businesses with relatively little impact on service levels, but the costs of that included higher raw material inventories to ensure continuity of supply. South Africa's harbours are among the most expensive and inefficient in the world and add unnecessary costs and complications to our businesses.

The I&J Black Staff Scheme matured in December 2021 and R103,0 million was paid to participants. A new scheme was implemented on expiry of the previous scheme and participants will benefit handsomely should the desired growth rates in I&J be achieved.

We continue to work on improving our Broad-Based Black Economic Empowerment ("BBBEE") rating. We are currently rated as a level 5, consistent with the rating a year ago. Considerable effort is made to ensure that the rating is sustainable and that it improves over time. Progress is monitored at Board level with a focus on compliance with the spirit of the code and achieving transformation in a manner that contributes to the meaningful advancement of our people and the long-term success of the Group.

I&J has maintained its level 1 rating and continues to be an important employer in, and contributor to, the Western Cape economy. The deep sea hake quota was allocated during the period with a relatively small reduction in the quota allocated to I&J. Unfortunately, the deadline for appeals against the allocations has been extended prolonging the uncertainty the industry has been subject to for a number of years. It is critical that the allocations be finalised so that industry participants can make much needed investments into their businesses, however, we are concerned that the process will be managed in a manner such that there will be no resolution, and consequently limited investment, for an extended period.

We received an approach for a purchase of the Snackworks business during the period. The proposed transaction had the potential to create considerable value for shareholders but could not be concluded in a form that provided both the required premium and acceptable continuity for other areas of our business.

Financial review

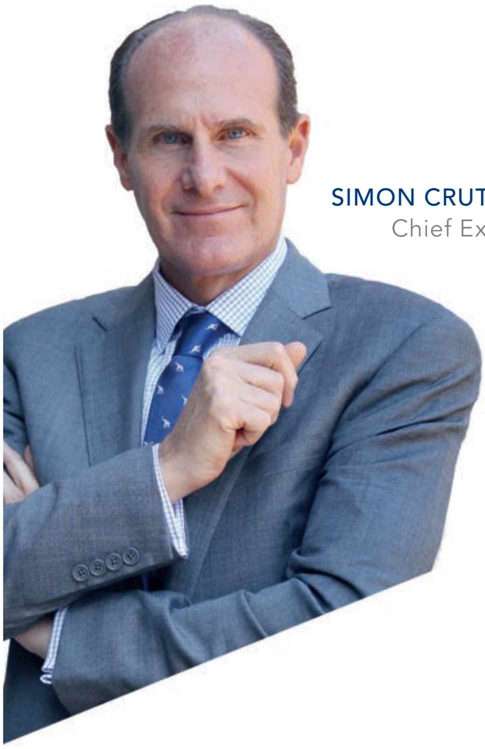
The Group produced a credible result for the year given the lack of real growth in the economy, the pressure consumers are under and the myriad of external events that played out.

Group revenue increased by 4,3% due to higher sales volumes in key categories and price increases to ameliorate input cost pressure. Gross profit increased by 3,3% with a slight decrease in the gross margin as cost pressures were not fully recovered through efficiencies and price increases. Selling and administrative costs were tightly controlled, increasing by 1,4%, and the benefit of the reduction in the future tax rate offset higher finance costs, resulting in a 6,3% improvement in headline earnings.

Entyce's revenue increased by 5,4%, while operating profit increased by 0,9%. Tea revenue reduced marginally due to lower rooibos revenue, in line with lower selling prices and raw material costs, and black tea revenue increased due to selling price increases and better volumes. Coffee revenue was 5% higher due mainly to higher sales in the Ciro out-of-home business as lockdown restrictions were eased and business and travel started to return to normal. Aggressive competitor activity resulted in lower revenue from the coffee retail brands. Creamer revenue grew 15,4% due to higher selling prices and volume growth.

Snackwork's revenue was 10,2% higher, with operating profit increasing by 8,2%. Biscuit revenue increased by 9,9% due to volume growth and higher selling prices. Demand was resilient and was supported by a strong festive season, improved lunchbox and on-the-go volumes, and solid growth in the lower priced formats. Snack's revenue increased by 11,1% due mainly to higher selling prices and tighter control of discounts. Higher raw material and distribution costs were not fully recovered through price increases, resulting in a small decline in operating profit.

I&J's revenue was 5,1% lower and operating profit declined by 10,4%. Fishing profits were lower due to the impact of a strong Rand on sales, lower fish sale volumes and substantially higher fuel costs for the fishing fleet. The lower fishing result was partly offset by a sustained post-COVID recovery in abalone with improved pricing, a favourable product mix and increased demand from key Asian markets.



SIMON CRUTCHLEY
Chief Executive Officer

Indigo's revenue was 2,0% higher, due primarily to selling price increases offset by lower volumes. Constrained consumers and a competitive environment affected volumes, albeit improved levels of demand were evident in the second semester. Operating profit increased by 13,5%.

Revenue in the Footwear and Apparel business increased by 3,1% due mainly to higher selling prices and an improved sales mix, with lower volumes. Sales volumes were negatively affected by the July unrest, stock availability challenges in the first semester, and unplanned power outages that affected trading. Encouragingly, like-for-like sales in Green Cross improved by 28,9% on the back of volume growth and higher selling prices.

Revenue for the international business, which largely comprises exports to adjacent African countries, grew by 2,9% with the benefit of higher selling prices partly offset by volume declines. Operating profit was 0,7% higher with higher gross profit reduced by an increase in distribution costs.

Cash generated by operations decreased by 0,7% with lower adjustments for non-cash items in operating profit, and an increase in working capital due to an investment in raw materials to secure supply given disrupted supply chains. Lower interest paid was offset by an increase in tax paid, resulting in a 1,1% decrease in cash from operating activities. Other material cash flows included capital expenditure of R240,8 million, the Coty trademark acquisition of R150 million and ordinary dividends of R1,47 billion. Net debt decreased from R1,72 billion to R1,68 billion.

The return on capital employed for the period was 29,1% (2021: 27,6%). The return is strong in the context of the difficult operating environment and is substantially higher than the Company's weighted average cost of capital.

Dividend

The Group produced a credible result for the year and, again, was strongly cash generative. A final dividend of 292 cents per share has been declared, 6,2% higher than that for 2021. This brings the total ordinary dividend for the year to 462 cents, an increase of 6,2% over the 2021 dividend of 435 cents per share.

Investing for growth

Capital expenditure for the year amounted to R240,8 million. Significant items of expenditure included R7,8 million on the Durban tea factory, R12,2 million to increase creamer capacity, R4,9 million on coffee dispensing equipment, R12,1 million on biscuit line upgrades, R4,3 million on snack line upgrades, R5,6 million on field marketing vehicles, R49,5 million on vessel upgrades, R29,6 million on upgrades to the I&J plants and R4,5 million on the Danger Point facility, R3,9 million on Indigo merchandising units, and R27 million on opening, relocating and refurbishing Spitz stores.

As has been the case for a number of years, we have reduced the level of capital investment to reflect the difficult economic environment and reduced growth opportunities. Capital expenditure is focused on driving efficiencies and maintaining capacity, and in the case of expansionary investments, is carefully evaluated with a strict focus of the merits of the risk-adjusted case for the investment. Budgeted capital expenditure for the next financial year is higher than that for the current year, and is directed at the parts of our business that are most appropriate to the current, and likely future, domestic economies. We will continue to monitor the environment and, where appropriate, expenditure will be curtailed should the risk-adjusted returns not justify the cost.

We acquired a number of brands from Coty during the period at a cost of R150 million. These will be an important addition to our cosmetics business and to the scale necessary to operate that business effectively.

Four Spitz stores were looted and damaged in July 2021. Although our losses were considerably smaller than those of many other retailers, and while we have reinstated three of the damaged stores, future investments in areas that may be susceptible to similar events will be carefully considered.
In accordance with our normal practice a number of underperforming retail stores were closed, new stores were opened where justified by the retail opportunity in the areas, and the refurbishment of existing stores continued.

Corporate governance

AVI's Board is committed to ensuring that the Group operates in a manner that clearly recognises the nature of the relationships the Company has with different stakeholders, and the need to manage those relationships appropriately, while generating returns in a sustainable manner. Our efforts in this regard are detailed throughout this report, and particularly in the sustainable development section.

The recommendations of the King Report ("King IV") have been integrated into our Board and sub-committee charters, where appropriate, as have the applicable provisions of the Companies Act and the JSE Listings Requirements. The corporate governance section of this report describes our approach to corporate governance and our compliance with King IV.

Board

We continue to work on Board and executive succession plans, and will recruit additional directors where we find individuals with the ability to contribute to the Board's current and future deliberations.

The performances of the Board and individual directors are regularly evaluated, however, the fees paid to non-executive directors do not reflect their differing levels of skill and experience, or their contribution. A revised approach to non-executive fees that recognises these factors will be tabled at the forthcoming Annual General Meeting.

As always, our thanks to our colleagues for their support and counsel.

Outlook

Although we have a highly regarded management team, staff that are the envy of many businesses, a robust and pedigreed portfolio of brands, and efficient manufacturing and distribution facilities, over time our performance will be determined by the performance of the economy in which we operate. We can outperform the economy for short periods and have done so on many occasions; over longer periods we cannot create growth in an environment where none exists and our customers are getting poorer in real terms. Sustained long-term growth in our business is dependent on the government taking the steps necessary to remove the impediments to growth in our economy.

We have structured our businesses for the environment we anticipate and will continue to drive efficiencies, control costs, apply capital where acceptable returns are available, and carefully manage the relationship between volume and value. Despite pressure to do so, we have resisted driving volumes through discounting, and will continue to work with our retail partners to preserve and grow the entire value chain.

We have a remarkable portfolio of brands with a heritage that goes back 171 years in the case of Bakers. We will continue to innovate and invest to ensure their ongoing relevance and appeal, and to justify the brand premia we enjoy.

The nature of our portfolio is such that there is a degree of cross-subsidisation. We monitor that carefully, and where necessary and appropriate, we will adjust our portfolio for those products or brands that will be less relevant in future.

Our hedging book will provide a reasonable level of cover for the first semester, but we will be exposed should the Rand weaken further or should commodity prices increase after that. Commodity prices have retreated from the significant highs reached in the earlier part of 2022; a sustained continuation of that will be important to our ability to manage margin pressures in an environment where price increases are often difficult to achieve.

Our African businesses produced another pleasing result in difficult markets. We operate in a range of countries with different economic characteristics and risks; achieving an aggregate level of profitable growth requires careful management. We anticipate another solid year from this business with steady progress in growing our market shares.

We have a strong team of people who are committed to our businesses and work hard to deliver results. Our staff turnover has been low historically and although maintaining that is likely to be more challenging in future, we are taking steps to address retention risks.

We will continue to investigate options to create shareholder value through corporate action. Market opportunities will be evaluated based on our views of the economy and the sector and in areas where we believe that we are well positioned to produce real, risk-adjusted returns.

Acknowledgements

The energy and integrity of our people are critical to our success and we thank our staff for their contribution. Despite the difficult environment, with the exception of a short period during the July unrest, our people kept our factories and retail outlets running, and enabled us to service our retail partners and customers.

The continued support of our suppliers, service providers, retail partners and customers is fundamental to what we are and our thanks go to all of those parties.

Finally, the ongoing support from our shareholders is acknowledged and appreciated.

GAVIN TIPPER
Chairman

SIMON CRUTCHLEY
Chief Executive Officer


CARVELA
CARVELA
CARVELA

operational reviews

	Segmental revenue			Segmental operating profit		
	2022 Rm	2021 Rm	% change	**2022 Rm**	2021 Rm	% change
Food & Beverage brands	**11 157,8**	10 650,3	4,8	**2 068,2**	2 029,0	1,9
Entyce Beverages	**3 981,6**	3 777,1	5,4	**880,6**	872,8	0,9
Snackworks	**4 702,4**	4 267,8	10,2	**881,4**	814,6	8,2
I&J	**2 473,8**	2 605,4	(5,1)	**306,2**	341,6	(10,4)
Fashion brands	**2 687,5**	2 618,9	2,6	**495,9**	400,8	23,7
Personal Care	**1 176,5**	1 152,9	2,0	**193,4**	170,4	13,5
Footwear & Apparel	**1 511,0**	1 466,0	3,1	**302,5**	230,4	31,3
Corporate				**(24,0)**	(20,5)	
Group	**13 845,3**	13 269,2	4,3	**2 540,1**	2 409,3	5,4

ENTYCE BEVERAGES
A DIVISION OF NATIONAL BRANDS LIMITED

Revenue of R3,98 billion was 5,4% higher than last year with growth largely underpinned by selling price increases to ameliorate increased commodity input cost inflation with sustained demand across most categories despite the non-repeat of lockdown-related demand in the first quarter last year. Sales volume growth was achieved across most categories with the only exception being coffee where aggressive competitor behaviour negatively impacted mixed instant. Encouragingly, the Ciro out-of-home business continued to improve, albeit still below pre-COVID-19 levels, as lockdown restrictions eased with increased demand from hospitality, leisure and corporate customers.

Gross profit margins declined due to selling price increases not fully recovering the acute impact of higher input costs and the deleveraging impact of lower mixed instant coffee volumes. This partly offset the benefit of higher revenue with gross profit increasing 2,2% on last year.

Selling and administration costs increased by 4,1% driven primarily by higher distribution costs, due to fuel price increases and higher sales volumes, and increased incentive costs partly offset by lower marketing spend. Marketing activity was carefully considered in conjunction with brand strength and return on investment in the current constrained environment, with some investment redirected to hard selling activities at point of sale which are recognised as part of revenue. Benefits from the Ciro business restructuring last year provided a partial offset and further supported the improved Ciro profitability.

Operating profit increased 0,9% from R872,8 million to R880,6 million and the operating profit margin declined from 23,1% to 22,1% with a reduction in Tea, Coffee and Creamer margins partly offset by an improvement from the Ciro business.

Tea

Tea revenue decreased marginally compared to last year with lower rooibos revenue partially offset by a better black tea performance. Rooibos revenue declines resulted from reduced selling prices, underpinned by lower raw material input costs, not fully recovered through good sales volume growth with consumer demand responding well to lower selling prices. Black tea revenue improved nicely due to selling price increases taken last year, careful discount management to ensure the right balance of volume and margin protection as well as better volumes with the first half shortfall supported by improved demand through the last quarter. Our premium Five Roses Ceylon offering delivered good volume growth extending its market leadership position in the black tea segment while the more affordable Trinco format declined off a strong prior year base which included increased lockdown demand in the first quarter.

Gross profit margins declined marginally but remain at healthy levels, with input costs lower due to better rooibos raw material prices and a stronger Rand partly offset by higher underlying USD black tea prices. Selling and administration costs increased as a result of higher distribution and incentive costs partly offset by a reduction in marketing spend, with investment redirected to hard selling activities at point of sales which are recognised in revenue. Marketing spend continued to be carefully considered throughout the year with the strength of our brands maintained and return on investment ensured.

Operating profit for the tea category declined by 4,8% and the operating profit margins also reduced in line with the reduction in gross profit margins.

Coffee

Coffee revenue declined 2,4% compared to last year due primarily to mixed instant with the remaining coffee segments achieving revenue growth. Competition within the category has remained much the same with regular and deep promotional deals constraining selling prices and volumes, particularly in mixed instant coffee and to a lesser extent in the premium coffee segment. Affordable brewed volumes were negatively impacted by the July unrest with wholesale customers unwilling to invest during a period of uncertainty and limited traditional and religious gatherings during the year hindering recovery, with volumes still below pre-COVID-19 levels.

Rising raw material input costs were evident across the large majority of our basket, despite a partial offset from a stronger Rand, which necessitated an

increase in selling price increases to protect margins. Overall, the gross profit margin declined as a result of the deleveraging impact of lower mixed instant volumes and competitor pressure, which limited value realisation with improvements achieved in the affordable brewed and premium segments.

Operating profit declined 23,6% with the impact of lower revenue exacerbated by reduced mixed instant margins. Operating profit growth was achieved across both the affordable brewed and premium segments with declines in mixed instant coffee, and consequently cost saving interventions have been put in place at the factory to address the mixed instant margin decline.

Creamer

Creamer revenue grew 15,4% due to selling price increases taken in September 2021 and April 2022 to ameliorate the acute impact of rising commodity input costs. Sales volumes grew 3,2% on last year supported by a strong performance through the first semester, with slowing demand in the second half as sustained selling price increases pressurised consumers. Demand for the 750g pack size underpinned the volume growth and outstripped the 1kg offering with the lower relative price point more attractive in key channels.

Considerable pressure from higher palm oil, casein and glucose raw material prices, together with increased factory costs, was not fully recovered by selling price increases which resulted in lower gross profit margins. The strong revenue performance offset the lower margin with a good gross profit growth achieved. Selling and administration costs increased due to distribution and incentive expenditure, and operating profit increased 8,1% compared to last year.

Ciro

Ciro delivered a pleasing result with revenue increasing 19,0% driven by a combination of volume growth across all product categories, pricing and favourable mix. The performance across the business continued to improve through the year, albeit still below pre-COVID-19 levels, as lockdown restrictions eased with increased demand from hospitality, leisure and corporate customers.

Despite significant input cost pressures, gross profit margins improved as a result of volume leverage, a favourable sales mix, and increased focus on improving customer service and maintenance profitability. Selling and administration costs declined 3,8% including a R28,1 million benefit from restructuring initiatives undertaken last year to reposition our cost base for a more challenging environment. Operating profit for the year was R43,1 million better than last year, but has not yet fully recovered to pre-COVID-19 levels.

Capital expenditure

Capital expenditure of R50,8 million was primarily focused on essential replacement items, the completion of existing projects approved last year and the payment of deposits of R12,2 million related to increasing creamer packing capacity at our factory in Isando. During the year a total investment of R77,7 million was approved to expand our creamer packing capacity. This project not only aligns with our long-term growth expectations within this category but will also provide improved production line efficiencies and is expected to be commissioned during FY24.

ENTYCE BEVERAGES	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	2017 R'm	2016 R'm	2015 R'm	2014 R'm	2013 R'm	Change F22 vs F21 %
Revenue	3 981,6	3 777,1	3 849,0	3 822,6	3 834,1	3 757,1	3 421,9	3 041,2	2 717,4	2 414,9	5,4
Operating profit	880,6	872,8	846,6	838,3	792,6	735,1	661,7	545,2	442,4	397,8	0,9
Operating margin (%)	22,1	23,1	22,0	21,9	20,7	19,6	19,3	17,9	16,3	16,5	(4,3)
Capital expenditure	50,8	44,2	92,6	106,7	42,7	127,2	130,7	196,6	180,4	219,8	14,9

Snackworks

That's Good Times!

Revenue of R4,70 billion was 10,2% higher than last year with growth achieved across both the biscuit and snacks categories. Both categories benefitted from higher selling prices required to ameliorate significant input cost pressures and protect margins. Despite the high level of selling price inflation demand was resilient with both categories achieving improved sales volumes. Notwithstanding the effective management of selling prices and good cost control, the significant increase in soft commodities, together with the impact of an unfavourable product mix, was not fully recovered by price increases resulting in a marginal lowering of gross profit margins.

Selling and administration costs increased in line with inflation due to higher distribution costs, as a result of additional sales volumes and higher fuel prices, and increased incentives partly offset by lower marketing spend. Marketing spend in biscuits was lower with last year including additional investment in support of the Bakers 170th Heritage campaign as well as the redirection of investment in the current year towards hard selling activity at point of sale which is recognised as part of revenue. This was partly offset by increased marketing spend in snacks to support the Crinkle Cut potato chip innovation launched in the year.

Operating profit increased 8,2% from R814,6 million to R881,4 million while the operating profit margin declined from 19,1% to 18,7%.

Biscuits

Biscuit revenue increased 9,9% on last year as a result of higher realised prices and a 3,0% volume growth. The significant increase in underlying raw material commodity costs as well as factory cost escalations resulted in inflationary pressure, which required price increases in March 2022 to protect gross profit margins. Despite the high level of inflation, volume growth was achieved in both the sweet and savoury segments with growth supported by a strong festive season, improved lunchbox and on-the-go volumes, and good growth in Baker's lower priced formats.

Snackworks	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	2017 R'm	2016 R'm	2015 R'm	2014 R'm	2013 R'm	Change F22 vs F21 %
Revenue	**4 702,4**	4 267,8	4 365,1	3 890,9	3 960,8	3 956,2	3 643,2	3 405,3	3 057,9	2 681,6	**10,2**
Operating profit	**881,4**	814,6	910,2	723,1	705,0	666,4	609,1	533,4	474,5	387,9	**8,2**
Operating margin (%)	**18,7**	19,1	20,9	18,6	17,8	16,8	16,7	15,7	15,5	14,5	**(2,1)**
Capital expenditure	**39,2**	95,1	80,6	145,5	161,8	175,8	239,2	225,1	76,1	143,9	**(58,8)**

Gross profit improved and margins were well managed in a challenging environment with a slight margin shortfall against last year primarily attributable to raw material write-off costs of R11,7 million associated with July's unrest. Selling and administration costs were well contained with increased distribution costs and higher incentives partly offset by lower marketing spend and the recognition of insurance proceeds in respect of raw material losses suffered during July's unrest. Marketing costs were carefully considered in conjunction with brand strength and return on investment with the non-repeat of prior year investment in the Bakers 170th year Heritage campaign and the redirection of current year activity towards hard selling activity at point of sale which is recognised in revenue.

Operating profit for the year was 11,4% higher than last year, with good cost control over selling and administration expenditure.

Snacks

Snacks revenue was 11,1% better than last year with the benefit of selling price increases and a 2,7% growth in sales volumes. Considerable raw material input cost pressures were experienced through the year, in particular on palm oil, and price increases were taken to protect margins. Volume growth was supported by a strong second semester and recovered a first half shortfall which was negatively impacted by service level constraints due to nationwide potato supply challenges. Second semester sales volumes were buoyed by the launch of the new Crinkle Cut flavour innovations in a ridged cut format which performed well and added incremental volume. The rest of the portfolio also delivered volume growth, but aggressive competitor pricing has continued to negatively impact the achievement of desired selling prices.

Gross profit increased but the impact of input cost pressures, an unfavourable product mix and higher factory costs were not fully recovered through realised price increases and margins declined. Selling and administration costs were higher and reflected the impact of higher distribution expenditure, incentive costs and increased investment in marketing to support the new Crinkle Cut product innovations. The increase in gross profit was offset by higher selling and administration costs and operating profit declined 7,3%, with the operating profit margin decreasing.

Capital expenditure

Capital expenditure of R39,2 million was primarily focused on essential items, including infrastructure upgrades at the Rosslyn snacks factory and packaging line upgrades at Westmead, as well as the completion of existing projects. An investment of R42,3 million to replace and upgrade the existing Bakers Blue Label Marie oven at the Isando Biscuit factory was approved late in the year and is expected to be commissioned during the first half of FY24. In addition, R43,5 million for the replacement and capacity upgrade of our potato chip fryer at the Rosslyn snacks factory was approved and is expected to be commissioned during FY24. Further investment to increase the production capacity of the Bakers "Toppers" format will be finalised shortly and will extend the Baker's range of affordable biscuits.

I&J

Revenue decreased by 5,1% to R2,47 billion, mainly due to a reduction in fish sale volumes and the unfavourable effect of the exchange rate on export sales, inclusive of forward exchange cover. This was partly offset by a significant increase in abalone revenue with an increase in larger abalone harvested for the dried market as well as a recovery in selling prices following the effect of COVID-19 on demand in the prior year. Price increases were taken across both our domestic and export markets in response to a sharp increase in costs, particularly fuel, with demand for Cape hake remaining strong despite lower volumes.

The fishing performance was negatively impacted by lower average catch rates compared to the prior year, but this was largely offset by increased vessel utilisation. Fishing costs per kilogram increased significantly due to the lower catch rates and a substantial increase in the average fuel price, which was only partially mitigated by favourable hedge positions. Processing costs per kilogram were negatively impacted by the increased raw material fish input cost as well as the deleveraging impact of lower volumes at both processing plants.

A combination of the stronger Rand and cost inflation was not fully absorbed by sales price increases, and the gross margin from fishing operations declined.

The Danger Point Abalone farm delivered an improved performance following the significant impact that COVID-19 lockdowns had on demand and pricing last year. Although high airfreight costs and intermittent lockdowns in key markets persisted, the effect was mitigated by increased market diversification, with the introduction of new customers and an increased proportion of sales of higher-value dried abalone. Pricing recovered over the year, which had a favourable effect on the fair value of the abalone biological assets on hand at year end. Operating costs were well contained, with the benefits from a prior year restructure sustained.

Selling and administrative costs were well contained, with inflationary increases largely offset by a reduction in once-off restructure costs incurred last year.

Operating profit decreased from R341,6 million to R306,2 million, and the operating profit margin decreased from 13,1% to 12,4%.

Joint ventures

In addition to the operating profit reflected above, I&J's joint venture delivered an equity accounted loss of R0,8 million, compared to equity earnings of R3,6 million in FY21. The reduction in equity earnings was primarily attributable to a poor squid fishing season.

Capital expenditure

Capital expenditure of R87,8 million included R49,5 million on vessel maintenance and upgrades, R20,1 million on replacement of aged processing equipment at the Woodstock and Value Added Processing plants, R9,7 million on building maintenance, and R4,5 million at the Danger Point abalone farm.

Black staff share scheme

The I&J black staff share scheme came to an end in December 2021, with a final payment of R103,0 million to employees. Over the duration of this scheme employees received a total of R136,5 million in dividends and capital payments. A new share scheme was implemented in December 2021, providing black employees of the Company with a further opportunity to benefit from the long-term performance of I&J.

RSA hake resource

The South African hake total allowable catch ("TAC") decreased by 5,0% to 132 163 tons for the 2022 calendar year, from 139 119 tons in 2021. Following the conclusion of the Fishing Rights Allocation Process in February 2022, which is still subject to appeal, I&J's allocation reduced from 27,0% to 25,8% of the TAC, resulting in I&J's hake quota decreasing from 37 543 tons in 2021 to 34 143 tons in 2022.

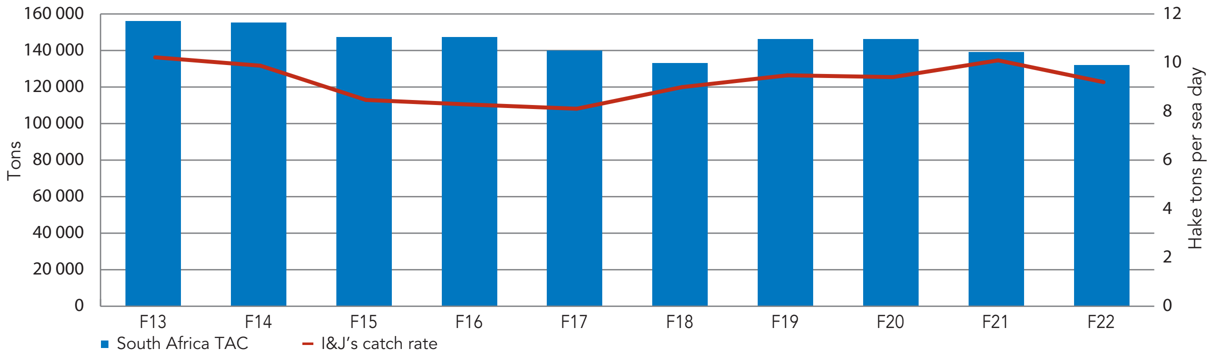
Changes in the TAC are made annually by the Department of Forestry, Fisheries and the Environment, ("DFFE") in accordance with a well-established management programme based on research voyages and catch data recorded by quota holders. During 2021 the Marine Stewardship Council ("MSC") recertified that the South African hake resource met the requisite environmental standards for sustainable fishing for a further five years. This certification gives assurance to buyers and consumers that the seafood comes from a well-managed and sustainable resource, which is increasingly relevant to customers in I&J's export markets. The South African Deep Sea Trawling Association continues to work closely with the DFFE to maintain a sustainable fishery into the future, including activities such as research voyages, the on-board observer programme and effective patrolling of the fishery.

The Hake Deep Sea Trawl Fishing Rights Allocation Process, which was deferred by 12 months, was concluded in February 2022. Following this process, which is still subject to appeal, I&J was awarded a 15-year right to 29,6% of the Deep Sea Trawl TAC.

I&J's catch rate (hake tons per sea day) decreased from 10,1 in FY21 to 9,2 in FY22, due to a lower hake catch rate by the wet fleet, partly attributable to an increase in bycatch volume caught.

	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	2017 R'm	2016 R'm	2015 R'm	2014 R'm	2013 R'm	**Change F22 vs F21 %**
Revenue	**2 473,8**	2 605,4	2 327,9	2 507,2	2 487,6	2 362,7	2 171,8	1 960,5	1 823,1	1 591,9	**(5,1)**
Operating profit	**306,2**	341,6	237,8	407,9	425,0	389,1	331,0	248,4	244,6	165,8	**(10,4)**
Operating margin (%)	**12,4**	13,1	10,2	16,3	17,1	16,5	15,2	12,7	13,4	10,4	**(5,3)**
Capital expenditure	**87,8**	133,6	137,3	103,1	116,9	128,7	345,7	212,5	183,7	112,9	**(34,3)**

South African hake TAC and I&J catch rates (hake tons per sea day)



Hake quota (tons)	**2022**	2021	2020	2019	2018	2017	2016	2015	2014	2013
South Africa	**132 163**	139 119	146 430	146 430	133 120	140 216	147 500	147 500	155 308	156 088
I&J	**34 143**	37 543	39 517	39 517	36 013	37 901	41 245	41 222	43 471	43 689
% of TAC	**25,8**	27,0	27,0	27,0	27,1	27,1	28,0	27,9	28,0	28,0

The hake TAC comprises a number of subsectors, most notably Hake Deep Sea Trawl, Hake Inshore Trawl, and Hake Longline. I&J has Hake Deep Sea Trawl and Hake Inshore Trawl rights.

YARDLEY
LONDON
WHITE SATIN

FINE FRAGRANCE

operational reviews continued

Personal Care

Indigo's revenue of R1,18 billion was 2,0% higher than last year due primarily to selling price increases taken in response to rising input costs, partly offset by the impact of lower volumes. Constrained consumers and a competitive environment affected demand, with global shipping and supplier delays negatively impacting service levels. Improved demand, albeit still below pre-COVID-19 levels, was evident through the second semester with good growth in aerosol, colour cosmetics and fragrance as lockdown restrictions eased. The effective management of selling prices to protect margins received attention with careful portfolio management and balanced trading ensuring market share positions were largely maintained.

Price points, cost and margin enhancement initiatives were all managed to protect, and in places grow, gross profit margins. Better demand in the higher margin colour cosmetics and fragrance categories provided support to improved gross margins compared to last year.

Selling and administrative costs were 2,2% lower than last year due to savings from restructuring initiatives undertaken last year. This resulted in an improvement in operating profit from R170,4 million to R193,4 million, and an increase in the operating profit margin from 14,8% to 16,4%.

In June 2022 the acquisition of the Exclamation and Gravity brands from Coty for a consideration of R150,0 million was concluded. The portfolio comprises largely aerosol and fragrance products which are expected to complement our existing personal care portfolio and will provide opportunity to deliver incremental growth.

Personal care	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	2017 R'm	2016 R'm	2015 R'm	2014 R'm	2013 R'm	Change F22 vs F21 %
Revenue	**1 176,5**	1 152,9	1 192,7	1 111,4	1 190,6	1 194,5	1 096,4	1 033,0	1 043,8	982,1	**2,0**
Operating profit	**193,4**	170,4	150,2	237,2	250,3	241,5	218,0	198,0	172,0	167,1	**13,5**
Operating margin (%)	**16,4**	14,8	12,6	21,3	21,0	20,2	19,9	19,2	16,5	17,0	**10,8**
Capital expenditure	**9,6**	12,1	25,0	44,5	36,9	55,6	54,6	19,4	24,5	31,5	**(20,7)**

Capital expenditure

R9,6 million was spent on normal replacement expenditure, the largest portion being on permanent merchandising units.

Footwear and Apparel

Revenue growth of 3,1% was achieved despite the tough trading environment and numerous exogenous challenges, including the July unrest and concomitant looting of four Spitz stores, supply chain constraints, and increased trading hours lost due to load shedding and unplanned power outages. Selling prices were increased to protect margins and footwear sales volumes declined, although demand in the second semester was buoyed by the easing of lockdown restrictions, improved stock availability and well-received summer and winter ranges. In-store execution, meticulous planning and the ongoing roll-out of backup power at stores were a focus and supported performance. The ongoing review of the Green Cross retail footprint led to the closure of several underperforming Green Cross stores and impacted revenue for the year. Like-for-like sales and footwear volumes in Green Cross improved.

The gross profit margin improved largely due to a change in sales mix and price increases implemented to recover accumulated cost pressure, including higher shipping costs. Selling and administrative costs were significantly lower due to restructuring initiatives completed last year, lower store costs due to closures, and insurance proceeds received relating to the July unrest. Operating profit improved from R230,4 million to R302,5 million, with the operating profit margin increasing from 15,7% to 20,0%.

The disruption from the civil unrest in July 2021, with all of our retail stores closed to safeguard our staff, resulted in direct losses of R24,8 million with asset and trading losses insured, and insurance proceeds of R53,0 million were received.

The environment remains constrained with eleven underperforming stores closed during the year, including four Spitz stores, four Green Cross stores and three Kurt Geiger stores. One new Spitz store was opened. Continued focus on cost efficiencies and effectively managing our store base ensured that trading densities improved across all brands.

Capital expenditure

Capital expenditure of R47,2 million included the cost of opening a new store, R30,3 million for the refurbishment and relocation of stores, and R6,9 million for the implementation of backup power at stores.

Footwear and Apparel	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	2017 R'm	2016 R'm	2015 R'm	2014 R'm	2013 R'm	Change F22 vs F21 %
Revenue	**1 511,0**	1 466,0	1 475,0	1 818,8	1 964,4	1 914,1	1 854,3	1 796,2	1 615,5	1 536,1	**3,1**
Operating profit	**302,5**	230,4	202,2	328,5	394,7	366,0	345,0	404,2	388,1	409,8	**31,3**
Operating margin (%)	**20,0**	15,7	13,7	18,1	20,1	19,1	18,6	22,5	24,0	26,7	**27,4**
Capital expenditure	**47,2**	24,2	28,9	55,5	41,5	49,1	99,3	88,9	64,0	48,8	**95,0**

SPITZ CARVELA KURT GEIGER LACOSTE TOSONI GREEN CROSS GX&Co GANT

SPITZ

SPITZ	F22	F21	F20	F19	F18	F17	F16	F15	F14	F13
NUMBER OF STORES	69	72	74	74	75	77	76	74	70	64
TURNOVER (R'm)	1 102	1 079	1 065	1 251	1 329	1 287	1 271	1 231	1 093	1 044
AVERAGE (m^2)	18 681	19 034	19 489	19 484	19 841	19 776	19 388	18 442	17 264	16 357
TRADING DENSITY (R/m^2)	59 013	56 711	54 650	64 198	66 960	65 071	65 550	66 767	63 300	63 820
CLOSING (m^2)	18 394	18 956	19 384	19 363	19 460	20 037	19 726	19 144	17 813	16 586

KURT GEIGER

KURT GEIGER	F22	F21	F20	F19	F18	F17	F16	F15	F14	F13
NUMBER OF STORES	31	34	34	33	33	33	34	29	32	30
TURNOVER (R'm)	187	174	175	210	217	211	196	179	154	127
AVERAGE (m^2)	4 222	4 219	4 259	4 186	4 194	4 135	4 187	4 045	3 825	3 845
TRADING DENSITY (R/m^2)	44 295	41 321	41 116	50 237	51 640	50 920	46 883	44 139	40 175	32 897
CLOSING (m^2)	3 934	4 287	4 289	4 191	4 194	4 115	4 266	3 677	3 880	3 751

GREEN CROSS

GREEN CROSS	F22	F21	F20	F19	F18	F17	F16	F15	F14	F13
NUMBER OF STORES	18	22	37	41	45	42	38	30	31	30
TURNOVER (R'm)	103	104	141	225	276	275	238	221	205	200
AVERAGE (m^2)	2 494	3 450	4 825	5 340	5 436	4 925	4 210	3 457	3 394	3 382
TRADING DENSITY (R/m^2)	41 196	30 000	29 202	42 110	50 804	55 778	56 484	64 021	60 416	59 014
CLOSING (m^2)	2 326	2 745	4 471	4 936	5 536	5 218	4 697	3 529	3 517	3 382

GANT

GANT	F22	F21	F20	F19	F18	F17	F16	F15	F14	F13
NUMBER OF STORES	5	5	5	5	6	6	6	4	3	3
TURNOVER (R'm)	68	52	45	63	52	45	47	33	43	38

AVI INTERNATIONAL

A difficult year for AVI International characterised by macro-economic headwinds in most of our key markets, challenges in supply chains and material input cost inflation. While shipping constraints challenged our supply chains, these were effectively managed, reducing the impact and ensuring orders were fulfilled, stock was delivered into markets and our brands were well represented. In line with our domestic business, selling price increases were implemented to protect margins with volumes lower across all categories, with the exception being snacks where growth was achieved in Namibia and Mauritius.

Revenue growth of 2,9% was driven predominantly through our subsidiary markets, partly offset by declines from distributors with shipping delays and supply chain constraints contributing to the lower performance. Namibia delivered good revenue growth with improved volumes and benefits from operational efficiencies. An improvement in tourism supported a recovery in Botswana, and Zambia benefitted from a strengthening currency relative to the South African Rand.

Gross margins were protected by selling price increases and the foreign currency appreciation in Zambia, which offset the impact of unprecedented input cost pressures. Selling and administration costs were well managed, but increased due to higher distribution costs from the sharp increase in fuel prices. This resulted in operating profit growth of 0,7% with operating profit margins lower.

From a category perspective, profit growth was realised across biscuits and snacks, offset by declines in tea, creamer and personal care. Biscuits was the best performer with significant growth in Zambia, Namibia and Mozambique partly offset by declines across export markets. Snacks benefitted from growth in Mauritius where improved supply and shipping line availability supported growth. The tea portfolio was challenged by declines in rooibos across all markets with reduced selling prices, underpinned by lower raw material input costs, not fully recovered through volumes. This was partly offset by growth in black tea which performed well. Creamer was pressurised by slowing demand with higher selling prices required to protect margins against significant input cost pressures. The personal care portfolio continued to come under pressure due to affordability, competitor activity as well as COVID-19 related demand shifts among consumers.

AVI International	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	2017 R'm	2016 R'm	2015 R'm	2014 R'm	2013 R'm	Change F22 vs F21 %
REVENUE	**1 219,7**	1 185,4	1 133,9	1 044,1	992,1	1 016,2	962,2	879,6	769,0	639,4	**2,9**
OPERATING PROFIT	**273,0**	271,1	252,9	212,9	188,6	196,9	193,7	159,3	131,9	128,9	**0,7**
OPERATING MARGIN (%)	**22,4**	22,9	22,3	20,4	19,0	19,4	20,1	18,1	17,2	20,2	**(2,2)**

** This table is an aggregation of results included in Entyce Beverages, Snackworks and Indigo Brands.*

financial review

The financial year was characterised by a tough macro environment for our consumers, the July riots, substantial challenges in supply chains globally and domestically, the operational disruptions caused by load shedding, and material input cost inflation.

Our strong brand portfolio allowed us to protect gross profit margins; and effective management of our supply chain underpinned sound service levels to our retail partners. The Group's performance in the first semester was disrupted by the civil unrest in July 2021 with all of our facilities and retail stores closed to safeguard our staff. Direct losses amounted to R38,1 million; asset and trading losses were insured; and R69,7 million was received and recognised in the year.

The impact of rising commodity prices and the sharp increase in the cost of fossil fuel and other commodities intensified in the second semester. Despite the benefit of our hedge positions, cost pressures were unprecedented and selling price increases were implemented across categories to protect gross margins. I&J's second semester was significantly impacted by a rapid increase in fishing costs as a result of substantially higher fuel costs.

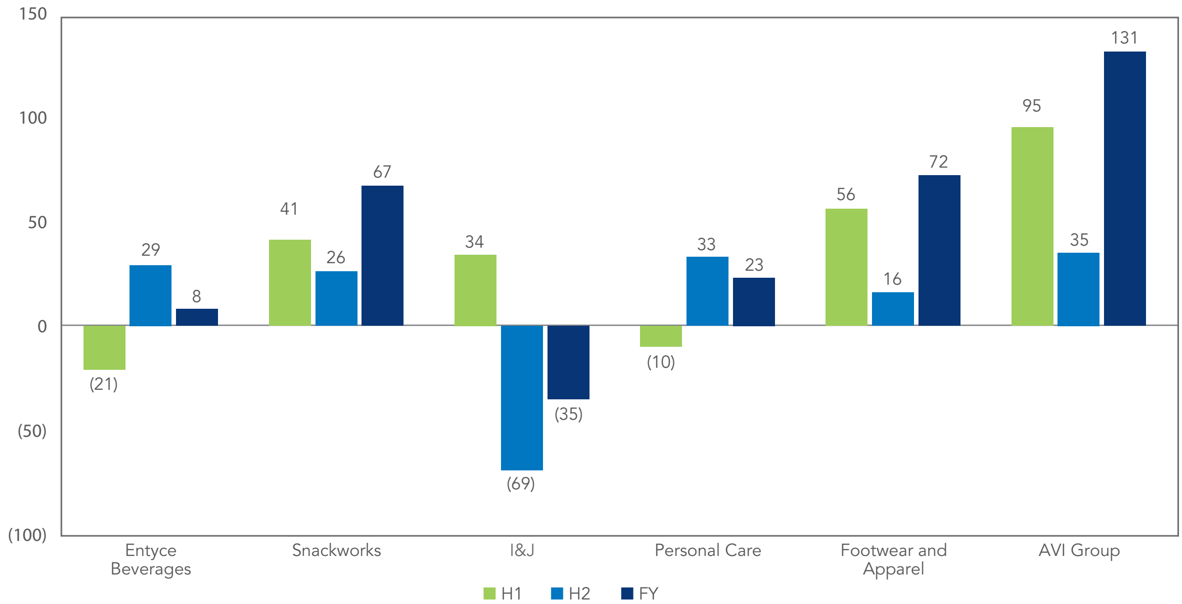
Group revenue increased by 4,3% and was supported by a combination of improved sales volumes in key categories and price increases to ameliorate significant cost pressures. Apart from I&J, revenue growth was achieved in all categories with demand in Snackworks and Entyce generally resilient despite the price increases needed to protect gross margins. Personal Care grew revenue with a strong second-half performance supported by improved sales volumes following the easing of lockdown restrictions, which had affected segments of the beauty portfolio, although total revenue was still below pre-COVID-19 levels. Revenue in the Footwear and Apparel businesses grew 3,1% despite lower volumes, the impact of the unrest in July and supply chain constraints, benefitting from higher selling prices, an improved sales mix and the ongoing improvement in like-for-like sales in the Green Cross retail stores. I&J's revenue declined, with lower fish sales volumes and the impact of a stronger Rand on export revenues, partially offset by a sustained post COVID-19 recovery in the abalone category, with improved pricing and demand in key Asian markets.

The consolidated gross profit increased 3,3%, materially in line with the improved revenue performance offset by the impact of stock and raw material write-off costs associated with the July unrest. Gross profit margins were largely protected by hedging disciplines and price increases. Input cost pressures were acute in both the Entyce and Snackworks businesses and selling price increases were managed effectively but did not fully recover the impact of higher input costs, marginally reducing the gross margin for the full year.

Selling and administrative costs increased by 1,4% with the insurance proceeds recognised in the first semester supported by tight cost management across the Group. Operating profit increased 5,4% and the operating profit margin increased from 18,2% to 18,3%. The Group's branded consumer businesses, net of I&J, improved year on year operating profit by 8%.

Net finance costs for the year were higher than last year in line with higher average debt levels and interest rates. This was offset by a R15,3 million benefit on the application of the lower tax rate of 27% to the Group's deferred tax assets and liabilities. Headline earnings grew 6,3% and headline earnings per share increased by 6,1% from 499,9 to 530,6 cents per share, with a 0,1% increase in the weighted average number of shares in issue due to the vesting of employee share schemes.

Change in operating profit F21 versus F22 – H1, H2 and full year (R'mil)



Cash generated by operations decreased by 0,7% due to lower adjustments for non-cash items in operating profit, mainly fair value adjustments to I&J's abalone stock, the payment of R103,0 million on settlement of I&J's Black Staff Scheme, as well as an increase in working capital due to a deliberate investment in raw materials to secure supply, given the disrupted supply chain environment. Lower interest paid was offset by an increase in taxation paid, resulting in a 1,1% decrease in cash from operating activities. Other material cash flows during the period were capital expenditure of R240,8 million, the Coty trademark acquisition of R150,0 million and ordinary dividends paid of R1,47 billion. Net debt at the end of June 2022 was R1,68 billion compared to R1,72 billion at the end of June 2021.

I&J's Black Staff Scheme matured in December 2021, resulting in a payment of R103,0 million to eligible employees. A new scheme, replacing the maturing scheme, was implemented in December 2021.

Segmental review

	Segmental revenue			Segmental operating profit		
	2022	2021	%	**2022**	2021	%
Year ended 30 June	**R'm**	R'm	change	**R'm**	R'm	change
Food & Beverage brands	**11 157,8**	10 650,3	4,8	**2 068,2**	2 029,0	1,9
Entyce Beverages	**3 981,6**	3 777,1	5,4	**880,6**	872,8	0,9
Snackworks	**4 702,4**	4 267,8	10,2	**881,4**	814,6	8,2
I&J	**2 473,8**	2 605,4	(5,1)	**306,2**	341,6	(10,4)
Fashion brands	**2 687,5**	2 618,9	2,6	**495,9**	400,8	23,7
Personal Care	**1 176,5**	1 152,9	2,0	**193,4**	170,4	13,5
Footwear & Apparel	**1 511,0**	1 466,0	3,1	**302,5**	230,4	31,3
Corporate				**(24,0)**	(20,5)	
Group	**13 845,3**	13 269,2	4,3	**2 540,1**	2 409,3	5,4

Definitions

Number of ordinary shares in issue

Total issued ordinary share capital.

Weighted average number of ordinary shares in issue

The time weighted average number of ordinary shares in issue, excluding shares held by AVI share trusts and subsidiaries.

Earnings per ordinary share

- Earnings and headline earnings, respectively, for the year in cents divided by the weighted average number of ordinary shares in issue.
- Diluted earnings and diluted headline earnings per ordinary share are calculated taking account of the unexercised share options as disclosed in Note 31 of the annual financial statements on pages 142 to 146, duly adjusted to take account of the shares to be issued at fair value calculated in accordance with IAS 33. Calculations are presented in Note 28 of the annual financial statements.

Dividend cover

Diluted headline earnings per share from continuing operations divided by the ordinary dividends declared to shareholders of the Company in respect of the results for the year.

Financial ratios

Operating margin:

Operating profit as a percentage of revenue.

Return on capital employed:

Operating profit before capital items and after taxation from continuing operations, as a percentage of average capital employed. Capital employed is total equity plus net interest-bearing debt.

Net working capital:

Inventories and trade receivables, less trade payables.

Free cash flow:

Cash available from operating activities and investments, less net capital expenditure.

Free cash flow per ordinary share:

Free cash flow for the year in cents divided by the weighted average number of ordinary shares in issue.

EBITDA:

Operating profit before capital items and depreciation and amortisation.

Net debt/(cash):

Financial liabilities and borrowings, and current borrowings less cash and cash equivalents.

Interest cover ratio:

EBITDA divided by net finance costs.

Net debt/capital employed:

Net debt divided by capital employed.

Key statistics – five-year summary

	2022	2021	2020	2019	2018
Financial ratios (%)					
– Operating margin	**18,3**	18,2	17,7	19,2	19,0
– Return on capital employed	**29,1**	27,6	24,8	26,9	28,7
– Net working capital as a percentage of revenue	**23,5**	23,1	23,2	25,3	24,5
– EBITDA (R'm)	**3 094,1**	2 968,4	2 929,0	3 114,9	2 965,4
Liquidity					
– Free cash flow (R'm)	**2 011,4**	1 983,2	1 990,0	1 600,5	1 539,2
– Free cash flow per ordinary share (cents)	**608,9**	601,2	604,6	487,5	471,2
– Net debt/capital employed (%)	**25,9**	28,1	20,8	35,0	19,8
– Interest cover ratio	**27,9**	29,9	17,7	16,0	23,4
Employees at 30 June	**9 315**	9 351	9 824	10 439	10 753
Revenue – continuing operations (R'm)	**13 845,3**	13 269,2	13 209,7	13 150,9	13 437,5
Revenue per employee (R'000)	**1 486,3**	1 419,0	1 344,6	1 259,8	1 249,7

Share statistics – five-year summary

	2022	2021	2020	2019	2018
Number of ordinary shares in issue ('000)	**336 002**	336 504	335 837	352 665	351 673
Weighted average number of ordinary shares in issue ('000)	**330 322**	329 851	329 141	328 315	326 624
Share performance (cents per share)					
Earnings	**530,1**	498,9	591,6	488,7	513,1
Diluted earnings	**528,8**	497,4	589,8	486,7	510,1
Headline earnings	**530,6**	499,9	470,8	516,6	543,1
Diluted headline earnings	**529,2**	498,4	469,3	514,6	540,0
Dividends declared (excluding special dividends)	**462,0**	435,0	410,0	415,0	435,0
Dividend cover (times)	**1,15**	1,15	1,14	1,25	1,25
Market price per share (cents)					
– at year end	**6 572**	7 105	7 054	9 136	10 820
– highest	**8 914**	8 064	9 575	11 601	12 251
– lowest	**6 227**	6 539	6 332	8 723	9 470
– volume weighted average	**7 429**	7 337	7 920	9 901	10 457
Total market capitalisation at closing prices (R'm)	**22 082,1**	23 908,6	23 690,0	32 219,5	38 051,0
Price earnings ratio[1]	**12,4**	14,2	15,0	17,7	19,9
Value of shares traded (R'm)	**18 540,2**	22 924,4	25 221,6	26 044,8	22 135,8
Value traded as a percentage of average capitalisation (%)	**74,3**	92,9	94,8	74,6	60,2
Number of shares traded (millions)	**249,6**	312,5	318,5	263,1	211,7
Liquidity – number traded as percentage of shares in issue at year end (%)	**74,3**	92,9	94,8	74,6	60,2
Average weekly Rand value traded (R'm)	**363,5**	449,5	494,5	510,7	434,0

[1] *Calculated based on the published headline earnings per share and the share price at year end.*

Value added statement

	2022 R'm	2022 %	2021 R'm	2021 %
VALUE ADDED				
Revenue	13 845,3		13 269,2	
Cost of materials and services	7 406,7		7 128,1	
Value added by operations	6 438,6	100	6 141,1	100
Capital items (gross)	(2,2)	–	(4,2)	–
	6 436,4	100	6 136,9	100
Investment and other income	3,8	–	25,5	–
	6 440,2	100	6 162,4	100
VALUE DISTRIBUTED AND RETAINED				
Employees				
Salaries, wages and other benefits	2 960,5	46	2 830,7	46
Providers of capital	1 604,1	25	2 416,4	39
Dividends paid to Group shareholders	1 473,2	23	2 281,2	37
Interest paid	115,5	2	121,2	2
Lease expenses	15,4	–	14,0	–
Government	1 061,7	16	1 009,7	16
Taxation	1 061,7	16	1 009,7	16
Reinvested in the Group	813,9	13	(94,4)	(2)
Depreciation	535,9	8	541,1	9
Profit for the year	1 751,2	27	1 645,7	27
Dividends paid	(1 473,2)	(23)	(2 281,2)	(37)
	6 440,2	100	6 162,4	100

Group at a glance

AVI	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	Change F22 vs F21 %
Revenue	**13 845,3**	13 269,2	13 209,7	13 150,9	13 437,5	4,3
Operating profit	**2 540,1**	2 409,3	2 334,5	2 522,5	2 552,5	5,4
Operating margin (%)	**18,3**	18,2	17,7	19,2	19,0	0,5
Capital expenditure	**240,8**	315,7	376,6	472,6	419,9	(23,7)
Food and beverage						
Revenue	**11 157,8**	10 650,3	10 542,0	10 220,8	10 282,5	4,8
Operating profit	**2 068,2**	2 029,0	1 994,6	1 969,2	1 922,6	1,9
Operating margin (%)	**18,5**	19,1	18,9	19,3	18,7	(3,1)
Capital expenditure	**177,8**	272,9	310,5	355,3	321,4	(34,8)
Entyce Beverages						
Revenue	**3 981,6**	3 777,1	3 849,0	3 822,6	3 834,1	5,4
Operating profit	**880,6**	872,8	846,6	838,3	792,6	0,9
Operating margin (%)	**22,1**	23,1	22,0	21,9	20,7	(4,3)
Capital expenditure	**50,8**	44,2	92,6	106,7	42,7	14,9
Snackworks						
Revenue	**4 702,4**	4 267,8	4 365,1	3 890,9	3 960,8	10,2
Operating profit	**881,4**	814,6	910,2	723,1	705,0	8,2
Operating margin (%)	**18,7**	19,1	20,9	18,6	17,8	(2,1)
Capital expenditure	**39,2**	95,1	80,6	145,5	161,8	(58,8)
I&J						
Revenue	**2 473,8**	2 605,4	2 327,9	2 507,2	2 487,6	(5,1)
Operating profit	**306,2**	341,6	237,8	407,9	425,0	(10,4)
Operating margin (%)	**12,4**	13,1	10,2	16,3	17,1	(5,3)
Capital expenditure	**87,8**	133,6	137,3	103,1	116,9	(34,3)
Fashion brands						
Revenue	**2 687,5**	2 618,9	2 667,7	2 930,2	3 155,0	2,6
Operating profit	**495,9**	400,8	352,4	565,7	645,0	23,7
Operating margin (%)	**18,5**	15,3	13,2	19,3	20,4	20,9
Capital expenditure	**56,8**	36,2	53,9	100,0	78,4	56,9
Personal Care						
Revenue	**1 176,5**	1 152,9	1 192,7	1 111,4	1 190,6	2,0
Operating profit	**193,4**	170,4	150,2	237,2	250,3	13,5
Operating margin (%)	**16,4**	14,8	12,6	21,3	21,0	10,8
Capital expenditure	**9,6**	12,1	25,0	44,5	36,9	(20,7)
Footwear & Apparel						
Revenue	**1 511,0**	1 466,0	1 475,0	1 818,8	1 964,4	3,1
Operating profit	**302,5**	230,4	202,2	328,5	394,7	31,3
Operating margin (%)	**20,0**	15,7	13,7	18,1	20,1	27,4
Capital expenditure	**47,2**	24,2	28,9	55,5	41,5	95,0

Group balance sheets – five-year summary

	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm
ASSETS					
Non-current assets					
Property, plant and equipment	**3 105,0**	3 265,8	3 361,7	3 430,1	3 403,6
Right-of-use assets	**424,9**	251,7	310,8	317,5	–
Intangible assets and goodwill	**937,0**	789,8	799,3	817,0	926,2
Investments	**29,1**	32,0	35,1	377,0	360,0
Deferred tax asset	**37,8**	43,3	41,5	46,7	24,3
	4 533,8	4 382,6	4 548,4	4 988,3	4 714,1
Current assets					
Inventories and biological assets	**2 820,7**	2 474,2	2 491,9	2 501,5	2 165,4
Trade and other receivables including derivatives	**1 798,6**	1 795,4	1 886,0	2 072,4	2 442,3
Cash and cash equivalents	**191,4**	194,1	842,4	233,1	342,8
	4 810,7	4 463,7	5 220,3	4 807,0	4 950,5
Total assets	**9 344,5**	8 846,3	9 768,7	9 795,3	9 664,6
EQUITY AND LIABILITIES					
Capital and reserves					
Attributable to equity holders of AVI	**4 793,7**	4 401,9	5 018,4	4 539,3	5 146,4
Total equity	**4 793,7**	4 401,9	5 018,4	4 539,3	5 146,4
Non-current liabilities					
Operating lease straight-line liabilities	**–**	–	–	–	14,3
Lease liabilities	**354,1**	165,8	230,0	251,0	–
Cash-settled share-based payment liability	**–**	41,6	41,4	39,7	38,9
Employee benefit liabilities	**282,3**	320,1	378,4	378,0	382,3
Deferred taxation	**441,9**	426,8	433,8	428,9	389,2
	1 078,3	954,3	1 083,6	1 097,6	824,7
Current liabilities					
Cash-settled share-based payment liability	**34,8**	–	–	–	–
Current borrowings	**1 513,7**	1 752,9	1 927,7	2 425,6	1 612,6
Trade and other payables including derivatives	**1 853,5**	1 688,9	1 712,2	1 698,0	2 031,8
Current tax liabilities	**70,5**	48,3	26,8	34,8	49,1
	3 472,5	3 490,1	3 666,7	4 158,4	3 693,5
Total equity and liabilities	**9 344,5**	8 846,3	9 768,7	9 795,3	9 664,6

Group income statements – five-year summary

	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm
Revenue	**13 845,3**	13 269,2	13 209,7	13 150,9	13 437,5
Operating profit before capital items	**2 540,1**	2 409,3	2 334,5	2 522,5	2 552,5
Income from investments	**4,6**	21,9	9,8	6,0	5,7
Finance costs	**(115,5)**	(121,2)	(175,3)	(200,8)	(132,4)
Equity accounted earnings of joint ventures	**(0,8)**	3,6	17,4	42,2	56,3
Capital items	**(2,2)**	(4,2)	455,9	(127,8)	(136,6)
Profit before taxation	**2 426,2**	2 309,4	2 642,3	2 242,1	2 345,5
Taxation	**(675,0)**	(663,7)	(695,0)	(637,6)	(669,7)
Profit after taxation	**1 751,2**	1 645,7	1 947,3	1 604,5	1 675,8
Earnings attributable to owners of AVI	**1 751,2**	1 645,7	1 947,3	1 604,5	1 675,8
Capital items after tax	**1,6**	3,1	(397,6)	91,7	98,1
Headline earnings	**1 752,8**	1 648,8	1 549,7	1 696,2	1 773,9

Group cash flow statements – five-year summary

	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm
Operating activities					
Cash generated by operations	**2 999,4**	3 021,0	3 220,3	2 849,9	2 691,9
Interest paid	**(115,5)**	(121,2)	(175,3)	(200,8)	(132,4)
Taxation paid	**(648,4)**	(640,4)	(711,3)	(604,0)	(620,9)
Net cash available from operating activities	**2 235,5**	2 259,4	2 333,7	2 045,1	1 938,6
Investing activities					
Cash flow from investments	**4,6**	21,9	9,8	6,0	5,7
Property, plant and equipment – net investment	**(228,7)**	(298,1)	(353,5)	(450,6)	(405,1)
Intangible assets purchased	**(165,3)**	(8,5)	(7,0)	(16,7)	(14,6)
Proceeds from disposal of interest in Simplot joint venture	**–**	–	631,8	–	–
Other movements in investments	**1,2**	4,3	7,4	18,4	75,3
Net cash (used in)/from investing activities	**(388,2)**	(280,4)	288,5	(442,9)	(338,7)
Financing activities					
Net increase in shareholder funding	**–**	–	8,0	28,0	59,9
(Decrease)/increase in short-term funding	**(213,4)**	(159,7)	(498,9)	655,1	(78,2)
Lease liabilities repaid	**(158,1)**	(174,0)	(159,6)	(166,7)	–
Payment to I&J BBBEE shareholders	**(11,0)**	(2,0)	(13,7)	(1,0)	(65,0)
Dividends paid	**(1 473,2)**	(2 281,2)	(1 352,3)	(2 222,3)	(1 421,3)
Net cash used in financing activities	**(1 855,7)**	(2 616,9)	(2 016,5)	(1 706,9)	(1 504,6)
(Decrease)/increase in cash and cash equivalents	**(8,4)**	(637,9)	605,7	(104,7)	95,3
Cash and cash equivalents at beginning of year	**194,1**	842,4	233,1	342,8	246,7
	185,7	204,5	838,8	238,1	342,0
Translation of cash equivalents of foreign subsidiaries at beginning of year	**5,7**	(10,4)	3,6	(5,0)	0,8
Cash and cash equivalents at end of year	**191,4**	194,1	842,4	233,1	342,8

sustainable development report

Introduction and overview

Sustainable development enables corporate citizens to prosper in a responsible manner and within a framework that safeguards both their and future generations' long-term sustainability. It requires the identification and active management of those issues that could materially affect the long-term successful existence of the enterprise in the context of all stakeholders – including, not exhaustively, shareholders and institutional investors, consumers, employees, customers, suppliers, government, unions and local communities.

AVI Limited ("the Company") has a well-constructed governance framework that enables it to identify and manage material sustainability issues. The Company operates in a manner that ensures that the needs of the present generation of stakeholders are met without compromising future generations. Sustainability matters are monitored and managed, for example, by the appropriate diversity committee, health and safety committee, internal review committee, audit committee or social and ethics committee, while the overarching responsibility for matters before these committees remains vested with the Company's Board of directors ("Board"). Sustainability matters that are deemed to be of a material nature, or that require heightened focus, are elevated to the Board. Executives within the Company remain responsible for specific matters and are held accountable for their successful implementation and management.

The Company considers its sustainability responsibilities under three broad categories:

- **Ethics** – ethics are the foundation of an effective and sustainable organisation that must operate without censure or compromise over the long term. Proper ethics and appropriate values are central to the Company's culture and therefore to the behaviour of its employees. They assist in establishing a willingness to accept and respond to broader issues in our society, forming the basis of the Company's interactions with its stakeholders.
- **Scarce resources, biodiversity and environmental** – in order to ensure that future generations have access to the resources on which the Company is reliant, and that the Company's viability is not compromised in the long term, the Company is intent on carefully managing those scarce resources relevant to its operations, where practical, and ensuring that its operations do not detrimentally impact vulnerable and/or endangered natural habitats, wildlife or local communities. The Company is committed to the application of sustainable practices across its operations.
- **Transformation and good corporate citizenship** – the Company recognises the moral, social and economic imperatives to embrace and support transformation in South Africa and to be regarded as a valuable participant in the South African economy and society. The Company also recognises the need to be, and to be seen as, a good corporate and socially responsible citizen that it is desirable to do business with.

COVID-19

The national state of disaster relating to the Novel Coronavirus Disease 2019 (COVID-19) outbreak, declared by the South African Government in the first half of 2020, continued into April 2022, at which point it was lifted.

The government's phased rollout of the COVID-19 vaccine started slowly in 2021. The Company has not imposed a compulsory vaccination programme, but

has implemented successful site-based initiatives to encourage employees to be vaccinated and to provide easy access to vaccinations.

The Company continued applying the legal health and safety framework outlined in relevant legislation (the most recent being the Code of Good Practice in terms of the Basic Conditions of Employment Act, 1997, and the Occupational Health and Safety Act, 1993, which took effect on the expiry of the national state of disaster, on 5 April 2022). The provisions of the Code are captured in the Company's COVID-19 Preparedness and Response Policy.

Despite taking all reasonably practicable steps to identify, mitigate, and eliminate potential exposure to the COVID-19 virus in the workplace, the Group has, together with the rest of the country, experienced the human impact thereof. As at date of writing the human toll, sadly, included 19 deaths.

Guiding framework

The following guidelines and/or standards were consulted when compiling this report:

- The King IV Report on Corporate Governance for South Africa, 2016 ("King IV report");
- The Listings Requirements of the JSE Limited ("Listings Requirements");
- The JSE Responsible Investment Index criteria; and
- The Global Reporting Initiative ("GRI") framework.

While the King IV report and Listings Requirements require the Company to prepare an integrated report, various other reporting frameworks deal with sustainability reporting criteria. The GRI framework and JSE Responsible Investment Index have been identified by the Company as appropriate frameworks for reporting on these issues based on the Company's specific needs, its areas of operation and stakeholder concerns.

During the year the Company identified material Group-wide issues for reporting purposes and an index indicating where these issues are referenced throughout this annual report can be found on page 62. While these issues have been categorised according to the GRI framework, the Company has not undertaken a detailed self-assessment nor been formally assessed, and the decision to use the GRI and JSE Responsible Investment Index frameworks for guidance in compiling this report is not intended to declare compliance as understood in either framework. In addition, the Company has been independently assessed by FTSE Russell (FTSE International Limited and Frank Russell Company) on behalf of the JSE against the FTSE Russell's ESG Rating framework and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider, FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.


FTSE Russell

CERTIFICATE OF MEMBERSHIP

This is to certify that

AVI

is a constituent company in the FTSE4Good Index Series

FTSE4Good

June 2022

The FTSE4Good Index Series is designed to identify companies that demonstrate strong environmental, social and governance practices measured against globally recognised standards.

The Company remains committed to ongoing review and re-assessment of the scope of its reporting, as well as to regular consideration of the advisability and need for formal reporting or assessment against the accepted frameworks.

Disclosures on the Company's approach to managing the matters relating to the Company's sustainability can be found throughout the report either as an introduction to the relevant sections or as specific disclosures on relevant issues.

Social and Ethics Committee

The Social and Ethics Committee was constituted in August 2011 in terms of the Companies Act No. 71 of 2008, as amended, and the Regulations thereto ("the Companies Act 2008"), and adopted formal terms of reference, delegated to it by the Board, as its charter. The charter is subject to the provisions of the Companies Act 2008 (in particular Section 72 as read with Regulation 43). The committee has discharged its functions in terms of its charter, and in particular reviewed the Company's activities, having regard to relevant legislation and other legal requirements and best practice, relating to:

- Social and economic development;
- Good corporate citizenship;
- The environment, health and public safety;
- Consumer relationships;
- Labour and employment; and
- The Company's ethics codes and performance.

The committee has unrestricted access to all Company information, employees and directors and is authorised, after discussion with the Chairman of the Board where necessary, to investigate any matters within its terms of reference; seek external professional advice; secure the attendance of relevant consultants at its meetings; and implement policies approved by the Board. In addition, the committee has the mandate to bring matters within its remit to the attention of the Board and to report back to shareholders at the Annual General Meeting.

For further details regarding the composition and meetings of the committee, shareholders are referred to the Corporate Governance Report on pages 70 and 71.

Stakeholder engagement

Stakeholder engagement is an important aspect of the Company's sustainability responsibilities and it formally identifies and recognises material stakeholders with legitimate interests with whom it engages on relevant issues. Engagement with these stakeholders takes a variety of forms, depending on the matter at hand, and may vary in frequency. Where key topics and concerns are raised through such stakeholder engagements, the Company responds to the relevant stakeholders in a variety of ways, including directly or through its annual reporting. The table below lists the more obvious stakeholders and provides examples of the nature of the engagements that the Company has with them.

Stakeholder type	Nature of the engagement
Shareholders, analysts and media	• Annual General Meeting at which shareholders have an opportunity to vote on material resolutions, including the appointment and remuneration of directors • Distribution of information via the website, including financial, brand, governance, social, ethics, and sustainability matters • Press releases and SENS announcements • Formal presentation of the half year and final financial results to the investment community • Integrated Annual Report • Interviews and media briefings • Scheduled bi-annual meetings with analysts • Ad hoc meetings with analysts and investors, both locally and overseas, as required • Meetings to resolve queries on specific matters as required
Customers and consumers	• Daily contact in own and customers' stores • Meetings • Consumer and product research • Marketing campaigns • Websites and social media platforms • Customer care and complaint lines • Customer audits
Employees and employee representative bodies (including unions)	• Intranet and published newsletters or notices • Bi-annual presentations by the Chief Executive Officer to the executive community • Presentations and written communication (e.g. newsletters and posters) on material issues and regulations affecting employees • Conferences and general staff meetings • Performance appraisals • Union representative forums • Workplace forums such as the employment equity and learning and development forums • Industry relevant Sector Education and Training Authorities • Independent anonymous reporting hotline • Intranet-based incident reporting system • Ad hoc events

Stakeholder type	Nature of the engagement
Suppliers	• Product conferences • Visits and meetings • Participation in manufacturing improvement projects and waste legislation compliance teams • Supplier audits • Senior operational and procurement staff day-to-day interactions
Communities and non-profit organisations	• Corporate social investment programmes • Workplace learning and development programmes for unemployed learners • AVI graduate development programme • Partnerships and sponsorships • Ad hoc community engagements in surrounding communities, including Company-sponsored employee volunteer days
Business associations	• Participation in or membership of numerous associations such as the South African Chamber of Commerce and Industry; Accelerate Cape Town; the Consumer Goods Council of South Africa; a number of fishing industry associations including the South African Deep-Sea Trawling Industry Association; the Responsible Fisheries Alliance; the World Wildlife Fund's Southern African Sustainable Seafood Initiative; the Abalone Farmers' Association of South Africa; the South African Midwater Trawling Association; the South African Association for Food Science & Technology; the Restaurant Association; the Speciality Coffee Association of South Africa; the Cosmetic, Toiletry & Fragrance Association of South Africa; the Aerosol Manufacturers' Association; the Institute of Packaging SA; the South African Rooibos Council; and the Responsible Packaging Management Association of Southern Africa • Participation in association initiatives
Government or regulators	• Regular contact with significant industry regulators directly or through business associations • Participation in crisis management teams

Ethics

The Company has a well-established and comprehensive Code of Conduct and Ethics ("the code") that applies to all directors and employees and provides clear guidance on what is considered to be acceptable conduct. The code requires all directors and employees to maintain the highest ethical standards and ensure that the Company's affairs are conducted in a manner which is beyond reproach. The code is communicated to all new employees as part of their induction training, is published on the intranet for access at all times by employees, and is published on the external website for public access. The code is aligned with the recommendations in the King IV report and is regularly reviewed to ensure that it remains up to date and relevant.

In order to monitor ongoing compliance with the code, the Company has a formal governance framework. Within the governance framework, material issues are highlighted in management reports that are reviewed by the operating executives. If appropriate, matters are elevated to the Company's Board or Audit and Risk Committee. This formal framework is supported by the Company's internal audit function, which is responsible for investigating identified areas of concern and reporting its findings to the Company's Chief Financial Officer and the Audit and Risk Committee. The Company subscribes to an independent, professional hotline disclosure service as an important component of an ethical environment. This service facilitates confidential reporting on fraud and other unethical conduct. Communication drives are undertaken from time to time to remind employees of this "whistle-blowing" service. In addition, the Company has implemented an in-house intranet-based incident reporting service that requires employees to report incidents, or potential incidents, which have caused or could have caused harm to the Company's property, or people on the Company's premises. A senior employee actively manages the incident management reporting system and also engages with the ethics hotline service providers. All anonymous reports and other reported incidents are reviewed on a daily basis, and, if appropriate, thoroughly investigated. The Company has a proven track record of dealing appropriately with matters arising from the ethics hotline and incident management reporting systems. Investigations and disciplinary hearings have been held and, where appropriate, civil and criminal action has been taken.

The Company is compliant with the provisions of the Protection of Personal Information Act, 4 of 2013 in that all appropriate policies, consents and security safeguards for the lawful processing of personal information are in place. The Group CEO is appointed as the Information Officer and registered with the Information Regulator. The Company's manual in terms of the Promotion of Access to Information Act, 2 of 2000, and privacy policies can be found on the AVI and all other Group company websites.

In addition to the formal ethics framework, it is imperative to promote a culture that is consistent with the ethical values that the Company aspires to. This is achieved through the example set by the Board and executive management, consistent enforcement of these values, and the careful selection of employees that display the desired attributes and values. The Company continues to communicate formally with suppliers and customers to secure their support for and compliance with its ethical standards.

Scarce resources, biodiversity and environmental

Fishing resources

One of the Company's primary exposures to scarce resources that could materially impact its business is the sustainability of fishing resources (primarily deep water hake) in South African territorial waters. I&J currently has long-term hake fishing rights at a level that can support economic returns provided that the resource remains at sustainable harvest levels.

A number of fishing rights (including Hake Inshore Trawl, Patagonian Toothfish, and Horse Mackerel) were reapplied for by means of the 2015 Fishing Rights Allocation Process ("FRAP2015"). After numerous delays in the process, including an extended appeal process, the Department of Forestry, Fisheries and the Environment ("DFFE") announced the outcomes of the applications in the respective sectors, with I&J having been successful in retaining rights in these sectors, albeit at a lower quantum than before.

In adjudicating the appeals on the Horse Mackerel allocation, the Minister upheld the quantum allocation methodology applied by the Delegated Authority, namely the Deputy-Director-General: Fisheries Management, when awarding rights. Together with industry counterparts, I&J took this decision on review in the Western Cape High Court. The court declared the aforementioned quantum allocation methodology to be unlawful. In terms of the order granted, the Minister was directed to re-adjudicate the appeals on the Horse Mackerel allocation by no later than 3 November 2021. Subsequently, the Minister published revised appeal outcomes, including an increase in I&J's Horse Mackerel allocation, but did not review the quantum allocation methodology as directed by the court.

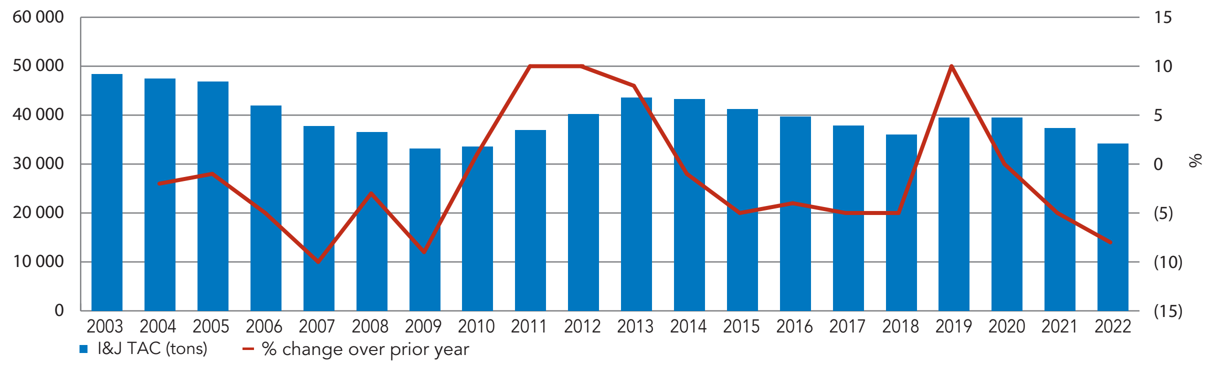
The Hake Deep Sea Trawl long-term rights, along with a number of other fishing rights, expired at the end of 2021 following an extension to allow adequate time for the completion of the FRAP. I&J submitted online applications for fishing rights in the Hake Deep Sea Trawl and Squid sectors and, subject to the outcome of appeals, was successful in securing 29,639% of the Hake Deep Sea Trawl Total Allowable Catch ("TAC"), representing a 4,3% reduction against the previously held right, and 25,8% of the total hake TAC (including both Hake Deep Sea Trawl and Hake Inshore Trawl). This includes a "provisional allocation", subject to a review of the proposed increased apportionment to the hake longline sector. I&J has appealed the outcome, specifically the provisional nature of part of the allocation.

Although I&J's Umsobomvu joint venture retained all but one of its squid rights, I&J was not awarded a right in this sector and has accordingly lodged an appeal.

The health of the South African fishing resource is managed by the DFFE. The DFFE sets an industry-wide annual TAC for each species under management, and for certain species, also sets a "total allowable effort" in which a limit is placed on the number of boats, number of men, and the number of days per year that each boat is licensed to fish. In addition to the TAC, hake trawling sector effort limitations apply which seek to ensure that the capacity of the deep-sea trawling fleet does not grow too big for the available resources.

The TAC level is managed conservatively based on scientific modelling of catch data recorded by fishing companies and annual resource survey voyages conducted by the DFFE using either their own or chartered vessels. The graph below shows the I&J quota (representing a portion of the TAC) over an extended period, with movements tracking the performance of the hake resource over time. After a period of several years of decreases in quota in line with resource performance, the TAC was increased by 10% in 2019, reflecting an expectation of an improvement in resource performance after a period of strong recruitment. The TAC was left unchanged in 2020 but was reduced by 5% in both 2021 and 2022.

I&J TAC 2003 to 2022



In the past few years I&J has caught an increased proportion of smaller fish, negatively impacting freezer catch rates and land-based processing owing to an increase in the number of fish to be processed for an equivalent volume. This has been experienced previously and is part of the natural biomass cycle, which is influenced by various environmental factors. Although this proliferation of small fish negatively impacts performance in the short term, it is indicative of strong recruitment. This has been evidenced by an increase in larger fish more recently as these small fish mature.

I&J strives to lead initiatives to manage fishing efforts and protect breeding areas off the South African coast to ensure a sustainable resource for future generations. Notable accreditations and initiatives are set out below:

- Certification by the Marine Stewardship Council ("MSC") since 2004: The MSC is a global organisation that works with fisheries, seafood companies, scientists, conservation groups, and the public to promote sustainable fishing. Its fishery certification programme recognises and rewards sustainable fishing. In 2021 the South African hake fishery was recertified for the fourth time, based on the latest certification standard released by the MSC, providing assurance to buyers and consumers that the fishery is well managed and sustainable, which is increasingly relevant to I&J's customers and consumers.
- Responsible Fisheries Alliance ("RFA"): In 2009 I&J joined the global conservation organisations WWF, BirdLife South Africa, and other local fishing companies to form the Responsible Fisheries Alliance. The objective of the RFA is to ensure that all stakeholders understand and support the implementation of an Ecosystem Approach to Fisheries ("EAF") management in South Africa's fisheries. EAF seeks to protect and enhance the health of marine ecosystems. The goals of the RFA include promoting responsible fisheries' practices, influencing policy on fisheries' governance, and supporting skills development and research in the industry.
- OMP and TAC: The South African Hake Trawl Fishery was one of the first in the world to implement Operational Management Practice ("OMP") for hake, which sets TAC and determines how it is calculated using scientific methods and data. This is achieved and enforced through partnering with the DFFE, which appoints a number of scientific working groups to formulate research advice.
- Ring Fence Initiative: In 2006 I&J and other members of the South African Deep-Sea Trawling Industry Association agreed to ring-fence areas in order to protect the seabed and preserve our natural resources by creating a natural refuge for hake and other fish species.
- Responsible By-Catch Management: During I&J's fishing operations there will be incidents where species with sustainability concerns are caught as unavoidable by-catch. I&J cannot completely avoid or exclude these species from its fishing operations but is committed to ensuring that these species are included in an effective By-Catch Management Plan and best practice solutions are proactively implemented to manage and mitigate the impact on these vulnerable species.
- Certification by the Aquaculture Stewardship Council: I&J's Aquaculture Division achieved recertification of the Farmed Abalone operation in 2022.

Water

Water is and always will be a scarce resource throughout South Africa. Potential shortages, interruption of municipal supply, and quality of water have been identified as risks at many of the Company's facilities. The subsidiary companies have invested substantial time and money to mitigate these risks, which include using borehole water, installing water reservoirs, recycling condensate and effluent, installing a desalination processing plant at I&J, and taking action to measure and better manage water consumption.

I&J in particular is highly dependent on potable water to produce ice for fishing operations as well as for the processing and cleaning of fish at both the Woodstock Primary Process and the Paarden Island Value Added Processing facilities. I&J has implemented a number of water-saving initiatives, resulting in a reduction in usage of municipal water of approximately 80% since FY16. In 2017/2018 and in view of the drought in the Western Cape and the risk of significant water supply restrictions in Cape Town, I&J engaged with both government and water specialists to assist in investigating alternatives with a view to securing a supply of water sufficient to maintain operations into the future. To this end, a substantial investment in producing potable water from non-potable ground water and a desalination process have been installed, both of which have assisted substantially in the reduction of I&J's dependence on municipal water.

Notwithstanding the water "day zero" having been averted in Cape Town owing to improved rainfall, Indigo Brands maintained its water-saving initiatives previously implemented, including water metering and monitoring, more efficient clean-in-place processes and frequencies, non-production related use of rainwater, and a water-wise garden. Indigo Brands will rely on potable water transported from the I&J water purification plant in the event of municipal supply interruptions.

A project to supply borehole water to meet more than 90% of the Rosslyn Snacks factory's water requirements is in an advanced development stage, with planned approval scheduled for the early part of FY23. The FY23 upgrade will include water storage tanks sized for additional process water and appropriate for the running of the borehole water purification equipment. Additional water tanks have been approved for the Isando Biscuit factory for implementation in the first half of FY23. This will increase process water storage on site so that production can continue unhindered for more than 11 days should the municipal supply fail.

Electricity

The extreme energy shortages experienced in South Africa highlight the need for the Company to be more self-sufficient and to make energy conservation a priority. Numerous energy-saving initiatives have been implemented by the subsidiary companies to manage energy usage and, at the same time, generators have been installed at most of the Company's facilities to ensure continuity of supply. The generator installations across the Group ran for a total of 2 612 hours in 2022, compared to 1 230 hours in 2021, helping to sustain production throughput and customer service levels despite increasingly unpredictable supply and repeated load shedding, albeit at an increased cost and increased diesel usage.

Details of specific projects implemented throughout the Group are included later in this report under the section on environmental practices.

Biodiversity

South African biodiversity includes a wide variety of natural resources. Despite its relatively small land surface area, South Africa is home to 10% of the world's plant species, many of which are endangered and vulnerable. The loss and degradation of South Africa's biodiversity has serious implications for society and the economy. Large portions of the country's economy are dependent on biodiversity, including the fishing industry and agriculture based on indigenous species.

I&J's Danger Point abalone farm is situated immediately adjacent to the sea and is the Company's only property in or adjacent to an area of high biodiversity. South Africa's high energy coastline is generally unsuitable for offshore fish farming and land-based aquaculture allows for better control over environmental factors so that the impact on the environment can be limited. Although abalone aquaculture has a relatively low impact on the environment, in order to minimise any potential harm, the global abalone farming industry, including I&J, has, together with the WWF, developed a set of standards. The Danger Point abalone farm has adopted the Global Abalone Standards and has been audited by the Aquaculture Stewardship Council ("ASC"). Accreditation was granted in November 2015 and renewed in 2019 and 2022. This eco-label is used to guarantee that I&J's abalone products are and continue to be raised in an environmentally responsible manner. The abalone processing plant located on the Danger Point abalone farm complies with all ASC, DFFE, FDA, and National Regulator Compulsory Specifications and standards.

The Rooibos plant *Aspalathus linearis* is part of the Cape Floral Kingdom, commonly known as "fynbos". Rooibos is indigenous to the Cederberg Mountains around Clanwilliam. At the turn of the 19th century it was common practice for the inhabitants of the Cederberg region to harvest the wild-growing Rooibos plants. The leaves and fine stems were chopped, fermented and dried to be used in a variety of ways. In 1904 a Russian immigrant and descendant of generations of tea traders, introduced Rooibos to the wider world. By 1930 a local medical doctor and botanist had discovered the secret of germinating Rooibos seeds and, together with a local farmer, developed new cultivation methods on a larger scale along the slopes of the Cederberg Mountains. This is still the only place in the world where Rooibos is grown and the European Commission has recently approved the registration of the designation "Rooibos/Red Bush" in its register of protected designations of origin and protected geographical indications. Rooibos is the first African food to receive the status of a protected designation of origin in the EU register. It is hoped that this registration will assist in sustaining the Rooibos industry and that higher consumption flowing from increased recognition will contribute to the preservation of traditional knowledge and further uplift small-scale farmers in the indigenous communities producing Rooibos.

The commercial farming and production of Rooibos has resulted in the establishment of a worldwide distribution network and medical science is starting to discover the many health benefits of Rooibos. In 2010 the South African San Council ("SASC") approached the DFFE requesting negotiations with the Rooibos industry in accordance with the National Environmental Management (Biodiversity) Act of 2004 ("NEMBA"). In 2012 they were joined by the National Khoi & San Council ("NKSC") in seeking recognition as joint traditional knowledge rights' holders. Under the facilitation of the DFFE, these two parties met with the South African Rooibos Council for the first time in 2012 to start the process of negotiating an Access and Benefit-Sharing ("ABS") agreement for Rooibos. One of the fundamental principles of an ABS agreement is the fair and equitable sharing of the benefits arising from the commercial utilisation of indigenous biological resources.

After a long process of negotiations, a historic, industry-wide, ABS agreement was signed in 2019 between the SASC, the NKSC, and the South African Rooibos industry. The ABS agreement seeks to balance the interests of the indigenous communities and the sustainability of the industry and forms the basis on which these communities will access a percentage contribution from the sale of Rooibos. The ABS agreement ensures the Rooibos industry's compliance with South Africa's bioprospecting laws and regulations. The benefits generated are paid to the communities through two community trusts. These trusts are overseen by trustees selected from within the traditional communities and the local farming communities. Additional members may include independent legal advisors and representatives of the DFFE, the Department of Cooperative Governance and Traditional Affairs, and the Department of Science and Technology. The trusts are under the oversight of the Master of the High Court.

In July 2022 the first round of benefit-sharing funds was disbursed to the National Khoi and San Council and the South African San Council as part of the ABS agreement. To ensure financial propriety, a lengthy, but necessary, administrative process preceded the pay out of R12,2 million.

On a global scale, natural forests are among the most biodiverse habitats and are home to many people who derive their livelihoods from forest biodiversity. Large-scale industrial logging and monoculture plantations cause damage to natural forests. Protecting these and other biodiverse habitats must be a priority for all industries and the Company is committed to addressing the issue of corporate deforestation through the development and implementation of environmentally friendly, responsible and sustainable procurement programmes. Details of such procurement programmes are set out in the environmental practices section below.

Environmental policy

The Company recognises that its use of natural resources has a socio-economic and a physical impact on the environment, accepts responsibility for such impacts, and pursues responsible environmental and climate change practices. This involves:

- Reducing the Company's environmental impact and continually improving the Company's environmental performance as an integral part of the Company's business strategy and operating methods;
- Compliance with applicable environmental legislation and relevant standards;
- Responsible environmental management of inputs (material, energy and water) and outputs (emissions, effluents and waste);
- Independent annual environmental audits at each manufacturing site that measure the impact the particular operation has on the environment and that review compliance with legislation and Company policy;
- Providing a framework for setting and reviewing objectives and targets;
- Ensuring that all employees understand the environmental policy and conform to the standards it requires; and
- Reporting in the Company's annual report on performance against targets.

The Company's Board of directors is responsible for the environmental policy and for ensuring that its principles are considered in formulating the Company's business plans. The Company's Chief Executive Officer and senior management are in turn responsible for the implementation of the business plans and communication of the policy. The Board of directors has delegated the responsibility for monitoring compliance with the policy to the Company's Audit and Risk Committee, with responsibility for monitoring the Company's environmental activities and the impact thereof delegated to the Social and Ethics Committee.

The Company remains committed to responsible management of applicable environmental matters, including those which impact on climate change and relate to responsible and sustainable environmental practices, such as greenhouse gas emissions; raw materials usage and recycling; resource usage and efficiency (including water and electricity); impacts on biodiversity; and emissions, effluents and waste management. In particular, the Company is aware that climate change will impact on natural resources and legislative changes that will affect the way the Company does business. The Company monitors relevant global and local legislation, regulations and emission-reduction targets.

The Carbon Tax Act, 15 of 2019 came into effect on 1 June 2019. Carbon Tax is aimed at reducing greenhouse gas ("GHG") emissions in a sustainable, cost-effective and affordable manner and gives effect to the polluter-pays-principle. The Company has licensed each of its affected facilities for environmental levy purposes and the relevant emissions are measured. Carbon Tax paid since implementation is reflected in the environmental data table below.

Environmental data

The Company has identified the following environmental impact areas for measurement, management and reporting:

				Data									
	Indicator	Unit	Carbon (kg)	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13
1	**Total water consumption by source –**												
1.1	Municipal[1]	Litres	197 742	**663 565 098**	589 855 793	500 806 371	530 332 908	717 199 757	927 850 679	1 094 362 412	1 063 057 427	1 043 354 478	981 630 869
1.2	Ground water (borehole)	Litres	62 570	**209 967 000**	128 601 729	125 811 000	123 284 000	7 719 200	1 811 000	1 301 000	2 224 000	2 152 000	43 690 000
1.3	Desalinated	Litres	74 349	**20 943 500**	24 885 000	25 783 351	20 176 000						
2	**Total energy consumption –**												
2.1	Purchased electricity	kWh	107 535 682	**104 403 575**	101 639 745	102 393 633	105 411 043	99 633 276	102 473 146	107 211 709	99 915 717	106 484 439	104 363 238
2.2	Coal	Tons	41 902 076	**14 668**	14 532	14 444	14 384	13 164	13 219	19 612	14 038	13 541	14 364
2.3	Petrol	Litres	1 509 477	**539 099**	594 599	674 732	786 396	946 631	1 062 496	1 138 870	1 155 078	996 017	1 089 360
2.4	Diesel	Litres	64 201 900	**21 657 784**	20 093 935	12 363 446	8 214 665	8 132 364	6 871 614	10 585 592	9 481 650	12 268 956	19 039 640
2.5	Liquified petroleum gas (LPG)	Litres	2 009 655	**2 063 795**	2 017 449	1 927 767	1 885 807	1 701 445	1 794 734	1 961 562	1 680 034	1 823 823	1 591 998
2.6	Natural gas[2]	Cubic metres	7 739	**2 835 133**	2 931 147	3 107 232	3 049 839	3 084 274	3 130 938	3 396 701	3 289 399	3 482 760	3 283 150
2.7	Marine/heavy fuel oil	Litres	1 508 736	**502 912**	856 046	7 742 419	12 097 912	13 431 358	16 141 409	14 071 795	10 727 200	8 234 325	–
2.8	Paraffin	Litres	4 138 391	**411 389**	518 920	570 662	610 803	422 352	422 060	821 770	855 096	970 877	1 064 317
3	**Carbon emissions for above indicators**		223 148 318										
3.1	Total carbon emissions	Metric tons	223 148	**223 148**	217 512	216 416	220 767	213 410	221 358	231 568	188 626	196 794	216 558
3.2	Carbon emissions per employee	Metric tons	25,72	**25,72**	25,07	24,94	25,96	24,59	25,51	26,69	22,66	24,44	28,24
3.3	Carbon tax paid	Rand		**2 205 702**	2 356 272								

[1] The municipal water consumption for the Isando Coffee and Creamer factory was restated for FY21 as the previous figures did not reflect full year usage.
[2] The natural gas consumption for the Isando Coffee and Creamer factory was restated for FY21 as the previous figures did not reflect full year usage.

In addition to the key areas referred to above the Company considers, on an ongoing basis, further areas of environmental impact for possible measurement and reporting, as well as new initiatives to mitigate environmental impacts of products and services, where relevant.

Environmental practices

During the year, the subsidiary companies continued their measurement and mitigation of detrimental environmental impacts. Some of the Company's activities and achievements include:

- Environmental management systems – All five of the National Brands' factories have ISO 14001 Environmental Management System accreditation. The Isando Coffee and Creamer factory implemented an integrated management system, in which the environment management system is integrated with the health and safety management system. The ISO 14401 Quality Management System enables the factories to identify and control the environmental impact of their activities; continually improve their environmental performance; and implement a systematic approach to setting environmental objectives and targets, achieving these and demonstrating that they have been achieved. I&J has the MSC's Chain of Custody Certification for sustainability in the fishing industry and the Aquaculture Stewardship Council Certification for sustainable abalone farming.
- Water conservation – Poor water quality and shortages remain significant potential risks to the Company and the subsidiaries take steps to minimise these risks. These steps include using borehole water where appropriate; reservoirs for storing water; recycling condensate produced during the heating processes back to the boilers; recycling production effluent with a view to reclaiming waste water; installing a desalination processing plant at I&J; and adopting environmentally friendly storm water reticulation, while simultaneously taking measures to measure and manage water consumption. Towards the end of FY22 a water measurement and monitoring system was installed at the Rosslyn Snacks factory, which provides visibility of water use in the various processes and enables the site to identify opportunities for the reduction of water usage. A replacement potato chips fryer is planned at the Rosslyn Snacks factory during FY23, which will include a water-recycling facility to reduce consumption by approximately 10%. With this and the borehole facility in place, the Rosslyn Snacks factory will have the ability to be fully independent of the municipal water supply. Water consumption at the Durban Tea factory decreased by 39% on the prior year, owing to the commission of the cooling towers used in the old air-conditioning system with the implementation of the new HVAC air-handling units. Investigations are under way at the Isando Coffee and Creamer factory to install a new condensate return pump that will increase the quantity of condensate water returned as boiler feed water and, in so doing, reduce the amount of municipal make-up water that is required.
- Energy conservation – The energy shortage and global efforts to reduce greenhouse gas emissions, make conserving energy a priority for the Company. Projects in past years include: improving the efficiencies of production machinery, equipment and processes; installation of energy-efficient, lower power consumption, LED lighting solutions (including 15 Spitz stores, resulting in an electricity load reduction of nearly 50% per store); installation of electricity meters per site for the measurement of electricity consumption and consumption patterns; Demand Site Management Surveys by Eskom to enable the formulation of improvement plans; electrical load shifting where possible; installation of a photovoltaic array on the roof of the Bryanston office building and Isando Distribution Centre, with louvres to passively control heat gain; installation of LED lighting at various sites; installation of energy-efficient compressors at I&J Woodstock; an upgrade of the power factor correction to optimise energy demand at the Indigo Brands factory; the use of timers to reduce unnecessary running time of air-conditioning units; motion detection for lights where feasible; and upgrading of the air compressors to include variable speed drive and heat recovery functionality in order to provide warm water for ancillary processes. FY22 energy initiatives included the installation of a new, efficient chiller at the Bryanston office, with a 40% lower electricity consumption, and the implementation of a lighting philosophy yielding a 23% reduction in night-time energy usage. The following initiatives were implemented at the National Brands' factories in FY22:
  - Installation of hot and cold service water for chocolate conche management at the Westmead Biscuit factory;
  - Replacement of the Westmead Biscuit factory administration block central air conditioner with more energy-efficient equipment; and
  - The installation of more energy-efficient HVAC air-handling units at the Durban Tea factory.

  Plans for National Brands in FY23 include replacement of the packing hall air conditioner at the Westmead Biscuit factory with more energy-efficient equipment and replacement of the compressors at the Durban Tea factory with energy-efficient units housed in a purpose-built compressor room.
- Fuel consumption – Within the distribution operations there is ongoing focus on optimisation of delivery routes and distribution networks through utilisation of routing and scheduling software, the deployment of on-board technology, advanced fuel management systems, more efficient engines and matching of loads to vehicles, the conversion of diesel forklift fleets to electric (which reduces both fuel consumption and harmful emissions), as well as driver training academies, which are all key issues in reducing fuel consumption and the Company's carbon footprint.
- Emissions, effluents and waste – The Company is committed to a waste management strategy, reducing the use of raw materials, reducing waste, reusing waste wherever possible, and recycling

waste that cannot be eliminated or reused. Key to managing waste is the monitoring and analysis of waste volumes and component parts to provide the information needed to manage waste effectively. The Company recognises its responsibility in terms of the Air Quality Act of 2004 and is committed to efficient and effective air quality management, and ensures that all ovens, boilers and boiler stacks are correctly operated, well maintained and routinely inspected. In addition, the factories engage with approved inspection authorities and conduct air emission surveys. Some of the material initiatives over the years have been as follows:

- The International Maritime Organisation 2020 legislation required a significant reduction in sulphur emissions from maritime vessels from January 2020. I&J was able to comply with the requirements of the new standards within the timelines allowed by the South African Maritime Safety Authority.
- Effluent plant management has been outsourced to specialists at the Isando and Westmead Biscuit factories, and the Isando Coffee and Creamer factory. During the year the effluent treatment plant at the Rosslyn Snacks factory was upgraded in order to provide for future effluent quality compliance if more stringent municipal limits are implemented. At the distribution centres all vehicles are washed using biodegradable chemicals and grease traps are cleaned regularly to prevent contamination of the main sewer system. In general, waste materials are classified for possible reuse, recycling or disposal, and disposals are done through registered waste disposal and recycling companies.
- I&J routinely recycles metal, corrugated cartons, used sunflower oil and used marine oil.
- National Brands reduced packaging waste by right-gauging flexible packaging and removing excess packaging. The business also encourages consumers to recycle and makes them aware of the recycling categorisation of the packaging.
- The phasing out of lead acid batteries and replacement with new generation lithium-ion batteries, which carry no risk of acid spills, corrosion, hazardous gas emissions, or any sort of contamination. In addition, lithium-ion batteries are 30% more energy efficient than lead acid batteries and virtually maintenance free.
- Waste to landfill
  A new waste management service provider was appointed in FY21. This supplier created and fostered many alternative waste disposal streams, reducing waste to landfill. Some of the major initiatives include:
  - Dough waste being combined with dough from other bakery and confectionery operations, and baked and crushed for animal feed;
  - Crushers installed at all National Brands' sites and crushed waste combined with other ingredients for animal feed;
  - Site and cleaning staff trained to improve waste stream segregation for increased recycling;
  - Balers installed at all National Brands' sites, thus reducing waste transport and carbon emissions;
  - Boiler ash used at landfill sites to stabilise pH and create stratification in landfill;
  - Waste tea filter paper composted rather than being sent to landfills;
  - The use of shredded BOPP (Biaxially Oriented Polypropylene) packaging in brickmaking;
  - Engagement with the DFFE to reclassify boiler ash for use in cement making; and
  - The supply by I&J of waste crumbs/ingredients to pig farmers as animal feed rather than being sent to landfill.

• Raw materials (excluding packaging) –
  - The Company is a member of and has representation on the Board of the South African Rooibos Council, a non-profit organisation whose goal is to protect the Rooibos industry and to ensure the sustainability of this raw material.
  - All yellow maize procured for the manufacture of liquid glucose is certified as non-genetically modified.
  - Ciro Full Service Coffee Co. sells a range of Fairtrade, Organic, Rain Forest Alliance and UTZ (an international standard for sustainable farming of coffee, cocoa and tea) certified products. A partnership with Mbokomu Rural Cooperative Society in Tanzania assists farmers and farming communities to improve the quality of their coffee and improve processing to reduce waste.
  - Palm oil is a vegetable oil from the fruit of oil palm trees and is more solid than liquid at room temperature. This makes it ideal for cooking and it is an ingredient in many foods and beauty products. Palm oil has developed a poor reputation as a raw material owing to slash-and-burn deforestation. A balance needs to be found between the demand for palm oil, the economic benefits of the product, and protecting forests, wildlife and local communities. Therefore, the use of palm oil from ethical and sustainable sources as certified by bodies such as the RSPO is an integral part of the Company's environmental and sustainability policies and strategy. The RSPO is a not-for-profit association that works with stakeholders across the palm oil supply chain to make sustainable palm oil the norm. Members include plantations, processors and traders, consumer goods manufacturers and retailers, financial institutions, and non-governmental organisations. The RSPO has developed a set of environmental and social criteria which companies must meet in order to produce certified sustainable palm oil. When they are properly applied these criteria help to minimise the negative impact of palm oil cultivation on the environment, wildlife and communities in palm oil-producing regions. However, according to the RSPO "*although using other vegetable oils seems like a practical solution, it would actually create similar – if not even larger – environmental and social problems. Therefore, the best solution is to ensure you buy products that contain sustainable palm oil*". To this end, all the palm oil procured by

the Company is from RSPO-certified suppliers.
- The National Brands' factories are replacing current barcode and date code printing solutions with a new technology that eliminates the need for paper labels and glue. This also reduces environmental exposure to Volatile Organic Compounds to just 1/10th of current systems and uses up to 80% less energy.

- Packaging –
  - National Environmental Management: Waste Act, 2008 ("Waste Act") –
    As required by the Waste Act and corresponding regulations, the Company's trading subsidiaries have registered with the DFFE and have joined relevant Producer Responsibility Organisations ("PROs"), through which they will report on paper and packaging usage and pay the required levies. The PROs in turn report to the DFFE and pay over the levies. They also have the responsibility of managing the various Extended Producer Responsibility measures required to be implemented.

    Extended Producer Responsibility requires manufacturers, users and importers of affected products ("producers") to bear a degree of responsibility for these products and ensure that the products are either recycled or upcycled, and that waste products diverted to landfill are kept to a minimum. The Company has also played a leading role in ensuring that the various participants in the packaging value chain are making a tangible contribution to environmental sustainability, whilst minimising the financial hardship to the end-consumer in an already challenging economic environment. To this end, the Company has engaged extensively with the DFFE, the Consumer Goods Council of South Africa, various PROs, various environment NPOs, recyclers of packaging waste, waste management companies, and raw material suppliers, such as the paper mills.
  - The Sustainable Forestry Initiative ("SFI") and the Forestry Stewardship Council ("FSC") are the two most recognisable and legitimate certifications in paper packaging, with the FSC being the most demanding. Both the SFI and FSC certify forest management programmes according to their set principles and criteria, including sustainable harvest levels, conservation of biodiversity and old growth, protection of endangered species, protection of water quality, recognition of the rights of indigenous people, prompt reforestation, forest conversion, plantations, clear-cutting, chemical use, and genetically modified trees. The Company has implemented required FSC certification on all paper packaging.
    FSC has three product labels, namely FSC 100%, FSC Recycled, and FSC Mix. FSC 100% is wood that comes entirely from FSC-certified, well-managed forests; FSC Recycled is wood or paper that comes from reclaimed or reused material; and FSC Mix is wood that is from FSC-certified forests, recycled wood, or controlled wood. While not FSC-certified, controlled wood cannot be: (a) illegally harvested; (b) harvested in violation of traditional and civil rights; (c) harvested in forests where high conservation values are threatened; (d) harvested in forests being converted to plantations or non-forest use; or (e) harvested in forests where genetically modified trees are planted. Currently 98% of the Company's paperboard spend is with FSC-certified suppliers, with the remaining 2% under review. In addition, all paperboard materials can be recycled multiple times.
  - "Design 4 Recyclability" is a packaging development enabler to drive greater levels of both circular economy supportive solutions and as a continuing effort to reduce existing problematic materials. Examples of this include Indigo Brands' increased use of post-consumer recycled plastics in over-caps and bottles, and the fact that 5% of all plastic products used by the Group now contain recycled material. Indigo Brands has commenced use of 30% to 50% recycled material inclusion in coloured aerosol and roll-on over caps with development ongoing in alternative colours (other than black), as well as potential adoption into other formats of componentry.
  - During the course of FY22 the Company measured its use of various categories of packaging materials. Paper and board products were categorised according to the FSC categories. Plastics were categorised as follows:
    - Recyclable: plastics that are currently recyclable, e.g. single-layer films and most clear, unprinted films;
    - Potentially recyclable: plastics such as multi-material laminates that require specialised facilities/infrastructure and supply chains for recycling;
    - Compostable: plastics that need to be managed separately in the waste stream, e.g. biopolymers, and corn-starch-based plastics; and
    - Non-recyclable: all other non-sustainable plastics such as PVC and polystyrene.

– The following tables reflect the annual tonnages of cartons, corrugates and plastics used by the Company in the categories described above, and the percentage of these materials against the total of such materials used:

	Cartons		Corrugates		Filter paper		Total	
	Annual tonnage	% of annual	Annual tonnage	% of annual	Annual tonnage	% of annual	Annual tonnage	% of total
FSC 100%	2 817	32	–	–	–	–	2 817	13,30
FSC mix/recycled	6 016	68	11 474	100	841	100	18 332	86,57
Non-FSC/non-compliant	27	–	–	–	–	–	27	0,13
Total	**8 860**		**11 474**		**841**		**21 175**	
% of total tonnage of all paper packaging (%)	42		54		4		100	

	Material component					
	Contains recycled material		Contains zero recycled material		Total	
Plastics	Annual tonnage	% of annual	Annual tonnage	% of annual	Annual tonnage	% of total
Recyclable	247	100	1 409	32,1	1 656	35,77
Potentially recyclable	–	–	2 970	67,8	2 970	64,16
Compostable/ biodegradable	–	–	–	–	–	0,00
Non-recyclable	–	–	3	0,1	3	0,07
Total	**247**		**4 382**		**4 629**	
Percentage of total tonnage all plastics (%)	5		95		100	

Contraventions

During FY22 I&J received environmental contravention fines from the South African Maritime Safety Authority to the value of R350 000 for the following contraventions:

- An accidental oil spill onto deck and overboard caused by a pipe coming loose from its hydraulic fitting while testing the MFV Fuchsia vessel's main winches after loading new software on the Winch PLC Unit; and
- An accidental oil overflow on MFV Ferox, resulting from an airlock in the port tank site glass which indicated the incorrect tank level while filling the lube oil tanks.

Other than the notices referred to above, no other fines or non-monetary sanctions for infringement of or non-compliance with environmental laws and regulations were recorded and/or levied against the Company, directors, officers or employees during the period under review and the Company experienced no major environmental incidents. No formal requests or directives have been issued by government agencies or local authorities for the reduction of air emissions.

Consumer and product legislation

The Company's internal legal advisers and regulatory departments keep the Company abreast of generic and industry-specific consumer and product-related legislative and regulatory developments, both pending and apparent, and ensure that management and employees are informed and, where necessary, trained on these developments and the implementation thereof. Some of the developments being monitored are the amendments to the regulations for the Labelling, Advertising and Composition of Cosmetics; the White Paper on Audio and Audio-visual Content Services Policy Framework dealing, inter alia, with the protection of children and consumers in the regulation of media content; Front of Pack labelling research; proposals by the Department of Health in support of the Healthy Food Options initiative; Nutrient Profiling for purposes of amendments to the Labelling Regulations; GMO labelling regulations; legal challenges to the fee structure for assignees appointed for the inspection of agricultural products; the Food Loss & Waste Voluntary Agreement; amendments to the Regulations relating to the protection of geographical indications used on agricultural products intended for sale in South Africa; scheduled reviews of local and international compulsory specifications, operational standards, and food composition regulations; and CODEX reviews.

The Hazardous Chemical Agents regulations were published in March 2021 by the Department of Employment and Labour, bringing Globally Harmonised System (GHS) Classification, Safety Data Sheets, and Product Labels into law, with an 18-month phase-in period. Indigo Brands is on track to be compliant with the regulations by the required date of September 2022.

The Company works closely with relevant industry and government bodies, such as the Consumer Goods Council, Business Unity South Africa, the Department of Health, the Department of Trade and Industry, the DFFE, and the Department of Employment and Labour to contribute to the development of sensible and sustainable legislation and regulations.

The Company's central marketing and Group legal functions ensure that there is adherence to laws, standards and relevant voluntary codes relating to marketing and communications, including advertising, promotions, competitions and sponsorships. All applicable labelling legislation is regularly reviewed and, where appropriate, changes to Company packaging are made. The research and development and regulatory managers in the subsidiary companies are responsible for ensuring applicable compliance.

The Company remains a member of a number of industry associations as set out in more detail in the stakeholder engagement table.

No judgments, damages, penalties or fines for infringement of or non-compliance with consumer or product-related legislation were recorded and/or levied against the Company, directors, officers or employees during the period under review.

Major risks

The Company and its subsidiaries have well-run governance processes and sound systems of internal control, which are effective in managing the conventional key areas of business risk such as brand management, manufacturing, financial management and information technology. Other risks that are often more challenging to manage, and pose a greater threat to business success, are summarised below and on the following pages:

Key risks and impact	Comments
Epidemics and/or pandemics • The potential for future lockdowns for epidemics or pandemics • The loss of life and physical and emotional stress caused by epidemics or pandemics, including lockdowns, forced isolation and quarantine, illness, medical expenses, and the potential loss of employment and income • Restructuring and retrenchments cannot be ruled out in an economy that is already under strain from social, financial and political uncertainty • Lost sales owing to changes in consumer demand • Business interruption arising from infectious diseases and quarantine protocols and regulations • Domestic and international restrictions on movements of persons and goods • Delays in clearing of imported products, raw materials, parts and other supplies, as well as exported products, through customs • Additional governance and compliance structures and costs • Heightened risk of debtors, suppliers and service providers going into business rescue or liquidation	• The AVI employee wellness programme offers counselling to employees and their extended families • Specialist providers have been contracted to provide vaccines to employees on some of our bigger sites • Ongoing management of costs in the areas of the business that would be most impacted by epidemics or pandemics to ameliorate the impact of lower volumes and revenue • Continuous consideration and management of potential logistics delays, including the potential need for the holding of additional buffer stocks • The Company monitors supplier risk reports from a specialist service provider on a monthly basis, thus enabling the Company to timeously implement mitigating actions wherever possible
Failure to stay in touch with and react quickly to changing consumer perspectives and needs • Lost growth opportunities or erosion of market share • Pressure on margins in constrained categories • Under or over-spend of marketing money without an economic imperative could lead to unsustainable or diminishing brand equity	• Product formats and price points are managed flexibly in different parts of the consumer cycle, in line with consumer needs • Each business unit gives priority to understanding the risks and opportunities that South Africa's growing Black consumer base presents, and responding in a manner appropriate to each category • Consumer trends in more developed markets are studied for relevance to local markets • The characteristics of our African export geographies are studied carefully so that we can enhance the relevance of our offering in each geography • New product development is aligned with the points above and actively pursued • Brand investment is material and consistent, with ongoing efforts to improve the efficiency and effectiveness of this spend

Key risks and impact	Comments
Availability of experienced and commercially minded business leaders to seek improvement and grow profits • This is an ongoing challenge, particularly given the diversity of AVI's operations. Considerable resources are expended in identifying people and, where appropriate, attracting them • The difficulty in recruiting scare skills creates, inter alia, poor management depth and limited succession planning with a risk of reduced business credibility and business effectiveness • Inadequate progress on transformation would make it difficult to attract top equity candidates and reduce credibility with stakeholders and business partners	• The Company has a flexible operating model which provides high transparency to the centre and facilitates effective interaction on key matters when needed • Remuneration and reward systems provide meaningful wealth-generation opportunities for managers who excel; but a low level of value in share option schemes in periods of low share price growth means a risk of loss of senior employees to more attractive opportunities, lower morale for senior employees in general, and an environment in which it is harder to attract the best people. This has been mitigated to some extent by the implementation (with shareholder approval) of new share option schemes in FY17 • Various formal and informal internal learning and development initiatives are provided as developing in-house talent is becoming increasingly more important
Changing competitive landscape that negatively impacts profitability • The growth of house brands, often based on imported product, means increased price competition, difficulty in getting fair representation on shelf, pressure to manufacture house brands, and changes in consumer perceptions of house brands, which could lead to increased support and investment in capacity for those brands • There is the risk that additional capacity is created, which generates surplus supply and inhibits the ability to generate economic returns on investment	• The Company's best protection in a changing competitive landscape is to continually work to keep our brands and products relevant to consumers, to improve efficiency so that margins can be sustained when prices are constrained, and to be diligent in managing the price/volume/margin equation flexibly as circumstances require • A volatile currency with the risk of rapid and material weakening has traditionally been an effective protection against import competition • A fairly small domestic market reduces the attractiveness of major green fields investment in South Africa • New suppliers or customers entering the South African FMCG market can present both risks and opportunities. We believe that the Company has sufficient scale and relevance with its strong brand portfolio to be important to new entrants, and to be able to forge mutually beneficial trading relationships
Reliance on third-party brands and diminished profitability if licences are not renewed	• Most of the Company's core brands are owned • Key third-party brands that the Company has access to are the Lacoste brand in Spitz, the Coty brand in Indigo Brands, and the Lavazza brand in Entyce Beverages. While we have a long history of strong and successful relationships with all of these parties and believe that our business units represent compelling opportunities to each licensor that will be difficult for other licensees to match, there is always a risk of disproportionate dependence on third-party brands and underinvestment in owned brands. Acquisition of the Exclamation, Gravity, Whisper and East West brands from Coty in the year has reduced our dependency

Key risks and impact	Comments
Inability to sustain and grow profit margins • In a volume-constrained environment this will lead to a decline in profit and return on capital employed • The current high-inflation environment has seen margin pressure as input cost escalations have not been fully recovered in all parts of the business through price increases. An easing of global commodity prices would present an opportunity to recover this lost margin	• Top line growth is a continual focus area for all of our businesses and brings with it the opportunity to leverage fixed costs and expand profit margins • Many of the Company's Key Value Items ("KVIs") enjoy a brand premium because of their long legacy of delivery and quality. We seek to preserve this premium through retention of product intrinsics and high focus on product quality • A failure to invest in manufacturing capacity and/or technology at the correct time may create a risk of market share erosion from both local sources and imports, and major capacity investment remains imperative • The Company has extensive exposure to foreign exchange and commodity price volatility. These exposures are hedged in a manner that allows selling prices to be managed predictably and responsibly, and historically our businesses with their strong brands have demonstrated the ability to recover lost profit margin fairly quickly after periods of pressure. The notable exception being I&J, which has little ability to compensate for the impact of a strong Rand on its material export revenues, but similarly also benefits materially when the Rand is weaker • Significant cost inflation, most notably due to fuel prices, with an inability to fully recover through price inflation • Over-reliance on the strength of core brands could lead to the retardation of key disciplines • A failure to recognise the importance of product attributes in current or innovated products leading to a reliance on brand equity and/or marketing investment

Key risks and impact	Comments
Deteriorating social, political and operating environment • Diminished capability of government departments and state-owned entities, including the deterioration of public infrastructure (roads, railways, ports, etc.), impacts their delivery with concomitant impact on businesses • Ongoing increases in administered charges for electricity, water and property rates create additional cost pressure and reduce competitiveness relative to imports • Increasingly inflexible labour legislation, including in particular the changes effected to the Labour Relations Act early in 2015, the interpretation of this legislation by the courts in favour of permanent employment, and increasing demands and industrial action by labour unions, reducing competitiveness against imports, increasing investment hurdles, and creating a growing disparity in wage costs between formal (unionised) and informal sectors • The imposition of price controls pursuant to a populist political and social agenda could impact on parts of the Company's product portfolio • Dissatisfaction with service delivery by government and municipalities could lead to civil disruption and strikes with a material adverse effect on volumes and profit • The continued decline of educational standards erodes the supply of essential skills to maintain our medium-term competitiveness • The emergence of new and ambitious social programmes that place too heavy a burden on organised business and taxpayers, to the extent that the availability of capital reduces in South Africa, and over time that compromises our ability to sustain our current asset base and competitiveness • Compliance with increasing consumer-facing legislation such as that in respect of labelling, advertising, genetically modified organisms ("GMOs"), salt, and sugar, and the increased focus on providing "healthy" alternatives to existing products, requiring increased work and placing pressure on research and development • The outsourcing of government functions to private entities which results in the creation of additional layers of administration and costs to business, for example the appointment of external assignees in terms of the Agricultural Products Act • Deterioration of public infrastructure (including roads, railways and ports)	• Although the Fishing Rights Allocation Process has now been finalised, it remains subject to various appeals • Delays and the constant need for appeals in the Fishing Rights Allocation Process prolong uncertainty and delay long-term investment decisions • In a two-tiered economy, the Company increasingly competes against smaller operators that are not measured or monitored against increasingly onerous legislated requirements, where there is an increasing new entrant risk due to low barriers to entry, technology and high margins • Availability of utilities, such as power and water, necessary to run business can be mitigated at extra cost, but reduce competitiveness. The declining quality of municipal water in many areas forces increased dependence on borehole water (where available) or the installation of water filtering and purification plants, all at an extra cost to the businesses • There is increasing financial demand on the private sector to fund the government's budget deficit and over-reliance on the private sector to address social issues, e.g. university fees • Regulators such as the Competition Commission and the Department of Trade and Industry increasingly see their role as maintaining jobs without regard for the underlying economic merit of their decisions and proposals, such as through increasingly restrictive merger control to deal with employment, broad-based ownership, supplier development and localisation, investment, and downstream beneficiation; market enquiries; and changes to the Competition Act to include specific provisions to enable historically disadvantaged persons, and small and medium-sized businesses to participate effectively in the economy • Changes to the Broad-Based Black Economic Empowerment Codes of Good Practice with, inter alia, substantially increased financial requirements for meeting minimum compliance levels have had a material negative impact on the scorecard rating and made it difficult to achieve and maintain the historical rating

Key risks and impact	Comments
Environmental • The impact of climate change on natural resources through changing weather patterns and increased global temperatures could affect natural and agricultural resources on which the Company is dependent • Government commitments to emission-reduction targets and associated regulatory costs could have a significant impact on the operating and distribution practices of the Company	• The Group's activities generally have a low environmental impact, and compliance with legislation is good • Carbon tax is currently relatively low, and work in progress to reduce coal consumption should offset future tax rate increases • I&J's fishing and aquaculture activities are well regulated and there is also compliance with a number of industry-adopted practices that support sustainable fishing of the hake resource • The Group continues to evaluate opportunities to invest in alternative power and water sources

Going forward

The Company will continue reporting on sustainability issues in a way that focuses on material issues and provides a balanced view of the economic, social and environmental aspects of the Company to stakeholders. In particular, the Company:

- Has noted efforts to unify reporting requirements, in particular the White Paper published by the World Economic Forum in September 2020 and titled "Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation", which seeks to "*develop a core set of common metrics and disclosures on non-financial factors*". The report sets out a core and expanded set of "Stakeholder Capitalism Metrics", which can be used by companies to align their reporting on environmental, social and governance indicators ("ESG"). The Company will consider the metrics and disclosures with a view to continual improvement of its own reporting and the setting of relevant objectives and targets.
- Will continue focusing on ESG factors that are directly relevant to the Company's business.
- Will, where appropriate, expand its reporting in response to shareholder requests. In this regard, we have reviewed the recommendations of the Task Force on Climate-related Financial Disclosures and included a summary below of risks, opportunities and financial impacts following the framework provided.

Climate related risks, opportunities and financial impacts

1. Climate-related risks:		
a. Transition risks:		
i.	Policy and legal risks:	• AVI complies fully with the recent carbon tax legislation and expects to be able to maintain compliance with all existing legislation that relates to consumption of different energy sources as well as emissions, effluent and waste disposal. • The Group has not experienced disruption from its suppliers due to the impact of policy and legislation changes on their businesses, and the majority of our purchase spend is with suppliers who have a strong commercial imperative to meet the climate change credentials required by their customers. • Wholesaling and retailing AVI's products to consumers is a low impact activity, nevertheless many of our customers have implemented meaningful programmes that support increases in alternative energy consumption and improved waste recycling. • We anticipate that policy changes will continue to support increased use of alternative energy in South Africa, providing further opportunities for the Group to evaluate.
ii.	Technology risks:	• Typically, the Group is in a position to adopt well-established alternative technologies with low operational and cost risk. To date, the majority of changes made in our own supply chain have been accomplished within normal replacement cycles or with the prospect of reasonable return on investment.
iii.	Market risk:	• AVI is committed to meeting consumer expectations of how brand owners should respond to climate change. • The Group is not a direct participant in the climate change industry of goods and services, or adjacent industries that are likely to be impacted.
iv.	Reputation risk:	• The Group has a good compliance history and continues to make progress in responding to the impacts of climate change, particularly with regard to energy efficiency and emissions.
b. Physical risks:		
i.	Acute risk:	• The Group consumes a wide basket of commodities and has always been exposed to events that impact the supply and demand of these items. More frequent and severe climate-driven events have the potential to increase physical supply risk and price volatility.
ii.	Chronic risk:	• Longer-term shifts in climate patterns may impact supply of key commodities and consumer behaviour in time. These risks will be monitored together with other key business risks, and responded to as appropriate.

2. Climate-related opportunities:		
a.	**Resource efficiency:**	The Group has a continuous improvement approach to energy efficiency. For example, many of our sites have been converted to low-energy lighting solutions; as a matter of course electrical drives are converted from fixed speed to variable speed when they are replaced, and fuel consumption of our vehicle fleets is managed against demanding benchmarks.
b.	**Energy source:**	Following an initial project to install solar power at the Isando distribution centre, a group-wide evaluation of other suitable sites is in progress. Some of the manufacturing sites still utilise coal-fired boilers and we are evaluating conversion from coal to gas, which will significantly reduce carbon emissions.
c.	**Products and services:**	Given the relatively low impact of the Group's activities, consumers have not expressed climate change concerns related to our products.
d.	**Markets:**	The Group is not a direct participant in the climate change industry of goods and services, or adjacent industries that are likely to be impacted.
e.	**Resilience, being the capacity to respond and manage the risks and opportunities relating to climate change:**	The Group's activities relating to climate change will develop and mature to keep pace with the environment in which we operate. This will include changes in legislative and reporting requirements, as well as consumer preferences.
3. Financial impacts:		
a.	The direct costs of meeting legislative changes is likely to be material over time. AVI's annual carbon tax is approximately R2,2 million per year at current rates, and the change to fuel requirements for I&J's fishing vessels increased their fuel costs by approximately R10 million per year.	
b.	Capital investment costs have not been onerous and will be managed in a balanced way, so that required spend is married to return on investment as far as possible.	
c.	Cost pressures from emissions taxes and changing legislation requirements within our own, and our suppliers' supply chains, will be ameliorated by cost savings from lower energy consumption as well as other efficiency improvements.	
d.	Increasing physical and price risk of key commodities may lead to additional investment in working capital over time.	
e.	AVI will continue to protect the long-term profitability of its categories and so far the consequences of changing legislation have been successfully managed within our overall cost basket.	
f.	Additional compliance requirements and operating costs add pressure to an already constrained consumer environment, and it is hoped that government will respond to this reality by adopting reasonable timelines and providing effective subsidies for future changes that are required.	

Transformation

The Company recognises the moral, social and economic imperatives to embrace and support transformation in South Africa and to be a valuable participant in the South African economy and society. A transformed company in the South African context is not only one that has a workforce that is representative of the country's racial and gender demographics and that operates with a bias towards broad-based empowerment opportunities, but one that also embraces diversity.

The Company continues to focus on transformation and remains intent on providing a workplace that encourages diversity. Transformation is considered in the context of broad-based black economic empowerment ("BBBEE") and is measured annually by an external verification agency against the generic BBBEE scorecard. A central senior manager actively coordinates the Company's efforts and ensures that the subsidiaries are well educated on the various facets of transformation. The subsidiaries' progress is monitored and they are centrally assisted in their implementation of targets and other initiatives. During the year under review significant time and funds were invested in advancing the transformation plans that had been developed in previous years. The progress of these plans was reviewed at half year and appropriate and revised activities were agreed upon, where necessary.

From FY10 to FY14, on the original BBBEE Codes of Good Practice, AVI improved its rating from a level 6 contributor (at 53,78%) to a level 4 contributor (at 70,25%). Since 2015 the verifications have been done against the amended Codes and for the first three years the Company consistently achieved a level 7 rating, discounted to level 8. In FY18 the Company improved its score and achieved a level 6 rating (78,22 points), which was then discounted to level 7 for failing to achieve the required 40% threshold on supplier development. FY19 saw further improvement to a level 5 rating, with no discounting owing to the minimum thresholds for equity ownership, skills development, preferential procurement, supplier development, and enterprise development having been achieved. The consolidated score achieved for FY20 was level 6 (at 71,48 points) with no discounting. The main element that contributed to the change from level 5 in 2019 to level 6 in 2020 was skills development. This was for two reasons, firstly the inability of the Company to continue with and complete its skills programmes during the COVID-19 lockdown, and secondly a change in the interpretation of the provision relating to the absorption of unemployed learners at the end of their skills programmes. No dispensation was given by the Department of Trade and Industry to take account of the impact of COVID-19. In FY21 and FY22 the Company again achieved a score of level 5 and met the 40% threshold on all three priority elements, namely ownership, skills development, and enterprise and supplier development.

BBBEE scorecard

A comparison of the scorecard elements for the last five years is set out below.

Element	**2022 %**	2021 %	2020 %	2019 %	2018 %
Ownership	**67,88**	64,22	54,99	56,45	77,50
Management Control	**41,25**	40,10	32,67	29,81	28,94
Skills Development (including Bonus Points)	**66,73**	60,13	68,04	100,75	90,97
Enterprise and Supplier Development (including Bonus Points)	**85,56**	87,87	78,38	81,61	75,39
Socio-economic Development	**100**	100	100	100	100

EMPOWERLOGIC

Broad Based Black Economic Empowerment Verification Certificate

A Consolidated Verification Certificate Issued to

AVI Limited and Subsidiaries

Level 5 Contributor

Measured Entity

Company Name	AVI Limited and Subsidiaries
Registration Number	1994/017201/06
VAT Number	Refer to second page
Address	2 Harries Road Illovo, Johannesburg 2196

B-BBEE Status

B-BBEE Status Level	Level 5
Total Points Obtained	79.09 — EO: 16.97 points; MC: 7.84 points; SD: 13.35 points; ESD: 35.94 points; SED: 5 points

Discounting Principle Applied	No	**Procurement Recognition**	80.00%	**Participated in Y.E.S Initiative**	No
Empowering Supplier	Yes	**Measurement Period Year End**	31/03/2022		

Black Voting Rights	24.05%	**Black Women Voting Rights**	13.70%	**Black Designated Groups**	1.02%
Black Economic Interest	15.22%	**Black Women Economic Interest**	8.36%	Black Youth	1.02%
51% Black Owned	No	**30% Black Women Owned**	No	Black Disabled	0.00%
Normal Flow Through Applied	Yes	**Black New Entrants**	1.34%	Black Unemployed	0.00%
Modified Flow Through Applied	No	**Exclusion Principle Applied**	No	Black People Living in Rural Areas	0.00%
				Black Military Veterans	0.00%

Issue Date	20/08/2022
Expiry Date	19/08/2023
Certificate Number	ELC11208RGENBB
Version	Final
Applicable Scorecard	Amended Codes - Generic
Applicable BBBEE Codes	Amended Generic Codes Gazetted on 11 October 2013 and Amendments Gazetted on 31 May 2019

EmpowerLogic (Pty) Ltd

Reg. No. : 1995/000523/07

BBBEE Verification Agency

Per Gianna Le Roux

Member - Verification Committee

SANAS Accredited

BVA018

This certificate is the result of an independent and impartial verification of the BBBEE status of the measured entity measured against the Codes of Good Practice on Broad Based Black Economic Empowerment and has been issued in accordance with the EmpowerLogic Verification Certificate Policy. This certificate supersedes any previous certificates issued to the Measured entity. For enquiries please contact EmpowerLogic at 086 111 4003.

Ownership

The Company achieved an ownership score of 67,88%, an improvement over the prior year score of 64,22%, and met the 40% threshold for net value (one of the sub-elements of equity ownership). The increase was largely owing to an increase in holdings by mandated investments. The Company also continues to benefit from continuing recognition of the Company's Black Staff Empowerment Share Scheme ("the Scheme"), which was launched during January 2007. The Scheme terminated in December 2018 but over the seven-year life of the Scheme, 18 301 participants benefited from growth in the AVI share price and received a total gross benefit of R841 million, including 1 598 participants who left the Company's employ in a manner that classified them as "good leavers", which good leavers received a total gross benefit of R106,7 million.

At a subsidiary level, the Company remains committed to ensuring that a direct economic benefit flows to I&J employees and the Company's Board approved the continuation of a 5% Black staff shareholding up to 2021. The I&J Black Staff Scheme terminated on 21 December 2021, resulting in a payment of R103,0 million to Black staff participants. The benefit created over the life of the scheme was significant with considerable value transferred to Black staff. The total amount paid to participants over the life of the scheme amounts to R156,3 million. Following the expiry of the scheme in December 2021, it was immediately replaced by a new I&J Black staff shareholding scheme, in terms of which 6,25% of Irvin & Johnson Limited is held by Black employees. As at 30 June 2022 there were 1 687 shareholders. In addition, 20% of the shareholding in I&J is held by two broad-based Black empowered companies with strong commitments to the South African fishing industry. Both of these are important aspects of the focus on the transformation of the fishing industry.

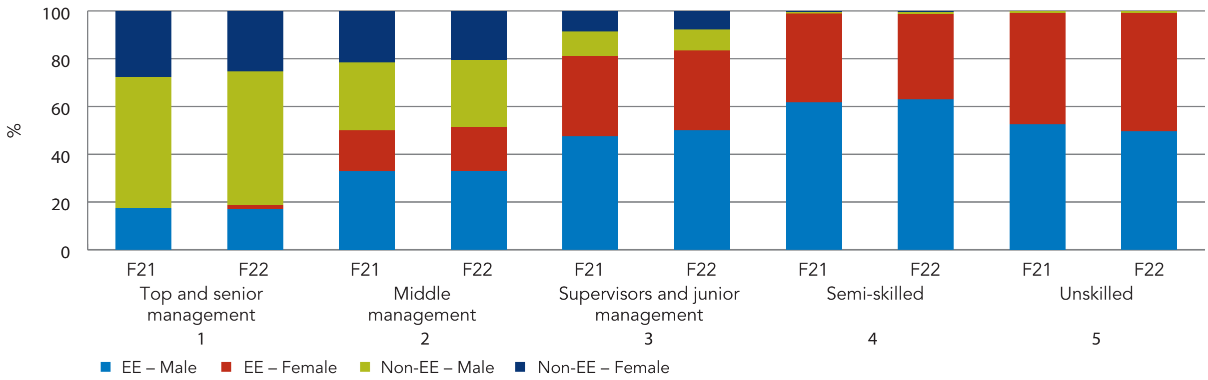
Management control

Management control measures both Board participation and employment equity as one element.

The Company achieved a score of 41,25%, continuing the upward trend in this element. Management control is an area of heightened focus for the Company. The Management Control element measures transformation at the Senior, Top and Board levels and the Employment Equity element measures transformation at the Junior and Middle Management levels.

Attracting senior Black candidates from their current employment in these less than certain economic times is difficult with employees often being loathe to leave existing employment. The Company nonetheless continues its efforts to appoint, develop, and retain Black employees, especially where representation is required in the middle, senior and top management bands. The Company's employment equity efforts remain behind training, developing and mentoring Black employees with the objective of retaining them and preparing them for more senior roles.

AVI employment equity demographics



Skills development

Development of the Company's employees remains a priority. Material progress has been made over the years by originating relevant learning opportunities for a broad community of employees, continually reviewing current learning services and requirements, and enhancing their alignment to the Company's needs. This has assisted the Company in the development of its employees in an appropriate manner, and in progressing the Company's transformation agenda.

The amount spent on recorded skills development initiatives in the past financial year was R96,10 million, equivalent to 3,85% of leviable amount, as defined in the Skills Development Levies Act, namely the total amount of remuneration, paid or payable or deemed to be paid or payable by the Company to its employees during any month. 4 988 employees, or 55,87% of the total workforce (including permanent and fixed term contract employees), were trained during the year, 91,30% of whom were Black and 42,62% of whom were female.

The Company achieved a score of 66,73% (including Bonus Points) and met the required 40% threshold.

The Company continues to have strong and credible relationships with five key Sector Education and Training Authorities ("SETA"), including the Food and Beverage SETA, the Wholesale and Retail SETA, the Transport SETA, the MICT SETA, and the Chemical Industries SETA, which enabled the Company to receive mandatory grant payments of R5,49 million and discretionary grant payments of R2,24 million in the year.

The Group Skills Development Facilitator continues to focus on the management of PIVOTAL (Professional, Vocational, Technical and Academic Learning) programs. During the year the Company had 517 learners (the majority of whom were Black) on such programmes.

Learnership programs remain a priority throughout the Group. In the past year National Brands supported 210 learners, of whom 61 were unemployed disabled persons, on key programs, including End-User Computing Level 3.

I&J has made substantial investments in training unemployed youth for the fishing and broader maritime industry. I&J was also the first Group business to participate in the Youth Employment Service (YES programme) initiated by government in FY20 in terms of the BBBEE Act and aimed at youth employment. In FY22 I&J registered a further group of 71 unemployed youths on 12-month youth employment contracts, thereby giving them their first opportunity at employment. During the past year I&J invested in the formal training of 148 people (of whom 50 are disabled) on programs including NQF4

Management and Leadership Development, NQF4 Business Administration, as well as Apprenticeship programs for both employed and unemployed individuals.

Indigo Brands trained 9 learners and focused on NQF3 Business Administration. For the period FY22 Indigo Brands invested in an unemployed Disabled Learnership.

Spitz successfully enrolled 40 people on the NQF5 and NQF6 UNISA retail programmes, including Retail Management and Introduction to Retail. In addition, 24 store managers participated in the NQF5 Generic Management programme for wholesale and retail; and 17 unemployed, disabled learners have been enrolled on an NQF4 Wholesale and Retail Operations learnership. 5 employees' higher education studies are being funded by Spitz bursaries.

Ciro enrolled 8 disabled people on the NQF2 Contact Centre Support learnership, which successfully concluded in April 2022.

Since the inception of the AVI Graduate Programme in FY16, students have had various opportunities within the Group. There are currently 26 graduates enrolled on a 24-month programme across I&J, Spitz and National Brands. 17 are in their first year and 9 are in the final year of the programme. Of those in their final year, all of the 9 graduates will be appointed to permanent positions, having proven themselves through their respective programme experiences. Of these, 92% are Black. All 26 current graduates have had the opportunity to engage in soft skills and business-specific training in order to fast-track their development. At this stage there will be 11 new graduate positions in FY23 across National Brands and I&J, spanning various fields such as finance, engineering, planning, sales, procurement, and operational management and systems.

The AVI People Effectiveness Programme hosted by GIBS, which started in FY20, concluded in December 2021. Of the original 58 middle managers enrolled in the programme, 47 (or 90%) successfully completed the programme. The other 10% either resigned prior to completion or were unsuccessful in one or more of the modules. This 24-month programme was aimed at enhancing, equipping and motivating future leaders within the businesses to enable them to effectively navigate and contribute to the changing business environment.

The Company remains focused on the development of online training courses in an effort to reduce the cost and complexity of classroom-based programs, particularly in the retail businesses. In addition to the initial Customer Service and Payment Administration online courses that were run successfully throughout the Spitz business, there are currently over 50 additional online courses on the system to enable efficient, effective and personalised knowledge transfer for development, governance and compliance purposes. These have assisted employees to access knowledge from any location, free of charge, and have enabled a view of their progress and achievements.

The Company will continue identifying other appropriate online training programmes, while continuing to benefit from the holistic view of our talent and succession strategies across and within our businesses.

Enterprise and supplier development

Under the amended Codes, this element now comprises preferential procurement, enterprise development and supplier development.

The Head of AVI Group Procurement, in collaboration with specialist procurers in the Company, and with a focus on favouring local empowering suppliers (as defined in the amended Codes), plays a large role in the Company's enterprise and supplier development strategy. The Company achieved a score of 85,56%. The Company met the 40% threshold in all three elements, namely preferential procurement (91,54%), supplier development (51,75%) and enterprise development (100%).

Group Procurement works closely with the business unit procurement teams to identify and review potential supplier development projects, both to replace imported raw material/packaging suppliers and to develop Black-owned suppliers for locally supplied raw materials, services and/or packaging. Each potential project is reviewed to ensure that the potential supplier meets the criteria stipulated in the Group's Enterprise and Supplier Development Plan and that the project is sustainable. Suitable projects are hard to find and take considerable time to review but once they have been identified and verified as being both commercially viable and contributing towards the sustainable development of local suppliers, agreements are signed and priority given to implementing the projects. Some of the projects that have been implemented and continue to be managed include:

- Funding of rooibos tea farmers, who supply unprocessed rooibos tea, to enable them to sustainably farm the tea on the basis of offtake agreements with National Brands and other third parties.
- Early payments to Exempt Micro Enterprises ("EME") and Qualifying Small Enterprises ("QSE"), which increased by more than 70% compared to the previous financial year.
- Funding of select supplier development initiatives across a wide range of sectors in collaboration with reputable third-party institutions, such as Inyosi Empowerment and B1SA, as well as partnering with Inyosi and B1SA to provide the Company's QSE and EME suppliers with access to their buyer/supplier networking platforms, namely iHive Procurement Portal and B1Link, respectively.
- Continued focus on graduating enterprise development beneficiaries into long-term Group suppliers.
- Growing the Company's business relationships with existing EMEs and QSEs within the supply chain. In particular, extensive work was done to procure goods and services from Black-owned suppliers of temporary point of sale equipment, flexible and paper-based packaging consumables, personal protective equipment, and transport services.

- Engaging non-compliant suppliers and providing them with training on the BBBEE Codes of Good Practice in order to empower them to improve their BBBEE scores.
- Establishment and management of an initiative with a QSE with the requisite technical competence to blend and co-package coffee and hot chocolate for selected Ciro products.
- Localisation, which remains a strong focus for the Company with the following outcomes having been achieved in FY22:
  - A further R74 million annualised packaging spend moved to a local flexibles supplier;
  - Support provided to a local supplier in the development of trawl nets for deep sea hake fishing, thus enabling the local sourcing of nets that are of a comparable quality and performance to their imported equivalents; and
  - I&J working closely with suppliers to increase its offtake of local chicken that conforms to its strict microbiological and physical quality standards.
- A supplier development project for the development and commercialisation of a customised, live and simple web-based Procurement e-Catalogue to allow buyers to centrally select product, negotiate price and publish product and price of low-value, high-volume products, with a view to enabling suppliers, particularly small and medium-sized enterprises, to gain low-cost access to purchasers such as the Company.

The Company engages with suppliers regarding their transformation needs and requires its suppliers to register on the Department of Trade and Industry IT portal, which provides a single national catalogue of vendors and their BBBEE profiles. In addition, the Company engages with suppliers regarding their empowering supplier status and assists suppliers, where necessary, to achieve this requirement.

The subsidiaries have procurement policies addressing such matters as BBBEE targets, origin of materials, environmental awareness and sustainability, as well as labour practices and ethics. Potential suppliers are required to undergo a thorough vendor evaluation and selection process. Wherever possible, locally based suppliers are preferred over international suppliers. The Company makes every effort to ensure that it only does business with suppliers who comply with all applicable legislation and has not identified any of its suppliers where employees' labour and human rights are, or are at risk of, being violated.

Corporate social investment

The Company's corporate social investment ("CSI") programme is aimed at bringing about positive social and economic changes to historically disadvantaged communities in the environments in which the Company operates. The Company again achieved a score of 100% for its socio-economic development in the most recent BBBEE rating. On an annual basis an amount of approximately 1% of the Company's pre-tax profits achieved in the previous year is set aside for this purpose. The areas of focus are broadly education and skills development; sports, arts and culture; the environment; and health and welfare. Grants are managed through the Company's Community Investment Trust. This trust is served by elected employees who have shown an interest in CSI and an ability to manage the CSI programme. All material projects are properly vetted and monitored by the trustees to ensure that they achieve what was initially intended. In addition, the Company is always cognisant of the impact, both negative and positive, that its operations could have on local communities and commits to identifying any such communities and to engaging with them regarding the prevention or mitigation of negative impacts.

During the year R21,99 million was available to the Company's CSI programmes.

The greatest portion of the Company's CSI funding was spent on education and skills development projects, as follows:

- The Ikusasa Student Financial Aid programme, whose stated purpose is to provide needs-based assistance to students from poor and working-class families (the "missing middle"). This support enables students to acquire a broad set of knowledge, skills and character traits that will significantly improve their meaningful participation in the economy. Areas covered include the economy, human development, leadership, ethical behaviour and broad citizenship. The intention is to advance equal opportunity and equitable income distribution for all South Africans. The Company is supporting 12 students in Engineering and Food Science courses over their four-year degrees. The contribution provides tuition, meals, accommodation, transport, books and stipends. Additional psychosocial support is also provided by the programme, including academic support, social support, life skills training, mentoring and medical support.
- The Supplementary Education Trust continues to be a meaningful cause. Through their incubator programme, learners from grades 10 to 12 are exposed to high-quality educational materials and provided with expert tuition in English, Mathematics and Science on Saturdays and during school holidays. In addition, learners in grades 8 and 9 are provided with the same for Mathematics. The Trust also provides necessary study materials, career guidance, life skills training, transport and food. The programme seeks to upgrade the learners' academic standards to enable them to further their education at a tertiary institution. The Company currently supports the Durban and Winterveldt incubator programmes as it has done since 2013. This includes learners from impoverished homes and underperforming schools in areas such as Umlazi, Inanda, Kwa-Mashu, Claremont and Mabopane.
- The Company, in partnership with the Study Trust, has been providing full or partial bursaries to students since 2009 through its Tertiary Bursary Programme. In 2021, five students were provided

with bursaries to assist them to further their education at various universities. The students were selected based on their financial means, academic results and preferred fields of study, which were aligned to the Company's graduate recruitment needs.

- The Diepsloot Foundation provides Adult Basic Education and Vocational Training as a key component of its strategy to uplift and empower the community through education, vocational training and enterprise development. The key objective is to channel funding, skills and resources into sustainable projects that will benefit and build the competencies of individuals and groups within Diepsloot. The projects also allow disadvantaged youth over the age of 18 who have not achieved their matric to achieve a matric equivalent. Over the years funding from the Company has supported the programme in general and enabled the opening of an Early Childhood Development Centre – Khulani (meaning "to grow").
- The Company has supported the Kliptown Youth Programme since 2008. The organisation was founded in 2007 and is situated in the Kliptown informal settlement in Soweto. It provides a safe haven and educational support for children and youth in grades 1 to 12. The programme provides food for the children to take to school and offers a free after-school centre with a hot lunch and additional weekend activities.
- The Ruth First Scholarship Programme sponsors disadvantaged girls' attendance at Jeppe High School for Girls, one of the country's foremost public schools for girls, with full tuition, boarding costs and pocket money to grade 12. The Company is currently sponsoring 10 girls in different grades.
- The Rapport Education Fund supports young students from disadvantaged communities with bursaries to enable them to gain a tertiary qualification with a view to qualifying as teachers, many of whom are now teaching at schools in underprivileged communities. The Company supported 26 students in 2021.
- The St Mary's School Waverley Foundation provides critical resources and opportunities to girls from disadvantaged communities by supporting their education and training, and the funding of community affairs programmes. The Company is currently committed to funding for two girls for the full terms of their secondary school studies. The bursary includes payments for tuition, boarding, study materials, uniforms, and extramural activities, including money to provide the necessary equipment for cultural and sporting activities.
- The Learn to Earn foundation trains students in Basic Computer skills, Office Administration, Sewing, Hospitality, and Barista programmes across three learning centres in the Western Cape. During 2021 the Company sponsored 28 students.
- Afrika Tikkun focuses on education, personal development, career development, nutrition, health, family support, skills development, and ultimately, work placement, through its Cradle to Career Model. The programme focuses mainly on young people between the ages of 18 and 29. The goal is to ensure that young graduates of the skills programmes enjoy a better quality of life through access to employment or self-employment.
- Kingsway Centre of Concern operates the Kingsway School and the Thandanani House of Refuge. The school has 13 teachers and caters for 257 learners from grades 00 to grade 7. The school provides high-quality early childhood education to disadvantaged pre-school children from the informal settlement of Zandspruit and its surrounding areas. In addition, and aided by a well-supported school nutrition programme, the children receive food parcels to take home. During 2021 the Company partnered with the school to provide much-needed support to the foundation phase schooling.
- The My Maths Buddy project of the South African Mathematics Foundation is an initiative to promote excellence in mathematics, improving results for both teachers and learners. This is done through focused workshops using the My Maths Buddy book. The book is a mathematics dictionary developed to help understand mathematics terminology. Teachers and learners are taught by the My Maths Buddy project to use the book. During 2021 the Company funded the project in two schools located in Mangangeni in KwaZulu-Natal, and the delivery of additional My Maths Buddy books to two schools in Gauteng and the Western Cape.
- The Theo Jackson Jeppe Trust provides scholarships for boys at Jeppe High School for Boys. The Company currently sponsors four boys from disadvantaged backgrounds.
- The Two Oceans Education Foundation was established to promote and expand on the Two Oceans Aquarium educational, conservation, and research initiatives. The Foundation places emphasis on marine sciences and includes free environmental education outreach programmes through the Marine Sciences Academy, as well as online course and classes that were recently launched. The Company currently supports, inter alia, the Junior Biologist programme.
- Just Grace aims to alleviate poverty in the Langa community in Cape Town by supporting education attainment and skills training. They deliver a range of education, community development and entrepreneurial projects. They identify projects with community members or through partnerships with local organisations. The Company helps to fund the Just Grace Qhubeka programme, which provides participating youths with comprehensive support and guidance over a four-year period (from grade 9 to grade 12) through 10 sub-projects, namely: academic support, social work counselling and psychosocial support, youth opportunity programme, computer training, weekly book club, computer coding/programming, life skills, women's discussion group, job shadowing, and the holiday club.

- Love Trust grows leaders and delivers excellent, values-based education to early childhood development teachers and, through the Nokuphila School in Midrand, to vulnerable children in grade 000 to grade 7 from, primarily, Ivory Park and Tembisa in Gauteng. The Love Trust Teacher Training course is SAQA-accredited to ensure the teachers are provided with the required skills.
- LEAP Science and Maths Schools provides free education to students from high-need communities, with mathematics, physical science and English as mandatory subjects. The extended school day is nine hours and special programmes are held on Saturdays and during school holidays. Every LEAP-assisted school is partnered with a more privileged school within the surrounding area. In 2021 the Company supported eight grade 8 learners in two Gauteng schools and one Western Cape school.
- The Michaelhouse Community Partnership Trust partners with 18 local public schools between Lions River and Mooi River in the KwaZulu-Natal Midlands to improve their standard of education and to offer teacher development through training and mentorship. The Company provides ongoing funding for the appointment of Edu-helpers who are qualified or qualifying teachers and are recruited to teach, tutor, coach or assist with any necessary development programmes in the schools supported by the Trust.
- One Voice South Africa delivers life skills, enterprise development, and developing entrepreneur projects with and for young people. Their interventions support the Life Orientation curriculum and provides them with a safe platform to discuss and address issues such as HIV/AIDS, tuberculosis, water access, sanitation and hygiene, sexual and reproductive health and rights, leadership, gender roles and values, stigma and discrimination, and human rights. The programme also provides a smooth transition from school to further study, employment or self-employment through courses dealing with career guidance and pathing, making the right subject choices, enterprise development, understanding entrepreneurship, business plan development, financial literacy, CV writing, and interview techniques. Support from the Company will enable the programme to provide quality life skills for grades 8, 9 and 11 learners in two schools in the Zwelibomvu and Mangangeni areas of KwaZulu-Natal.
- The Swiss-South African Co-Operation Initiative (SSACI) supports a range of training and job creation projects for South African youth. Its purpose is to enable young people to become more employable by aligning a vocational curriculum to industry's needs through workplace learning. The model comprises six to eight months full-time institutional training at an accredited training centre, followed by 18 months of structured, workplace-based training at a commercial company. Thereafter, the apprentice undergoes a further two to four weeks of trade test preparation before being entered for the trade test. A six-month work readiness programme is included towards the end of the practical workplace-based training in order to prepare the apprentice for the world of work. The Company is supporting 10 learners who will eventually be hosted at Group sites for the workplace-based training.

Other worthy initiatives that the Company supported during the year were:

- The National Sea Rescue Institute ("the NSRI") of which I&J is a platinum member, and to which the Company makes an annual donation, is staffed by volunteers and has rescue bases along the coast and on inland waters. Over the years I&J has made a substantial contribution to the organisation's infrastructure, building a state-of-the-art rescue station in the Cape Town harbour, donating a number of rescue crafts, and supporting the School Drowning Prevention Programme. This programme has, to date, trained 19 000 children and is aimed at teaching children how to recognise and react appropriately to the threats posed by open bodies of water and to assist in helping those in a potential life-threatening situation. The Survival Swimming Programme is a practical approach to drowning prevention using a host of basic swimming principles to increase the chances of survival.
- The Red Cross Children's Hospital, where I&J's contributions since 1997 have funded the construction of consultation rooms, a radiology facility in the trauma unit, an isolation ward in the burns unit, the upgrade and expansion of the Paediatric Intensive Care Unit, and, in collaboration

with government and the Red Cross Children's Trust, the establishment of the Child Speech and Hearing Clinic at the Mitchell's Plain Hospital. In the past year the support from the Company was applied to the upgrade of the emergency centre and general expansion of the hospital. The emergency centre is the only dedicated children's emergency unit in South Africa and operates 24 hours a day, seven days a week, providing high-quality medical, surgical, nursing and acute services in a child-friendly environment.

- The Whale Coast Conservation Trust ("WCCT") was established in 2002 with the mission of unifying, coordinating and promoting environmentally sustainable living in the Cape Whale Coast region of the Western Cape. I&J has collaborated with the WCCT to inspire environmental learning and an understanding of one-planet/sustainable lifestyles through sponsorship of environmental education programmes. Following completion of the programme, schools are given "eco-school" status. In 2021 the Company's contribution assisted the Trust to present a series of expos to schools in the Gansbaai area.
- The Worldwide Fund for Nature is one of the world's largest and most respected independent conservation organisations. The Company contributes directly to the WWF-South African Sustainable Seafood Initiative ("WWF-SASSI"), which is positioned as the interface between civil society, the private sector and government to drive responsible consumption and sustainable practices throughout the seafood supply chain.
- Enactus promotes and supports leadership and professional development for registered students, challenging students to take entrepreneurial action to enable progress in order to ultimately improve the quality of life and standard of living of marginalised communities. Enactus brings together students, academics and business leaders who are committed to using the power of entrepreneurial action. Guided by the academics and business leaders, the students create and implement community empowerment projects. During the past year the Company continued supporting the Enactus teams at the Durban University of Technology, the University of the Western Cape, the University of the Witwatersrand, and the University of Pretoria.

1. Afrika Tukkan: eLearning
2. Carel Du Toit Trust
3. Learn To Earn Foundation
4. The Love Trust: Nokuphila School – Recorder Lesson
5. The Love Trust: Nokuphila School
6. My Maths Buddy: Olwambeni Primary School
7. NRSI teaching at schools
8. Ruth First Trust
9. SET Star Schools
10. St Marys Outreach: Water distribution to KZN flood victims
11. The Love Trust: Nokuphila School – eLearning class

- St Mary's Outreach Programme started in 2004 as a Catholic mission and now operates in the rural areas of Marianhill in KwaZulu-Natal, catering for destitute and unemployed youth, women and children. The programme offers a home drop-in centre for orphaned and vulnerable children, psychosocial counselling, a school health programme, community-based developments, income generation projects, and gardening projects.
- The Carel du Toit Centre, operated by the Carel du Toit Trust, offers detection, intervention and treatment for hearing-impaired children to enable them to enter mainstream schooling. Support by the Company enables the programme to have five school busses across five transport routes in the Western Cape for children whose parents are unable to pay for transport. The Centre is the only school of its kind in the Western Cape and most of the learners come from far outlying areas. More than 60% of the learners depend on the transport programme to get to school and back home. The Company has also provided funding for the development of a system for testing babies' hearing at birth, including the upskilling of selected persons with an accredited short course in Newborn Hearing Screening, which is a much-needed resource in the public health sector in particular. Additional resources were also made available for programmes relating to the prevention of hearing loss and hearing care.
- Heart-Work reaches prisoners who have never been exposed to personal therapy or have never been afforded the opportunity to learn about their personal emotions in a controlled and secure environment, to curb the re-admittance rate that most prisoners experience, and to learn healthy coping mechanisms and integration skills. The Company's support has enabled the programme to be implemented in six correctional centres across Gauteng.
- Little Eden cares for children and adults with profound intellectual disabilities. They are provided with 24-hour nursing care, medicines, therapy, food, clothing and shelter. The Company has adopted and supports five residents at the centre.
- Look Good-Feel Better offers skincare and make-up workshops to cancer patients. The programme is designed to assist women in active cancer treatment to address their appearance, improve mental health, and manage the side effects of the treatment, thus helping them to regain their self-confidence during trying times. The programme reaches patients in the Groote Schuur Hospital in the Western Cape and the Charlotte Maxeke Hospital in Gauteng.
- Unjani Clinics is an enterprise development initiative aimed at empowering Black women professional nurses, creating permanent jobs and developing a sustainable clinic model for providing primary healthcare. The clinics serve the "bottom of the pyramid" and underserved markets. The clinics are founded on an owner-operator model and are based in the communities that they serve. In FY20 the Company funded the set-up of a clinic in the Gansbaai area. The only other affordable health facility is the Gansbaai Clinic, which has to serve approximately 8 000 to 10 000 people. In FY21 the Company funded basic ultrasound equipment for eight clinics in the Unjani network.
- The Domino Foundation partners with establishments such as early childhood development centres to provide meals, and with community organisations to provide relief hampers. The Company contributed towards the Foundation's programmes in KwaZulu-Natal.
- Feed the Nation started as a campaign in April 2020 and through partnering with funders (including the Company), Pick 'n Pay customers, suppliers and welfare organisations has provided almost 28 million meals since the start of the COVID-19 lockdown in 2020. The campaign is now a registered public benefit organisation, officially named Feed the Nation Foundation.
- O Graceland provides a place for 20 girls over the age of 18 to grow and get ready to step into adult life. They are also working on ending period poverty through the provision of free, locally made, eco-friendly pads and the installation of pad vending machines. For Mandela Day 2021 the Company donated two sanitary pad vending machines to the Umqhele Secondary and Ziphathele High School in KwaDabeka, Durban. Additional funding allowed for the installation of two further vending machines in two schools in the Western Cape and Gauteng.
- Gift of the Givers is the largest non-government response organisation on the African continent. Following the floods in KwaZulu-Natal early in 2022 the Company provided funding towards the provision of hot meals, blankets, bottled water, clothes, as well as personal care and baby items.
- The SAME (SA Medical and Education) Foundation is an award-winning non-government organisation that undertakes high-impact community development projects. The floods in KwaZulu-Natal early in 2022 caused immense damage and the Company contributed to the SAME Foundation disaster relief campaign focused on repairing damage to schools identified by the Department of Basic Education.

The Company has also been involved in or made ad hoc donations to a number of other important initiatives, such as the South African Air Force Association, Action for Blind, Coastal and Marine Ecotourism, The Trauma Centre, KZN Children's Hospital Trust, Rise Against Hunger, Safe Study, Book Dash, Focus on Ithemba, CHOC Childhood Cancer Foundation SA, TLC Children's Home, and Earth Centre.

In addition to contributions made to various organisations by the Trust, I&J also contributed just over R1,3 million directly to a number of programmes aimed at the communities in which its employees live and work, such as The Children's Hospital Trust, Abraham Kriel Childcare, Eleven Express Football Club, Gansbaai Academia, Heideveld Rescue Mission, Lifesaving Cape Town, Overstrand Municipality community projects, Sessterretjies Early Childhood Development Centre, Service Dining Rooms, the Homestead Project for Street Children, the Trauma Centre for Survivors of Violence and Torture, Blompark Ikamva ECD Centre, Gansbaai Primary School, Grootbos Foundation, Masakhane Pre-School, and SA Harvest.

The AVI Graduate CSI Project was launched in FY21 in collaboration with the Trust. The Project is aimed at exposing graduates to social challenges in the country and positioning them to become social change leaders and contributors to the communities in which they live. The graduates chose four beneficiaries, which each received R50 000 from the Trust and offered the graduates the opportunity to get involved with the activities of the beneficiaries. This year the chosen beneficiaries were the Centre for the Advancement of Science and Mathematics Education, Jumpstart Foundation Trust, Get Informed Youth Development Centre, People Upliftment Programme (POPUP), and HELP EduProgramme.

At a more personal level, the Company's employees are encouraged to become involved with their local communities on Company-sponsored employee volunteer days. All of the projects are selected from organisations with which the Company has established relationships and the Company gives employees time off to provide their services to these projects. In 2021 employees were unfortunately not able to participate personally owing to COVID-19 restrictions but the Company contributed to the O Graceland project on their behalf for Mandela Day, as mentioned above.

Good corporate citizenship

The Company recognises the benefits of being a good corporate citizen with a commitment to contributing to sustainable economic, social and environmental development. This is achieved through working with employees, their families, the local communities and society at large to improve quality of life, and being an organisation with which it is desirous to do business.

Labour data and practices

	2022	2021	2020	2019
Number of permanent employees (South Africa at 30 June)	**8 412**	8 471	8 909	8 504
Gender split (%) (including non-South African)				
Male	**58**	58	59	60
Female	**42**	42	41	40
Ethnic split (%)				
African	**72**	70	70	69
White	**5**	6	6	7
Indian/Chinese	**4**	3,5	4	4
Coloured	**18**	19,5	19	19
Non-South African	**1**	1	1	1
Ethnic and gender split (%)				
Black (African, Indian/ Chinese and Coloured) male	**54**	54	55	55
White male	**3**	3	3	4
Black female	**40**	39	38	37
White female	**2**	3	3	3
Non-South African	**1**	1	1	1

Of the Company's permanent employees, 40% are members of recognised trade unions covered by collective agreements defining the terms of the relationship between the Company, the unions and the members, as well as their engagement on matters ranging from operational changes to annual negotiations on wages and other substantive issues. Union engagement is managed at an executive level within the subsidiaries, with oversight from the Company.

The Company requires the subsidiaries to have appropriate policies and procedures to address employee and industrial relations issues and to ensure that these policies and procedures are communicated to all employees and other relevant stakeholders.

The Company complies with all applicable labour and employment legislation, including legislation pertaining to freedom of association, child labour, and forced and compulsory labour, and is committed to the protection of all employees' human rights, the provision of decent work, and fair and sustainable labour practices. During the year no infringements of these rights or incidents of discrimination were reported.

Health, safety and wellness

The Company provides a healthy and safe work environment to its employees as a basic right and recognises that such a workplace enhances employee morale and productivity. It is also recognised that a healthy and safe workplace is essential particularly in the food handling industry and ensures that consumers are protected and product quality is assured.

Health and safety requirements are firstly monitored and reviewed within the risk management framework of the Company and legislative compliance is required as a minimum standard. The requisite health and safety committees are in place and training occurs on an ongoing basis. These on-site committees deal with issues as and when required, and if necessary they elevate matters to the internal review committees that they report to. If necessary, matters are referred to the Company's Board of directors or Audit and Risk Committee. In addition, the Social and Ethics Committee monitors these matters. There are also various supplementary health and wellness initiatives that form part of the Company's employee engagement framework.

Statistically the Company's safety record is viewed against the industry standard disabling injury frequency rate ("DIFR"), which measures the percentage of employees that suffer a disabling injury for every 200 000 man hours worked. A disabling injury is an injury that causes an employee to miss a shift following the one on which they were injured. The Company experienced 71 disabling injuries, down from 84 in the previous year. These injuries resulted in 595 lost days for the year, against 830 for the previous year, and achieved a DIFR of 0,58 for the year.

The Company categorises all injuries into one of three classes. Class 1 being damage that permanently alters a person's life to class 3 that inconveniences a person's life. During the year under review there were 5 class 1 injuries; 9 class two injuries, and 57 class three injuries. The class 1 injuries resulted in noise-induced hearing loss, the amputation of a toe and the tip of a finger. Each injury was properly reported and investigated and remedial and preventative actions taken, including where necessary, additional or improved employee training or changes to the work environment. In addition, all employees who sustained class 1 injuries are provided with access to counselling. Throughout the businesses steps are taken to proactively identify and prevent potentially harmful situations and improve employee training.

The high safety standards adopted by the operations are continually being enhanced by accreditations from independent standard-regulating authorities.

Store robberies in the retail sector remain problematic and both Spitz and Green Cross are taking all practical measures to limit the probabilities of and risks associated with robberies in their stores, including continually updating and improving electronic surveillance, and physical security measures. As staff safety is paramount, staff are trained on how to react in the event of a robbery. In addition, Spitz and Green Cross maintain a close relationship with the AVI Employee Wellness Programme to ensure that affected staff receive counselling after any traumatic event.

All of the National Brands manufacturing facilities maintained their Food Safety System Certification ("FSSC") 22000 V5.1. They also maintained their American Institute of Baking ("AIB") Food Safety Standard certifications, acquired and maintained their annual Certificates of Acceptability (now the R638 certificate) from their local municipal authorities, and maintained their ISO 45001 Occupational Health and Safety Management system certifications.

The Indigo Brands cosmetics and aerosol factories are ISO 9001:2015 (quality management system), ISO 22716:2007 (Cosmetics Good Manufacturing Practice) and SANS 1841 (Control of Quality: Trade Metrology Act) certified. In the year under review Indigo Brands maintained compliance against all of these certifications. Indigo Brands actively works with its suppliers and conducts supplier quality management system audits to enhance their quality management capabilities, thus creating greater reliability in regard to incoming raw materials and componentry.

The I&J Woodstock and Value Added Processing sites have Hazard Analysis and Critical Control Points ("HACCP") accreditation, which is regulated by the National Regulator for Compulsory Specifications. In addition, both I&J processing facilities had unannounced BRC/IFS audits in 2022. Woodstock achieved an "A" rating with British Retail Consortium for Global Standards ("BRC"), while Value Added Processing achieved an "A+" rating, and both facilities retained Higher Level International Food Standard ("IFS") global food safety certification. Other certifications include Marine Stewardship Council ("MSC") Chain of Custody Certification (a sustainability certification) and SANS 1841 (Control of Quantity – Trade Metrology Act) certification. The independent Micro laboratory ("MICRON") at the Woodstock factory has SANAS 17025 accreditation and the Auckland Cold Store in Paarden Island is ISO 22000 and HACCP accredited, as well as ZA 282 certified (certification by the Department of Agriculture allowing the export of frozen product into the Southern African Development Community). The I&J chicken processing plant is ZA 111 certified (certification by the Department of Agriculture allowing the processing of chicken products). In addition to applying standards to the Company's own operations, the factories continue to make progress through supplier audits with a view to having all their suppliers certified to a recognised Food Safety standard. In accordance with customer requirements, the Amfori BSCI social audit was conducted in April 2022 and an "A" rating was achieved in each performance area with zero noncompliances. In recognition thereof the next audit will only be required in 2024. The Amfori BSCI code of conduct and the SMETA audit refer to international conventions such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights, OECD Guidelines, UN Global Compact, and International Labour Organisation conventions and recommendations relevant to improve working conditions in the supply chain.

All of the Company's sites are reviewed annually by independent risk management consultants and continual improvement is driven through risk committees at each site, which in turn report their findings to the Company's Audit and Risk Committee, which has the responsibility for the consideration of risk management throughout the Group. Following the civil unrest in July 2021 a Group-wide review is in progress to assess measures that can be taken to assist in securing the sites and keeping employees safe.

The Company is a Top 50 subscriber to the Food Safety Initiative which operates under the auspices of the Consumer Goods Council of South Africa. It takes all reasonable steps to collaborate with stakeholders to ensure that food produced, distributed and marketed in South Africa meets with the highest standards of food safety and nutrition, and complies with legal requirements or recognised codes of good practice.

The Company has a formal HIV/AIDS policy which details, inter alia, the Company's philosophy, responsibilities and support programmes. Flowing from this, policies and practices have evolved over the years that include the placement of permanent clinics at the larger sites; knowledge, attitude and practices surveys; awareness and education programmes; voluntary counselling and testing programmes; individual case management; the provision of universal precautions to prevent accidental transmission in the workplace; and the dispensing of free condoms.

Following the success of the Company-wide HIV/AIDS voluntary counselling and testing ("VCT") programme that was introduced in 2007, the Company offers this service at all sites to all employees. The VCT programme achieves the objectives of raising awareness, increasing significantly the number of employees who know their HIV status, and providing the Company with detailed information per site so that its efforts are appropriately focused.

The Company and all subsidiaries have implemented and comply with the relevant COVID-19 regulations published by the Department of Employment and Labour.

Primary healthcare clinics are located at each of the Company's larger sites, manned on a full-time or part-time basis by appropriate medical professionals. These clinics are well equipped to play a material role in the day-to-day healthcare management of the Company's shop floor employees, and in a number of instances provide basic medication to these employees as well as an outreach programme for immediate family members. They also facilitate the management and distribution of chronic medication to employees with chronic conditions, primarily hypertension, diabetes, and HIV/AIDS. Since 2020 the clinics have also been used for COVID-19 screening and the medical staff perform an essential role in screening and identifying high-risk employees to enable appropriate mitigation measures to be implemented. The clinics also perform annual and occupational medical checks for all employees, facilitate VCT programmes, and provide flu vaccines to high-risk employees, all at no cost to the employees.

Utilisation levels of the employee wellness programme, managed by ICAS and introduced throughout the Company during April 2009, remain constant and the programme is well used by the Company's HR community, the Company's employees and their immediate families. The employee wellness programme covers areas that address the entire spectrum of psychosocial stressors in the workplace and at home, lifestyle diseases, and work-life balance by providing an independent, impartial, professional and confidential counselling and advisory service that extends beyond healthcare and, among other services, gives the Company's employees and their immediate family members access to financial and legal advisory services. The Company and its subsidiaries continue to actively promote the use of the employee wellness programme.

In addition to the formal employee wellness programme, a number of sites hold wellness programmes and days on matters such as diabetes; tuberculosis; HIV/AIDS; eye care; cancer awareness; and generally maintaining a healthy lifestyle.

Index of material issues (referencing the 2016 GRI Standards)

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	102-13	Membership of associations	32 to 65
Strategy	102-14	Statement from senior decision maker	6 to 9
	102-15	Key impacts, risks and opportunities	6 to 9; 44 to 48
Ethics and integrity	102-16	Values, principles, standards and norms of behaviour	32 to 36
	102-17	Mechanisms for advice and concerns about ethics	32 to 36
Governance	102-18	Governance structure	66 to 75
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	102-20	Executive-level responsibility for economic, environmental and social topics	68 to 75
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	102-22	Composition of the highest governance body and its committees	68 to 75
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	102-31	Review of economic, environmental and social processes	68 to 75
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	102-33	Communicating critical concerns	68 to 75
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	102-35	Remuneration policies	76 to 89
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Aspect	Core indicator		Page/not reported
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	102-43	Approach to stakeholder engagement	34 and 35
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Reporting practice	102-45	Entities included in the consolidated financial statements	Inside back cover
	102-46	Defining report content and topic boundaries	Inside front cover
	102-47	List of material topics	Inside front cover
	102-48	Restatements of information	Entire IAR, where applicable
	102-49	Changes in reporting	Inside front cover; 108 to 119
	102-50	Reporting period	Inside front cover
	102-51	Date of most recent report	Inside front cover
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	102-53	Contact point for questions regarding the report	Inside front cover
	102-54	Claims of reporting in accordance with the GRI Standards	33
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Management approach	103-1	Explanation of the material topic and its Boundary	Entire IAR, where applicable
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	103-3	Evaluation of the management approach	Entire IAR, where applicable
Economic performance	201-1	Direct economic value generated and distributed	27
	201-2	Financial implications and other risks and opportunities due to climate change	36 to 50
	201-3	Defined benefit plan obligations and other retirement plans	110 and 111
	201-4	Financial assistance received from government	114
Market presence	202-1	Ratios of standard entry wage by gender compared to local minimum wage	Not reported
	202-2	Proportion of senior management hired from the local community	Not reported
Indirect economic impacts	203-1	Infrastructure investments and services supported	Not reported
	203-2	Significant indirect economic impacts	Not reported
Procurement practices	204-1	Proportion of spending on local suppliers	53 and 54
Anti-corruption	205-1	Operations assessed for risk related to corruption	32
	205-2	Communication and training about anti-corruption policies and procedures	32
	205-3	Confirmed incidents of corruption and actions taken	53 and 54*
Anti-competitive behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	None
Materials	301-1	Materials used by weight or volume	39 and 43
	301-2	Recycled input materials used	36 to 50
	301-3	Reclaimed products and their packaging materials	36 to 50

** Reported to Audit and Investment Committee and Social and Ethics Committee.*

Aspect	Core indicator		Page/not reported
Energy	302-1	Energy consumption within the organisation	39
	302-2	Energy consumption outside the organisation	Not reported
	302-3	Energy intensity	39
	302-4	Reduction of energy consumption	39
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Water	303-1	Water withdrawal by source	37; 39; 40 and 41
	303-2	Water sources significantly affected by withdrawal of water	37; 39; 40 and 41
	303-3	Water recycled and reused	37; 39; 40 and 41
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	38 and 39
	304-2	Significant impacts of activities, products and services on biodiversity	38 and 39
	304-3	Habitats protected or restored	38 and 39
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	38 and 39
Emissions	305-1	Direct (Scope 1) GHG emissions	39
	305-2	Energy indirect (Scope 2) GHG emissions	Not reported
	305-3	Other indirect (Scope 3) GHG emissions	Not reported
	305-4	GHG emissions intensity	40; 49 and 50
	305-5	Reduction of GHG emissions	40; 49 and 50
	305-6	Emissions of ozone-depleting substances (ODS)	Not reported
	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Not reported
Effluents and waste	306-1	Water discharge by quality and destination	39 to 42
	306-2	Waste by type and disposal method	39 to 42
	306-3	Significant spills	43
	306-4	Transport of hazardous waste	39 to 43
	306-5	Water bodies affected by water discharges and/or runoff	41
Environmental compliance	307-1	Non-compliance with environmental laws and regulations	43
Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	54 and 59
	308-2	Negative environmental impacts in the supply chain and actions taken	36 to 50
Employment	401-1	New employee hires and employee turnover	59
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not reported*
	401-3	Parental leave	Not reported*
Labour/ management relations	402-1	Minimum notice periods regarding operational changes	Not reported*
Occupational health and safety	403-1	Workers representation in formal joint management-worker health and safety committees	60
	403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities	32; 33; 60 and 61
	403-3	Health and safety topics covered in formal agreements with trade unions	59 and 60

** Comply with labour and employment legislation and collective agreements.*

Aspect	Core indicator		Page/not reported
Training and education	404-1	Average hours of training per year per employee	52 and 53
	404-2	Programmes for upgrading employee skills and transition assistance programmes	52 and 53
	404-3	Percentage of employees receiving regular performance and career development reviews	52 and 53
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	52; 66 to 75
	405-2	Ratio of basic salary and remuneration of women to men	Not reported*
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Not reported*
Freedom of association and collective bargaining	407-1	Operations and suppliers in whom freedom of association and collective bargaining may be at risk	54; 59 and 61
Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	54; 59 and 61
Forced or compulsory labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	54; 59 and 61
Security practices	410-1	Security personnel trained in human rights policies or procedures	Not reported*
Rights of indigenous people	411-1	Incidents of violations involving rights of indigenous people	Not reported*
Human rights assessments	412-1	Operations that have been subject to human rights reviews or impact assessments	59 and 61
	412-2	Employee training on human rights policies or procedures	59 and 61
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not reported*
Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	36 to 50; 53 to 59
	413-2	Operations with significant actual and potential negative impacts on local communities	36 to 50; 53 to 59
Supplier social assessment	414-1	New suppliers that were screened using social criteria	54
	414-2	Negative social impacts in the supply chain and actions taken	32 to 65
Public policy	415-1	Political contributions	None
Customer health and safety	416-1	Assessment of the health and safety impacts of products and service categories	43 and 44
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	43 and 44
Marketing and labelling	417-1	Requirements for product and service information and labelling	43 and 44
	417-2	Incidents of non-compliance concerning product and service information and labelling	43 and 44
	417-3	Incidents of non-compliance concerning marketing communications	43 and 44
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None
Socio-economic compliance	419-1	Non-compliance with laws and regulations in the social and economic areas	None

** Comply with labour and employment legislation and collective agreements.*

board of directors

Simon L Crutchley (58)
Chief Executive Officer and executive director

Qualifications: BBusSci (UCT)

Directorships: AVI Limited

Simon was a co-founder of Otterbea International (Pty) Ltd, an international trading business based in South Africa. He was appointed managing director of Consol Limited in 1997 and oversaw the successful turnaround of that company. He joined the AVI Board in 1999, was appointed business development director in 2002 and Chief Executive Officer in October 2005.

Gavin R Tipper (57)
Independent non-executive Chairman

Qualifications: BCom, BAcc (Wits), MBA (UCT), CA (SA)

Directorships: AVI Limited, Hyprop Investments Limited

Gavin completed his articles at KPMG in 1987. He went on to hold the position of technical partner at the firm before joining Coronation Holdings Limited in 2001 as chief operating officer. Gavin left the Coronation group in 2011 and now serves on a number of boards. He was appointed to the AVI Board on 26 March 2007 and was appointed Chairman of the Board on 1 July 2012.

Busisiwe P Silwanyana (49)
Independent non-executive director

Qualifications: BCom (Hons) (University of Cape Town), CA(SA), MBA (Durham University)

Directorships: AVI Limited, Stefanutti Stocks Limited, YeboYethu (RF) Investment Limited, Finbond Mutual Bank, Acendore LSB Proprietary Limited

Busi completed her articles at Deloitte and Touche in 1999. She was Head of Philips Capital Africa for three years, based in Johannesburg. Prior to that, she spent fifteen years in banking working in Corporate & Investment Banking and Business Banking. Busi has previously served as a member of the SAICA Education Committee and on the Board of SAICA's Thuthuka Education Upliftment Bursary Fund. She currently runs her own Capital & Debt advisory business, Acendore LSB. Busi was appointed to the AVI Board on 22 February 2021.

Justin C O'Meara (44)
Chief Financial Officer and executive director

Qualifications: BCom Acc (UJ), BCom Acc Hons (UJ), CA (SA)

Directorships: AVI Limited

Justin is a qualified Chartered Accountant. He completed his articles at KPMG in 2003 whereafter he was employed as Audit Manager and Senior Audit Manager. Justin joined the AVI Group in 2009 as the NBL Finance Executive, subsequently being promoted to: AVI Group Financial Manager (2010), Snackworks Financial Director (2015), and NBL Financial Director (2017). Justin was appointed to the AVI Board as Chief Financial Officer on 1 January 2022.

Michael Koursaris (45)
Business Development Director and executive director

Qualifications: BCom Finance (Hons), HDip Com Law (Wits), MBA (Columbia), CFA

Directorships: AVI Limited

Michael joined AVI in 2002 as business development analyst and was appointed to the role of business development executive in January 2011. Prior to joining AVI Michael held the position of associate at New York headquartered financial management consultancy Stern Stewart and Co., working in its Johannesburg office from 1999 to 2002. Michael was appointed to the AVI Board on 9 September 2013.

Abram M Thebyane (62)
Independent non-executive director

Qualifications: BAdmin (University of the North); Postgraduate Diploma in HR Management (Wits Business School); Diploma in Company Direction (Graduate Institute of Management and Technology); MBA (De Montfort University, UK) and MSc in Banking Practice and Management from Ifs University College (UK).

Directorships: AVI Limited

Abe was the Group Executive: Human Resources, Nedbank Group Limited until recently. Previously he was Executive Head: Human Resources, Anglo Platinum Limited and Executive Director: Human Resources, Iscor Limited. In addition, Abe has held Senior Human Resources and business-related positions in various South African companies, i.e. General Electric SA Proprietary Limited, Gemini Consulting, etc. Abe was appointed to the AVI Board on 3 December 2010.

James R Hersov (58)
Independent non-executive director

Qualifications: MA (Cantab)

Directorships: AVI Limited

James was co-founder and joint managing director of Otterbea International Proprietary Limited from 1989 to 1994. From 1994 to 1998 he served on the board and the executive committee of Anglovaal Limited. He served on the board of Aveng Limited from 1999 until 2008 and was also a member of its audit and risk committee. He has served as a director of Control Instruments Group Limited and Wesbank. He is the CEO of Energy Research Lab Limited. James was appointed to the AVI Limited Board on 23 March 1995.

Michael J Bosman (61)
Independent non-executive director

Qualifications: BCom (Hons), LLM (Cape Town), AMP (Harvard), CA(SA)

Directorships: AVI Limited, MTN South Africa Proprietary Limited, Spur Corporation Limited, Vinimark Trading Proprietary Limited, EOH Holdings Limited

Mike is the former CEO of One Digital Media. Prior to that he was the Group CEO of TBWA, which included South Africa's top-ranked creative advertising agency TBWA Hunt Lascaris, chairman of several other communication companies in the TBWA group, and an executive director of FCB Worldwide, an advertising agency group based in New York. Mike was appointed to the AVI Board on 1 March 2010.

Alexandra Muller (46)
Independent non-executive director

Qualifications: BAcc, BAcc Honours (UNISA), CA(SA)

Directorships: AVI Limited, Infiniti Insurance Limited, Murray and Roberts Holdings Limited

Alex completed her articles at PwC in 2003. She joined the PwC partnership in 2010 until February 2019. Since 2014, Alex was responsible for heading up the Governance, Risk and Internal Audit practice in the Financial Services Assurance division at PwC. Alex was appointed to the AVI Board on 1 July 2019.

corporate governance report

Framework

AVI Limited ("the Company") is a public company incorporated in South Africa under the provisions of the Companies Act 71 of 2008, as amended and the Regulations thereto ("the Companies Act") and is listed on the JSE Limited ("the JSE").

The Company's Board of directors ("the Board") is committed to ensuring that the Company is governed appropriately. The Board recognises the responsibility of the Company to conduct its affairs with prudence, transparency, accountability, fairness and in a socially and environmentally responsible manner. The Board is satisfied that the Company complies with the provisions of the Companies Act, the JSE Listings Requirements, the Company's Memorandum of Incorporation and the principles of the Code of Corporate Governance Principles and Practices contained in the King IV Report on Governance for South Africa 2016 ("King IV").

Board governance structure

The general powers of the Board and the directors are conferred in the Company's Memorandum of Incorporation. Terms of reference for the Board are set out in the Company's Board charter which is reviewed periodically. The charter covers the powers and authority of the Board and provides a clear and concise overview of the responsibilities and accountability of Board members, collectively and individually. It includes the policy and procedures for appointments to the Board as assisted by the Remuneration, Nomination and Appointments Committee. Appointments to the Board are done in a formal and transparent manner and are a matter for the Board as a whole. The Board charter is available on request from the Company Secretary.

To ensure conflicts of interest are avoided, Board members annually provide a general disclosure of their personal financial interests in terms of Section 75 of the Companies Act 2008, and are reminded at the commencement of each Board and Board committee meeting that they are required to declare any material personal financial interests that they may have in contracts entered into or authorised by the Company or in any matters to be discussed at the meeting, as well as any changes to their interests as previously declared.

The Board has adopted a unitary structure and no individual member of the Board has unfettered powers of decision making. The responsibility for running the Board and executive responsibility for the conduct of the business are differentiated in the Board charter. Accordingly, the roles of the Chairman of the Board and of the Chief Executive Officer are separated, with Gavin Tipper and Simon Crutchley, respectively, holding these positions for the year under review. In accordance with King IV, Abe Thebyane is the Lead Independent director.

Directorate

During the year under review the Board comprised three executive directors and six non-executive directors. All of the non-executive directors are independent as defined by King IV and have the required knowledge, skills and independence of thought to pass sound judgement on the key issues relevant to the business of the Company, independently of the Company's management. Tailored induction programmes are run to familiarise newly appointed directors with the Group's operations. Particulars of the directors are set out in the Board of directors' section of this Integrated Annual Report.

Owen Cressey resigned as Chief Financial Officer and an executive director with effect from 31 December 2021 and Justin O'Meara was appointed as Chief Financial Officer and an executive director with effect from 1 January 2022.

As required by paragraph 3.84(i) of the JSE Listings Requirements, the Board has adopted a formalised policy on the promotion of broader diversity at Board level. The Nomination Committee considers the policy when recommending the appointment of directors to the Board.

At least one-third of the Board's members retire each year at the Annual General Meeting in terms of the Company's Memorandum of Incorporation. Retiring directors are eligible for re-election.

Board and director assessment

The Board is required to assess its performance against its charter on an annual basis. The assessment was done and it was found that in all material respects the Board had complied with the applicable requirements. The Chairman continued to monitor and manage the participation of the Board's members, and considered the development requirements, if any, of each director.

The Board assessed the independence of Gavin Tipper, James Hersov, Mike Bosman and Abe Thebyane, who each have served on the Board for more than nine years, and was satisfied that each non-executive director acts with independence of mind and in the best interests of the Company, fulfil the requirements of King IV in regard to being considered as independent.

In addition, during the year under review, the Board independently considered the performance of the Chairman and Chief Executive Officer. The Chairman and the Chief Executive Officer did not participate in the Board's discussions regarding their own performance.

Board meetings

During the year under review the Board met formally on four occasions to conduct the normal business of the Company. Attendance at these meetings is summarised in the table below.

Name	03/09/2021	17/11/2021	04/03/2022	09/06/2022
GR Tipper	√	√	√	√
MJ Bosman	√	√	√	√
SL Crutchley	√	√	√	√
OP Cressey	√	√		
JC O'Meara			√	√
JR Hersov	√	√	√	√
M Koursaris	√	√	√	√
A Muller	√	√	√	√
BP Silwanyana	√	√	√	√
AM Thebyane	√	√	√	√

Key:
√ = in attendance; X = not in attendance;
■ = resigned; ■ = not a member

In addition to these formal meetings and as a prelude to the Board meeting of 9 June 2022, the Board met with the executive management of the Company's major subsidiaries and divisions, reviewed their performance for the past year and considered their objectives, strategies and budgeted performance for the year ahead.

Company Secretary

The Company Secretary for the year under review was Sureya Scheepers.

All directors have unlimited access to the advice and services of the Company Secretary, who is accountable to the Board for ensuring that Board procedures are complied with and that sound corporate governance and ethical principles are adhered to.

The Company Secretary's principal responsibilities to the Board and to individual directors are to:

- Guide them in the discharge of their duties, responsibilities and powers;
- Provide information, advice and education on matters of ethics and good governance; and
- Ensure that their proceedings and affairs, and those of the Company, are properly administered in compliance with all relevant legislation and regulations, in particular the Companies Act 2008 and the JSE Listings Requirements.

As required by the JSE Listings Requirements, the Board assessed and satisfied itself at the Board meeting of 2 September 2022, as to the competence, qualifications and experience of the Company Secretary, and that she has maintained an arm's length relationship with the Board and the directors.

Board committees

The Board is assisted in the discharge of its duties and responsibilities by the Audit and Risk Committee, the Remuneration, Nomination and Appointments Committee and the Social and Ethics Committee. The ultimate responsibility at all times for Board duties and responsibilities, however, resides with the Board and it does not abdicate its responsibilities to these committees.

These committees act within formalised terms of reference which have been approved by the Board and which reflect the Company's application, where appropriate, of the principles embodied in King IV, the statutory requirements of the Companies Act and the JSE Listings Requirements. The terms of reference set out the committees' purpose, membership requirements, duties, and reporting procedures. Relevant legislative requirements, such as those incorporated in the Companies Act, are incorporated in the committee charters. Board committees, and the members thereof, may take independent professional advice at the Company's expense.

When appropriate, ad hoc committees are formed to facilitate the achievement of specific short-term objectives.

There is full disclosure, transparency and reporting from these committees to the Board at each Board meeting, and the chairpersons of the committees attend the Annual General Meeting to respond to relevant shareholder queries.

Audit and Risk Committee ("Audit Committee")

During the year under review the Audit Committee comprised Mike Bosman (the Chairman), Alex Muller and Busi Silwanyana, all of whom are independent non-executive directors. In compliance with the Companies Act, shareholders will be asked at the Annual General Meeting on 9 November 2022 to elect the members of the Audit Committee.

The Company's external auditors, the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the Group's Head of Internal Audit and other senior executives attend the Audit Committee meetings by invitation.

Each operating subsidiary has an internal review committee which monitors risk management and compliance activities. These committees are chaired by the Company's Chief Financial Officer and meet at least twice a year with the external auditors and the Group's Head of Internal Audit, with the relevant financial and managing directors in attendance. Audit Committee members can attend the subsidiary internal review meetings by open invitation. There is a formal reporting line from the various internal review committees into the Audit Committee via the Company's Chief Financial Officer.

The Audit Committee met formally twice during the year under review. The attendance of the members is reflected in the table below:

Name	02/09/2021	03/03/2022
MJ Bosman	√	√
A Muller	√	√
BP Silwanyana	√	√

The Audit Committee is responsible for the consideration of key financial and operating control risks and in particular assists the Board in the following matters:

- Monitoring the financial reporting process;
- Recommending the appointment of an independent registered auditor, determining the terms of engagement and approving fees for audit and non-audit work undertaken;
- Monitoring the operation and effectiveness of internal control systems, including information technology controls;
- Overseeing the internal audit function, monitoring its effectiveness, and reviewing corrective action in relation to findings;
- Overseeing the implementation and effective operation of a structured risk management process that incorporates insurance, health and safety, and environmental issues;
- Implementing sound corporate governance policies;
- Reviewing and recommending to the Board for approval the interim and annual financial statements, the going concern status of the Company, interim and final dividends and other special payments to shareholders; and
- Considering and satisfying itself, on an annual basis, of the expertise and experience of the Chief Financial Officer.

Shareholders will be requested to approve the appointment of Ernst & Young Inc. as the Company's external auditors at the Company's Annual General Meeting on 9 November 2022. With specific reference to the non-audit services provided by the external auditor, and at the recommendation of the Audit Committee, the Board has resolved that the auditors shall not:

- Function in the role of management;
- Audit their own work; and
- Serve in an advocacy role for the Company.

In accordance with the requirements of the Companies Act, all non-audit specific service engagements with the external auditors were pre-approved by the Audit Committee.

During the year under review dedicated internal audit resources were provided via a service provision arrangement with KPMG Inc. who replaced BDO Inc.

The Audit Committee discharged the functions ascribed to it in terms of the Companies Act and the JSE Listings Requirements as reported in the Directors' Report. It also complied in all material respects with its mandate and the responsibilities prescribed to it in the Audit Committee charter.

Remuneration, Nomination and Appointments Committee ("Remcom")

During the year under review the members of Remcom were Abe Thebyane (the Chairman) and Gavin Tipper, both of who are independent non-executive directors. The Company's Chief Executive Officer and Business Development Director attend relevant parts of Remcom meetings by invitation.

Remcom met formally four times during the year under review and the attendance detail is reflected in the table below:

Name	03/08/2021	02/09/2021	16/11/2021	07/06/2022
AM Thebyane	√	√	√	√
GR Tipper	√	√	√	√

Remcom assists the Board by overseeing the following matters:

- Ensuring that the Company's directors and the Group's senior executives are competitively rewarded for their individual contributions to the Group's overall performance. Remcom ensures that the remuneration of the senior executive members of the Group is set by a committee of Board members who have no personal interest in the outcomes of their decisions and who will give due regard to the interests of shareholders and to the financial and commercial health of the Company;
- Succession planning for, and approving the appointment of, senior executives within the Group;
- Assessing the performance of the Chief Executive Officer and reviewing his assessment of senior management's performance;
- Recommending an appropriate remuneration and reward framework (including salaries, benefits, share options and incentive schemes) to ensure that the Group's employees are appropriately engaged and retained. The framework includes guaranteed remuneration, short-term and long-term incentives, and benefits;
- Reviewing the composition of the Board and its committees with respect to size, diversity, skills and experience; and
- Recommending the appointment of directors to the Board and shareholders.

In the interests of efficiency, the Remuneration Committee and the Nomination Committee are combined. The Chairman of the Board chairs discussions pertaining to agenda items related to Nomination Committee matters.

Remcom complied in all material respects with its mandate and the responsibilities prescribed in its charter.

Social and Ethics Committee

During the year under review the Social and Ethics Committee comprised one independent non-executive director, namely Alex Muller (the Chair), as well as executive members, Simon Crutchley, Owen Cressey and Justin O'Meara. Justin O'Meara was appointed to the committee on 1 January 2022 and replaced Owen Cressey who resigned as a member of the committee, with effect from

31 December 2021. In addition, the Company's Chairman, Group Asset Protection Manager and Group Legal Executive attend the meetings by invitation.

The Social and Ethics Committee met formally twice during the year under review and the attendance detail is reflected in the table below:

Name	02/09/2021	03/03/2022
A Muller	√	√
SL Crutchley	√	√
OP Cressey	√	
JC O'Meara		√

Key:
√ = in attendance; X = not in attendance;
■ = resigned; ■ = not a member

The Social and Ethics Committee assists the Board in the following matters:

- Monitoring the Company's activities with regard to social and economic development; good corporate citizenship; the environment; health and public safety; consumer relationships; and labour and employment;
- Drawing matters within its mandate to the attention of the Board as the occasion requires;
- Ensuring that the Company's ethics are managed effectively; and
- Reporting to the shareholders at the Company's Annual General Meeting on the matters within its mandate.

The Social and Ethics Committee discharged the functions ascribed to it in terms of the Companies Act. It also complied in all material respects with its mandate and the responsibilities prescribed in its charter.

Dealings in JSE securities

The Company and its directors comply with the JSE Listings Requirements regarding trading in Company shares. In terms of the Company's closed period policy, all directors and staff are precluded from dealing in Company shares during closed periods, namely from 31 December and 30 June of each year, until the release of the Group's interim and final results, respectively. The same arrangements apply to other closed periods declared during price-sensitive transactions, for directors, officers and participants in the share incentive schemes and staff who may have access to price-sensitive information. A pre-approval policy and process for all dealings in Company shares by directors and selected key employees is strictly followed. Details of directors' and the Company Secretary's dealings in Company shares are disclosed through the Stock Exchange News Service ("SENS") in accordance with the JSE Listings Requirements.

The Company Secretary regularly disseminates written notices to brief the directors, executives and employees on insider trading legislation, and to advise them of closed periods.

Further, in accordance with the JSE Listings Requirements, the Company's non-disclosure and confidentiality agreement in use for suppliers and other third parties contains provisions and undertakings regarding the disclosure of price sensitive information and insider trading.

Investor relations and communication with stakeholders

The Company identifies key stakeholders with legitimate interests and expectations relevant to the Company's strategic objectives and long-term sustainability, and strives to have transparent, open and clear communications with them. Reports, announcements and meetings with investment analysts and journalists, as well as the Company's website, are useful conduits for information. Further detail of these key stakeholders and the Company's engagements with them is set out in the Sustainable Development Report.

The Chairmen of the Board and the Board committees are expected to attend the Company's Annual General Meeting, and shareholders can use this opportunity to direct any questions they may have. A summary of the proceedings of general meetings and the outcome of voting on the items of business is available on request.

Keeping abreast of legislative requirements

The Company's internal legal advisers keep the Company abreast of generic and industry-specific legislative and regulatory developments, both pending and apparent, and ensure that the Board, management and employees are informed of and, where necessary, trained on these developments and the implementation thereof.

Participation in industry forums

The Company and its subsidiaries participate in various forums that represent the interests of an industry or sector of the economy, including the Consumer Goods Council of South Africa, the Rooibos Council, the Aerosol Manufacturers' Association of South Africa, the Cosmetic, Toiletry and Fragrance Association of South Africa, the Responsible Fisheries' Alliance, the Association of Food and Science Technology, the White Fish Technical Committee (a sub-committee of the South African Deep-Sea Trawling Industry Association) and the Abalone Farmers' Association of South Africa. Care is taken to ensure that proceedings at these forums do not contravene competition regulations.

King IV application register

In compliance with the JSE Listings Requirements, the Company discloses hereunder details pertaining to its compliance with the principles of King IV. In addition to these specific disclosures, statements are included throughout the Integrated Annual Report dealing with these principles.

Leadership, ethics and corporate citizenship

Principle 1: The governing body should lead ethically and effectively.

The Board operates within the powers conferred on it in the Memorandum of Incorporation and Board charter; bases deliberations, decisions and actions on strategic objectives and ethical and moral values; considers the legitimate interests of all stakeholders; and aligns its conduct to drive the Company's business accordingly.

The directors hold one another accountable for acting in the best interest of the Group. This entails the discharge of duties with integrity, competence, responsibility, accountability, fairness and transparency.

Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board has adopted a Group Code of Conduct and Ethics, which is communicated internally and externally and the importance of ethical behaviour is emphasised in all of the Company's engagements. Ethical issues are considered by risk committees, internal review committees, the Company's Audit and Risk Committee and Social and Ethics Committee, and at Board level.

Mechanisms are in place for reporting of instances of fraud, theft, corruption, unethical behaviour and irregularities. The Company's management is responsible for the implementation and execution of the Group Code of Conduct and Ethics and ongoing oversight of the management of ethics. Management will report material breaches to the Audit and Risk Committee, the Social and Ethics Committee and the Board.

Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

The Board is responsible for economic, social and environmental performance and reporting, and the Company has credible and well-coordinated programmes in respect of social and environmental issues and stakeholder engagement.

The Social and Ethics Committee ensures that the Group's business operations are conducted in a manner that is sensitive to social, economic and environmental factors.

The Company maintains high standards of corporate governance and reporting.

Strategy, performance and reporting

Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board determines the strategy and the long-term direction of the Company necessary for it to achieve its objectives as a business enterprise, while satisfying itself that the strategy and business plans are aligned with the purpose of the Company, the value drivers of the Company's business and the legitimate interests and expectations of the Company's stakeholders, and do not give rise to risks that have not been thoroughly assessed by management. The Board annually reviews the Company's objectives, strategies, risks and performance.

Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.

All corporate governance disclosures, integrated annual reports, annual financial statements and other reports, including press releases and SENS announcements, are published on the website and other platforms as required by legislation. Half-year financial results are also published in the press.

The Board, through the Audit Committee, ensures that the necessary controls are in place to verify and safeguard the integrity of the annual financial statements, interim reports and any other disclosures.

The Board and its committees review and approve the various reports that are included in the Integrated Annual Report.

Governing structures and delegation

Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.

The Board is the focal point and custodian of corporate governance within the Group. The Board has adopted a Board charter that ensures its roles, responsibilities and accountability are documented and adhered to, which includes responsibilities relating to corporate governance. The Board is supported by its committees, which have delegated responsibilities.

Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The Remuneration, Nomination and Appointments Committee strives to maintain the optimal mix of knowledge, skills, experience, diversity and independence on the Board and its sub-committees. The Board has adopted a broader diversity policy, which the Nomination Committee considers when recommending the appointment of directors to the Board.

The Board comprises a majority of non-executive directors. All of the non-executive directors are independent.

The Chair of the Board is an independent non-executive director.

In accordance with King IV, a lead independent director has been appointed to fulfil the responsibilities envisaged in King IV.

Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

The Board has delegated certain responsibilities, without abdicating responsibility, to the Audit and Risk Committee; the Remuneration, Nomination and Appointments Committee; the Social and Ethics Committee; and, from time to time, ad hoc committees are appointed to deal with specific matters. In particular, the functions of the Risk Committee are incorporated into the Audit and Risk Committee, and the functions of the Nomination Committee are incorporated into the Remuneration, Nomination and Appointments Committee.

Each committee operates under the Board approved terms of reference which set out the committee's role, responsibilities, authority and composition.

The Board annually reviews the Board charter and the committees' terms of reference.

Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness.

The Board, committees and directors are evaluated annually and the results of the evaluations of executive directors are considered in determining their remuneration and benefits.

Principle 10: The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities.

The Board is responsible for the appointment of the Chief Executive Officer. The role and responsibilities of the Chief Executive Officer are set out in the Board charter. The Chief Executive Officer's notice period as stipulated in his employment contract is three months.

All Board authority conferred on management is delegated through the Chief Executive Officer, so that the authority and accountability of management is regarded as the authority and accountability of the Chief Executive Officer insofar as the Board is concerned. The Chief Executive Officer is responsible for leading the implementation and execution of the Group's strategy, policies and operational plans and reports to the Board.

The Board is satisfied that the delegation of authority framework sufficiently sets out the effective exercise of authority and responsibilities throughout the Group.

A Company Secretary has been appointed in compliance with the Companies Act, the JSE Listings Requirements and the recommendations of King IV.

Governance functional areas

Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

In terms of the Board charter, the Board is responsible for the governance of risk, which is delegated to the Audit and Risk Committee but without abdicating the Board's responsibility. Risks are reviewed and prioritised by the Board on a regular basis.

Management has responsibility for implementation of the risk management plan in accordance with the Board-approved policy and framework.

Management continuously identifies, assesses, mitigates and manages risks as part of normal operational management processes.

Technology and information governance

Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

In terms of the Board charter, the Board is responsible for the governance of information technology ("IT").

Management has the responsibility for the implementation of the IT governance framework.

Management continues to prioritise the mitigation of cyber security risks.

Compliance governance

Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

In terms of the Board charter, the Company is committed to compliance with applicable laws and the Company remains informed on and complies with all applicable laws, and considers adherence to relevant non-binding rules, codes and standards.

Compliance risk forms part of the Company's risk management framework, the implementation of which is delegated to management and overseen by the Audit and Risk Committee.

The Social and Ethics Committee has also been mandated to monitor the effectiveness of compliance management.

There were no material penalties, sanctions, fines for contraventions of or non-compliance with regulations during the period under review.

Remuneration governance

Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Remuneration Report sets out the Company's remuneration and reward philosophy, policy and practices for non-executive directors, executive directors, executives and senior managers. The Remuneration Report, including the implementation report and the remuneration policy, are set out on pages 76 to 89 of this Integrated Annual Report.

Shareholders approve non-executive directors' fees at the Company's Annual General Meeting.

The remuneration policy and implementation report will be placed before shareholders at the Company's Annual General Meeting for non-binding approval votes.

In the event that 25% or more of the voting rights exercised at the Annual General Meeting are cast against the remuneration policy or the implementation report, or both, the Board will invite dissenting shareholders to engage with the Company on their concerns, in line with the provisions of the JSE Listings Requirements.

Assurance

Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and the organisation's external reports.

The Board has established an internal audit function to assist the Audit Committee and the Board in exercising good corporate governance by providing independent, objective assurance that key operating and financial risks are adequately identified, managed and controlled by risk management, internal control and governance processes put in place by management. The internal audit function is outsourced to an independent professional firm.

The assurance activities of management, internal and external audit are coordinated with each other, with the relationship between the external assurers and management monitored by the Audit Committee.

Stakeholder relationships

Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders with the best interests of the organisation over time.

Stakeholder engagement is an important aspect of the Company's responsibilities and it formally identifies and recognises material stakeholders with legitimate interests with whom it engages on relevant issues.

Management is responsible for proactively dealing with stakeholder relationships and engagements.

All holders of the same class of shares, including minorities, are treated equitably in accordance with the preferences, rights, limitations and other terms applicable to such shares and any other relevant provisions of the Companies Act and the JSE Listings Requirements.

Disputes with stakeholders are addressed in the appropriate forum and steps taken to ensure that such disputes are resolved as effectively, efficiently and expeditiously as possible.

The Company communicates with stakeholders in a variety of forms as more fully set out in this Integrated Annual Report on pages 34 and 35.

remuneration report

In order to align this report to the King IV Code on Corporate Governance for South Africa ("King Code"), the report consists of three parts, namely this background statement, an overview of the Company's remuneration policy, and an implementation report.

PART 1: BACKGROUND STATEMENT

A critical factor in AVI's sustained progress over many years has been the Company's ability to attract and retain a community of competent senior managers in a highly competitive skills market. This has been fostered by the application of a remuneration framework that aligns management with shareholders and provides sufficient financial reward to motivate and retain them.

With an ever-increasing focus on executive remuneration and many different views on what is acceptable or not, it is impossible to fully meet every shareholder or stakeholder's expectations within a single framework, sometimes leading to a lack of support for the remuneration policy because of relatively small differences. The remuneration and reward policy and philosophy are reviewed annually by the Remuneration Committee ("Remcom") and changes are made as appropriate. No changes were made during the year under review and Remcom is satisfied that the policy is well formulated to achieve its stated objectives.

Historically, shareholders have strongly supported the Company's remuneration policy. At the Annual General Meeting held on 4 November 2021 and in accordance with the recommendations of the King Code, shareholders were presented with a non-binding advisory resolution to endorse the Company's remuneration policy and implementation report. A total of 53,35% of votes received were in favour of the remuneration policy and 56,62% in favour of the implementation report.

In accordance with the King Code, following the Annual General Meeting the Company invited dissenting shareholders to forward their concerns or questions on the remuneration policy and the implementation report to the Company Secretary with a view to arranging appropriate engagements in order to address all legitimate and reasonable objections and concerns raised. The Public Investment Corporation provided their reasons for voting against both the remuneration policy and the implementation report, which reasons were considered and incorporated into the policy and report, where appropriate.

This report sets out the Company's remuneration and reward philosophy, policies and practices for non-executive directors, executive directors, executives, and senior managers. It also provides details of the remuneration paid to and share options acquired by non-executive directors and executive management during the financial year ended 30 June 2022.

This report can be accessed electronically at www.avi.co.za.

Key developments

During FY22 Remcom instructed 21st Century to assist the Company with a review and benchmarking of the Company's long-term reward frameworks.
In particular 21st Century was instructed to consider concerns that had been raised regarding the achievement of the stated objectives of the existing Revised AVI Limited Executive Share Incentive Scheme and the AVI Limited Deferred Bonus Share Plan, both of which were approved by shareholders in November 2016, particularly the objectives of executive remuneration, reward, and retention.

This exercise included research on the Company's peers to obtain insight into how their long-term incentive schemes were structured to address retention. The King IV report on Corporate Governance for South Africa acknowledges the dual role played by long-term incentives in driving an organisation's performance while also serving as a retention mechanism and to align shareholder interests. The King IV report also highlights the need for performance conditions to be included in long-term incentive schemes. 21st Century identified that the Revised AVI Limited Executive Incentive Share Scheme offers limited retention value for executive, as well as talented and high-impact Company employees, and that while the Deferred Bonus Share Plan could be seen as shoring-up the Company's retention strengths, it is based on the short-term incentive earned and, if no short-term incentive is earned, retention is further diluted. It was concluded that if the Deferred Bonus Share Plan is the main source of retention, the Company exposes itself to significant retention risks.

Pursuant to the review, 21st Century recommended to the Remuneration Committee that the existing approved Revised AVI Limited Executive Share Incentive Scheme and the approved AVI Limited Deferred Bonus Share Plan be terminated in accordance with their rules and replaced with a forfeitable share scheme.

If the forfeitable share scheme (details of which are set out in the salient features attached as Annexure 1 to the Notice of Annual General Meeting) is approved by shareholders, the existing awards under the Revised AVI Limited Executive Share Incentive Scheme and the AVI Limited Deferred Bonus Share Plan will continue to be governed by the rules of such schemes but no new allocations will be made on these schemes subsequent to approval of the forfeitable share scheme. The awarding of the forfeitable shares will be regulated in terms of the rules of the forfeitable share scheme. The Company's Out-Performance Share Scheme and Phantom Share Schemes will remain unchanged.

The Company will use the proposed forfeitable share plan to encourage outperformance, hold employees to the highest standard of performance, align the performance of employees with the best interests of shareholders, and retain executive, talented and high-impact employees.

Shareholders will be asked at the Annual General Meeting to be held on 9 November 2022 to consider the changes on which shareholder approval is required, to approve the forfeitable share plan, and to approve the amended remuneration policy.

PART 2: OVERVIEW OF THE REMUNERATION POLICY

Remuneration and reward philosophy

The objective of the Company's remuneration and reward framework is to attract, retain and motivate the most talented people available to the Group to align with its determination to deliver superior returns to shareholders.

The reward framework is designed to:

- attract and recruit talented people from a shrinking pool of talent;
- retain competent employees who enhance business performance;
- retain employees with potential through their development cycle;
- direct employees' activities towards business priorities;
- recognise and reward employees for superior performance;
- support a high-performance environment; and
- support the Company's transformation agenda.

During the year under review the Company's remuneration and reward practices played a material role in retaining key talent and supporting the achievement of the Company's objectives.

Composition of remuneration and rewards

In the year under review, the remuneration packages of executive directors and senior management continued to comprise:

- a guaranteed remuneration package (structured as the employee's total cost to the Company);
- an annual bonus based on business and individual performance;
- long-term incentive plans; and
- access to retirement fund and medical aid benefits funded from their guaranteed remuneration package.

No contractual obligations exist that may give rise to payments on termination of employment other than such payments that are statutorily required to be paid. The rules of the Company's short and long-term incentive schemes contain termination provisions that govern payments made to employees who leave the Company's employ either as "good leavers" (no-fault terminations) owing to death, ill-health, disability, injury, retrenchment, retirement, or the sale of a subsidiary company, or "bad leavers" (fault terminations) owing to resignation or dismissal on grounds of misconduct, poor performance, dishonest behaviour or fraudulent conduct, or abscondment.

Guaranteed remuneration

Remcom reviews the salaries of the executive directors and executive management annually, and benchmarks them against the market median in similar sized companies and industries.

Assessments against the market are done in respect of total remuneration as well as the component parts using, inter alia, the PricewaterhouseCoopers ("PwC") REMchannel benchmarking tool, which determines a competitive and reasonable market benchmark against which to measure AVI executive and senior management remuneration.

The Company remunerates its employees who are regarded as established performers within reasonable proximity to the market median, subject to their experience and individual contribution to the Company. Employees who are clear outperformers may be remunerated from the median to within reasonable proximity of the upper quartile, while employees who are regarded as underperformers are paid below the median and are actively managed. This approach recognises the market forces in play and the heightened requirement to attract and retain talented employees. The Company has often found that it is necessary to offer to remunerate executives with proven track records at the upper quartile to attract them to the Company.

Short-term incentive schemes

Annual or short-term incentives are based on a combination of performance targets, including operating profit, headline earnings and capital employed, and a set of non-financial targets, measured after the finalisation of the audited year-end results. The more an employee is able to influence the financial performance of a subsidiary, due to their role and levels of responsibility, the more their annual incentive is aligned with the financial performance of that subsidiary. Executive management recommends annual incentives to Remcom for approval. Remcom retains the absolute discretion to authorise incentives.

The annual incentives payable to executive and other management, for targeted levels of performance, range between 15% and 80% of an employee's guaranteed remuneration package, depending on roles, responsibilities and individual contributions, determined with reference to market norms and as deemed appropriate by Remcom. The actual incentive payment for the year under review for executive and other management was R174,4 million which was 30,2% of the total remuneration cost to the Company of this group of employees, excluding the cost of the incentives. The payment for the prior year was R97,5 million or 17,4% of the total remuneration cost to the Company.

Earning potentials

The maximum potential bonus awards for short-term incentives for the Chief Executive Officer, executive directors and management executives are as follows:

Category of employee	On-target bonus (TCTC) %	Bonus range (TCTC) %	Company performance portion of bonus %	Individual performance portion of bonus %
CEO	80	0 – 180	75	25
Executive directors	55	0 – 124	75	25
Management executives	50	0 – 112,5	50 – 75	25 – 50

Weighting of short-term incentive measures

The measures and weightings used for the Chief Executive Officer, executive directors and management executives for the year ended 30 June 2022 were:

	Weightings
Financial measure:	75%
• Profit and capital employed achieved relative to target*	
Individual KPIs, comprising:	25%
• Effective management and delivery of core responsibilities	
• Attraction and retention of key talent	
• Effective brand development activity	
• Successful execution of key projects	
• Achievement of transformation objectives and targets	
• Progress made on medium-term programmes	

* *Actual targets not provided in this policy as these are linked to budget, and constitute commercially sensitive information.*

The range of values that the short-term incentive schemes could yield for the group of executive management as identified later in this report, is as follows:

Executive directors

Range	Value R'000
Minimum financial performance	3 367
Targeted financial performance	15 251
Maximum financial performance	27 135

Other management executives

Range	Value R'000
Minimum financial performance	3 004
Targeted financial performance	9 619
Maximum financial performance	16 234

Long-term incentive schemes

Long-term share incentive schemes remain a material part of the Group's reward framework. The schemes are designed to ensure that appropriate employees are retained over a medium to long-term period, are rewarded responsibly for their efforts, and that their interests are aligned with the interests of shareholders.

The share incentive schemes currently in operation at the Company were all approved by shareholders. There are currently three share incentive schemes in place – the AVI Limited Revised Executive Share Incentive Scheme, the AVI Limited Deferred Bonus Share Plan and the AVI Limited Out-Performance Scheme. The level of participants, and the extent of their participation, are benchmarked against the market and are approved by Remcom.

A review of the Company's variable remuneration structure during the year identified the need for the implementation of a forfeitable share scheme to align the level of incentives with market practice and the need to replace the current AVI Limited Revised Executive Share Incentive Scheme and AVI Limited Deferred Bonus Share Plan with a single forfeitable share scheme (the "AVI Limited Forfeitable Share Incentive Scheme").

The salient features of the Forfeitable Share Incentive Scheme are set out in annexure 1 to the Notice of Annual General Meeting.

The performance conditions, employment conditions, level of the participants in the share incentive schemes, and the extent of their participation, are benchmarked against the market and are approved by Remcom.

The nature and key characteristics of the various schemes are summarised in the following table:

	Title and nature	Participants	Allocation method	Performance conditions	Vesting period	Exercise period
The Revised AVI Limited Executive Share Incentive Scheme and the AVI Limited Deferred Bonus Share Plan to be terminated if the AVI Limited Forfeitable Share Incentive Scheme is approved by shareholders at the Annual General Meeting on 9 November 2022						
1.	**The Revised AVI Limited Executive Share Incentive Scheme** (A share appreciation rights scheme that delivers value against share appreciation while limiting the dilution impact of share issuances) First allocation made in November 2016	Executive and senior management of the Company and shared services	Annual, percentage of remuneration (between 35% and 235%) determined by Remcom, based on seniority and contribution	• The employee must remain employed by the Group throughout the vesting period • The employee must maintain agreed individual performance targets aligned to the annual short-term incentive measures • The share price on exercise must be greater than the allocation price • Average return on capital employed over the vesting period ahead of the weighted average cost of capital	Three years from grant date	Within two years from vesting date
2.	**The AVI Limited Deferred Bonus Share Plan** (Awards shares based on historical performance)	Executive and senior management of the Company, and high-impact employees, at Remcom's discretion	Annual, a percentage of remuneration (between 0% and 112,5%) based on an allocation multiple in relation to the individual's EVA bonus multiple achieved during the relevant financial year	• Linked to performance entry criteria for the short-term incentive scheme during the relevant financial year • The employee must remain employed by the Group throughout the vesting period	Three years from grant date	On the vesting date
Proposed AVI Limited Forfeitable Share Incentive Scheme to be tabled for approval by shareholders at the Annual General Meeting on 9 November 2022						
3.	**The AVI Limited Forfeitable Share Incentive Scheme**	Executive and senior management of the Company, and high-impact employees, at Remcom's discretion	Annual, a percentage of remuneration (between 10% and 164%) determined by Remcom, based on seniority and contribution, and after taking into account Phantom Share Scheme and Out-Performance Scheme allocations to achieve a total annual allocation across all Share Schemes for participants, benchmarked against the 75th percentile	• Performance conditions – – Average return on invested capital >1.2x the weighted average cost of capital over the three year vesting period; and – Average cash generated by operations > 75% of earnings before interest, taxes, depreciation, and amortisation over the three year vesting period • Achievement of each performance condition will result in 50% of the allocation of forfeitable shares vesting on maturity, subject to the employment condition being met • Employment Condition – employee must remain employed by the Group throughout the vesting period	Three years from grant date	On the vesting date

	Title and nature	Participants	Allocation method	Performance conditions	Vesting period	Exercise period
4.	**Various Phantom Share Schemes** (Notional share option schemes that deliver value against the subsidiaries' performance and the Company's price earnings ratio)	Executive and senior management of the subsidiaries	Annual, percentage of remuneration (between 35% and 165%) determined by Remcom, based on seniority and contribution	• The employee must remain employed by the Group throughout the vesting period • The employee must maintain agreed individual performance targets aligned to the annual short-term incentive measures • The share price on exercise must be greater than the allocation price	Three years from grant date	Within two years from vesting date
5.	**The AVI Limited Out-Performance Scheme** (A share grant scheme that delivers value dependent upon the Company's performance relative to its peers, being, in respect of each tranche, 32 companies listed on the JSE which are selected annually by Remcom, in its discretion, to constitute the peer group for such tranche and against the Total Shareholder Return ("TSR") of which, the AVI TSR for such tranche will be measured). TSR is defined as the increase in value over the measurement period (expressed as a percentage) of the AVI shares after the notional reinvestment of all distributions made in respect of such shares, using the closing price of the shares on the JSE on the trading day after the date of such distributions)	Directors of the Company and select executives of the Company and subsidiaries	Annual, percentage of remuneration (between 50% and 60%) determined by Remcom, based on seniority and contribution, subject to sacrifice of incentive plan instruments under the Executive or Phantom Share Incentive Schemes	• The employee must remain employed by the Group throughout the vesting period • The employee must maintain agreed individual performance hurdles aligned to the annual short-term incentive measures • The Company must meet TSR performance thresholds relative to its peers • Zero vesting below median TSR performance	Three years from grant date	On the vesting date
6.	**The AVI Black Staff Empowerment Share Scheme** (A share rights scheme that delivers value against share price appreciation)	Black employees (as defined in terms of the Broad-Based Black Economic Empowerment Act of 2003) of the Group	On appointment and on promotion over the period 1 January 2007 to 31 December 2011, between 70% and 200% of remuneration, based on seniority	• The employee must remain employed by the Group throughout the vesting period	In equal portions on five, six and seven years from grant date	Up to year seven from grant date

	Title and nature	Participants	Allocation method	Performance conditions	Vesting period	Exercise period
The first tranche of shares in the AVI Black Staff Empowerment Share Scheme, being one-third of the total allocation made on 1 January 2007, vested on 1 January 2012, and the final tranche of shares vested on 31 December 2018. The Scheme has now terminated. Over the life of the Scheme to date, 18 301 participants benefited from the Scheme with a total gross benefit of R841 million, including 1 598 participants who left the Company's employ in a manner that classified them as "good leavers", and which good leavers received a total gross benefit of R106,7 million.						
7.	**The I&J Black Staff Scheme** (An I&J share rights scheme that delivers value against I&J share price appreciation and is an integral part of I&J's compliance for the allocation of long-term fishing rights)	Black employees (as defined in terms of the Broad-Based Black Economic Empowerment Act of 2003) of I&J	All existing black employees from inception of the scheme in 2005 and annually thereafter for all new employees up to 30 June 2015	The employee must remain employed by I&J up to the redemption date	The AVI Black Staff Scheme terminated on 21 December 2021	None
The I&J Black Staff Scheme terminated on 21 December 2021 resulting in a payment of R103,0 million to black staff participants. The benefit created over the life of the scheme was significant with considerable value transferred to black staff. The total amount paid to participants over the life of the scheme amounts to R156,3 million.						
8.	**I&J Staff Holding Company (Pty) Ltd** (An I&J share rights scheme that delivers value against I&J share price appreciation and is an integral part of I&J's compliance for the allocation of long-term fishing rights)	Black employees (as defined in terms of the Broad-Based Black Economic Empowerment Act of 2003) of I&J	All existing black employees from inception of the scheme on 21 December 2021 and annually thereafter all new black employees up to the closing date (which will be no less than 14 years from inception date)	The employee must remain employed by I&J up to the redemption date	The current vesting cycle matures during the 2035 financial year	None

The various long-term share incentive schemes do not permit rights or options to be issued at a discount to their value at the grant date and they do not permit rights and options to be repriced.

At the Annual General Meeting on 9 November 2022, if shareholders approve the AVI Limited Forfeitable Share Incentive Scheme, they will also be asked to:
- Rescind the authorities previously granted to the Company in respect of the AVI Limited Revised Executive Share Incentive Scheme and the AVI Limited Deferred Bonus Share Plan;
- Approve a new authority in respect of the Revised AVI Limited Executive Share Incentive Scheme; and
- Approve a new authority in respect of the AVI Limited Forfeitable Share Incentive Scheme;

as set out in the following table, being a summary of the AVI shares currently authorised for use in the approved share schemes and the new authorities to be considered and approved by shareholders:

Scheme name	Authorised number	% of total issued share capital*	Remaining authorised but not issued number	New authority to be approved at AGM on 9 November 2022	% of total issued share capital*
AVI Limited Forfeitable Share Incentive Scheme	–	–	–	8 064 048	2,4
Revised AVI Limited Share Incentive Scheme (share appreciation rights plan)	5 213 369	1,5	5 199 954	1 850 000	0,6
AVI Limited Deferred Bonus Share Plan	5 213 369	1,5	3 996 134	–	–
AVI Limited Out-Performance Scheme	6 915 158	2,0	4 428 128	6 915 158 (Unchanged)	2,0
Total	17 341 896	5,0	13 624 216	16 829 206	5,0

* *As at 30 June 2022.*

The total authority for the AVI Limited Forfeitable Share Incentive Scheme, the Revised AVI Limited Executive Share Incentive Scheme, and the AVI Limited Out-Performance Scheme will be approximately 5% of the total issued share capital, in line with current guidelines.

No participant in the schemes is entitled to acquire shares and/or options, which would in total equate to more than 2% (two percent) of the total issued share capital of the Company, which, at 30 June 2022, amounts to 6 720 039 shares, unless otherwise agreed by the Board and sanctioned by the Company in general meeting in accordance with the JSE Listings Requirements.

Malus and clawback

In order to align with stakeholder expectations and best practice, in 2019 Remcom adopted a malus and clawback policy for variable executive remuneration, including both long and short-term incentives, which policy applies prospectively to all participants.

Malus provisions allow for an ex ante adjustment of variable pay on the occurrence of specific trigger events; and clawback provisions create an ex post obligation for participants to repay amounts to the Company on the occurrence of specific trigger events.

This policy was communicated to all participants in the affected schemes and acceptance of the policy is a condition of all future participation in the incentives.

Benefits

Retirement fund contributions

Defined contribution pension and provident fund arrangements exist throughout the Group. Retirement funding contributions are charged against expenditure when incurred. Executive and management employees are remunerated on a total cost-to-company basis and therefore all funding requirements for retirement benefits are borne by these employees. The assets of retirement funds are managed separately from the Group's assets by boards of trustees. The trustees are both Company and employee elected, and where appropriate the boards have pensioner representation. The boards of trustees oversee the management of the funds and ensure compliance with all relevant legislation.

Medical aid contributions

The Anglovaal Group Medical Scheme, a restricted membership scheme, offers medical benefits for the employees of participating employers in the Group.

The scheme is managed by a board of trustees elected by members (including pensioners) and employer companies and is administered by Discovery Health. The board of trustees is assisted by an audit and investment committee and a committee of management. As with the Group's retirement funds, the assets of the scheme are managed separately from those of the Group. The board of trustees ensures compliance with all relevant legislation and, in particular, manages the relationship with the Council of Medical Schemes. Executive and management employees are remunerated on a total cost-to-company basis and therefore all funding requirements for this scheme are borne by employees.

Fair and responsible remuneration

The King Code emphasises the need for executive remuneration that is fair and responsible in the context of overall employee remuneration. The Board and Remcom regard this as an important issue that requires careful consideration and discussion with a view to understanding the criteria for determination of "fair and responsible" remuneration and how this can be assessed and, if appropriate, adjusted.

Non-executive directors' emoluments

Non-executive directors are remunerated in line with market-related rates for the time required to discharge their ordinary responsibilities on the Board and its sub-committees. A portion of the fees is paid as a retainer with the balance being paid for attendance of normal scheduled meetings. For extraordinary ad hoc services rendered that fall outside their ordinary duties, the non-executive directors are remunerated by way of a market-related hourly fee, subject to authorisation by Remcom.

During FY22 Remcom reviewed current market remuneration practices and benchmarks for non-executive directors, which vary widely depending on the role, size of the organisation, sector and industry. The time required to perform the role is also an important consideration, together with responsibilities, such as membership of a Board committee. The Company's existing remuneration practices for non-executive directors do not create differentiation for competence, individual contribution, or experience (including tenure).

It has become increasingly necessary to ensure that the Company is able to retain and recruit the most competent and experienced non-executive directors. In order to improve the Company's opportunity to do this the remuneration framework needs to recognise experience (external as well as internal), and make an assessment of individual contribution and performance.

To this end, Remcom resolved to implement a non-executive director remuneration framework incorporating a base fee, together with internal and external experience fees, which will be assessed against an experience rating matrix, as well as an individual performance fee assessed annually against a performance matrix as a percentage of the base fee. This framework will dictate the actual level of remuneration for each non-executive director up to the maximum potential remuneration approved annually by shareholders. Shareholders will be asked to vote at the Annual General Meeting on this potential maximum fee for each role.

The current split of total fees being paid as a combination of a fixed retainer and the balance for attendance at formally convened meetings will continue.

Non-executive directors are not appointed under service contracts, their remuneration is not linked to the Company's financial performance and they do not qualify for participation in any share incentive schemes.

PART 3: IMPLEMENTATION REPORT

Executive management remuneration

The following disclosure is made in accordance with the King IV recommendation on disclosure of remuneration paid to executive management (being the executive Board members and management executives, as defined in the Companies Act), for the year under review:

Executive directors

Executive directors	Salary R'000	Bonus and performance-related payments R'000	Pension fund contributions R'000	Gains on exercise of share incentive instruments R'000	Other benefits and allowances* R'000	Total 2022 R'000
	2022					
SL Crutchley	12 005	10 921	949	9 038	583	33 496
OP Cressey (resigned 31 December 2021)	3 487	4 108	352	4 142	1 056	13 145
JC O'Meara (appointed 1 January 2022)	1 867	–	175	–	82	2 124
M Koursaris	4 642	2 957	579	2 969	43	11 190

* *Includes expenses refunded, taxable allowances (including car allowances), Company contributions to medical schemes and leave paid out on resignation.*

The expense for the year in respect of share options granted to executive directors, determined in accordance with IFRS 2 – *Share-Based Payment*, was R10,81 million (2021: R18,21 million).

The executive directors of the Company receive no emoluments from the subsidiaries of the Company.

Bonus and performance-related payments for executive management for FY21 were determined as follows:

Executive directors	Percentage of FY21 salary %	Financial measures – percentage of total bonus paid %	Individual KPI – percentage of total bonus paid %	Financial factor achieved %	Individual KPI rating achieved %
SL Crutchley	88,5	67,8	32,2	1,0	95
OP Cressey (resigned 31 December 2021)	59,8	69,0	31,0	1,0	90
M Koursaris	59,8	69,0	31,0	1,0	90

The emoluments of key management executives who report to the executive directors are as follows:

	Salary R'000	Bonus and performance-related payments R'000	Pension fund contributions R'000	Gains on exercise of share instruments R'000	Other benefits and allowances* R'000	Termination benefits R'000	Gains on early exercise of share options owing to termination R'000	Total 2022 R'000
	2022							
Management executive 1	5 865	1 483	452	1 940	26	–	–	9 766
Management executive 2	4 333	1 564	309	1 810	134	–	–	8 150
Management executive 3	3 272	2 291	252	–	–	–	–	5 815
Management executive 4	2 378	877	187	833	65	–	–	4 340
Management executive 5	2 743	728	280	975	72	–	–	4 798
Management executive 6	3 041	662	304	848	134	–	–	4 989
Management executive 7	2 048	473	177	67	322	–	–	3 087

* *Includes expenses refunded, taxable allowances (including car allowances), and Company contributions to medical schemes.*

Bonus and performance-related payments for key management executives for FY21 were determined as follows:

	Percentage of FY21 salary %	Financial measures – percentage of total bonus paid %	Individual KPI – percentage of total bonus paid %	Financial factor achieved %	Individual KPI rating achieved %
Management executive 1	25,1	23,6	76,4	0,6	90
Management executive 2	34,7	54,1	45,9	0,5	85
Management executive 3	69,6	53,9	46,1	1,7	90
Management executive 4	35,6	28,3	71,7	0,5	85
Management executive 5	24,9	28,3	71,7	0,5	85
Management executive 6	20,4	29,5	70,5	0,5	80
Management executive 7	20,4	29,5	70,5	0,5	80

Key management emoluments

Key management, as defined in International Accounting Standard 24 – *Related Party Disclosures* are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The directors of the Company, directors of its subsidiaries and business unit management with executive responsibility have been identified as the key management personnel of the Group.

The following disclosure includes the total emoluments paid to key management personnel across the AVI Group:

	2022 R'000	2021 R'000
Salary and other benefits and allowances	**105 903**	109 632
Bonuses and performance-related payments	**44 879**	26 015
Pension fund contributions	**8 208**	8 711
Gains on exercise of share instruments	**31 976**	60 296
Sub-total	**190 966**	204 654
Termination benefits*	**1 388**	7 975
Gains on early exercise of share instruments owing to termination*	**389**	225
Total	**192 743**	212 854

* *In FY21 and FY22 the termination benefits arose from resignations and agreed terminations other than retrenchments.*

Unexercised options, share appreciation rights and bonus shares

The following table reflects the status of unexercised options, share appreciation rights and bonus shares held by executive management as at 30 June 2022:

Executive directors:

Name	Scheme	Options granted	Date granted	Vesting date	Issue price (R)	Allocation value (R)	Price at 30 June 2022 (R)	Vesting multiple at 30 June 2022 (as applicable)	Value at 30 June 2022 (R)
SL Crutchley	Revised AVI ESIS	234 790	1 April 2019	1 April 2022	89,27	20 959 703	65,72		–
	Revised AVI ESIS	361 080	1 April 2020	1 April 2023	69,75	25 185 330	65,72		–
	Revised AVI ESIS	392 674	1 April 2021	1 April 2024	73,85	28 998 975	65,72		–
	Revised AVI ESIS	450 295	1 April 2022	1 April 2025	69,23	31 173 923	65,72		–
	AVI OPP	76 798	1 October 2019	1 October 2022	83,73	6 430 297	65,72	–	–
	AVI OPP	102 237	1 October 2020	1 October 2023	72,42	7 404 004	65,72	–	–
	AVI OPP	99 516	1 October 2021	1 October 2024	79,98	7 959 290	65,72	–	–
	AVI DBSP	37 340	1 October 2019	1 October 2022	83,91	3 133 199	65,72		2 453 985
	AVI DBSP	29 496	1 October 2020	1 October 2023	74,52	2 198 042	65,72		1 938 477
	AVI DBSP	85 280	1 October 2021	1 October 2024	86,04	7 337 491	65,72		5 604 602
						140 780 253			**9 997 064**
JC O'Meara	Phantom	100	1 October 2017	1 October 2020	3 844,54	384 454	3 125,92		–
	Phantom	400	1 October 2019	1 October 2022	3 706,10	1 482 440	3 125,92		–
	Phantom	445	1 October 2020	1 October 2023	3 532,75	1 572 074	3 125,92		–
	Phantom	435	1 October 2021	1 October 2024	3 870,30	1 683 581	3 125,92		–
	Phantom	200	1 October 2018	1 October 2021	3 845,62	769 124	2 937,90		–
	Phantom	461	1 October 2019	1 October 2022	3 212,90	1 481 147	2 937,90		–
	Phantom	411	1 October 2020	1 October 2023	3 824,15	1 571 726	2 937,90		–
	Phantom	463	1 October 2021	1 October 2024	3 637,51	1 684 167	2 937,90		–
	AVI OPP	12 000	1 October 2020	1 October 2023	72,42	869 040	65,72	–	–
	AVI DBSP	1 454	1 October 2019	1 October 2022	83,91	122 005	65,72		95 557
	AVI DBSP	4 726	1 October 2020	1 October 2023	74,52	352 182	65,72		310 593
	AVI DBSP	1 922	1 October 2021	1 October 2024	86,04	165 369	65,72		126 314
						12 137 307			**532 463**
M Koursaris	Revised AVI ESIS	94 975	1 April 2019	1 April 2022	89,27	8 478 418	65,72		–
	Revised AVI ESIS	130 064	1 April 2020	1 April 2023	69,75	9 071 964	65,72		–
	Revised AVI ESIS	130 520	1 April 2021	1 April 2024	73,85	9 638 902	65,72		–
	Revised AVI ESIS	148 281	1 April 2022	1 April 2025	69,23	10 265 494	65,72		–
	AVI OPP	27 781	1 October 2019	1 October 2022	83,73	2 326 103	65,72	–	–
	AVI OPP	34 128	1 October 2020	1 October 2023	72,42	2 471 550	65,72	–	–
	AVI OPP	32 910	1 October 2021	1 October 2024	79,98	2 632 142	65,72	–	–
	AVI DBSP	11 346	1 October 2019	1 October 2022	83,91	952 043	65,72		745 659
	AVI DBSP	8 010	1 October 2020	1 October 2023	74,52	596 905	65,72		526 417
	AVI DBSP	23 288	1 October 2021	1 October 2024	86,04	2 003 700	65,72		1 530 487
						48 437 220			**2 802 564**

Key management executives who report to the executive directors

Name	Scheme	Options granted	Grant date	Vesting date	Issue price (R)	Allocation value (R)	Price at 30 June 2022 (R)	Vesting multiple at 30 June 2022 (as applicable)	Value at 30 June 2022 (R)
Management executive 1	AVI OPP	33 181	1 October 2019	1 October 2022	83,73	2 778 245	**65,72**	**–**	**–**
	AVI OPP	40 760	1 October 2020	1 October 2023	72,42	2 951 839	**65,72**	**–**	**–**
	AVI OPP	39 491	1 October 2021	1 October 2024	79,98	3 158 490	**65,72**	**–**	**–**
	AVI DBSP	4 205	1 October 2019	1 October 2022	83,91	352 842	**65,72**		**276 353**
	AVI DBSP	11 614	1 October 2020	1 October 2023	74,52	865 475	**65,72**		**763 272**
	AVI DBSP	5 534	1 October 2021	1 October 2024	86,04	476 145	**65,72**		**363 694**
	Phantom	1 191	1 April 2019	1 April 2022	3 525,97	4 199 430	**3 125,92**		**–**
	Phantom	1 507	1 April 2020	1 April 2023	3 041,95	4 584 219	**3 125,92**		**126 543**
	Phantom	480	1 April 2021	1 April 2024	3 571,59	1 713 287	**3 125,92**		**–**
	Phantom	1 667	1 April 2022	1 April 2025	3 125,92	5 210 909	**3 125,92**		**–**
	Phantom	635	1 April 2018	1 April 2021	3 982,88	2 529 129	**2 937,90**		**–**
	Phantom	1 366	1 April 2019	1 April 2022	3 151,99	4 305 618	**2 937,90**		**–**
	Phantom	1 738	1 April 2020	1 April 2023	2 637,13	4 583 332	**2 937,90**		**522 738**
	Phantom	1 260	1 April 2021	1 April 2024	3 866,21	4 870 572	**2 937,90**		**–**
	Phantom	1 774	1 April 2022	1 April 2025	2 937,90	5 211 835	**2 937,90**		**–**
						47 791 367			**2 052 600**
Management executive 2	AVI OPP	25 833	1 October 2019	1 October 2022	83,73	2 162 997	**65,72**	**–**	**–**
	AVI OPP	31 137	1 October 2020	1 October 2023	72,42	2 254 942	**65,72**	**–**	**–**
	AVI OPP	29 745	1 October 2021	1 October 2024	79,98	2 379 005	**65,72**	**–**	**–**
	AVI DBSP	5 702	1 October 2019	1 October 2022	83,91	478 455	**65,72**		**374 735**
	AVI DBSP	1 679	1 October 2020	1 October 2023	74,52	125 119	**65,72**		**110 344**
	AVI DBSP	5 755	1 October 2021	1 October 2024	86,04	495 160	**65,72**		**378 219**
	Phantom	215 555	1 April 2017	1 April 2020	15,36	3 310 925	**11,19**		**–**
	Phantom	176 015	1 April 2019	1 April 2022	17,07	3 004 576	**11,19**		**–**
	Phantom	538 716	1 April 2020	1 April 2023	13,25	7 137 987	**11,19**		**–**
	Phantom	746 374	1 April 2021	1 April 2024	9,97	7 441 345	**11,19**		**910 576**
	Phantom	686 843	1 April 2022	1 April 2025	11,43	7 850 615	**11,19**		**–**
						36 641 126			**1 773 874**
Management executive 3	Revised AVI ESIS	35 251	1 April 2020	1 April 2023	69,75	2 458 757	**65,72**		**–**
	Revised AVI ESIS	22 569	1 April 2021	1 April 2024	73,85	1 666 721	**65,72**		**–**
	Revised AVI ESIS	50 907	1 April 2022	1 April 2025	69,23	3 524 292	**65,72**		**–**
	AVI OPP	18 512	1 October 2019	1 October 2022	83,73	1 550 010	**65,72**	**–**	**–**
	AVI OPP	22 741	1 October 2020	1 October 2023	72,42	1 646 903	**65,72**	**–**	**–**
	AVI OPP	22 032	1 October 2021	1 October 2024	79,98	1 762 119	**65,72**	**–**	**–**
	AVI DBSP	1 803	1 October 2019	1 October 2022	83,91	151 290	**65,72**		**118 493**
	AVI DBSP	6 835	1 October 2020	1 October 2023	74,52	509 344	**65,72**		**449 196**
	AVI DBSP	6 682	1 October 2021	1 October 2024	86,04	574 919	**65,72**		**439 141**
						13 844 355			**1 006 830**
Management executive 4	Revised AVI ESIS	33 929	1 April 2020	1 April 2023	69,75	2 366 548	**65,72**		**–**
	Revised AVI ESIS	27 345	1 April 2021	1 April 2024	73,85	2 019 428	**65,72**		**–**
	Revised AVI ESIS	37 775	1 April 2022	1 April 2025	69,23	2 615 163	**65,72**		**–**
	AVI OPP	14 132	1 October 2019	1 October 2022	83,73	1 183 272	**65,72**	**–**	**–**
	AVI OPP	17 034	1 October 2020	1 October 2023	72,42	1 233 602	**65,72**	**–**	**–**
	AVI OPP	16 349	1 October 2021	1 October 2024	79,98	1 307 593	**65,72**	**–**	**–**
	AVI DBSP	2 268	1 October 2019	1 October 2022	83,91	190 308	**65,72**		**149 053**
	AVI DBSP	3 695	1 October 2020	1 October 2023	74,52	275 351	**65,72**		**242 835**
	AVI DBSP	3 237	1 October 2021	1 October 2024	86,04	278 511	**65,72**		**212 736**
						11 469 778			**604 624**

Name	Scheme	Options granted	Grant date	Vesting date	Issue price (R)	Allocation value (R)	Price at 30 June 2022 (R)	Vesting multiple at 30 June 2022 (as applicable)	Value at 30 June 2022 (R)
Management executive 5	Revised AVI ESIS	14 896	1 April 2019	1 April 2022	89,27	1 329 766	**65,72**		**–**
	Revised AVI ESIS	39 737	1 April 2020	1 April 2023	69,75	2 771 656	**65,72**		**–**
	Revised AVI ESIS	39 595	1 April 2021	1 April 2024	73,85	2 924 091	**65,72**		**–**
	Revised AVI ESIS	44 560	1 April 2022	1 April 2025	69,23	3 084 889	**65,72**		**–**
	AVI OPP	16 551	1 October 2019	1 October 2022	83,73	1 385 815	**65,72**	**–**	**–**
	AVI OPP	20 188	1 October 2020	1 October 2023	72,42	1 462 015	**65,72**	**–**	**–**
	AVI OPP	19 285	1 October 2021	1 October 2024	79,98	1 542 414	**65,72**	**–**	**–**
	AVI DBSP	2 627	1 October 2019	1 October 2022	83,91	220 432	**65,72**		**172 646**
	AVI DBSP	4 520	1 October 2020	1 October 2023	74,52	336 830	**65,72**		**297 054**
	AVI DBSP	3 818	1 October 2021	1 October 2024	86,04	328 501	**65,72**		**250 919**
						15 386 408			**720 620**
Management executive 6	Revised AVI ESIS	11 828	1 April 2019	1 April 2022	89,27	1 055 886	**65,72**		**–**
	Revised AVI ESIS	43 751	1 April 2020	1 April 2023	69,75	3 051 632	**65,72**		**–**
	Revised AVI ESIS	43 905	1 April 2021	1 April 2024	73,85	3 242 384	**65,72**		**–**
	Revised AVI ESIS	49 879	1 April 2022	1 April 2025	69,23	3 453 123	**65,72**		**–**
	AVI OPP	18 223	1 October 2019	1 October 2022	83,73	1 525 812	**65,72**	**–**	**–**
	AVI OPP	22 386	1 October 2020	1 October 2023	72,42	1 621 194	**65,72**	**–**	**–**
	AVI OPP	20 270	1 October 2021	1 October 2024	79,98	1 621 195	**65,72**	**–**	**–**
	AVI DBSP	1 350	1 October 2019	1 October 2022	83,91	113 279	**65,72**		**88 722**
	AVI DBSP	2 376	1 October 2020	1 October 2023	74,52	177 060	**65,72**		**156 151**
	AVI DBSP	1 910	1 October 2021	1 October 2024	86,04	164 336	**65,72**		**125 525**
						16 025 900			**370 398**
Management executive 7	Revised AVI ESIS	17 263	1 October 2017	1 October 2020	97,77	1 687 804	**65,72**		**–**
	Revised AVI ESIS	18 957	1 October 2018	1 October 2021	106,84	2 025 366	**65,72**		**–**
	Revised AVI ESIS	25 947	1 October 2019	1 October 2022	83,91	2 177 213	**65,72**		**–**
	Revised AVI ESIS	31 043	1 October 2020	1 October 2023	74,52	2 313 324	**65,72**		**–**
	Revised AVI ESIS	28 769	1 October 2021	1 October 2024	86,04	2 475 285	**65,72**		**–**
	AVI OPP	12 000	1 October 2020	1 October 2023	72,42	869 040	**65,72**	**–**	**–**
	AVI DBSP	963	1 October 2019	1 October 2022	83,91	80 805	**65,72**		**63 288**
	AVI DBSP	1 695	1 October 2020	1 October 2023	74,52	126 311	**65,72**		**111 395**
	AVI DBSP	1 369	1 October 2021	1 October 2024	86,04	117 789	**65,72**		**89 971**
						11 872 937			**264 654**

Key:

Revised AVI ESIS – Revised AVI Executive Share Incentive Scheme
AVI DBSP – AVI Deferred Bonus Share Plan
AVI OPP – AVI Out-Performance Scheme
Phantom – Various Phantom Share Schemes

Remcom is satisfied that executive remuneration for the year under review was in compliance with the Company's remuneration policy and that there were no deviations.

No events were identified that triggered the application of malus and clawback provisions on short or long-term incentives.

Non-executive directors' emoluments

At the Annual General Meeting held on 4 November 2021, shareholders approved the fees payable to the Chairman and non-executive directors for their services to the Board and other Board committees for the 2022 financial year as follows:

Chairman of the Board	R1 435 929
Resident non-executive directors	R385 506
Chairman of the Audit Committee	R310 749
Members of the Audit Committee	R144 998
Chairman of the Remuneration, Nomination and Appointments Committee	R287 297
Members of the Remuneration, Nomination and Appointments Committee	R131 923
Chairman of the Social and Ethics Committee	R144 998
Members of the Social and Ethics Committee	R97 182

Non-binding advisory resolutions

At the next Annual General Meeting, in accordance with the recommendations of the King Code, shareholders will be able to vote separately on the remuneration policy and the implementation report. In the event that either the remuneration policy or the implementation report, or both, should be voted against by more than 25% of the voting rights exercised, the Company will engage with the dissenting voters with a view to addressing legitimate and reasonable objections and concerns raised.

contents

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION

The financial statements of AVI Limited have been audited in compliance with section 30 of the Companies Act No. 71 of 2008, as amended, and have been prepared under the supervision of Justin O'Meara, CA(SA), the AVI Group Chief Financial Officer.

These consolidated annual financial statements were published on Monday, 5 September 2022.

The annual financial statements of the Company are presented separately from the consolidated annual financial statements and were approved by the directors on 2 September 2022, the same date as these consolidated annual financial statements. The separate annual financial statements are available on the AVI website www.avi.co.za and at the Company's registered office.

directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of AVI Limited, comprising the balance sheet at 30 June 2022 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, the accounting policies and the notes to the financial statements, which include explanatory notes in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa, and the Directors' Report.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Company and its subsidiaries' ability to continue as going concerns and have no reason to believe that they will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

ceo and financial director responsibility statement

Each of the directors, whose names are stated below, hereby confirm that –

(a) the annual financial statements set out on pages 93 to 163, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and

(f) we are not aware of any fraud involving directors.

SL CRUTCHLEY
Chief Executive Officer

JC O'MEARA
Chief Financial Officer
Designated Financial Director

2 September 2022

Extract from JSE guidance letter on directors' responsibility on financial controls dated 17 July 2020 to note for information purposes:

Materiality

In terms of the JSE Listings Requirements ("the Requirements") financial information must be prepared in accordance with IFRS. The application of materiality is an important concept dealt with by IFRS. The reference to materiality in paragraph (a) of the CEO and FD sign off must be interpreted in the context of IFRS.

The second obligation under the CEO and FD sign off rule (as detailed in (b)) must be read in the context of paragraph (a). The term 'no' does not mean a one hundred percent factual correctness but rather that after due, careful and proper consideration the directors agree that no facts have been omitted or untrue statements made that would make the Annual Financial Statements ("AFS") materially false or materially misleading in terms of IFRS.

approval of annual financial statements

The consolidated annual financial statements of AVI Limited, which appear on pages 93 to 99 and 104 to 163, were authorised for issue by the Board of directors on 2 September 2022 and are signed on their behalf.

GR TIPPER
Non-executive Chairman
Authorised director

SL CRUTCHLEY
Chief Executive Officer
Authorised director

certificate of the company secretary

In terms of section 88(2)(e) of the Companies Act No. 71 of 2008, as amended, I certify that, to the best of my knowledge and belief, the Company has lodged with the Companies and Intellectual Property Commission, for the financial year ended 30 June 2022, all such returns required of a public company in terms of the Companies Act No. 71 of 2008, as amended, and that all such returns are true, correct and up to date.

S SCHEEPERS
Company Secretary
Illovo, Johannesburg
2 September 2022

directors' report

Business of the Group

AVI Limited ("the Company"), which is registered and incorporated in the Republic of South Africa with a primary listing on the JSE Limited ("JSE") and a secondary listing on A2X, is a branded consumer products company. The Company registration number is 1944/017201/06. The Group comprises trading subsidiaries that manufacture, process, market and distribute branded consumer products in the food, beverage, footwear, apparel and cosmetics sectors.

Financial

The results of operations for the year are set out in the statement of comprehensive income on page 121.

Revenue and operating profit before capital items were as follows:

	2022 R'm	2021 R'm
Revenue	**13 845,3**	13 269,2
Operating profit before capital items	**2 540,1**	2 409,3

Further details are provided in the segmental report, which follows the Independent Auditor's Report.

A five-year summary of the Group's consolidated balance sheet, income statement and cash flow statement is presented on pages 29 to 31.

Impact of COVID-19 and civil unrest on financial results

While COVID-19 has had a limited impact on our business in the current year with restrictions lifted in April 2022, operational disruptions to supply chains have been notable but well managed. All business units have been able to operate throughout the year, with recoveries seen in some categories where consumers have trended back to normal spending patterns. Trading in our Ciro out-of-home and Indigo personal care, particularly cosmetic and fragrance, businesses continue to fall short of historical levels, however, both have achieved sound profit in a constrained environment with the benefits of effective cost management.

The civil unrest, which primarily impacted KwaZulu-Natal and Gauteng in July 2021, disrupted trading with all of AVI's facilities and retail stores closed for several days to safeguard our staff. While operations were able to return to normal this was at lower demand levels due to extensive damage to many malls, lower consumer footfall and compromised logistics networks. The Group suffered physical damage and loss to its inventories, fixed assets and cash on hand at stores. The Group had adequate South African Special Risk Insurance ("SASRIA") and general insurance cover for material damage to assets, inventory and business interruption. The effects of the asset losses as well as the proceeds on the insurance claims have been recognised in these results, with all claims paid by SASRIA.

The table below summarises the Group impact of direct costs incurred and insurance proceeds recognised in respect of the civil unrest for the year ended 30 June 2022:

	2022 R'm
Cost of sales – stock written off	**(31,6)**
Gross profit	**(31,6)**
Selling and administrative expenses, including other income	
– SASRIA insurance proceeds	**66,7**
– Store restoration and other costs	**(4,6)**
Operating profit before capital items	**30,5**
Capital items	**1,1**
– Disposal of capital items	**(1,9)**
– SASRIA insurance proceeds	**3,0**
Profit before taxation	**31,6**
Taxation	**(8,9)**
Net impact on profit for the period	**22,7**

The Group remains cash generative, with sufficient borrowing facilities to manage disruptions to operational cash flows and to continue to support its business units.

The Group has taken into account the JSE COVID-19 related guidance notes, as well as the related educational documents prepared by SAICA regarding the impact of COVID-19 on the application of IFRS, in the preparation of these consolidated annual financial statements. Inventory and debtor provisions have been reviewed without any material movements in income statement adjustments compared to last year.

Going concern

The Group earned a net profit for the year ended 30 June 2022 of R1 751,2 million (2021: R1 645,7 million) and as of that date, its total assets exceeded its total liabilities by R4 793,7 million (2021: R4 401,9 million). The directors have made an assessment of the ability of the Group to continue as a going concern and have no reason to believe that the Group will not be a going concern in the year ahead.

Share capital

Details of the Company's authorised and issued share capital are given in Note 10 to the financial statements, on page 132.

Corporate activity

There have been no significant changes to investments during the year.

Issues and redemptions during the year

A summary of the movement in the number of ordinary shares in issue during the year is given in Note 10 to the financial statements, on page 132.

General authority for the Company to acquire its own shares

The directors consider that it will be advantageous for the Company to have a general authority to acquire its own shares. Such authority will be utilised if the directors consider that it is in the best interests of the Company and shareholders to effect such acquisitions having regard to prevailing circumstances and the cash resources of the Company at the appropriate time. Accordingly, shareholders will be asked to approve such general authority at the Annual General Meeting on 9 November 2022.

General authority for the Company to provide direct or indirect financial assistance to present or future subsidiaries

The directors consider that a general authority should be put in place to provide direct or indirect financial assistance to present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the Company. Such authority will assist the Company, inter alia, in making inter-company loans to subsidiaries as well as granting letters of support and guarantees in appropriate circumstances. The existence of a general authority would avoid the need to refer each instance to shareholders for approval. The current general authority was granted by shareholders at the 2020 Annual General Meeting of the Company and is valid up to and including the 2022 Annual General Meeting of the Company. Accordingly, shareholders will be asked to approve this general authority at the Annual General Meeting on 9 November 2022.

Acquisition of trademarks

In June 2022, the Group concluded the purchase of a number of trademarks from Coty International B.V. for a total purchase price of R150,0 million. Details are disclosed in Note 3 to the financial statements, on page 127.

Dividends

Dividends, paid and proposed, are disclosed in Note 29 to the financial statements on page 141.

Directorate

Mr JC O'Meara was appointed to the Board on 1 January 2022 and Mr OP Cressey resigned from the Board on 31 December 2021. There were no other changes to the Board for the year under review.

In terms of the Company's Memorandum of Incorporation, Messrs SL Crutchley, JR Hersov and GR Tipper retire at the forthcoming Annual General Meeting. All of the retiring directors, being eligible, offer themselves for re-election.

In terms of the Companies Act, the appointments of Mr MJ Bosman (Chairman), Mrs A Muller and Ms BP Silwanyana to the Audit and Risk Committee need to be approved at the forthcoming Annual General Meeting.

Directors' service contracts

Standard terms and conditions of employment apply to executive directors, which, inter alia, provide for notice of termination of three months. Non-executive directors conclude service contracts with the Company on appointment. Their term of office is governed by the Memorandum of Incorporation which provides that one-third of the aggregate number of directors will retire by rotation at each Annual General Meeting, but may, if eligible, offer themselves for re-election.

Share schemes

Particulars of the Group's various share incentive schemes are set out in Note 31, on page 143 of the financial statements.

Directors' interests

The interests of the directors in the issued listed securities of the Company, being ordinary shares of 5 cents each, as at 30 June 2022 and 30 June 2021, are as follows:

	Direct number	Beneficial indirect number	% of total
At 30 June 2022			
SL Crutchley	**840 201**	**–**	**0,25**
OP Cressey[1]	**40 000**	**–**	**0,01**
JC O'Meara[2]	**–**	**–**	**–**
M Koursaris	**57 500**	**–**	**0,02**
GR Tipper	**11 000**	**–**	**0,00**
Total	**948 701**	**–**	**0,28**
At 30 June 2021			
SL Crutchley	800 000	–	0,24
OP Cressey	40 000	–	0,01
M Koursaris	57 500	–	0,02
GR Tipper	11 000	–	0,00
Total	908 500	–	0,27

There has been no change to the directors' interests reflected above since the reporting date.

[1] Resigned 31 December 2021
[2] Appointed 1 January 2022

Material shareholders

The Company does not have a holding company.

Ordinary shares

The beneficial holders of 3% or more of the issued ordinary shares of the Company at 30 June 2022, according to the information available to the directors, were:

	Number of ordinary shares	%
Government Employees Pension Fund	**64 559 378**	**19,2**
Allan Gray	**29 290 257**	**8,7**
Vanguard Investment Management	**12 341 973**	**3,7**

Special resolutions passed by the Company and registered by the Registrar of Companies

The following special resolutions have been passed by the Company since the previous Directors' Report dated 3 September 2021 to the date of this report:

- To approve the fees payable to the current non-executive directors, excluding the Chairman of the Board.
- To approve the fees payable to the Chairman of the Board.
- To approve the fees payable to the members of the Remuneration, Nomination and Appointments Committee, excluding the Chairman of the committee.
- To approve the fees payable to the members of the Audit and Risk Committee, excluding the Chairman of the committee.
- To approve the fees payable to the members of the Social and Ethics Committee, excluding the Chairman of the committee.
- To approve the fees payable to the Chairman of the Remuneration, Nomination and Appointments Committee.
- To approve the fees payable to the Chairman of the Audit and Risk Committee.
- To approve the fees payable to the Chairman of the Social and Ethics Committee.
- To authorise, by way of a general approval, the Company or any of its subsidiaries to acquire ordinary shares issued by the Company in terms of the Companies Act and Listings Requirements of the JSE.

Post-reporting date events

No material events that meet the requirements of IAS 10 have occurred since the reporting date.

Share incentive scheme interests

The Revised AVI Executive Share Incentive Scheme

Name	Date of award	Award price per instrument R	Instruments outstanding at 30 June 2021 number	Awarded number	Exercised/ lapsed number	Relinquished[1]/ forfeited number	**Instruments outstanding at 30 June 2022 number**
SL Crutchley	1 April 2017	101,79	73 079	–	–	(73 079)	**–**
	1 April 2019	89,27	261 227	–	–	(26 437)	**234 790**
	1 April 2020	69,75	361 080	–	–	–	**361 080**
	1 April 2021	73,85	392 674	–	–	–	**392 674**
	1 April 2022	69,23	–	450 295	–	–	**450 295**
OP Cressey	23 November 2016	94,07	74 489	–	(74 489)	–	**–**
	1 October 2017	97,77	75 034	–	–	(75 034)	**–**
	1 October 2019	83,91	150 210	–	–	(150 210)	**–**
	1 October 2020	74,52	179 708	–	–	(179 708)	**–**
M Koursaris	1 April 2017	101,79	34 425	–	(1 515)	(32 910)	**–**
	1 April 2019	89,27	94 975	–	–	–	**94 975**
	1 April 2020	69,75	130 064	–	–	–	**130 064**
	1 April 2021	73,85	130 520	–	–	–	**130 520**
	1 April 2022	69,23	–	148 281	–	–	**148 281**
			1 957 485	598 576	(76 004)	(537 378)	**1 942 679**

[1] *The number of relinquished instruments represents instruments sacrificed in favour of AVI Out-Performance Scheme options in terms of the rules of the AVI Out-Performance Scheme.*

All options vest three years after grant date and lapse on the fifth anniversary of the grant date.

The AVI Out-Performance Scheme

Name	Date of award	Award price per instrument R	Instruments outstanding at 30 June 2021 number	Awarded number	Vested number	Forfeited number	**Instruments outstanding at 30 June 2022 number**
SL Crutchley	1 October 2018	110,52	53 872	–	(53 872)	–	**–**
	1 October 2019	83,73	76 798	–	–	–	**76 798**
	1 October 2020	72,42	102 237	–	–	–	**102 237**
	1 October 2021	79,98	–	99 516	–	–	**99 516**
OP Cressey	1 October 2018	110,52	27 329	–	(27 329)	–	**–**
	1 October 2019	83,73	38 598	–	–	(38 598)	**–**
	1 October 2020	72,42	47 415	–	–	(47 415)	**–**
	1 October 2021	79,98	–	45 724	–	(45 724)	**–**
JC O'Meara	1 October 2020	72,42	12 000	–	–	–	**12 000**
M Koursaris	1 October 2018	110,52	19 670	–	(19 670)	–	**–**
	1 October 2019	83,73	27 781	–	–	–	**27 781**
	1 October 2020	72,42	34 128	–	–	–	**34 128**
	1 October 2021	79,98	–	32 910	–	–	**32 910**
			439 828	178 150	(100 871)	(131 737)	**385 370**

All instruments vest three years after award date. Instruments are converted to shares if the performance requirements are met on the measurement date.

The AVI Deferred Bonus Share Plan

Name	Date of award	Award price per instrument R	Instruments outstanding at 30 June 2021 number	Awarded number	Vested number	Forfeited number	**Instruments outstanding at 30 June 2022 number**
SL Crutchley	1 October 2018	106,84	73 898	–	(73 898)	–	**–**
	1 October 2019	83,91	37 340	–	–	–	**37 340**
	1 October 2020	74,52	29 496	–	–	–	**29 496**
	1 October 2021	86,04	–	85 280	–	–	**85 280**
OP Cressey	1 October 2018	106,84	31 490	–	(31 490)	–	**–**
	1 October 2019	83,91	15 764	–	–	(15 764)	**–**
	1 October 2020	74,52	11 128	–	–	(11 128)	**–**
	1 October 2021	86,04	–	32 356	–	(32 356)	**–**
JC O'Meara	1 October 2019	83,91	1 454	–	–	–	**1 454**
	1 October 2020	74,52	4 726	–	–	–	**4 726**
	1 October 2021	86,04	–	1 922	–	–	**1 922**
M Koursaris	1 October 2018	106,84	22 505	–	(22 505)	–	**–**
	1 October 2019	83,91	11 346	–	–	–	**11 346**
	1 October 2020	74,52	8 010	–	–	–	**8 010**
	1 October 2021	86,04	–	23 288	–	–	**23 288**
			247 157	142 846	(127 893)	(59 248)	**202 862**

All instruments vest three years after award date. Upon vesting, the shares become unrestricted in the hands of participants.

Earnings-linked performance bonus liabilities

Name	Date of award	Award price per instrument R	Instruments outstanding at 30 June 2021 number	Awarded number	Exercised/ lapsed number	Forfeited number	**Instruments outstanding at 30 June 2022 number**
JC O'Meara	1 October 2017	3 844,54	100	–	–	–	**100**
	1 October 2018	3 845,62	200	–	–	–	**200**
	1 October 2019	3 212,90	461	–	–	–	**461**
	1 October 2019	3 706,10	400	–	–	–	**400**
	1 October 2020	3 824,15	411	–	–	–	**411**
	1 October 2020	3 532,75	445	–	–	–	**445**
	1 October 2021	3 637,51	–	463	–	–	**463**
	1 October 2021	3 870,30	–	435	–	–	**435**
			2 017	898	–	–	**2 915**

Senior management are eligible to participate in an earnings-linked performance share option scheme which is accounted for in terms of IAS 19 – *Employee Benefits* as the benefit payment is based on the Company's headline earnings. All instruments vest three years after award date. These share options can be exercised after a three year vesting period, at which point participants receive the benefit in cash determined as the difference between the notional share price calculated on vesting date and the award date share price. Upon vesting, the options become unrestricted in the hands of participants and lapse two years and 91 days after vesting date. Refer to Note 13 for details on the total liability at year end.

Emoluments

	2022						
	Salary R'000	Bonus and performance-related payments R'000	Pension fund contributions R'000	Gains on exercise of share incentive instruments* R'000	Other benefits and allowances R'000	Total R'000	2021 R'000
Executive directors							
SL Crutchley	12 005	10 921	949	9 038	583	33 496	29 582
OP Cressey[1]	3 487	4 108	352	4 142	1 056	13 145	15 039
JC O'Meara[2]	1 867	–	175	–	82	2 124	–
M Koursaris	4 642	2 957	579	2 969	43	11 190	11 528
	22 001	17 986	2 055	16 149	1 764	59 955	56 149

* *Gains on exercise of share incentive instruments represent the actual gain received by the director on exercising vested share incentive instruments.*

The above directors' emoluments were paid by another AVI Group company.

	2022 R'000	2021 R'000
Non-executive directors' and committee fees		
GR Tipper (Chairman)	2 385	1 955
JR Hersov	412	362
A Nühn[3,5]	–	362
MJ Bosman	832	752
A Muller	728	634
AM Thebyane	744	632
B Silwanyana[4]	641	202
	5 742	4 899
	65 697	61 048

Details relating to the Group's remuneration practices are set out in the Remuneration Report on pages 76 to 89.

The IFRS 2 expense recognised in profit or loss in respect of share incentive instruments granted to directors is as follows:

	2022 R'000	2021 R'000
SL Crutchley	11 482	10 222
OP Cressey[1]	(4 876)	4 527
JC O'Meara[2]	435	–
M Koursaris	3 769	3 463
	10 810	18 212

[1] *Resigned 31 December 2021.*
[2] *Appointed 1 January 2022.*
[3] *Paid in Euros.*
[4] *Appointed 22 February 2021.*
[5] *Resigned 5 November 2020.*

audit committee report

The Audit Committee is pleased to present its report for the financial year ended 30 June 2022 in terms of section 94(7)(f) of the Companies Act No. 71 of 2008, as amended ("the Companies Act").

The Audit Committee has adopted formal terms of reference, delegated to it by the Board of directors, as its charter. The charter is in line with the Companies Act, the King IV Report on Corporate Governance for South Africa 2016 ("King IV") and the JSE Listings Requirements. The committee has discharged the functions delegated to it in terms of its charter. The Audit Committee's process is supported by the operating subsidiary companies which have internal review committees that monitor risk management and compliance activities. There is a formal reporting line from the various internal review committees into the Audit Committee via the Group's Chief Financial Officer.

During the year under review the committee performed the following statutory duties:

1. Reviewed and recommended for adoption by the Board such financial information as is publicly disclosed which for the year included:
   - The interim results for the six months ended 31 December 2021; and
   - The annual financial statements for the year ended 30 June 2022.
2. Considered and satisfied itself that the external auditors Ernst & Young Inc. are independent.
3. Approved the external auditor's budgeted fees and terms of engagement for the 2022 financial year.
4. Determined the non-audit related services which the external auditors were permitted to provide to AVI and reviewed the policy for the use of the external auditors for non-audit related services. All non-audit related service agreements between the AVI Group and the external auditors were pre-approved.
5. Satisfied itself that the necessary documentation and confirmations in terms of the JSE Listings Requirements were obtained from the external auditors.
6. Appointed KPMG Inc. to perform the internal audit function for AVI Group.
7. Reviewed the Audit Committee charter in line with King IV recommendations.
8. Reviewed the internal audit charter in line with King IV recommendations.
9. Confirmed the internal audit plan for the 2022 financial year.
10. Ensured that appropriate financial reporting procedures exist and that they are working.
11. Confirmed that adequate whistle-blowing facilities were in place throughout the AVI Group and reviewed and considered actions taken with regard to incident reports.
12. Held separate meetings with management, the external and internal auditors to discuss any problems and reservations arising from the year end audit and other matters that they wished to discuss.
13. Noted that it had not received any complaints, either from within or outside the Company, relating either to the accounting practices, the internal audits, the content or auditing of the financial statements, the internal financial controls or any other related matter.
14. Conducted a self-evaluation exercise into its effectiveness.
15. Reviewed the suitability of Ernst & Young Inc., for re-appointment by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements.
16. Recommended to the Board the re-appointment of Ernst & Young Inc. as the external auditors and appointment of Mr A Carshagen as the registered auditor responsible for the audit for the year ending 30 June 2023 which will be considered at the forthcoming Annual General Meeting.
17. Evaluated and satisfied itself as to the appropriateness of the expertise and experience of the Company's financial director.
18. Satisfied itself as to the expertise, resources and experience of the Company's finance function.
19. Evaluated the underlying assessment performed by the CEO and financial director to support their declaration required in terms of section 3.84(k) of the JSE Listings Requirements and are satisfied that it supports the declaration made.

On behalf of the Audit Committee

MJ BOSMAN
Audit Committee Chairman

2 September 2022

OVERVIEW BUSINESS REVIEW GOVERNANCE ANNUAL FINANCIAL STATEMENTS SHAREHOLDER INFORMATION

independent auditor's report

To the shareholders of AVI Limited

Report on the audit of the consolidated annual financial statements

Opinion

We have audited the consolidated annual financial statements of AVI Limited and its subsidiaries ("the Group") set out on pages 96 to 98 and 104 to 160, which comprise the consolidated balance sheet as at 30 June 2022, the Directors' Remuneration Report, the segment reporting, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated annual financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated annual financial statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors ("IRBA Code") and other independence requirements applicable to performing audits of financial statements of the Group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated annual financial statements of the current year. These matters were addressed in the context of our audit of the consolidated annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated annual financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated annual financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated annual financial statements.

Key audit matter	How the matter was addressed in the audit
Impairment assessment of intangible assets and goodwill Management performs an impairment test on the recoverability of the intangibles as well as the goodwill as required by International Financial Reporting Standards which is subjective in nature due to the estimates having to be made of future performance. A significant portion of the Group's goodwill and trademarks' value relates to its footwear and apparel businesses. Refer to Note 3 – Intangible assets and goodwill. As disclosed in Note 3 to the consolidated annual financial statements (Intangible assets and goodwill), the Group uses a discounted cash flow model to determine the value in use for each cash-generating unit. During the financial year, the COVID-19 global pandemic continued to impact the South African economy. This coupled with other macro-economic factors had a negative impact on the spending patterns of consumers which continue to evolve between various products and regions. As a result, this has created uncertainties around the revenue and growth rate assumptions of the footwear and apparel businesses. There continues to be uncertainty around recovery post-pandemic when compared to initial estimates. These factors have led to continued uncertainty around the timing and amount of future cash flows, when they are already inherently uncertain. Given the above, impairment testing, particularly in the footwear and apparel businesses, required significant auditor attention in the current year and the involvement of our valuation specialists.	Our audit procedures included, among others: • We involved the internal valuation specialists in our team to assist in evaluating management's impairment methodology and key assumptions used in the impairment calculations; • Together with the internal valuation specialists we performed the following: – Assessed management's impairment methodology by comparing it to best practises and the requirements of IAS 36; and – Calculated independent weighted average cost of capitals ("WACCs") to compare to management's WACCs. Our independent WACC recalculation was based on publicly available market data for comparable companies for each of the material cash-generating units ("CGUs"); • For assumptions based on historical results, we compared the cash flow forecasts to past performance (particularly as it relates to historical working capital levels and gross profit margins); • For assumptions based on future trends and where the risk of an altered economy was present: – We vouched CPI assumptions to current market information, which we obtained externally; – We stress tested the footwear and apparel businesses' revenue cash flows by determining the impact of a delayed economic recovery, by pushing the cash flow forecasts out by one year; and – We have considered the actual trading results of the footwear and apparel businesses post year end in our assessment of the reasonability of the revenue cash flow projections. • We have performed sensitivity analyses around all the key assumptions used in the impairment model. We did this by increasing and decreasing the following assumptions in the model to determine the impact on the headroom between the value of the recorded assets of the CGU and the value in use as calculated by the impairment calculation model: – The WACC used to discount the cash flows; – Revenue, overhead and terminal value growth rates; – Gross profit margins; and – Working capital requirements. • We also performed extended sensitivity testing and stress tests of the impairment model with different economic recovery scenarios to determine whether there was a significant impact on the value in use calculated in the model; • We assessed the historical reliability of cash flow forecasts prepared by management through a review of actual past performance compared to previous forecasts to understand management's ability to accurately estimate future cash flows; • We assessed historical forecasts obtained and compared these to forecasts obtained in the current year to determine management's ability to forecast accurately taking into consideration circumstances and events which arose during the financial year which were not known or present in prior years; and • We assessed the disclosures relating to goodwill and trademarks in terms of IAS 36.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 174-page document titled "AVI 2022 Integrated Annual Report", which includes the Directors' Report, the Audit Committee's Report and the Certificate of the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Annual Report, which is made available to us after that date. The other information does not include the consolidated annual financial statements and our auditor's reports thereon.

Our opinion on the consolidated annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated annual financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated annual financial statements

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated annual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions to eliminate threats or related safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the consolidated annual financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of AVI Limited for five years.

Ernst & Young Inc.

ERNST & YOUNG INC.
DIRECTOR – ALLISTER CARSHAGEN
Registered Auditor
Chartered Accountant (SA)
102 Rivonia Road
Sandton

2 September 2022

segment reporting

	Food & beverage brands					
	National Brands					
	Entyce Beverages		Snackworks		Total	
	2022 R'm	2021 R'm	**2022 R'm**	2021 R'm	**2022 R'm**	2021 R'm
Revenue	**3 981,6**	3 777,1	**4 702,4**	4 267,8	**8 684,0**	8 044,9
Total segment revenue	**3 981,6**	3 777,1	**4 702,4**	4 267,8	**8 684,0**	8 044,9
Intersegment revenue	**–**	–	**–**	–	**–**	–
Revenue from contracts with customers	**3 981,6**	3 777,1	**4 702,4**	4 267,8	**8 684,0**	8 044,9
Operating profit/(loss) before capital items	**880,6**	872,8	**881,4**	814,6	**1 762,0**	1 687,4
Share of equity-accounted (losses)/earnings of joint ventures	**–**	–	**–**	–	**–**	–
Operating profit/(loss) from ordinary activities	**880,6**	872,8	**881,4**	814,6	**1 762,0**	1 687,4
Income from investments					**3,6**	2,5
Finance cost					**(113,9)**	(114,7)
Taxation					**(464,2)**	(456,0)
Segment profit/(loss) before capital items					**1 187,5**	1 119,2
Capital items (after tax)						
Profit for the year						
Segment assets					**4 058,1**	3 871,0
Segment liabilities					**2 927,1**	2 834,9
Additions to property, plant and equipment					**90,0**	139,3
Depreciation and amortisation					**231,6**	234,4
Depreciation on property, plant and equipment					**208,3**	210,2
Depreciation on right-of-use assets					**13,7**	14,9
Amortisation					**9,6**	9,3
Impairment losses					**–**	4,6
Number of employees at year end					**2 517**	2 517

* *Includes AVI Field Marketing Services. Costs attributable to AVI Field Marketing Services have been allocated to the appropriate segments.*

I&J		Fashion brands				Corporate & consolidation		Total	
		Personal Care		Footwear & Apparel					
2022 R'm	2021 R'm	2022 R'm	2021 R'm	2022 R'm	2021 R'm	2022 R'm	2021 R'm	2022 R'm	2021 R'm
2 473,8	2 605,4	**1 176,5**	1 152,9	**1 511,0**	1 466,0	**–**	–	**13 845,3**	13 269,2
2 473,8	2 605,4	**1 176,5**	1 152,9	**1 511,0**	1 466,0	**128,7**	114,8	**13 974,0**	13 384,0
–	–	**–**	–	**–**	–	**(128,7)**	(114,8)	**(128,7)**	(114,8)
2 473,8	2 605,4	**1 176,5**	1 152,9	**1 511,0**	1 466,0	**–**	–	**13 845,3**	13 269,2
306,2	341,6	**193,4**	170,4	**302,5**	230,4	**(24,0)**	(20,5)	**2 540,1**	2 409,3
(0,8)	3,6	**–**	–	**–**	–	**–**	–	**(0,8)**	3,6
305,4	345,2	**193,4**	170,4	**302,5**	230,4	**(24,0)**	(20,5)	**2 539,3**	2 412,9
0,3	0,2	**–**	–	**–**	0,2	**0,7**	19,0	**4,6**	21,9
(5,4)	(3,7)	**(0,1)**	(0,2)	**(18,7)**	(22,2)	**22,6**	19,6	**(115,5)**	(121,2)
(79,3)	(93,1)	**(41,3)**	(32,2)	**(72,6)**	(51,2)	**(18,2)**	(32,3)	**(675,6)**	(664,8)
221,0	248,6	**152,0**	138,0	**211,2**	157,2	**(18,9)**	(14,2)	**1 752,8**	1 648,8
								(1,6)	(3,1)
								1 751,2	1 645,7
2 972,4	2 811,8	**931,3**	787,2	**1 816,5**	1 799,4	**(433,8)**	(423,0)	**9 344,5**	8 846,4
1 075,0	1 059,3	**655,8**	602,4	**1 126,0**	1 191,3	**(1 233,1)**	(1 243,5)	**4 550,8**	4 444,4
87,8	133,6	**9,6**	12,1	**47,2**	24,2	**6,2**	6,5	**240,8**	315,7
122,1	112,5	**23,0**	25,8	**157,4**	167,9	**19,9**	18,5	**554,0**	559,1
111,8	106,4	**21,1**	24,0	**32,0**	34,1	**15,1**	13,6	**388,3**	388,3
9,3	4,8	**0,3**	0,3	**124,3**	132,8	**–**	–	**147,6**	152,8
1,0	1,3	**1,6**	1,5	**1,1**	1,0	**4,8**	4,9	**18,1**	18,0
–	3,8	**–**	–	**–**	–	**–**	–	**–**	8,4
2 051	2 078	**345**	329	**931**	1 000	**3 471***	3 427*	**9 315**	9 351

segment reporting continued

Basis of segment presentation

The segment information has been prepared in accordance with IFRS 8 – *Operating Segments* ("IFRS 8") which defines the requirements for the disclosure of financial information of an entity's operating segments. The standard requires segmentation based on the Group's internal organisation and internal accounting presentation of revenue and operating profit.

Identification of reportable segments

The Group discloses its reportable segments according to the entity components that management monitor regularly in making decisions about operating matters. The reportable segments comprise various operating segments primarily located in South Africa.

The revenue and operating assets are further disclosed within the geographical areas in which the Group operates. Segment information is prepared in conformity with the basis that is reported to the CEO, who is the chief operating decision maker, in assessing segment performance and allocating resources to segments. These values have been reconciled to the consolidated annual financial statements. The basis reported by the Group is in accordance with the accounting policies adopted for preparing and presenting the consolidated annual financial statements.

Segment revenue excludes Value Added Taxation and includes intersegment revenue. Revenue from contracts with customers represents segment revenue from which intersegment revenue has been eliminated. Sales between segments are made on a commercial basis.

Segment operating profit before capital items represents segment revenue less segment operating expenses, excluding capital items included in Note 22.

Segment expenses include direct and allocated expenses. Depreciation and amortisation have been allocated to the segments to which they relate.

The segment assets comprise all assets that are employed by the segment and that either are directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

The number of employees per segment represents the total number of permanent and full-time equivalents at year end.

Reportable segments

National Brands

Entyce Beverages

Revenue in this segment is derived from the sale of tea, coffee and creamer, primarily in South Africa and neighbouring countries.

The coffee category includes the supply of premium ground coffee and beverage service solutions to the out-of-home consumption market including hotels, caterers, restaurants and corporates.

Snackworks

The principal activity within this segment is the sale of a full range of sweet and savoury biscuits and baked and fried potato and maize snacks, primarily in South Africa and neighbouring countries.

I&J

I&J catches fish in South African waters and processes, markets and distributes premium quality value-added seafood in local and international markets.

Fashion brands

Fashion brands provide personal care and footwear and apparel offerings.

Personal Care

Indigo Brands, which forms the base for the personal care segment, creates, manufactures and distributes leading body spray, fragrance, cosmetics and body lotion products. These products are sold primarily in South Africa and neighbouring countries.

Footwear and Apparel

Spitz, Kurt Geiger, Green Cross and Gant make up the footwear and apparel segment and retail a portfolio of owned and licensed footwear and apparel brands in South Africa.

Reportable segments continued

Corporate

The corporate office provides strategic direction, as well as financial, treasury, legal and information technology services to the largely autonomous subsidiaries.

Other entities in this segment comprise the various staff share scheme trusts.

Geographical information

The Group's operations are principally located in South Africa.

Major customers

The Group's most significant customers, being two South African retailers, individually contribute more than 10% of the Group's revenue (R3 558,6 million in the current year and R3 592,2 million in the previous year) in the National Brands, I&J and Personal Care segments.

	2022		2021	
Segmental revenue by market	**R'm**	**%**	R'm	%
The Group's consolidated revenue by geographic market, regardless of where goods were produced, was as follows:				
South Africa	**11 106,7**	**80,2**	10 356,5	78,0
Other African countries	**1 234,4**	**8,9**	1 207,6	9,1
Rest of the world	**1 504,2**	**10,9**	1 705,1	12,9
Total segmental revenue	**13 845,3**	**100,0**	13 269,2	100,0
Analysis of non-current assets* by geographic area				
South Africa	**4 458,6**	**99,5**	4 288,4	99,3
Other African countries	**16,3**	**0,4**	31,5	0,7
Rest of the world	**3,9**	**0,1**	–	0,0
	4 478,8	**100,0**	4 319,9	100,0

** Comprises non-current assets less deferred tax assets and other long-term assets.*

accounting policies

AVI Limited ("the Company") is a South African registered company. The consolidated annual financial statements of the Company for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as "the Group" or "AVI") and the Group's interest in joint ventures.

Statement of compliance

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), in compliance with JSE Listings Requirements, the interpretations adopted by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa. The consolidated annual financial statements were approved for issue by the Board of directors on 2 September 2022.

Basis of preparation

These consolidated annual financial statements are prepared in millions of South African Rands ("Rm"), which is the Company's functional currency, on the historical cost basis, except for the following assets and liabilities which are stated at their fair value:

- derivative financial instruments;
- biological assets; and
- liabilities for cash-settled share-based payment arrangements.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about areas of estimation that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:
Note 1 – useful lives and residual values of property, plant and equipment;
Note 3 – useful lives and impairment tests on intangible assets;
Note 6 – utilisation of tax losses;
Note 8 – valuation of biological assets;
Note 12 – lease terms applied in calculating lease liabilities;
Note 13 – measurement of defined benefit obligations; and
Note 32 – measurement of cash-settled share-based payment liabilities relating to BBBEE transactions.

The accounting policies set out below have been applied consistently in the periods presented in these consolidated annual financial statements. There are no new, revised or amended accounting standards, effective 1 July 2021, applicable to the Group.

New standards and interpretations in issue not yet effective

Standards, amendments and interpretations issued but not yet effective have been assessed for applicability to the Group. Management has concluded that they are either not applicable, or do not have a material impact to the business of the Group, and will therefore have no impact on future financial statements.

Basis of consolidation

Subsidiaries

The consolidated annual financial statements include the financial statements of the Company and its subsidiaries. Where an investment in a subsidiary is acquired or disposed of during the financial year its results are included from, or to, the date control commences or ceases. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

Subsidiaries are those entities controlled by the Company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

Joint arrangements

Joint arrangements are those entities in respect of which there is a contractual agreement whereby the Group and one or more other parties undertake an economic activity, which is subject to joint control.

A joint venture is an arrangement over which the Group has joint control, where the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group's participation in joint ventures is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, until the date on which joint control ceases, the consolidated annual financial statements include the Group's share of profit or loss and other comprehensive income of the equity-accounted investees offset by dividends received.

Eliminations on consolidation

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated annual financial statements. Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in these enterprises. Unrealised losses on transactions with joint ventures are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

Goodwill

All business combinations are accounted for by applying the "acquisition method", as at acquisition date, which is the date on which control is transferred to the Group. The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in profit or loss.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

A bargain purchase gain arising on an acquisition is recognised directly in profit or loss as a capital item.

Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

Premiums and discounts arising on subsequent purchases from, or sales to, non-controlling interests in subsidiaries

Following the presentation of non-controlling interests in equity, any increases and decreases in ownership interests in subsidiaries without a change in control are recognised as equity transactions in the consolidated annual financial statements. Accordingly, any premiums or discounts on subsequent purchases of equity instruments from, or sales of equity instruments to, non-controlling interests are recognised directly in the equity of the parent shareholder.

Basis of consolidation continued

Broad-Based Black Economic Empowerment ("BBBEE") transactions

Where BBBEE transactions involve the disposal or issue of equity interests in subsidiaries, although economic and legal ownership of such instruments may have transferred to the BBBEE participant, the derecognition of such equity interests sold or recognition of equity instruments issued in the underlying subsidiary by the parent shareholder is postponed whilst the parent shareholder is deemed to control the underlying subsidiary per the requirements of IFRS 10 – *Consolidated Financial Statements*.

Where BBBEE transactions involving equity instruments issued to external parties are expected to be settled in cash, a cash-settled share-based payment liability is recognised at the fair value of the amount expected to vest to BBBEE participants.

Where BBBEE transactions involving equity instruments issued to employees are expected to be settled in cash, an employee benefit liability is recognised at the present value of future cash flows expected to vest to participants, measured using the projected unit credit method.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset, that requires a substantial period of time to prepare for its intended use, are capitalised. Interest is capitalised over the period during which the qualifying asset is being acquired or constructed and where expenditure for the asset and borrowings have been incurred. Capitalisation ceases when the construction is interrupted for an extended period or when the qualifying asset is substantially complete. All other borrowing costs are recognised in profit or loss using the effective interest method.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash balances on hand, deposits held on call with banks, net of overdrafts forming part of the Group's cash management, all of which are available for use by the Group unless otherwise stated.

Capital items

Capital items are items of income and expense relating to the acquisition, disposal or impairment of investments, businesses, property, plant and equipment and intangible assets.

Capital items relate to separately identifiable remeasurements (not adjusted for related taxation and related non-controlling interests) other than remeasurements specifically included in headline earnings as defined in Circular 1/2021 – *Headline earnings*.

Dividends payable

Dividends payable are recognised in the period in which such dividends are declared.

Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised in profit or loss during the period in which the employee renders the related service.

The accruals for employee entitlements to salaries, performance bonuses and annual leave represent the amounts which the Group has a present obligation to pay as a result of employees' services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary levels at the reporting date.

Defined contribution plans

The Group provides defined contribution plans for the benefit of employees, the assets of which are held in separate funds. These funds are funded by payments from employees and the Group. The Group's contributions to defined contribution plans are charged to profit or loss in the year to which they relate.

Defined benefit obligations

The Group's obligation to provide post-retirement medical aid benefits is a defined benefit obligation. The projected unit credit method is used to measure the present value of the obligation and the cost of providing these benefits.

Current service costs and interest costs are recognised in profit or loss in the period incurred.

Remeasurements, comprising actuarial gains and losses, are recognised immediately through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Employee benefits continued

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than post-retirement and pension plans is the amount of future benefit that employees have earned in return for their services in the current and prior periods.

That benefit is discounted to determine its present value and the fair value of any related assets is deducted. The calculation of benefits is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw from the offer of those benefits and when the Group recognises costs for a restructuring. If the benefits are payable more than 12 months after the reporting date, they are discounted to their present value.

Share-based payment transactions

Group share-based payment transactions

Transactions in which a parent grants rights to its own equity instruments directly to the employees of its subsidiaries are classified as equity-settled in the financial statements of the parent. The subsidiary classifies these transactions as equity-settled in its financial statements where it has no obligation to settle the share-based payment transaction.

The subsidiary recognises the services acquired as a result of the share-based payment as an expense and recognises a corresponding increase in equity as a capital contribution from the parent for those services acquired. The parent recognises in equity the equity-settled share-based payment and recognises a corresponding increase in the investment in subsidiary.

Equity settled

The fair value of share options granted to Group employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employee becomes unconditionally entitled to the equity instruments. The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to market conditions not being met.

BBBEE transactions

Where goods or services are considered to have been received from black economic empowerment partners as consideration for equity instruments of the Group, these transactions are accounted for as share-based payment transactions, even when the entity cannot specifically identify the goods or services received.

Fair value measurement

The Group measures financial instruments such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value measurement continued

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Note 8 – Biological assets
- Note 35 – Financial assets and liabilities

Financial instruments

Financial instruments are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs when the Group becomes a party to the contractual arrangements. Subsequent to initial recognition, these instruments are measured in accordance with their classification as set out below:

Financial asset classification and measurement

Financial assets are classified into the following three principal categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and debt instruments at amortised cost. The classification depends on the contractual cash flow characteristics and the business models for managing the financial assets, and is determined at the time of initial recognition.

The Group does not have any financial assets at fair value through other comprehensive income.

Debt instruments, derivatives and equity instruments at fair value through profit or loss ("FVTPL")

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading, or (ii) it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss.

Debt instruments at amortised cost

Debt instruments at amortised cost (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Amortised cost is calculated considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial instruments continued

Financial liability classification and measurement

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivative instruments

The Group uses derivative financial instruments to manage its exposure to risks arising from operational, financing and investment activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Subsequent to initial recognition, derivative instruments are measured at fair value through profit or loss. Fair value is determined by comparing the contracted rate to the current rate of an equivalent instrument with the same maturity date. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Hedging

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and presented in the cash flow hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the asset or liability. For other cash flow hedges, the cumulative amount is recognised in profit or loss in the period when the commitment or forecast transaction affects profit or loss.

Where the hedging instrument or hedge relationship is terminated or no longer meets the criteria for hedge accounting but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in profit or loss when the underlying transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in profit or loss immediately.

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to South African Rand, being the functional currency of the Company, at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to South African Rand at the exchange rates ruling at that date. Gains or losses on translation are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of all foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to South African Rand at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to South African Rand at approximate foreign exchange rates ruling at the date of the transactions. Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. The foreign currency translation reserve applicable to a foreign operation is released to profit or loss upon disposal of that foreign operation.

Government grants

Government grants are only recognised when there is reasonable assurance that the grants will be received and that the Group will comply with the conditions attaching to them.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the related costs, which the grants are intended to compensate, are expensed. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire depreciable assets, are deducted from the cost of the related assets in calculating their carrying amounts, and are recognised in profit or loss over the useful life of the assets as a reduced depreciation expense.

Government grants relating to expenses or losses already incurred and where no future expenses or losses are expected, are recognised when they become receivable.

Impairment of non-financial assets

The carrying amounts of the Group's assets other than deferred tax assets, biological assets, inventories and financial assets which are separately assessed and provided against where necessary, are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated.

For goodwill and intangible assets that have an indefinite useful life the recoverable amount is estimated at least annually.

The recoverable amount of assets is the greater of their fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. Subject to an operating segment ceiling test (before aggregation of segments), for the purposes of goodwill impairment testing, cash-generating units ("CGUs") to which goodwill has been allocated are aggregated so that the level at which impairment is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Impairment losses are recognised in profit or loss as a capital item, when the carrying amount exceeds the recoverable amount.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine a higher recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised, and when the indication of impairment no longer exists.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts, taking into account credit enhancements that are part of the contractual terms and that are not recognised separately by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables the Group applies a simplified approach in calculating ECLs. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Intangible assets

Intangible assets, excluding goodwill, acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Where the useful life of an intangible asset is assessed as indefinite, the intangible asset is not amortised, but is tested annually for impairment.

Subsequent expenditure on acquired intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, and expenditure on internally generated goodwill and brands, is recognised in profit or loss as an expense when incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of inventories is based on the first-in-first-out method or a weighted average cost basis, whichever is applicable, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. The cost of items transferred from biological assets is their fair value less costs to sell at the date of transfer.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Biological assets

Biological assets are stated at fair value less estimated costs to sell, with any resultant gain or loss recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An identified asset is physically distinct, or if not physically distinct, the lessee has the right to use substantially all of the capacity of the asset during the lease term. If a contract contains more than one lease component, or a combination of leasing and selling transactions, the consideration is allocated to each of the lease and non-lease components on conclusion, and on each subsequent measurement, of the contract on the basis of their relative stand-alone selling prices.

Leases continued

Lessee

Leases are accounted for based on a right-of-use model. The model reflects that, at the commencement date, a lessee has a financial obligation to make lease payments to the lessor for its right to use the underlying asset during the lease term. The lessor conveys that right to use the underlying asset at lease commencement, which is the time when it makes the underlying asset available for use by the lessee.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The lease term also takes into account the likelihood of exercising a renewal option.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment regarding purchase of the underlying asset.

Variable lease payments

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

Certain of the Group's retail outlets are subject to contingent rentals which are determined with reference to the respective store's annual turnover. Turnover rentals are calculated as a percentage of the value of sales that exceed agreed targets, and expensed as part of variable lease payments when incurred.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group currently does not have any finance leases.

Operating lease payments are recognised as income on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as income in the period in which they are earned.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment (including leasehold improvements), are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Vessels

Major vessel reconstructions are capitalised where such reconstructions extend the useful life of a vessel. The reconstruction is written off over the remaining expected useful life of the vessel.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value, over the estimated useful life. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation of an item of property, plant and equipment begins when it is available for use and ceases at the earlier of the date it is classified as held-for-sale or the date that it is derecognised upon disposal. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings		40 – 50 years
• Plant and machinery		3 – 20 years
• Vehicles	– trucks	3 – 8 years
	– other	3 – 5 years
• Vessels	– hull	35 – 45 years
	– aircraft	15 – 18 years
	– other components	5 – 10 years
• Furniture and equipment		3 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Derecognition

The gain or loss arising from the derecognition of an item of property, plant and equipment, being the difference between the carrying amount and any proceeds received, is included in profit or loss when the item is derecognised.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Revenue recognition

Revenue from contracts with customers mostly comprise the sale of goods, as well as the provision of services. Revenue is recognised when control of the goods or services is transferred to customers.

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, which is generally on delivery of the goods. However, for export sales, the transfer of control often takes place once goods are handed over to the shipping company.

Revenue from service transactions is recognised as the service is performed and control is transferred.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services, net of value added tax and any consideration payable to customers for returns, discounts, rebates, cooperative advertising and other allowances.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated, however contracts generally comprise a single performance obligation. Where more than one performance obligation exists, the Group allocates the transaction price based on the relative stand-alone selling price of each performance obligation.

Based on payment terms agreed with customers, the Group expects to receive payment within less than a year of transferring goods or services, and therefore no significant financing component exists.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. Discounts, rebates, cooperative advertising and other allowances are treated as variable consideration. The variable consideration is estimated at contract inception based on the most likely amount and adjusted for in the transaction price accordingly. Variable consideration is mostly applicable to contracts for the sale of goods which include a right of return or volume rebate allowance. The variable consideration is calculated based on historical data and on trading terms contained in signed agreements with customers, along with the value of sales which have taken place over the relevant period.

Consideration payable to customers that is not distinct or separable from the goods or services in the contract is accounted for as a reduction of the transaction price. The Group in turn accounts for amounts payable to customers for returns, discounts, rebates, cooperative advertising and other trade allowances as a deduction against revenue, with recognition of a concomitant liability.

For expected returns, in addition to the recognition of a refund liability, a right-of-return asset (and corresponding adjustment to cost of sales) is recognised for the right to recover products from customers.

In terms of lay-bye arrangements and the sale of gift cards within the Group's retail businesses, consideration is received from customers before the transfer of goods. In these instances, the consideration received is recorded as a contract liability, and later recognised as revenue when the Group performs under the contract.

When another party is involved in providing goods or services to customers, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and records revenue at the net amount that it retains for its agency services. In the majority of contracts with customers, the Group is the principal and records revenue on a gross basis.

Recognition of income from investments

Interest

Interest is recognised on a time proportion basis at an effective interest rate that takes into account the yield on the asset.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Share capital continued

Preference share capital

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the Company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, and if dividend payments are not discretionary. Dividends thereon are recognised in profit or loss as an interest expense.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a change to equity. Repurchased shares held by subsidiaries are classified as treasury shares and presented as a deduction from total equity. The consideration received when own shares held by the Group are re-issued is presented as a change to equity and no profit or loss is recorded.

Taxation

Taxation on the profit or loss for the year comprises current and deferred taxation. Taxation is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in other comprehensive income or equity.

Current taxation

Current taxation comprises tax payable calculated on the basis of the estimated taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable for previous years.

Deferred taxation

Deferred taxation is provided using the liability method based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

Deferred taxation is charged to profit or loss except to the extent that it relates to a transaction that is recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity, or a business combination that is an acquisition, in which case it is recognised as an adjustment to goodwill. The effect on deferred taxation of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to other comprehensive income or equity.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dividend Withholding Tax

Dividend Withholding Tax is a tax on shareholders receiving dividends. Shareholders who are not exempt from paying dividend tax are subject to dividend withholding tax at a rate of 20%. In terms of dividend tax legislation, the dividend tax amount is withheld and paid over to the South African Revenue Services by nominee companies, stockbrokers or the relevant Central Securities Depository Participant on behalf of shareholders. Dividends are recognised at the gross amount directly in equity.

Uncertainty over income tax treatments

Where there is uncertainty regarding the tax treatment of an item, the Group discloses the judgements made in determining the respective tax position as well as information regarding any assumptions and estimates made. The Group recognises liabilities for anticipated uncertain positions based on the best estimate of whether additional income taxes will be due.

Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding (adjusted for own shares held) during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible redeemable preference shares, share options and equivalent equity instruments granted to employees, and Black Economic Empowerment ("BEE") transactions that have not yet met the accounting recognition criteria.

balance sheet

As at 30 June 2022	Notes	2022 R'm	2021 R'm
ASSETS			
Non-current assets			
Property, plant and equipment	1	**3 105,0**	3 265,8
Right-of-use assets	2	**424,9**	251,7
Intangible assets and goodwill	3	**937,0**	789,8
Investments in joint ventures	4	**11,9**	12,6
Other long-term assets	5	**17,2**	19,4
Deferred taxation	6	**37,8**	43,3
		4 533,8	4 382,6
Current assets			
Inventories	7	**2 514,6**	2 231,2
Biological assets	8	**306,1**	243,0
Other financial assets including derivatives	15	**72,2**	73,6
Current tax assets	25	**11,4**	16,7
Trade and other receivables	9	**1 715,0**	1 705,1
Cash and cash equivalents		**191,4**	194,1
		4 810,7	4 463,7
Total assets		**9 344,5**	8 846,3
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	**16,3**	16,3
Share premium	10	**263,1**	263,1
Treasury shares	10	**(75,8)**	(150,9)
I&J BBBEE shareholders	32	**(106,6)**	(106,6)
Reserves	11	**209,1**	170,4
Retained earnings		**4 487,6**	4 209,6
Total equity		**4 793,7**	4 401,9
Non-current liabilities			
Cash-settled share-based payment liability	32	**–**	41,6
Lease liabilities	12	**354,1**	165,8
Employee benefit liabilities	13	**282,3**	320,1
Deferred taxation	6	**441,9**	426,8
		1 078,3	954,3
Current liabilities			
Cash-settled share-based payment liability	32	**34,8**	–
Current borrowings including short-term portion of lease liabilities	14	**1 513,7**	1 752,9
Other financial liabilities including derivatives	15	**11,0**	40,1
Trade and other payables	16	**1 842,5**	1 648,8
Current tax liabilities	25	**70,5**	48,3
		3 472,5	3 490,1
Total equity and liabilities		**9 344,5**	8 846,3

statement of comprehensive income

For the year ended 30 June 2022	Notes	2022 R'm	2021 R'm
Revenue	17	**13 845,3**	13 269,2
Cost of sales		**(8 506,7)**	(8 101,2)
Gross profit		**5 338,6**	5 168,0
Selling and administrative expenses, including other income		**(2 798,5)**	(2 758,7)
Operating profit before capital items	18	**2 540,1**	2 409,3
Interest received	19	**4,6**	21,9
Finance costs	20	**(115,5)**	(121,2)
Share of equity-accounted (losses)/earnings of joint ventures	21	**(0,8)**	3,6
Capital items	22	**(2,2)**	(4,2)
Profit before taxation		**2 426,2**	2 309,4
Taxation	23	**(675,0)**	(663,7)
Profit for the year		**1 751,2**	1 645,7
Other comprehensive income/(loss), net of tax:		**75,7**	(27,2)
Items that are or may subsequently be reclassified to profit or loss			
Foreign currency translation differences	11	**17,2**	(28,0)
Cash flow hedging reserve	11	**33,4**	1,7
Taxation on items that are or may subsequently be reclassified to profit or loss		**(9,0)**	(0,5)
Items that will never be reclassified to profit or loss			
Actuarial gain/(loss) recognised	11	**46,6**	(0,5)
Taxation on items that will never be reclassified to profit or loss		**(12,5)**	0,1
Total comprehensive income for the year		**1 826,9**	1 618,5
Profit attributable to:			
Owners of AVI		**1 751,2**	1 645,7
		1 751,2	1 645,7
Total comprehensive income attributable to:			
Owners of AVI		**1 826,9**	1 618,5
		1 826,9	1 618,5
Basic earnings per share (cents)	28	**530,1**	498,9
Diluted earnings per share (cents)	28	**528,8**	497,4

Details of the headline earnings and dividends declared per ordinary share are provided in Notes 28 and 29 to the financial statements, on pages 140 and 141.

statement of cash flows

For the year ended 30 June 2022	Notes	2022 R'm	2021 R'm
Cash flows from operating activities			
Cash generated by operations	24	**2 999,4**	3 021,0
Interest paid	20	**(115,5)**	(121,2)
Taxation paid	25	**(648,4)**	(640,4)
Net cash available from operating activities		**2 235,5**	2 259,4
Cash flows from investing activities			
Interest received	19	**4,6**	21,9
Acquisition of property, plant and equipment	1	**(240,8)**	(315,7)
Acquisition of intangible assets	3	**(165,3)**	(8,5)
Insurance proceeds on property, plant and equipment – civil unrest		**3,0**	–
Proceeds from disposals of property, plant and equipment		**9,1**	17,6
Other cash flows from investments	26	**1,2**	4,3
Net cash utilised in investing activities		**(388,2)**	(280,4)
Cash flows from financing activities			
Short-term funding repaid	27	**(213,4)**	(159,7)
Lease liabilities repaid	27	**(158,1)**	(174,0)
Payment to I&J BBBEE shareholders		**(11,0)**	(2,0)
Ordinary dividends paid	29	**(1 473,2)**	(1 355,5)
Special dividend paid	29	**–**	(925,7)
Net cash utilised in financing activities		**(1 855,7)**	(2 616,9)
Decrease in cash and cash equivalents		**(8,4)**	(637,9)
Cash and cash equivalents at beginning of year		**194,1**	842,4
Net increase/(decrease) as a result of the translation of the cash equivalents of foreign subsidiaries		**5,7**	(10,4)
Cash and cash equivalents at end of year		**191,4**	194,1

statement of changes in equity

For the year ended 30 June 2022	Notes	Share capital and premium R'm	Treasury shares R'm	Reserves R'm	Retained earnings R'm	I&J BBBEE shareholders R'm	Total equity R'm
Balance at beginning of year		279,4	(150,9)	170,4	4 209,6	(106,6)	4 401,9
Total comprehensive income for the year							
Profit for the year		–	–	–	1 751,2	–	1 751,2
Other comprehensive income							
Foreign currency translation differences		–	–	17,2	–	–	17,2
Actuarial gains recognised, net of tax		–	–	34,1	–	–	34,1
Cash flow hedging reserve, net of tax		–	–	24,4	–	–	24,4
Total other comprehensive income for the year		–	–	75,7	–	–	75,7
Total comprehensive income for the year		–	–	75,7	1 751,2	–	1 826,9
Transactions with owners recorded directly in equity							
Contributions by and distributions to owners							
Share-based payments	31.3	–	–	37,2	–	–	37,2
Group share scheme recharge		–	–	0,9	–	–	0,9
Dividends paid	29	–	–	–	(1 473,2)	–	(1 473,2)
Delisting and cancellation of treasury shares	10	–	75,1	(75,1)	–	–	–
Total contributions by and distributions to owners		–	75,1	(37,0)	(1 473,2)	–	(1 435,1)
Balance at end of year		279,4	(75,8)	209,1	4 487,6	(106,6)	4 793,7

For the year ended 30 June 2021	Notes	Share capital and premium R'm	Treasury shares R'm	Reserves R'm	Retained earnings R'm	I&J BBBEE shareholders R'm	Total equity R'm
Balance at beginning of year		279,4	(150,9)	151,4	4 845,1	(106,6)	5 018,4
Total comprehensive income for the year							
Profit for the year		–	–	–	1 645,7	–	1 645,7
Other comprehensive loss							
Foreign currency translation differences		–	–	(28,0)	–	–	(28,0)
Actuarial losses recognised, net of tax		–	–	(0,4)	–	–	(0,4)
Cash flow hedging reserve, net of tax		–	–	1,2	–	–	1,2
Total other comprehensive loss for the year		–	–	(27,2)	–	–	(27,2)
Total comprehensive income for the year		–	–	(27,2)	1 645,7	–	1 618,5
Transactions with owners recorded directly in equity							
Contributions by and distributions to owners							
Share-based payments	31.3	–	–	43,1	–	–	43,1
Group share scheme recharge		–	–	3,1	–	–	3,1
Dividends paid	29	–	–	–	(2 281,2)	–	(2 281,2)
Total contributions by and distributions to owners		–	–	46,2	(2 281,2)	–	(2 235,0)
Balance at end of year		279,4	(150,9)	170,4	4 209,6	(106,6)	4 401,9

1. Property, plant and equipment

2022	Land R'm	Buildings R'm	Plant and machinery R'm	Vehicles, furniture and equipment R'm	Vessels R'm	Total R'm
Cost						
At beginning of year	86,6	868,9	3 197,7	1 204,4	1 158,3	6 515,9
Additions	–	20,0	98,5	95,9	26,4	240,8
Disposals	–	(2,1)	(52,8)	(105,9)	(26,0)	(186,8)
Effect of movement in exchange rates	–	–	1,0	1,7	–	2,7
At end of year	86,6	886,8	3 244,4	1 196,1	1 158,7	6 572,6
Accumulated depreciation and impairment losses						
At beginning of year	–	230,9	1 635,5	840,3	543,4	3 250,1
Disposals	–	(1,6)	(50,8)	(95,4)	(24,9)	(172,7)
Effect of movement in exchange rates	–	–	0,7	1,2	–	1,9
Depreciation	–	18,6	197,8	99,6	72,3	388,3
At end of year	–	247,9	1 783,2	845,7	590,8	3 467,6
Net carrying value						
At beginning of previous year	86,6	641,4	1 617,9	400,9	614,9	3 361,7
At end of previous year	86,6	638,0	1 562,2	364,1	614,9	3 265,8
At end of current year	86,6	638,9	1 461,2	350,4	567,9	3 105,0

2021	Land R'm	Buildings R'm	Plant and machinery R'm	Vehicles, furniture and equipment R'm	Vessels R'm	Total R'm
Cost						
At beginning of year	86,6	853,1	3 147,0	1 198,0	1 112,6	6 397,3
Additions	–	16,6	152,9	77,9	68,3	315,7
Disposals	–	(0,3)	(100,8)	(68,1)	(22,6)	(191,8)
Effect of movement in exchange rates	–	(0,5)	(1,4)	(3,4)	–	(5,3)
At end of year	86,6	868,9	3 197,7	1 204,4	1 158,3	6 515,9
Accumulated depreciation and impairment losses						
At beginning of year	–	211,7	1 529,1	797,1	497,7	3 035,6
Disposals	–	(0,3)	(95,0)	(60,7)	(22,6)	(178,6)
Effect of movement in exchange rates	–	(0,2)	(1,1)	(2,4)	–	(3,7)
Depreciation	–	19,7	194,7	106,3	67,6	388,3
Impairment loss	–	–	7,8	–	0,7	8,5
At end of year	–	230,9	1 635,5	840,3	543,4	3 250,1
Net carrying value						
At beginning of previous year	86,6	638,0	1 631,1	470,8	603,6	3 430,1
At end of previous year	86,6	641,4	1 617,9	400,9	614,9	3 361,7
At end of current year	86,6	638,0	1 562,2	364,1	614,9	3 265,8

	2022 R'm	2021 R'm
Land comprises:		
Freehold	86,6	86,6

- The current estimated useful lives of property, plant and equipment are reflected under accounting policies on page 117.
- The estimated useful lives and residual values are reviewed annually, taking cognisance of forecast commercial and economic realities, historical usage of similar assets and input from original equipment manufacturers on plant and machinery.
- Expenditure on property, plant and equipment in the course of construction and included above at 30 June 2022 was R87,7 million (2021: R119,7 million).
- R1,9 million of disposals was directly related to the July 2021 civil unrest, the total cost of which has been recovered from insurers (Note 22).
- No impairment losses arose in the current year. In the prior year, impairment losses of R8,5 million arose due to identified obsolescence of, damage to and underperformance of items of plant, machinery and vessels.
- A register containing details of properties is available for inspection by shareholders or their duly authorised agents during business hours at the registered office of the Company.

2. Right-of-use assets

2022	Retail stores and storerooms R'm	Other commercial and industrial sites R'm	Total R'm
Carrying value at 1 July 2021	**194,3**	**57,4**	**251,7**
Additions for new leases and lease renewals	**144,7**	**2,3**	**147,0**
Impact of lease modifications and remeasurements[1]	**1,5**	**172,3**	**173,8**
Depreciation	**(120,5)**	**(27,1)**	**(147,6)**
Carrying value at 30 June 2022	**220,0**	**204,9**	**424,9**

2021	Retail stores and storerooms R'm	Other commercial and industrial sites R'm	Total R'm
Carrying value at 1 July 2020	248,3	62,5	310,8
Effect of movement in exchange rates	–	(1,0)	(1,0)
Additions for new leases and lease renewals	67,8	20,2	88,0
Impact of lease modifications and remeasurements	7,2	(0,5)	6,7
Depreciation	(129,0)	(23,8)	(152,8)
Carrying value at 30 June 2021	194,3	57,4	251,7

[1] *The remeasurement in the current year relates to the reassessment of the extension option of a lease in which I&J is the lessee.*

Right-of-use assets mostly relate to retail doors which are leased by the Group's retail businesses. The Group also leases a number of other commercial and industrial sites. Right-of-use assets are effectively ceded as security for concomitant lease liabilities (Note 12) as the rights to the leased assets revert to the lessor in the event of default.

3. Intangible assets and goodwill

2022	Goodwill R'm	Fishing rights R'm	Trademarks R'm	Customer relationships and contracts R'm	Computer software R'm	Total R'm
Cost						
At beginning of year	489,2	8,5	710,8	1,1	228,8	1 438,4
Additions*	–	3,2	153,0	–	9,1	165,3
Disposals	–	(4,3)	–	–	(11,4)	(15,7)
Effect of movement in exchange rates	–	–	–	–	0,3	0,3
At end of year	489,2	7,4	863,8	1,1	226,8	1 588,3
Accumulated amortisation and impairment losses						
At beginning of year	12,2	4,4	439,5	1,1	191,4	648,6
Disposals	–	(4,3)	–	–	(11,4)	(15,7)
Effect of movement in exchange rates	–	–	–	–	0,3	0,3
Amortisation	–	0,3	2,1	–	15,7	18,1
At end of year	12,2	0,4	441,6	1,1	196,0	651,3
Net carrying value						
At beginning of previous year	477,0	2,6	271,5	–	48,2	799,3
At end of previous year	477,0	4,1	271,3	–	37,4	789,8
At end of current year	477,0	7,0	422,2	–	30,8	937,0

2021	Goodwill R'm	Fishing rights R'm	Trademarks R'm	Customer relationships and contracts R'm	Computer software R'm	Total R'm
Cost						
At beginning of year	489,2	6,7	709,1	15,3	233,8	1 454,1
Additions*	–	1,8	1,7	–	5,0	8,5
Disposals	–	–	–	(14,2)	(9,5)	(23,7)
Effect of movement in exchange rates	–	–	–	–	(0,5)	(0,5)
At end of year	489,2	8,5	710,8	1,1	228,8	1 438,4
Accumulated amortisation and impairment losses						
At beginning of year	12,2	4,1	437,6	15,3	185,6	654,8
Disposals	–	–	–	(14,2)	(9,5)	(23,7)
Effect of movement in exchange rates	–	–	–	–	(0,5)	(0,5)
Amortisation	–	0,3	1,9	–	15,8	18,0
At end of year	12,2	4,4	439,5	1,1	191,4	648,6
Net carrying value						
At beginning of previous year	477,0	2,4	269,7	–	67,9	817,0
At end of previous year	477,0	2,6	271,5	–	48,2	799,3
At end of current year	477,0	4,1	271,3	–	37,4	789,8

** Capitalisation of fishing rights application costs, computer software, purchase of trademarks and trademark registration costs.*

Useful lives

The fishing rights are amortised over a period of 15 years.

Computer software is amortised over a period of 2 to 10 years.

The majority of trademarks are deemed to have indefinite useful lives, with the exception of trademark registrations, with a net book value of R10,3 million (2021: R9,4 million), which are amortised over their respective useful lives of between 5 and 10 years.

3. Intangible assets and goodwill continued

Cash-generating units containing goodwill and trademarks

The following units have significant carrying amounts of goodwill and trademarks, net of impairment losses:

	Goodwill		Trademarks		Total	
	2022 R'm	2021 R'm	**2022 R'm**	2021 R'm	**2022 R'm**	2021 R'm
Spitz	**449,2**	449,2	**69,5**	69,5	**518,7**	518,7
Carvela	**–**	–	**71,3**	71,3	**71,3**	71,3
Kurt Geiger	**–**	–	**15,3**	15,3	**15,3**	15,3
Yardley	**–**	–	**29,0**	28,8	**29,0**	28,8
Lentheric	**–**	–	**41,4**	41,3	**41,4**	41,3
Exclamation*	**–**	–	**120,3**	–	**120,3**	–
House of Coffees	**15,3**	15,3	**33,6**	33,6	**48,9**	48,9
Baker Street Snacks	**12,5**	12,5	**–**	–	**12,5**	12,5
Multiple units without significant balances*	**–**	–	**41,8**	11,5	**41,8**	11,5
	477,0	477,0	**422,2**	271,3	**899,2**	748,3

** In the current year, the Group concluded the purchase of Exclamation and Gravity from Coty International B.V.*

Goodwill arises on the acquisition of assets that did not meet the criteria for recognition as intangible assets at the date of acquisition.

Impairment tests

The carrying amounts of goodwill and trademarks with indefinite useful lives are reviewed at least annually for impairment. The recoverable amount of goodwill and trademarks is their value in use which is calculated using the discounted cash flow model, taking into account the forecast profits of the cash-generating units they form part of. Management forecasts typically cover a five-year period and thereafter a reasonable rate of growth is applied based on market conditions. Revenue and profit growth assumptions are based on budgets, business plans and historical performance, taking into account the economic and political environment. The current and prior year also took into account the impact of the COVID-19 pandemic. Discount rates used in the discounted cash flow models are based on a weighted average cost of capital of similar businesses in the same sector and of similar size and range between 12,4% and 16,9% (2021: 12,5% and 17,0%) depending on the business' risk profile. Perpetuity growth rates were set at 5,5% (2021: 5,0%). No impairment losses arose in the current year or in the prior year.

4. Investments in joint ventures

	2022 R'm	2021 R'm
Group carrying value of joint venture		
Cost of investment	–	–
Share of post-acquisition reserves	11,9	12,6
Carrying value	11,9	12,6

The above investment relates to Irvin & Johnson Limited's squid fishing joint venture incorporated in Umsobomvu Fishing Proprietary Limited.

5. Other long-term assets

	2022 R'm	2021 R'm
Contributions to Enterprise and Supplier Development initiatives	17,0	17,8
Operating lease straight-line assets	0,4	1,6
Total other long-term assets	17,4	19,4
Less amounts receivable within one year transferred to other receivables (current portion)	(0,2)	–
Total non-current other long-term assets	17,2	19,4

Contributions made to Enterprise and Supplier Development initiatives are loans which are unsecured and have varying terms of repayment of between three and five years depending on the performance of the underlying investment. The contributions made qualify in terms of the BBBEE Amended Codes of Good Practice as contemplated in the Broad-Based Black Economic Empowerment Act.

6. Deferred taxation

	2022 R'm	2021 R'm
Balance at beginning of year, being a net liability	**383,5**	392,3
Charge to profit or loss	**0,1**	(6,0)
– current year temporary differences	**15,0**	(6,1)
– change in tax rate*	**(15,3)**	–
– prior year under provision	**0,4**	0,1
Effect of movement in exchange rates/other	**(0,1)**	(0,1)
Reserve movements in respect of actuarial gains/(losses) recognised directly in other comprehensive income	**12,5**	(0,1)
Reserve movements in respect of cash flow hedging recognised directly in other comprehensive income	**9,0**	0,5
Reserve movements in respect of Group share scheme recharge arrangements	**(0,9)**	(3,1)
Balance at end of year, being a net liability	**404,1**	383,5
Balance at end of year comprises:		
Accelerated capital allowances	**492,3**	516,8
Temporary differences on trademarks	**59,4**	67,5
Provisions and other temporary differences:	**(118,9)**	(150,8)
– post-retirement medical aid	**(82,4)**	(96,9)
– leave pay and bonus accruals	**(83,3)**	(70,8)
– other deductible temporary differences	**46,8**	16,9
Cash flow hedge reserve	**12,6**	3,6
Group share scheme recharge	**(5,8)**	(6,9)
Right-of-use assets and related lease liabilities	**(12,7)**	(16,2)
Unused tax losses	**(22,8)**	(30,5)
	404,1	383,5
Reflected as:		
Deferred taxation asset	**37,8**	43,3
Deferred taxation liability	**441,9**	426,8

** On 23 February 2022, the Minister of Finance announced a reduction of the corporate tax rate from 28% to 27% for companies with years of assessment ending on/after 31 March 2023. As a result, the tax rate applied to temporary differences is 27% (2021: 28%) as this is viewed to be substantively enacted.*

Deferred tax assets recognised on unused tax losses, except as noted below, were recognised as management considered it probable that future taxable profits will be available against which they can be utilised. The probable utilisation of the losses, based on budgeted and forecast results of subsidiary companies, is within three to five years depending on the stability of the businesses. The tax losses do not expire under current tax legislation.

	2022 R'm	2021 R'm
The estimated losses which are available for the reduction of future taxable income	**145,5**	177,2
Less: Estimated losses taken into account in calculating deferred taxation	**84,5**	108,9
Shareholders' interest in the estimated tax losses not yet recognised	**61,0**	68,3

Deferred tax assets have not been recognised in respect of those losses where it is not probable, under current circumstances, that future taxable income will be available to utilise the benefits in the foreseeable future.

7. Inventories

	2022 R'm	2021 R'm
Raw materials	**749,9**	529,2
Consumable stores	**352,1**	297,7
Work in progress	**65,1**	62,9
Manufactured finished goods	**621,9**	625,0
Merchandise – finished goods purchased for resale	**725,6**	716,4
	2 514,6	2 231,2

R31,6 million of inventory was stolen and destroyed during the July 2021 civil unrest. This is recognised in cost of sales. The total cost has been recovered from insurers (Note 18). The inventory stolen related to the following businesses within the Group:

	2022 R'm	2021 R'm
Footwear & Apparel	**19,5**	–
Snackworks	**11,7**	–
Personal Care	**0,4**	–
	31,6	–

8. Biological assets

	2022 R'm	2021 R'm
Balance at beginning of year	**243,0**	223,6
Increase due to farming costs	**95,1**	86,5
Decreases due to harvest	**(181,1)**	(101,2)
Gains arising from change in fair value due to physical change	**40,4**	23,1
Gains arising from change in fair value due to price changes (including exchange rate movements)	**108,7**	11,0
Balance at end of year	**306,1**	243,0
	Kilograms	Kilograms
Standing volume	**678 814**	718 436
Volume harvested in current year	**442 236**	430 638

Biological assets comprise abalone farmed by I&J. The recovery of the COVID-19 lockdown restrictions as well as improving demand and prices in the key Hong Kong market, has contributed to an increase in fair value of stock.

Measurement of fair value

The fair value measure for abalone of R306,1 million (2021: R243,0 million) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. The valuation technique used in measuring fair value, as well as the significant unobservable inputs used are as follows:

Valuation technique

The Group adopts a combination of the market comparison and cost techniques in determining the fair value of abalone, based on the marketable size of the animal. The market comparison model is based on the current market price of abalone which takes cognisance of the animal size, less costs to sell. In the case of smaller animals where no active market exists, the cost technique is adopted and considers the cost per animal taking into account operational costs incurred and the number of animals in the smaller class range.

Significant unobservable inputs

- Cost per animal in the smaller range, determined by the operational costs and the number of animals in the smaller class range;
- Current market price for the size classes where a principal active market exists;
- The current stock holding in tonnes of the different size classes;
- The changes in the operational costs to sell; and
- Growth rates of abalone determined on a monthly moving average in millimetres to gram ratio.

Inter-relationship between key unobservable inputs and the fair value measurement

The estimated fair value would increase/(decrease) if:

- the current market price of abalone were higher/(lower);
- the size and volume of abalone, which are based on growth rates and/or harvest volumes were higher/(lower).

8. Biological assets continued

Risk management strategy related to aquaculture activities

Currency risks

I&J is subject to changes in the exchange rate as abalone sales prices are denominated in US Dollars and biological assets are measured at fair value which is also based on the US Dollar market price. The Group's currency risk management is described in Note 34.5.

Process risks

Abalone farming relies on a living environment which simulates natural conditions. This calls for a continuous supply of water and oxygen to the growing areas. A potential shortage of electrical supply to drive the key equipment is mitigated by failsafe backup power generators.

Critical equipment such as pumps for water flow and fans for oxygen are monitored by sophisticated alarm systems.

Extensive security measures are in place to protect against theft while abalone is growing, being processed and being transported.

Comprehensive fixed asset insurance is in place, whilst livestock insurance covers losses due to theft, accident or transport claims from the point of harvest.

Disease risks

Disease risk is mitigated via a comprehensive biosecurity protocol applied at all levels on the farm. The farm is divided into separate flow-through zones which allows for quarantine and separation should such a risk arise.

Daily monitoring of the water condition and organisms is part of the biosecurity plan.

I&J Dangerpoint farm is part of a specialist vet health monitoring programme where frequent assessments are done to verify the condition of the abalone stock and potentially to provide an early warning of disease risk.

Natural seasonal events could give rise to algal blooms in the ocean which can be a potential risk to animal health. This is mitigated by an algal bloom protocol, which includes the activation of a recirculation and filtration plan to dilute the algal bloom concentration.

9. Trade and other receivables

	2022 R'm	2021 R'm
Trade receivables	**1 554,4**	1 542,4
Indirect taxation	**57,3**	26,6
Prepayments	**49,7**	62,7
Short-term portion of straight-line asset (Note 5)	**0,2**	–
Other receivables	**53,4**	73,4
	1 715,0	1 705,1
The trade receivables balance is made up of:		
Gross trade debtors consideration	**2 114,6**	2 011,0
Allowances for credit notes, discounts and other trading terms	**(554,4)**	(462,0)
Impairment loss allowance	**(5,8)**	(6,6)
	1 554,4	1 542,4

Refer Note 34.3 for a reconciliation of the impairment loss allowance.

Trade accounts are non-interest bearing and are generally on terms of 30 to 90 days.

10. Share capital and premium

	2022 R'm	2021 R'm
Share capital		
Authorised		
Ordinary share capital		
960 000 000 (2021: 960 000 000) ordinary shares of 5 cents each	**48,0**	48,0
Preference share capital		
10 000 000 (2021: 10 000 000) convertible redeemable preference shares of 20 cents each	**2,0**	2,0
Total authorised share capital	**50,0**	50,0
Issued		
336 001 990 (2021: 336 504 469) ordinary shares of 5 cents each	**16,3**	16,3
Delisting and cancellation of treasury shares*	**–**	–
Total issued share capital	**16,3**	16,3
Share premium		
Balance at end of year	**263,1**	263,1
Total issued share capital and premium	**279,4**	279,4
Treasury shares		
Balance at beginning of year	**(150,9)**	(150,9)
Delisting and cancellation of treasury shares*	**75,1**	–
Balance at end of year	**(75,8)**	(150,9)

	2022 Number	2021 Number
The number of ordinary shares in issue is as follows:		
Total issued shares	**336 001 990**	336 504 469
Less: Shares held by the Company's share trusts and subsidiary, and restricted shares held by participants of the Deferred Bonus Share Plan (Note 31)	**(5 484 569)**	(6 430 228)
	330 517 421	330 074 241

** The Company's wholly owned subsidiary, AVI Financial Services Proprietary Limited ("AVI Financial Services"), held 969 501 ordinary shares in the Company at 30 June 2021.*

On 15 December 2021, AVI Financial Services effected a distribution in specie of these shares to the Company, in its capacity as the holding company of AVI Financial Services. The subsequent delisting and cancellation of the 969 501 ordinary shares, as approved by the JSE, was effected on 22 December 2021.

The shares cancelled represented 0,29% of the issued share capital of the Company immediately prior to the cancellation. Post the cancellation, the issued share capital of the Company was 336 001 990 ordinary shares.

The delisting and cancellation of shares resulted in a R75,1 million reduction in the treasury shares balance of which R75,1 million was allocated to the share buy-back reserve and the balance to share capital, with no impact on earnings or earnings per share.

11. Reserves

	2022 R'm	2021 R'm
The balance at end of year comprises:		
Cash flow hedging reserve	**33,5**	9,1
Actuarial reserve	**38,5**	4,4
Foreign currency translation reserve	**(39,8)**	(57,0)
Share-based payment reserve	**550,4**	512,3
Share buy-back reserve	**(373,5)**	(298,4)
	209,1	170,4

Cash flow hedging reserve
The reserve represents the Group's portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions falling due in the future.

Actuarial reserve
The reserve comprises the cumulative actuarial gains/losses in respect of the Group's post-retirement medical aid liability which have been recognised directly in other comprehensive income after taxation. Realisation of this reserve will not be reclassified to profit or loss.

Foreign currency translation reserve
The reserve comprises the cumulative foreign exchange differences arising as a result of the translation of the operations of foreign operations.

Share-based payment reserve
The reserve comprises the fair value of equity instruments granted to Group employees, net of tax on deductible recharges. The fair value of the instruments are measured at grant date using generally accepted valuation techniques after taking into account the terms and conditions upon which the instruments were granted.

Share buy-back reserve
The reserve represents the reversal of share premium relating to the delisting and cancellation of treasury shares.

12. Lease liabilities

	2022 R'm	2021 R'm
Lease liabilities	**472,2**	309,7
Less: portion repayable within one year included in current borrowings (Note 14)	**(118,1)**	(143,9)
Lease liabilities (Non-current portion)	**354,1**	165,8

Lease liabilities mostly relate to the Group's retail businesses which lease all their retail doors. The Group also leases a number of other commercial and industrial sites. Lease liabilities represent the financial obligation of the Group to make lease payments to landlords to use the underlying leased premises, or right-of-use assets, during the lease term. The majority of retail leases cover a period of three to five years and some include an option to renew on expiry. The lease term includes this renewal period if the Group is reasonably certain it will exercise the renewal option, taking into account factors such as store location, historical store performance and the value of lease payments in the renewal period. Further to this, the likelihood of exercising a termination option, if applicable, is considered in determining the lease term.

The discount rate used to determine the present value of future lease payments is generally based on the lessee's incremental borrowing rate, as in most instances, the interest rate implicit in the lease cannot be readily determined. The discount rate applied to new leases concluded during the year varied between 5,59% and 6,95% (2021: 5,56% and 8,00%).

12. Lease liabilities continued

Total cash outflow for leases in the current period

	2022 R'm	2021 R'm
Finance costs	**25,7**	28,1
Capital portion	**158,1**	174,0
Total cash outflow for leases	**183,8**	202,1

The cost relating to variable lease payments, short-term leases and leases of low value assets is disclosed as part of Note 18.

No commitments for variable lease payments have been disclosed due to these being subject to the fulfilment of specific conditions which are uncertain at reporting date.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

13. Employee benefit liabilities

	2022 R'm	2021 R'm
Post-retirement medical aid obligation	**307,5**	348,2
Earnings-linked performance bonus liabilities	**8,3**	6,5
I&J Black Staff Employee Benefit Scheme liability (Note 32)	**0,4**	87,1
	316,2	441,8
Amount payable within one year included in trade and other payables* (Note 16)	**(33,9)**	(121,7)
	282,3	320,1

** Includes the I&J Black Staff Scheme liability in FY21 as the scheme matured in FY22.*

Post-retirement medical aid obligation

	2022 R'm	2021 R'm
Reconciliation of benefit obligation recognised on the balance sheet		
Balance at beginning of year	**348,2**	343,1
Recognised in profit or loss – operating profit	**34,0**	35,7
– Current service cost	**0,8**	0,7
– Interest cost	**33,2**	35,0
Actuarial (gain)/loss recognised in other comprehensive income	**(46,6)**	0,5
Contributions paid	**(28,1)**	(31,1)
Balance at end of year	**307,5**	348,2
Actuarial gain recognised directly in other comprehensive income		
Net cumulative amount at beginning of year	**(4,4)**	(4,8)
Recognised during the year	**(46,6)**	0,5
Deferred tax thereon	**12,5**	(0,1)
Net cumulative amount at end of year	**(38,5)**	(4,4)

The Group has an obligation to provide certain post-retirement medical aid benefits to certain eligible employees and pensioners. The entitlement to these benefits for current employees is dependent upon the employee remaining in service until retirement age. The post-retirement medical aid contributions liability is based on an actuarial valuation.

The principal actuarial assumptions used were:

Discount rate	12,00% (2021: 10,00%)
Medical inflation	8,40% (2021: 7,60%)

13. Employee benefit liabilities continued

Assumed healthcare cost inflation rates have a significant effect on the actuarially determined defined benefit obligation. A one percentage point change in assumed healthcare cost inflation rates would have the following effects:

	One percentage point increase R'm	One percentage point decrease R'm
Increase/(decrease) in the present value of the actuarially determined defined benefit obligation	**25,1**	**(21,8)**
Increase/(decrease) in the aggregate service and interest cost	**3,1**	**(2,7)**

14. Current borrowings including short-term portion of lease liabilities

	2022 R'm	2021 R'm
Short-term borrowings	**1 395,6**	1 609,0
Current portion of lease liabilities (Note 12)	**118,1**	143,9
	1 513,7	1 752,9

Interest on short-term borrowings is calculated daily at the daily borrowing rate applicable and payable monthly.

15. Other financial assets/liabilities including derivatives

	2022 R'm	2021 R'm
Forward exchange contract derivative assets	**72,2**	68,5
Fuel swap derivative assets	**–**	5,1
Other financial assets including derivatives	**72,2**	73,6
Forward exchange contract derivative liabilities	**10,7**	40,0
Fuel swap derivative liabilities	**0,3**	0,1
Other financial liabilities including derivatives	**11,0**	40,1

16. Trade and other payables

	2022 R'm	2021 R'm
Trade payables	**1 116,2**	956,4
Customer contract liabilities	**30,2**	25,8
Employee benefits falling due within one year (Note 13)*	**33,9**	121,7
Other payables and accrued expenses	**662,2**	544,9
	1 842,5	1 648,8

Terms and conditions of significant trade and other payables:
- Trade accounts are non-interest bearing and are normally settled within one month.
- Other payables and accrued expenses are non-interest bearing and are normally settled within six months.

Customer contract liabilities relate to cash received in advance from customers for lay-bye sales and gift card purchases within the Group's retail businesses. Total revenue recognised from completed lay-bye sales and redeemed gift cards for the year is R326,5 million (2021: R326,3 million).

** Includes the I&J Black Staff Scheme liability in FY21 as the scheme matured in FY22.*

17. Revenue

	2022 R'm	2021 R'm
Revenue from contracts with customers comprises the following:		
– Sale of goods	**13 663,3**	13 089,1
– Services, fees, commissions and royalties	**182,0**	180,1
Total	**13 845,3**	13 269,2

Disaggregation of revenue

Disaggregation of revenue from contracts with customers (revenue) into categories that depict the nature, amount, timing and uncertainty of revenue.

The following table sets out revenue by geographical market:

	2022					
Geographical market	**Entyce Beverages R'm**	**Snackworks R'm**	**I&J R'm**	**Personal Care R'm**	**Footwear & Apparel R'm**	**Total R'm**
South Africa	**3 480,5**	**4 074,8**	**970,2**	**1 085,5**	**1 495,7**	**11 106,7**
Other African countries	**492,2**	**599,5**	**36,5**	**91,0**	**15,3**	**1 234,5**
Rest of the world	**8,9**	**28,1**	**1 467,1**	**–**	**–**	**1 504,1**
Total	**3 981,6**	**4 702,4**	**2 473,8**	**1 176,5**	**1 511,0**	**13 845,3**

	2021					
Geographical market	Entyce Beverages R'm	Snackworks R'm	I&J R'm	Personal Care R'm	Footwear & Apparel R'm	Total R'm
South Africa	3 262,3	3 688,9	893,4	1 061,1	1 450,8	10 356,5
Other African countries	503,8	548,5	48,3	91,8	15,2	1 207,6
Rest of the world	11,0	30,4	1 663,7	–	–	1 705,1
Total	3 777,1	4 267,8	2 605,4	1 152,9	1 466,0	13 269,2

The majority of revenue comprises revenue from the sale of goods. Less than 2% (2021: less than 2%) of total revenue comprises income arising from service agreements, rental agreements and trademark license agreements.

18. Operating profit before capital items

	2022 R'm	2021 R'm
In arriving at operating profit before capital items, the following have been taken into account:		
Selling and administrative expenses include, among others:		
Amortisation	18,1	18,0
– fishing rights	0,3	0,3
– computer software	15,7	15,8
– trademarks	2,1	1,9
Depreciation of property, plant and equipment	388,3	388,3
– buildings	18,6	19,7
– plant, equipment and vehicles	297,4	301,0
– vessels	72,3	67,6
Depreciation of right-of-use assets	147,6	152,8
– retail stores and storerooms	120,5	129,0
– other commercial and industrial sites	27,1	23,8
Total depreciation (included in both cost of sales and selling and administrative expenses)	535,9	541,1
Total depreciation and amortisation	554,0	559,1
Auditor's remuneration		
– fees for audit	10,7	10,2
– fees for other services	3,3	1,1
– taxation services and consultations	0,6	0,7
– other	2,7	0,4
Employment costs (Note 31)	2 960,5	2 830,7
Lease expenses:	15,4	14,0
– variable lease payments – turnover rental	(0,2)	0,2
– short-term leases	14,5	11,6
– leases of low-value assets	1,1	2,2
Research and development costs	37,5	37,0
Other income includes, among others:		
Foreign exchange gains	(85,0)	(19,3)
Insurance income – civil unrest	(66,7)	–

19. Interest received

	2022 R'm	2021 R'm
Interest income on cash and cash equivalents and other investments	4,6	21,9

20. Finance costs

	2022 R'm	2021 R'm
Interest expense on borrowings	(89,8)	(93,1)
Interest expense on lease liabilities (Note 12)	(25,7)	(28,1)
	(115,5)	(121,2)

21. Share of equity-accounted (losses)/earnings of joint ventures

	2022 R'm	2021 R'm
Equity-accounted (loss)/profit of non-significant joint venture	(0,8)	3,6
	(0,8)	3,6

22. Capital items

	2022 R'm	2021 R'm
Net loss/(gain) on disposal of property, plant and equipment	3,3	(4,2)
Impairment of property, plant and equipment	–	8,4
Disposal of property, plant and equipment – civil unrest (Note 1)	1,9	–
Insurance proceeds on property, plant and equipment – civil unrest	(3,0)	–
	2,2	4,2
Attributable taxation (Note 23)	(0,6)	(1,1)
	1,6	3,1

23. Taxation

	2022 R'm	2021 R'm
Current income tax	666,8	664,0
Deferred taxation	(0,3)	(6,1)
– Current temporary differences	15,0	(6,1)
– Change in tax rate	(15,3)	–
Withholding tax	7,9	8,7
Prior year under/(over) provisions		
– Current	0,2	(3,0)
– Deferred	0,4	0,1
	675,0	663,7
Dealt with as follows:		
In respect of profit before capital items	675,6	664,8
In respect of capital items (Note 22)	(0,6)	(1,1)
	675,0	663,7
Foreign taxation included in the above	33,4	32,3
Reconciliation of rate of taxation	%	%
Standard rate of company taxation	28,0	28,0
Increase in effective rate as a result of:		
– Disallowable expenditure	0,5	0,8
– Share-based payments	0,2	0,2
– Expenses attributable to exempt income earned	0,3	0,5
– Other	–	0,1
– Exempt income	(0,1)	(0,2)
– Employment tax incentives	(0,1)	(0,1)
– Other	–	(0,1)
– Special tax allowances	(0,2)	(0,1)
– Withholding tax	0,3	0,4
– Effect of foreign tax rate differential	(0,1)	(0,1)
– Prior year over provisions	–	(0,1)
– Change in tax rate	(0,6)	–
Effective rate of taxation for the year	27,8	28,7

24. Cash generated by operations

	2022 R'm	2021 R'm
Profit before tax	**2 426,2**	2 309,4
Adjusted for:		
– Interest received	**(4,6)**	(21,9)
– Finance costs	**115,5**	121,2
– Share of equity-accounted losses/(earnings) of joint ventures	**0,8**	(3,6)
– Capital items	**2,2**	4,2
– Depreciation of property, plant and equipment	**388,3**	388,3
– Depreciation of right-of-use assets	**147,6**	152,8
– Amortisation of intangible assets	**18,1**	18,0
– Foreign currency translations	**0,2**	(9,6)
– Equity-settled share-based payments	**37,2**	43,1
– Movement in provisions and other non-cash items[1]	**(4,7)**	9,5
Cash generated by operations before working capital changes	**3 126,8**	3 011,4
Changes in working capital[2]:	**(127,4)**	9,6
(Increase)/decrease in inventories and biological assets	**(321,6)**	8,1
Decrease in trade and other receivables	**1,7**	71,5
Increase/(decrease) in trade and other payables	**192,5**	(70,0)
Cash generated by operations	**2 999,4**	3 021,0

[1] *Includes non-cash movements in biological assets, fuel swap derivatives, operating lease straight-line assets, inventory obsolescence provisions, impairment loss allowances and bonus and leave pay accruals, offset by related cash payments.*
[2] *The net movement in working capital has been adjusted to take account of the foreign exchange differences and other non-cash items.*

25. Taxation paid

	2022 R'm	2021 R'm
Amount owing at beginning of year	**48,3**	26,8
Amount prepaid at beginning of year	**(16,7)**	(24,2)
Net amount owing at beginning of year	**31,6**	2,6
	674,9	669,7
Charge per profit or loss	**675,0**	663,7
Deferred taxation included therein (Note 6)	**(0,1)**	6,0
Effect of movement in foreign exchange rates	**1,0**	(0,3)
Net amount owing at end of year	**(59,1)**	(31,6)
Amount owing at end of year	**(70,5)**	(48,3)
Amount prepaid at end of year	**11,4**	16,7
Amount paid during year	**648,4**	640,4

26. Other cash flows from investments

	2022 R'm	2021 R'm
Movements in Enterprise and Supplier Development initiatives	**1,2**	0,3
Dividends received from joint ventures	**–**	4,0
	1,2	4,3

27. Changes in liabilities arising from financing activities

	Balance at 1 July 2021 R'm	Cash flows R'm	Non-cash changes: Effect of movement in exchange rates R'm	New leases R'm	Impact of lease modifications and remeasurements R'm	Balance at 30 June 2022 R'm
Short-term borrowings	**1 609,0**	**(213,4)**	**–**	**–**	**–**	**1 395,6**
Lease liabilities	**309,7**	**(158,1)**	**–**	**147,0**	**173,6**	**472,2**
	1 918,7	**(371,5)**	**–**	**147,0**	**173,6**	**1 867,8**

	Balance at 1 July 2020 R'm	Cash flows R'm	Non-cash changes: Effect of movement in exchange rates R'm	New leases R'm	Impact of lease modifications and remeasurements R'm	Balance at 30 June 2022 R'm
Short-term borrowings	1 768,7	(159,7)	–	–	–	1 609,0
Lease liabilities	389,0	(174,0)	(2,0)	88,0	8,7	309,7
	2 157,7	(333,7)	(2,0)	88,0	8,7	1 918,7

28. Earnings and headline earnings

	2022 Gross R'm	2022 Net of tax and non-controlling interests R'm	2021 Gross R'm	2021 Net of tax and non-controlling interests R'm
The calculations of earnings and headline earnings per ordinary share are based on a weighted average of 330 321 721 (2021: 329 850 528) ordinary shares in issue.				
The diluted earnings and headline earnings per share are calculated based on a weighted average of 331 185 837 (2021: 330 845 156) ordinary shares.				
Determination of headline earnings				
Earnings attributable to owners of AVI		**1 751,2**		1 645,7
Adjustment for capital items	**2,2**	**1,6**	4,2	3,1
Net loss/(gain) on disposal of property, plant and equipment	**3,3**	**2,5**	(4,2)	(3,0)
Impairment of property, plant and equipment (Note 1)	**–**	**–**	8,4	6,1
Insurance proceeds on property, plant and equipment – civil unrest	**(3,0)**	**(2,2)**	–	–
Disposal of property, plant and equipment – civil unrest	**1,9**	**1,4**	–	–
Headline earnings		**1 752,8**		1 648,8

28. Earnings and headline earnings continued

	2022 Number	2021 Number
Reconciliation of weighted average number of ordinary shares		
Issued shares at beginning of year	**336 504 469**	335 837 451
Own shares held by trusts and subsidiary at beginning of year	**(6 430 228)**	(6 473 065)
Effect of treasury shares sold in July – September	**2 875**	2 756
Effect of treasury shares sold in October – December	**244 605**	483 386
Weighted average number of ordinary shares	**330 321 721**	329 850 528
Effect of the AVI Revised Executive Share Incentive Scheme instruments outstanding during the year	**3 329**	–
Effect of the AVI Deferred Bonus Share Plan instruments outstanding during the year	**216 939**	286 925
Effect of the AVI Out-Performance Scheme instruments outstanding during the year	**643 848**	707 703
Weighted average diluted number of ordinary shares	**331 185 837**	330 845 156

In determining the dilutive effect of these options, the IFRS 2 – *Share-Based Payment* charge not yet expensed is added to the exercise price.

	2022 Cents	2021 Cents
Earnings per ordinary share	**530,1**	498,9
Diluted earnings per ordinary share	**528,8**	497,4
Headline earnings per ordinary share	**530,6**	499,9
Diluted headline earnings per ordinary share	**529,2**	498,4

29. Dividends paid

	2022 R'm	2021 R'm
Ordinary shares		
No.95 of 250 cents, paid 19 October 2020		826,5
No.96 of 160 cents, paid 19 April 2021		529,0
No.97 of 280 cents, paid 19 April 2021 (special dividend)		925,7
No.98 of 275 cents, paid 25 October 2021	**910,5**	
No.99 of 170 cents, paid 19 April 2022	**562,7**	
	1 473,2	2 281,2
Ordinary dividend No. 100 of 292 cents in respect of the year ended 30 June 2022 was declared on 2 September 2022 and is payable on 24 October 2022. This will be at the following cost after taking account of the ordinary shares in issue at the date of approval of the annual report.	**966,5**	

The dividends have been declared out of income reserves and are subject to dividend withholding tax at a rate of 20% in respect of those shareholders who are not exempt from paying dividend withholding tax.

30. Commitments

	2022 R'm	2021 R'm
Commitments		
Capital commitments		
Capital expenditure authorised by the directors		
Property, plant and equipment		
– contracted for	**174,0**	81,2
– not contracted for	**89,2**	31,5
	263,2	112,7

It is anticipated that this expenditure will be financed by cash resources, cash generated from operating activities and existing borrowing facilities.

Other contractual commitments have been entered into in the normal course of business.

31. Employee benefits

	2022 R'm	2021 R'm
Employment costs	**2 960,5**	2 830,7
Short-term employment benefits	**2 688,1**	2 532,5
Termination benefits	**12,5**	32,3
Retirement benefits	**169,7**	163,4
Post-retirement medical aid costs	**34,0**	35,7
Share-based payments – equity-settled	**37,2**	43,1
Movement in provisions for long-term earnings-linked performance bonuses	**2,7**	0,7
I&J Black Staff Employee Benefit Scheme	**16,3**	23,0

31.1 Retirement benefits

The Group provides retirement benefits for its eligible employees. Of the Group's 9 315 (2021: 9 351) employees, 8 104 (2021: 8 132) are members of defined contribution Group pension and provident funds or state-administered funds in other jurisdictions. South African funds are governed by the Pension Funds Act 1956, as amended. Other funds are governed by the respective legislation of the countries concerned. The contributions paid by the Group companies for retirement benefits are charged to profit or loss as they are incurred, and amounted to R169,7 million (2021: R163,4 million).

31. Employee benefits continued

31.2 Share incentive schemes

The interests of the directors are given on page 96 in the Directors' Remuneration Report.

A summary of the movements in share incentive instruments is set out in the tables below.

The Revised AVI Executive Share Incentive Scheme

The Revised AVI Executive Share Incentive Scheme was approved by shareholders at the Annual General Meeting held on 3 November 2016 and replaced the AVI Executive Share Incentive Scheme. Eligible participants are awarded share appreciation rights which vest after the completion of a three-year service period, subject to the satisfaction of a performance condition, namely that the AVI return on capital employed over the period exceeds the weighted average cost of capital. Upon vesting, participants are entitled to exercise their awards by receiving AVI shares equal to the increase in value of their awards between award date and exercise date. The cost of these AVI shares is funded by way of contributions from employer companies in respect of participants who are their employees.

Date of award	Award price per instrument R	Instruments outstanding at 30 June 2021 number	Awarded number	Exercised/ Lapsed number	Relinquished[1]/ forfeited number	**Instruments outstanding at 30 June 2022 number**
23 November 2016	94,07	176 974	–	(176 974)	–	**–**
1 April 2017	101,79	260 376	–	(138 934)	(121 442)	**–**
1 October 2017	97,77	219 238	–	(32 049)	(61 009)	**126 180**
1 April 2018	108,73	135 697	–	(18 361)	(5 910)	**111 426**
1 October 2018	106,84	142 462	–	(2 663)	–	**139 799**
1 April 2019	89,27	718 889	–	(11 983)	(106 506)	**600 400**
1 October 2019	83,91	466 301	–	–	(169 427)	**296 874**
1 April 2020	69,75	1 165 354	–	(67 873)	(73 789)	**1 023 692**
1 October 2020	74,52	634 605	–	–	(208 877)	**425 728**
1 April 2021	73,85	1 230 004	–	(24 857)	(150 326)	**1 054 821**
1 October 2021	86,04	–	405 352	–	(26 927)	**378 425**
1 April 2022	69,23	–	1 280 685	–	–	**1 280 685**
		5 149 900	1 686 037	(473 694)	(924 213)	**5 438 030**
Weighted average award price (R)		81,03	73,27	92,56	83,12	**77,26**
Weighted average exercise price on date of exercise (R)				15,48		

[1] *The number of relinquished instruments represents instruments sacrificed in favour of AVI Out-Performance Scheme options in terms of the rules of the AVI Out-Performance Scheme.*

The weighted average remaining contractual life of instruments outstanding as at 30 June 2022 is 1,4 years (2021: 1,6 years).

The share appreciation rights are available to be exercised in their entirety three years after the effective date of granting of awards, subject to the performance condition being met. Any rights not exercised by the fifth anniversary of such date will lapse. Exercises in any period prior to vesting in the third year represent the portion allowed to be exercised on retirement, death, disability or retrenchment.

The AVI Out-Performance Scheme

Eligible participants are awarded notional shares which vest after the completion of a three-year service period, and are converted to AVI shares subject to AVI's performance against an identified peer group over the vesting period.

The scheme is based on a total shareholder return ("TSR") measure. TSR is the increase in value of shares after the notional reinvestment of all distributions. Allocations of notional shares are made in conjunction with the identification of the peer group against which that tranche will be measured.

At the measurement date in respect of each tranche:

- AVI's TSR and the TSR of each peer in the peer group for that tranche will be determined;
- the TSR of each peer in the peer group will be ranked in ascending order in 10 performance deciles;
- depending on the peer group decile within which AVI's TSR is ranked, a vesting multiple of between 0 times and 3,6 times will be applied to the notional shares to determine the number of shares allocated to the participant upon vesting. No shares vest if AVI's TSR is ranked below the 50th peer group percentile.

Upon vesting, each participant will receive the AVI shares due to them. The cost of the AVI shares is funded by way of contributions from employer companies in respect of participants who are their employees.

31. Employee benefits continued

31.2 Share incentive schemes continued

As the allocation of awards is a notional allocation, the notional shares so allocated will not attract any dividends or voting rights in the hands of participants until vested.

Date of award	Award price per instrument R	Instruments outstanding at 30 June 2021 number	Awarded number	Exercised number	Forfeited number	**Instruments outstanding at 30 June 2022 number**
1 October 2018	110,52	239 275	–	(239 275)	–	**–**
1 October 2019	83,73	378 964	–	–	(71 061)	**307 903**
1 October 2020	72,42	546 658	–	–	(86 919)	**459 739**
1 October 2021	79,98	–	388 781	–	(45 724)	**343 057**
		1 164 897	388 781	(239 275)	(203 704)	**1 110 699**
Weighted average award price (R)		83,93	79,98	110,52	78,06	**77,89**
Weighted average share price on date of exercise (R)				74,76		

The weighted average remaining contractual life of instruments outstanding as at 30 June 2022 is 1,3 years (2021: 1,5 years).

All notional shares vest three years after award date. Notional shares are converted to AVI shares only if the performance requirements are met on the vesting date.

The AVI Deferred Bonus Share Plan

The Deferred Bonus Share Plan was approved by shareholders at the Annual General Meeting held on 3 November 2016. The value of the awards allocated is determined with reference to each eligible participant's annual bonus (earned under the Group's short-term bonus incentive framework). A portion of the annual bonus is paid in cash while the deferred element is settled in equity as AVI shares and is subject to a three-year service period before vesting, during which period the bonus shares remain restricted. These shares are held by an escrow agent on behalf of participants during this vesting period. Participants are, however, eligible to receive dividends and vote at shareholder meetings.

Date of award	Award price per instrument R	Instruments outstanding at 30 June 2021 number	Awarded number	Vested number	Forfeited number	**Instruments outstanding at 30 June 2022 number**
1 October 2018	106,84	204 908	–	(204 908)	–	**–**
1 October 2019	83,91	132 770	–	(6 548)	(20 280)	**105 942**
1 October 2020	74,52	181 973	–	(6 466)	(25 813)	**149 694**
1 October 2021	86,04	–	279 837	(237)	(42 643)	**236 957**
		519 651	279 837	(218 159)	(88 736)	**492 593**
Weighted average award price (R)		89,66	86,04	105,17	82,20	**82,08**
Weighted average share price on date of exercise (R)				74,94		

The weighted average remaining contractual life of instruments outstanding as at 30 June 2022 is 1,5 years (2021: 1,7 years).

Upon vesting, the shares become unrestricted in the hands of participants. The cost of the AVI shares is funded by way of contributions from employer companies in respect of participants who are their employees.

The vesting of shares prior to the completion of the three-year restriction period represents the portion allowed to vest on retirement, death, disability or retrenchment.

31. Employee benefits continued

31.2 Share incentive schemes continued

The AVI Black Staff Empowerment Scheme

The AVI Black Staff Empowerment Scheme was established to provide certain full-time black employees of the Group with the opportunity of acquiring shares in the capital of the Company, and has been incorporated within the AVI Black Staff Empowerment Scheme Holding Trust ("the Trust"). The purchase of shares by the Trust for the purpose of the scheme was funded by way of loans from employer companies in respect of participants who are their employees.

Participants were granted a right to purchase ordinary AVI shares equal to the number of options awarded in three equal tranches after the fifth, sixth and seventh anniversaries of acceptance of the offer by the participant. The right to purchase was subject to the settlement of the exercise price by the participant and the express condition that the participant was still an employee at the relevant exercise date. The final allocation was made in December 2011 and the final tranche vested on 31 December 2018. The scheme established in terms of the Trust deed has terminated and no further allocations will be made.

The remaining share options at 30 June 2022 in respect of good leavers have lapsed in terms of the scheme rules. These options remain unexercised despite ongoing attempts to trace the affected participants. The Trustees have, however, resolved to allow these participants to exercise their share options should they be traced in future.

	2022 Number	2021 Number
Remaining share options	40 124	40 124

Restrictions

Ordinary shares in the authorised and unissued capital of the Company were placed under the control of the directors with specific authority to allot and issue them in terms of the Company's existing share incentive schemes ("the schemes"). The total number of share instruments, options or instruments convertible into ordinary shares which may be allocated for purposes of the schemes are detailed in the table below.

Share incentive scheme	Authorised number	% of total issued share capital*	Remaining authorised but not issued number
Revised AVI Executive Share Incentive Scheme	5 213 369	1,5	5 199 954
AVI Deferred Bonus Share Plan	5 213 369	1,5	3 996 134
AVI Out-Performance Scheme	6 915 158	2,0	4 428 128
Total	17 341 896	5,0	13 624 216

** As at date authority was granted*

31. Employee benefits continued

31.3 Share-based payments

The fair value of the equity instruments is measured as follows:

Revised AVI Executive Share Incentive Scheme	Black-Scholes valuation model
AVI Out-Performance Scheme	Black-Scholes and Monte Carlo valuation methodology
AVI Deferred Bonus Share Plan	Award date market price of shares

The contractual life of the equity instruments is used as an input into the model. The equity instruments are granted under a service condition and expected attrition is considered in estimating the number of options expected to vest.

The fair value of the estimated number of options expected to vest is expensed over the vesting period of the underlying equity instrument. In the event of accelerated vesting, the remaining fair value of the vested instruments is expensed in the period of vesting.

Assumptions applied in arriving at fair value of instruments issued during the year	**2022**	2021
Equity instruments issued by the Revised AVI Executive Share Incentive Scheme		
Fair value at grant date	**R12,42 – R17,01**	R10,98 – R13,60
Share price	**R55,79 – R71,20**	R60,17 – R60,26
Exercise price	**R69,23 – R86,04**	R73,85 – R74,52
Expected volatility	**26,2% – 28,1%**	21,2% – 28,6%
Option life	**3,5 years**	3,5 years
Dividend yield	**1,70% – 2,75%**	1,60% – 2,50%
Risk-free interest rate	**7,60% – 8,10%**	7,20% – 7,50%
Equity instruments issued by the AVI Out-Performance Scheme		
Fair value at grant date	**R42,22**	R41,24
Share price	**R80,00**	R72,47
Option life	**3 years**	3 years
Dividend yield	**5,4%**	2,6%
Risk-free interest rate	**7,60%**	7,20%
Expected mean TSR performance	**6,6%**	7,2%
Equity instruments issued by the AVI Deferred Bonus Share Plan		
Share price	**R86,04**	R74,52

The expected volatility is based on the average volatility over a period of six months prior to grant date or measurement date.

The R186 bond rate was used to determine a risk-free interest rate at grant date or measurement date.

	2022 R'm	2021 R'm
Share-based payment expense		
Revised AVI Executive Share Incentive Scheme	**11,4**	12,7
AVI Out-Performance Scheme	**13,2**	15,9
AVI Deferred Bonus Share Plan	**12,6**	14,5
	37,2	43,1

32. Broad-Based Black Economic Empowerment ("BBBEE") transactions

Irvin & Johnson Holding Company Proprietary Limited ("I&J HoldCo")

The Company sold 20% of its shareholding in I&J HoldCo to Main Street 198 Proprietary Limited ("Main Street") in November 2004. Main Street is jointly owned by Mast Fishing Investment Holdings Proprietary Limited ("Mast Fishing") and Tresso Trading 946 Proprietary Limited ("Tresso Trading"), two broad-based black empowered companies with strong commitments to the South African fishing industry. The proceeds on disposal amounted to R160,8 million and the consideration was funded by the Company subscribing for cumulative redeemable preference shares in Main Street.

The Main Street Memorandum of Incorporation allows for the payment of ordinary dividends to Main Street's shareholders out of dividends received by Main Street from I&J HoldCo, with the balance paid as preference dividends to AVI. Furthermore, the I&J HoldCo shareholders agreement provides for put and call options between the Company and Main Street, the exercise price of which is determined by a fixed formula based on I&J HoldCo's earnings.

During June 2018, the exercise date of the put and call options was extended from July 2018 to July 2022. As part of the extension, a minimum guaranteed exercise price of R106,8 million was agreed with Main Street based on the application of the fixed formula at 30 June 2018. R65,0 million of this minimum guaranteed amount was paid to Main Street in June 2018, and a further R9,0 million paid in September 2021 with the balance payable on exercise of the put and call options.

During June 2022, the exercise date of the put and call options was further extended from July 2022 to July 2023. As part of the extension, it was agreed that the remainder of the minimum guaranteed amount of R32,8 million would be paid to Main Street in July 2022. Any further balance payable to Main Street will be determined on exercise of the put and call options.

AVI further increased the BBBEE shareholding in I&J HoldCo by donating 1% and selling 4% of its shareholding in I&J HoldCo to a company owned by the South African black employees of I&J HoldCo and its subsidiaries, Richtrau No. 53 Proprietary Limited ("Richtrau"), on 1 May 2005. On completion of the first vesting cycle and settlement of the gains due to I&J HoldCo's black employees, the scheme has been extended through the introduction of the I&J Black Staff Holding Company Proprietary Limited ("I&J Black Staff HoldCo"), a company owned by the South African black employees of I&J HoldCo and its subsidiaries, which acquired 100% of the issued share capital of Richtrau. The consideration paid by the I&J Black Staff HoldCo amounted to R15,3 million and was funded by AVI Limited subscribing for cumulative redeemable preference shares in the I&J Black Staff HoldCo. Effective 22 December 2021 the Company exercised its call option, which resulted in the payout of R103,0 million to I&J's black employees.

Following the exercise of the call option in December 2021, an updated staff scheme was implemented at I&J Limited (a subsidiary of I&J HoldCo). Through the introduction of this scheme 6,25% of the shareholding in I&J Limited was issued to the I&J Staff Holding Company Proprietary Limited ("I&J Staff HoldCo"), a company owned by the South African black employees of I&J Limited and its subsidiaries.

As part of the implementation of the replacement scheme, I&J Staff HoldCo obtained notional vendor finance ("NVF") from I&J Limited to fund the purchase consideration of R38,5 million.

As a result of the above arrangements the effective direct BBBEE shareholding in I&J HoldCo is 20% (2021: 25%) and I&J Limited 25% (2021: 25%).

The Group has adopted the following principles in accounting for the transactions referred to above:

Accounting recognition of the non-controlling interests in I&J HoldCo

Notwithstanding that the BBBEE transactions have been completed and that the BBBEE shareholders have beneficial ownership and voting control over their 25% shareholding, the accounting recognition in the Group's consolidated annual financial statements of a non-controlling interest in respect of shares held by the BBBEE companies in I&J HoldCo is deferred until such shares in I&J HoldCo are regarded as issued outside of the Group in terms of the control principles of IFRS 10 – *Consolidated Financial Statements*. Payments made to the Main Street shareholders are reflected directly against equity.

32. Broad-Based Black Economic Empowerment ("BBBEE") transactions continued

Main Street

The sale of the 20% interest to Main Street was an equity instrument that was considered to have fully vested in the hands of the participants before 1 January 2005. Under the exemption offered by IFRS 1 – *First-time Adoption of IFRS* the transaction was not accounted for as a share-based payment.

The extension of the arrangement in June 2018 was treated as a modification within the scope of IFRS 2 – *Share-based Payment*. Prior to the extension AVI could elect to settle the transaction in either shares or cash. The inclusion of the minimum guaranteed amount, however, resulted in the modification of the transaction from an equity-settled share-based payment transaction to a cash-settled share-based payment transaction. The payment of R65,0 million and the present value of the remaining minimum guaranteed amount were recorded directly against equity as part of the modification of the previous equity-settled arrangement. A cash-settled share-based payment liability of R34,8 million (2021: R41,6 million) has been recognised for the present value of the remaining minimum guaranteed amount plus estimated dividends over the remaining period. The fair value of any potential incremental value over and above the minimum guaranteed amount upon final vesting was estimated to be negligible at 30 June 2022 considering that the calculation of the minimum guaranteed amount was based on a period of high earnings. The fair value of the potential incremental value, as assessed annually, is measured using the Monte Carlo valuation methodology by extrapolating I&J HoldCo's historical earnings over the remaining vesting period, discounted at 5,5% (2021: 5,5%).

No derivative asset or liability is recognised on consolidation for the put and call options as the Company is deemed to control Main Street in terms of the principles of IFRS 10 – *Consolidated Financial Statements* while the preference shares remain outstanding.

I&J Black Staff HoldCo

The I&J Black Staff HoldCo shareholders' agreement provided for the payment of ordinary dividends equal to 10% of dividends received from I&J HoldCo, through the shareholding in Richtrau, to the I&J Black Staff HoldCo's shareholders (who are employees of I&J HoldCo) on an annual basis. Furthermore, the I&J Black Staff HoldCo Memorandum of Incorporation provided for a call option whereby the Company could acquire the shareholding in I&J Black Staff HoldCo from the shareholders (who are employees of I&J) from 1 July 2021, and a put option whereby the shareholders of I&J Black Staff HoldCo could require the Company to purchase their shareholding in I&J Black Staff HoldCo from 28 December 2021. The Company exercised its call option on 22 December 2021. The exercise price was determined by a fixed formula per the shareholders' agreement, largely based on I&J HoldCo's earnings performance and the remaining redeemable preference share liability. An amount of R103,0 million was paid to shareholders on this date. The arrangement was accounted for as an employee benefit liability within the scope of IAS 19 – *Employee Benefits* in the consolidated annual financial statements as ultimately the obligation was to the employees of the Group.

I&J Staff HoldCo

The I&J Staff HoldCo shareholders' agreement provides for the payment of ordinary dividends equal to 10% of dividends received from I&J Limited, to the I&J Staff HoldCo's shareholders (who are employees of I&J Limited and its subsidiaries) on an annual basis. Furthermore, the I&J Staff HoldCo Memorandum of Incorporation provides for a call option whereby I&J HoldCo can acquire I&J Staff HoldCo's shareholding from I&J Limited from 1 July 2038, and a put option whereby the shareholders of I&J Staff HoldCo could require the Company to purchase their shareholding in I&J Staff HoldCo from 28 December 2038. The exercise price is determined by a fixed formula per the shareholders' agreement largely based on I&J Limited's earnings performance and the remaining value of the NVF loan balance. The arrangement has been accounted for as an employee benefit liability within the scope of IAS 19 – *Employee Benefits* in the consolidated annual financial statements as ultimately the obligation is to the employees of the Group. The liability (Note 13 – R0,4 million at 30 June 2022) has been measured using the projected unit credit method and a corresponding expense has been recognised in the current year.

33. Related party transactions

	2022 R'm	2021 R'm
Transactions with group entities		
Purchases from joint ventures	**19,2**	40,8
Payments to AVI Limited Pension Fund	**97,0**	99,0
Payments to AVI Limited Provident Fund	**129,0**	123,0

Details of the significant subsidiaries, joint ventures and other investments are given on pages 128 and 161.

Material shareholders
The Company does not have a holding company.

Ordinary shares
The beneficial holders of 3% or more of the issued ordinary shares of the Company at 30 June 2022, according to the information available to the directors were:

	Number of ordinary shares	%
Government Employees Pension Fund	**64 559 378**	19,2
Allan Gray	**29 290 257**	8,7
Vanguard Investment Management	**12 341 973**	3,7

Directors of the Company
Directors' emoluments
The individual directors' emoluments paid in respect of the financial period under review are set out in the Directors' Remuneration Report on page 98.

Directors' service contracts
Standard terms and conditions of employment apply to executive directors, which provide for notice of termination of three months. Non-executive directors conclude service contracts with the Company on appointment. Their term of office is governed by the Memorandum of Incorporation which provides that one-third of the aggregate number of directors will retire by rotation at each Annual General Meeting, but may, if eligible, offer themselves for re-election.

Transactions with key management personnel
The directors of the Company, directors of its subsidiaries and business unit management with executive responsibility have been identified as the key management personnel of the Group.

The key management personnel costs are as follows:

	2022 R'm	2021 R'm
Short-term employee benefits	**150,8**	135,6
Post-employment benefits	**8,2**	8,7
Termination benefits	**1,4**	8,0
Other long-term benefits*	**0,9**	0,9
Share-based payment benefits	**22,4**	33,3
	183,7	186,5

** Gains on settlement of long-term earnings-linked performance bonuses*

Executives also participate in the Company's share incentive schemes, details of which are provided in Note 31.

34. Financial risk management

34.1 Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing financial risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework. The AVI Group Treasury, together with the relevant business unit executives, is responsible for developing the relevant financial risk management policies and for monitoring risk.

The Group's financial risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to identify and review changes in market conditions and the Group's activities. The Group aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees management's monitoring of compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the financial risks faced by the Group. The Group Audit Committee is assisted in its oversight role by internal audit.

34.2 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board of directors monitors the return on average capital employed, which the Group defines as operating profit before capital items from continuing operations, after taxation, divided by average total shareholders' equity plus net debt.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target, which is determined by the AVI Board, is to achieve a return on average capital employed of at least 120% of the weighted average cost of capital, which was estimated at 11,1% (2021: 11,2%). In 2022 the return was 29,1% (2021: 27,6%). In comparison, the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 4,90% (2021: 4,83%).

From time to time the Group purchases its own shares in the market under general authority granted by shareholders; the timing of these purchases depends on market prices. Primarily the shares are repurchased as part of a programme to return capital to shareholders, but some may be used for issuing shares under the Group's incentive schemes. Buying decisions are made under specific mandates from the executive directors.

There were no changes to the Group's approach to capital management during the year.

The AVI Group is subject to and complies with the following financial covenants required by some of the Group's bankers:

- consolidated net debt to EBITDA less than 2,5
- consolidated EBITDA to net interest paid greater than 3,5

Internal debt limits used by executive management on a day-to-day basis are more conservative than the above.

34. Financial risk management continued

34.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, cash and cash equivalents, loan receivables and other investments.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Geographically there is concentration of credit risk in the South African market.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount; these limits are reviewed annually or when conditions arise that warrant a review. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Most of the Group's customers have been transacting with the Group for over three years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, ageing profile, maturity, existence of previous financial difficulties and existence of current financial difficulties due to the impact of COVID-19 or otherwise. Trade and other receivables relate mainly to the Group's retail and wholesale customers. Customers that are graded as high risk are placed on a restricted customer list, and future sales are made on a prepayment basis. Overdue accounts are put on hold until payments are received to return them to within limits.

Most goods sold are subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group establishes an impairment loss allowance for expected credit losses in respect of trade and other receivables by applying the simplified approach of IFRS 9, measuring the impairment loss allowance based on lifetime expected credit loss. Further to this, as a practical expedient, the Group applies a provision matrix assessing historical credit losses per aged bucket of trade debtors, grouped into customer segments with similar loss patterns, and overlays this with the Group's assessment of general economic conditions to estimate expected future losses. The assessment of impairment loss allowance takes into account credit enhancements that are part of the contractual terms and are not recognised separately by the Group. The majority of the debtors balance is insured.

Cash and cash equivalents, loan receivables and other investments

The majority of the Group's investments are in liquid securities with counterparties that have sound credit ratings. Where considered necessary, security is sought. Management does not expect any counterparty to fail to meet its obligations.

Guarantees

The Company's policy is to provide limited financial guarantees in respect of banking facilities for subsidiaries. At 30 June 2022 guarantees were in place for AVI Financial Services Proprietary Limited, National Brands Limited, Irvin & Johnson Holding Company Proprietary Limited, A&D Spitz Proprietary Limited, Indigo Brands Proprietary Limited, Hampton Sportswear Proprietary Limited, Green Cross Manufacturers Proprietary Limited, Ciro Full Service Beverage Company Proprietary Limited, Irvin & Johnson Aquaculture Proprietary Limited and Irvin & Johnson Property Holding Company Proprietary Limited (2021: AVI Financial Services Proprietary Limited, National Brands Limited, Irvin & Johnson Holding Company Proprietary Limited, A&D Spitz Proprietary Limited, Indigo Brands Proprietary Limited, Hampton Sportswear Proprietary Limited, Green Cross Manufacturers Proprietary Limited, Ciro Full Service Beverage Company Proprietary Limited, Irvin & Johnson Aquaculture Proprietary Limited and Irvin & Johnson Property Holding Company Proprietary Limited). There have been no draw downs of the above-mentioned guarantees in the current and prior year.

In addition, the Company provides limited sureties for subsidiaries in relation to outstanding debt under the cash management agreement for Group subsidiary companies that participate in the Group's cash management agreement.

34. Financial risk management continued

34.3 Credit risk continued

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2022 R'm	2021 R'm
Long-term receivables	**17,0**	17,8
Derivatives	**72,2**	73,6
Trade and other receivables*	**1 608,0**	1 615,8
Cash and cash equivalents	**191,4**	194,1
Total	**1 888,6**	1 901,3

** Excludes prepayments and VAT receivables.*

The maximum exposure to credit risk for trade receivables** for the Group at the reporting date by geographic region was:

	Carrying amount	
	2022 R'm	2021 R'm
South Africa	**1 170,5**	1 134,1
Europe	**195,6**	242,5
Australasia	**21,9**	18,5
Rest of Africa	**133,0**	138,2
Other	**39,2**	15,7
Total	**1 560,2**	1 549,0

*** Net of allowances for credit notes, discounts and other trade terms*

The maximum exposure to credit risk for trade receivables for the Group at the reporting date by type of customer was:

	Carrying amount	
	2022 R'm	2021 R'm
Wholesale customers	**675,7**	600,3
Retail customers	**785,8**	829,7
End-user customers and direct sales	**98,7**	119,0
Total	**1 560,2**	1 549,0

The Group's most significant customers, being two South African retailers, accounted for 31,7% of the carrying amount of trade receivables at 30 June 2022 (2021: 30,8%).

34. Financial risk management continued

34.3 Credit risk continued

Impairment losses

The ageing of trade receivables at the reporting date was:

	2022			2021		
	Gross R'm	Impairment loss allowance R'm	Expected credit loss rate %	Gross R'm	Impairment loss allowance R'm	Expected credit loss rate %
Not past due	**1 503,6**	**(0,5)**	**0,0**	1 505,4	(0,1)	0,0
Past due 0 – 30 days	**35,1**	**(0,3)**	**0,9**	26,5	(0,6)	2,3
Past due 31 – 120 days	**16,6**	**(1,0)**	**6,0**	11,4	(1,2)	10,5
Past due 121 days – 1 year	**1,9**	**(1,0)**	**52,6**	2,0	(1,0)	50,0
Past due more than 1 year	**3,0**	**(3,0)**	**100,0**	3,7	(3,7)	100,0
Total	**1 560,2**	**(5,8)**	**0,4**	1 549,0	(6,6)	0,4

The majority of trade receivables not past due relate to credit extended to large South African retailers and wholesalers, considered to be of a high credit grade.

Based on historical default rates, the Group believes that a nominal impairment loss allowance is appropriate in respect of trade receivables not past due.

The movement in the impairment loss allowance in respect of trade receivables during the year was as follows:

	2022 R'm	2021 R'm
Balance as at 1 July	**(6,6)**	(10,7)
Impairment loss recognised in profit or loss	**(0,4)**	2,3
Effect of movement in exchange rates	**(0,1)**	0,2
Impairment loss utilised	**1,3**	1,6
Balance as at 30 June	**(5,8)**	(6,6)

The Group establishes an impairment loss allowance for expected credit losses in respect of trade and other receivables by applying the simplified approach of IFRS 9, measuring the impairment loss allowance based on lifetime expected credit loss. Further to this, as a practical expedient, the Group applies a provision matrix assessing historical credit losses per aged bucket of trade debtors, grouped into customer segments with similar loss patterns, and overlays this with the Group's assessment of general economic conditions to estimate expected future losses. The assessment of impairment loss allowance takes into account credit enhancements that are part of the contractual terms and are not recognised separately by the Group. The majority of the debtors balance is insured.

The assumptions used to calculate the expected credit loss allowance include, among others, insurance cover in place, past impairment provisions and bad debts written off as well as management's assessment of the fast-moving consumer goods environment.

The allowance for impairment in respect of trade receivables is used to record expected credit losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly.

The carrying amounts represent the maximum exposure to credit risk.

34. Financial risk management continued

34.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group actively manages short-term funding requirements via the Group Treasury with regular forecasts. Typically the Group ensures that it has sufficient liquidity to meet expected operational expenses for a period of eight weeks, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Group maintains R3,7 billion of committed borrowing facilities with banks. These are a combination of short- and medium-term facilities. These facilities provide the Group with access to sufficient funding to maintain its strong financial position.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount R'm	Contractual cash flows R'm	1 year or less R'm	+1 – 2 years R'm	+2 – 5 years R'm	More than 5 years R'm
30 June 2022						
Non-derivative financial liabilities						
Trade and other payables*	**1 395,5**	**1 395,5**	**1 395,5**	**–**	**–**	**–**
Lease liabilities	**472,2**	**586,9**	**150,1**	**109,8**	**154,1**	**173,0**
Current borrowings	**1 395,6**	**1 395,6**	**1 395,6**	**–**	**–**	**–**
	3 263,3	**3 378,0**	**2 941,2**	**109,8**	**154,1**	**173,0**
30 June 2021						
Non-derivative financial liabilities						
Trade and other payables*	1 189,4	1 189,4	1 189,4	–	–	–
Lease liabilities	309,7	343,0	167,8	97,5	77,4	0,3
Current borrowings	1 609,0	1 609,0	1 609,0	–	–	–
	3 108,1	3 141,4	2 966,2	97,5	77,4	0,3

** Excludes earnings-linked performance bonuses, post-retirement medical aid liabilities and indirect tax liabilities.*

34. Financial risk management continued

34.4 Liquidity risk continued

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur.

	Carrying amount R'm	Contractual cash flows R'm	1 year or less R'm	+1 – 2 years R'm	+2 – 5 years R'm	More than 5 years R'm
30 June 2022						
FEC's used for hedging						
– Imports	**29,6**	**753,9**	**753,9**	**–**	**–**	**–**
– Exports	**17,0**	**(589,9)**	**(589,9)**	**–**	**–**	**–**
	46,6	**164,0**	**164,0**	**–**	**–**	**–**
Imports – average forward rate:						
– USD/ZAR			**15,32**			
– EUR/ZAR			**17,27**			
Exports – average forward rate:						
– USD/ZAR			**16,32**			
– EUR/ZAR			**18,62**			
30 June 2021						
FEC's used for hedging						
– Imports	(18,6)	992,4	992,4	–	–	–
– Exports	32,1	(414,9)	(414,9)	–	–	–
	13,5	577,5	577,5	–	–	–
Imports – average forward rate:						
– USD/ZAR			14,98			
– EUR/ZAR			17,79			
Exports – average forward rate:						
– USD/ZAR			15,60			
– EUR/ZAR			19,67			

34.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity input prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

The Group buys foreign currency derivatives in order to manage foreign exchange risks. Such transactions are carried out within the guidelines set by the Group Treasury. Generally the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

The Group also enters into fuel swaps to manage a portion of its exposure to fluctuations in oil prices.

The Group does not enter into commodity contracts other than to meet the Group's expected usage requirements; such contracts are not net settled.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The Group is primarily exposed to the Euro, the US Dollar and the Australian Dollar.

Generally the Group hedges 25 to 75 percent of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 12 months. The Group hedges between 75 and 100 percent of all trade receivables, trade payables and firm and ascertainable commitments denominated in a foreign currency. The Group uses forward exchange contracts to hedge its currency risk, all with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

In respect of transactions not covered by forward exchange contracts or other monetary assets and liabilities denominated in foreign currencies that arise in the normal course, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

The Group's investments in foreign subsidiaries are not hedged as those currency positions are considered to be long term in nature.

34. Financial risk management continued

34.5 Market risk continued

Exposure to currency risk

The Group's exposure to significant foreign currency risk was as follows, based on nominal amounts:

	Trade receivables FC'm	Cash and cash equivalents FC'm	Trade payables FC'm	Borrowings (including lease liabilities) FC'm	Balance sheet exposure FC'm	Estimated forecast sales* FC'm	Estimated forecast purchases* FC'm	FEC's on sales/ receivables FC'm	FEC's on purchases/ payables FC'm	Net forecast FC exposure FC'm
Net exposure as at 30 June 2022										
Australian Dollar	**1,9**	**–**	**–**	**–**	**1,9**	**11,1**	**–**	**(2,3)**	**–**	**10,7**
Botswana Pula	**31,7**	**31,1**	**(1,1)**	**(0,7)**	**61,0**	**–**	**–**	**–**	**–**	**61,0**
Euro	**11,0**	**1,5**	**(4,0)**	**(1,2)**	**7,3**	**55,1**	**(29,1)**	**(27,1)**	**18,0**	**24,2**
US Dollar	**2,8**	**1,0**	**(5,5)**	**(0,9)**	**(2,6)**	**28,6**	**(77,4)**	**(13,1)**	**31,1**	**(33,4)**
Zambian Kwacha	**19,5**	**27,8**	**–**	**–**	**47,3**	**–**	**–**	**–**	**–**	**47,3**
Net exposure as at 30 June 2021										
Australian Dollar	1,7	0,8	–	–	2,5	15,3	–	(7,0)	–	10,8
Botswana Pula	26,7	25,4	(4,3)	(4,4)	43,4	–	–	–	–	43,4
Euro	14,0	4,2	(3,5)	(0,4)	14,3	59,9	(25,7)	(18,1)	20,4	50,8
US Dollar	3,6	2,4	(4,2)	(0,8)	1,0	19,2	(65,0)	(6,0)	43,7	(7,1)
Zambian Kwacha	26,0	11,9	(5,6)	–	32,3	–	–	–	–	32,3

** Estimated forecast sales and purchases reflect anticipated transactions for the 12 months from 30 June.*

The following significant exchange rates applied during the year:

	Reporting date			
	30 June 2022		30 June 2021	
1FC = X ZAR	**Closing rate**	**Average for the year**	Closing rate	Average for the year
Australian Dollar	**11,24**	**11,14**	10,71	11,47
Botswana Pula	**1,31**	**1,31**	1,31	1,37
Euro	**17,07**	**17,13**	16,93	18,35
US Dollar	**16,28**	**15,21**	14,28	15,39
Zambian Kwacha	**0,97**	**0,87**	0,63	0,73

Sensitivity analysis

A 10 percent weakening of the Rand against the following currencies at 30 June applied against the net forecast foreign currency exposure for the next 12 months would result in the following changes to operating profit over a 12 month period. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as 2021.

	Profit/(loss) and equity	
	2022 R'm	2021 R'm
Australian Dollar	**12,0**	11,6
Botswana Pula	**8,0**	5,7
Euro	**41,3**	86,0
US Dollar	**(54,4)**	(10,1)
Zambian Kwacha	**4,6**	2,0
	11,5	95,2

A 10 percent strengthening of the Rand against the above currencies at 30 June would have had an equal but opposite effect to the amounts shown above. This analysis assumes that all other variables, in particular interest rates, remain constant.

34. Financial risk management continued

34.5 Market risk continued

Interest rate risk

The Group, being strongly cash generative, adopts a policy of ensuring that most of its exposure to changes in interest rates on borrowings is on a floating rate basis. Where economical, interest rate swaps may be entered into on a portion of debt.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2022 R'm	2021 R'm
Variable rate instruments		
– financial assets[1]	**191,4**	194,1
– financial liabilities[2]	**(1 395,6)**	(1 609,0)
	(1 204,2)	(1 414,9)

[1] *Includes cash and cash equivalents*
[2] *Includes current borrowings*

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date, calculated on the closing balances and using simple interest for 12 months, would have decreased profit by the amounts shown below. A decrease of 100 basis points would have had an equal but opposite effect to the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

	Profit/(loss) and equity	
	2022 R'm	2021 R'm
Variable rate instruments		
– financial assets	**1,9**	1,9
– financial liabilities	**(14,0)**	(16,1)
Net cash flow sensitivity	**(12,1)**	(14,2)

35. Financial assets and liabilities

Accounting classifications and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, including their levels in the fair value hierarchy (if applicable).

	CARRYING AMOUNT			FAIR VALUE HIERARCHY		
	Assets	Debt instruments, derivatives and equity instruments at fair value through profit or loss	Debt instruments at amortised cost	Level 1	Level 2	Level 3
	Liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost			
30 June 2022	**R'm**	**R'm**	**R'm**	**R'm**	**R'm**	**R'm**
Financial assets measured at fair value	**72,2**	**72,2**	**–**	**–**	**72,2**	**–**
Forward exchange contract derivative assets	72,2	72,2	–		72,2	
Fuel swap derivative assets	–	–	–		–	
Financial assets not measured at fair value	**1 816,2**	**–**	**1 816,2**	**–**	**–**	**–**
Contributions to Enterprise and Supplier Development initiatives	17,0	–	17,0			
Trade and other receivables						
– Trade receivables	1 554,4	–	1 554,4			
– Other receivables	53,4	–	53,4			
Cash and cash equivalents	191,4	–	191,4			
Financial liabilities measured at fair value	**(11,0)**	**(11,0)**	**–**	**–**	**(11,0)**	**–**
Forward exchange contract derivative liabilities	(10,7)	(10,7)	–		(10,7)	
Fuel swap derivative liabilities	(0,3)	(0,3)	–		(0,3)	
Financial liabilities not measured at fair value	**(3 676,4)**	**–**	**(3 676,4)**	**–**	**–**	**–**
Current borrowings	(1 395,6)	–	(1 395,6)			
Lease liabilities	(472,2)	–	(472,2)			
Trade and other payables						
– Trade payables	(1 116,2)	–	(1 116,2)			
– Other payables	(692,4)	–	(692,4)			

35. Financial assets and liabilities continued

Accounting classifications and fair values continued

	CARRYING AMOUNT			FAIR VALUE HIERARCHY		
	Assets	Debt instruments, derivatives and equity instruments at fair value through profit or loss	Debt instruments at amortised cost	Level 1	Level 2	Level 3
	Liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost			
30 June 2021	R'm	R'm	R'm	R'm	R'm	R'm
Financial assets measured at fair value	73,6	73,6	–	–	73,6	–
Forward exchange contract derivative assets	68,5	68,5	–		68,5	
Fuel swap derivative assets	5,1	5,1	–		5,1	
Financial assets not measured at fair value	1 827,7	–	1 827,7	–	–	–
Contributions to Enterprise and Supplier Development initiatives	17,8	–	17,8			
Trade and other receivables						
– Trade receivables	1 542,4	–	1 542,4			
– Other receivables	73,4	–	73,4			
Cash and cash equivalents	194,1	–	194,1			
Financial liabilities measured at fair value	(40,1)	(40,1)	–	–	(40,1)	–
Forward exchange contract derivative liabilities	(40,0)	(40,0)	–		(40,0)	
Fuel swap derivative liabilities	(0,1)	(0,1)	–		(0,1)	
Financial liabilities not measured at fair value	(3 445,8)	–	(3 445,8)	–	–	–
Current borrowings	(1 609,0)	–	(1 609,0)			
Lease liabilities	(309,7)	–	(309,7)			
Trade and other payables						
– Trade payables	(956,4)	–	(956,4)			
– Other payables	(570,7)	–	(570,7)			

35. Financial assets and liabilities continued

Management has assessed that the fair values of cash and cash equivalents, trade and other receivables, trade and other payables and current borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

The different levels as disclosed in the table above have been defined as follows:
Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Measurement of fair value
The following table shows the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Derivative assets and liabilities at fair value: used for hedging	Market comparison technique: The fair value of foreign currency contracts and fuel swaps (used for hedging) are marked-to-market by comparing the contracted forward rate to the present value of the current forward rate of an equivalent contract with the same maturity date.	Not applicable	Not applicable

There were no transfers between Levels 1, 2 or 3 of the fair value hierarchy for the years ended 30 June 2022 and 30 June 2021.

36. Post balance sheet date events

No material events that meet the requirements of IAS 10 have occurred since the reporting date.

37. Going concern

The Group earned a net profit for the year ended 30 June 2022 of R1 751,2 million (2021: R1 645,7 million) and as of that date, its total assets exceeded its total liabilities by R4 793,7 million (2021: R4 401,9 million). The directors have made an assessment of the ability of the Group to continue as a going concern and have no reason to believe that the Group will not be a going concern in the year ahead.

annexure a – interests in other entities

Interests in other entities as at 30 June 2022

Principal subsidiary companies of AVI Limited

Name of company and nature of business	Class	Issued permanent capital* 2022 R'm	Issued permanent capital* 2021 R'm	Group effective percentage holding 2022 %	Group effective percentage holding 2021 %
A&D Spitz Proprietary Limited – retailer of branded shoes and apparel	Ord	**–**	–	**100**	100
Irvin & Johnson Holding Company Proprietary Limited – integrated fishing, processing and marketing of branded value-added fish and seafood products	Ord	**–**	–	**80**	75
Indigo Brands Proprietary Limited – manufacturers and distributors of leading body spray, fragrance, cosmetics and body lotion products	Ord	**–**	–	**100**	100
National Brands Limited – manufacturers and marketers of branded food and beverage products	Ord	**3,5**	3,5	**100**	100

All companies are incorporated in South Africa.

** Where Rnil amount is less than R1 million.*

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annexure b – analysis of ordinary shareholders

Analysis of ordinary shareholders as at 30 June 2022

Shareholder Spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000 shares	11 204	66,12	3 700 903	1,10
1 001 – 10 000 shares	4 443	26,22	13 648 433	4,06
10 001 – 100 000 shares	928	5,48	29 908 635	8,90
100 001 – 1 000 000 shares	315	1,86	93 810 946	27,92
1 000 001 shares and over	55	0,32	194 933 073	58,02
Total	**16 945**	**100,00**	**336 001 990**	**100,00**
Distribution of Shareholders				
Assurance Companies	92	0,54	6 974 658	2,1
Close Corporations	137	0,81	340 125	0,1
Collective Investment Schemes	515	3,04	140 142 147	41,7
Control Accounts	2	0,01	69	0,0
Custodians	45	0,27	4 713 773	1,4
Foundations & Charitable Funds	150	0,89	2 150 388	0,6
Hedge Funds	4	0,02	418 422	0,1
Insurance Companies	19	0,11	3 003 873	0,9
Investment Partnerships	42	0,25	803 804	0,2
Managed Funds	92	0,54	17 977 434	5,4
Medical Aid Funds	35	0,21	1 808 217	0,5
Organs of State	16	0,09	66 715 805	19,9
Private Companies	472	2,79	3 541 583	1,1
Public Companies	17	0,10	1 717 754	0,5
Public Entities	5	0,03	29 162	0,0
Retail Shareholders	12 614	74,43	15 558 817	4,6
Retirement Benefit Funds	482	2,84	39 598 620	11,8
Scrip Lending	12	0,07	3 456 339	1,0
Share Schemes	1	0,01	4 914 670	1,5
Sovereign Funds	9	0,05	8 586 793	2,6
Stockbrokers & Nominees	34	0,20	4 060 555	1,2
Treasury	1	0,01	569 899	0,2
Trusts	2 140	12,63	8 902 640	2,6
Unclaimed Scrip	9	0,05	16 443	0,0
Total	**16 945**	**100,00**	**336 001 990**	**100,0**
Shareholder Type				
Non-Public Shareholders	16	0,10	70 992 648	21,2
Directors	4	0,02	948 701	0,3
Beneficial Holders > 10% (GEPF)	10	0,06	64 559 378	19,2
Treasury Shares	1	0,01	569 899	0,2
AVI Share Schemes	1	0,01	4 914 670	1,5
Public Shareholders	16 929	99,90	265 009 342	78,8
Total	**16 945**	**100,00**	**336 001 990**	**100,0**

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Public Investment Corporation	53 954 333	16,06
Allan Gray	42 856 335	12,75
Schroder Investment Management	21 910 515	6,52
Vanguard Investment Management	12 341 973	3,67
BlackRock	11 841 969	3,52
Total	**142 905 125**	**42,52**
Beneficial shareholders with a holding greater than 3% of the issued shares		
Government Employees Pension Fund	64 559 378	19,21
Allan Gray	29 290 257	8,72
Vanguard Investment Management	12 341 973	3,67
Total	106 191 608	31,60

Total number of shareholdings	**16 945**
Total number of shares in issue	**336 001 990**
Share price performance	
Opening price 01 July 2021	R71,05
Closing price 30 June 2022	R65,72
Closing high for period	R89,14
Closing low for period	R62,27
Number of shares in issue	336 001 990
Volume traded during period	249 574 054
Ratio of volume traded to shares issued (%)	74,28%
Rand value traded during the period	R18 540 153 298
Market capitalisation at 30 June 2022	R22 082 050 783

shareholders' diary

Reports and profit statements	
Financial year end	30 June
Interim results announcement	March
Annual results announcement	September
Annual financial statements posted	October
Dividends	
Interim dividend	
– declared	March
– paid	April
Final dividend	
– declared	September
– paid	October
Final dividend No. 100	
Dividends declared	Friday, 2 September 2022
Details of dividends announcement on SENS	Monday, 5 September 2022
Last day to trade cum dividend on the JSE Limited ("JSE")	Tuesday, 18 October 2022
First day trading ex dividend on the JSE	Wednesday, 19 October 2022
Record date	Friday, 21 October 2022
Payment date	Monday, 24 October 2022

notice of annual general meeting

AVI Limited
(Incorporated in the Republic of South Africa)
(Registration number 1944/017201/06)
Share code: AVI
ISIN: ZAE000049433
("AVI" or "the Company" or "the Group")

NOTICE OF ANNUAL GENERAL MEETING

INCORPORATING A FORM OF PROXY FOR THE USE OF HOLDERS OF CERTIFICATED ORDINARY SHARES AND DEMATERIALISED ORDINARY SHARES WITH "OWN NAME" REGISTRATION ONLY.

Notice is hereby given that the seventy-eighth Annual General Meeting of members of the Company will be held at 2 Harries Road, Illovo, Johannesburg, on Wednesday, 9 November 2022 at 11:00 for the following purposes:

To consider and if deemed fit, to pass with or without modification, ordinary resolutions 1 to 9. In terms of the Companies Act 71 of 2008, as amended ("the Companies Act"), for an ordinary resolution to be adopted, it must be supported by more than 50% of the total number of votes exercised on the resolution by the shareholders present or represented by proxy at this meeting and entitled to vote thereon.

1. "That the annual financial statements for the year ended 30 June 2022, together with the reports of the directors, the independent auditors, and the Audit and Risk Committee, be and are hereby adopted."
2. "That Ernst & Young Inc. be and are hereby appointed as the external auditors of the Company."
3. "That Mr GR Tipper, who will retire by rotation in accordance with the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."*
4. "That Mr SL Crutchley, who will retire by rotation in accordance with the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."*
5. "That Mr JR Hersov, who will retire by rotation in accordance with the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."*
6. "That Mr JC O'Meara be and is hereby elected as a director of the Company."*
7. "That Mr MJ Bosman, be and is hereby elected as a member and the Chairman of the Audit and Risk Committee."*
8. "That Mrs A Muller, be and is hereby elected as a member of the Audit and Risk Committee."*
9. "That Miss BP Silwanyana, be and is hereby elected as a member of the Audit and Risk Committee."*

** Brief CVs of the directors appear on pages 66 and 67 of the Integrated Annual Report.*

To consider and if deemed fit, to pass with or without modification, special resolutions 10 to 19. In terms of the Companies Act for a special resolution to be adopted, it must be supported by at least 75% of the total number of votes exercised on the resolution by shareholders present or represented by proxy at this meeting and entitled to vote thereon.

10. "That with effect from 1 July 2022 the fees payable to the current non-executive directors, excluding the Chairman of the Board, be increased from R385 506 per year to R500 000 per year."
11. "That with effect from 1 July 2022 the fees payable to the Chairman of the Board be increased from R1 435 929 per year to R2 500 000 per year."
12. "That with effect from 1 July 2022 the fees payable to the members of the Remuneration, Nomination and Appointments Committee, excluding the Chairman of the committee, be increased from R131 923 per year to R150 000 per year.
13. "That with effect from 1 July 2022 the fees payable to the members of the Audit and Risk Committee, excluding the Chairman of the committee, be increased from R144 998 per year to R200 000 per year."
14. "That with effect from 1 July 2022 the fees payable to the non-executive members of the Social and Ethics Committee, excluding the Chairman of the committee, be increased from R97 182 per year to R120 000 per year."
15. "That with effect from 1 July 2022 the fees payable to the Chairman of the Remuneration, Nomination and Appointments Committee be increased from R287 297 per year to R300 000 per year."
16. "That with effect from 1 July 2022 the fees payable to the Chairman of the Audit and Risk Committee be increased from R301 749 per year to R400 000 per year."
17. "That with effect from 1 July 2022 the fees payable to the Chairman of the Social and Ethics Committee be increased from R144 998 per year to R150 000 per year."

During FY22 the Remuneration Committee reviewed current market remuneration practices and benchmarks for non-executive directors, which vary widely depending on the role, size of the organisation, sector and industry. The time required to perform the role is also an important consideration, together with responsibilities, such as membership of a Board committee. The Company's existing remuneration practices for non-executive directors do not create differentiation for competence, individual contribution, or experience (including tenure). It has become increasingly necessary to ensure that the Company is able to retain and attract the most competent non-executive directors. In order to improve the Company's opportunity to do this the remuneration framework needs to recognise experience (external, as well as, internal), and make an assessment of individual contribution and performance.

To this end, the Remuneration Committee resolved to implement a non-executive director remuneration framework incorporating a base fee, together with internal and external experience fees, which will be assessed against an experience rating matrix, as well as an individual performance fee assessed annually against a performance matrix as a percentage of the base fee. This framework will dictate the actual level of remuneration for each non-executive director up to the maximum potential remuneration submitted herewith for approval to shareholders.

Shareholders are accordingly asked to vote on the potential maximum fee for each role as reflected in special resolutions 10 to 17. The current split of fees being paid as a combination of a fixed retainer and for attendance at formally convened meetings will continue. Where applicable, directors' fees are exclusive of VAT.

18. "That the Company and/or any of its subsidiaries be and are hereby authorised, by way of a general approval in terms of the Listings Requirements of the JSE Limited ("the JSE"), to acquire ordinary shares issued by the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time decide, provided that:
    - any such acquisition shall only be made in compliance with the provisions of sections 4 and 48 read with section 46 of the Companies Act;
    - any such acquisition of ordinary shares shall be effected on the open market through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades being prohibited);
    - any such acquisition of ordinary shares is authorised by the Company's Memorandum of Incorporation;
    - this general authority shall be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
    - the Company and its subsidiaries, may not, in aggregate in any one financial year, acquire in excess of 10% of the Company's issued ordinary share capital as at the date of passing of this special resolution;
    - the Board of directors has passed a resolution authorising the repurchase and confirming that the Company and its subsidiary/ies have passed the solvency and liquidity tests and that, since the tests were performed, there have been no material changes to the financial position of the Group;
    - in determining the price at which ordinary shares issued by the Company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the weighted average of the market value at which such ordinary shares are traded on the JSE as determined over the five business days immediately preceding the date of repurchase of such ordinary shares by the Company or any of its subsidiaries;
    - at any point in time, the Company may only appoint one agent to effect any repurchase on the Company's behalf;
    - the Company and/or its subsidiaries may not repurchase any ordinary shares during a prohibited period as defined by the Listings Requirements unless they have in place a repurchase programme where the dates and quantities of ordinary shares to be traded during the relevant period are fixed and which has been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE; and
    - shares held within the AVI Group (so called treasury shares) will not have their votes at general meetings taken account of for Listings Requirements resolution approval purposes."

    The directors consider that such a general authority should be put in place in accordance with the Listings Requirements in order to enable the repurchase of the Company's shares should an opportunity to do so, which is in the best interests of the Company and its shareholders, present itself during the year.

    Upon cumulatively repurchasing 3% of the initial number of ordinary shares in issue and for each 3% of ordinary shares repurchased thereafter, the Company will make an announcement to such effect not later than 08:30 on the second business day following the day on which the relevant threshold is reached or exceeded.

19. "That the Company be and is hereby authorised, in terms of section 45 of the Companies Act, to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the Company, for any purpose or in connection with any matter, including but not limited to, the subscription for any option, or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company."

    The directors consider that such a general authority should be put in place in order to assist the Company inter alia to make inter-company loans to subsidiaries as well as to grant letters of support and guarantees in appropriate circumstances. The existence of a general authority would avoid the need to refer each instance to shareholders for approval. This general authority would be valid up to and including the 2024 Annual General Meeting of the Company.

To consider and if deemed fit, to pass with or without modification, ordinary resolutions 20 to 23. In order to be effective for the purposes of the JSE Limited Listings Requirements ("Listings Requirements"), these resolutions must be approved by a 75% majority of the votes cast in respect of such resolutions by all shareholders present or represented by proxy at the Annual General Meeting. All shares held by the AVI incentive and empowerment scheme trusts will not have their votes taken into account at the Annual General Meeting for Listings Requirements resolution approval purposes.

20. "That the AVI Limited Forfeitable Share Incentive Scheme, as set out in the rules tabled at this Annual General Meeting at which this ordinary resolution number 20 will be proposed and considered, be and is hereby adopted by the Company. The directors of the Company be and are hereby authorised to do all such things and sign all documents, and take all such action as they consider necessary to give effect to and implement the AVI Limited Forfeitable Share Incentive Scheme"

The reason for proposing this resolution is clarified in detail in Annexure 1 to this notice. In summary it is to address the imbalance identified in the long-term reward framework and align with leading local and global best practice. The AVI Limited Forfeitable Share Incentive Scheme will replace the Revised AVI Limited Executive Share Incentive Scheme and the AVI Limited Deferred Bonus Share Plan approved by shareholders in 2016, both of which will remain in place until such time as there are no further unvested or unexercised options and/or shares but in respect of which no new allocations will be made following approval of the AVI Limited Forfeitable Share Incentive Scheme. The AVI Limited Forfeitable Share Incentive Scheme will be used as a vital tool to incentivise, motivate and retain eligible executive, senior management and high impact employees to deliver the Group's business strategy over the medium to long-term and will encourage share ownership amongst executive and senior employees.

A copy of the rules of the AVI Limited Forfeitable Share Incentive Scheme is available for inspection by shareholders at the Company's registered office at 2 Harries Road, Illovo, Johannesburg, during normal business hours.

21. "That, subject to ordinary resolution number 20 (to be considered at the meeting at which this resolution will be considered) being passed and becoming effective:
    - the specific authority previously granted to the directors of the Company to allot and issue ordinary shares of R0,05 each in the authorised but unissued share capital of the Company for the purposes of the Revised AVI Limited Executive Share Incentive Scheme be and is hereby rescinded to the extent that the shares have not, as at the date of the passing of this resolution, been utilised; and
    - 1 850 000 ordinary shares of R0,05 each in the authorised but unissued share capital of the Company, be and are hereby placed under the control of the directors of the Company as a specific authority to them to allot and issue all or any of such shares to participants under the Revised AVI Limited Executive Share Incentive Scheme in accordance with the rules of the Revised AVI Limited Executive Share Incentive Scheme."

22. "That, subject to ordinary resolution number 20 (to be considered at the meeting at which this resolution will be considered) being passed and becoming effective the specific authority previously granted to the directors of the Company to allot and issue ordinary shares of R0,05 each in the authorised but unissued share capital of the Company for the purposes of the AVI Limited Deferred Bonus Share Plan be and is hereby rescinded to the extent that the shares have not, as at the date of the passing of this resolution, been utilised."

23. "That, subject to ordinary resolution number 20 (to be considered at the meeting at which this resolution will be considered) being passed and becoming effective, 8 064 048 ordinary shares of R0,05 each in the authorised but unissued share capital of the Company, be and are hereby placed under the control of the directors of the Company as a specific authority to them to allot and issue all or any of such shares to participants under the AVI Limited Forfeitable Share Incentive Scheme in accordance with the rules of the AVI Limited Forfeitable Share Incentive Scheme."

The authorities requested in resolutions 21, 22 and 23 will align the total authority for all share schemes to 5% of the Company's total issued share capital as set out in the following table:-

Scheme name	New authority	% of total issued share capital*
AVI Forfeitable Share Incentive Scheme	8 064 048	2,4
AVI Deferred Bonus Share Plan	0	0
Revised AVI Executive Incentive Share Scheme	1 850 000	0,6
AVI Out-Performance Scheme	6 915 158	2,0
Total	16 829 206	5,0

** As at 30 June 2022.*

The changes proposed in resolutions 20 to 23 above are noted in the Remuneration Report and shareholders are requested to consider the Company's remuneration policy including these changes.

To consider the non-binding ordinary resolution 24.

24. "That, by way of a non-binding advisory ordinary resolution, the Company's remuneration policy as set out in the Remuneration Report contained in the Integrated Annual Report of which this Notice forms part, be and is hereby endorsed."

The JSE Listings Requirements and King IV, dealing with boards and directors, require companies to table their remuneration policy every year to shareholders by way of a non-binding advisory vote at the Annual General Meeting. This vote enables shareholders to express their views on the remuneration policy adopted.

To consider the non-binding ordinary resolution 25.

25. "That, by way of a non-binding advisory ordinary resolution, the Company's implementation report as set out in the Remuneration Report contained in the Integrated Annual Report of which this Notice forms part, be and is hereby endorsed."

The JSE Listings Requirements and King IV, dealing with boards and directors, require companies to table their implementation report every year to shareholders by way of a non-binding advisory vote at the Annual General Meeting. This vote enables shareholders to express their views on the implementation report.

To consider any other business.

26. To transact such other business as may be transacted at an Annual General Meeting.

Directors' statement

The directors, having considered the effects of special resolutions 20 and 21 above, consider that for a period of 12 (twelve) months after the date of this notice:

- the Company and the Group will be able, in the ordinary course of business, to pay their debts;
- the assets of the Company and the Group, fairly valued in accordance with generally accepted accounting practice, will exceed the liabilities of the Company and the Group; and
- the Company and the Group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

General information

The following additional information, some of which may appear elsewhere in the Integrated Annual Report of which this notice forms part, is provided in terms of the Listings Requirements of the JSE for purposes of the general authority to repurchase shares (resolution 20):

- major beneficial shareholders – pages 149 and 162 to 163; and
- share capital of the Company page 132.

Directors' responsibility statement

The directors, whose names appear on pages 66 to 67 of the Integrated Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to resolution 18 above and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information required by law and the Listings Requirements of the JSE.

Material changes

Other than the facts and developments reported on in the Integrated Annual Report, there have been no material changes in the affairs or financial position, other than in the ordinary course of business, of the Company and its subsidiaries since the date of signature of the annual report and up to the date of this notice.

Record date

The directors have determined in accordance with sections 59(1)(a) and (b) of the Companies Act that:

- the record date for the purposes of receiving notice of the Annual General Meeting shall be the close of business on Friday, 30 September 2022; and
- the record date for the purposes of the Annual General Meeting (being the date on which a shareholder must be registered in the Company's share register in order to participate in and vote at the Annual General Meeting) shall be the close of business on Friday, 4 November 2022. Accordingly, the last day to trade to participate in and vote at the AGM is Tuesday, 1 November 2022.

Identification

In terms of Section 63(1) of the Companies Act, before any person may attend or participate in an Annual General Meeting, that person must present reasonably satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of the person to participate in and vote at the Annual General Meeting, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified.

Voting and proxies

On a show of hands, every shareholder who is present in person or by proxy at the Annual General Meeting shall have one vote, and on a poll, every shareholder who is present in person or by proxy at the Annual General Meeting or which (being a company or body corporate) is represented, shall have one vote for every ordinary share in the Company of which such shareholder is the holder.

Dematerialised shareholders (who are not "own name" dematerialised shareholders) who wish to attend the Annual General Meeting or to vote by way of proxy, must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary authority to attend the Annual General Meeting or they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and their CSDP or broker.

Shareholders entitled to attend and vote at the Annual General Meeting may appoint one or more persons as their proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the Company.

A form of proxy is attached for the convenience of certificated shareholders and "own name" dematerialised shareholders only, who are unable to attend the Annual General Meeting, but who wish to be represented thereat. For administrative purposes, duly completed forms of proxy should be received by the transfer secretaries of the Company, Computershare Investor Services 2004 (Pty) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132) by not later than 11:00 on Monday, 7 November 2022. Any forms of proxy not lodged by this time may be lodged at the Annual General Meeting prior to its commencement.

By order of the Board

SUREYA SCHEEPERS
Company Secretary
2 Harries Road, Illovo
7 October 2022

annexure 1 for AGM resolution purposes

SALIENT FEATURES OF THE AVI LIMITED FORFEITABLE SHARE INCENTIVE SCHEME

Introduction

During FY22 the AVI Limited ("AVI" or "the Company") Remuneration Committee instructed 21st Century to assist the Company with a review and benchmarking of the Company's long-term reward frameworks.

In particular 21st Century was instructed to consider concerns that have been raised regarding the achievement of the stated objectives of the existing Revised AVI Limited Executive Share Incentive Scheme and the AVI Limited Deferred Bonus Share Plan, both of which were approved by shareholders in November 2016, particularly the objectives of executive remuneration, reward, and retention. This exercise included research on the Company's peers to obtain insight into how their long-term incentive schemes were structured to address retention. The King IV report on Corporate Governance for South Africa acknowledges the dual role played by long-term incentives in driving an organisation's performance while also serving as a retention mechanism and to align shareholder interests. The King IV report also highlights the need for performance conditions to be included in long-term incentive schemes. 21st Century identified that the Revised AVI Limited Executive Incentive Share Scheme offers limited retention value for executive, as well as talented and high impact Company employees, and that whilst the Deferred Bonus Share Plan could be seen as shoring-up the Company's retention strengths, it is based on the short-term incentive earned and, if no short-term incentive is earned, retention is further diluted. It was concluded that if the Deferred Bonus Share Plan is the main source of retention, the Company exposes itself to significant retention risks. The peer review referred to above identified that the long-term framework was behind relevant market practices, which had in recent years shown an increase in full value schemes versus growth schemes. Limited or no appreciation in the share price, notwithstanding growth in performance, presented a potential risk to the retention of talented and high impact Company employees. Pursuant thereto it was recommended, with the endorsement of 21st Century, to the Remuneration Committee that the existing approved Revised AVI Limited Executive Share Incentive Scheme and the approved AVI Limited Deferred Bonus Share Plan be terminated in accordance with their Rules and replaced with a forfeitable share scheme.

Existing awards under the Revised AVI Limited Executive Share Incentive Scheme and the AVI Limited Deferred Bonus Share Plan will continue to be governed by the rules of such schemes but no new allocations would be made on those schemes subsequent to approval of the forfeitable share scheme. The awarding of the forfeitable shares will be regulated in terms of the rules of the forfeitable share scheme. The Company's Out-Performance Share Scheme and Phantom Share Schemes will remain unchanged.

The Company will use the proposed forfeitable share scheme to encourage out-performance, hold employees to the highest standard of performance, and align the performance of employees with the best interests of shareholders.

The awarding of the forfeitable shares will be regulated in terms of the rules of the AVI Limited Forfeitable Share Incentive Scheme ("the forfeitable share scheme"), the salient features of which are set out below.

Purpose

The forfeitable share scheme will primarily be used as a tool to incentivise, motivate and retain eligible executive and senior management, as well as other high-impact employees, to deliver the Group's business strategy over the long-term. In addition, the scheme will encourage share ownership amongst these employees.

The type of instrument proposed is annual awards of forfeitable shares. The forfeitable shares are registered in the name of the Participant shortly after the award date but the shares are subject to disposal and forfeiture restrictions until the vesting date. Vesting is subject to continued employment ("employment condition") of the Participant by AVI for the duration of a certain number of years from the award date, and the performance conditions.

Participants

Eligible employees will include executive directors, senior management, and high impact employees of any Group company within AVI. Participation in the forfeitable share scheme is not a condition of employment, and the Remuneration Committee has the absolute discretion to make an award to any employee in terms of the share plans.

Shares will only be issued or purchased once a Participant has been formally identified.

Rights of participants

Under the forfeitable share scheme, Participants will become owners of the forfeitable shares from the settlement date, shortly after the award date, and will immediately benefit from dividends and have shareholder voting rights in respect of the forfeitable shares over the vesting period. The forfeitable shares cannot be disposed of by the Participant prior to the vesting date and will be subject to forfeiture and disposal restrictions until the vesting date. In order to effect any forfeiture of awards, the forfeitable shares will be held by an escrow agent on behalf of the Participant until they vest.

Basis of awards and award levels

Annual awards of forfeitable shares will be made on a consistent basis to ensure long-term shareholder value creation. Award levels will be aligned with market benchmarks.

Overall award levels will be decided by the Remuneration Committee each time that awards are made by taking into account the particular circumstances at that time, e.g. company affordability, retention considerations, and exceptional company performance. Annual awards will be benchmarked and set to a market-related level of remuneration whilst considering the overall affordability thereof to the Company.

The annual rewards will be based on a percentage of annual remuneration determined by the Remuneration Committee, based on seniority and contribution, and after taking into account Phantom Share Scheme and Out-Performance Scheme allocations to Participants, in order to achieve a total annual allocation across all Share Schemes for Participants, benchmarked against the 75^{th} percentile.

Performance conditions and vesting

All forfeitable share awards will be subject to performance conditions.

The performance conditions applicable to the forfeitable share scheme have been determined by the Remuneration Committee as the following –
- Average return on invested capital (ROIC) > 1.2x weighted average cost of capital (WACC) over the three-year vesting period; and
- Average cash generated by operations > 75% of earnings before interest, taxes, depreciation, and amortisation (EBITDA) over the three-year vesting period.

Achievement of each condition will result in 50% of the allocation of forfeitable shares vesting on maturity, subject to the employment condition being met.

The performance conditions and employment condition will be included in the award letter to Participants.

The forfeitable shares will vest on the later of the Remuneration Committee establishing if the performance conditions have been met and the satisfaction of the employment condition, which shall not be earlier than the third anniversary of the award date.

Manner of settlement

Following the award of the forfeitable shares, settlement shall take place as soon as possible after the award date. The rules of the share plan are flexible in order to allow for settlement in any of the following manners:
- by way of a market purchase of shares;
- use of treasury shares;
- issue of shares.

The exact method of settlement will be determined by the Remuneration Committee on a case-by-case basis.

Limits and adjustments

Company limit
The number of shares which may at any one time be allocated in terms of the forfeitable share scheme shall not exceed 8 064 048 (eight million sixty-four thousand and forty-eight) shares to all Participants, which equates to approximately 2.4% (two point four percent) of the number of issued shares as at 30 June 2022.

In calculating the limit for the forfeitable share scheme, new shares allotted and issued by the Company or shares held by a subsidiary in treasury account which have been used by the Company for settlement, will be included in the company limit. This limit will be calculated to exclude shares purchased in the market in settlement and awards which do not subsequently vest.

Shareholders in general meeting must, where required, adjust the company limit to take account of a sub-division or consolidation of the shares of the Company.

The issue of shares as consideration for an acquisition, and the issue of shares for cash or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the Company or Individual Limit.

Full value shares which are allocated under this forfeitable share scheme which are not subsequently settled to a Participant, or which have been forfeited, shall revert back to the forfeitable share scheme for re-allocation or sale.

If forfeitable shares are forfeited under the forfeitable share scheme, the Company retains the right to:
- allocate the forfeitable shares so forfeited for new awards to employees; or
- instruct the escrow agent to sell or to procure the sale of any forfeited forfeitable shares on such terms as the Company may consider appropriate subject to the JSE Listings Requirements, including paragraphs 3.63 – 3.74.

Individual limit
The maximum number of shares held by any single Participant under the forfeitable share scheme, together with any other shares or options held by that Participant under any other approved incentive scheme established by the Company, shall not exceed 6 720 039 (six million seven hundred and twenty thousand and thirty-nine) shares, which equates to approximately 2% (two percent) of the number of issued shares at 30 June 2022.

For the avoidance of doubt forfeitable shares which are forfeited will not be included in the limit.

Shareholders in general meeting may, where required, adjust the individual limit to take account of a capitalisation issue, a special distribution, a rights issue or reduction in capital of the Company.

The auditors, or other independent advisor acceptable to the JSE, shall confirm to the JSE in writing that any adjustment made in terms of this paragraph has been properly calculated on a reasonable and equitable basis, in accordance with the rules of the share plans and must be reported on in the Company's financial statements in the year during which the adjustment is made.

The issue of shares as consideration for an acquisition, and the issue of shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the company limit and the individual limit.

Consideration

The Participants will give no consideration for an award of forfeitable shares.

Termination of employment

"Bad leavers"
Participants terminating employment owing to resignation or dismissal on grounds of misconduct, poor performance, dishonest behaviour or fraudulent conduct or on the basis of abscondment will be classified as "bad leavers" and all unvested forfeitable shares will be forfeited.

"Good leavers"
Participants terminating employment owing to death, ill-health, disability, injury, retrenchment, retirement and mutual agreement (except to the extent that the last two categories would constitute bad leaver termination as set out above), or the sale of a subsidiary company, will be classified as "good leavers" and a portion of the award(s) not vested shall vest on date of termination of employment. This portion will reflect the number of months served since the award date to the date of termination of employment over the total number of months in the employment period. The remainder of the award will lapse.

Forfeitable shares held in trust may only be sold once the employment of a Participant is terminated or the Participant is deceased, or on behalf of a Participant once the awards have vested.

Change of control

In the event of a change of control of the Company occurring before the vesting date of any award, a portion of the award will vest.

The portion of the award which shall vest will be calculated by determining whether and the extent to which the performance conditions have been satisfied with reference to the immediately preceding financial year and will reflect the number of complete months served since the award date to the change of control date, over the total number of months in the employment period.

The portion of the award which does not vest as a result of the change of control will continue to be subject to the terms of the award letter, unless the Remuneration Committee determines otherwise.

Awards will not vest as a consequence of an internal reconstruction or similar event which is not a change of control as defined in the rules of the share plan. In this case the Remuneration Committee shall make such adjustment to the number of awards or convert awards into awards in respect of shares in one or more of the other companies, provided the Participants are no worse off.

Variation of share capital

In the event of a variation in share capital such as a capitalisation issue, subdivision of shares, consolidation of shares, the Company entering into a scheme of arrangement and the Company making distributions, Participants shall continue to participate in the share plans. The Remuneration Committee shall make such adjustment to the award or take such other action to place Participants in no worse a position than they were prior to the happening of the relevant event and to provide that the fair value of the award immediately after the event is materially the same as the fair value of the award immediately before the event.

In the event of a rights issue, a Participant shall be entitled to participate in any rights issue in respect of his forfeitable shares in accordance with the terms and conditions of the right issue.

The issuing of shares as consideration for an acquisition, and the issuing of shares or a vendor consideration placing, will not be regarded as a circumstance that requires any adjustment to the awards.

Dealings

The Company will ensure compliance with paragraphs 3.63 – 3.74 (director dealings) of the JSE Listings Requirements in terms of share dealings by the Company relating to the forfeitable share scheme.

Prohibited period

Shares intended for use in the settlement of the forfeitable shares may not be purchased during a prohibited period unless a purchase programme is in place. In the event that shares are purchased during a prohibited period in accordance with the provisions of a purchase programme, an announcement must be made pursuant to paragraphs 3.63 – 3.74 (director dealings) of the JSE Listings Requirements which will include a statement confirming that the purchase was put in place pursuant to a purchase programme.

Voting

Shares held by the forfeitable share scheme will not have their votes at general or annual general meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements. Such shares will also not be taken into account for purposes of determining categorisations as detailed in Section 9 of the JSE Listings Requirements.

Liquidation

If the Company is placed into liquidation, other than for purposes of reorganisation, any awards of forfeitable shares shall *ipso facto* lapse as from the liquidation date and any unvested forfeitable shares will lapse.

Amendment

The Remuneration Committee may alter or vary the rules of the share plans as it sees fit, however in the following instances the share plans may not be amended without the prior approval of the JSE and a resolution by the shareholders of 75% of the voting rights:

- the category of persons who are eligible for participation in the share plans;
- the number of shares which may be utilised for the purpose of the share plans;
- the individual limitations on benefits or maximum entitlements;
- the basis upon which awards are made;
- the amount payable upon the award, settlement, or vesting of an award and, if applicable, the period in which payments, or loans to provide the same, may be paid;
- the voting, dividend, transfer and other rights attached to the awards, including those arising on a liquidation of the Company;
- the adjustment of awards in the event of a variation of capital of the Company or a change of control of the Company; and
- the procedure to be adopted in respect of the vesting of awards in the event of termination of employment.

General

The rules of the AVI Limited Forfeitable Share Incentive Scheme are available for inspection from 7 October 2022 to 9 November 2022 at the Company's registered office, being 2 Harries Road, Illovo, Sandton.

In terms of the JSE Listings Requirements, the passing of ordinary resolution number requires the approval of a 75% majority of the voting rights exercised on the resolution.

form of proxy

AVI Limited
(Incorporated in the Republic of South Africa)
(Registration number 1944/017201/06)
JSE code: AVI • ISIN: ZAE000049433
("AVI" or "the Company" or "the Group")

For use only by shareholders holding certificated shares, nominee companies of a Central Securities Depository Participant ("CSDP"), brokers' nominee companies and shareholders who have dematerialised their shares and who have elected own-name registration at the seventy-eighth Annual General Meeting of the Company, to be held at 2 Harries Road, Illovo, Johannesburg, 2196 at 11:00 on Wednesday, 9 November 2022 ("Annual General Meeting").

Shareholders who have already dematerialised their shares through a CSDP or broker must not complete this form of proxy but must provide their CSDP or broker with their voting instructions.

Holders of dematerialised shares, other than those with "own name" registration, who wish to attend the Annual General Meeting must inform their CSDP or broker of such intention and request their CSDP or broker to issue them with the necessary authorisation to attend the meeting.

I/We	
of (address)	
being the holder/s of	ordinary shares in the Company, do hereby appoint:
1.	or failing him/her,
2.	or failing him/her,

3. the Chairman of the Annual General Meeting,
as my/our proxy to act for me/us at the Annual General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote or abstain from voting on such resolutions in respect of the ordinary shares in the issued capital of the Company registered in my/our name/s in accordance with the following instructions (see note 2):

		Number of votes (one vote per share)		
Resolution number		In favour of	Against	Abstain
1.	Adoption of the financial statements for the year ended 30 June 2022			
2.	Appointment of Ernst & Young Inc. as the external auditors of the Company			
3.	Re-election of Mr GR Tipper as a director			
4.	Re-election of Mr SL Crutchley as a director			
5.	Re-election of Mr JR Hersov as a director			
6.	Election of Mr JC O'Meara as a director			
7.	Appointment of Mr MJ Bosman as a member and Chairman of the Audit and Risk Committee			
8.	Appointment of Mrs A Muller as a member of the Audit and Risk Committee			
9.	Appointment of Miss BP Silwanyana as a member of the Audit and Risk Committee			
10.	Special resolution (increase in fees payable to non-executive directors, excluding the Chairman of the Board)			
11.	Special resolution (increase in fees payable to the Chairman of the Board)			
12.	Special resolution (increase in fees payable to members of the Remuneration, Nomination and Appointments Committee)			
13.	Special resolution (increase in fees payable to members of the Audit and Risk Committee)			
14.	Special resolution (increase in fees payable to non-executive members of the Social and Ethics Committee)			
15.	Special resolution (increase in fees payable to Chairman of the Remuneration, Nomination and Appointments Committee)			
16.	Special resolution (increase in fees payable to Chairman of the Audit and Risk Committee)			
17.	Special resolution (increase in fees payable to Chairman of the Social and Ethics Committee)			
18.	Special resolution (general authority to buy-back shares)			
19.	Special resolution (financial assistance to Group entities)			
20.	The adoption of the AVI Limited Forfeitable Share Incentive Scheme			
21.	Rescinding the authority previously granted to the Company to place 5 213 369 ordinary shares of R0,05 each, in the authorised but unissued share capital of the Company, under the control of the directors to allot and issue such shares in terms of the Revised AVI Limited Executive Share Incentive Scheme, and placing 1 850 000 ordinary shares of R0,05 each, in the authorised but unissued share capital of the Company, under the control of the directors to allot and issue such shares in terms of the Revised AVI Limited Executive Share Incentive Scheme			
22.	Rescinding the authority previously granted to the Company to place 5 213 369 ordinary shares of R0,05 cents each, in the authorised but unissued share capital of the Company, under the control of the directors to allot and issue such shares in terms of the AVI Limited Deferred Bonus Share Plan			
23.	Placing 8 064 048 ordinary shares of R0,05 each, in the authorised but unissued share capital of the Company, under the control of the directors to allot and issue such shares in terms of the AVI Limited Forfeitable Share Incentive Scheme			
24.	Ordinary resolution to endorse the remuneration policy (non-binding advisory vote)			
25.	Ordinary resolution to endorse the implementation report (non-binding advisory vote)			

Insert an "X" in the relevant space above according to how you wish your votes to be cast, however, if you wish to cast your votes in respect of less than all of the ordinary shares that you own in the Company, insert the number of ordinary shares held in respect of which you desire to vote.

Signed at	on	2022
Signature		
Assisted by me (where applicable)		

Each shareholder is entitled to appoint one or more proxies (none of whom need be a member of the Company) to attend, speak and, on a poll, vote in place of that shareholder at the Annual General Meeting.

Please read the notes on the reverse side hereof.

notes to the form of proxy

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the Annual General Meeting", but any such deletion must be initialled by the shareholder concerned. The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the Chairman of the Annual General Meeting, if he is the proxy, to vote in favour of and any other proxy to vote or to abstain from voting in respect of the resolutions to be considered at the Annual General Meeting as he/she deems fit, in either case, in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to exercise all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.
3. For administrative purposes, duly completed forms of proxy should be received at the office of the transfer secretaries, Computershare Investor Services 2004 (Pty) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or posted to Private Bag X9000, Saxonwold, 2132 to be received by not later than 11:00 on Monday, 7 November 2022. Any forms of proxy not lodged by this time may be lodged at the Annual General Meeting prior to its commencement.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. The appointment of a proxy or proxies is furthermore revocable, in which case a shareholder may revoke the proxy appointment by cancelling it in writing or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the Chairman of the Annual General Meeting.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.
8. The Chairman of the Annual General Meeting may accept a form of proxy, which is completed and/or received other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.
9. If the instrument appointing a proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder, or to the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so.
10. The appointment of a proxy or proxies remains valid only until the end of the Annual General Meeting subject to any revocation thereof.

administration and principal subsidiaries

Administration

Company registration
AVI Limited ("AVI")
Reg no: 1944/017201/06
Share code: AVI
ISIN: ZAE000049433

Company Secretary
Sureya Scheepers

Business address and registered office
2 Harries Road
Illovo
Johannesburg 2196
South Africa

Postal address
PO Box 1897
Saxonwold 2132
South Africa

Telephone: +27 (0)11 502 1300
Telefax: +27 (0)11 502 1301
E-mail: info@avi.co.za
Website: www.avi.co.za

Auditors
Ernst & Young Inc.

Sponsor
The Standard Bank of South Africa Limited

Commercial bankers
Standard Bank
Nedbank

Transfer secretaries
Computershare Investor Services Proprietary Limited
Business address
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg 2196

Postal address
Private bag X9000
Saxonwold 2132
South Africa
Telephone: +27 (0)11 370 5000
Telefax: +27 (0)11 370 5271

Principal subsidiaries

Food & Beverage brands
National Brands Limited
Reg no: 1948/029389/06
(incorporating Entyce Beverages and Snackworks)

30 Sloane Street
Bryanston 2021

PO Box 5159
Rivonia 2128

Managing director
Gaynor Poretti
Telephone: +27 (0)11 707 7200
Telefax: +27 (0)11 707 7799

I&J
Irvin & Johnson Holding Company Proprietary Limited
Reg no: 2004/013127/07

1 Davidson Street
Woodstock
Cape Town 7925

PO Box 1628
Cape Town 8000

Managing director
Jonty Jankovich
Telephone: +27 (0)21 440 7800
Telefax: +27 (0)21 440 7270

Fashion brands
Personal Care
Indigo Brands Proprietary Limited
Reg no: 2003/009934/07

16 – 20 Evans Avenue
Epping 1 7460

PO Box 3460
Cape Town 8000

Acting managing director
Roger Coppin
Telephone: +27 (0)21 507 8500
Telefax: +27 (0)21 507 8501

Footwear & Apparel
A&D Spitz Proprietary Limited
Reg no: 1999/025520/07

30 Sloane Street
Bryanston 2021

PO Box 782916
Sandton 2145

Acting managing director
Simon Crutchley
Telephone: +27 (0)11 707 7300
Telefax: +27 (0)11 707 7763

Directors
Executive
Simon Crutchley[3]
(Chief Executive Officer)

Owen Cressey[3, 4]
Justin O'Meara[3, 5]
(Chief Financial Officer)

Michael Koursaris
(Business Development Director)

Independent non-executive
Gavin Tipper[1]
(Chairman)

James Hersov

Mike Bosman[2]

Abe Thebyane[1]

Alexandra Muller[2, 3]

Busisiwe Silwanyana[2]

[1] *Member of the Remuneration, Nomination and Appointments Committee*
[2] *Member of the Audit and Risk Committee*
[3] *Member of the Social and Ethics Committee*
[4] *Resigned from the Board and Social and Ethics Committee on 31 December 2021*
[5] *Appointed to the Board and Social and Ethics Committee with effect 1 January 2022*


YARDLEY
LONDON
ENGLISH BLAZER
ACTIVE
HIGH TOLERANCE
ANTI-PERSPIRANT
Freshpak
ROOIBOS
Cappuccino
CHAI FLAVOUR
Good Morning
RUSKS
FIVE ROSES
BAKERS
cla·mat!on